



stc

**when we connect,
exceptional
things happen**

Annual Report
2024

stc.com.sa

歡迎

willkommen

bienvenue

benvenuti

أهلاً وسهلاً

willkommen

ようこそ

добро пожаловать

herzlich

bienvenido

welcome

selamat datang

hos geldiniz

welkom

wienvenue

wenvenuti

Table of Contents

Theme of the Year	03
At a Glance	05
About stc	07
Our Journey	09

1. Overview

Year in Review	13
Where We Operate	15
Investment Case	17
Stakeholder Engagement	19
Shareholders' Information	21

2. Strategic Review

Chairman's Message	27
GCEO's Message	29
Business Model	31
Strategy Performance Review	33
Market Overview	37
Risk Management	39

3. Business Review

Commercial Unit	53
Business Unit	55
Carrier & Wholesale Unit	57
Supporting Units	61
- Technology Unit	61
- Human Resources	71
- Shared Services	83
- Internal Audit	89
- Legal Disclosure	90
Subsidiaries and Investments	91
- Local Subsidiaries	92
- International Subsidiaries	115
- Investments	121

4. Sustainability

5. Financial Performance

6. Corporate Governance

Transactions with Related Parties	156
Board of Directors	159
Board Members and their Membership Classification	159
Meetings of the Board of Directors	171
Meetings of Board committees	171
Annual Assessment of the Board of Directors and Committees	174
Remuneration and Compensation of the Board of Directors and top 5 Senior Executives	177
Shareholders General Assemblies	179
stc's Dividend Distribution Policy	182
Board of Directors' Acknowledgment	184
Conclusion	184

7. Consolidated Financial Statements

Independent Auditor's Report	187
Consolidated Statement of Financial Position	194
Consolidated Statement of Profit or Loss	195
Consolidated Statement of Comprehensive Income	196
Consolidated Statement of Cash Flows	197
Consolidated Statement of Changes in Equity	198
Notes to the Consolidated Financial Statements	199
stc Glossary	289

Revenue

﷼ **75.89**
billion

5.73% YoY 

Net Profit

﷼ **24.69**
billion

85.70% YoY 



Theme of the Year

when we connect, exceptional things happen

stc has delivered an outstanding year of growth, transformation and value creation, reinforcing its position as a market leader and digital enabler. With record-breaking financial performance, bold strategic investments and major technological advancements, stc has strengthened its leadership in the telecommunications and ICT sectors. By expanding infrastructure, accelerating the rollout of 5G and integrating AI-driven efficiencies, stc has positioned itself at the forefront of digital innovation, driving economic progress and industry-wide transformation.

stc's influence has extended beyond national borders, securing global partnerships that unlock new opportunities for growth. The approval to increase voting rights in Telefónica, the strategic agreement with PIF to create the region's largest telecom tower company, and the acquisition of new spectrum to power 5G-Advanced are testaments to stc's commitment to global expansion and industry leadership. At the same time, stc continues to foster a thriving digital ecosystem, supporting startups through inspireU and advancing new venture-building initiatives that redefine the future of technology and connectivity.

Innovation remains at the heart of stc's strategy, with AI-powered network automation delivering greater efficiency, sustainability and scalability. AI-driven energy management has significantly reduced power consumption, reinforcing stc's commitment to environmental responsibility. Meanwhile, stc's role in major global events, from the Esports World Cup to Formula 1, showcases its ability to merge digital transformation with real-world impact, expanding its reach and influence in the evolving digital economy.

As stc looks to the future, it remains focused on pushing boundaries, forging strategic alliances and unlocking new opportunities that shape the global digital landscape. Whether transforming industries, empowering businesses or connecting millions, stc continues to demonstrate that when we connect, exceptional things happen.

At a Glance

Financial highlights

Revenue

ﷲ 75.89 billion

5.73% YoY 


Gross profit

ﷲ 37.30 billion

7.37% YoY 

EBITDA

ﷲ 23.93 billion

6.60% YoY 

Net profit

ﷲ 24.69 billion

85.70% YoY 

EPS

ﷲ 4.95

Operates in
9 countries
across
2 continents

Operational highlights

#1 in Mobile, Fixed and IT - The most preferred ICT operator in KSA	28.34 million Mobile subscribers in KSA
5.72 million Fixed subscribers in KSA	3.35 million stc play subscribers (registered)
4.97 million stc tv subscribers (authorized*)	73% Market share in terms of revenue
16 cables Submarine cables	25 data centers (operational and under construction)
54.70% 5G coverage of residential and populated areas	Reached 18.03 million users Loyalty program (Qitaf)
One of largest tower operators in the region	+22,000 towers under management in 5 countries
19,863 employees (at Group level)	+89.3% Saudization (for stc KSA and its local subsidiaries)
ﷲ 60.4 billion in brand value (The most valuable telecom brand in the Middle East)	44.32% Local content score (up by 3.31% vs. 2023 and 8.76% vs. 2022)

ESG highlights

stc ESG score

MSCI: **BBB**

S&P CSA: **53**

Sustainalytics: **20.4**

ISS ESG: **C+ Prime**

50% reduction
2030 target for scope 1 and 2 (from 2019 baseline)

46.2% reduction
2030 target for scope 3 (from 2019 baseline)

1 million trees
2030 planting target

Net Zero Carbon
2050 target

* Authorized subscribers: Customers who have generated their login credentials and logged into stc tv or Jawwy TV at least once in their lifetime

About stc

Saudi Telecom Company (stc) was founded as a Saudi Joint Stock Company by Royal Decree No. M/35 on 24 Dhul Hijja 1418H (corresponding to 21 April 1998). This decree authorized the transfer of the telegraph and telephone division from the Ministry of Post, Telegraph and Telephone (MoPTT) to stc, including its associated technical and administrative resources. stc’s establishment was further supported by the Council of Ministers’ Resolution No. 213, dated 23 Dhul Hijja 1418H (corresponding to 20 April 1998), which approved the Company’s bylaws.

stc began its operations as the telecommunications services provider across the Kingdom of Saudi Arabia on 6 Muharram 1419H (corresponding to 2 May 1998). stc was officially registered with Commercial Registration No. 1010150269 as a Saudi Joint Stock Company on 4 Rabi al-Awal 1419H (corresponding to 29 June 1998). stc’s headquarters is situated in the King Abdulaziz Complex, Imam Mohammed Bin Saud Street, Al Mursalat Area, Riyadh, Saudi Arabia.

stc was initially fully owned by the Government of Saudi Arabia. However, the government sold 30% of its shares in accordance with Council of Ministers Resolution No. 171, dated 2 Rajab 1423H (corresponding to 9 September 2002).

In 2022, stc increased its capital by 150%, raising ﷲ 30 billion from retained earnings, and issued 1.5 bonus shares for each 1 share held by shareholders on the eligibility date. As a result, stc’s capital grew from ﷲ 20 billion to ﷲ 50 billion. The Public Investment Fund (PIF) is stc’s primary controlling shareholder, holding a 62% stake, while 38% of the shares are

publicly available as free float. This is intended to support stc’s growth and expansion plans, enhance shareholder returns and strengthen stc’s investments. It also positions stc to capitalize on emerging growth opportunities in the telecommunications and technology sectors, both within Saudi Arabia and across the region.

stc has consistently made visionary investments across multiple sectors and industries, positioning itself as a leader in the telecommunications and information technology fields. From its inception, stc has been committed to advancing its operations and expanding its service offerings, staying ahead of rapid technological changes and market dynamics. By leveraging its extensive experience and continuously enhancing its financial and operational strength, stc has solidified its role as a driving force in the digital transformation of Saudi Arabia and globally. With a history of innovation and a forward-thinking strategy, stc is dedicated to delivering exceptional services and unparalleled customer experiences, ensuring its leadership in the evolving digital world.

Activities of stc

The main activities of stc and its subsidiaries (collectively referred to as the “Group”) comprise the provision of telecommunications, information, media services and digital payments, which include the following, among others:

- Establish, manage, operate and maintain fixed and mobile telecommunication networks, systems and infrastructure.
- Deliver, provide, maintain and manage diverse telecommunication and information technology (IT) services to customers.
- Prepare the required plans and necessary studies to develop, implement and provide telecommunication and IT services covering all technical, financial and administrative aspects. In addition, prepare and implement training plans in the field of telecommunications and IT, and provide consultancy services.
- Expand and develop telecommunication networks, systems and infrastructure by utilizing the most current devices and equipment in telecom technology, especially in the fields of providing and managing services, applications and software.
- Provide integrated communication and information technology solutions, which include, among other things, telecom, IT services, managed services, cloud services and internet of things, etc.
- Provide information-based systems and technologies to customers including providing telecommunication means for the transfer of internet services.

- Wholesale and retail trade, import, export, purchase, own, lease, manufacture, promote, sell, develop, design, setup and maintenance of devices, equipment and components, and execute contracting works that are related to different telecom networks including fixed, moving and private networks. In addition, computer programs and the other intellectual properties.
- Real estate investment and the resulting activities, such as selling, buying, leasing, managing, developing and maintenance.
- Acquire loans and own fixed and movable assets for intended use.
- Provide financial and managerial support and other services to subsidiaries.
- Provide development, training, asset management and other related services.
- Provide solutions for decision support, business intelligence and data investment.
- Provide supply chain and other related services.
- Provide digital banking services.
- Provide cybersecurity services.
- Construction, maintenance and repair of telecommunication and radar stations and towers.

Moreover, stc is entitled to set up individual companies as limited liability or closed joint stock. It may also own shares in, or merge with, other companies, and it has the right to partner with others to establish joint stock, limited liability or any other entities whether inside or outside the Kingdom. stc conducts its operational business in Saudi Arabia and has various investments in associate companies, subsidiaries and joint ventures, collectively known in the financial performance as stc.

Our Vision and Values

Digital and telco leader, enabling the society and economy to thrive, in KSA and beyond.

Dynamism

How we become a company that is continuously looking to improve and adopt new and better ways of doing things, with a fresh and ingenious view.

- Agile
- Collaborative
- Fresh

Devotion

The desire to become a “customer centric” company for our clients and our employees.

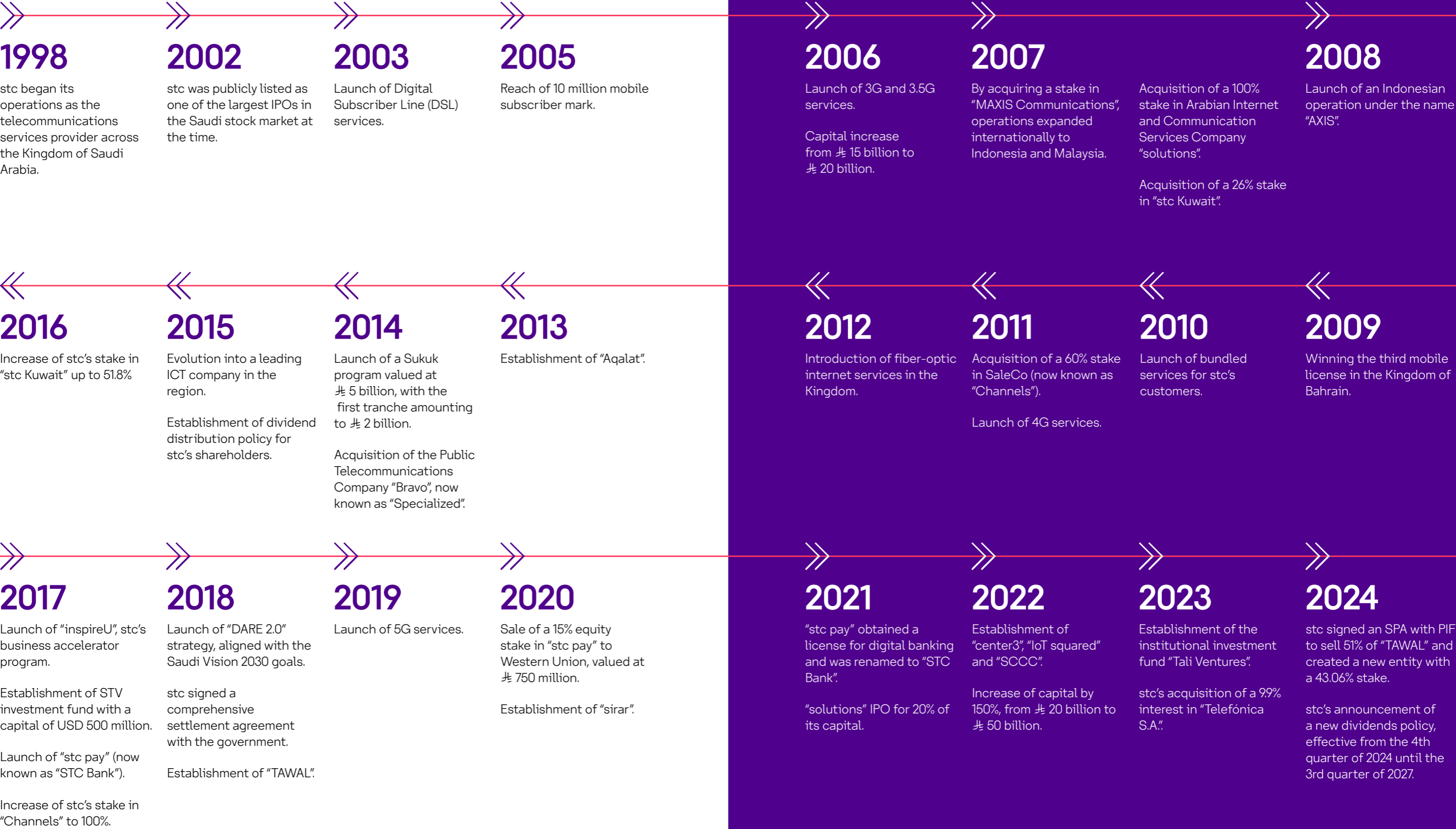
- Caring
- Committed
- Trustworthy

Drive

We are “restless”, looking for the best possible solutions for our clients and our employees.

- Proactive
- Inventive
- Inquisitive

Our Journey





stc remains committed to driving diversification and long-term growth, ensuring substantial and sustainable value creation for its shareholders.

Overview

Year in Review	13
Where We Operate	15
Investment Case	17
Stakeholder Engagement	19
Shareholders' Information	21

Year in Review

In a year marked by significant milestones, strategic acquisitions and pioneering partnerships, stc boldly pushed its boundaries, strengthening stc’s position as a market leader, broadening its diverse presence and driving exceptional growth.

Q1 2024

Strategic collaboration between sirar by stc and SAR

sirar by stc formed a strategic collaboration with the Saudi Railway Company (SAR) to revolutionize the realm of Information Technology and technological innovation within the Kingdom’s critical infrastructure.

Strategic partnership with China Mobile International Limited (CMI)

stc established a strategic partnership with China Mobile International Limited (CMI) to drive the development and deployment of IoT connectivity services across various industries in the region.

Participation at MWC 2024

stc has wrapped up its successful participation in the Mobile World Congress (MWC) in Barcelona, Spain, reinforcing its focus on innovation and growth. stc signed key MoUs with industry leaders such as Samsung and Huawei, and showcased a range of on-site activations, highlighting its technological expertise and commitment to sustainability.

Participation at LEAP24

stc participated as the lead strategic partner and exhibitor at the world’s largest tech event, LEAP24. stc highlighted its focus on digital innovation by showcasing advanced solutions and forging strategic partnerships with industry leaders, including Oracle, Ericsson and Huawei.

Sponsorship of Formula 1

As the official title sponsor, stc provided the digital infrastructure for the 2024 Formula 1 Saudi Arabian Grand Prix in Jeddah. Through its cutting-edge 5G network, stc enabled seamless data exchange, strong network coverage and high-speed connectivity, ensuring racers and their teams remained connected throughout the event.

Data boost at Holy Mosque

During Ramadan 2024, stc recorded the highest volume of voice calls at the Holy Mosque in Makkah, with a 35% increase from 2023. Over 55% of calls were processed using modern digital voice technologies, as stc phased out 3G. Millions of visitors also experienced enhanced digital connectivity, with data volume up 37% compared to the previous year.

Q3 2024

Elite partner of EWC

As an elite and founding partner of the inaugural Esports World Cup (EWC), stc provided seamless connectivity across all competition venues. stc was a naming partner for three key locations – stc Arena, stc play Gaming Hall and stc tv World Cup Studios – delivering immersive digital and gaming experiences.

New dividend policy

The Ordinary General Assembly approved stc’s new dividend policy, increasing the annual cash dividend by 37.5%, from ﷼ 1.6 to ﷼ 2.2 per share. This adjustment will elevate the total dividend payout from ﷼ 8 billion to ﷼ 11 billion over the next 3 years, starting from the fourth quarter of 2024 until the third quarter of 2027.

STC Bank a founding partner of 24 Fintech

STC Bank was recognized as a founding partner of 24 Fintech this year. At the event, STC Bank showcased its services and offerings, enabling attendees to download the STC Bank app and pre-register.

Strategic partnership with New Murabba

stc has formed a strategic partnership with New Murabba to drive the deployment of cutting-edge communications and information technology within the transformative New Murabba project. This collaboration will harness a variety of innovative digital solutions from stc moving forward.

Participation in the Global AI Summit

Through its participation in the Global AI Summit, stc signed strategic agreements with Saudi Railways (SAR), KAUST, Huawei, the Research, Development, and Innovation Authority and SambaNova Systems. This highlights stc’s leadership in digital transformation and its commitment to positioning Saudi Arabia as a leading digital hub in the Middle East.

Q2 2024

STC Bank beta launch

In April, stc pay received official approval from the Saudi Central Bank (SAMA) to advance to the next phase of its transformation into STC Bank. This beta launch, available to a selected group of customers, served as the preparation for the Bank’s full public launch.

Strategic partnership with PLDT

PLDT, the Philippines’ largest telco, and stc have signed a strategic agreement through PLDT Global to enhance international voice services for Filipinos abroad and enterprise customers, with a focus on improving communication for overseas travelers.

stc joined “KSA Sustainability Champions”

stc has strengthened its leading position in sustainability by joining the inaugural “KSA Sustainability Champions” program, launched by the Ministry of Economy and Planning. The program recognizes top Saudi companies in corporate sustainability, with stc among 23 other champions across various sectors, highlighting stc’s ongoing commitment to sustainability.

stc named “Telecom and Digital Service Provider of the Year”

At the 2024 Economy Middle East Summit, stc was named “Telecom and Digital Service Provider of the Year”. This recognition highlights stc’s role in driving the Kingdom’s digital transformation both locally and globally.

Agreement with PIF for stake in TAWAL

The Public Investment Fund (PIF) and stc announced an agreement where PIF will acquire a 51% stake in Telecommunication Towers Company Limited (TAWAL), valued at USD 5.85 billion. Following this, stc and PIF will merge TAWAL with Golden Lattice Investment Company (GLIC), creating the region’s largest telecom infrastructure company. The new entity will be 54% owned by PIF and 43.06% by stc, with GLIC minority shareholders holding the remainder.

Q4 2024

Agreements at the Global Health Exhibition

stc showcased its innovative digital health solutions at the Global Health Exhibition (GHE), forging key partnerships to enhance Saudi Arabia’s healthcare sector. stc signed significant agreements with NUPCO, Ministry of National Guard Health Affairs, Dr. Mohammed AlFaqih Hospital, Almana Hospital and others to drive the transformation of healthcare across the Kingdom.

Collaboration with Ooredoo Group

stc and Ooredoo Group have signed an MoU to form a strategic partnership aimed at strengthening the ICT ecosystem and expanding digital services and connectivity throughout the MENA region.

Partnership with Diriyah Company

stc has entered into a partnership with Diriyah Company to create the neutral digital infrastructure for the second phase of the Diriyah project. As part of the agreement, stc will design, build and manage a neutral host infrastructure, delivering seamless wireless coverage throughout the culturally vibrant Saudi hub.

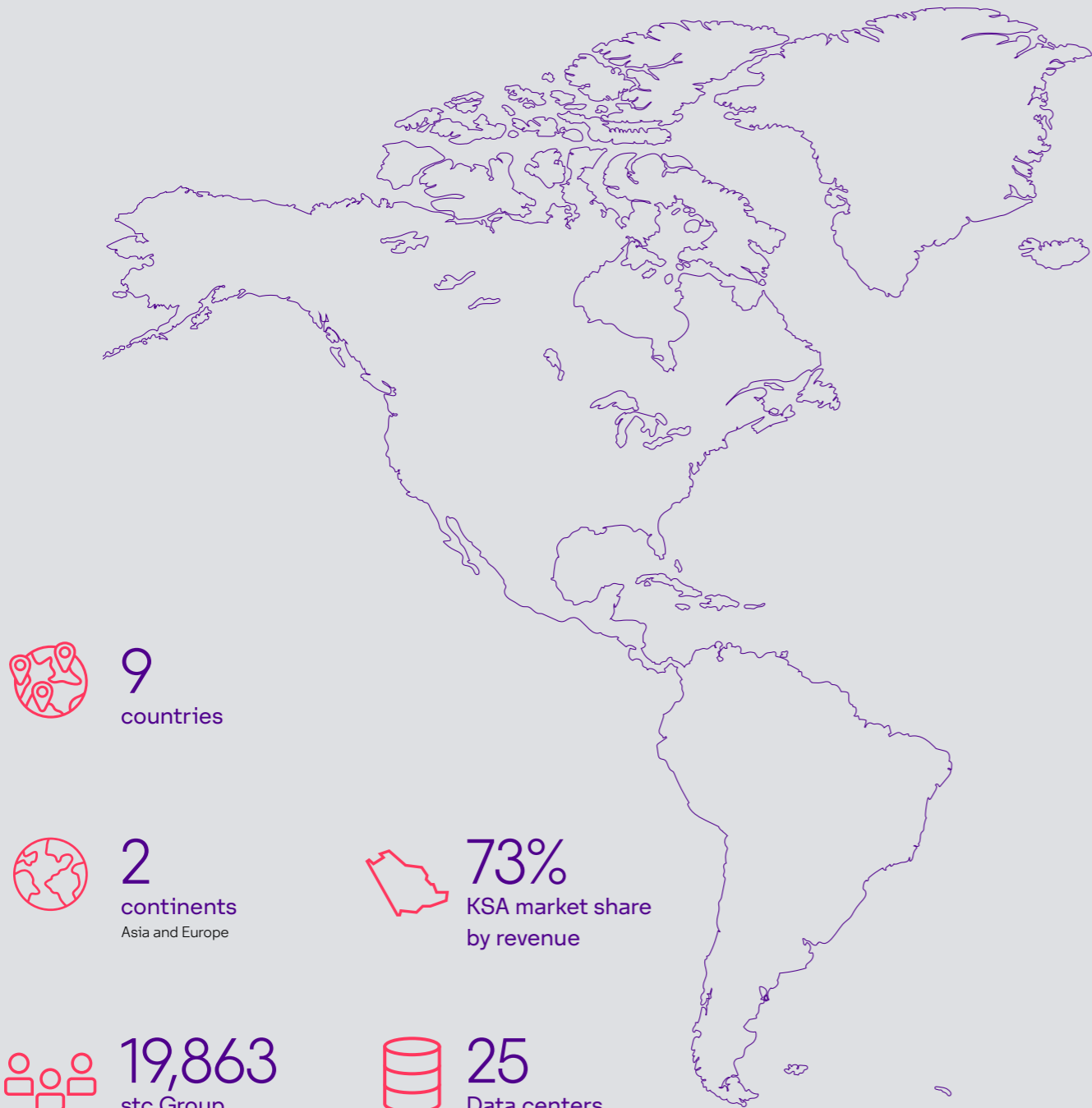
Completion of selling 51% of TAWAL

All procedures for selling 51% stake of stc’s shares in TAWAL to PIF have been completed, after obtaining all necessary regulatory and commercial approvals.

stc’s Tali Ventures leads USD 10M investment in NorthLadder

Tali Ventures, the corporate venture capital arm of stc, and NorthLadder, a leading device trade-in platform, have secured USD 10 million in Series B funding. The round, led by Tali Ventures, also saw contributions from Dutch Founders Fund and Crescent Ventures. This investment highlights stc’s commitment to supporting innovation and sustainability in its markets.

Where We Operate





 **9**
countries

 **2**
continents
Asia and Europe

 **19,863**
stc Group employees

 **73%**
KSA market share
by revenue

 **25**
Data centers
(operational and under construction)

 **16**
Submarine cables

 **+22,000**
Towers under management



Investment Case

As a leading regional telecommunications and digital services provider, stc presents a distinctive opportunity for investors aiming to leverage the dynamic evolution of the telecom industry and the rapid economic expansion in Saudi Arabia and the Middle East. Distinguished by its strategic vision, operational excellence, technological advancements and financial strength, stc remains committed to driving diversification and long-term growth, ensuring substantial and sustainable value creation for its shareholders.

<p>Digital-first investor mindset</p> <ul style="list-style-type: none">• Strategy secured by robust investments in cutting-edge technology, advanced research and development, and human resources.• Diversification through strategic investments in gaming, media and consumer electronics.• Accelerating growth by expanding into adjacent areas (IoT, cloud, cybersecurity and IT services).	<p>Strong balance sheet and credit profile</p> <ul style="list-style-type: none">• One of the lowest leveraged telecom companies globally with a debt capacity that can be utilized for financing new projects/acquisitions.• Healthy balance sheet and cash flow with a solid financial position and sufficient cash balance.• Strong credit ratings from several rating agencies: Fitch: A+, S&P: A, Moody's: Aa3 and Tasneef: AAA.	<p>Socially responsible</p> <ul style="list-style-type: none">• Deeply ingrained culture of social responsibility and sustainability that is backed by initiatives, which support the UN SDG goals.• Community development flagship initiatives where stc's broad portfolio of community investments directly supports several UN SDG goals and continues to advance progress towards the national visions of all the countries within which stc operates.	<p>Corporate governance role model</p> <ul style="list-style-type: none">• Striving to be a role model of corporate governance, compliance and control for international and local companies.• Solid governance and ethical excellence through the promotion of responsible business practices, the upholding of human rights and the cultivation of a culture rooted in trust.
<p>Strategic partner to KSA and market leader</p> <ul style="list-style-type: none">• Strategic partner to the Kingdom of Saudi Arabia and service provider of choice for delivering on Vision 2030.• Industry champion with strong government links as stc considered a national flagship company that is 62% government owned and a key contributor to Saudi non-oil GDP and employment.• Number 1 in ICT segment in Saudi Arabia where stc leads the ICT sector as the largest provider of ICT services in the Kingdom of Saudi Arabia.• Number 1 in consumer segment in Saudi Arabia and the market leader in the largest and most dynamic market segment, with a comprehensive product suite and superior customer experience.• Number 1 in enterprise segment in Saudi Arabia where stc holds the top position as the leading provider of connectivity services in the Kingdom of Saudi Arabia.	<p>Growth and total return champion</p> <ul style="list-style-type: none">• Top and bottom-line growth with a resilient capital structure and healthy cash flows providing financial flexibility.• Stable dividend policy and attractive yield reaching 6.88%* with commitment to a minimum dividend of ₪ 0.55/share/quarter for the next 3 years, starting from the dividends distribution of the 4th quarter of 2024 until the 3rd quarter of 2027.• Diversified revenue generation with multiple revenue streams within core business and non-core business through stc's subsidiaries in the Kingdom of Saudi Arabia and beyond.• Most valuable telecom brand in the region for the 5th year in a row with a value of ₪ 60.4 billion** (USD 16.1 billion).• Largest telecom operator in the MENA region with a market cap of ₪ 200 billion*** (USD 53.3 billion) and presence in 5 countries.• Market leadership in Saudi Arabia with a 73% market share by revenue in the largest market in the region.	<p>Leader in digital infrastructure</p> <ul style="list-style-type: none">• Commitment to be at the forefront of technological innovation and deliver best-in-class digital infrastructure that will enhance the customer experience.• Largest digital infrastructure provider and enabler in Saudi Arabia owing to the strong investment in digital infrastructure, including but not limited to data centers, FTTx, submarine cables and 5G.• Largest towers portfolio with more than 22,000 towers distributed across the Kingdom of Saudi Arabia, Bulgaria, Croatia, Slovenia and Pakistan.	

* As at 31 December 2024, including special dividend of ₪ 1 for the FY2023
** Brand Finance
*** As at 31 December 2024

Stakeholder Engagement

Stakeholder Group	Employees	Customers	Suppliers	Community	Shareholders
How stc engages	<ul style="list-style-type: none">• Succession planning• Performance management and assessment• Newsletters• Training sessions and workshops• stc Academy• Website• Intranet (stc Hub)	<ul style="list-style-type: none">• Social media channels, including X and Facebook• Customer feedback form: Your opinion matters• Complaints handling unit, customer service offices, mystc app• stc live chat through: mystc.com.sa• Website	<ul style="list-style-type: none">• Vendor relationship management system (VRMS)• Vendor management team• Annual meetings and sessions• Rawafed program	<ul style="list-style-type: none">• Social media awareness campaigns• Donations and sponsorships, including 'Donating via SMS'• Community outreach programs• Empowering entrepreneurs and digital innovation through: inspireU• Employee volunteering• Partnerships and cooperation	<ul style="list-style-type: none">• stc Annual Report• stc Sustainability Report• Open transparent channels of communication with shareholders• Quarterly presentations• Governance, risk and compliance• Committee meetings• Website• Investor Relations application
Frequency of engagement	High interaction	High interaction	Twice per year	High interaction	High interaction
How stc creates value for this stakeholder group	stc provides an equal and inclusive work environment that attracts, develops and retains the best individual talent.	stc aspires to be a digital enabler, providing connectivity to break digital divides, serving millions of customers.	stc continuously improves its business practices and operations to manage risk while increasing productivity and efficiency within the supply chain. This is achieved through greater supplier engagement, ongoing supplier recognition and better sustainable procurement practices.	stc's approach to community investment is rooted in developing the communities where it operates through unique services, digital innovation, transformative technologies and meaningful investments that go beyond regular corporate donations.	stc continues to grow shareholder value as well as keeping shareholders well informed on stc's business by participating in various events, including general assemblies, individual meetings, update calls, conferences and official earnings calls.

stc drives value creation through a structured approach to stakeholder engagement, emphasizing open communication and responsiveness. By leveraging dedicated platforms and initiatives, it addresses the unique needs of each stakeholder group while fostering inclusivity, innovation and sustainable growth. This framework ensures meaningful interactions that strengthen trust and support long-term success.



2024 Conferences

stc has been actively engaging with the investment community by participating in and attending many global investor conferences in order to showcase stc and its strength. The following shows the conferences that stc attended during the year.

4-5 March

EFG – 18th Annual One on One Conference 2024

15-16 May

Morgan Stanley 15th Saudi Arabia and 4th MENA Conference

27-28 May

Arqaam Capital 11th Annual MENA Investor Conference

10-11 June

HSBC GCC Exchanges London Conference 2024

9-10 September

EFG Hermes 10th Annual London Conference

30 September-1 October

Saudi Exchange – GS Saudi Arabia Singapore Corporate Days 2024

21-22 October

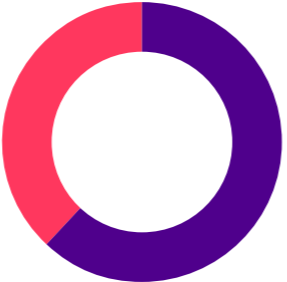
J.P. Morgan 2024 Saudi Arabia Investment Forum

Shareholders' Information

Share information

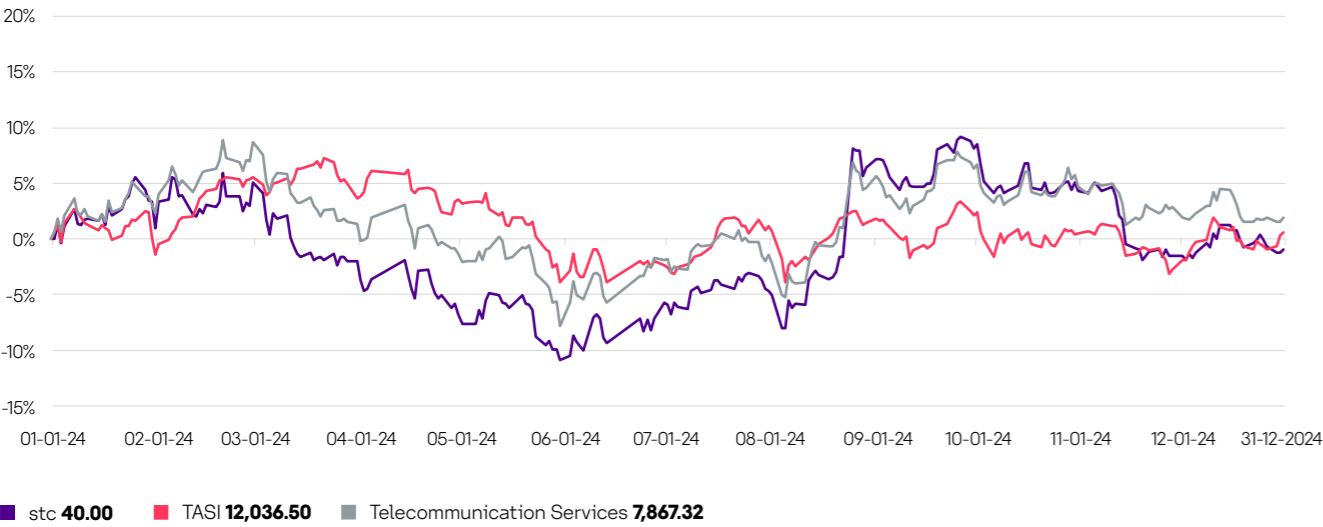
Listing date	2003
Exchange	Tadawul
Symbol	7010
ISIN code	SA0007879543
Currency	ﷲ
Industry	Telecommunication
Number of shares issued	5 billion
Market cap as at 31 December 2024	ﷲ 200 billion

Shareholding structure



■ 62% Public Investment Fund
■ 38% Public Float

Stock performance FY 2024 (01 January 2024 - 31 December 2024)



Share price 31 December 2024

ﷲ 40.00

Share price 1 year ago

ﷲ 40.40

52-week high

ﷲ 46.50

52-week low

ﷲ 35.85

Details of shareholders by category

Category	31 December 2024		
	Number of shareholders	Number of shares	% Ownership in stc
Institutions	490	223,040,759	4.46%
Individual	289,757	768,497,982	15.37%
Funds	635	580,928,335	11.62%
Others	203	3,427,532,924	68.55%
Total	291,085	5,000,000,000	100%

Details of shareholders by nationality

Country	31 December 2024		
	Number of shareholders	Number of shares	% Ownership in stc
Saudi	277,722	4,448,318,879	88.97%
GCC	806	62,990,464	1.26%
Resident	11,904	7,619,767	0.15%
Others	653	481,070,890	9.62%
Total	291,085	5,000,000,000	100%

Details of shareholders by ownership

Type	31 December 2024		
	Number of shareholders	Number of shares	% Ownership in stc
1-50,000	288,662	327,200,504	6.54%
50,001-100,000	1,068	75,764,923	1.52%
100,001-500,000	1,030	213,087,314	4.26%
500,001-1,000,000	157	106,379,371	2.13%
1,000,001-5,000,000	129	262,852,599	5.26%
5,000,001-10,000,000	16	116,579,319	2.33%
10,000,001 and above	23	3,898,135,970	77.96%
Total	291,085	5,000,000,000	100%

Shareholders’ Information continued

Shareholders’ register

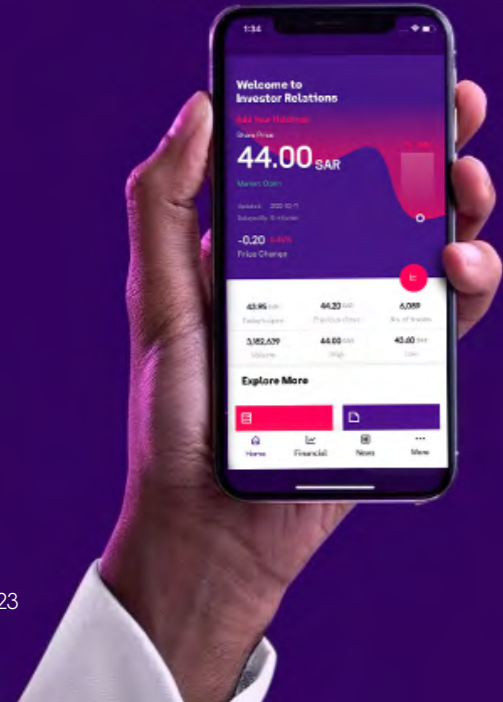
stc requested the shareholder register from the Securities Depository Center Company, Edaa, 16 times during the year 2024 for the following purposes:

- Updating the shareholders’ register.
- Quarterly dividend distribution (eligibility date).
- General Assembly.

Reasons for the request	Date of request of the shareholders’ register
1 Updating the shareholders’ register	02 January 2024
2 Updating the shareholders’ register	04 February 2024
3 Quarterly dividend distribution for Q4 2023	25 February 2024
4 Updating the shareholders’ register	02 April 2024
5 General Assembly	25 April 2024
6 Special dividend distribution for 2023	25 April 2024
7 Quarterly dividend distribution for Q1 2024	21 May 2024
8 Updating the shareholders’ register	03 June 2024
9 Updating the shareholders’ register	02 July 2024
10 General Assembly	24 July 2024
11 Quarterly dividend distribution for Q2 2024	28 July 2024
12 Updating the shareholders’ register	02 September 2024
13 Updating the shareholders’ register	02 October 2024
14 General Assembly	06 November 2024
15 Quarterly dividend distribution for Q3 2024	06 November 2024
16 Updating the shareholders’ register	02 December 2024

Investor Relations calendar 2024

19 February 2024 Year-end 2023 financial results announcement	15 May 2024 Special dividends distribution for 2023 (ﷲ 1 per share)	15 August 2024 Q2 2024 dividend distribution (ﷲ 0.40 per share)
25 February 2024 Year-end 2023 stc’s earnings conference call	10 June 2024 Q1 2024 dividend distribution (ﷲ 0.40 per share)	04 November 2024 Q3 2024 financial results announcement
14 March 2024 Q4 2023 dividend distribution (ﷲ 0.40 per share)	23 July 2024 Q2 2024 financial results announcement	06 November 2024 Ordinary General Assembly Meeting
25 April 2024 Ordinary General Assembly Meeting	24 July 2024 Ordinary General Assembly Meeting	26 November 2024 Q3 2024 dividend distribution (ﷲ 0.40 per share)
08 May 2024 Q1 2024 financial results announcement	25 July 2024 2024 H1 stc’s earnings conference call	



Investor Relations App

Stay informed with the latest stock date, financial information, announcements and more.





We have expanded beyond information and communications technology and beyond the Middle East, extending the limits of possibility and performance.

2.

Strategic Review

Chairman's Message	27
GCEO's Message	29
Business Model	31
Strategy Performance Review	33
Market Overview	37
Risk Management	39

Chairman's Message

“ We have achieved strong financial results for 2024. Our revenue growth stood at 5.7%, operating profit growth was 9.6%, and net profit growth landed at 85.7%. ”



Esteemed Shareholders,

At stc Group, we stand at the forefront of the digital revolution. Building on our strong ICT foundation, we continue to drive innovation, create new opportunities, and shape a future of boundless possibilities.

Over the past year, we have achieved:

- **Revenue growth:** 5.7%
- **Operating profit growth:** 9.6%
- **Net profit growth:** 85.7% (13% if excluding non-recurring items)

These results reflect our strategic focus, strong execution, and consistent momentum across both our core business and subsidiaries.

Confident in our financial performance and outlook, the Board of Directors has recommended:

- **Additional cash dividends for FY 2024:** ﷲ 2 per share (total ﷲ 10 billion)
- **An increase in our dividend policy of 37.5%**, raising the quarterly dividend from ﷲ 0.40 to ﷲ 0.55 per share for the next three years, effective Q4 2024

Our commitment to technological leadership remains unwavering. We are:

- Expanding 5G, fiber optics, and data centers
- Phasing out 3G and decommissioning copper networks at a world-leading pace
- Leveraging artificial intelligence to drive sustainable growth, boost efficiency, and address critical challenges

As a key enabler of Saudi Arabia's digital transformation, we support the Kingdom's ambitious goals. In 2024, we launched a major initiative to build the digital infrastructure for a secure national network and are driving development for giga projects such as Diriyah Gate — reinforcing our position as a trusted ICT partner.

Our strategic expansion continues to strengthen our leadership. Through our agreement with PIF to acquire a majority stake in TAWAL, we are creating the largest tower company in the region. Globally, we have increased our voting rights in Telefónica to 9.97%, securing the right to nominate a Board representative — demonstrating our confidence in Telefónica's market leadership and our commitment to creating global value.

At stc Group, our people's talent, our investors' trust, and the Kingdom's visionary leadership fuel our success. Together, we are not just building a company — we are defining the future of the digital world.

Please accept my utmost greetings and appreciation,

Mohammed bin Khalid Al Abdullah Al Faisal
Chairman of the stc Group Board

We have increased our voting rights in Telefónica to 9.97%, securing the right to nominate a Board representative.

GCEO's Message

Esteemed shareholders,

Reflecting on another year of tremendous progress, we take great pride in stc Group's journey toward becoming a global digital powerhouse. In 2024, we not only delivered record-breaking financial performance, but also advanced our strategic programs, set clear priorities for the future, and pushed the boundaries of innovation, service excellence, and operational performance.

We also praise the Group's distinguished performance and financial results during the year 2024, which was a reflection of the performance of the Group's subsidiaries, which achieved a 16% growth in their business, and the implementation of the spending efficiency program, which had a pivotal role in enhancing financial performance. The Group will continue to adopt it as part of its culture, stressing that these results reflect the success of the stc Group in implementing its strategy and achieving its financial and operational goals and plans.

stc's focus on fostering innovation and improving customer experience also played a fundamental role in promoting sustainable growth, which contributed to the outstanding performance during 2024. The Group achieved a growth in revenues of 5.7%, operating profit of 9.6%, and net profit growth of 85.7%, noting that if non-recurring items were excluded, the Group would have achieved a 13% growth in net profit.

In light of the distinguished financial results achieved by the Group, stc's Board of Directors recommended distributing additional cash dividends for the fiscal year 2024 in the amount of ﷲ 2 per share, equivalent to ﷲ 10 billion, in addition to the distributions approved in the Company's policy that was activated from the fourth quarter of 2024, so that the total cash dividends for the year 2024 will be ﷲ 3.75 per share. This policy reflects the Group's constant endeavor to maximize and enhance investor returns.

Strengthening Our Core and Expanding Digital Infrastructure

Our core telecommunications business remains the foundation of our success. This year, we reinforced market leadership, achieving strong growth across key segments, particularly in the consumer and wholesale markets. At the same time, we made major strides in digital infrastructure expansion, accelerating fiber deployment, 5G coverage, and data center capacity — critical to realizing our vision of a fully digital world.

We are also integrating cutting-edge technologies into our networks. Our AI-driven network automation during Hajj demonstrated our ability to manage large-scale events with precision, ensuring seamless connectivity for millions of pilgrims. Additionally, AI-powered optimization reduced

energy consumption by 13% across our 4G and 5G networks, saving 36 million kWh — a testament to our commitment to sustainability and operational efficiency.

stc embodied its strategic focus on innovation in digital infrastructure by launching a project to build a digital infrastructure for a national center that is advanced and secure, with the highest levels of protection, valued at ﷲ 32.64 billion.

This is the largest contract of its kind. Additionally, we signed strategic partnerships, including an agreement with Diriyah Company to design, build, and operate the infrastructure for the second phase of its project, and a partnership with New Square Development Company to support the implementation of telecommunications and IT projects. These partnerships affirm stc's commitment to digital transformation in major projects in the Kingdom and its role in this field.

Beyond Connectivity: Expanding Our Digital Services

Beyond our core business, we continued expanding into high-growth digital markets, offering next-generation services that go beyond traditional telecommunications. We scaled existing ventures, captured greater market share, and introduced increasingly sophisticated offerings. Additionally, we accelerated the development of new digital concepts that will shape our future portfolio.

The stc digital bank was also launched after obtaining approval from the Saudi Central Bank, marking a significant step in providing innovative financial solutions that support individuals and businesses, enhancing the digitization of the financial sector.

Our commitment was exemplified through our partnership with Cisco as a sponsor of the Esports World Cup in Riyadh. Through stc tv, we live-streamed the tournament to an audience of over 500 million viewers worldwide, showcasing our technological leadership and embedding stc's capabilities into the fabric of digital evolution.

Driving Growth Through Strategic Investments

Our inorganic growth strategy has been pivotal in expanding our global scale and capabilities. We secured approval from the Spanish Council of Ministers to increase our voting

Our brand recognition ranked 9th in the global telecom market and 136th in Global 500 by Brand Finance. With a 16% increase in brand value to ﷲ 60.4 billion, stc remains the largest telecom brand in the Middle East.



rights in Telefónica to 997%, enabling us to nominate a Board representative. We also finalized the sale of 51% of TAWAL to PIF, establishing the largest tower company in the region. Additionally, through center3, we completed the landmark acquisition of CMC Networks, unlocking new market segments and further strengthening our international footprint.

Beyond acquisitions, we remain committed to fostering innovation and entrepreneurship. tali ventures, our ﷲ +1 billion innovation fund, continues to drive strategic investments in high-growth digital opportunities. A key highlight of the year was acquiring a 12.5% stake in NorthLadder, a leading device trade-in platform, reinforcing our vision of a robust digital ecosystem.

As the region's leading digital enabler, stc Group's inspireU accelerator continues to support the next generation of digital pioneers. In 2024, 44 local and international startups graduated from inspireU, bringing the total to over 110 digital startups across diverse industries. With investments exceeding ﷲ 1 billion and a combined market value of over ﷲ 12 billion, inspireU plays a pivotal role in shaping the future of AI, cybersecurity, fintech, logistics, and more.

Locally, we are strengthening Saudi Arabia's position as a digital innovation hub through colab, our corporate venture-building arm, which was designed to address white spaces in local and regional markets. colab is creating new ventures in emerging domains such as the metaverse and smart cities. By driving homegrown innovation, colab aims to position Saudi Arabia at the forefront of the global digital economy.

Building a Future-Oriented and Sustainable Organization

stc remains committed to building an agile, efficient, and future-proof organization. Through prudent operations and expanded shared services, we achieved record cost efficiencies while continuing to invest in talent development — maintaining a ~90% Saudization rate and delivering +270,000 hours of employee training.

Our sustainability efforts also gained global recognition, with an MSCI ESG rating upgrade from BB to BBB for the second consecutive year — a reflection of our ongoing commitment to environmental responsibility and corporate governance.

Internationally, our brand recognition has reached new heights. Ranked 9th in the global telecom market and 136th in the Global 500 by Brand Finance, stc now stands as the largest telecom brand in the Middle East with its brand value increasing by 16% to reach ﷲ 60.4 billion. As the first Middle Eastern consumer brand to break into the top 150 globally, this milestone underscores our growing influence on the world stage.

stc has also achieved significant growth in local content contribution, reaching 44.32% in 2024 with total spending exceeding ﷲ 16 billion. This achievement reflects stc's commitment to contributing to the development of the local telecommunications and information technology sector and creating sustainable economic growth.

Looking Ahead: A Future of Unparalleled Growth

As we look toward 2025, we are filled with immense pride in our achievements and optimism for the opportunities ahead. Our strategic focus remains clear:

- Reinforce market leadership by maintaining strong market share and delivering superior customer experiences
- Capture infrastructure opportunities by expanding and monetizing our digital assets
- Strengthen our digital and ICT portfolio by growing existing ventures and exploring new market opportunities

With the unwavering support of our Board, shareholders, investors, and colleagues, we are ready to seize new opportunities and continue shaping the digital future.

A Message of Gratitude

As we close 2024, I extend my deepest gratitude to our Board, shareholders, and investors for their trust and commitment. I also express my profound appreciation for our nation's leadership, whose vision empowers us to redefine what is possible.

Together, we are not just driving progress — we are shaping the future of the global digital economy.

Please accept my utmost greetings and appreciation,

Olayan M. Alwetaid
CEO of stc Group

Business Model

stc creates value by leveraging its exceptional expertise, talented workforce and market-leading brand to drive transformative change. Supported by a robust ecosystem of stakeholders and strategic partnerships, stc combines world-class infrastructure, cutting-edge technologies and strong financial performance to deliver innovative solutions that enable economic and societal growth.

Guided by its vision, stc is committed to fostering inclusivity, sustainability and progress across its operations, empowering its stakeholders and shaping a thriving future.

stc's strengths

Exceptional expertise and experience
Talented and diverse team of 19,863 employees.

Market-leading brand
Among the most valuable brands in the Middle East.

Deep ecosystem of stakeholders and partnerships
Robust and growing network of strategic partners and key stakeholders.

World-class network and cutting-edge technology
Best-in-class network infrastructure complemented by state-of-the-art technologies.

Strong financial fundamentals and a proven track record
Outstanding track record of financial performance with record-breaking growth.

Create value

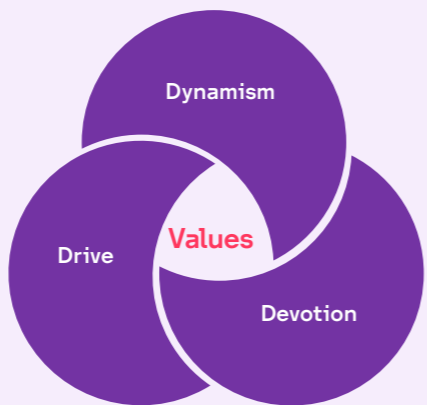
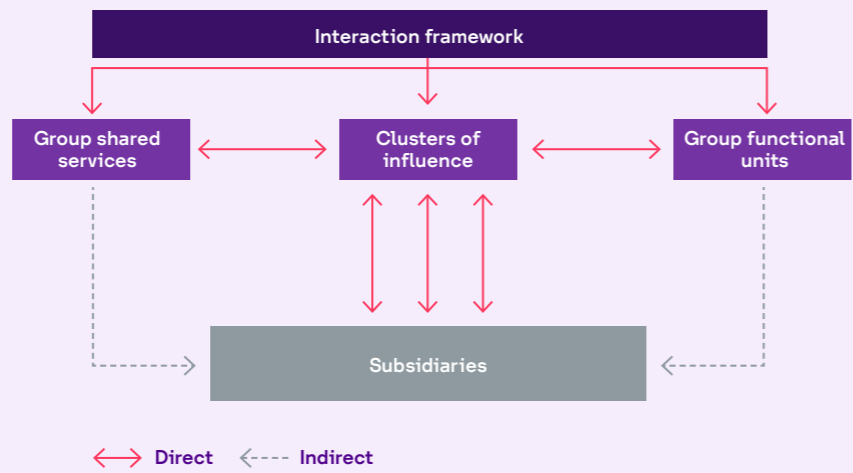
Vision

Digital and telco leader, enabling the society and economy to thrive, in KSA and beyond.

Key business activities

stc is leading the digital transformation, nationally and regionally, by offering a variety of ICT solutions and digital services in several categories including telecommunication, IT, financial technology, digital media, cybersecurity and other advanced digital solutions.

New group operating model:



For its stakeholders

Customers

Aspire to be a critical digital enabler, connecting millions of customers to break digital divides.

People

Provide an equal and exclusive work environment supported by a dynamic and diverse culture that attracts, develops and retains the best talent.

Planet

Committed to realizing net zero by 2050, playing its part in combating the ICT industry's contributions to global greenhouse emissions.

Society

Engage and invest in the well-being of its communities through unique services, digital innovation, transformative technologies and meaningful investments.

Shareholders

Continue to grow shareholder value in its journey to be the leading digital enabler in the region.

Strategy Performance Review

During 2024, stc remained steadfast in executing its long-term strategic direction, guided by its four strategic pillars designed to achieve its ambitions.

Through the **"Digitize stc"** pillar, it prioritized advancing internal digital transformation by building in-house digital and analytical capabilities while strengthening cybersecurity readiness and adaptability.

The **"Accelerate performance"** pillar focused on driving group performance by developing new digital services, monetizing assets, enhancing business efficiency, maintaining technological leadership, improving sustainability maturity and fostering a positive culture and work environment.

Recognizing the importance of stakeholder satisfaction, the **"Reinvent experience"** pillar emphasized delivering exceptional experiences for customers, partners and employees through the digitization and optimization of end-to-end journeys.

For growth, stc adopted the **"Expand scale and scope"** pillar as a growth engine, targeting new geographies, establishing a regional data hub and expanding into emerging areas such as cloud services, IT solutions, cybersecurity, IoT-enabled industry verticals, consumer solutions and fintech.

A year of outstanding progress and achievements

stc successfully advanced the execution of its DARE strategy, achieving notable milestones through strategic investments and strengthened capabilities. Its focus and commitment to its 4 strategic pillars have driven consistent growth and progress toward its goals.

stc's dedication to digitization and digital transformation has led to enhanced digital capabilities, with development of advanced analytics use cases, and enabled a more agile and flexible Group through further digitized processes, business and organizational journeys.

stc accelerated its performance during the year of 2024 with improved business efficiency and technology leadership in the region, expanding its infrastructure and achieving fiber connections for 3.6 million households and 54.70% 5G coverage of KSA's population. This was reflected in stc's ranking among the world's top 150 brands and as the most valuable telecom brand in the Middle East.

Additionally, stc placed significant focus on employee development, delivering extensive learning opportunities through specialized talent programs. Reinforcing its commitment to sustainability, stc joined the "KSA Sustainability Champions" program, led by the Ministry of Economy and Planning, with a pledge to achieve net zero emissions by 2060. In fostering innovation and entrepreneurship, stc incubated more than 130 startups through inspireU, with the total funding raised by these startups exceeding 1 billion since 2015 to date, while strategically investing in early-stage ventures across critical domains such as fintech, cybersecurity and AI.

stc continued to reinvent experiences to foster deeper connections and deliver unmatched value at every interaction by modernizing its infrastructure, including the migration of 50% of copper customers to fiber services since 2022, in order to drive innovation and enhance customer experiences. Its Qitaf loyalty program also saw significant growth, reaching 18.03 million users. These achievements have earned stc multiple awards for excellence in customer experience, including "Best Middle Eastern Connectivity Provider" at the Global Connectivity Awards 2024.

To support the digital success of the Kingdom's mega projects, stc has established strategic partnerships, most recently with New Murabba. On a global scale, it continues to strengthen collaborations with industry leaders such as Huawei, Ericsson and Samsung.

Expansion remains a central focus for stc, as it actively pursues opportunities in targeted growth areas and accelerates IoT advancements through a strategic partnership with China Mobile International to modernize IoT aggregation. STC Bank has also made strides, forming partnerships to enhance secure payment solutions and digital banking services, achieving a solid 24% growth in active users in 2024. Additionally, stc continues to strengthen its presence through center3, with a total of 25 data centers and expanding its network to include 16 subsea cables.

54.70% 5G
coverage of KSA's population



Strategy Performance Review continued

Accelerating towards Vision 2030

Saudi Vision 2030 seeks to transform Saudi Arabia by enhancing society, diversifying the economy and fostering an ambitious nation. As a key contributor to this transformative journey, stc has made significant strides toward achieving the vision's goals across various critical areas.

stc has improved community life by enhancing connectivity across the Kingdom, playing a pivotal role in driving the vision's digital transformation. Through strategic investments, it has connected millions of households with fiber and expanded 5G coverage to a significant portion of the population, with plans for further network expansion.

Economically, stc drives growth by investing in infrastructure and innovation. Initiatives like inspireU have empowered Saudi startups, while the launch of the Tali Fund underscores its commitment to invest early-stage startups. As a leading employer in the region, stc contributes to reducing the nationwide unemployment rate. Its efforts in digital services helped in the growth of local businesses, creating jobs and promoting entrepreneurship. stc also continues

to prepare the workforce for future opportunities, through training programs, contributing to the Kingdom's goal of economic diversification.

stc remains at the forefront of technological innovation, leading advancements such as the rollout of 5G technology, which has significantly enhanced connectivity and digital offerings, including STC Bank, stc play and stc tv. As a strong advocate for local content, stc achieved a score of 44.32%, reflecting an increase of 3.31% compared to 2023. stc also actively contributes to Saudi Vision 2030 by participating in mega projects and reinforcing its role as a trusted partner for foreign digital investments through collaborations with global leaders such as Alibaba Cloud, Google, Amazon, Huawei and Hitachi.

stc's commitment to Vision 2030 underscores its dedication to fostering a vibrant society, supporting a thriving economy, and driving an ambitious nation. As the Kingdom advances on its transformative journey, stc will remain a key enabler, driving innovation and enhancing the quality of life across the nation.

Strategic focus in 2025 and beyond

While its strategy has delivered impressive results, stc remains committed to continuous improvement. Recognizing the importance of adapting to changes in its environment, stc has refined its tactics to ensure the seamless delivery of its strategic direction, vision and values.

Vision

Digital and telco leader, enabling the society and economy to thrive, in KSA and beyond.

Values

Dynamism – How we become a company that is continuously looking to improve and adopt new and better ways of doing things, with a fresh and ingenious view.

Devotion – The desire to become a customer-centric company for our clients and our employees.

Drive – We are "restless", looking for the best possible solutions for our clients and our employees.

stc's strategy was developed to maximize shareholder value by balancing growth, efficiency and diversification through 5 guiding principles:

1. **Strengthen market leadership in core telco**, doubling down on return-generating infrastructure and customer focus.
2. **Accelerate diversification from core telco** by reinforcing winning growth areas and expanding geographically.
3. **Continue the sustainable growth path** striking a balance between top-line growth and EBITDA margin.
4. **Ensure execution excellence** by fostering a more efficient and productive organization.
5. **Provide improved returns** to shareholders

stc's new strategy underscores its commitment to long-term growth, value creation and efficiency maximization. The focus remains on reinforcing its leadership in telecommunications, strengthening its digital portfolio and expanding into adjacent markets. Furthermore, stc aims to unlock the full potential of its infrastructure assets, including data centers and subsea cables.

To ensure success, stc is dedicated to building a resilient and agile organization while ensuring the delivery of financially sustainable growth through maximizing operational and capital management efficiencies. In alignment with industry advancements, stc will continue deploying state-of-the-art technologies and positioning itself as the partner of choice for national agenda projects.



Market Overview

Global economic resilience and accelerating Saudi momentum

The global economy demonstrated resilience in 2024, supported by lower inflation, robust employment and steady consumption. Growth is forecasted to remain at 3.3% in 2025,¹ though challenges such as geopolitical tensions and rising protectionism pose potential risks to stability. Headline inflation is anticipated to decline from 5.8% in 2024 to 4.2% in 2025,¹ prompting central banks to transition gradually from monetary tightening to easing to maintain economic stability.

In Saudi Arabia, real GDP is estimated to increase by 1.3% compared to 2023.² Fueled by Vision 2030 investments, this momentum is expected to continue, as the Kingdom is set to be among the world’s fastest-growing economies in 2025, driven by a recovery in oil activities and continued non-oil sector expansion.

Inflation in Saudi Arabia remained contained, averaging 1.7% in 2024, a decrease from the 2.3% recorded in 2023.³ This relatively low inflation rate reflects the Kingdom’s efforts to maintain price stability despite global inflationary pressures.

Monetary policy

Monetary policy in 2024 was shaped by global trends, particularly in the U.S. We expect that projected further cuts in the policy rate in 2025, which will reduce borrowing costs and support growth in key non-oil sectors such as construction, real estate and consumer goods.

Employment

Saudi Arabia is experiencing record-low unemployment rates. In Q3 2024, the unemployment rate was 7.8%, while women labor force participation has exceeded the Vision 2030 target of 30%, reaching a record high of 36.2%.²

Private sector growth drivers

The Kingdom continues to make significant strides toward Vision 2030, driven by increased private sector participation, regulatory reforms and technological advancements. The non-oil economy, led by technology, tourism and real estate, is taking center stage, complemented by significant progress in sectors such as mining, logistics and entertainment. Giga-projects like NEOM and The Red Sea Development are creating new economic opportunities, attracting international investment and boosting employment. These transformative projects align with Vision 2030’s goals, positioning Saudi Arabia as a regional leader in innovation, sustainability and tourism.

7.8%

Unemployment rate

The Kingdom is also set to host a series of major global events, including the 2027 Asian Cup, 2029 Asian Winter Games in NEOM, Expo 2030 and the 2034 FIFA World Cup. These events are expected to attract millions of tourists, significantly enhancing the hospitality, retail and infrastructure sectors while establishing Saudi Arabia as a global hub for sports, entertainment and cultural tourism.

Impressive growth in Saudi ICT sector

Saudi Arabia is emerging as a regional hub for technology innovation, driven by a dynamic digital transformation ecosystem, increased technology investments, enhanced service offerings and advanced digital capabilities. The Saudi ICT market is the largest and fastest growing in the MENA region, with market value reaching **¥ 166 billion**.⁴

Key investments in cloud computing, data centers and 5G infrastructure underscore Saudi Arabia’s commitment to technological leadership. The Kingdom now ranks second in 5G download speeds among large

¥ 166 billion

Saudi ICT market value

landmass countries in the EMEA region, according to Opensignal. With mobile internet penetration exceeding 99%, and mobile download speeds rising by 7% over the past year reaching 231.5 Mbps⁵, Saudi Arabia continues to advance connectivity. The annual growth rate of mobile internet data consumption per person also remains strong, surpassing 44 GB.⁴

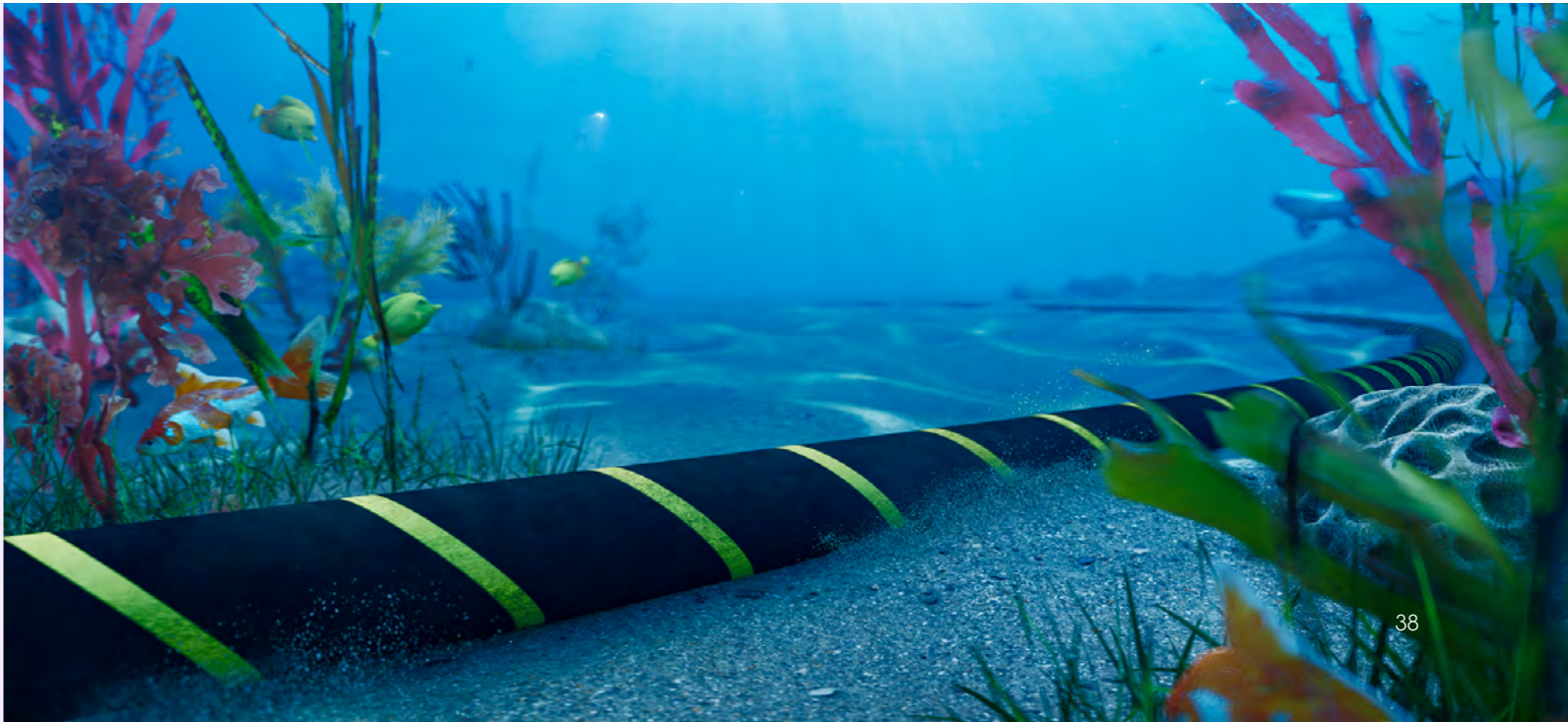
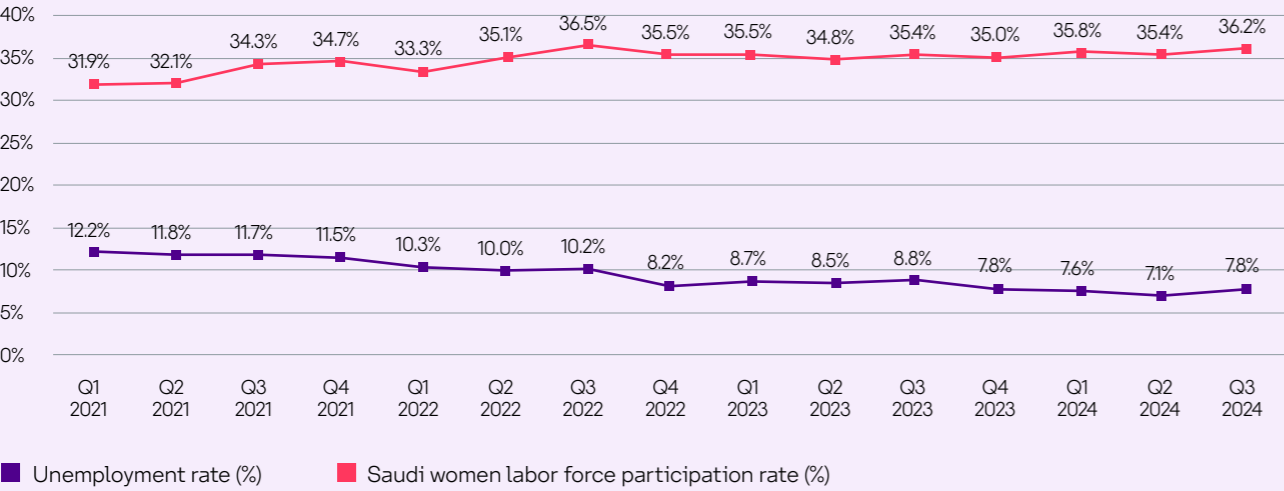
Saudi Arabia’s cloud computing sector continues to expand, with over 30 local and global service providers registered with the Communications, Space and Technology Commission (CST). In addition to advancements in cloud technology, the Kingdom is prioritizing non-terrestrial networks and space exploration to solidify its presence in the commercial space market.

The nation’s strategic vision aims to build a competitive space ecosystem, increase its market share in commercial space industries and generate broader socio-economic value, anticipating rapid expansion with ambitious initiatives across the space value chain.

1. IMF World Economic Outlook Update, January 2025
2. General Authority for Statistics
3. IMF, Country profile

4. Communications, Space & Technology Commission
5. Opensignal

An increasingly dynamic and diverse Saudi labor market



Risk Management

The telecommunications sector faces significant challenges, chiefly the diminishing demand for voice services juxtaposed with an exponential increase in data consumption, a trend hastened by the recent pandemic. This rapid digital transition, propelled by disruptive technologies, redefines traditional revenue models and necessitates swift innovation among telecom providers.

In an increasingly saturated market, differentiation through unmatched service offerings becomes paramount. Concurrently, significant investments in infrastructure, rigorous data protection protocols and adherence to regulatory frameworks are non-negotiable. Telecom enterprises must navigate this transformation by promptly adapting, broadening their service portfolios and delivering frictionless customer experiences to secure a sustainable competitive advantage. stc’s risk management is integral to its strategic framework, informing business planning and performance evaluation and embedding risk considerations into critical decision-making processes to maximize impact.

Enterprise risk management governance

The Board of Directors ensures the highest standard of corporate governance is maintained by regularly reviewing governance development best practices and making certain these are duly adopted. As a result, the Board has established the Board Risk Committee, which plays a key role in overseeing the implementation of the Enterprise Risk Management (ERM) framework, risk strategy and related risk management policies, as well as monitoring stc’s risk management system, reviewing the top risks and the management of those risks.

The risk management function is independent and separate from stc’s business groups and sectors; it has completed its first wave of measures this year as per the Board-approved risk strategy to uplift current practices and maturity.

Enterprise risk management framework


The ERM framework provides guiding principles for proactively managing business risks through a comprehensive and dynamic system designed to identify, assess, prioritize and mitigate risks effectively across stc operations. The ERM process is embedded within stc as this allows us to take a holistic approach and make meaningful comparisons to support the delivery of strategic objectives. Quarterly risk assessment is a core part of this process. The risk framework clearly defines roles and responsibilities and sets out a consistent end-to-end process for identifying and managing risks.


stc’s approach is continuously enhanced, enabling more dynamic risk detection, modeling of risk interconnectedness and leveraging data to improve risk visibility and responses. The attainment of ISO 31000 attestation further solidifies its commitment to industry-leading practices. A standard risk scoring methodology has been devised to provide context and ensure consistency in reporting and evaluating risks. The output from this process is consolidated to determine the principal risks and uncertainties for the organization.


The risk categories classify all risk source types that could affect stc into five main silos known as category 1 risks. For easier management and communication, Category 1 risks are broken down into Category 2 risk types and, in some instances, these are further sub-divided into Category 3 and 4 risk types. Furthermore, the ERM will be the custodian to the risk families and has the authority to add or reclassify them.


Risk family CAT1	Corporate risk >> 01	Operational risk >> 02	Technology risk >> 03	Financial risk >> 04	Legal and compliance risk >> 05
Risk family CAT2	Governance 1.1	Service delivery 2.1	Information technology 3.1	Market 4.1	Compliance 5.1
	Strategy 1.2	Sales and marketing 2.2	Network operations 3.2	Liquidity 4.2	Legal 5.2
	Program management 1.3	Supply chain 2.3	Cybersecurity 3.3	Foreign exchange 4.3	Regulatory 5.3
	Planning and resource allocation 1.4	People / human resources 2.4	Data privacy 3.4	Interest rate 4.4	
	Major initiatives 1.5	Revenue management 2.5	Data integrity 3.5	Investments 4.5	
	Mergers, acquisition and divestiture 1.6	Physical assets 2.6	Artificial intelligence 3.6	Credit 4.6	
	Market dynamics 1.7	Intangible assets 2.7		Accounting and reporting 4.7	
	Communication and investor relations 1.8	Project management 2.8		Tax and Zakat 4.8	
		Business continuity 2.9		Capital structure 4.9	
		Health and safety 2.10		Fraud 4.10	
				Revenue leakage 4.11	

Risk Management continued

	Impact: is the loss expected if a risk materializes ; the impact is generally tiered between 1 to 5 levels on an exponential scale. stc's impact rating scale is as follows:		
Rating	Qualitative measure	₪ value utilized for inherent risk calculation	Quantitative measure "monthly revenue"
5	Severe	Above ₪ 400M	>10%
4	Major	Between ₪ 200M and 400M	5% to 10%
3	Moderate	Between ₪ 40M and 200M	1% to 4.99%
2	Minor	Between ₪ 2M and 40M	0.05% to 0.99%
1	Insignificant	Below ₪ 2M	< 0.05%

	Likelihood: The likelihood is the probability that a risk may cause a loss for the stc before considering the effectiveness of controls The likelihood rating scale is as follows:		
Rating	Qualitative measure	Qualitative chance of risk occurring in time period	Probability
5	Almost certain	Once in 3 months or less	90%-100%
4	Likely	Once in 6 months	60%-89%
3	Moderate	Once in a year	41%-59%
2	Unlikely	Once in 2 years	5%-39%
1	Remote	Once in 4 years or more	Less than 5%

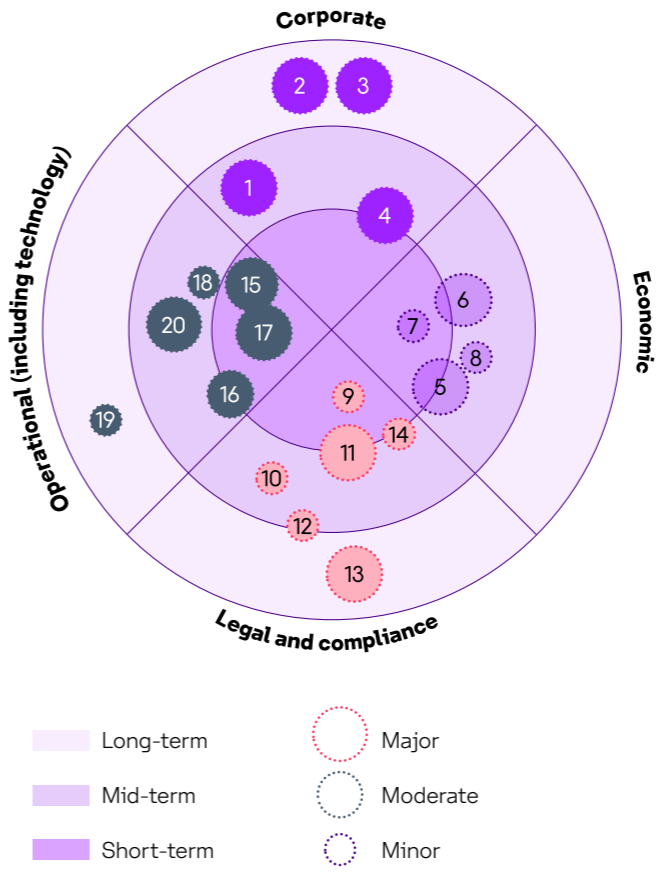
<div></div> Risk scoring: quantifies the potential impact and likelihood of risks using inherent risk ratings, which assume no controls, and residual risk ratings, which consider the mitigating effects of existing controls. The calculated inherent and residual scores result in an attention score or index:							
Action attention index							
Impact rating	Severe	256	16	36	64	144	256
	Major	81	9	20	36	81	144
	Moderate	16	4	9	16	36	64
	Minor	5	2	5	9	20	36
	Insignificant	1	1	2	4	9	16
			1	5	16	81	256
			Remote	Unlikely	Possible	Likely	Almost certain
Likelihood rating							

	The inherent and residual risk scores assists in assessing the risks on the following attention index:	
Risk rating	Risk matrix score	Risk appetite baseline
Negligible	< 9	Below appetite
Marginal	>= 9 to < 20	Within appetite
Manageable	>= 20 to < 51	Above appetite
Substantial	>= 51 to < 101	Greatly above appetite
Critical	>=101	Beyond appetite

Emerging risks are considered part of the risk assessment process and identified through horizon scanning, continual dialogue with the business and keeping abreast of market and industry changes. A summary of identified emerging risks is presented to the Board Risk Committee and Board for assessment, and these risks are consistently monitored as part of stc's ongoing risk management processes.

This year, stc placed greater emphasis on sustainability and ESG risks, reflecting its commitment to aligning with global best practices and stakeholder expectations. Significant progress was made in identifying, assessing and managing these risks, ensuring they are integrated into stc's broader risk management framework and strategic decision-making processes.

Global emerging risk landscape



Source : BCG and Gartner

Risk Management continued

Identifying risks

All stc entities identify and assess their own risks, which could potentially affect their strategy and operations. A consolidated list of these risks is presented to senior leaders and executives, along with the outputs from an external environment scan and related benchmarks. Applying a Group-wide perspective, these executives evaluate and determine critical risks and which emerging threats warrant further exploration. These are defined and agreed upon by the Risk Management Committee before being submitted to the Board Risk Committee and the Board for final review and approval.

Managing risks

Establishing the context and having a clear understanding of the environment in which it operates is important. Therefore, stc assigns each of its risks to a specific category (i.e. corporate, technology, operational, financial and compliance) and identifies whether the source of the threat is internal or external. This approach enables a better understanding of how it should treat the risk and ensures the right level of oversight and assurance are provided.

The assigned executive risk owners are accountable for ensuring that adequate controls are in place and implementing the necessary treatment plans to bring the risk within acceptable tolerance levels. stc continues to monitor the status of risk treatment strategies across the year and hold in-depth reviews of its risks. stc also develops a comprehensive assessment of the related scenarios for each of the top risks, providing additional insight into possible threats and enabling a better risk treatment strategy.

Monitoring risks

stc’s risk report, which presents the main risks, is prepared for the Board of Director on a quarterly basis. The Board Risk Committee also examines this report at its meetings. In addition, the emerging risks are presented once a year as part of the risk report. Among other benefits, stc risk report ensures transparent monitoring of the development of individual risks, as well as the overall risk situation. It informs the Board Risk Committee about all of the latest developments and/or changes in the risk management system.

With the aim of managing and supervising risks, stc is enhancing its risk management technology tools, which facilitate the reporting, analysis, assessment and management of risk information. These are continuous improvements developed in risk management tools to improve or expand their functionalities. As part of ongoing enhancements, stc has improved its risk management technology tools to support better reporting, analysis, assessment and management of risk information. Additionally, stc has refined its existing Key Risk Indicators (KRIs) as a key measure to strengthen risk monitoring practices, ensuring more robust oversight and proactive management of risks.

Risk mindset and culture

stc engenders a set of behaviors and expectations that drive risk awareness throughout its business activities. It is driven by the tone from the top and supported by its people management systems. It promotes timely and sensible risk interventions and actions that improve operational integrity and help employees make smart choices about risks. It communicates expected behaviors to every colleague to weave risk awareness into the fabric of its culture. It has an ongoing program of training and communication and has defined roles to formalize risk management and continuously integrate risk management procedures into key areas of decision-making.

Business continuity

stc’s unwavering commitment to Business Continuity Management (BCM) reflects its strategic focus on safeguarding national resilience, operational integrity and the trust of its stakeholders. As a key enabler of Saudi Arabia’s Vision 2030, stc continues to prioritize the resilience of its critical infrastructure, the protection of its assets and the safety of its people, ensuring it remains a cornerstone of the nation’s digital and communication backbone.

In alignment with the directives of the National Risk Committee (NRC); Communications, Space and Technology Commission (CST); and the newly introduced National Emergency Management Authority (NEMA), stc has fully integrated national guidelines into its BCM framework. These efforts affirm its leadership in crisis management, organizational resilience and business continuity, setting an example for the sector while engaging with top-tier experts globally to adopt best practices and innovative solutions.

stc’s BCM strategy is underpinned by adherence to international standards, such as ISO 22301, with comprehensive training programs for its teams in DRI and BCI standards. This equips stc with cutting-edge capabilities to ensure readiness and response excellence.

Over the past year, it has achieved significant milestones, including successfully executing over 200 BCM exercises, spanning all critical functions and incorporating interdepartmental collaboration. These rigorous tests have strengthened its recovery strategies, validated its Business Continuity Plans (BCPs) and reinforced its ability to maintain seamless operations under any circumstance.

To ensure measurable and transparent performance, stc employs strict Key Performance Indicators (KPIs) across all BCM activities, underscoring its disciplined approach to maintaining the highest levels of preparedness and reliability. Through continuous Business Impact Analyses (BIAs) and iterative improvement cycles, it has elevated its BCM maturity, ensuring alignment with national and international resilience mandates. Moreover, stc has harnessed the power of digital transformation to enhance the agility, scalability and efficiency of its Business Continuity Management System (BCMS). These initiatives have modernized its operations and fortified its capacity to adapt swiftly to evolving challenges.

Recognizing the importance of a skilled workforce, stc has invested in extensive training and professional development programs in BCM, Crisis Management, Incident Response, and Disaster Recovery. This ensures that its employees remain at the forefront of resilience disciplines, empowering them to respond effectively to crises and disruptions. This year’s accomplishments reflect stc’s steadfast commitment to supporting national resilience frameworks, maintaining operational continuity and safeguarding the interests of its shareholders, stakeholders and the nation. These efforts reassure its leadership and citizens that stc remains a trusted partner in pursuing a secure and resilient future for Saudi Arabia.

Internal control

stc’s Board of Directors declares that the accounting records have been prepared correctly and that the internal control system and procedures have been properly prepared and effectively implemented without material observations or concerns raised and asserts that nothing exists to impede the company from continuing its operations and activities.

The Audit Committee oversees the compliance and internal and external audits, and regularly reviews the adequacy and effectiveness of the internal control system.

One of the objectives of the Board is to obtain reasonable assurance about the soundness of the design and the effectiveness of stc’s internal control system. In this regard, during the fiscal year 2024, the Audit Committee held 8 meetings and discussed a number of topics falling under its competencies, including reviewing financial statements, investments and business units, as well as strategic and organizational affairs, human resources, procurement and IT systems. This meeting is attended by Executive Management and members of the Internal Audit team.

Risk management highlights

In the past year, stc has achieved significant milestones in its journey toward excellence in risk management, reinforcing its position as a forward-looking and resilient organization. A key achievement was the comprehensive review and re-assessment of stc’s risk appetite. This effort ensured alignment with evolving strategic priorities and established a robust foundation for governing risk-taking activities, enabling more informed and balanced decision-making at all levels.

To strengthen risk oversight, stc introduced automated monitoring indicators across all key risks. This advanced mechanism provides real-time insight into risk status, allowing the organization to anticipate potential threats and respond proactively to emerging challenges. Complementing these efforts, stc obtained ISO 31000 certification for enterprise risk management and ISO 27001 certification for information security, highlighting its adherence to international best practices and its dedication to maintaining the highest standards of governance and security.

Risk Management continued

Recognizing the critical role of a strong risk culture, stc conducted extensive training sessions and awareness events across the organization. These initiatives have fostered a heightened understanding of risk management principles and have begun to deliver tangible improvements in internal processes, enhancing collaboration and accountability.

Finally, stc has continued to focus on expanding its coverage of risks, ensuring a comprehensive understanding of exposures across its operations. Rigorous efforts were made to strengthen existing controls and implement robust mitigation strategies, further securing the organization against an increasingly complex and dynamic risk environment. These achievements collectively reflect stc’s unwavering commitment to safeguarding its future while driving sustainable growth.

Principal risks

As a leading entity in the global telecommunications and information technology arena, stc navigates a landscape rife with uncertainties and rapid

change. Success in this dynamic environment is predicated on its proactive anticipation of potential developments and the systematic identification, evaluation and management of the consequent risks and opportunities. stc regards an efficacious risk and opportunity management system as an indispensable component of its value-driven corporate governance. In the risk evaluation phase, it categorizes risks into corporate, technology, operational, financial, and legal and compliance domains. This classification enhances its comprehension of each risk’s unique characteristics and informs its management approach, allowing it to craft tailored oversight and assurance strategies.

The key risks affecting stc remain largely unchanged from last year, with only 1 additional risk identified and minor updates to existing risks. The material risks, including environmental and social exposures, are detailed below, along with the strategies employed to manage them. The risk management process continues to highlight the most significant risks at the entity level, reflecting ongoing challenges rather than new developments.



Category	Risks	Mitigation measures
Technology	Cybersecurity threats The rise of advanced malware and DDOS botnets is reshaping the threat landscape and forcing enterprises to reassess how they protect themselves. This threat exists not only within stc, but upstream through vulnerabilities in its vendors and suppliers; and downstream, where vulnerabilities in stc may be leveraged by cyber-criminals to attack its customers. Third-party access management is a significant matter as it relies heavily on third-party contractors with multiple incidents reported by stc.	stc continues to strengthen the cybersecurity. Internal systems and policies are developed, levels of security procedures are raised, awareness is intensified, and the effectiveness of information security plans is tested. stc has established robust cyber assurance practices for information protection and asset management and stc has established advanced penetration testing and vulnerability management capabilities.
Technology	Data privacy One of the biggest challenges faced by any organization is managing privacy as data volumes continue to grow and regulatory and customer scrutiny increases. It is more important than ever to be clear on the privacy risks it faces to handle PII, or an individual's right to determine what kind of data can be collected, stored, protected and can be shared with third parties.	stc has established a privacy framework containing policies and procedures relating to the privacy of personal information address data classification, record management, retention and destruction, that is also aligned with the PDPL regulations established by the government, as well as implemented technical solutions to set different permission levels for employees based on what PII they need to access, such as public, private, and restricted access.
Technology	Resilience following disaster, crisis or events impacting business continuity In the rapidly evolving landscape of telecommunications sector, stc's network has faced unprecedented demand surges, compelling us to confront the specter of partial or complete service interruptions. The resilience of Information and Communication Technology (ICT) services is pivotal to maintaining its operational integrity and is, consequently, a focal point of its risk mitigation strategies. The potential for network disruptions stemming from failures within telecom networks poses a persistent challenge that demands its undivided attention and proactive solutions to ensure business continuity and provide reliable services to our customers.	stc has established entity-wide written programs that address and validate the continuity of the institution's mission-critical operations. It has recertified the organization against ISO 22301:2019 and taken all required steps to comply with any relevant regulatory requirements. stc has worked on additional projects to strengthen disaster recovery (DR) systems to ensure business and services continuity, taking into account various possibilities. The Emergency Response team oversees major contingency planning work and periodically conducts virtual experiments. Additionally, stc intends to work closely with the National Emergency Management Authority (NEMA) recently established to ensure resiliency of the Kingdom.
Legal and compliance	Unfavorable regulatory changes impacting its current business model Regulations over its current obligations are increasing, both in number, frequency and impact, and are evolving in their nature. The potential impact of these new regulations could have serious negative implications for stc's profitability, market position and include penalties or financial liabilities.	stc studies the regulatory legislation on an ongoing basis, coordinates efforts with sectors related to it, inside and outside stc, and applies the best standards to ensure the provision of the best services to its clients in a manner that achieves the objectives of the national plans. A dedicated administrative structure is established for the regulatory affairs sector to contribute to enhancing stc's capabilities in the regulatory field.
Operational	Supply chain disruptions Material shortages and supply risks to rare earth minerals and other key components for chip manufacturing may have far-reaching consequences for continued stc technology leadership, including its ability to provide essential services and next-generation mobility, and to meet the demands of infrastructure projects upon which it has engaged.	stc diversifies its supply chains so that it does not depend on limited numbers of suppliers, and it emphasizes in its contracts that the systems are compatible with each other regardless of the supplier. It also reviews the conditions of contracted companies and sets legislation to ensure their financial and operational suitability for stc's requirements, in line with technological development and the integrity of their business plans. Additionally, stc keeps track of the geopolitical aspect ensuring it stays ahead of predicting and supply chain disruptions due to such reasons.
Corporate	Strategy implementation in a dynamic market In order to succeed in this highly competitive and dynamic environment, it is essential to have agile strategic development, maintenance and implementation processes capable of providing stc with a strategy for success and carrying sufficient agility to meet the demands on the markets in which it operates.	stc's strategy is updated on a 3-year basis and refreshed annually to ensure it remains current and relevant for the labor market. The timing of the annual refresh and 3-year updates is flexible in line with context, dynamics and stakeholders' inputs. It has also conducted a 360-degree environmental scan (i.e. competition, industry trends, regulation, socio-economic and stc performance). ERM sector has developed its own 3-year strategy, which is aligned with stc's strategy to support achieving all strategic objectives.

Risk Management continued

Financial risk management

Credit risk management

stc has approved guidelines and policies that allow it to only deal with creditworthy counterparties and limits counterparty exposure. The guidelines and policies allow stc to invest only with those counterparties that high have investment grade credit ratings issued by international credit rating agencies and limits the exposure to a single counterparty by stipulation that the exposure should not exceed 30% of the counterparty’s shareholders’ equity. Further, stc’s credit risk is monitored on a quarterly basis.

Other than the concentration of credit risk disclosed in Note 18 in the consolidated annual financial statements, concentration of credit risk with respect to trade receivables is limited given that stc’s customers consist of a large number of unrelated customers. Payment terms and credit limits are set in accordance with industry norms.

Ongoing evaluation is performed on the financial condition of trade receivables, and management believes there is no further credit risk provision required in excess of the normal provision for impairment loss (for more details, see note 18 in the consolidated annual financial statements).

In addition, stc is exposed to credit risk in relation to financial guarantees given to some subsidiaries with regard to financing arrangements. stc’s maximum exposure in this respect is the maximum amount stc may have to pay if the guarantee is called on. There is no indication that stc will incur any loss with respect to its financial guarantees as the date of the preparation of these consolidated financial statements (for more details, see note 45 in the consolidated annual financial statements).

Cash balances and short term investments are deposited in banks with credit rating ranging from Baa1 and above, while investments made with local banks had an investment grade credit rating of Baa3 and above.

The credit rating of the Company’s investments in government Sukuk and Binariang GSM Sdn Bhd (“BGSM”) Sukuk are A and Aa3, respectively as at 31 December 2024 (2023: A and Aa3, respectively) (for more details, see note 16.1 in the consolidated annual financial statements).

The carrying value of financial assets represent the maximum exposure to credit risk.

Foreign currency risk management

Saudi Riyal is considered as the functional currency of stc which is pegged against the United States Dollar. Therefore, stc is only exposed to exchange rate fluctuations from transactions denominated in foreign currencies other than United States dollar. The fluctuation in exchange rates against currencies, which are not pegged with Saudi Riyal, are monitored on a continuous basis and risk is assessed via the Value-at-Risk (VaR) measure. stc’s exposure to foreign currency changes for all other currencies is not material. The sensitivity of the changes of SAR/EUR exchange rates by 1% would have impacted equity by ₪ 25 million (2023: ₪ 88 million).

Liquidity risk management

stc has established a comprehensive liquidity risk management framework for the management of stc’s short, medium and long-term funding and liquidity requirements under the approved guidelines.

stc ensures its liquidity by maintaining cash reserves, short-term investments and committed undrawn credit facilities with high credit rated local and international banks. stc determines its liquidity requirements by continuously monitoring short and long-term cash forecasts in comparison to actual cash flows.

Liquidity is reviewed periodically for stc and stress tested using various assumptions relating to capital expenditure, dividends, trade receivable collections and repayment of loans without refinancing (for more details, see note 6-43 in the consolidated annual financial statements).

Profit rate risk

stc’s main profit rate risk arises from borrowings with variable profit margin rates.

The sensitivity analyses below have been determined based on the exposure to profit rates for non-derivative instruments at the end of the financial year. These analyses show the effects of changes in market profit rates on profit and loss. For floating rate liabilities, the analysis is prepared assuming the amounts outstanding at the end of the year were outstanding for the whole year. A 100-basis point increase or (decrease) represents management’s assessment of the reasonably possible change in profit rates. If profit rates had been 100 basis points higher (lower) and all other variables were held constant, the impact on the profit of stc would have been higher (lower) by ₪ 26 million (2023: the impact on the profit of stc would have been higher (lower) by ₪ 155 million). This hypothetical effect on profit of stc primarily arises from potential effect of variable profit financial liabilities.

stc periodically monitors the impact of the incremental changes in profit rates and assesses the impact on stc’s profitability.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises different types of risk: interest rate risk, currency risk and price risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity.

stc is exposed to changes in the value of equity investments and derivatives associated with such investments. To reduce the risk associated with variations in fair value and share price, stc acquires derivative instruments that hedge the risk profile of such investments.

The hedge ratio for each designation is established by comparing the quantity of the hedging instrument and the quantity of the hedged item to determine their relative weighting; for Group’s existing hedge relationships, the hedge ratio has been determined as 1:1.

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. To test the hedge effectiveness, stc compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from a change in the credit risk of the counterparty with the hedging instrument.

Fair value of financial instruments

stc uses valuation techniques appropriate to current circumstances that provide sufficient data to measure fair value. In addition for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety (for more details, see note 20-4 in the consolidated annual financial statements).

The fair values of financial instruments represented in trade and other receivables, short-term murabaha, cash and cash equivalents, and trade and other credit payables closely approximate their book value due to their short maturity (for more details, see note 2-43 in the consolidated annual financial statements).

Capital management

stc manages its capital, which includes share capital, statutory reserves, other reserves and retained earnings attributable to the equity holders of the parent company, to ensure that:

- It will be able to operate as a going concern.
- It efficiently finances its working capital and strategic investment requirements at optimal terms.
- It provides a long-term dividend policy and maintains a stable dividend pay-out.
- It maximizes the total return to its shareholders.
- It maintains an appropriate mix of debt and equity capital.

Risk Management continued

stc reviews its capital structure in light of strategic investment decisions, changing economic environment, and assesses the impact of these changes on cost of capital and risk associated to capital.

stc is not subject to any externally imposed capital requirements. stc did not introduce any amendments to the capital management objectives and procedures during the year ended 31 December 2024.

stc reviews the capital structure on an annual basis to evaluate the cost of capital and the risks associated with capital (for more details, see note 1-43 in the consolidated annual financial statements).

Compliance

stc is committed to fostering a culture of compliance across the organization. This is achieved through a comprehensive compliance program, led by experts and supported by integrated policies and technology, ensuring consistent adherence to regulatory standards and best practices.

stc’s compliance program is built on strong governance principles, ensuring the independence and effectiveness of the compliance sector. The sector engages with two key committees – the Audit Committee and the Risk and Compliance Committee – to maintain transparency and accountability in all operations. There is a constant effort to ensure stc’s compliance with all regulatory requirements, with periodic reports provided to the relevant committees.

Several strategic initiatives have been implemented to strengthen the compliance program, aligning stc with global best practices. These initiatives include the development of comprehensive policies and frameworks, alongside the continuous enhancement of integrated compliance risk management systems.

Aligned with stc’s digital transformation journey, an advanced digital model for compliance assurance is being adopted, leveraging process automation and innovative technologies to improve operational efficiency and transparency throughout the organization.

Efforts to unify compliance practices across stc are consolidated through the launch of specialized training programs aimed at developing professional skills and building a deeper understanding of regulatory requirements and ethical standards.

In its pursuit of excellence, stc is dedicated to advancing a culture of compliance through the ongoing enhancement of compliance programs, ensuring regulatory adherence, reinforcing internal monitoring frameworks, and prioritizing training and awareness initiatives across the organization.

Business integrity

stc has placed significant emphasis on promoting and instilling the values of integrity within the Company, earning the trust of its stakeholders. The Board of Directors adopted this initiative and strengthened it by implementing policies to combat fraud, corruption and financial crimes, making stc a pioneer in the telecommunications sector by adopting financial crime prevention measures that were previously limited to banking and financial institutions. stc recognized the need to allocate and support the General Department of Business Integrity with these specializations, and improved communication with regulatory authorities and law enforcement agencies by fostering an effective partnership with the Anti-Corruption Authority, “Nazaha” and the General Court of Audit.

stc has devolved the General Department of Business Integrity to include the following departments:

- Whistleblowing Department
- Anti-Fraud and Corruption Department
- Anti-Financial Crimes Department
- Forensic Department
- Investigations Department

stc established a dynamic integration process among these departments to achieve the desired goals and adopted a strategy focused on task automating and greater reliance more on advanced quantitative and data analysis techniques. By identifying unusual transactions patterns, advanced technologies are enabled to detect and prevent unusual activities, subjecting them to further analysis using artificial intelligence. This approach provides decision-makers with comprehensive data to support critical decisions and activates the first lines of defense, ensuring they are the first to address potential threats.

In this context, stc has completed the installation of a case management platform and provided various reporting channels for whistleblowers, accessible to employees and business partners involved in stc projects, which reinforces the values of integrity and responsibility.

In the area of anti-fraud and corruption awareness, stc has held number of courses, seminars and workshops in collaboration with the Anti-Corruption Authority “Nazaha”, these efforts had effectively educated employees about prohibited practices, raised awareness of their risk and emphasized the importance of reporting them.

Regarding digital detection, stc invested in automated systems that enable proactive prevention by leveraging machine learning and artificial intelligence technologies to perform advanced analysis and make predictions based on data inputs.

In the field of analyzing digital evidence related to cases under investigation, this task has been assigned to the Forensic Department. This department has been equipped with the best human and logistical resources to carry out this role, relying on the latest best practices in digital and information investigation, including the Nuix system to assist in digital evidence examination processes.

In the area of fraud and corruption prevention, a partnership agreement was finalized with the Risk Sector to conduct fraud risk assessments and update the risk registry in a reciprocal process. The General Department of Business Integrity conducts in-depth analyses of the root causes of detected cases and coordinate efforts with various business sectors to develop corrective solutions that reduce such incidents and strengthen regulatory controls.

In combating financial crimes, including anti-money laundering and terrorist financing as well as sanction management. The General Department of Business Integrity supported this effort by deploying experts human and investing in a monitoring and detection platform, leveraging the stc’s rich data sources to enhance control measures and implement the “Know Your Customer” principle, ensuring the safety of the work environment, products and services safe, which positively impacts stc’s sustainability ratings.

The Investigations Department handles investigations into suspected cases with relevant parties in detected incidents, utilizing examination and analysis outputs supported by discovered evidence, after which it proceeds with issuing final reports and collaborating with internal entities, including Legal Affairs, to achieve best practices.

Additionally, stc has established a Business Integrity Committee to oversee the General Department’s operations, provide the necessary support to achieve its objectives, address challenges and submit reports to the Group CEO and the Board’s Audit Committee.

stc achieved outstanding performance in 2024, driven by strategic advancements, customer-focused innovation, high-impact partnerships, and the launch of new products. These efforts significantly enhanced value creation for the Group, reinforcing its market leadership and long-term growth trajectory.

3.



Business Review

Commercial Unit	53
Business Unit	55
Carrier & Wholesale Unit	57
Supporting Units	61
- Technology Unit	61
- Human Resources	71
- Shared Services	83
- Internal Audit	89
- Legal Disclosure	90

Subsidiaries and Investments	91
- Local Subsidiaries	92
- International Subsidiaries	115
- Investments	121

Commercial Unit

The Commercial Unit achieved significant milestones in 2024, driven by the Kingdom’s strong macroeconomic environment and stc’s commitment to delivering superior customer experiences and exceptional service quality. Growth was further supported by the expanding economy, along with increasing numbers of expatriates, tourists, Hajj pilgrims, and Umrah visitors. stc enhanced performance by fostering customer trust through long-term relationships, harnessing next-generation analytics, and embracing a digital-first operational model.

With a steadfast customer-centric approach, stc ensured that market expansion efforts aligned with safeguarding the long-term interests of its customers. The year’s focus on driving top-line growth while modernizing internal operations resulted in substantial bottom-line growth, underscoring stc’s ability to balance expansion with sustainable profitability.

In **mobility services**, stc maintained its market leadership with a premium value proposition that continues to resonate with consumers. This year’s approach centered on value-based differentiation, enabling the delivery of innovative products and services tailored to the needs of key customer segments.

A major success was stc’s ability to effectively capture growth from expanding segments, including expatriates, tourists, and roaming users. By enhancing its value proposition, implementing targeted go-to-market initiatives, and elevating the digital experience, stc unlocked new growth opportunities. Additionally, the focus on securing recurring revenues through long-term subscriptions proved to be a key driver of mobility growth.

Despite intensifying competition from both established operators and emerging MVNOs, which introduced additional complexities, stc successfully navigated these challenges by leveraging its robust capabilities. Advanced analytics, data-driven base management, retention strategies, exceptional customer experience, and an expansive loyalty program enabled stc to sustain its competitive edge in a dynamic market.

In **fixed services**, stc continued to strengthen its leadership in high-speed broadband, achieving significant progress through a focused landgrab strategy. By expanding into high-potential areas and enhancing monetization of infrastructure investments, stc maintained solid growth while ensuring its customer base is future-ready for next-generation services. Smart deployment initiatives further reinforced this momentum, optimizing network expansion and service delivery.

The go-to-market approach for fixed services evolved notably, transitioning from traditional sales channels to a digitally-driven model. Enhanced digital customer journeys led to a 9% year-on-year growth in digital sales, supported by stc’s advanced analytics engine, which improved customer targeting, lead generation, and retention optimization. These efforts resulted in a significant reduction in churn rates, highlighting the success of data-driven retention strategies and continuous enhancements to the customer experience. As a result, stc achieved exceptional growth in its home broadband base, solidifying its market leadership.

In **adjacent services**, stc implemented a comprehensive overhaul of its strategies to refocus efforts and drive accelerated growth. By aligning stc tv more closely with its core customer base, stc successfully positioned the platform as a best-in-class, one-stop solution for media and entertainment. This strategic shift has delivered a seamless, integrated experience to a growing user base while enhancing cross-bundling opportunities with stc’s telco services. Concurrently, stc’s lifestyle services have continued to evolve, with its loyalty program undergoing significant expansion. As the program transitions into a next-generation offering, it is poised to address a broad spectrum of consumer digital lifestyle needs.

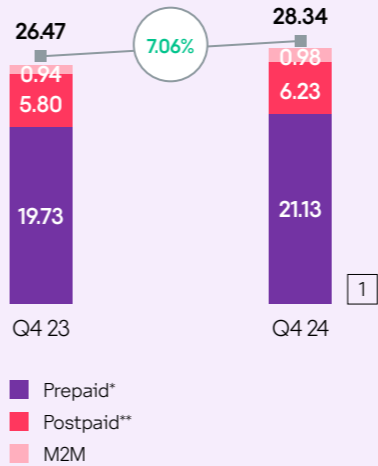
In **consumer electronics**, stc delivered another year of strong growth, driven by a diversified product portfolio, expanded sales channels, and an optimized go-to-market model with enhanced customer journeys. By innovating and offering a wide range of products, including personal electronics, gaming, IoT, and smart home devices, stc further strengthened its market leadership. stc significantly expanded its smart home portfolio, encompassing devices and services such as installation and after-sales support. Additionally, stc continued to enhance its value proposition across other consumer electronics categories through after-sales services like trade-ins, repairs, insurance, and other value-added offerings.

Commercial Unit in 2025

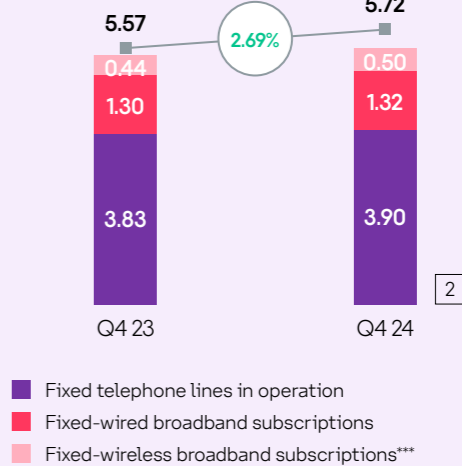
The Commercial unit’s ambitions are bold, focused on driving telco market growth and securing its fair share. stc remains committed to delivering high-speed broadband both at home and on the move, solidifying its position as the go-to provider for the digital lifestyle. As the undisputed leader in the telco market, stc will sustain its leadership through a superior value proposition, exceptional customer

experience, advanced analytics, and a refined go-to-market approach. By executing its refocused strategies in adjacent services, stc is building a resilient future, ensuring it remains the top choice for consumers in electronics and digital services. With a strong foundation and an impeccable track record, stc continues to reach new heights while delivering optimal returns for its shareholders.

Mobile subscribers
(million)



Fixed subscribers
(million)



*Prepaid subscribers include mobile voice, standard mobile broadband and dedicated data mobile broadband subscriptions.
**Postpaid subscribers include mobile voice, standard mobile broadband and dedicated data mobile broadband subscriptions.
***Fixed-wireless broadband subscribers include 4G and 5G subscribers.

1-2 Figures are not audited.

Awards and recognitions



Business Unit

The Business Unit successfully expanded its partnerships on both a global and local scale, introducing innovative products and services. These strategic efforts led to the development and implementation of groundbreaking solutions, significantly contributing to the realization of the objectives set forth in Vision 2030 and affirming the Unit’s strong commitment to transformation and value creation.

In line with stc’s strategy, the Business Unit has successfully positioned itself as the premier digital enabler and the partner of choice for business customers in the region. It has diligently worked to develop world-class offerings, creating a robust ecosystem of capabilities. This has enabled it to serve its customers with advanced digital solutions and verticals, showcasing its commitment to innovation and customer-centric service.

In 2024, the Business Unit forged a key partnership with New Murabba, formalized through a strategic partnership agreement to enhance and facilitate the implementation of advanced communications and information technology at New Murabba. The partnership will leverage a wide range of innovative digital solutions provided by stc in the future.

Another major development was stc’s strategic partnership with Diriyah Company to enhance the historical Diriyah project. Under this agreement, stc will deliver a comprehensive suite of modern technological solutions, transforming the Diriyah Gate project into a smart heritage area equipped with cutting-edge technologies.

The growth in private sector performance compared to the previous year is a significant achievement, driven by improvements in SME sales performance through the development of sales capabilities, the expansion of digital solutions and the promotion of innovation to accelerate business growth and operational efficiency.

Through these types of agreements, stc aims to drive digital and technical transformation across major projects in the Kingdom more broadly, enhancing infrastructure and digital services within its real estate sector by leveraging the most advanced solutions.

Supporting key industry events

The Business Unit also placed great emphasis on sponsoring various global and local events, participating in several exhibitions to showcase stc’s capabilities across different sectors, including education, health and industry. Notably, stc’s involvement in the Future Investment Initiative Conference was focused on promoting sustainability initiatives with different partners, particularly in the education and health sectors.

At the International Cyber Security Forum 2024, stc showcased advanced cyber solutions, contributing to innovation in cybersecurity. stc also played a significant role in Arab Health 2024 Conference, presenting cutting-edge digital solutions for the medical and healthcare sectors to enhance digital integration in healthcare.

Furthermore, stc’s involvement in LEAP24 highlighted its focus on fostering future technologies through global investments and partnerships. As a major contributor, stc was the diamond sponsor at Capacity Middle East, the largest assembly for transport companies in the Middle East.

stc also supported the World Defense Show, the premier event for the security and military industries, as a partner and digital facilitator. In addition, as a strategic partner and digital supporter at the Global AI Summit organized by SDAIA, stc aided in advancing industry, innovation, infrastructure and the development of smart cities.

This active engagement in various high-profile events underscores stc’s pivotal role in shaping a future-oriented digital world.

Business Unit in 2025

In 2025, the Business Unit is dedicated to reinforcing its status as a top-tier communication and digital enabler in the market, leveraging its strong relationships with local customers throughout the Kingdom.

Emphasizing its role as a foremost digital enabler in the region, it is set to sustain its upward trajectory, with a pivotal emphasis on Giga accounts. These efforts are a testament to the Business Unit’s unwavering commitment to delivering premium products, services and experiences to customers nationwide, reflecting its dedication to excellence and customer satisfaction.

Among stc’s focus areas is reflecting a new sales industry verticalization model to address the potential market growth areas by providing industrial specific solutions and products to meet the demand of each industry.



Carrier & Wholesale Unit

The Carrier & Wholesale Business Unit (C&W) stands as the Kingdom’s preferred wholesale partner, delivering comprehensive, top-tier solutions and services to customers and partners both locally and internationally. C&W sets itself apart with high-quality, efficient technology offerings and a steadfast commitment to continuous innovation and enhancement.

Evolving into an agile technology-driven unit, C&W embraces new work methodologies and remains proactive in navigating the fast-paced digital landscape by adopting and integrating the latest digital advancements. Aligned with stc’s DARE 2.0 strategy, C&W’s strategic focus drives growth and supports stc’s broader objectives, positioning the unit as a key driver of innovation within telecommunications and digital infrastructure.

With a strong emphasis on next-generation technologies and digital solutions, C&W explores new revenue streams through creative and unconventional initiatives. Its expansion efforts aim to enhance profitability, diversify stc’s business portfolio and solidify Saudi Arabia’s role as a regional digital hub.

The continued expansion of center3 operations made 2024 a landmark year for C&W. This subsidiary has further enhanced data center hosting and subsea connectivity within the Kingdom and beyond, generating significant value for stc, its customers

and Saudi Arabia. This ongoing growth reinforces the Kingdom’s position as a digital hub and paves the way for a new digital era for the region.

Supporting Saudi Arabia’s vision to become a leading digital hub, center3 leverages the Kingdom’s strategic location to connect Europe, Asia and Africa. Its robust network infrastructure attracts major players – including hyperscalers, gaming and content providers, cloud giants and international carriers – delivering unmatched speed and scalability to seamlessly reach regional customers.

Strategic partnerships and agreements

C&W achieved substantial milestones, further solidifying its position as a leader in global communications and digital infrastructure. These achievements were driven by strategic partnerships and technological advancements designed to improve customer experiences and promote sustainable digital ecosystems.

At the local level, C&W empowered licensed telecommunications companies within the Kingdom to deliver their services through stc’s robust connectivity infrastructure. Supported by a strategic agreement with Dawiyat to expand IoT services and accelerate the adoption of smart solutions across Saudi Arabia.

Internationally, as part of stc’s ongoing efforts to expand its services from local and regional markets to the global stage, C&W secured a significant win by becoming the exclusive international gateway for the Philippines’ largest telecom operator PLDT, providing international traffic hubbing and termination services for its fixed (PLDT) and mobile networks (SMART).

In its commitment to improving customer experiences, C&W launched voice call services over 4G (VoLTE) for inbound roamers visiting the Kingdom, enhancing the international roaming experience and strengthening partnerships with global operators.

Further advancing its leadership in telecom infrastructure, C&W secured 3 critical Neutral Host Infrastructure agreements with DGCL, Mawani and Modon, underscoring its role as a key enabler of digital connectivity and innovation in the region.

Sponsorship and participation in key conferences and events

In 2024, C&W actively participated in and sponsored prominent global and regional industry events, underscoring its commitment to advancing digital infrastructure, driving innovation and fostering strategic partnerships across the telecommunications and technology sectors. Through these engagements, stc reinforced its leadership in 5G, AI and digital transformation, playing a pivotal role in shaping the future of connectivity.

The key events included:

- Capacity Middle East, Dubai – 6 February
- MWC, Barcelona – 26 February
- LEAP24, Riyadh – 4 March
- GCCM Europe, London – 5 March
- International Telecoms Week (ITW) – 14 May
- ACC 2024 – 2 September
- WAS#20 – 23 September
- Capacity Europe, London – 15 October
- Connected World KSA 2024, Riyadh, hosted by stc – 19 November

These participations highlighted stc’s leadership in connectivity, driving discussions around 5G expansion, AI integration and the region’s digital transformation.



Carrier & Wholesale Unit continued

Loyalty, retention and digital transformation initiatives

- C&W prioritized customer loyalty and retention through targeted digital transformation initiatives. These efforts focused on optimizing customer experiences, streamlining processes and fostering long-term partnerships.
- mywholesale portal: The continued development of mywholesale portal digitized the customer journey, introducing advanced features such as contract management, service requests and streamlined communication, enhancing efficiency and user experience.
 - Customer360: A data-driven initiative designed to transform customer engagement, utilizing insight to improve satisfaction, loyalty and business outcomes.

These initiatives reflect stc’s commitment to delivering a seamless, data-driven customer experience while strengthening its leadership in digital transformation and customer-centric solutions.

Innovative products and solutions

- C&W drove significant advancements in products, solutions and service delivery, reinforcing its leadership in global innovation and excellence.
- Launched innovative services, including the Bandwidth and Demand (BoD) concept, APN service and Phase 1 of the A2G service on six Flynas routes.

- Submitted tailored offerings, including a new IoT solution for Dawayit and a customized Dark Fiber service for Zain.
- Revamped the Dense Wavelength Division Multiplexing (DWDM) offering for enhanced performance and value.
- Advanced IoT aggregator capabilities by preparing the platform for CMI, enabling IoT services and activating aggregator pipelines.
- Successfully launched the Newtrack campaign, highlighting our commitment to neutrality and ensuring customer confidence in unbiased service delivery, multiple agreements have been signed.

Business operations

- Digital transformation and customer experience: Onboarded 93% of customers to the mywholesale portal and digitized over 10 business functions, enhancing efficiency and customer satisfaction.
- Network resilience and optimization: Improved IGW availability and optimized network utilization to ensure service reliability and scalability, strengthening market competitiveness.

These achievements highlight stc’s relentless focus on global innovation, operational excellence and customer-centric solutions. By continually pushing the boundaries of technology and streamlining processes, stc sets a regional benchmark for excellence and shapes the future of connectivity.

Awards and recognitions

In 2024, stc’s C&W Unit received significant industry recognition for its leadership and performance, further establishing its role in driving regional and global connectivity.



Carrier & Wholesale in 2025

Looking forward, C&W is poised to accelerate growth and embrace transformation, driving value creation and contributing to the objectives of stc’s strategy. C&W will focus on reinventing customer experiences by unlocking the full potential of digital and analytics, transforming into an agile technology powerhouse that redefines operations and pioneers new ways of working.

C&W aims to solidify its leadership in digital infrastructure by expanding availability and modernizing its fiber network footprint. The ORYX project, a new terrestrial stc fiber backbone, will play a pivotal role in capturing the AI and cloud opportunity. This initiative supports Saudi Vision 2030 by enabling a robust, scalable and high-performance terrestrial network, a key enabler for positioning the Kingdom as the digital hub of the MENA region.

C&W will lead the regional evolution through innovation, strategic partnerships and exceptional experiences that drive sustainable growth. By leveraging its expertise, innovation and market leadership, C&W will set the pace for the wholesale telecom industry, shaping trends and defining the industry’s direction as it transitions from a regional leader to a global player.

Furthermore, C&W will significantly expand its A2G connectivity services in collaboration with SkyFive Arabia. By providing seamless in-flight Wi-Fi access to passengers, we aim to enhance the travel experience and solidify stc’s position as a leading provider of innovative digital solutions. Key initiatives for the year include expanding network coverage, ensuring reliable network operation and collaborating with SkyFive Arabia to expand A2G services across the Middle East, while adhering to all relevant regulations.

As a catalyst for progress within stc, C&W will continue to steer digital transformation, securing its position at the forefront of the technological landscape and shaping the future of connectivity for years to come.



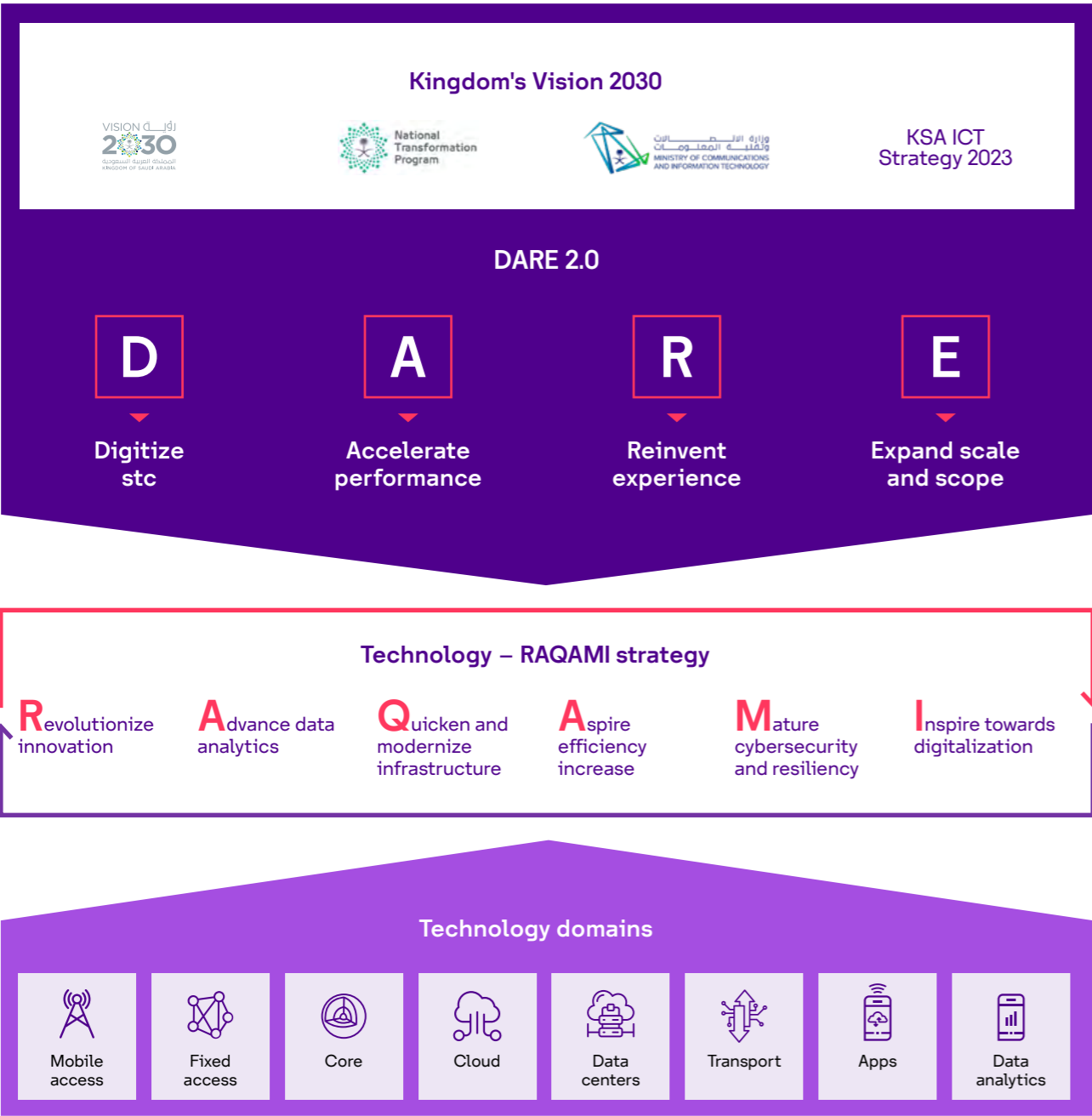
Supporting Units

Technology Unit

The Technology Unit is a cornerstone of stc, dedicated to managing and optimizing technological infrastructure to empower and enhance business operations. This Unit plays a pivotal role in driving innovation, elevating operational efficiency and ensuring stc remains at the forefront of industry leadership and competitiveness.

Strategic focus and alignment with DARE 2.0 strategy

stc's Technology strategy is aimed at accelerating and enabling stc's growth and success by ensuring both effectiveness and efficiency to sustain its leadership in technology, in full alignment with DARE 2.0 and the Kingdom's broader vision and ambitions.



5G expansion vision: stc remains committed to maintaining its leadership in 5G coverage and speed across the nation, aligning with Saudi Arabia's Vision 2030. Therefore, stc plans to:

- Continue network cloudification and enhance automation to drive efficiency and agility.
- Expand 5G deployment by targeting additional cities, focusing on the N78 band to increase coverage.
- Implement 5G on the N40 and N77 bands to boost speed and capacity in major urban centers.
- Utilize the N71 band for 5G deployment to improve indoor coverage and services.
- Deploy 5G small cells using mm wave technology for hotspot areas, contingent on spectrum availability after the auction.
- Establish private 5G networks using the existing C-band.
- N71 enablement of 5GSA and advanced use cases.
- Open RAN deployment in a commercial PoC as an important milestone towards a wider transformation of RAN architecture.

Supporting Units continued

Recognitions and achievements

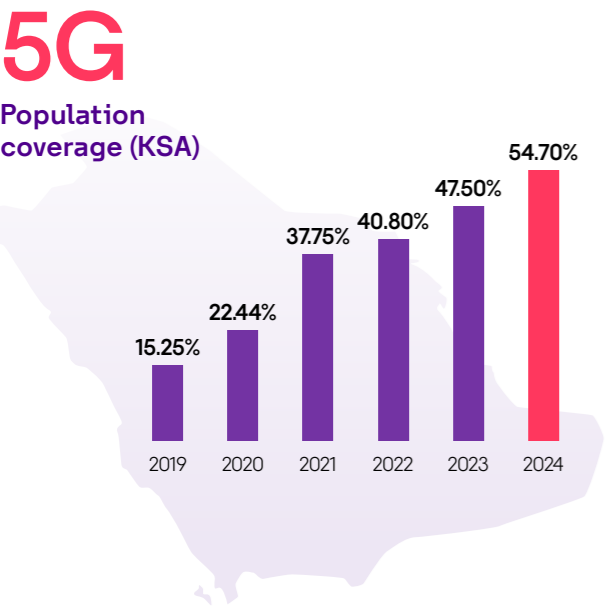
By consistently exceeding its commitments to customers and surpassing all expectations, stc's success is reflected in the following recognitions and achievements received during the year.



Supporting Units continued


Infrastructure

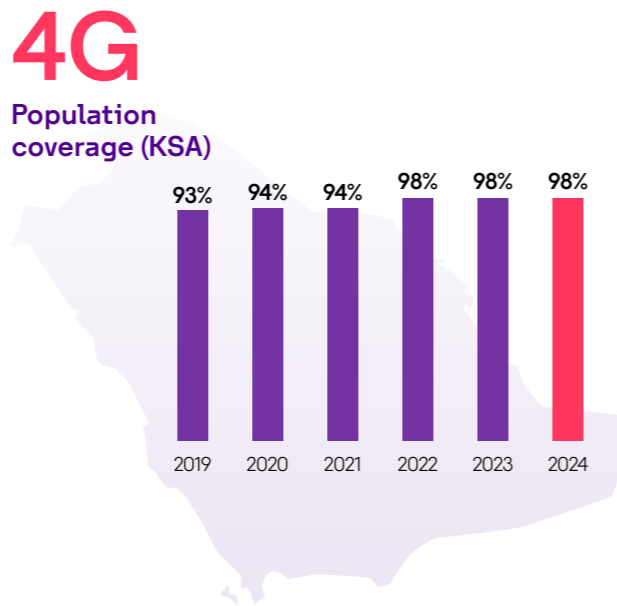
The Technology Unit is accelerating infrastructure modernization and simplification to adapt to a rapidly evolving market and emerging technology trends. These efforts have significantly enhanced customer experience, achieving 54.70% 5G coverage across the Kingdom and 98% 4G coverage as of year-end 2024.



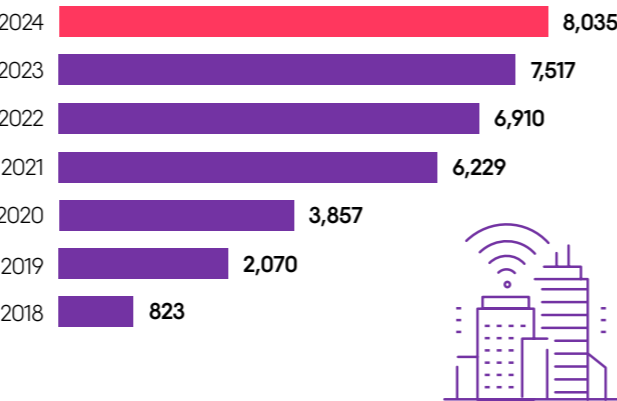
stc made significant strides in infrastructure development and modernization throughout 2024, achieving notable milestones that enhanced connectivity and customer experience. A total of 191,859 households were connected to fiber through FTTH projects, bringing the cumulative FTTH connections to over 3.58 million.

In the 5G domain, stc commissioned 661 new 5G sites, reaching an accumulated total of 8,993 sites. Additionally, over 2,028 integrated 5G second-layer sites (N40) were implemented, bringing the cumulative site-asset inventory to 10,888. To support these advancements, 8,035 fiber backhaul connections for 5G sites were successfully established.


191,859
Number of FTTH households 2024



Number of 5G integrated sites connected by fiber



As part of its infrastructure upgrade initiative, stc decommissioned 1,522 legacy nodes, recovering 1,572 square meters of floor space and saving 18 GW/Y of power. The full shutdown of the 3G network was also completed, while more than 2,803 sites were upgraded with L900 activation in 2024, reaching a cumulative total of 11,694 sites. Coverage enhancements included the deployment of over 800 5G antennas and 11,500 4G antennas across major cities and landmark buildings in the Kingdom, boosting in-building coverage.

stc achieved 74% cloudification of its voice subscribers in 2024, covering 15.5 million subscribers, and migrated 20 million PCRF (Policy and charging rules function) subscribers to the Telco Cloud, with attained total live traffic of more than 2.1 TB through the Partnership Cloud, enhancing efficiency, performance, and closing security gaps. Additionally, the Telco Cloud footprint was expanded to 9 data centers with 12 Points of Diversification (PoDs) and the network virtualization reached 45.44%, surpassing the end-of-year target by 3%. Furthermore, stc achieved a seamless mobile core upgrade, reducing time-to-market by 70%, and rolled out zero-trust security across all data centers.

To support the kingdom's vision for a 10G-ready infrastructure, stc integrated 10G ONT into its systems, enhancing network agility without incurring additional costs. Additionally, single-band ONTs were replaced with dual-band ONTs, improving customer experience and elevating Saudi Arabia's global ranking from #12 to #8. Furthermore, 498 P2P fiber connectivity orders were executed for enterprise and wholesale customers, with network capabilities optimized to handle high-load seasons like Hajj, accommodating up to 20,000 users per site with minimal ticket resolution time.

stc's involvement in mega projects included integrating 66 new sites for Red Sea Global, AIUla, and NEOM. Additionally, stc supported the NEOM Sindalah Island opening event, with a rapid telecom infrastructure deployment, including upgrades to 35 sites, installation of 15 new micro sites, and setup of 6 IBS sites. Furthermore, for the Oman-KSA connectivity, multiple 100G DWDM links were implemented, and KSA's first Omni antenna solution with active sharing (MORAN) was deployed on Thuwal Island, ensuring optimal performance with a minimum backhauling height of 10 meters and supporting all technologies.

For hyperscalers, stc provided multiple 100G DWDM links, reinforcing its commitment to supporting high-speed connectivity and strengthening its infrastructure leadership. These achievements

reflect stc's dedication to delivering cutting-edge infrastructure while driving innovation and operational excellence.

Operations and technology performance

stc is focused on advancing its technical operations capabilities by prioritizing performance outcomes and operational excellence. This includes refining processes through digitization and automation, enhancing workforce skills through targeted training, and reengineering workflows to improve efficiency. To safeguard its services, stc is committed to mitigating network risks and strengthening network resilience and reliability. These initiatives are designed to drive operational efficiency, ensure business continuity, and minimize potential disruptions to stc's services, reinforcing its leadership in delivering reliable and innovative solutions.

Key accomplishments include:

- **Disaster recovery:** Developed new disaster recovery capabilities for 20 critical systems, increasing the total coverage to 137 critical systems along with 9 telco and 42 electromechanical containers designated for recovery of voice and data services in exchanges.
- **OOKLA speed enhancement:** Boosted Kingdom-wide internet speeds by 17%, achieving remarkable throughput milestones and enhancing overall user experience.
- **Sustainability initiatives:** Implemented a Green Initiative program, saving ₪ 1.5 million in power, heat and space while improving environmental sustainability, scalability, efficiency and capacity.
- **Technology quality assurance:** Improved the Technology Quality Index for infrastructure implementation to 92%, with an assurance rate of 89% for OLT sites, ensuring superior quality and reliability.
- **High-traffic event management:** Seamlessly supported major events such as the Dakar Rally, Spanish Super Cup, Leap, World Defense Show, Balad Beast, Little Asia, RS Cup and Formula-E, maintaining stc's brand reputation and delivering exceptional customer experiences.
- **Incident management:** Achieved a significant reduction in response time, from 41 minutes to 26 minutes, through enhanced incident message consolidation and accuracy. This contributed to an 18% reduction in outages, a 36% improvement in fault localization efficiency, and an 8% reduction in fault restoration time.

Supporting Units continued

- **Performance metrics, AOMM scores:**
 - Fault management score improved to 2.07 (2023: 1.2).
 - AOMM CM/PM scores increased to 1.95 (2023: 0.9).
 - CC handling and management score reached 1.87 (2023: 0.85).
- **Customer experience:** Continuous focus on network quality, improvement in incident handling, control on network changes & activities resulted in significant improvement in customer experience. Customer complaints dropped by 36%, repeated customer complaints decreased by 50% and CST complaints reduced by 36%.
- 4G innovation, AI-powered MIMO Sleep, intelligent power-off and RF channel intelligent shutdown resulted 2,524,879 kWh/year in energy consumption savings.
- 5G Innovation, RF Channel intelligent shutdown, NR Micro Sleep Rx and NE MIMO Eco Mode, NR border carrier sleep has brought 18,650,718 kWh/year in energy consumption savings.
- **Operational expense savings:** Achieved significant OPEX savings in alignment with stc efficiency plan by applying optimization, consolidation and unification initiatives while standardizing managed services contracts.
- **Customer migration:** Successfully migrating 50% of copper customers to fiber services since 2022.
- **AI and ML injection:** Achieving 20% higher operation efficiency and 13% better user throughput by deploying Cognitive SON (CSON) in Hajj season.
- **Traffic management:** Deployed new traffic management strategy based on service profile identification (SPID), which enabled stc to gain 6% improvement in Ookla throughput speed.
- **Shahid (live streaming):** Achieved remarkable live streaming traffic localization milestone by expanding on capacity by 2.5 Tbps with EdgeNext CDN provider to serve the streaming 83% of the traffic is now localized compared to 48% in 2023.
- **Knowledge-sharing initiatives:**
 - White papers: Published 9 white papers on topics such as energy efficiency, autonomous mobility, generative AI, agile landscapes, 5G network slicing, Fixed Wireless Access (FWA) in Saudi Arabia, and Non-Terrestrial Networks (NTN).
 - Smart Talks: Delivered 10 Smart Talk sessions featuring speakers from Forrester, stc subsidiaries and in-house experts. These sessions attracted over 4,260 attendees and received an excellent evaluation rating of 86%.

Digital transformation and analytics

stc continued to enhance its digital transformation and analytics capabilities to support business growth and enable innovative ways of working.

Key achievements include:

- **Traffic capacity enhancement:** Expanded traffic capacity to 7.5 Tbps, improved VoLTE roaming quality, upgraded GDE for cloudification and implemented two-factor authentication (2FA) for the CEM platform, boosting performance and security.
- **Data centers:** Operationalized two new data centers ready for traffic management and enhanced security at an existing center (DC46) by implementing a new security control for network traffic visibility.
- **Data quality:** Achieved a 97% organizational Data Quality Health Indicator (DQHI) by improving 500 integrity Critical Data Elements (CDEs).
- **Obsolete system replacement:** Decommissioned outdated systems with North Star capabilities like HVR and Singlestore, paving the way for significant cost savings over the next 5 years.
- **Security enhancements:** Implemented 2FA for local access on web and mobile platforms to strengthen accounts security and protect sensitive data.
- **mystc app integration:** Integrated a new 5G coverage layer into the mystc app, enabling users to identify optimal 5G service areas for improved network coverage availability.
- **Data compliance:** Updated data classification standards to align with NDMO/NCA requirements and emphasized the importance of compliance across all departments.
- **Disaster recovery for critical digital capabilities:** Implemented proactive disaster recovery solutions to ensure the continuity, efficiency and sustainability of operating 17 digital capabilities.

Artificial intelligence (AI) domain accomplishments:

- **Sawaher platform:** Launched the Sawaher platform in collaboration with Tahakom and SCAI, leveraging AI to elevate security in Saudi cities and optimize CCTV installation locations with enhanced visibility, aiming to install 300,000 cameras over 10 years through identifying strong areas, leading to a notable decrease in potential costs.
- **Soft-PAT validation automation:** Upgraded the Soft-PAT validation process with advanced AI tools, reducing human intervention and significantly saving processing time.

- **ISP GEF analysis:** Conducted an end-to-end analysis of non-stc ISPs to assess the current status of International Gateway (IGW) utilization and the potential growth opportunities for stc in L2 and L3 products.
- **Trench quality image detection:** Processed ~700k images across 65,000 workorders annually, leveraging AI to streamline validation, reduce costs, optimize OPEX and accelerate TTM.
- **Launch of Gen AI in stc (stc Brain):** This initiative aims to inject Gen AI assistants (Digital Co-workers) across various domains.
 - Efforts involve building foundational stc domain knowledge and integrating it with GPT and advanced AI capabilities.
- Within 2024, over 5,000 conversations (queries) were conducted through stc Brain, serving more than 10 sectors and 200+ users, achieving a productivity increase of up to 70%. The focus spans domains are sales, customer care, people and finance.

Highlights of this initiative include:

- **Digital co-worker for IFRS compliance:** Increased Finance team productivity by 70% and reduced complex case resolution time by 33% with an IFRS advisor solution, managing 100 monthly compliance requests.
- **Sales enablement with knowledge base:** Improved the knowledge of over 2,000 direct sales agents across the Kingdom on telco and ICT products, ensuring stc services are effectively targeted to customer segments.
- **Voice of customer (call transcription co-worker) – launched:** Collaborated with CVM to integrate call transcription capabilities using stc’s Automatic Speech Recognition (ASR) and Large Language Model (LLM) capabilities. This solution extracts meaningful insight from thousands of customer voice calls to analyze key KPIs, including customer churn, CSAT and fraud.
- **stc GPT (formerly known as “Ask Your KB”) (pilot):** A flagship product offering sovereign LLM capabilities that enable stc employees to safely leverage GPT for internal use cases. Example use cases include summarization, document search, and comparison. It is currently used by Cloud Telco, HR CoE, Investment, Strategy CCEX, Internal Audit, Cybersecurity, and TSA.

- **Responsible AI (RAI):** Launched stc Responsible AI (RAI) guidelines to ensure ethical AI design, development and deployment.
- **Recognition at the GAIN Summit by SDAIA:** A as an early adopter of AI ethics, emphasizing stc’s leadership in ethical AI innovation.

Applications efficiency

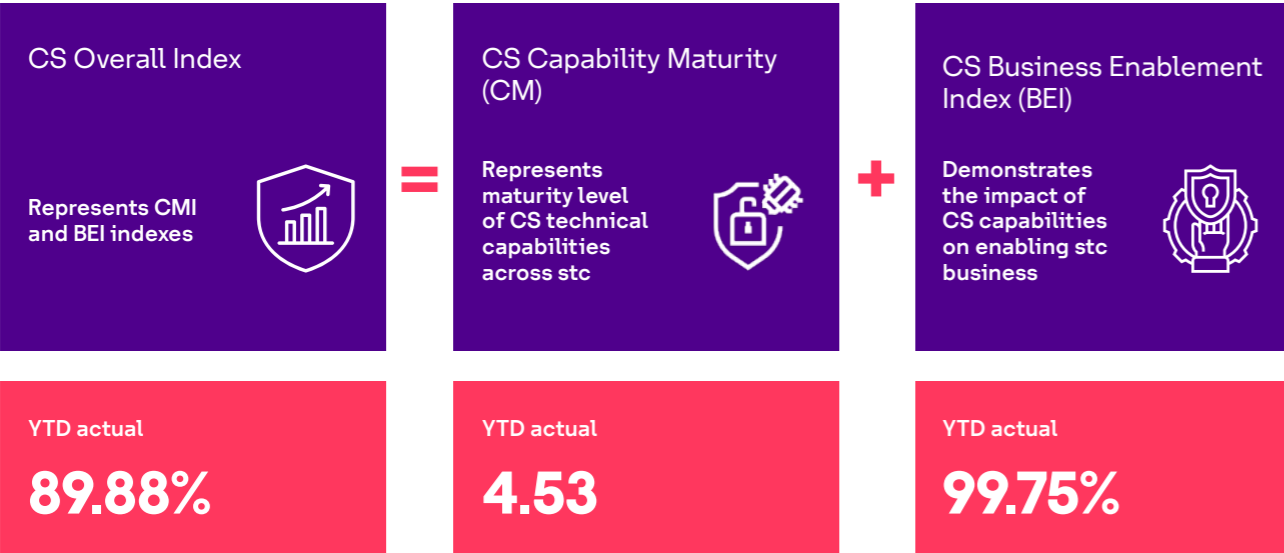
stc has been at the forefront of streamlining its IT infrastructure, focusing on simplifying its application landscape to reduce complexity, improve operational efficiency and lower costs. As part of its digital transformation strategy, stc achieved several key milestones:

- **Cloudera platform deployment:** Deployed the Cloudera ML platform, improving model accuracy by 5%.
- **FWA dynamic view:** Developed a dynamic alarm detection solution for Fixed Wireless Access (FWA) customers using a 360-degree data view across HLR, CRM and billing systems, ensuring revenue assurance coverage of ﷲ 500 million.
- **ML-based upgrades:** Enhanced outbound roaming and RAN services through machine learning-based anomaly detection, achieving 52% identification of hidden issues and 78% alarm compression, improving system reliability and efficiency.
- **Acquisition process automation:** Successfully automated the merger and acquisition lifecycle, streamlining due diligence processes for greater operational effectiveness.
- **IPv updates:** Activated IPv6 rollout for Jawwiy customers, increasing stc’s mobile broadband (MBB) IPv6 adoption from 71% to 77%, elevating Saudi Arabia’s global ranking to 6th position.
- **Employee Experience Index (EEI):** Maintained and enhanced the EEI to reflect stc’s commitment to employee satisfaction. Using surveys and advanced analytics dashboards, the EEI captures employee experiences, allowing informed decision-making and fostering a positive work environment.
- **Direct Carrier Billing Reconciliation System:** Implemented a reconciliation system to accurately match content provider invoices with the SDF platform, preventing revenue loss and providing comprehensive visibility into annual revenues through the RAFM user story.
- **CST dashboard:** Introduced a CST dashboard leveraging EAI to monitor stc KPIs, ensuring compliance with SLAs in Mobile Number Portability and CMC operations.

Supporting Units continued

Cybersecurity

stc has undertaken various initiatives and implemented innovative solutions to protect customer data while elevating the cybersecurity maturity of its infrastructure and services. These efforts have led to significant achievements in key cybersecurity metrics.



- **Cybersecurity index:**
 - CS overall index: 89.88%, exceeding the year-end target of 87%.
 - Capability Maturity (CM): 4.53, surpassing the year-end target of 4.
 - Business Enablement Index (BEI): 99.75%, above the year-end target of 95%
- **Cybersecurity architecture realization:** Successfully completed 80% of the project plan, enhancing application performance, scalability and security. This initiative also delivered a 3% improvement in OPEX efficiency for 2024, with further gains expected in 2025.
- **Quantum-Safe program:** Established a comprehensive Quantum-Safe program to prepare for the transition to secure post-quantum cryptography for critical applications.
- **Data protection enhancements:** Extended new cybersecurity controls to over 14,500 endpoints, enforced user data classification and labeling, and executed over 2.5 million data classification activities.
- **Privileged access management:** Secured admin access for 230 privileged users, integrated 16 network systems and 280 network elements with the Network Identity Management (NIAM) solution.
- **Remote access security:** Secured remote admin access for 8,000 users with a Privileged Remote Access (PRA) solution, integrating 42,000 assets for seamless and secure operations.
- **Cybersecurity visibility:** Enhanced visibility through additional integration of more than 13,000 new devices into the Security Incident and Event Management (SIEM) system, strengthening monitoring and response capabilities.
- **Mitigation of cyberattack:** Protected stc's business from potential downtime during a massive cyberattack in August 2024, launched against the Kingdom by the hacker group Darkmeta via 190 countries, ensuring uninterrupted operations and robust defense.

Cybersecurity Regulatory Compliance:

CS Regulatory Compliances		
<div>الهيئة الوطنية للأمن السيبراني National Cybersecurity Authority</div> <div></div>		
Essential Cybersecurity Controls (ECC)	Organizations' Social Media Accounts Cybersecurity Controls (OSMACC)	Telework Cybersecurity Controls (TCC)
98.08%	100%	100%
Data Cybersecurity Controls (DCC)	GSMA compliance for SS7 and Diameter	Cloud Cybersecurity Controls (CCC)
97.22%	100%	97.3%

- **Secure application development journey:** Re-engineered critical cybersecurity processes and seamlessly integrated them into the application development lifecycle, resulting in a time savings of up to 80% and reducing turnaround time from 10 days before automation to just 2 days after, significantly improving efficiency.
- **Global cybersecurity leadership:** stc made a notable impact on the global stage through active participation in the Global Cybersecurity Forum (GCF) as a leader in the "Safeguarding the Future Networks and Emerging Technologies" track, publishing 3 influential whitepapers in 2024, sharing innovative insight to enhance global cyber resilience.
- **Cyber awareness simulations:** Conducted 11 phishing simulations focused on email and online scam awareness, leading to a significant improvement in user security behavior. Scam reporting rates increased to 24%, surpassing the global average of 23%, while the percentage of users who fell victim to scams dropped to 6%, closely aligning with the global benchmark of 5%.

Supporting Units continued

Human Resources

In 2024, the HR Unit continued its efforts to enhance employee productivity across stc and opened new growth opportunities within stc, most notably through the Talent Mobility program, which fosters collaboration among its subsidiaries. This program has empowered employees to explore and expand their career horizons, contributing to improved performance, higher efficiency and a more collaborative and integrated work environment across all sectors. This is grounded in the belief that employees are the cornerstone of stc’s ongoing success and innovation.

This year, stc achieved significant milestones in employee experience initiatives, forming the foundation for a unified and effective experience for its employees. Through these efforts, stc maintains its agility and adaptability in the face of rapid change, seizing emerging opportunities for sustained growth and value creation.

The HR Unit at stc has proactively led these strategic initiatives, reinforcing its commitment to going beyond traditional human capital management. It has positioned itself as a central force driving stc’s strategic objectives while balancing stakeholder needs with the evolving business environment.

The HR Unit also aims to embed and promote stc’s targeted culture and organizational values, which form the cornerstone of enhancing stakeholder experiences and workforce cohesion. To this end, the HR Unit has continued to develop its approach by adopting the latest digital tools and methodologies, fostering a culture of shared values and strengthening unity within stc and its subsidiaries.

Workforce profile

stc Group overall

	Direct	Contractor
Male	14,446	2,273
Female	2,787	357
Total	17,233	2,630

stc Group

Workforce profile	2024
Total number of employees (excluding trainees, students and outsourced staff)	19,863
By type of employment	
Total full-time equivalent (FTE) employees	19,863
Employees number on an indefinite or permanent contract	17,233
Employees percentage on an indefinite or permanent contract	87%
Employees number on a fixed term or temporary contract	2,630
Employees percentage on a fixed term or temporary contract	13%
By age for permanent contract	
Workforce by age less than 30	2,574
Workforce by age 30-50	12,716
Workforce by age more than 50	1,943
By gender for permanent contract	
Women	2,787
Men	14,446

2024 by the numbers

924
employees hired

97
fresh graduates hired

89.3%
Saudization rate for stc KSA and its local subsidiaries

221
COOP trainees

2,787
female employees

66
people with disabilities employees

2,141
early retirement program beneficiaries

43
employees in scholarship programs offered by local and international universities



Supporting Units continued

Human Resources strategy

Human Resources vision

“To be recognized as an HR model of excellence in the MENA region through agile, digital and innovative experiences by 2026.”

stc’s Human Resources strategy reflects a dynamic and forward-thinking approach to managing and developing its most critical asset: its people. The strategy is designed to position stc as an HR “Model of Excellence” in the MENA region by focusing on talent, agility, digital transformation and innovative employee experiences. It emphasizes aligning human capital initiatives with stc’s broader goals to maximize value generation for shareholders while fostering a culture of performance and adaptability.

A key priority is achieving manpower operational expenditure (OpEx) efficiency across stc by leveraging digital transformation. Through advanced HR analytics and the unification of HR technology systems, stc aims to streamline processes, optimize resources and create sustainable efficiencies that support long-term growth. These efforts ensure that operational excellence is maintained without compromising the quality of employee engagement or satisfaction.

The strategy also emphasizes positioning stc as an employer of choice by enhancing the employee journey at every stage. This includes improvements in critical areas such as rewards, talent management, learning, performance and culture. By fostering a performance-driven and agile work environment, stc ensures collective satisfaction among employees, organizational leaders and shareholders alike.

To support these goals, shared HR capabilities and services are activated across stc to harmonize policies and deliver consistent governance while allowing flexibility to meet specific needs. stc Academy and HR Business Partners play a pivotal role in implementing this strategy by addressing skill development and aligning HR initiatives with business objectives.

Underpinning this approach is a commitment to cultivating a culture of performance through well-governed agility and efficiencies. Individualized Development Plans (IDPs) are used to maintain top-tier HR capabilities, while strategic alignment ensures that human capital initiatives meet evolving business demands. By integrating technology, tools and facilities into its operations, stc reinforces its ability to adapt dynamically to market changes.

Measuring strategic progress

The execution of stc HR strategy has yielded substantial financial and operational outcomes, demonstrating stc’s ability to create tangible value through strategic workforce initiatives. Our achievements reflect successful implementation across key strategic priorities, from digital transformation to operational efficiency, resulting in measurable returns for our stakeholders.

Key performance indicators:

- Delivered ₪ 400+ million in efficiency program savings through new HR initiatives, while achieving a 24% reduction in employee costs compared to 2023, demonstrating our commitment to manpower OpEx efficiency across stc.
- Strengthened digital transformation through the completion of 23 technology and AI-powered decision-support solutions across core HR functions, advancing our goal of creating sustainable efficiencies through technology integration.
- Enhanced operational excellence through streamlined governance and policy optimization across subsidiaries, earning ISO 30414 certification for human capital reporting and Mowaamah GOLD classification for workplace inclusivity.
- Launched a unified Group mobility platform creating over 300 internal job opportunities, supporting our commitment to talent development and employee satisfaction through enhanced career pathways.
- Expanded talent acquisition initiatives through university partnerships, engaging over 150 student visits and 551 COOP trainees, demonstrating our commitment to building future talent capabilities.
- Achieved recognition through 13 prestigious employer awards, including Excellence in Diversity and Inclusion, Leadership Development, and Best Rewards Strategy, validating our strategic focus on creating innovative employee experiences.
- Utilized internal consulting capabilities across 25 projects on a corporate level, resulting in ₪ 28 million cost avoidance while maintaining high-quality HR service delivery through shared capabilities.
- Successfully executed 22 strategic GHRU projects with 100% completion rate, ensuring comprehensive implementation of our performance-driven culture and operational excellence initiatives.

These outcomes highlight the success of the integrated HR strategy, delivering tangible cost savings, digital advancements and robust talent initiatives. Collectively, they demonstrate a strong focus on operational excellence, employee engagement and stakeholder value.

Putting stc’s values into action

Since 2023, stc has focused on embedding its corporate values to enhance performance efficiency through speed in execution, agility and strong governance. These values are the foundation of stc’s success and business growth, manifested in several prominent initiatives, including:

1- Values adoption competition: This initiative aims to recognize employees who embody stc’s values in their work. Employees are nominated by their supervisors, who provide a detailed description of how these values are reflected in their roles. A specialized committee evaluates the nominations to select the most outstanding examples of the values’ adoption.

2- Leadership model enhancement initiative: This initiative focuses on strengthening cultural integration by engaging stc leaders in various activities, including open meetings with employees, visits to companies and branches across the Kingdom, and organizing open day events. The goal is to foster an organizational culture aligned with stc’s values and principles.

3- Employee values awareness measurement through the Employee Experience Index: stc has incorporated its core values into the Employee Experience Index to assess employee awareness and adoption of these values. The results are used to develop plans to improve and enhance the awareness of values among employees.

4- Support for governance initiatives and policy review:

stc has strengthened governance by implementing dedicated initiatives to review and update organizational policies. These initiatives included a comprehensive assessment of current policies to ensure alignment with stc’s values, as well as international best practices and regulatory requirements.

5- Work environment enhancement: stc has promoted transparency and accountability by strengthening internal communication channels to encourage employees to share their opinions and ideas openly. Additionally, a clear whistleblower system has been established to ensure confidentiality and protect employees’ rights.

6- Awareness and development: stc provided awareness and training programs to empower employees with a better understanding of stc’s values and how to apply them effectively in their roles.

These initiatives reflect stc’s commitment to integrating its values into the core of its corporate culture, ensuring these values guide employee behavior and contribute to achieving the stc’s strategic objectives.

Achievements in 2024

stc dedicated efforts to transforming HR’s role into an operating model that focuses on identifying the activities of each HR team in alignment with stc’s operating model.

HR plays a pivotal role in **Design** and **Drive** with regard to the human resources practices at stc. In 2024, the HR Unit achieved effective results in each classification, including:

Supporting Units continued

Design »

HR Strategy Planning and Culture

In 2024, the general department of HR Strategy Planning and Culture at stc played a pivotal role in bringing the HR Unit’s ambitious vision to life. This department’s responsibilities are centered on empowering HR sectors and departments, enabling them to make effective decisions, automate processes, execute and monitor projects and improve the experiences of stakeholders.

Automation and decision support

Over the past year, the department has prioritized operational efficiency through advanced HR technology and data analytics, achieving significant milestones such as the development of a talent heatmap, employee classification models, an employee stress index, and organizational culture analysis. While these advancements mark considerable progress, ongoing efforts are dedicated to fully achieving the HR Unit’s strategic objectives, aiming for a broader and more profound impact across stc.

Enhancing stakeholder experience and stc’s culture

This area represents a core focus, aimed at elevating the level of service provided to stakeholders to create an exceptional experience throughout their journey. It includes a commitment to continuously welcoming their feedback, evaluating HR products and services through a design-thinking approach, and managing stc culture by promoting desired values, from precise measurement to the implementation of corrective actions where needed. Overall, these initiatives and accomplishments reflect stc’s dedication to transforming its HR operations, with a focus on strategic planning, technological integration and a strong emphasis on enhancing stakeholder experiences and fostering a cohesive company culture.

Employee Experience Index

In line with stc’s unwavering dedication to improving the employee experience across stc, it has built upon the successes of the first edition of the Employee Experience Index (EEI). In 2024, stc fully activated the Touchpoint Surveys, the second key component of the EEI framework. These surveys are instrumental in creating a comprehensive database that captures employees’ experiences during critical milestones of their journeys with stc. By collecting real-time feedback at pivotal stages – such as onboarding, post-training

and performance evaluations – stc unlocks valuable insight that directly informs its decision-making process.

As part of its commitment, stc conducted an in-depth analysis of the Employee Perception Survey results, which revealed 3 key focus areas for 2024: Cross-Functional Engagement, Business Agility, and Development Opportunities.

The findings highlighted a strong correlation between these areas and overall employee satisfaction. In response, unit-specific action plans have been meticulously developed in collaboration with HR leaders and business partners. These plans prioritize addressing the identified focus areas to enhance the overall employee experience. As a result, stc has observed positive outcomes in key areas such as enhanced diversity and inclusion, increased employee productivity and a strengthened employer brand among top talent.

To further cultivate a culture of collaboration and innovation, stc launched the Employee Experience Community – a monthly gathering that serves as a platform for open dialogue, knowledge sharing, and the exchange of best practices. This initiative empowers Employee Experience teams across stc to address challenges collectively and drive impactful change, fostering a more attractive and supportive workplace.

The Employee Experience Index continues to deliver invaluable insight, underscoring stc’s relentless pursuit of excellence in employee engagement. By acting on feedback, promoting transparency and nurturing a culture of collaboration, we aim to create a work environment where every employee feels supported, engaged and empowered throughout their career journey. In collaboration with its employees, stc is building a workplace that inspires growth, innovation and success.

Women’s empowerment

stc embraces the women’s empowerment through various initiatives and activities, including increasing female representation within stc, with over 1,100 women employed at stc’s parent company as of 2024. In addition, women make up approximately 49% of talent and competency development programs (such as the Talent Incubation Program, Expert Program and Waed Program).

To better understand women’s experience at stc, stc conducts a comprehensive Employee Experience Index survey, the results of which are published in the annual Diversity and Inclusion Report. This report evaluates women’s satisfaction with the work environment, flexibility and their access to training, services and benefits.

Women have made notable progress in leadership roles at stc, with 15 women holding General Manager positions and 59 as Department Managers. In addition, the number of women in Division Manager roles has increased by 90%, with a total of 114 female Division Managers.

Other initiatives in learning and development include the “Leadership Through Action” program, where stc’s female supervisors and division managers received training in innovative design thinking models and sustainable solutions to bridge the digital gap for women in the Middle East. stc also places strong emphasis on women’s events and engagement, such as Mother’s Day, where a company-wide celebration honored employees and their mothers, emphasizing stc’s commitment to a supportive and inclusive environment. Additionally, stc celebrated International Women’s Day with interactive activities, showcasing the remarkable

achievements and contributions of women. stc further organized a special event for employees’ children, highlighting its dedication to fostering a family-friendly workplace that supports work-life balance.

These achievements underscore stc’s deep commitment to gender equality and empowering women within its workforce, reflecting a progressive and inclusive approach to talent management and leadership development.

Empowering people with disabilities

The integration of employees with disabilities is a strategic goal for the HR Unit in 2024. stc received the Mowaamah certification from the Ministry of Human Resources and Social Development, aimed at creating a supportive work environment for people with disabilities by enabling them to access job opportunities and providing the necessary facilities and tools. stc has collaborated with the Ministry and the Mowaamah team to further develop and empower individuals with disabilities, fostering a workplace that meets their needs.

Center of Excellence

In 2024, stc’s Center of Excellence achieved a qualitative leap in human resources strategies, focusing on improving the employee experience and enhancing organizational efficiency. Initiatives included developing systems and standardizing performance and rewards programs, in addition to aligning policies and procedures across stc. These comprehensive efforts not only led to improved internal processes, but also resulted in the stc winning several prestigious regional awards, reflecting its excellence in leading institutional transformation.

Supporting Units continued

Improving employee experience in the career growth journey at stc

stc is committed to elevating and supporting all its employees to improve their well-being and enhance stc's productivity. In 2024, the succession planning for senior management across stc was completed, covering 14 units and 8 subsidiaries. Additionally, stc provided consulting training programs at stc level in collaboration with partners in the Special Development Program, which significantly enriched research publications and graduated 133 certified consultants licensed by the global CMI Institute, the only authorized body to license certified consultants worldwide. This has contributed to stc achieving its strategic goals through the consulting services provided by the program's consultants to deputies and CEOs in the stc.

The Job Attachment program achieved great success in 2024, with the participation of more than 25 global and local companies, and agreements were reached with government agencies and local companies. This year saw a 44% increase in Job Attachment program partnerships, resulting in a fourfold increase in opportunities compared to last year. As a result, more than 300 confirmed job training opportunities were secured for our employees in 2024/2025, in line with the stc's 2024 strategy and Saudi Vision 2030.

Enhancing organizational efficiency

To enhance organizational efficiency, stc has initiated a process to right-size its workforce across stc, contributing to increased operational efficiency. The design and launch of a unified performance management system across stc represents significant progress towards standardizing performance evaluations.

Furthermore, the standardization of the stc's rewards framework and the unification of all internal rules and regulations of the subsidiaries have facilitated the compensation and benefits system across stc. Aligning core and leadership competencies across stc and designing and launching a competency heat map has empowered the management team to make informed decisions regarding employees and organizational structures.

Overall, these initiatives represent a concerted effort by stc to not only improve the work experience for its employees, but also to increase efficiency and effectiveness across stc.

Talent development and retention

Continuing stc's investment in human resources and leadership development, 15 employees graduated from the "HiPo" program in 2024, while 25 new employees joined. In addition, several courses were completed in collaboration with the University of Michigan Ross and IMD University. These courses helped enhance their educational experience and developed their leadership skills.

Furthermore, employees participated in activities with a number of executives, where future projects related to stc's innovative strategies and directions were presented. The activities also included internal visits to a number of leading companies such as Riyadh Air, Diriyah and subsidiaries, in addition to external visits to prestigious institutions such as Nestlé, including a meeting with its CEO, and the Olympic Museum in Switzerland. These visits were an opportunity to enhance practical understanding of the business environment and inspire participants with new ideas that contribute to their professional development.

We believe these valuable experiences will contribute to enhancing their competencies and enabling them to achieve their future goals.

Organization design and workforce solutions

In 2024, stc underwent a qualitative transformation in the field of human resources management, where the organizational structure was completely updated and new mechanisms for appointment and career development were adopted. These efforts resulted in filling leadership vacancies in record time and improving the performance evaluation process. stc also developed a comprehensive career mobility program for talents within stc, which provides employees with opportunities for professional development and gaining new experiences in various fields. This program has contributed to raising the level of individual satisfaction and is viewed by stc leaders as a "career accelerator" and an important element of future institutional success. Thanks to investment in modern technologies, stc has been able to simplify many processes, improve the employee experience and provide a more flexible work environment.



Supporting Units continued

Drive »

Business Partners

The HR Business Partners’ new operating model, implemented in 2023, placed HR closer to stc business clusters and technical and functional units, and helped them roll-out the new stc Operating Model across the organization with agility, flexibility and speed.

For HR Business Partners, 2024 has been a year for expansion in scope, to cover stc subsidiaries in order to unify and harmonize HR practices, thereby providing ease of mobility for talent across stc.

Throughout the year, HR Business Partners have served internal clients in various ways, including but not limited to providing consultancy and support services regarding human resource practices such as organization design, talent development, redeployment, insourcing/outsourcing and more. The following are a few key HRBP activities that took place in 2024:

Talent development and retention enablement:

HRBP focused on attracting, developing and retaining high-potential employees through structured programs, aligning with stc’s strategic goals:

- **Development Needs Analysis (DNA):** Conducted a comprehensive competency gap analysis for stc employees, proactively addressing key development areas.
- **Employee experience:** Implemented tailored engagement initiatives and action plans to increase employee satisfaction across key focus areas at stc level.
- **Marketing, MarCom and strategy programs:** Executed tailored programs to improve sector-specific skills, creative expertise and strategic planning, with a focus on knowledge and behavioral excellence.
- **Sales Elite program:** Continuously enhanced digital capabilities for B2B sales, while successfully completing the initial cohort and launched the next phase with expanded participation.
- **Data Analytics program:** Enrolling participants to build analytics skills for data-driven decision-making.

Organization design and workforce solutions:

Business partners have actively redefined and fine-tuned stc’s operating model in collaboration with all stc clusters/units and subsidiaries to strengthen core and growth services while extending enablement services to add value and enhance the customer experience.

- **Business Unit transformation:** stc’s Business Cluster is undergoing transformation to enable an end-to-end and centralized focus on customer needs and requirements across all product portfolios, equipping the sales organization to drive complex end-to-end IT/digital opportunities, with a stronger focus on business and experience requirements, and enabling a balanced and dedicated focus on the telco and IT/Digital portfolio. As the strategic partner to this business transformation, the HR Business Partner is enabling stc’s Business Unit to elevate capabilities and calibers, and to provide the vital support to empower the Business Unit to secure strategic partnerships, close groundbreaking deals and drive innovation.

In addition, HR Business Partners redesigned the existing functions and incorporated enhanced analytics and growth planning capabilities to establish a robust framework for regional expansion in order to optimize revenue generation across districts. HR Business Partners strategically reassigned the key employees to address critical areas and ensure seamless operations to enact the High Potential Portfolio general department.

Sales force activation: Following the completion of the newly designed sales assessment, a comprehensive mapping process was undertaken

across all sales general departments. This initiative aimed to optimize the activation and enhance the performance of the sales force within the business unit.

SIP activation and refreshment: HR Business Partners is currently driving the comprehensive revamp of the sales incentive plan (SIP) to support business transformation based on new operating model, including the introduction and integration of new scopes, to enable a joint go-to-market approach.

- **Technology Unit’s new operating model** established an agile, market-driven Technology Operating Model based on key drivers including agility, time to market, innovation and adoption, to the new emerging technologies and maintain stc’s leading position within the MENA region and globally.
- **Intigral integration project** represents a strategic initiative to fully integrate Intigral’s structures, employees, systems and brand into stc. HR Business Partners is driving this integration by facilitating seamless employee transitions, harmonizing organizational structures and fostering a unified culture that supports collaboration and innovation. By blending Intigral’s core business with stc’s growth sectors, the integration increases operational efficiency, accelerates workflows and strengthens stc’s market positioning. This approach not only maximizes innovation and streamlines processes within the entertainment sector, but also fortifies stc’s core business, empowering it to remain competitive in the dynamic market.
- **Marketing communication centralization project:** HR Business Partners drove the centralization of Marketing Communication activities in order to increase efficiency,

consistency, and governance, by consolidating marketing functions across stc under one umbrella, to streamline workflows, ensure consistent branding, and establish clear accountability, to have more effective and unified marketing strategy.

- **Corporate customer experience and digital transformation:** Customer Experience & Digitization is the central theme of our strategy. Therefore, HR business partner, in collaboration with stakeholders, elevated stc’s Corporate Customer Experience & Digital Transformation to sector at VP level. This was done based on business needs and in efforts to align with leading industry practices.
- **The Legal Tower project,** launched in 2024, aimed to improve legal services across the subsidiaries of stc. By consolidating legal functions and insourcing legal talent, stc aims to overcome existing legal challenges while improving efficiency and compliance within the legal framework. The following subsidiaries were targeted: Sirar, Aqalat, Specialized, Intigral, IoT, center3 and Channels.
- **Shared services:** In alignment with stc’s commitment to operational excellence and streamlined service delivery, stc is consolidating its Academy and HR services under a Shared Services model. This move is part of its broader strategy to boost efficiency, improve resource allocation and support a more agile organization that can swiftly adapt to business needs. This consolidation not only leverages economies of scale, but also ensures consistent, high-quality support across stc and fosters a unified approach to employee development, reinforcing stc’s commitment to building a future-ready workforce that drives long-term value for its stakeholders.

Supporting Units continued

Organizational efficiency at Group level

Business Partners is key to driving stc's HR operating model. The stc HRBP model enhances operational agility by aligning HR processes with business needs, reducing time-to-fill for critical roles, and improving workforce productivity through targeted talent

management. By leveraging data analytics, the HRBP team has successfully identified areas for streamlining, allowing for proactive adjustments in workforce planning and resource allocation that directly impact operational efficiency. Through these enhancements, the HRBP supports both short-term gains and sustainable long-term growth.

Awards and recognitions

In recognition of the HR Unit's efforts to improve employee experiences and elevate the work environment, stc received over 8 prestigious HR awards, honoring its commitment to global best practices.



Three global awards from Brandon Hall Group for excellence in Leadership Development, Data Analytics, and Best Employer.

Human Resources in 2025

In 2025, stc HR strategy is centered on enabling corporate strategic priorities through a transformative people agenda. We are refreshing our HR approach to align with business growth, supporting integrations and M&A with strong talent frameworks, and fostering

a high-performance culture that drives productivity. Additionally, we are accelerating digital transformation to enhance the employee experience while optimizing workforce structures for greater efficiency and agility. Through these initiatives, we aim to build a future-ready, high-performing and adaptable workforce that drives stc success.



Supporting Units continued

Shared Services

stc’s Shared Services Unit represents a transformational business model designed to unify and integrate support functions, providing comprehensive, high-quality and easily accessible services. By optimizing the use of strategic resources, expanding the service product portfolio and integrating core systems, Shared Services aim to increase spending efficiency, boost productivity and improve transparency. This approach strengthens the strategic alignment of stc and contributes significantly to its overall effectiveness.

The Shared Services Unit plays a critical role in achieving stc’s strategic objectives by driving organizational growth and enhancing business efficiency. It delivers a diverse range of essential services, including Human Resources, Training, Supply Chain, Procurement, Facility Management, Safety and Security, Business Partnering, Office Automation, and Local Content. These integrated offerings enable stc to operate more cohesively and effectively, fostering a streamlined and agile organization prepared to meet evolving business needs.

HR Services

Employee services

stc’s Human Resources department remained focused throughout 2024 on delivering essential HR services with efficiency and effectiveness, playing a critical role in ensuring uninterrupted business operations. The Group prioritized the digitization of HR services, the enhancement of employee well-being programs and strict compliance with applicable laws and regulations.



Academy from stc

“Academy from stc” is the educational and strategic enabler for stc and its subsidiaries, offering a wide range of services for all employee segments, from fresh graduates to senior executives. Programs span critical areas such as cybersecurity, artificial intelligence, data science, modern technologies, management, finance, communication and leadership. With centers located in Riyadh, Jeddah, Dammam, Medina, Qassim and Abha, more than 600 trainees benefit from its programs daily. The academy also provides e-learning solutions and resources to ensure continuous development.

Leadership Development Center

The Leadership Development Center achieved significant milestones, including the graduation of 1,000 employees from the Corporate Leadership Program (CLP), equipping leaders with the skills needed to support stc’s strategy and digital transformation.

Additionally, the academy offers the Scholarship program, designed to enhance the capabilities of talent by providing opportunities for higher education in leadership and emerging fields aligned with the strategic directions of the stc.

One of the key programs offered by the Leadership Development Center is the High-Potential Employee program (HiPo), which aims to identify and prepare future leaders within stc for critical roles.

Furthermore, the Leadership Development Center recently celebrated the graduation of 36 employees from the Scholarship program in collaboration with leading local and international institutions such as Prince Mohammed bin Salman College of Business and Entrepreneurship (MBSC), the University of Leeds, the University of Manchester, New York University and Imperial College with 10 additional graduates expected by year-end.

Professional Development Center

The Professional Development Center delivers specialized programs in business and technology to help employees stay ahead of technological advancements. In 2024, the center delivered 8 programs through 112 sessions, engaging over 1,700 participants. Furthermore, over 3,200 additional participants completed training in sectoral, functional, investment programs and more.

One of the center’s key programs is the Specialist Development program (SDP), which aims to equip Saudi employees with the necessary skills to become experts in fields such as the IoT, cybersecurity and data science. Through clear development plans, the program ensures employees are prepared to support stc’s strategic goals.

Additionally, the Talent Incubation Program (TIP) is designed for Saudi graduates with less than one year of experience. This program focuses on attracting and retaining outstanding talent by providing intensive development activities across various business areas in a flexible work environment.

Moreover, the center is an accredited training center for leading organizations such as CompTIA, Cisco, the KPI Institute, and the Project Management Institute (PMI) to ensure that the programs meet the highest standards. All these programs provided unique learning experiences that contributed to enhancing participants’ career development, driving excellence across business units, and ensuring stc remains at the forefront of innovation and progress in its areas of interest.

General Administration for Excellence and Knowledge

The General Administration for Excellence and Knowledge plays a critical role in evaluating and supporting the academy’s operations. In 2024, it completed initial assessments for the SDP and HiPo programs, involving over 1,600 candidates. It achieved a 107% usage rate of more than 5,000 learning licenses from platforms like LinkedIn, Coursera and Udemy.

Moreover, it launched digital programs focusing on artificial intelligence for executives and professionals and completed the first phase of the Technical Competency Question Bank, covering 294 competencies. This initiative aims to empower stc to assess employee expertise and strategically plan for the competencies needed in the future.

Learning Efficiency Program (LEP)

The Learning Efficiency Program (LEP) significantly enhanced the academy’s capabilities by leveraging internal and external resources, achieving cost savings equivalent to 213% of the academy’s budget. This initiative ensured alignment with stc’s strategic needs while maintaining high-quality outputs to support long-term objectives.

Supporting Units continued

Accreditations of academy from stc

In 2024, the academy upheld its commitment to quality and excellence through the following accreditations:

- **ETEC:** Full accreditation from the Education and Training Evaluation Commission.
- **TVTC:** Accreditation from the Technical and Vocational Training Corporation.
- **ISO 9001:** Certification for Quality Management Systems.
- **ISO 29993:** Accreditation for learning services outside formal education.
- **ISO 40180:** Guidelines for quality, management and improvement in technology-enhanced learning.
- **ISO 10667:** Accreditation for assessment services in work and organizational environments.

Rawafed Program

Rawafed is a key strategic initiative designed to enhance and develop local content within the ICT sector in Saudi Arabia. As part of stc's commitment to fostering the growth and enrichment of this vital industry, Rawafed plays a pivotal role in aligning with the objectives of Saudi Vision 2030.

In 2024, Rawafed continued its pioneering efforts by driving a variety of impactful initiatives and activities. These endeavors have contributed significantly to supporting the national economy, strengthening local output, and reinforcing stc's position as a leader in advancing local content development within the Kingdom.

Rawafed vision

Pioneers of local content, Rawafed builds, develops and grows the ICT sector to increase stc's contribution to the national digital economy.

Strategic focus

Rawafed is an integral part of stc's efforts and strategy to enrich local content, based on the strategic pillars of the program and its operational model.

Strategic pillars

Localize spending	Attract investment	Foster innovation	Enrich capabilities
-------------------	--------------------	-------------------	---------------------

Rawafed's strategy focuses on **maximizing local spending** by increasing direct expenditures with local partners and raising the share of spending on small and medium-sized enterprises.

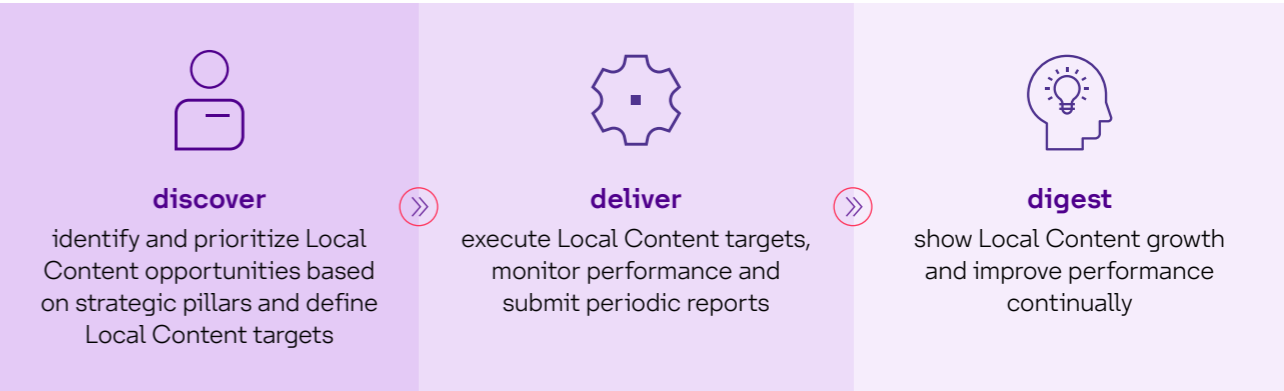
It also aims to **attract investments** to localize the operations of partners and transfer manufacturing and technological expertise to the Kingdom, creating new local supply and production chains and enabling promising investment opportunities.

To **strengthen the culture of innovation**, the strategy focuses on fostering new digital businesses as one of its core pillars. It also emphasizes adopting local innovations and supporting research to create new ideas and diversify job opportunities.

All of these efforts rely on the contributions of national capabilities and competencies, as Rawafed strives to enrich local talent by increasing their participation in the sector and **enhancing their knowledge capabilities**, positively impacting the growth of local content.

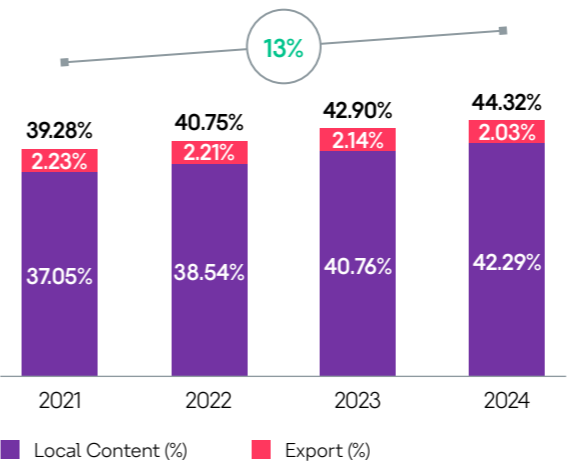
Operational model

Through its operating model, Rawafed program presents a sustainable institutional work that focuses on the continuity of the creation and development of local content across stc.



Rawafed program performance in 2024

Building on its leadership in the ICT sector and its commitment to advancing Local Content, stc has implemented comprehensive reviews and enhancements of its internal policies and procedures to support Local Content across operations and procurement. These efforts resulted in a significant increase in the Local Content ratio, which has risen by over 13% since 2021, reaching 44.32%. This achievement aligns with the standards set by the Local Content and Government Procurement Authority, with total local spending exceeding ₪ 16 billion.



stc also leads in workforce localization, maintaining an overall localization rate of 90%. stc's annual spending on local labor wages has surpassed ₪ 9 billion, complemented by an investment of more than ₪ 59 million in workforce training programs, underscoring its dedication to empowering local talent.

Efforts to localize goods and services have been bolstered by expanding the network of local partners, which now includes 2,828 companies. Rawafed has played a crucial role in this achievement by supporting partners in obtaining Local Content certificates, issuing 1,025 certificates in 2024. This contributed to the localization of goods and services, which has increased to 33%.

Rawafed has further amplified awareness of local content through participation in national forums and hosting over 33 workshops. The initiative has also contributed to the preparation and publication of numerous reports and launched multiple media and awareness campaigns. As a result, an internal awareness survey revealed that 70.5% of participants have a comprehensive understanding of the importance of local content and how to support and develop it.

Supporting Units continued

Rawafed program key initiatives during 2024

Rawafed reinforced its commitment to business sustainability and local content growth by launching several impactful initiatives aimed at developing local content within stc companies and among external partners.

A key initiative was the **Local Excellence initiative**, through which the Rawafed team provided advisory sessions to stc partners to enhance and develop local content. These sessions were built around over 18 specialized services, including strategic planning, process modeling, governance modeling and methodologies for measuring local content. In the first

phase, Rawafed worked with 9 of stc's key strategic partners, offering over 20 advisory sessions for more than 13 services.

In addition to the **Local Expand initiative**, which aims to achieve sustainable growth of local content by guiding and mentoring stc's subsidiaries on ways to increase local content within their operations. The Rawafed team held more than 10 advisory workshops for subsidiary companies. This initiative was designed based on the future plans and nature of each company's operations to ensure local content growth and forecast its future impact on local content percentages.

Awards and recognitions

The Shared Services Unit at stc received several prestigious awards and recognitions, underscoring its excellence and achievements across multiple domains. Among the most notable awards were:



These awards reflect stc's dedication to operational excellence, innovation and its ongoing commitment to fostering local content and talent development.

Shared Services in 2025

Throughout 2025, Shared Services is committed to accelerate its contribution toward stc's strategic objectives to improve overall efficiency. We will be expanding and diversifying shared services, create additional cost optimization and synergies, improving customer journeys, enhance talent acquisition and development and maximize stc assets utilizations.



Supporting Units continued

Internal Audit

stc’s Internal Audit is an independent and objective function that provides both reasonable assurance and consulting services to add value while improving stc’s operations. It supports stc in accomplishing its objectives by adopting a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes.

The function has conducted assurance audit reviews in alignment with the Audit Committee’s approved annual audit plan. These reviews aim to provide reasonable assurance on the effectiveness and efficiency of stc’s risk management, control, and governance processes, primarily focusing on high-risk functions and operations. In addition, Internal Audit has delivered independent consulting services in collaboration with executive management to enhance operational effectiveness, reduce costs and minimize revenue leakage.

Furthermore, the function has played a pivotal role in reviewing interim and annual financial statements while coordinating with external regulatory authorities and supervisory bodies to ensure compliance and uphold governance excellence.

The Internal Audit’s assurance and consulting reviews have not identified any significant findings that would affect stc’s ability to sustain its operations.

Legal Disclosure

Sanctions and reserve restrictions

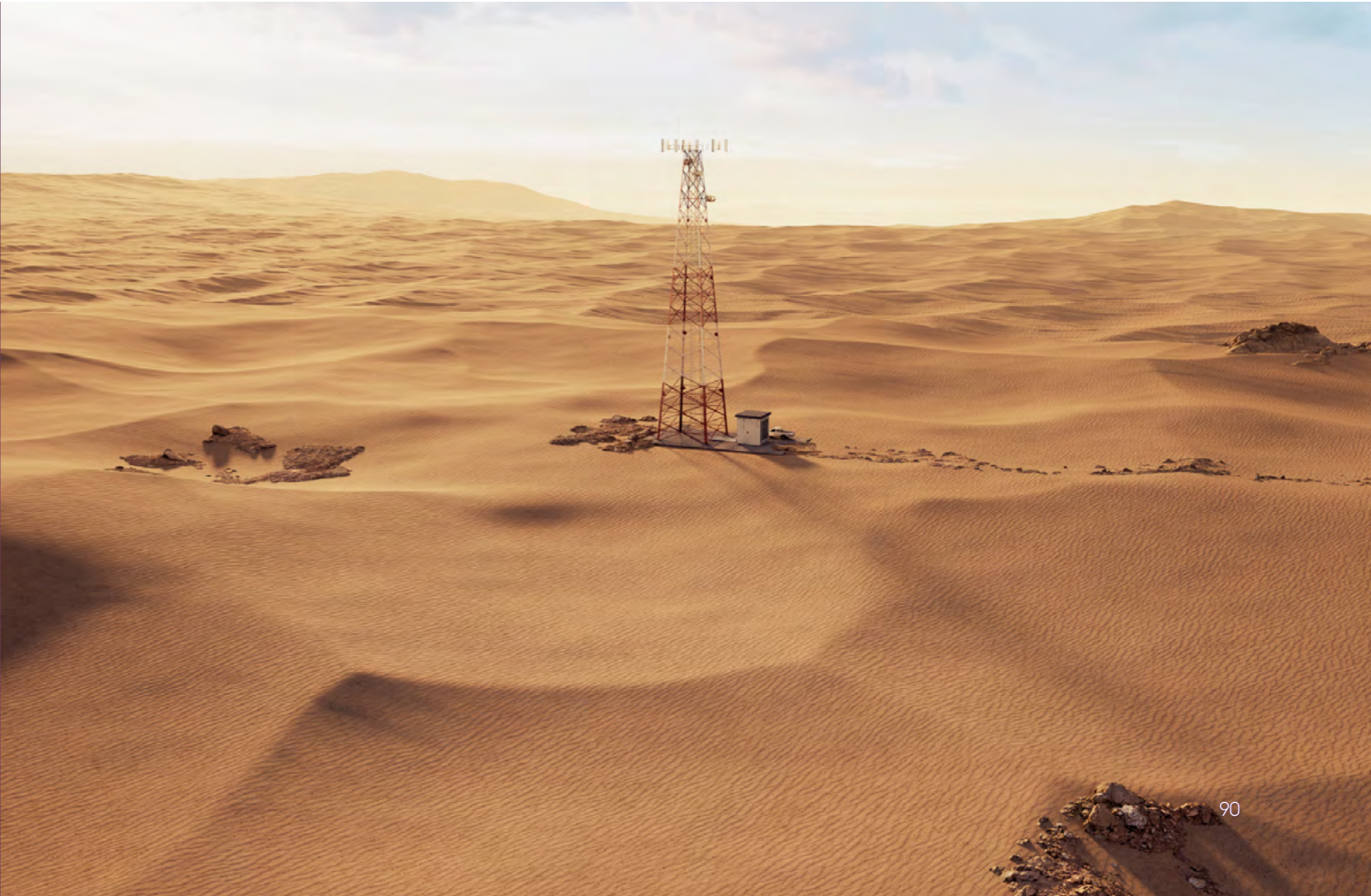
The committees related to regulatory bodies of the telecommunications sector have issued a number of decisions against stc, and based on the responsibility of stc to defend the rights of the shareholders and the mandate granted to the company under the Telecommunications Act, stc has grieved these decisions by filing lawsuits at courts.

There are various reasons for these decisions, including the committees’ view of lack of documentation for SIMs issuance, failure to complete Mobile Number Portability (MNP), providing offers or discounts that are illegal from these committees’ point of view, or using unlicensed frequencies. In addition, there are some decisions that related to customer complaints, which the regulatory authorities believed were delayed in implementation by stc or failed to follow instructions or provide the required information.

There were (306) total cases filed based on these decisions for the fiscal year 2024, with total amount of ﷲ 295,815,000 (Two hundred ninety-five million eight hundred and fifteen thousand Saudi Riyals), detailed as follows:

- Cases ended with final judgments in favor of stc: (37) with total value of ﷲ 126,474,000.
- Active cases handling in the grievance board: (101) cases with total value of ﷲ 77,096,000.
- Cases ended with final judgments against stc: (168) cases with total value of ﷲ 92,245,000.

stc has taken the necessary internal measures to ensure compliance with CST regulations, as well as reducing the issuance of such penalties.



Subsidiaries and Investments

Subsidiaries (Local and International)

Name of subsidiary	Country of incorporation	Shareholding %	
		31 December 2024	31 December 2023
Arabian Internet and Communications Services Company (solutions)	Kingdom of Saudi Arabia	80%	80%
Telecommunications Towers Company (TAWAL)	Kingdom of Saudi Arabia	-	100%
Saudi Telecom Channels Company (Channels)	Kingdom of Saudi Arabia	100%	100%
STC Bank	Kingdom of Saudi Arabia	87.73%	85%
Digital Centers for Data and Telecommunications Company (center3)	Kingdom of Saudi Arabia	100%	100%
Advanced Technology and Cybersecurity Company (sirar)	Kingdom of Saudi Arabia	100%	100%
Internet of Things Information Technology Company (IoT squared)	Kingdom of Saudi Arabia	50%	50%
General Cloud Computing Company for Information Technology (SCCC)	Kingdom of Saudi Arabia	55%	55%
Public Telecommunications Company (Specialized)	Kingdom of Saudi Arabia	100%	100%
Gulf Digital Media Model Company Ltd (Intigral)	Kingdom of Saudi Arabia	100%	100%
Aqalat Limited Company (Aqalat)	Kingdom of Saudi Arabia	100%	100%
Telecom Commercial Investment Company Limited (TCIC)	Kingdom of Saudi Arabia	100%	100%
Smart Zone Real Estate Company	Kingdom of Saudi Arabia	100%	100%
Digital Infrastructure for Investment Company	Kingdom of Saudi Arabia	-	100%
Innovation Fund Investment Company (Tali)	Kingdom of Saudi Arabia	100%	100%
stc Bahrain Company (stc Bahrain)	Kingdom of Bahrain	100%	100%
Kuwait Telecommunication Company (stc Kuwait)	Kuwait	51.84%	51.84%
stc Asia Holding Ltd (stc Asia)	British Virgin Islands	100%	100%
stc Turkey Holding Ltd (stc Turkey)	British Virgin Islands	100%	100%
stc Gulf Investment Holding (stc Gulf)	Kingdom of Bahrain	100%	100%
stc GCC Cables System W.L.L.(stc GCC)	Kingdom of Bahrain	100%	100%
Green Bridge Investment Company (GBI)	Luxembourg	100%	100%
Green Bridge Management Company (GBM)	Luxembourg	100%	100%

Local Subsidiaries

Arabian Internet and Communications Services Company (solutions)

solutions strategy

As a trailblazer in the ICT industry, solutions is focused on continuous growth. This includes expanding and integrating its service offerings, as well as building new capabilities to stay ahead in the fast-evolving technology landscape.

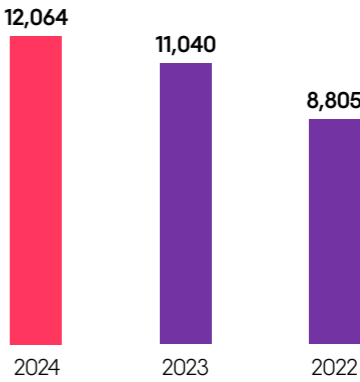
Its LEAP 2.0 strategy seeks to harness cutting-edge technologies, optimize service delivery, and ensure its solutions are relevant for today and revolutionary for tomorrow. The expansion into new business models and the emphasis on a scalable innovation program underlines its commitment to being at the forefront of technological evolution.

Its strategic pillars are:

- Lead through service excellence.
- Empower business growth and diversification.
- Achieve excellence in customer engagements.
- Promote efficiencies and sustainability.

solutions’ acquisitions and investments will strengthen its offerings and improve efficiency, supporting its strategy that aligns seamlessly with the Kingdom’s Vision 2030, demonstrating its commitment to contributing to Saudi Arabia’s broader ambitions.

solutions Revenue (ﷲ million)



About solutions

Established in April 2002 and acquired by stc in 2007, the Arabian Internet and Communications Services Company (solutions) has emerged as a pivotal provider of internet services and operation of communication projects and transmission and processing of information in the Saudi market. solutions headquarters are located in the Kingdom.

A key milestone in the company’s journey was the initial public offering (IPO) in 2021. stc offered 20% of its shareholding in solutions on the Saudi Exchange, with 1% of solutions’ share capital earmarked for an employee long term incentive

plan, underscoring the company’s commitment to its workforce. As at 31 December 2024, solutions’ share capital is ﷲ 1,200 million.

Based in Saudi Arabia, with its operations concentrated in the Kingdom, solutions has positioned itself as a leading force in driving digital transformation and holds the distinction of being the premier ICT service provider for both public and private sectors. It offers comprehensive, end-to-end IT services and solutions, adopting a holistic one-stop-shop approach that spans the entire IT value chain.

Subsidiaries and Investments continued

2024 achievements

In 2024, solutions marked a year of remarkable achievements, characterized by significant partnerships, collaboration and strategic acquisitions, along with notable progress in digital transformation.

The expansion of its partner network was a key focus, with the addition of several technology giants. This expansion was complemented by strategic acquisitions, such as Devoteam Middle East, JEDCO Joint Venture, Giza Arabia LABS Acquisition and Nile JV for Enterprise Solutions to enable expanding its solutions portfolio and growth prospects, which have been instrumental in strengthening the company’s market position. The acquisition of Devoteam Middle East with 40% stake, a major player in digital strategy consulting, signified solutions’ commitment to enhancing its technological capabilities and service offerings. solutions established a joint venture with Jeddah Development & Urban Regeneration Company to provide cutting-edge technological solutions within their Public-Private Partnership framework. In addition to that, Giza Arabia expanded its capabilities with the majority stake acquisition of Logical Applications for Business Solutions (LABS).

solutions’ digital transformation journey accelerated this year through strategic partnerships, including signing a 10-year agreement with Remat AlRiyadh

to manage and maintain the first phase of Riyadh’s public vehicle parking plan. Further, solutions signed a partnership with Saudi Aramco to enhance technical services over the next 5 years. The New Murabba Partnership Agreement, which is under the stc umbrella, will see solutions providing digital solutions to connect technical systems and advance digital transformation.

Moreover, solutions broadened its service offerings to include the healthcare and education sectors, emphasizing its role in driving innovation and accessibility in these vital areas. This expansion aligns with the solutions’ strategy to diversify its portfolio and tap into new market segments.

Lastly, a memorandum of understanding (MoU) was signed with Sultan bin Abdulaziz Humanitarian City to drive digital transformation in healthcare for Sultan bin Abdulaziz Humanitarian City. In addition, a memorandum of understanding (MoU) was signed with GInI to accelerate national innovation through advanced technology development. These partnerships aim to deliver secure, fast and reliable communications solutions, meeting the emerging needs of the market.

These strategic moves underscore solutions’ commitment to innovation, market expansion and digital transformation, setting the stage for continued growth and success in the dynamic ICT sector.

Subsidiaries owned directly by solutions as follows:

Name of subsidiary	Country of incorporation	Effective shareholding %	
		31 December 2024	31 December 2023
Saudi Telecom Company Solution for Information Technology (Owned by One Person)	Egypt	100%	100%
Giza Systems Company	Egypt	88.19%	88.19%
Contact Center Company	Kingdom of Saudi Arabia	100%	100%
Amanah Tech Business Solutions Company	Kingdom of Saudi Arabia	70%	-
Sanad AlTeqany For Commercial Services Company (Owned by One Person)	Kingdom of Saudi Arabia	-	100%

solutions outlook for 2025

Looking ahead to 2025, solutions’ strategy revolves around advancing in select priority initiatives and focus areas that drive innovation and strengthen its market presence, while supporting the Kingdom’s broader transformation goals. It will continuously work towards enhancing its portfolio of offerings enabled by innovative business models, exploring strategic collaborations with global technology providers, and optimizing its internal processes to deliver high-impact results across business segments. At the same time, it will remain dedicated to responsible growth, maintaining a future-ready workforce and best-in-class operational and delivery standards. This approach will enable solutions to further maximize growth and stakeholders’ value.

Awards and recognitions



Subsidiaries and Investments continued

Telecommunications Towers Company (TAWAL)

TAWAL's strategy

TAWAL's strategic vision is centered on fortifying its core offerings while leveraging adjacent product commercialization to position itself as a comprehensive solutions provider. TAWAL is committed to transcending its domestic market boundaries, aspiring to establish itself as the leading regional ICT infrastructure service provider.

2024 achievements

In 2024, TAWAL marked significant operational milestones in its core KSA market, underscoring its leadership in the telecom infrastructure sector. Additionally, TAWAL began accommodating Zain's demand through GLIC (Golden Latis), achieving a tenancy ratio of 1.21. The introduction of innovative products such as the Smart Pole and Flexi Tower has diversified TAWAL's product portfolio, enhancing its market offering.

On the international front, TAWAL's expansion strategy yielded impressive results. TAWAL rolled out over 300 new BTS sites across its 4 international markets and renewed master service agreements (MSAs) with all key players in Pakistan, ensuring sustained

collaboration and service continuity. The launch of ERP system in Bulgaria has streamlined integration and operational efficiency, with plans to extend this system to other countries, thereby bolstering TAWAL's global operational framework.

Operational excellence was a hallmark of TAWAL's performance in 2024, with the company maintaining an exceptional 99.9% Passive Infrastructure Network (PIN) availability across KSA. This unwavering reliability was particularly critical during the peak of the 2024 Hajj season, where TAWAL's infrastructure services ensured uninterrupted connectivity for end-users, achieving a remarkable 99.98% availability. This operational resilience highlights TAWAL's commitment to delivering consistent and reliable infrastructure services, even under the most demanding conditions.

TAWAL published its 2023 sustainability report underscoring its comprehensive progress and commitment to sustainable practices.

On the KSA consolidation front, stc-PIF signed the definitive agreements for PIF's acquisition of a 51% stake in TAWAL. All activities for the TAWAL acquisition have been completed as at year-end 2024.

Awards and recognitions



As at 31 December 2024, stc sold a controlling interest in TAWAL and Digital Infrastructure Company pursuant the approved sale and purchase agreement between stc and PIF by the General Assembly of stc. As of the date of loss of control, stc has started to account for its retained interest in TAWAL and Digital Infrastructure for Investment Company using the equity method in accordance with the requirements of IAS 28 "Investments in Associates and Joint Ventures" (for more details, see note 8-1-1 and note 14-1 in the consolidated annual financial statements).

About TAWAL

Telecommunications Towers Company (TAWAL), established by stc in January 2018 with a share capital of ﷲ 2,500 million, headquartered in the Kingdom of Saudi Arabia and is responsible for owning, constructing, operating, leasing, and commercializing telecom towers.

TAWAL commenced its operations in 2019, offering cutting-edge ICT infrastructure services. Licensed by the Communications, Space & Technology Commission (CST), TAWAL provides both Class A (towers and masts, FTTT releasing) and

Class B (indoor solutions – IBS, small cells) ICT infrastructure services.

Today, TAWAL stands as the largest telecommunication tower company in the MENA region, boasting a portfolio of over 22,000 telecom towers spread across Saudi Arabia, Bulgaria, Croatia, Slovenia, and Pakistan. Beyond telecom towers, TAWAL delivers a comprehensive range of ICT infrastructure services, including in-building solutions, small cells, and coverage as a service, solidifying its position as a leader in the industry.



Subsidiaries and Investments continued

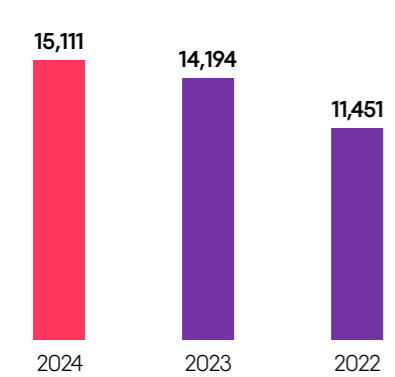
Saudi Telecom Channels Company (Channels)

Channels’ strategy

Channels’ strategic vision is to excel by:

- 1. Boosting its profitability by sustaining revenue growth with a healthy margin.
- 2. Enabling the advancement of stc core services to realize stc strategic ambitions in Saudi Arabia and beyond.
- 3. Developing the required capabilities to achieve expansion objectives.

Channels Revenue (ﷲ million)



2024 achievements

In 2024, Channels focused heavily on optimizing costs and operational efficiency, achieving substantial growth in profitability. Channels also diversified its product offerings, placing greater emphasis on high-margin consumer electronics such as smart home devices and wearables, alongside its established telco distribution business. Channels continued to pursue value-added services, such as device trade-ins and others to enhance customer experience and drive profitable growth. Channels also targets new segments through tailored propositions and the go-to-market segment. As a result, Channels saw robust growth across all areas of business.

Channels continued to enhance its operational capacity, enabling it to support its expanding consumer electronics and telco product distribution:

- **Retail sales:** 236 retail stores across in KSA, providing a premium sales experience for telco and consumer electronics.
- **Field sales:** An expanded and more effective field sales team serving both consumers and SMEs.
- **Distribution:** Over 94,000 points of sale through its distribution network, ensuring broad market coverage.
- **Last-mile delivery:** The last mile service is Channels’ logistic arm for delivering stc orders in addition to 30 successful partners, with more than 13 million successful deliveries completed by the efforts of 19,000 Saudi delivery agents.

About Channels

Saudi Telecom Channels Company (Channels) is the sales and distribution arm of stc. Established in January 2008 with the purpose of operating in the wholesale and retail trade of recharge card services, telecommunication equipment and devices, computer services, sale and re-sale of all fixed and mobile telecommunication services, and commercial centres’ maintenance and operation.

Channels has evolved into a leading company in the field of sales and distribution in the Middle East. Channels has expanded to GCC countries –

Bahrain, Oman and Kuwait – and has established itself as the partner of choice for major telecom companies in the region by introducing a diversified portfolio of growth and telco products.

Channels Headquartered in Saudi Arabia, and operates across Saudi Arabia as well as through subsidiaries in Bahrain, Oman and Kuwait.

stc owns 100% of Channels share capital, amounting to ﷲ 100 million.

Channels initiatives in 2024

- Target new segments through tailored propositions and go-to-market.
- Diversify away from smartphones into a full-fledged electronics portfolio.

Awards and recognitions



Subsidiaries owned directly by Channels as follows:

Name of subsidiary	Country of incorporation	Effective shareholding %	
		31 December 2024	31 December 2023
Bahrain Channels for Communication & Distribution L.L.C.	Kingdom of Bahrain	100%	100%
Kuwait Channels	Kuwait	100%	100%
Sale International S.P.C.	Oman	100%	100%

Channels outlook for 2025

Looking ahead, Channels aims to further expand its high-margin product offerings, while exploring profitable growth avenues across through increased sales, customer base, and investing in sustainable partnerships to not only be the customer’s first choice in consumer electronics and sales sectors communications products, but also create new growth opportunities that keep pace with the customer’s digital lifestyle aspirations.

Subsidiaries and Investments continued

STC Bank

STC Bank’s strategy

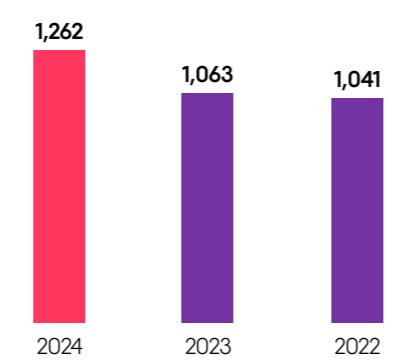
STC Bank is undergoing a strategic transformation to position itself as the leading digital bank in the Kingdom. As part of its comprehensive transformation program, the bank has achieved significant milestones, earning approval from the Saudi Central Bank (SAMA) to initiate a phased migration of customers to the STC Bank application. This controlled migration phase was successfully completed in 2024, marking a key achievement in the bank’s journey. STC Bank is now preparing for its full commercial launch, which will include the migration of all remaining customers.

The strategic ambition of STC Bank is to stand out as a leader and innovator in the financial services sector. This involves offering services that differ significantly from traditional banking methods, primarily through its advanced digital channels. The bank places a strong emphasis on adding value for its customers and substantially enhancing their banking experience. This customer-centric approach is fundamental to STC Bank’s objective of redefining and enriching the digital banking landscape in the region.

2024 achievements

In 2024, STC Bank delivered notable growth in its key operational metrics, indicating a strong year-on-year performance, reflecting its rising prominence and success in the digital banking sector.

STC Bank Revenue (ﷲ million)



About STC Bank

STC Bank was established in November 2017 to offer digital payment services in the Kingdom of Saudi Arabia.

In 2020, it was officially licensed by Saudi Central Bank as an electronic wallet company and a payment service provider, and Western Union acquired 15% of the company in the same year. During the year 2021, the Council of Ministers approved granting Saudi Digital Payments Company a digital banking services license to become a digital bank with share capital of ﷲ 2,500 million.

On 24 December 2023, STC Bank General assembly approved the increase of STC Bank’s paid up capital to be ﷲ 3,350 million by converting stc shareholder loan amounting to ﷲ 850 million into the Bank’s capital increasing stc shareholding interest to

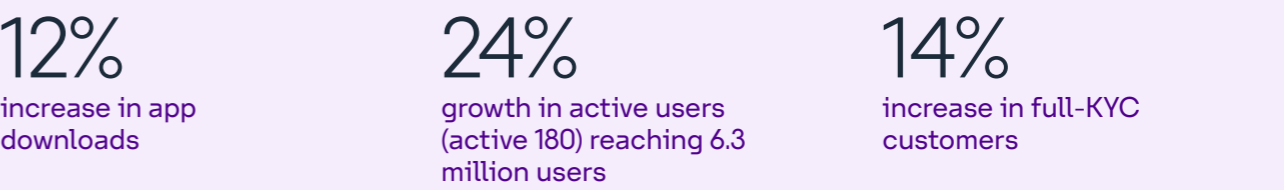
87.73% for which the legal formalities were completed only in 2024.

On 30 December 2024, STC Bank extraordinary General assembly approved the increase of STC Bank’s paid up capital to be ﷲ 6,350 million with stc injecting an additional capital of ﷲ 3,000 million increasing its shareholding interest in STC Bank to 92.26% subject to the completion of the legal formalities.

On 28 January 2025, STC Bank received a non-objection from the Saudi Central Bank to commence its operations in the Kingdom of Saudi Arabia as a digital bank.

STC Bank is headquartered in Riyadh and carries out its operational activities throughout the Kingdom of Saudi Arabia.

Customer engagement:



Product behavior:



Awards and recognitions



STC Bank outlook for 2025

In 2025, STC Bank aims to solidify its position as a leading digital bank in Saudi Arabia, setting new benchmarks in innovation, efficiency and customer experience. STC Bank’s strategy will focuses on optimizing operations, enhancing financial performance and expanding deposit growth to drive long-term sustainability.

Through cutting-edge digital banking solutions, STC Bank is committed to empowering both individuals and businesses with seamless, secure and intelligent financial services. By leveraging advanced technologies, data-driven insight and customer-centric innovations, STC Bank will continue to redefine the banking experience, reinforcing its role as a key enabler of Saudi Arabia’s digital economy.

Subsidiaries and Investments continued

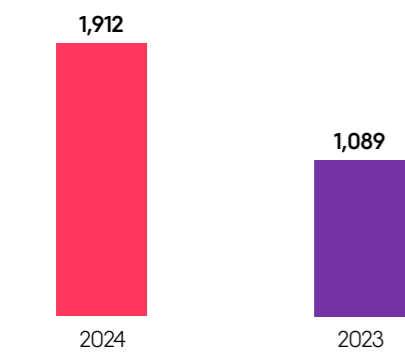
Digital Centers for Data and Telecommunications Company (center3)

center3 strategy

center3 aims to become the leading regional data hub for the Middle East and North Africa, offering solutions across 3 key asset groups: data centers, subsea cable, and internet exchange. With a focus on expanding hyperscale data centers across MENA and delivering superior customer experience, it is positioned as one of the leading data center providers in the region.

center3 is dedicated to integrating sustainable practices throughout its operations, while remaining committed to building AI-ready infrastructure ensures its facilities are equipped for next-generation technologies. Additionally, its rapidly growing IX platform and diverse subsea cable routes enhance connectivity and unlock new market opportunities across MENA.

center3 Revenue (ﷲ million)



2024 achievements

Data centers

In 2024, center3 launched its largest expansion of data centers into production, dynamically scaling its operations capabilities accordingly. Additionally, it onboarded a new wave of hyperscale customers with world-class services, thereby proving its infrastructure standards and operations capabilities and further achieving the “Advanced” status of Data Center Certification from the Commission of Communications, Space and Technology.

center3 also hosted the first AI cloud customer and is leading the way for other strategic deployments in the Kingdom as part of the ongoing transformation initiatives toward AI from the government. Additionally, operations contributed to AI knowledge transfer sessions to adapt existing data centers to growing AI trends. Lastly, it achieved zero data center outages across its portfolio this year, reflecting its impressive year-on-year performance.

In addition, center3 bolstered the localization of digital content and services in Saudi Arabia and MENA region through investments in its data centers and subsea cable assets. Furthermore, in alignment with efforts with stc, center3 supported the connectivity achievements for the Esports World Cup. Oracle also expanded its footprint in the region with center3.

About center3

Digital Centers for Data and Telecommunications Company (center3) was established in February 2022 with a share capital of ﷲ 2 billion, with the purpose of providing services related to big data, data analytics and cloud computing.

center3 is the result of the stc’s vision for the Kingdom of Saudi Arabia to be the hub of all international data connectivity crossing and connecting three continents (Europe, Asia and Africa), as well as a data center hub for the MENA region.

Headquartered in Riyadh, it carries out its operational activities in the Kingdom, with a footprint of over 25 data centers and 16 international subsea cables (operational and under construction).

Hyperscalers, gaming and content providers, cloud providers, and global international carriers all benefit from the integrated platforms that center3 owns, enabling them to better serve their own regional customers with unparalleled scalability and speed.

Connectivity infrastructure

center3 successfully launched and activated the world’s largest submarine cable system, ‘2Africa’, connecting KSA to Europe with 24 Tbps capacity. This marks the first time center3 has operated on a non-consortium model, investing in its own capabilities and talent to manage global infrastructure.

center3 launched and activated the first fully owned submarine cable in Saudi Arabia, “Saudi Vision Cable”. This includes the onboarding of new state-of-the-art cable landing stations in Duba, Haql and Yanbu, and improving the resilience of its customers in the Red Sea.

center3 has reached a significant milestone by completing the acquisition of 100% of CMC Networks Mauritius and 49% of CMC Networks South Africa. This is a significant advancement in center3’s pursuit to broaden its market presence and enhance its portfolio in dynamic and rapidly growing regions. CMC Networks operates its data communication network across more than 110 service locations. It has the largest pan-African network, servicing 51 out of 54 countries in Africa and 12 countries in the Middle East.

center3 delivered an outstanding operational performance in 2024, including:

57.51%
increase in traffic (20.3 TB planned by year end) over its subsea network

100%
uptime for all the submarine cable systems during Ramadan and Hajj network freeze periods

99.8%
compliance with customer service complaints/ incident response times (up from 97.96% in 2023)

Awards and recognitions



Subsidiaries owned directly by Center3 as follows:

Name of subsidiary	Country of incorporation	Effective shareholding %	
		31 December 2024	31 December 2023
Digital Centers for Submarine Cables	Kingdom of Saudi Arabia	99.8%	99.8%
Digital Centers for Data	Kingdom of Saudi Arabia	99.8%	99.8%
EMC Subsea Cable Company Limited (“EMC”)	Cyprus	72.16%	-
CMC Investments I Limited (“CMC Mauritius”)	Mauritius	100%	-
Datacenter Hub W.L.L	Bahrain	90%	-

center3 outlook for 2025

center3 aims to solidify its footprint as the leading data center (DC) and international connectivity (IC) provider in Saudi Arabia and envisions expanding its footprint regionally, positioning itself as the foremost

MENA data hub and a trusted provider of digital infrastructure. center3 will contribute significantly to the advancement of government initiatives for AI and digital transformation by providing AI-enabled data centers, as well as a robust international connectivity and internet exchange infrastructure.

Subsidiaries and Investments continued

Advanced Technology and Cybersecurity Company (sirar)

sirar’s strategy

With the vision of becoming a leading enabler in cybersecurity for the digital economy, sirar’s mission is to develop cyber solutions and capabilities that adhere to the highest global standards. This mission supports its clients, both in the Kingdom and internationally, in safely navigating their digital transformation journeys.

sirar’s approach is aligned with the increasing demands of the Saudi cybersecurity market and the evolving global cyber threat landscape. sirar is committed to upholding the highest standards of cybersecurity, protecting sensitive data and contributing to a secure and sustainable digital environment in the Kingdom.

sirar’s STORM strategic approach – which stands for Shape, Transform, Occupy, Retain and Model – is a comprehensive plan aimed at solidifying its position in the cybersecurity market. This strategy is centered on expanding sirar’s range of products and services to assert leadership in the cyber market.

A crucial part of this plan is the development of a vast partner system, which is expected to facilitate sirar’s growth beyond the Kingdom’s borders, establishing it as a regional cybersecurity provider. Integral to this

strategy is the focus on delivering an enriching and distinctive customer experience, a factor that sirar believes will be key to its success in the competitive cybersecurity landscape.

2024 achievements

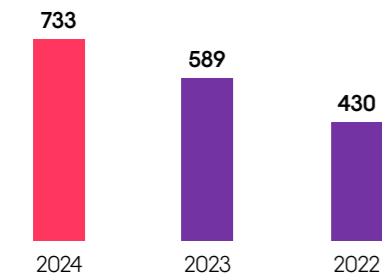
In 2024, sirar continued its robust trajectory, significantly contributing to the success of its Business Unit. The year was marked by several strategic moves and initiatives, positioning sirar as a leader in cybersecurity solutions.

One of the key highlights of the year was signing more than 90 partnership agreement the soft launch the E-commerce platform which is the first cybersecurity platform in Saudi Arabia that focuses on selling cybersecurity products, showcasing sirar’s commitment to innovation and customer-centric solutions. Security enhancement and employee development products were key focus areas for sirar throughout the year, where sirar obtained CREST Incident Response Accreditation by completing all the requirements of obtaining the CREST Incident Response Accreditation. In addition to that, Sirar obtained for compliance ISO 37031:2021 and ISO 31000:2018 to enhance the work environment.

sirar also became the first MSSP partner with Zscaler in KSA giving sirar the opportunity to approach more customers and to increase the market share within the cyber security market. Moreover, to be connected with its customers, sirar published Threat Landscape Report 2024 on the website, social media and mailshots to its partners and clients.

These initiatives and achievements in 2024 highlight sirar’s dedication to innovation, customer satisfaction and market leadership in the cybersecurity domain.

sirar Revenue (ﷲ million)



About sirar

Established in November 2020, the Advanced Technology and Cybersecurity Company (sirar) is a wholly owned subsidiary of stc with a share capital of ﷲ 250 million.

Headquartered in the Kingdom, where sirar operates as a leading cybersecurity service provider, focusing on empowering organizations to manage their cyber capabilities and secure their digital environments.

As experts in business security and privacy, sirar offers a broad array of cybersecurity solutions to both public and private sector organizations. These solutions are designed to help organizations operate safely and efficiently online.

The sirar’s tools are specifically tailored to detect, monitor and prevent cyberattacks, providing robust protection and security.

Awards and recognitions



sirar outlook for 2025

With major achievements done in 2024, sirar is aiming to drive growth through multiple initiatives in 2025, This includes expanding services and products to cater to a wider customer base, fostering innovation in tailoring solutions that create an exceptional

customer experience, embracing strategic value-added partnerships. Lastly, sirar is working to upskill capabilities by investing in local talent development programs and fostering a culture of continuous learning and improvement, along with expanding its offerings digitally.



Subsidiaries and Investments continued

Internet of Things Information Technology Company (IoT squared)

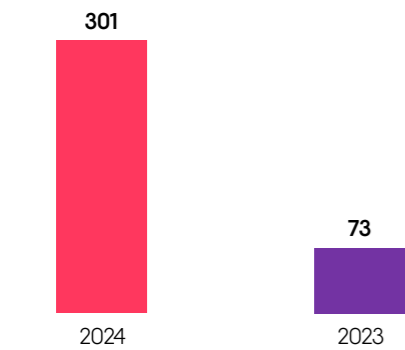
IoT squared's strategy

IoT squared's BOLD strategy contributes to enabling the company's ambition towards regional growth, creating added value and strengthening its position in the region as an integrated provider of all IoT services.

BOLD's strategy is based on the following 4 strategic pillars:

- Being customer and employee centric.
- Offering differentiated products and services.
- Leapfrogging to world-class capabilities.
- Developing an agile culture.

IoT squared Revenue (ﷲ million)



2024 achievements

In 2024, IoT squared embarked on a significant expansion, aligning itself as a key contributor to stc's digital offerings. The year was marked by the launch of several unique products and platforms, effectively positioning IoT squared as an innovative force in the IoT sector, especially in logistics, industrial and smart city sectors.

The company's growth was further accelerated by initiating and developing over 4 key strategic national IoT platforms with key customer projects with strategic clients, demonstrating its ability to foster and maintain significant business relationships. Its partnership network saw a substantial increase, collaborating with more than 120 local and global partners, which brought in best market practices and expertise.

The company's expansion journey included the acquisition of Machinestalk with 100% ownership, a strategic move that augmented its capabilities and market presence. An acquisition of fleet management from stc solutions to accelerate IoT capabilities to enhance the company's position in the market. Furthermore, IoT squared's presence in both local and international markets was reinforced through its participation in key industry events such as LEAP, Cityscape, MWC, GITTS, and Digital Saudi.

About IoT squared

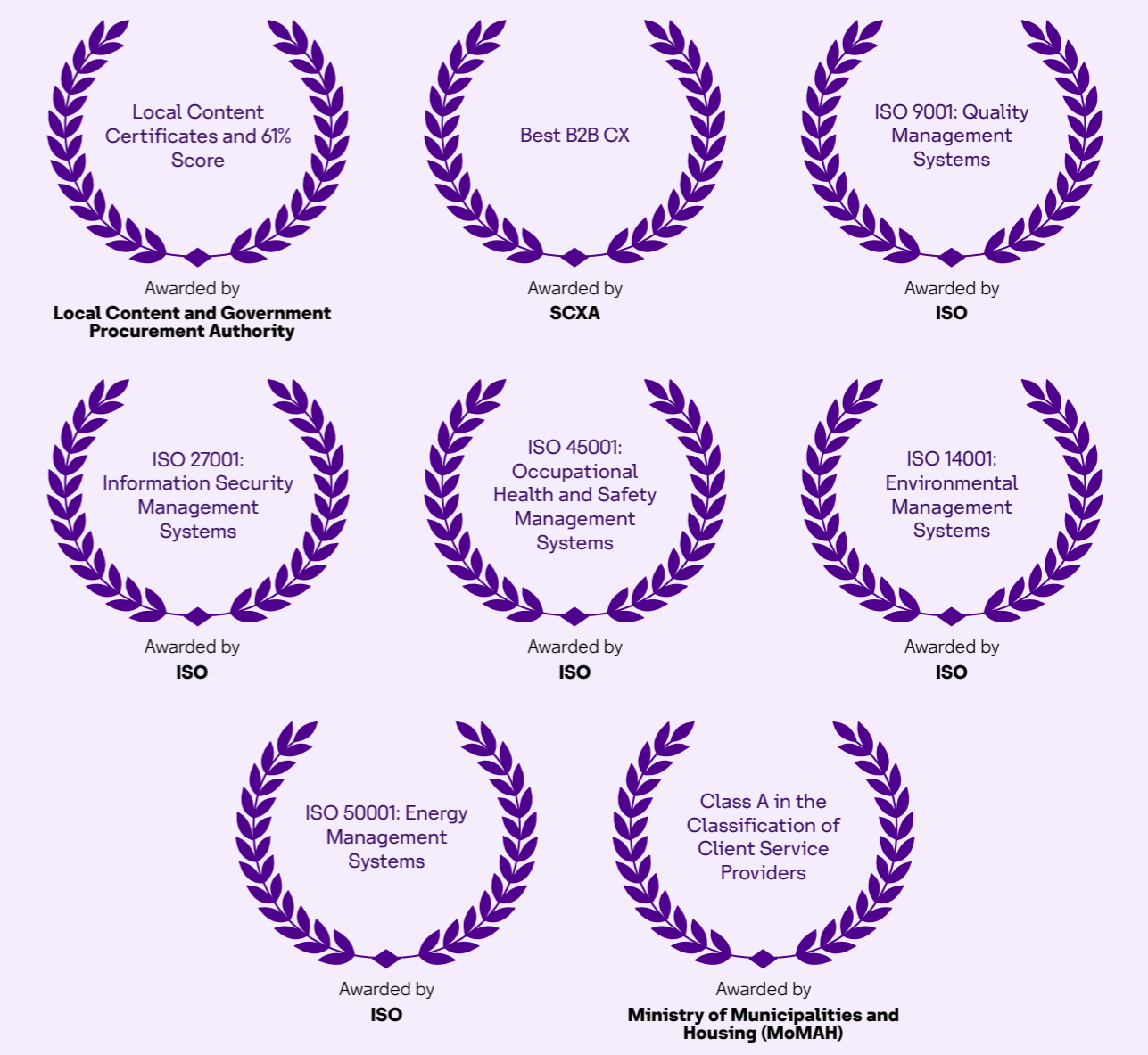
Internet of Things Information Technology Company (IoT squared) was established in May 2022 as a limited liability company by signing a partnership agreement between stc and the Public Investment Fund (PIF), with each party holding a 50% share and a share capital of ﷲ 1,254 million.

IoT squared is positioned to become a leading provider of IoT solutions in the MENA region. Its focus is on crafting tailored solutions, offering real-time insight and developing innovative business models.

IoT squared targets key business sectors such as industrial, logistics and smart cities, providing them with a range of customized smart solutions designed to drive digital transformation and contribute to economic progress.

With its headquarters and operational activities based in the Kingdom, IoT squared is strategically located to tap into the increasing market.

Awards and recognitions



Subsidiary owned directly by IoT squared as follows:

Name of subsidiary	Country of incorporation	Effective shareholding %	
		31 December 2024	31 December 2023
Machines Talk for Contracting Company	Kingdom of Saudi Arabia	100%	-

IoT squared outlook for 2025

In 2025, IoT squared will drive growth across the logistics, industrial and smart cities sectors while expanding its product and service portfolio in key verticals. The company will focus on strengthening its market position by increasing its share in existing offerings, such as fleet management, to ensure

sustainable revenue streams. Maximizing synergies with its shareholders, stc and PIF and their portfolio companies will be a key priority, creating added value through collaboration and integration. Additionally, IoT squared will emphasize innovation and technological development by securing more intellectual property rights, reinforcing its leadership in the evolving IoT landscape.

Subsidiaries and Investments continued

General Cloud Computing Company for Information Technology (SCCC)

SCCC’s strategy

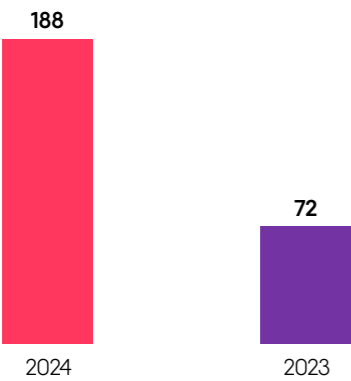
- Help customers enjoy the leading global cloud technology and services.
- Become the de facto cloud services platform in MENA.
- Provide specialized vertical industrial solutions.
- Build a robust sustainable ecosystem.

2024 achievements

In 2024, SCCC secured numerous projects throughout the year, laying a solid foundation for its operational longevity and a clear pathway to profitability. These projects are expected to sustain the SCCC’s growth and financial health in the years to come.

SCCC continued to offer more than 80 cloud-based products to the market since its establishment. This milestone highlights SCCC’s commitment to innovation and reflects its dedication to meeting the evolving needs of its customers. The diverse range of products launched by SCCC indicates its ability to keep pace with the rapidly changing technological landscape and its commitment to remaining at the forefront of the industry.

SCCC Revenue (ﷲ million)



About SCCC

The General Cloud Computing Company for Information Technology (SCCC) was established in May 2022 specializing in cloud computing services with a share capital of ﷲ 894 million.

SCCC represents a collaborative venture between eWTP Arabia Technology Innovation Limited Company (eWTPA), Alibaba (Singapore) Private Limited (Alibaba Cloud), the Saudi Company for Artificial Intelligence (SCAI), and the Saudi Information Technology Company (SITE). stc holds a 55% majority stake in SCCC.

SCCC is the first major hyperscaler in both the Kingdom and the broader region. It offers an extensive array of cloud computing services that cater to a variety of needs. These services include servers, databases, storage, networks and applications, all available on demand.

SCCC’s main operational center is strategically located within the Kingdom, from where it conducts its operational activities, positioning itself as a key player in the region’s burgeoning cloud computing landscape.

Awards and recognitions



SCCC outlook for 2025

In 2025, SCCC will continue delivering world-class cloud technology and services, solidifying its position as the leading cloud services platform in the MENA region. The company will focus on providing specialized industry-specific solutions tailored to

meet evolving market demands while building a robust and sustainable ecosystem. By driving innovation and enhancing its cloud capabilities, SCCC aims to set new benchmarks in digital transformation and reinforce its leadership in the regional cloud computing landscape.



Subsidiaries and Investments continued

Public Telecommunications Company (Specialized)

Specialized’s strategy

Specialized’s vision is to be the trusted partner of critical communications, services and innovative solutions. Its strategy is to focus on the following 4 dimensions:

- Broad critical communications offering.
- Emerging technologies.
- Integrated critical communications services.
- Secured services and solutions.

Specialized has embraced GROW’s strategy by adopting strategic goals that support the growth of the company and achieving the goals of stc.

The company is actively aligned with the goals of the Kingdom’s Vision 2030, aiming to contribute

significantly through the provision of advanced, differentiated and specialized services. Specialized has a particular focus on key sectors such as health, transportation, education, security and defense, positioning itself as an essential player in driving technological advancements and supporting various critical industry segments in the Kingdom.

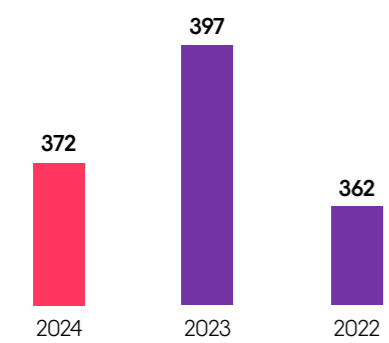
2024 achievements

In 2024, Specialized made significant strides in its transformation journey that began in 2019. The focus on optimal resource utilization and a shift in the business model to leverage integration with stc resulted in an improvement in profitability and stable revenue growth over the past 3 years. This transformation represents a strategic shift in the company’s operations and approach to the market and expanding on proposed solutions.

On the operational and business front, Specialized made considerable improvements. Specialized succeeded during the Hajj season, with high revenues from PTT products and services and the provision of unique and dedicated services for pilgrims.

In addition, Specialized has joined the membership of The Critical Communications Association (TCCA), which aims, in cooperation with its members, to develop and support sectors and companies in various fields of security, health, transportation, and energy. Specialized strives to be the pioneers of critical communication solutions.

Specialized Revenue (ﷲ million)



About Specialized

Public Telecommunications Company (Specialized) was established in February 2002 with the purpose of operating in the electrical business and communication networks, wholesale and retail trade in fixed telecommunications equipment, electrical appliances, import, marketing, installation and maintenance of fixed and mobile telecommunications and information technology licensed devices with share capital of ﷲ 252 million fully acquired by stc in 2014.

Specialized is headquartered in the kingdom and delivers its differentiated technological solutions and services across the Kingdom of Saudi Arabia.

Catering to the needs of all types of businesses, especially those requiring critical and mission-critical communications within Saudi Arabia, Specialized provides wholesale and retail trade in fixed telecommunications equipment and electrical appliances, as well as the import, marketing, installation and maintenance of both fixed and mobile telecommunications and information technology licensed devices.

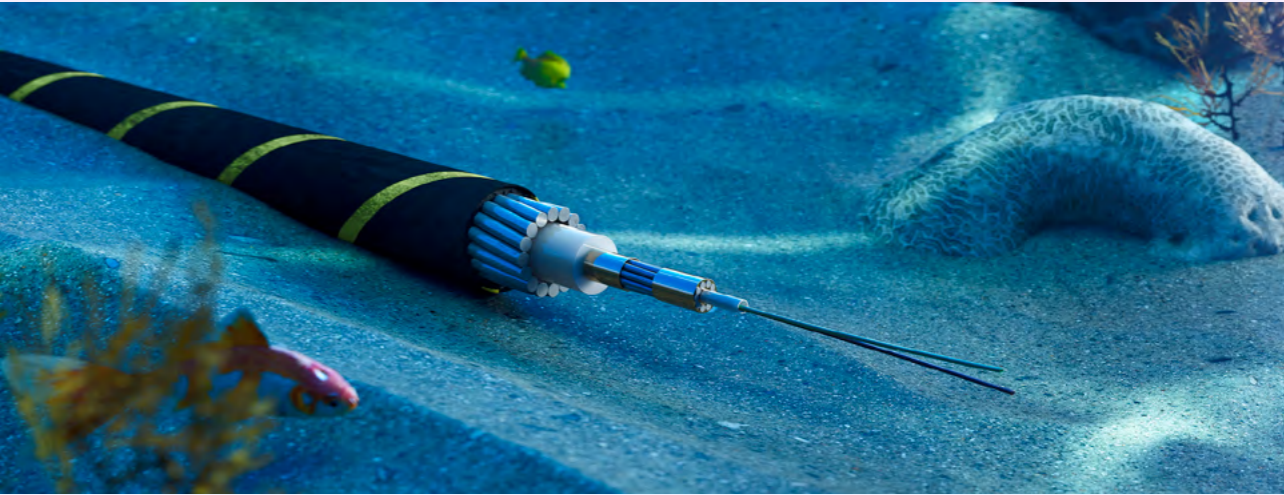
Awards and recognitions



Specialized outlook for 2025

The main objective for Specialized is to revamp the current product portfolio to better serve mission and business critical segments. In 2025, Specialized will focus on building, operating and providing telecommunications infrastructure services, and

maintaining and offering value-added services. A comprehensive portfolio featuring multiple end-to-end mission-critical and business-critical solutions on both dedicated and shared networks is one of the main focus areas in 2025. Specialized in also working to leverage synergies with wider stc offerings to maximize offerings and profit margins.



Subsidiaries and Investments continued

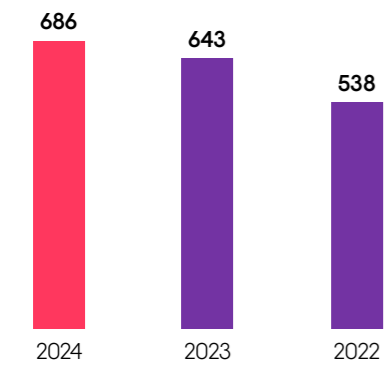
Gulf Digital Media Model Company Ltd (Intigral)

Intigral’s strategy

Intigral’s strategic vision is to become MENA’s largest media aggregator, distributor and entertainment hub by bringing content from regional and global third-party content providers onto the one platform via:

- 1. Providing a single sign-on, single-bill platform.
- 2. Leveraging cross-platform analytics and a recommendation engine to deliver a state-of-the-art viewing experience.

Intigral Revenue (ﷲ million)



2024 achievements

In 2024, Intigral focused on stc tv, positioning it as the go-to digital media platform for stc customers in Saudi Arabia. Key achievements include:

- Significant growth in stc tv’s active user base, driven by a curated content portfolio and enhanced user experience.
- Integration of stc tv with stc’s broader services, boosting customer engagement through seamless bundling with stc’s telco offerings.
- Continuous platform improvements, delivering a best-in-class viewing experience, personalized recommendations, and high-quality content delivery.

Moreover, Intigral has built a solid foundation across its value chain to position itself as the largest media aggregator, namely:

29K
On-demand content assets

50+
Partnerships with content providers and aggregators

About Intigral

Gulf Digital Media Model W.L.L. (Intigral) was established as stc’s digital media and entertainment aggregation arm, with the purpose of providing broadcasting and media production services by managing stctv brand in markets where stc operates (Saudi Arabia, Bahrain and Kuwait), headquartered in Saudi Arabia.

Established in March 2002 with a share capital of ﷲ 811 million, it provides over-the-top broadcasting and media services, and manages the stc tv and Jawwy TV brands.

stc tv is available across stc’s operating footprint in Saudi Arabia, Bahrain and Kuwait, while Jawwy TV is available across all other MENA markets.

Awards and recognitions



stc tv outlook for 2025

Looking forward, we will focus exclusively on stc tv as a best-in-class, one-stop-shop digital media streaming platform for stc consumers. Integrating stc tv closer to the primary telco customer segments will better

enable us to offer a leading platform that caters to all their media needs. This approach will not only enhance the user experience for our growing audience, but also open new avenues that improve bundling with our telco offerings, creating a more cohesive service package.



Subsidiaries and Investments continued

Aqalat Limited Company (Aqalat)

Aqalat’s strategy

Aqalat’s strategy is based on maximizing stc’s returns by developing real estate projects based on stc’s assets, leasing and selling non-core real estate assets, after converting land uses from service facilities to mixed-use investment lands.

2024 achievements

Aqalat successfully completed the skeleton works for all construction blocks of the stc Square project, marking a significant milestone in its development. This achievement underscored Smart Zone’s commitment to progress and excellence. Throughout the process, rigorous pre-qualification procedures, field visits, testing and mock-ups were conducted, leading to the approval of more than 460 materials. This meticulous approach ensured the highest quality and reliability across all project components.

Demonstrating strong operational efficiency, Smart Zone processed over 24,000 inspection requests, reinforcing its proactive approach to maintaining compliance with necessary standards and specifications. This level of diligence highlighted Aqalat’s dedication to delivering best-in-class infrastructure and operational excellence.

Further strengthening its hospitality portfolio, Aqalat partnered with Taiba Investments (formerly DUR Hospitality Company) to develop a state-of-the-art hotel. Additionally, stc Square signed a Management Agreement with Marriott, securing a world-class operator to manage the facility, further enhancing its value and market positioning.

In line with its expansion strategy, Dammam Square saw significant progress, with more than 400,000 square meters of land designated for development. Infrastructure work commenced in Q4 2024, laying the foundation for future commercial and real estate growth in the region.

Aqalat also demonstrated a strong commitment to workforce nationalization, achieving Saudization levels exceeding 95%. Aqalat successfully ensured 100% employee contract documentation on the Qiwa platform, reinforcing compliance and transparency in employment practices. Additionally, Aqalat secured an 81% local content score, emphasizing its role in driving national economic development and contributing to Saudi Arabia’s localization objectives.

Aqalat outlook for 2025

In 2025, Aqalat will advance the development of stc Square, with Phase 1 nearing completion as a cutting-edge mixed-use project, integrating stc’s technological capabilities to create a smart and sustainable flagship development. The superstructure will be developed in phases, while infrastructure work will be completed across the entire site. Phase 2 has entered the construction phase following the finalization of its design. Additionally, Aqalat will complete the implementation of the Dammam Square project, focusing on infrastructure development to enhance market value before facilitating its sale through the Wafi program.

Telecom Commercial Investment Company Limited (TCIC)

Telecom Commercial Investment Company Limited (TCIC) was established in October 2007 with the purpose of operating and maintaining telecommunication networks, organizing computer systems’ networks and internet networks, maintenance, operation and installation of telecommunication and information technology systems and programs in the Saudi market with share capital of ﷲ 1 million as at 31 December 2024, wholly owned by stc. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom.

Smart Zone Real Estate Company

Smart Zone Real Estate Company – a limited liability company was established in September 2019 and its main activity is the development, financing and management of real estate projects, the establishment of facilities, complexes, commercial, office and residential buildings with share capital of ﷲ 417 million as at 31 December 2024. Headquartered in Saudi Arabia, it carries out its operations in the Kingdom.

Innovation Fund Investment Company (Tali)

Innovation Fund Investment Company (Tali), a limited liability company, was established in August 2021 with the purpose of providing administrative services and IT and telecommunication support and with share capital of ﷲ 412.5 million as at 31 December 2024. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom.

Digital Infrastructure for Investment Company

Digital Infrastructure for Investment Company, was established during the fourth quarter of the year 2023 in the Kingdom of Saudi Arabia. It is a simplified closed joint stock company, established to provide services and necessary support for stc’s investing activities. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom.

As at 31 December 2024, stc sold a controlling interest in TAWAL and Digital Infrastructure Company pursuant the approved sale and purchase agreement between stc and PIF by the General Assembly of stc. As of the date of loss of control, stc has started to account for its retained interest in TAWAL and Digital Infrastructure for Investment Company using the equity method in accordance with the requirements of IAS 28 “Investments in Associates and Joint Ventures” (for more details, see note 8-1-1 and note 14-1 in the consolidated annual financial statements).

About Aqalat

Aqalat Real Estate Limited Company (Aqalat) was established in March 2013 with a total share capital of ﷲ 70 million.

Aqalat is wholly owned by stc with the purpose of establishing, owning, investing, managing of real estate and contracting, and providing consulting services, and importing and exporting services to the benefit of stc in alignment with DARE2.0 strategic goals.

It is headquartered in the Kingdom, and carries out its operational activities in the Kingdom.

Subsidiaries and Investments continued

International Subsidiaries

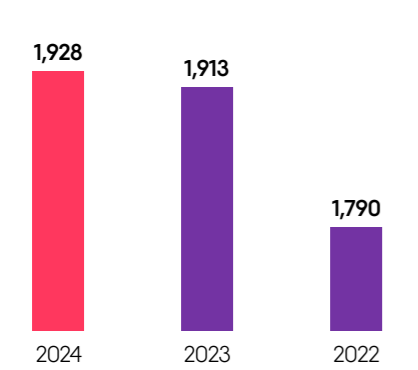
stc Bahrain Company (stc Bahrain) – Kingdom of Bahrain

stc Bahrain’s strategy

stc Bahrain’s **LEAD** strategy is aimed at solidifying its leadership position in the Bahrain market and is based on 4 key pillars:

- **Leadership in core markets, emphasizing focus on further strengthening leadership position across core markets.**
- **Experience as a key differentiator, focusing on delivering a unique and superior customer experience.**
- **Acceleration in selected adjacencies, targeting rapid growth and across new non-core verticals, with a focus on FinTech, InsurTech and B2B ICT.**
- **Distinctive and sustainable performance, ensuring long-term success by achieving operational excellence.**

stc Bahrain Revenue (ﷲ million)



2024 achievements

In 2024, stc Bahrain made significant progress across all strategic pillars and achieved multiple key milestones focused on value creation, experience enhancement, innovation and driving sustainable growth.

stc Bahrain continued to modernize its network infrastructure aimed at delivering a strong network experience to its customers. Further, strong focus on elevating customer experience across all traditional and digital touchpoints enabled stc Bahrain to achieve customer experience leadership in the Broadband segment with a marked customer experience improvement in the voice segment.

Additionally, stc Bahrain achieved a significant milestone by successfully migrating to the new converged billing system. The new converged billing system will enable stc Bahrain to provide customers with real-time billing information and increased bill transparency/flexibility, which will positively impact customers’ billing experience.

On the digital front, stc Bahrain introduced Bahrain’s first instant eSIM sales journey facilitated by an AI facial recognition-based eKYC. This digital innovation enabled stc Bahrain to enhance customer onboarding experience and significantly boost sales via digital channels. To further accelerate customer acquisitions, stc Bahrain launched “Scan & Go” SIM journey, which has transformed the traditional SIM activation process and enhanced stc Bahrain’s sales coverage.

Additionally, stc Bahrain continued enriching the mystc app with advanced digital functionalities, along with an exclusive array of lifestyle and entertainment benefits. Such efforts on promoting digital interactions with customers led to a notable increase in mystc app adoption and usage among the customers.

stc Bahrain also continued efforts towards expanding its B2B Core and ICT portfolio and launched multiple new offerings across connectivity, cloud, cybersecurity and information technology service domains.

On adjacent services, stc Bahrain’s FinTech (stc pay BH) and insurtech (stc protect) offerings continued to gain momentum in the market. stc pay BH achieved a significant milestone of reaching 200,000 customers in 2024. stc Bahrain’s InsurTech offering saw a significant increase in conversion rates. Further, stc Bahrain rolled out multiple strategic initiatives to position itself at the forefront of blockchain innovation. This involved setting up and managing the first infrastructure hosting/validation node for Web3 services in the MENA region.

Awards and recognitions



Subsidiaries owned directly by stc Bahrain as follows:

Name of subsidiary	Country of incorporation	Effective shareholding %	
		31 December 2024	31 December 2023
stc Tech W.L.L	Bahrain	100%	100%
stc Pay Bahrain B.S.C. (c)	Bahrain	100%	100%
stc Pay Bahrain Remittance B.S.C.	Bahrain	100%	100%

stc Bahrain outlook for 2025

In 2025, stc Bahrain will continue its drive for value creation and shareholder value maximization by strengthening its core market segments and expanding its regional footprint in FinTech and InsurTech. stc Bahrain will accelerate capability building in B2B

ICT to capitalize on emerging market opportunities while enhancing digital enablement across both customer-facing and internal operations. Through strategic growth and innovation, stc Bahrain aims to reinforce its leadership in the evolving digital and telecommunications landscape.

Subsidiaries and Investments continued

Kuwait Telecommunication Company (stc Kuwait) – Kuwait

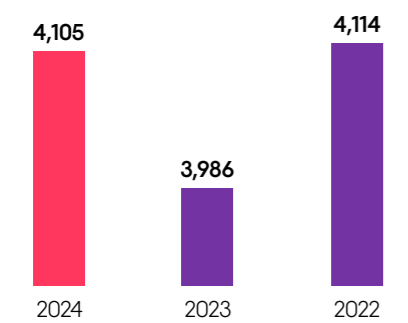
stc Kuwait’s strategy

stc Kuwait’s **REACH** strategy represents a refreshed approach to achieving sustainable growth and innovation, building on the foundation of the successful LEAD strategy. The strategy focuses on 5 key pillars, with clearly defined objectives and KPIs:

- **Reignite the consumer portfolio.**
- **Expand enterprise growth.**
- **Advance market evolution.**
- **Create differentiated experiences.**
- **Harness business excellence.**

By focusing on these pillars, stc Kuwait aims to lead the telecommunications and ICT sectors in Kuwait, enabling digital transformation, driving innovation and contributing to Kuwait’s long-term strategic goals.

stc Kuwait Revenue (K million)



2024 achievements

stc Kuwait has achieved a high rate of annual progress across key operating measures since the beginning of 2024:

64%
Kuwaitization rate

66
Number of branches

2.3 million
Total subscribers

In 2024, stc Kuwait managed to achieve significant milestones as it continued to achieve sustainable growth through its strategic approach to enabling digital transformation, expanding its operations and enhancing the lifestyles of its valued customers. stc Kuwait reported solid financial and operational performance throughout the year while continuing to expand its portfolio of digital solutions and infrastructure. This progress reflects stc Kuwait’s commitment to standing at the forefront of the telecom and ICT sectors, both in Kuwait and throughout the region. To achieve this outcome, stc Kuwait strengthened its position as a pioneer in its sector by investing in its solid network infrastructure, introducing new-to-market concepts, introducing new technologies to the market, and making strategic investments in emerging technologies.

The year saw stc Kuwait reach new heights in its digital transformation journey across various aspects defined under its strategy. The approach enabled stc Kuwait to drive improvements in customer experience, while streamlining operational efficiencies across different aspects of the business. Leveraging its cutting-edge network infrastructure, stc Kuwait continued to provide a diverse range of services, tailored to the evolving needs of both individual and enterprise customers. This adaptability is at the core of stc Kuwait’s strength as a leader in delivering innovative, customer-centric telecom solutions. Whether through faster connectivity, advanced enterprise solutions or next-generation technologies, stc Kuwait has consistently demonstrated its ability to exceed customer expectations.

In line with its corporate strategy, stc Kuwait also made considerable progress in enhancing its internal capabilities and systems. By further digitizing processes, stc Kuwait has optimized its operations, leading to streamlined workflows and improved efficiency. This operational excellence plays a crucial role in supporting stakeholders and delivering high-quality services.

stc’s specialized ICT arm, e-Portal Holding Company, continues to play a crucial role in delivering advanced and innovative solutions to the enterprise sector. In 2024, stc expanded its ICT offerings through e-Portal, introducing cutting-edge solutions and broadening the scope of its services to meet the evolving demands of businesses. e-Portal Holding Company, the ICT arm of stc, continued to play an active role in providing comprehensive and advanced ICT solutions designed for the enterprise sector. These offerings included advanced cloud services, cybersecurity services and artificial intelligence technologies, reinforcing stc’s position as a leader in digital transformation.

In 2024, e-Portal also prioritized cybersecurity, recognizing its critical importance in the digital era. Through state-of-the-art security frameworks, threat detection systems and end-to-end encryption protocols, and providing a secure ICT infrastructure, the company supports businesses in mitigating risks and complying with regulatory standards, while fostering trust and reliability in its services.

These efforts reflect stc’s commitment to staying ahead of industry trends, shaping the future of ICT services in Kuwait, and enabling enterprises to embrace innovation while maintaining resilience against emerging cybersecurity threats.

About stc Kuwait

Kuwait Telecommunications Company (stc Kuwait) was established in July 2008 with the purpose of operating in the field of mobile services in the Kuwaiti market. stc Kuwait was publicly listed as a joint stock company on Kuwait Stock Exchange in December 2014 with a share capital of KD 50 million to reach KD 100 million in 2022, through the distribution of 100% bonus shares to its shareholders.

In 2023, stc has been add to a number of MSCI and FTSE Global Equity Indexes in addition to being

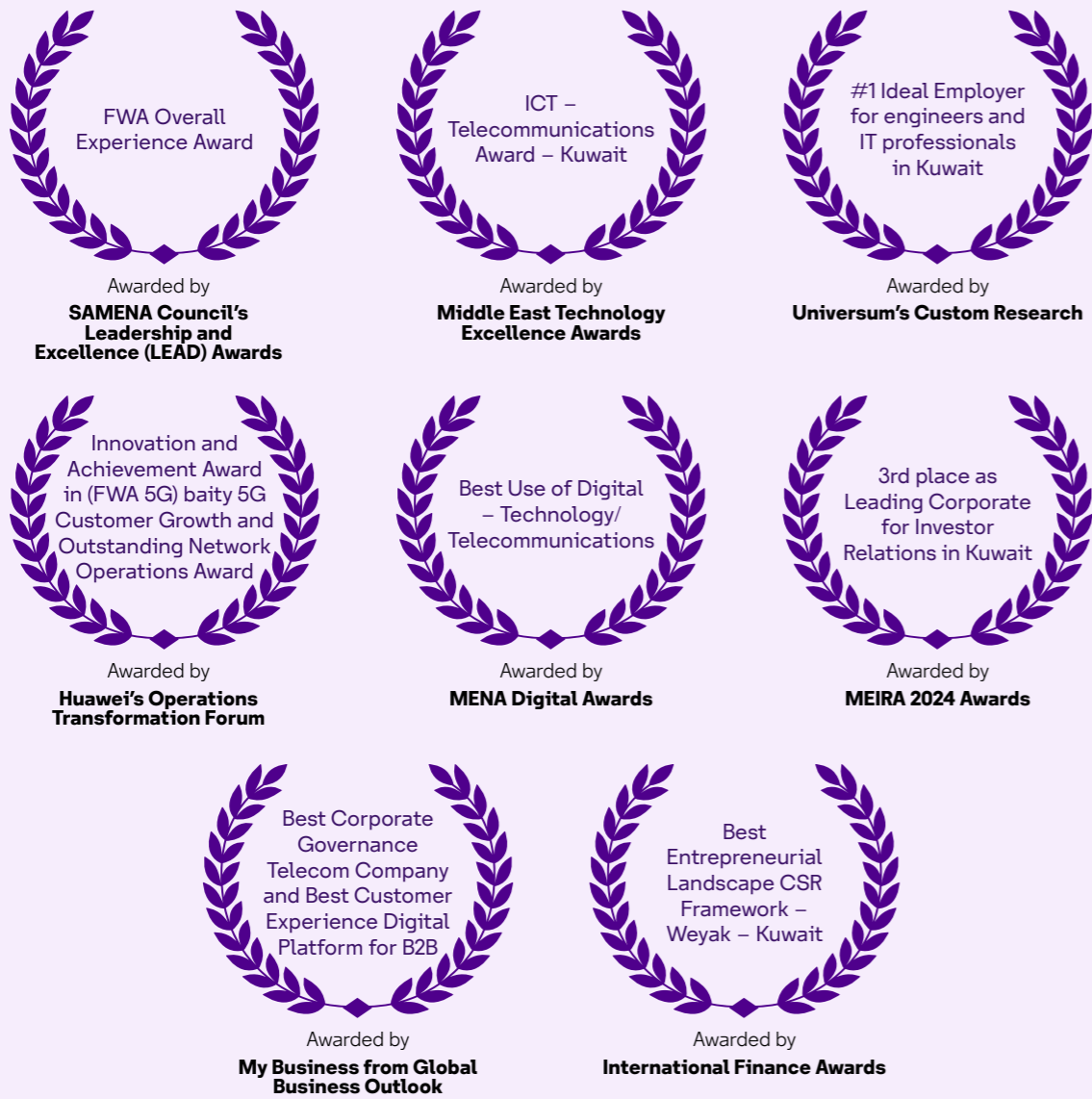
upgraded in Bursa Kuwait from the Main Market to the Premier Market in early 2024, reflecting the stc Kuwait’s robust financial performance in addition to its strong commitment to compliance and governance standards.

As at 31 December 2024, stc owns a 51.8% stake in stc Kuwait.

stc Kuwait’s head office is situated in Kuwait, from where it conducts all its operational activities.

Subsidiaries and Investments continued

Awards and recognitions



Subsidiaries owned directly by stc Kuwait as follows:

Name of subsidiary	Country of incorporation	Effective shareholding %	
		31 December 2024	31 December 2023
Qualitynet General Trading and Contracting Company W.L.L. (solutions by stc)	Kuwait	100%	100%
e-Portal Holding Company K.S.C. (Closed)	Kuwait	100%	100%

stc Kuwait outlook for 2025

In 2025, stc Kuwait will focus on strengthening its core B2C and B2B telecom businesses while diversifying beyond traditional offerings and expanding its ICT portfolio. The company will enhance its commercial engines, drive competitive dynamics and deepen government relationships to secure its strategic

positioning. A key priority will be delivering a best-in-class experience for customers and partners while reinforcing its status as an employer of choice and elevating its brand presence. Additionally, stc Kuwait will accelerate its digital transformation, fostering organizational agility to adapt to evolving market demands and sustain long-term growth.

stc Asia Holding Ltd (stc Asia) – British Virgin Islands

stc Asia Holding Ltd (stc Asia) is a limited liability company established under the Commercial Companies Law in the British Virgin Islands in July 2007 and is a special purpose vehicle. It owns a subsidiary (a wholly owned subsidiary) stc Malaysia Holdings Ltd (stc Malaysia), which was incorporated under the Commercial Companies Law in the British Virgin Islands.

stc Malaysia Holding Ltd., in turn, holds stc's 25% stake in Binariang GSM Sdn Bhd (BGSM) that invests in companies operating primarily in Malaysia (for more details, see note 8-2 in the consolidated annual financial statements). The principal activity of both stc Asia and its subsidiary is to provide services and support required in respect of investment activities of stc.

stc Turkey Holding Ltd (stc Turkey) – British Virgin Islands

stc Turkey is a limited liability company, established under the Commercial Companies Law in the British Virgin Islands in April 2008. It is a special purpose vehicle established to provide services and support required in respect of investment activities of stc.

In April 2008, stc Turkey acquired 35% of Oger Telecom Limited's (OTL). As of 31 December 2024, OTL liquidation has been completed and the liquidation process of stc Turkey has started.

stc Gulf Investment Holding (stc Gulf) – Kingdom of Bahrain

stc Gulf was incorporated in March 2008 and has wholly-owned subsidiaries in the Kingdom of Bahrain, as listed below. The primary objective of this company and its following subsidiaries is to provide services and support required in respect of investment activities of stc:

- a. stc Gulf Investment Holding 1 W.L.L.
- b. stc Gulf Investment Holding 2 W.L.L.
- c. stc Gulf Investment Holding 3 W.L.L.

stc GCC Cable Systems W.L.L. (stc GCC) – Kingdom of Bahrain

stc GCC Cable Systems W.L.L., a limited liability company, was established in April 2021 with the purpose of the sale and installation of telecommunications equipment and the construction of utilities projects. stc GCC Cable Systems W.L.L. is wholly owned by stc as part of the agreement to invest in a fund aimed to drive innovation in the communications and information technology sector in the Kingdom of Bahrain and other GCC countries with share capital of BD 48 million as at 31 December 2024 equivalent to ₪ 477 million.

Green Bridge Investment Company (GBI) – Luxembourg

Green Bridge Investment Company was established during the third quarter of the year 2023 in Luxembourg. It is a special purpose vehicle established to provide services and necessary support for stc's investing activities.

Green Bridge Management Company (GBM) – Luxembourg

Green Bridge Management Company was established during the third quarter of the year 2023 in Luxembourg. It is a special purpose vehicle established to provide services and necessary support for stc's investing activities.

No debt instruments in the form of Sukuk or bonds were issued for stc's subsidiaries.

Subsidiaries and Investments continued

Investments

Investments in Associate

Name of associate companies	Country of incorporation	Shareholding percentage	
		31 December 2024	31 December 2023
Arab Satellite Communications Organization (Arabsat)	KSA	36.66%	36.66%
Beyond One Saudi for Telecommunications LLC, formally Virgin Mobile Saudi Consortium (VMSC)	KSA	10%	10%
Digital Infrastructure for Investment Company	KSA	43.06%	-
Devoteam Middle East (DME)	UAE	40%	40%
Virgin Mobile Kuwait (VMK)	Kuwait	10%	10%
Giza Systems Company for Electromechanical Contracting	Egypt	50.01%	50.01%

Arab Satellite Communications Organization (Arabsat) – Kingdom of Saudi Arabia

Arab Satellite Communications Organization (Arabsat) was established in April 1976 by the members of the League of Arab States, and its head office is located in the Kingdom. Arabsat offers a number of services to these member states, as well as to all public and private sectors within its coverage area, and principally in the Middle East.

Current services offered include regional telephony (voice, data, fax and telex), television broadcasting, regional radio broadcasting, restoration services and leasing of capacity.

In April 1999, stc acquired 36.66% of Arabsat’s share capital.

Beyond One Saudi for Telecommunications LLC, formally Virgin Mobile Saudi Consortium (VMSC)

Beyond One Saudi for Telecommunications LLC, formally Virgin Mobile Saudi Consortium (VMSC) was established in 2013 as a mobile virtual network operator and started its operations during the year of 2014. stc owns 10% of Beyond One Saudi for Telecommunications LLC’s share capital. stc has the ability to exercise significant influence is evidenced by the reliance of Beyond One Saudi for Telecommunications LLC’s on the stc’s technical network. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom.

Digital Infrastructure for Investment Company – Kingdom of Saudi Arabia

In reference to the note 6.22 and 14.1 in the consolidated annual financial statements, stc retained shareholding interest in TAWAL and Digital Infrastructure for Investment Company was calculated based on the final shareholding in Digital Infrastructure for Investment Company at the completion of the deal after transferring the ownership of both TAWAL and GLIC (owns and manages 8,069 telecommunications towers in the Kingdom of Saudi Arabia, and owned by PIF, HRH Prince Saud Bin Fahad bin Abdulaziz and Sultan Holding Company) under a new entity. The company’s ownership structure is distributed as follows: 54.38% by the Public Investment Fund, 43.06% by stc, and 2.56% by HRH Prince Saud bin Fahad bin Abdulaziz and Sultan Holding Company.

Devoteam Middle East (DME) - United Arab Emirates

Devoteam Middle East is a leading IT consulting company in the Middle East, specializing in digital transformation, cyber and cloud solutions, and business process optimization. It was established in December 2003 and stc (through solutions) acquired 40% of its ownership.

Virgin Mobile Kuwait (VMK) – Kuwait

Virgin Mobile Kuwait (VMK) is indirectly owned through stc Kuwait with 10% ownership. stc’s ability to exercise significant influence is evidenced by the reliance of Virgin Mobiles Kuwait on stc Kuwait’s technical network.

Giza Systems Company for Electromechanical Contracting – Egypt

Giza Systems Company for Electromechanical Contracting was established in 2011 to execute operation works, engineering consultancy, evaluations of systems, electronic devices and computers. The company is indirectly owned through solutions with 50.01% ownership. solutions accounts for this investment as an associate as it has significant

influence without having control and rights that enable solutions to direct decisions and relevant activities of this company.

Investments in Joint Ventures

Name of joint ventures	Country of incorporation	Shareholding percentage	
		31 December 2024	31 December 2023
Arab Submarine Cables Company Limited	KSA	50%	50%
Binariang GSM Holding (BGSM)	Malaysia	25%	25%
Integrated Data Company for Information and Technology	KSA	39%	39%

Arab Submarine Cables Company Limited – Kingdom of Saudi Arabia

Arab Submarine Cables Company Limited was established in September 2002 for the purpose of constructing, leasing, managing and operating a submarine cable connecting the Kingdom and the Republic of Sudan for telecommunications between them and any other country. The operations of the company started in June 2003 and stc acquired 50% of its ﷲ 75 million share capital in September 2002. In November 2016, the company’s capital was reduced to ﷲ 25 million. Its head office is located in the Kingdom where it fulfills its operational activity.

Binariang GSM Holding (BGSM) – Malaysia

Binariang GSM Holding (BGSM) is an investment holding group headquartered in Malaysia where it owns 62% of Maxis Malaysian Holding Group (Maxis), a major telecom operator in Malaysia. During the year 2007,, stc acquired (through its subsidiaries stc Asia holding and stc Malaysia holding) 25% of BGSM’s MYR 20.7 billion share capital, which is equivalent to approximately ﷲ 23 billion at the exchange rate as at that date.

During 2013, stc conducted a review of its foreign investment in BGSM, including the manner in which this investment was being managed and how joint control had been effectively exercised. As a result, stc signed an amendment to the shareholders’ agreement with other shareholders of BGSM, with respect to certain operational matters of Aircel (one of Binariang group subsidiaries at that time). Consequently, stc ceased to account for its investment in Aircel using the equity method effective from the second quarter of 2013.

Integrated Data Company for Information and Technology – Kingdom of Saudi Arabia

During the second quarter of 2023, Integrated Data Company for Information and Technology was established in the Kingdom of Saudi Arabia as a joint venture among stc (39%), Etihad Etisalat Company (30%) and Mobile Telecommunication Saudi Company (31%) with a share capital of ﷲ 22 million. This entity provides various services including demographic analyses, population statistics, data on population size, as well as traffic and transportation statistics, public road routes and parking information.

Subsidiaries and Investments continued

Other Investments

Investment in Telefónica

stc invested in Telefónica by acquiring a 997% interest in the company for a total consideration of EUR 2.1 billion (which is equivalent to ₪ 8.5 billion), making stc Telefónica's largest shareholder. Telefonica is a leading European telecommunications operator through its significant presence in three of the largest European markets.

This acquisition represents another milestone in stc's expansion and growth strategy, and reflects stc's confidence in Telefónica's sustainable growth and upside potential. Telefónica benefits from a unique portfolio of best-in-class infrastructure assets and cutting-edge technology platforms, where it is developing state-of-the-art capabilities in adjacent areas such as cognitive intelligence, edge computing and IoT.

During the third quarter of the year 2023, stc completed the purchase of 4.9% direct shareholding in Telefonica. Telefonica is a leading European telecommunications operator through its significant presence in 3 of the largest European markets, namely Spain, Germany and the UK, in addition to Brazil which is the largest market in Latin America. These investments are irrevocably designated at fair value through OCI. stc has received dividends during the the year of 2024 amounting to ₪ 335 million, which is included as other income in the consolidated statement of profit or loss.

During the fourth quarter of 2024, stc received the foreign investment authorization from the Spanish Council of Ministers. During the first quarter of 2025 stc has increased its voting rights from 4.97% to 9.97% following the completion of all relevant requirements (For more details, see notes 16.1–32.1 in the consolidated annual financial statements).

Investments in the Sukuk issued by the Ministry of Finance

stc invested in the Sukuk issued by the Ministry of Finance as follows:

Item	First tranche (₪'000)	Second tranche (₪'000)
Nominal investment value	2,140,000	1,600,000
Year of investment	2019	2024
Year of maturity	2029	2029
Yield	3.9%	3.9%

Investment in the Sukuk issued by Binariang GSM Holding (BGSM)

During the year 2007, stc Asia Holding Company Limited (a subsidiary) invested in Sukuk issued by Binariang GSM Sdn Bhd (BGSM) in the amount of RM 1,508 million (which is equivalent to ₪ 1,383 million) for a period of 50 years (callable after 10 years) with an annual profit margin of 6 months KLIBOR +8.51%. These sukuk are not past due or low in value with a book value of ₪ 1,191 million as at 31 December 2024.

stc invests in various venture funds

stc invests in various venture funds, which are investing in emerging, small and medium-sized companies operating in the field of communications and information technology in the Kingdom and other global markets.

During 2022, stc signed an agreement with STV LP Fund and allocated an additional ₪ 1,125 million (equivalent to USD 300 million) investment in the fund, out of which ₪ 555 million (equivalent to USD 148 million) was injected.

The fair value of stc's investment in the units of stc Ventures Fund and STV LP Fund (the "Funds") is obtained from the net asset value (NAV) reports received from the Funds' managers. The Funds' managers deploy various techniques (such as recent round of finance, discounted cash flow models and multiples method) for the valuation of underlying financial instruments classified under level 3 of the respective Fund's fair value hierarchy. STV fund represents the majority Group investment in funds with carrying value of ₪ 3,752 million. Significant unobservable inputs embedded in the models used by the STV Funds' managers include adjusted discount rates and lack of marketability discount. An increase/ (decrease) of 10% in the discount rate would lead to a (decrease)/increase of (₪ 96 million)/ ₪ 111 million in fair value (2023: an increase/(decrease) of 10% in the discount rate would lead to a (decrease)/increase of (₪ 41 million)/ ₪ 45 million in fair value). An increase/ (decrease) of 10% in the lack of marketability discount would lead to a (decrease)/increase of (₪ 12 million)/ ₪ 12 million in fair value (2023: An increase/(decrease) of 10% in the the lack of marketability discount would lead to a (decrease)/increase of (₪ 61 million)/ ₪ 41 million in fair value). (for more details, see note 43.2 in the consolidated annual financial statements).



As a responsible digital and telecommunications leader, stc is committed to environmental stewardship by adopting sustainable technologies, conserving natural resources and driving positive ecological impact.

4.

Sustainability

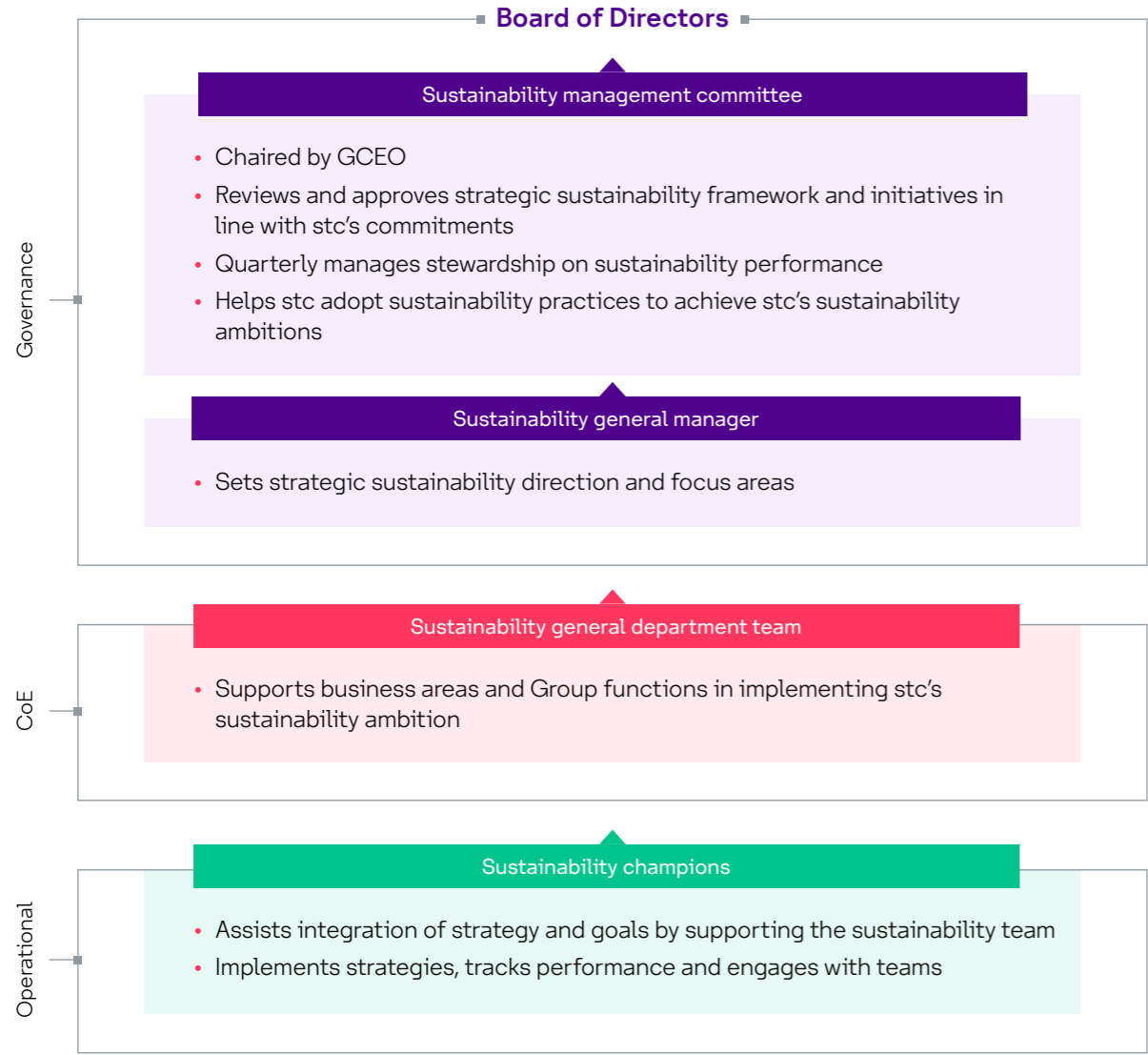


Sustainability at stc

Sustainability lies at the heart of stc’s mission and strategy, underpinning its role as a digital and telecommunications leader. stc demonstrates a steadfast commitment to environmental stewardship, human capital development and robust governance. By embedding sustainability into its core operations, stc delivers on its vision to empower society and foster economic growth within Saudi Arabia and beyond.

Through proactive engagement with current and emerging sustainability challenges, stc positions itself as an innovative and dependable partner, equipped to meet the evolving needs of its customers, workforce and communities. Its dedication to sustainable practices not only enhances operational resilience, but also drives long-term value creation, shaping a future where businesses, individuals and the planet flourish in harmony.

Sustainability governance model



stc’s sustainability governance model is fully aligned with its DARE 2.0 strategy, seamlessly integrating sustainability into business operations and long-term strategic planning. Oversight of sustainability performance is managed by the Board of Directors through the Sustainability Committee, which receives regular updates on key metrics.

Annual variable remuneration scheme

Scorecard	Perspectives	Default KPIs	Weight %
	Financials	P&L-related KPIs	60%
	Strategic	Strategic programs	30%
	Corporate priorities	<div>Sustainability</div> <div>GRC KPIs</div> <div>Diversity and inclusion score</div> <div>Attrition score</div>	30%

Chaired by the GCEO, the Sustainability Committee consolidates initiatives across business segments, ensuring alignment and effective implementation of sustainability objectives. This governance structure enables informed decision-making, optimized performance and meaningful progress toward stc’s sustainability goals.

stc’s governance practices are further strengthened through ethical audits, supplier due diligence and the implementation of ISO 20400 for responsible procurement. In alignment with Saudi Vision 2030 and global sustainability frameworks, stc continues to advance key initiatives such as child safety policies, cybersecurity enhancements and comprehensive employee training programs, including those addressing data security and privacy risks for all employees and contractors.

Through continuous improvement, stc remains committed to fostering long-term value creation and maintaining its leadership in governance. By embedding sustainability and ethical excellence into its mission, stc drives positive impact for its stakeholders, communities and society at large.



Sustainability continued

Sustainability strategy and objectives

Strategy pillar	Objective	Material topics	Relevant SDGs
Environmental performance and climate	<ul style="list-style-type: none">Increasing its positive footprint, and responsibly managing materials and natural resourcesProviding products and services that not only digitize, but also help decarbonize the economy	<ul style="list-style-type: none">Energy and climate changeResource management (waste management and water management)	<div><div>6 CLEAN WATER AND SANITATION</div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>13 CLIMATE ACTION</div></div>
Development of human capital through digital innovation	<ul style="list-style-type: none">Fostering inclusive, productive, and diverse teamsAttracting and retaining top-tier human capitalContributing to the sustainable development of societiesTransforming customer relationship with new offerings, experiences and opportunities with a sustainability lens	<ul style="list-style-type: none">Data privacy, security and protectionHealth, safety and well-beingAccessibility and digital inclusionDiversity, equality and inclusivityDigital innovation and transformationCustomer relations and satisfactionTalent managementCommunity contribution and development	<div><div>3 GOOD HEALTH AND WELL-BEING</div><div>4 QUALITY EDUCATION</div><div>5 GENDER EQUALITY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>10 REDUCED INEQUALITIES</div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>
Strong governance and ethical excellence	<ul style="list-style-type: none">Engraining ethical behavior in every choice and interaction with customers, communities and partnersEmbedding sustainability considerations into its supply chain	<ul style="list-style-type: none">Business ethics and governanceHuman rightsSupply chain management	<div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>10 REDUCED INEQUALITIES</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div>

Environmental stewardship at stc

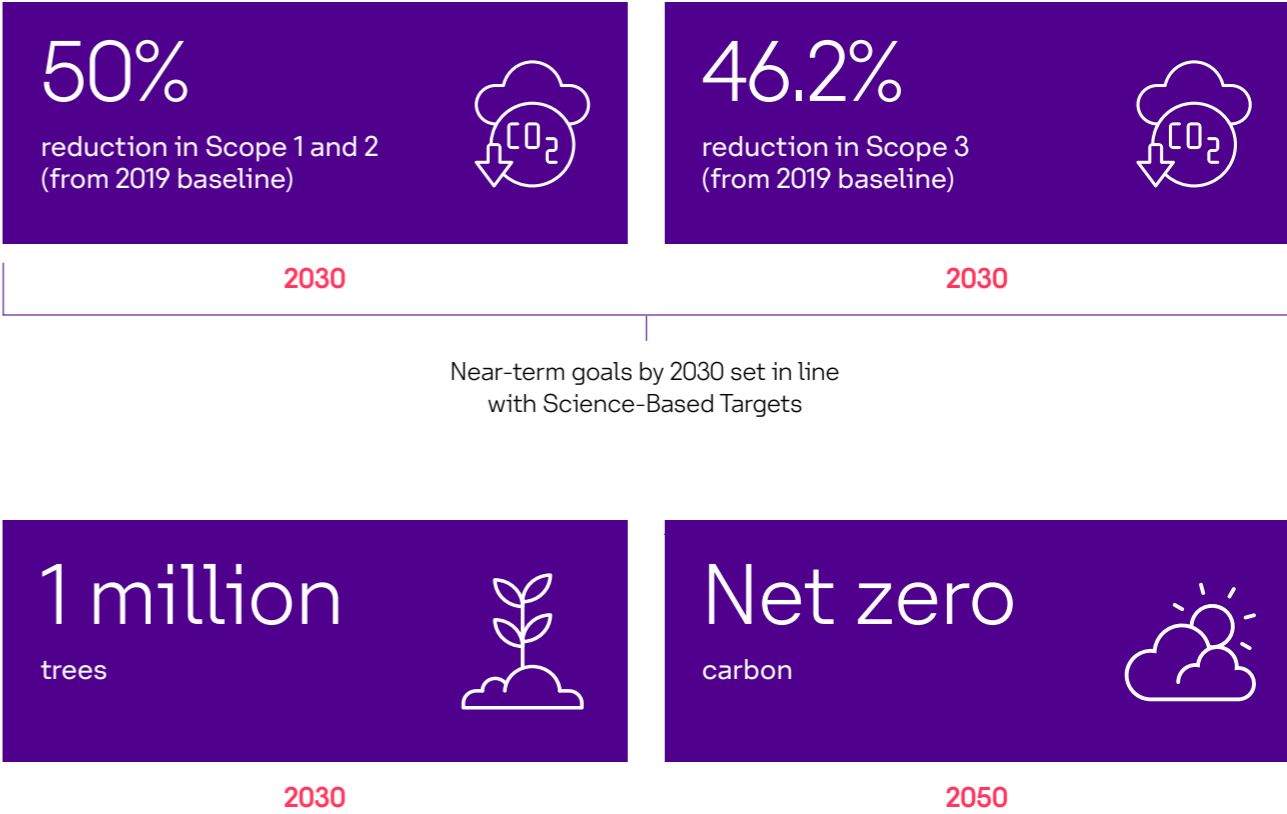
As a responsible digital and telecommunications leader, stc is committed to environmental stewardship by adopting sustainable technologies, conserving natural resources and driving positive ecological impact. In alignment with Saudi Vision 2030 and the Saudi Green Initiative (SGI), stc is advancing its transition toward a low-carbon economy, with a clear objective of achieving net zero emissions by 2050. Its climate strategy, designed to guide all functional units and subsidiaries, reflects ambitious goals that support the shared mission of sustainable growth.

stc remains dedicated to its pledge to plant one million trees by 2030, contributing to SGI while promoting education and training in environmental performance, with benchmarking as a cornerstone of its efforts. stc is also scaling its sustainability initiatives with new solar pilot projects, integrating solar energy into various infrastructure, helping to reduce emissions across its operations.

Additional efforts include enhanced water conservation measures, optimized recycling programs in collaboration with vendors and suppliers, and strengthening the take-back program. Through these initiatives, stc continues to lead in sustainable practices, empowering customers and communities to reduce their environmental footprint and embrace sustainable innovation.

stc is committed to achieving net zero emissions across its entire value chain by 2050. This commitment is embedded in stc-wide climate change roadmap, which is aligned with the frameworks of the Task Force for Climate-related Financial Disclosures (TCFD) and the Science-Based Targets initiative (SBTi) to ensure accurate measurement and tracking of carbon reductions. Furthermore, the climate change roadmap highlights the pillars and key programs for achieving its environmental objectives and paves the way towards realizing its near-term targets of reducing stc's absolute Scope 1 and 2 emissions by 50% and Scope 3 emissions by 46.2% before 2030.

Targets and commitments



Sustainability continued

Climate action roadmap

Pillars	Objectives	Programs
Optimizing stc's performance	Promote continuity and quality of information, ensure carbon reduction commitments are achieved, and provide a foundation for improvement and system analysis	<ul style="list-style-type: none">• GHG emissions governance• Manage Scope 1 emissions• Manage Scope 2 emissions
Developing eco-friendly products and solutions	Reduce the climate impact from materials, products and services used by stc and across its value chain	<ul style="list-style-type: none">• Carbon enablement• Sustainable customers• Engaged supply chain
Managing climate-related risks and financial impacts	Assess and manage climate-related risks in a manner that future-proofs stc's operations and ensures alignment with stakeholder expectations	<ul style="list-style-type: none">• Climate risk evaluation• Climate resilient assets and services
Demonstrating climate leadership	Empower stc's colleagues and supply chain to influence climate action at both the local and global scale	<ul style="list-style-type: none">• Internal and external empowerment• Implement circular economy considerations across supply chain

Development of human capital through technological innovation

stc continued to advance human capital development by empowering individuals and communities through inclusive practices, diversity initiatives and strategic social investment programs. By leveraging technological innovation, stc fosters growth, bridges societal divides and cultivates a culture of well-being and belonging, ensuring its efforts drive meaningful and lasting impact.

Contributing to a thriving society

stc is dedicated to maximizing positive value for local communities through flagship programs. Collaboration is central to this mission, with strategic partnerships enabling stc to address society's pressing challenges and unlock new opportunities. stc community engagement efforts aim to enhance the capacity and success of the third sector, supporting initiatives that drive sustainable community progress.

These efforts are bolstered by comprehensive employee development programs, a strong focus on health and safety, and initiatives aimed at reducing the gender gap. stc's commitment to transparency is reflected in its disclosures, which highlight stc's dedication to fostering a diverse, inclusive and supportive work environment, driving meaningful social impact across the Gulf and MENA regions.



Sustainability continued

Flagship community development initiatives

stc’s diverse portfolio of community investments aligns with several SDGs and supports the national visions of the countries where it operates. Spanning 4 key themes, these initiatives reflect stc’s unwavering commitment to fostering a thriving and inclusive society. Through these efforts, stc continues to drive meaningful social impact, empowering communities and contributing to sustainable progress.

Theme	Target	Flagship initiatives	Social impact (Since inception to date)
Digital inclusion and digital capabilities promotion	Aiming to bridge the divides that exist in our operating markets, focusing on the inclusion of people with disabilities, underserved areas, low-income households and elderly	Smart trucks	Provided 3,022 awareness sessions to 9,883 elderly people across 39 governorates
		Technical enablement	Offered +3,500 technical services to +1,300 NPOs across +70 cities and governorates
Education, health and environmental protection	Aiming to spread awareness on educational, health and environmental issues and help solve them through our support and innovative solutions	Sharing knowledge	Conducted 7 workshops with +100 participants from 30 different partners (NPO and government) to build capacity on social return on investment and social value
		E-health smart cameras	Installed 2 smart cameras worth ₪ 160,213.48 in health centers within an underserved area to help early diabetes detection
		Electronic waste recycling	Since 2019 and until now, Eritqaa received +39,000 devices In 2024, +6,000 devices were received, +200 screens and +1,000 devices were distributed to +100 NPOs
		Educational grant support	Invested ₪ 3 million in support of 15 students to continue their university education in the field of technology
Embedding a culture of purpose and entrepreneurship	Aiming to generate sustainable change while supporting entrepreneurship and empowering the next generation of young entrepreneurs through education, training and a supportive ecosystem	ImpactU	Provided ₪ 1.350 million seed fund for 15 incubated startups across 3 batches
		Volunteering program	Completed +1,700 volunteering opportunities requested by +110 NPOs across 13 regions while recording +34,000 volunteering hours
Welfare and quality of life	Aiming to provide and support a variety of efforts and programs to improve our community and make it a more desirable place to live and work	Furniture donation	Donated 1,125 furniture pieces to 17 NPOs
		Jood Eleskan initiative support	We contributed 32 houses from stc employees, benefiting +134 people, and utilized stc's digital communication channels to raise awareness and donations by sending 144,571,023 SMSs across KSA
		Home renovation	Renovated 40 homes across 8 governorates with ₪ 2 million investment, aiding vulnerable groups like widows, divorced, people with disability and children of martyrs

Across +70 cities and governorates within the Kingdom

■ Districts
■ Cities

Sustainability continued

Robust governance and ethical excellence

stc remains committed to upholding the highest standards of governance, integrity, transparency and accountability. By embedding responsible business practices, safeguarding human rights and fostering a culture of trust, stc continues to set a benchmark for ethical conduct in the telecom and ICT industry.

In 2024, stc made significant progress in its ESG performance, delivering on the updated strategy approved in December 2023, particularly in governance. Key achievements included a collaboration with the Saudi Human Rights Commission to publish the stc Human Rights Policy and the completion of a Group-level ethics audit, which identified opportunities for further enhancements. stc also strengthened its disclosures by publishing a detailed [Incident Response Plan](#) and [Proxy Form](#). Notably, its efforts in labor management were recognized by MSCI ESG ratings, positioning stc as a leader among its peers, driven by its commitment to educational support and skills development programs for employees.

Overall, 2024 was marked by meaningful advancements in stc’s ESG initiatives, contributing to improved ratings and industry recognition.

Human rights commitment

Towards the end of 2024, the Group’s CEO approved the stc Human Rights Policy, reinforcing the organization’s commitment to the highest standards of ethical conduct. This policy aligns with the Universal Declaration of Human Rights, the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, and Saudi labor laws and regulations.

stc focused on addressing key human rights issues most at risk from its operations, with a particular emphasis on workplace rights, labor conditions, supply chain ethics, community impact and security practices. In collaboration with the Saudi Human Rights Commission, stc strengthened its implementation of the UN Guiding Principles, ensuring human rights remain central to its business operations.

The policy outlines critical commitments, including privacy and confidentiality, diversity and inclusion, safe and healthy workplace conditions, fair employment contracts, working hours and wage standards, equality in the workplace, prohibition of child labor, prevention of forced labor and human trafficking and employee skill development. ([stc Group Human Rights Policy](#))

Comprehensive third-party ethics audit and ethics oversight

In the second half of the year, it engaged Deloitte to conduct a comprehensive third-party ethics audit across all operations at stc Group level. This marked the beginning of a new chapter in its dedication to ethical merit and compliance.

“Deloitte reviewed evidence confirming that the Internal Audit Unit performs annual audits on Compliance and Business Integrity functions. Additionally, the Internal Audit Unit undergoes an external audit every three years. Deloitte also noted that stc’s ethics and compliance programs were audited by external consultants in 2021 and by Deloitte in 2024, reflecting ongoing efforts to strengthen governance and compliance frameworks.

Based on Deloitte’s review of stc’s documents, it is noted that stc demonstrates clear oversight of ethics and compliance at the Board Committee and Executive Management levels. Deloitte’s review of stc documents and stakeholder interviews highlights stc’s adherence to international best practices in ethics and compliance oversight stc’s programs are diligently monitored at all levels, with robust oversight provided by Board Committees such as the BAC, BRC/RMCC and BIC. This oversight is facilitated through both direct and indirect reporting lines across key stc functions.”

Source: Deloitte audit report, 20 December 2024

Supplier Anti-Bribery and Anti-Corruption policy and programs

stc has announced new requirements regarding its Supplier Anti-Bribery and Anti-Corruption policy and programs effective Q3, 2024. Starting with new suppliers and extending retroactively to existing ones; suppliers are now required to establish and maintain anti-corruption policies and programs to ensure compliance. ([Announcement on Supplier Anti-Briery and Anti-Corruption Policy and Programs](#))

Incident Response Plan

In 2024, stc advanced its cybersecurity capabilities with the publication of a detailed Incident Response Plan. This framework enhances stc’s ability to manage and mitigate cybersecurity risks effectively.

The plan is structured around 4 core functions: Identification & Triage, Response Coordination & Guidance, Forensic Analysis, and Incident Reporting. Following the National Institute of Standards and Technology (NIST) incident response lifecycle, it emphasizes containment, eradication, recovery, and post-incident follow-up. This systematic approach ensures robust protection against cyber threats, safeguarding stc’s infrastructure, operations, and stakeholder trust. ([Incident Response Plan](#))

Rising ESG rating

In 2024, stc achieved significant progress in key ESG ratings, reflecting our commitment to sustainability and operational excellence.

In mid-2024, stc achieved an upgrade to a BBB rating from BB by MSCI. This positive rating change is attributed to several key findings highlighted by MSCI. The upgrade was primarily driven by new disclosures that showcased significant improvements in stc’s cybersecurity and labor management practices. stc has implemented comprehensive cybersecurity training for all employees, including contractors, and actively monitors its suppliers’ compliance with data protection policies and third-party verifications.

While managing large volumes of end-user data poses potential cybersecurity risks, including data breaches, MSCI acknowledged stc has established robust protective measures. These measures include vulnerability assessments, access controls, data encryption and regular IT system audits. Additionally, a dedicated department oversees and enriches stc’s cybersecurity mechanisms. stc has been recognized as a leader among its peers in labor management; a key contributing factor to this recognition is its commitment to educational support and skills development programs for its staff.

2024 ESG ratings:

Benchmark	MSCI	S&P CSA	Sustainalytics	ISS ESG	CDP
Scale (highest to lowest)	AAA to CCC	100 to 1	1 to 100	A+ to D-	A to D-
Ratings	BBB (↑ BB in 2023)	53/100 (↑ 44 in 2023)	20.4 (↓ 21.1 in 2023)	C+ Prime (↑ C- Not Prime in 2023)	stc was one of the first organizations in KSA to submit to the CDP since 2019.



Sustainability continued

Sustainability awards and recognition

stc achieved distinguished awards that underscore its leadership in innovation, social responsibility and sustainable practices.



For more information:

stc's [annual sustainability reports](#) outline its detailed sustainability performance for the year and initiatives that are underway across stc.



stc demonstrated outstanding performance and financial results in 2024, reflecting the performance of its business units, subsidiaries, and the cost efficiency program.

5.

Financial Performance



Highlights of stc’s operating results in 2024 compared to 2023

Income statement:

Continuing operations

Statement (ﷲ'000)	2024 Consolidated	2023 Consolidated Revised	Difference	%
Revenues	75,893,413	71,777,161	4,116,252	5.7%
Cost of revenues	(38,593,003)	(37,037,095)	(1,555,908)	4.2%
Gross profit	37,300,410	34,740,066	2,560,344	74%
Total operating expenses	(22,874,772)	(21,578,775)	(1,295,997)	6.0%
Operating Profit	14,425,638	13,161,291	1,264,347	9.6%
Other income and expenses	(2,291,191)	825,752	(3,116,943)	(377.5%)
Zakat and income tax	(1,191,564)	(1,326,610)	135,046	(10.2%)
Net Profit from continuing operations	10,942,883	12,660,433	(1,717,550)	(13.6%)
Net Profit from discontinued operations	13,973,360	759,046	13,214,314	1740.9%
Net Profit attributable to stc’s Equity holders of the Parent Company	24,688,652	13,295,381	11,393,271	85.7%
Net Profit attributable to non-controlling interests	227,591	124,098	103,493	83.4%
Net Profit	24,916,243	13,419,479	11,496,764	85.7%

stc achieved revenues of ﷲ 75,893 million, which was mainly attributed to the increase in stc KSA and stc’s subsidiaries revenue by 0.9% and 16.4% (respectively).

stc achieved net profit of ﷲ 24,689 million, which was mainly attributed to the following:

- The increase in revenues by ﷲ 4,116 million, that was offset by the increase in cost of revenues by ﷲ 1,556 million, noting that a withholding tax provision amounting to ﷲ 1,500 million has been reversed during this year as compared to reversal of a provision for non-recurring item amounting to ﷲ 724 million in the last year, which led to an increase in gross profit by ﷲ 2,560 million.

- The booking of net profit from discontinued operations amounting to ﷲ 13,973 million as compared to ﷲ 759 million, mainly as a result of a gain booked from the sale of stc’s controlling interest in its subsidiaries, Telecommunications Towers Company (TAWAL) and Digital Infrastructure Company amounting to ﷲ 12,885 million during this year.
- The decrease in Zakat and income tax expense by ﷲ 135 million.

On the other side:

- Operating expenses increased by ﷲ 1,296 million, mainly due to the increase in selling and marketing expenses by ﷲ 692 million as a result of the booking of doubtful debt provision amounting to ﷲ 554 million, and the increase in general and administration expenses and depreciation and amortization by ﷲ 388 million and ﷲ 216 million (respectively).
- The booking of total other income (expenses) amounting to ﷲ (2,291 million) as compared to ﷲ 826 million mainly due to:
 1. The booking of cost of early retirement program in an amount of ﷲ (2,577 million) as compared to ﷲ (863 million).

2. The booking of net share in results and impairment of investments in associates and joint ventures amounting to ﷲ (666 million) as compared to ﷲ 53 million mainly due to the booking of an impairment provision amounting to ﷲ 764 million related to the investment in BGSM during this year, as a result of the decline in market conditions of key underlying investment.
3. The decrease in net other gains by ﷲ 804 million, mainly as a result of booking a gain from the land sold in Alkhobar city amounting to ﷲ 1,296 million in the last year. Further, a gain of ﷲ 383 million from the revaluation of STV LP fund units has been booked during this year.
4. The increase in finance cost by ﷲ 166 million.
5. This is despite of: (a) The increase in finance income by ﷲ 236 million. (b) The decrease in net other expenses by ﷲ 50 million.

Summary of stc’s assets, liabilities, and results for the past five fiscal years:

Income statement

Statement (ﷲ'000)	2020 Consolidated Revised	2021 Consolidated Revised	2022 Consolidated Revised	2023* Consolidated Revised	2024 Consolidated
Revenues activity	58,953,318	63,007,986	67,431,546	71,777,161	75,893,413
Costs of activity revenues	(24,998,923)	(29,213,957)	(30,038,291)	(37,037,095)	(38,593,003)
Total profit of the activity	33,954,395	33,794,029	37,393,255	34,740,066	37,300,410
Operating expenses	(21,223,270)	(20,666,274)	(22,304,814)	(21,578,775)	(22,874,772)
Profit from operating activity	12,731,125	13,127,755	15,088,441	13,161,291	14,425,638
Other revenues and expenses - net	(375,482)	(492,692)	(1,618,344)	825,752	(2,291,191)
Zakat, taxes, and non-controlling interests	(1,360,768)	(1,323,721)	(1,299,560)	(1,450,708)	(1,419,155)
Net Profit from continuing operations	-	-	-	12,660,433	10,942,883
Net Profit from discontinued operations	-	-	-	759,046	13,973,360
Net profit attributable to stc’s shareholders	10,994,875	11,311,342	12,170,537	13,295,381	24,688,652

Financial Performance continued

Other comprehensive income

Statement (ﷲ'000)	2020 Consolidated Revised	2021 Consolidated Revised	2022 Consolidated Revised	2023* Consolidated Revised	2024 Consolidated
Net profit including non-controlling interests	11,185,197	11,594,697	12,386,922	13,419,479	24,916,243
Total items that may not be reclassified subsequently to the consolidated statement of profit or loss	(562,514)	317,616	818,534	(205,380)	320,838
Total items that may be reclassified subsequently to the consolidated statement of profit or loss	31,430	99,789	(174,583)	19,466	(629,010)
Total (comprehensive loss)/ other comprehensive income	(531,084)	417,405	643,951	(185,914)	(308,172)
Total comprehensive income	10,654,113	12,012,102	13,030,873	13,233,565	24,608,071
Total comprehensive income attributable to stc's shareholders	10,478,455	11,717,489	12,840,311	13,138,635	24,436,813
Total comprehensive income attributable to non-controlling interests	175,658	294,613	190,562	94,930	171,258

Statement of financial position

Statement (ﷲ'000)	2020 Consolidated Revised	2021 Consolidated Revised	2022 Consolidated Revised	2023* Consolidated Revised	2024 Consolidated
Current assets (A)	45,858,916	51,468,074	60,790,447	70,776,373	72,767,130
Fixed and intangible assets	58,314,031	57,939,836	58,420,288	65,702,712	56,468,646
Other non-current assets	17,799,153	18,371,507	18,009,251	23,166,784	31,402,367
Total assets	121,972,100	127,779,417	137,219,986	159,645,869	160,638,143
Current liabilities (B)	32,891,183	33,560,552	36,400,164	47,623,038	38,956,261
Long-term loans	8,637,605	7,846,606	10,213,750	13,641,768	14,740,155
Other non-current liabilities	15,176,297	14,986,280	14,580,480	16,865,897	14,456,680
Total liabilities	56,705,085	56,393,438	61,194,394	78,130,703	68,153,096
Paid capital	20,000,000	20,000,000	50,000,000	50,000,000	50,000,000
Reserves, retained earnings and treasury shares	43,945,782	49,270,505	23,499,525	28,984,945	39,416,542
Equity attributable to shareholders of stc	63,945,782	69,270,505	73,499,525	78,984,945	89,416,542
Non-controlling interests	1,321,233	2,115,474	2,526,067	2,530,221	3,068,505
Total equity	65,267,015	71,385,979	76,025,592	81,515,166	92,485,047
Total liabilities and equity	121,972,100	127,779,417	137,219,986	159,645,869	160,638,143
Working capital (A-B)	12,967,733	17,907,522	24,390,283	23,153,335	33,810,869

Cash flow statement

Statement (ﷲ'000)	2020 Consolidated Revised	2021 Consolidated Revised	2022 Consolidated Revised	2023* Consolidated Revised	2024 Consolidated
Net cash generated from operating activities	28,324,705	11,220,155	26,354,390	22,417,558	19,885,337
Net cash used in investing activities	(17,429,177)	(1,714,583)	(8,578,939)	(28,383,342)	(7,178,981)
Net cash used in financing activities	(9,919,218)	(10,235,177)	(8,255,503)	1,590,929	(10,495,146)
Net cash flow	976,310	(729,605)	9,519,948	(4,374,855)	2,211,210
Cash and cash equivalents at the beginning of the year	8,031,010	9,004,286	8,281,301	17,751,588	13,371,320
Impact of foreign currency exchange differences	(3,034)	6,620	(6,856)	(5,413)	(39,089)
Cash and cash equivalents at the end of the year	9,004,286	8,281,301	17,794,393	13,371,320	15,543,441

*Certain comparative figures for the year ended 31 December 2023, were reclassified to conform with the classification used in the financial statements for the year ended 31 December 2024.

Geographical analysis of standard service revenues at stc's level

During the year 2024, stc achieved total revenues of ﷲ 75,893,413 thousand. Foreign investments at stc's level accounted for 12% of this total. The following table shows their geographical distribution:

Revenues inside the Kingdom of Saudi Arabia (ﷲ'000)	Revenues outside the Kingdom of Saudi Arabia (ﷲ'000)	Total (ﷲ'000)
67,070,126	8,823,287	75,893,413

As for the local distribution of revenues, a geographical analysis of the stc's revenues is not available at the local level due to the nature of the sector's work, because the revenue generated by the customer is not linked to one region, where the customer's account is established in a region and the calls that the customer is billed with have occurred in several Regions, according to its presence inside the Kingdom, and with regard to international calls and international roaming made by the customer, it cannot be linked to any region because it takes place outside the geographical borders of the Kingdom.

stc's loans are as follows

Statement (Millions of Riyals)	2024 Consolidated	2023 Consolidated
Short-term Murabaha	295	6,102
Long-term Murabaha	9,625	8,959
Total Murabaha	9,920	15,061
Sukuk	4,679	6,677
Mudarabha	6	10
Others	527	211
Total	15,132	21,959

Financial Performance continued

Borrowing

Total loans paid during the year ended 31 December 2024 amounted to ﷲ 2,635 million (2023: ﷲ 433 million). Total loans received during the year ended 31 December 2024 amounted to ﷲ 880 million (2023: ﷲ 11,834 million). A list of the loans are as follows:

All amounts in ﷲ Million								Paid during the year		Outstanding Balance			
Company	Granting Authority	Type of Financing	Term of Financing	Date of Obtaining Financing	Currency	Value of Financing (3)	Amount Used			Current portion		Non-Current portion	
								2024	2023	2024	2023	2024	2023
stc – Kingdom Saudi Arabia	Debt Instruments Market	Sukuk (1)	10 Years	June 2014	ﷲ	2,000	2,000	2,000	0	0	2,000	0	0
	Debt Instruments Market	Sukuk (2)	10 Years	May 2019	USD	4,688	4,679	0	0	0	0	4,679	4,677
	Loan	ECA	8.5 Years	March 2021	USD	584	584	69	69	70	69	274	343
	Loan	Bank financing	5.5 Years	Sep 2023	USD	6,000	6,000	0	0	0	5,963	6,001	0
	Loan	Bank financing	3 Months	Sep 2023	ﷲ	350	350	0	350	0	0	0	0
Total						13,622	13,613	2,069	419	70	8,032	10,954	5,020
Subsidiaries	Local and International Banks	Murabaha and Credit Facilities	From 1 to 10 Years	Since 2017	Mixed	7,592	4,108	566	14	322	284	3,786	8,622
Total Group's Loans						21,214	17,721	2,635	433	392	8,316	14,740	13,642

(1) During the reporting period, stc repaid the outstanding balance of its Sukuk program, which had a maximum issuance value of ﷲ 5 billion. The Sukuk certificates, each with a nominal value of ﷲ 1 million, were initially issued for a term of 10 years. stc fully settled the principal amount of the Sukuk during 2024.

(2) At the General Assembly meeting on 19 Shaaban of 1440 H (corresponding to April 24, 2019), stc approved the establishment of an international sukuk program and the issuance of sukuk either directly or by establishing special purpose vehicles that are established and used to issue primary or secondary sukuk in one or several parts or one or several stages, or through a series of issues in US dollars, not exceeding the amount of USD 5,000 million for the total value of the sukuk issues and parts of the sukuk program referred to above at any time.

Based on the above, the Saudi Telecom Sukuk Company Limited during the second quarter of 2019 (a company established for the purpose of issuing sukuk under the sukuk program referred to above in US dollar) launched the first issue of the sukuk program in the amount of ﷲ 4,688 million (equivalent to USD 1,250 million) for 10 years. This program is an international sukuk in US dollar, with a total number of 6,250 sukuk and a nominal value of USD 200 thousand per sukuk having an annual return of 3.89% and a maturity of 10 years.

(3) The value of financing reflects the local currency equivalent of the facility amount on the Date of Obtaining Financing, which may differ from the outstanding amount due to scheduled repayments, FX conversions and capitalized fee amortization effects.

Financial Performance continued

The following is a statement on the regulatory amounts recorded as expenses (whether paid or outstanding statutory payment) by stc along with brief descriptions and reasons

Statement	﷼ Million	Description	Reason
Government fees	5,127	The amounts recorded as an expense to the period for licensing granted to stc for the provision of commercial services and spectrum usage fees and connectivity royalties.	Regulatory requirement
Dividends	8,831	The amounts recorded as an expense to the period as dividends to governmental and semi-governmental authorities (Public Investment Fund, and General Organization for Social Insurance)	Regulatory requirement
Social insurance	658	The amounts recorded as an expense to the period pursuant to the provisions of the Kingdom's Labor Law.	Regulatory requirement
Zakat and income tax	1,171	The amounts recorded as an expense to the period pursuant to the zakat provisions and rules, income tax law, and SADAD payment laws applicable in the Kingdom.	Regulatory requirement
Total amounts recorded as expenses to governmental and semi-governmental authorities	15,787	This represents the regulatory expenses amounts to the Government	

Employees Long-Term Incentives Program

The Board of Directors approved on 17 March 2020 (corresponding to 22 Rajab 1441H) to repurchase a number of the stc’s shares for an amount not to exceed ﷼ 300 million to be allocated for the employees long-term incentives program (the Program). The Board raised its recommendation to the EGA to approve the Program and to repurchase the shares. The EGA has voted on the approval of this Program during its meeting held on 20 April 2020 (corresponding to 27 Shaban 1441 H).

The Board of Directors approved on 28 June 2022 (corresponding to 29 Thul-Qi’dah 1443H) to repurchase a number of the stc’s shares for an amount not to exceed ﷼ 453 million to be allocated for the Program and to raise its recommendation to the EGA for voting. Further, the shares shall be repurchased within 12 months from EGA’s approval date. The EGA has voted on the approval during its meeting held on 30 August 2022 (corresponding to 3 Safar 1444H).

The shares repurchased or to be repurchased will not have the right to vote in the stc’s shareholders General Assembly (“GA”), and will not be entitled to any dividends while the shares still under stc’s possession.

The Program intends to attract, motivate and retain employees responsible for the achievement of stc’s goals and strategy. The Program provides a share-based payment plan for eligible employees participating in the Program by granting them shares in stc upon completing the duration of service and performance requirements and achieving the targets determined by stc. The program is generally equity-settled.

The grant and vesting dates, respectively are as follows

	Cycle 1	Cycle 2	Cycle 3	Cycle 4	Cycle 5
Tranche 1	July 2020 / July 2021	July 2021/ May 2022	May 2022/ May 2023	May 2023/ May 2024	May 2024/ May 2025
Tranche 2	July 2021/ May 2022	May 2022/ May 2023	May 2023/ May 2024	May 2024/ May 2025	May 2025/ May 2026
Tranche 3	May 2022/ May 2023	May 2023/ May 2024	May 2024/ May 2025	May 2025/ May 2026	May 2026/ May 2027

The following table shows the shares granted and outstanding at the beginning and ending of the reporting period

Item (Thousands Shares)	2024	2023
At the beginning of the year	2,978	2,498
Shares granted during the year (*)	3,350	2,808
Shares vested during the year	(2,410)	(2,328)
At the end of the year	3,918	2,978

(*) The number of shares granted has been updated to reflect the number of shares actually granted to eligible executives participating in the program who met all the conditions of granting.

The fair value was calculated based on the market price after deducting the expected dividends per share on the grant date. During year 2024, the average fair value of shares granted during the year amounted to ﷼ 36.3 per share (2023: ﷼ 43.4 per share). Total expenses related to the Program for the year ended 31 December 2024 amounted to ﷼ 108 million (31 December 2023: ﷼ 112 million), which were included as part of employees benefits expense in the consolidated statement of profit or loss, with the corresponding amount recorded under other reserves within equity in accordance with the requirements of International Financial Reporting Standard (2): Share-based Payment.

Financial Performance continued

Capital Commitments

- 1. One of stc’s subsidiaries has an agreement to invest in a fund aiming to improve the telecommunication and internet environment for ﷲ 553 million (equivalent to USD 147.5 million) as at 31 December 2024 (31 December 2023: ﷲ 806 million equivalent to USD 215 million) (For more details, see Note 6.15 in the consolidated annual financial statements).
- 2. stc has contractual commitments for the acquisition of property and equipment and intangible assets amounting to ﷲ 7,322 million as at 31 December 2024 (31 December 2023: ﷲ 7,369 million).
- 3. During 2022, stc signed an agreement with STV LP Fund to allocated an additional ﷲ 1,125 million (equivalent to USD 300 million) additional investment in the fund out of which ﷲ 555 million (equivalent to USD 148 million) was injected.

Contingent Assets and Liabilities

- 1. stc has outstanding letters of guarantee on behalf of the parent and its subsidiaries amounting to ﷲ 4,993 million as at 31 December 2024 (2023: ﷲ 5,466 million).
- 2. stc has outstanding letters of credit as at 31 December 2024 amounting to ﷲ 1,654 million (2023: ﷲ 1,634 million).
- 3. On 21 March 2016, stc received a letter from a key customer requesting a refund for paid balances amounting to ﷲ 742 million related to construction of a fibre optic network. Based on independent legal opinions obtained, the management believes that the customer’s claim has no merit and therefore this claim has no material impact on the financial results of stc.
- 4. stc, in its ordinary course of business, is subject to proceedings, lawsuits and other claims. However, these matters are not expected to have any material impact on stc’s financial position or on the results of its operations as reflected in the consolidated financial statements.
- 5. stc received the Appeal Committee for Tax Violations and Disputes’ decision with respect to the withholding tax assessment on international operators’ interconnection cost for the years from 2004 to 2015, rejecting its appeal with an amount of ﷲ 1,500 million. stc submitted a petition for reconsideration, as it believes that Saudi tax regulations do not impose withholding tax on international interconnection cost since the source of income does not occur inside the Kingdom, and therefore these services should not be subject to withholding tax. During September 2022, stc received the minutes of meeting of the Appeal Committee for Tax Violations and Disputes’ regarding the petition for reconsideration which included the rejection of the petition by stc. stc submitted a petition for reconsideration based on new development on this matter. During the third quarter 2024, stc received additional withholding tax assessment on international operators’ interconnection cost for the years from 2016 to 2022 amounting to ﷲ 889 million. ZATCA has indicated that this assessment will be borne by the Government according to Council of Ministers resolution number (832) dated 23 Ramadhan 1445H (corresponding to 2 April 2024) stipulating that the Government will bear withholding tax on telecom companies for international operators’ interconnection cost for periods prior to Minister of finance resolution number (484) dated 15 Rabi’ al Thani 1444H (corresponding to 9 November 2022). Based on that, stc received a notification letter from ZATCA confirming finalizing the treatment of withholding tax on international operators’ interconnection cost whereby the Government bears withholding tax on behalf of telecom companies for the years 2004 up to 2022.
- 6. stc received claims from Communications, Space & Technology Commission (“CST”) related to imposing government fees on devices sold in instalments for the period from 2018 until the end of the first quarter of 2021, totalling ﷲ 782 million. stc has objected to these claims within the statutory deadline and a Supreme Court ruling was issued in favour of stc in regards to two of the claims amounting to ﷲ 724 million. A final court ruling was issued by the Supreme Court in favour of CST in regards to the remaining claims amounting to ﷲ 58 million as at 31 December 2024.



stc is keen to benefit from the best applicable local and international practices to enable the concept and culture of governance in its various fields, and achieve the highest levels of transparency, disclosure and targeted sustainability.

6.

Corporate Governance

Transactions With Related Parties	156
Board of Directors	159
Board Members and Their Membership Classification	159
Meetings of the Board of Directors	171
Meetings of Board Committees	171
Annual Assessment of the Board of Directors and Committees	174
Remuneration and Compensation of the Board of Directors and Top 5 senior Executives	177

Shareholders' General Assemblies	179
stc's Dividend Distribution Policy	182
Board of Directors' Acknowledgment	184
Conclusion	184

Corporate Governance

stc’s Board of Directors is keen to implement effective governance of stc’s administrative and financial systems to organize its internal business through the Board of Directors and Executive Management – where stc’s governance framework clarifies the general roles and responsibilities, as well as the relationship between the Board of Directors and Executive Management, to achieve effective decision-making and enable compliance and risk management. This will support us in achieving targeted goals and protect the interests of shareholders and stakeholders, in a manner consistent with what is stated in the Companies Law issued by the Ministry of Commerce, and the Corporate Governance Regulations issued by the Capital Market Authority Council, and other relevant regulations and legislation in the Kingdom of Saudi Arabia, and the aspirations of the Kingdom’s Vision 2030.

In this aspect, stc is keen to benefit from the best applicable local and international practices to enable the concept and culture of governance at stc and achieve the highest levels of transparency, disclosure and targeted sustainability – which are considered the main pillars of stc’s strategy – through adopting, updating and documenting the charters, policies, procedures and authorities, including, for example but not limited to:

- stc Competing Standards Charter that was approved by the General Assembly in compliance with the Corporate Governance Regulations to enhance transparency and accountability
- The Continuous evaluation and review of the Board of Directors’ policies, charters and delegation of authorities

Moreover, to apply the highest levels of transparency, stc is committed to publishing all its documents that comply with governance requirements on stc’s website (www.stc.com.sa), which includes the governance mission and objectives, in addition to its governance documents, including:

- stc Bylaws
- stc Governance Charter
- stc Competing Standards Charter
- Board Members’ Appointment, Compensation and Executive Management Compensation Policy
- stc Conflict of Interest and Related Party Transactions Policy
- Anti-Fraud and Corruption Policy
- Code of Ethics and Business Conduct

As a result, in December 2024, stc received the Excellence Award in Corporate Governance from the Governance Center at Alfaisal University, which was based on a governance index evaluation of companies listed on the Saudi Stock Exchange (Tadawul) for the fiscal year 2023.

Additionally, the governance sector has made tangible efforts to support sustainability initiatives by implementing several initiatives that enhance and highlight the role of the Board of Directors in adopting transparency and accountability for its members and adhering to ethical standards through disclosures and governance of related party transactions.

stc’s governance practices are distinguished at the Group level

stc’s Board of Directors is keen to enhance governance practices at the Group level, where the Executive Management has worked to support subsidiaries through initiatives related to enhancing the alignment in governance practices in line with the best local and international practices, and in a manner that serves the diversity and growth of stc’s activities.

stc adopts a comprehensive governance framework to develop governance practices in stc’s subsidiaries, including supporting the development of governance practices for the Boards of Directors of these subsidiaries, and developing policies related to appointments, rewards and training programs for Board members, in accordance with the regulatory frameworks that govern its work, including systems and regulations, as well as shareholders’ agreements.

Disclaimer

In fulfillment of the provisions of the Corporate Governance Regulations issued by the Capital Market Authority council, Article Eighty-Seven (87), which stipulates in Paragraph No. (1) “the necessity of including the provisions of the Corporate Governance Regulations that have been applied and those that have not been applied and the reasons for that,” stc acknowledges the implementation of all provisions and articles included in the Corporate Governance Regulations issued by the Capital Market Authority, except for the provisions stated below.

Article no.	Article’s statement	Reasons for not applying
84	The Ordinary General Assembly, based on the Board of Directors’ recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community. (Guiding Article)	stc places great value on its social responsibility activities. In particular, its sustainability practices are governed by a dedicated policy. Since the article is not mandatory, the approval authority for the policy has been delegated to the Group CEO.
92	Formation of a Corporate Governance Committee: If the Board forms a Corporate Governance Committee, it shall assign to it the competencies stipulated in Article (91) of these regulations. The committee shall oversee any matters relating to the implementation of governance and shall provide the Board with its reports and recommendations at least annually. (Guiding Article, i.e. Not Mandatory)	Article No. 47, ‘Forming the Committees’ of the Corporate Governance Regulations stipulates that the Board of Directors shall form specialized committees as may be needed depending on the Company’s circumstances to enable it to effectively perform its duties. Despite the fact that Article No. 92, ‘Formation of a Corporate Governance Committee’ of the Corporate Governance Regulations is a guiding article, stc’s Board of Directors is cognizant of the importance of the aforementioned committee’s responsibilities and tasks, which are handled by the Nomination and Remuneration Committee as per its Charter, approved by the General Assembly on 21 June 2023.

Claw-back and Malus Framework

stc’s Claw-Back and Malus Architecture

To enable investors to have greater visibility of mechanisms available to address Malus and Claw-Back scenarios, stc has drafted provisions that would enable the company to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so.

Claw-back and Malus provisions have been captured in the following policies, and address resulting scenarios related to Executive and Sales employees:

1. Nomination and Remuneration of stc Board members and the members of its standing Committees and Remuneration of the Executive Management Policy.
2. stc Work Regulations Bylaws.
3. Executives Long-Term Incentive Program Policy.
4. Sales Incentive Policy.

The policies were designed to maintain uniformity in understanding Claw-Back and Malus as a concept while addressing each policy’s different Claw-Back and Malus scenarios.

Mandate of Each Policy

Nomination and Remuneration of stc Board members and the members of its standing Committees and Remuneration of the Executive Management Policy

This policy applies to all members of the Board of Directors, members of its committees, and nominees from members and executive management.

It addresses the scenario when a decision is made – through the General Assembly - to return an award due to non-entitlement:

The General Assembly decides to terminate the membership of a member of the Board of Directors who is absent due to his/her failure to attend three separate meetings of the Board during the term of membership without a legitimate excuse accepted by the Council. In that case, this member is not entitled to any remuneration for the period following the last meeting he attended. He/she must return all the disbursed remuneration to him/her for that period.

stc Work Regulations Bylaws

This document, approved by the Ministry of Human Resources and Social Development (the “Ministry”), serves as the organization’s primary reference for employees regarding their rights and obligations.

Furthermore, it details employee violations and instances where wages are deducted due to that behavior. The relevant provisions of the Labor Law are referenced to ensure that the Ministry sanctions all claw-back and malus actions. Some provisions mandate short-term deductions, such as wage deductions, while others provide long-term deductions, such as forfeiting the end-of-service payment.

Claw-Back Scenarios:

- a. Disclosing the content of telephone conversations and the identities of the parties to those conversations.
- b. Disrupting Subscribers or damage to the Company network for some interest or gain.
- c. Manipulating customers’ records/data or intentionally registering false data or information about customers not matching those stated in their documents.
- d. Intentionally making an illegal modification to any data, whether in a printed or electronic form, in connection with the Company or customers, for making a personal gain or causing harm to the Company or customers.
- e. Intentionally causing damage to, disrupting, destroying, or hacking Company automatic systems or disrupting service.

The five aforementioned scenarios are some of the primary examples of claw-back scenarios, and they are linked primarily to employee data protection violations. This emphasis on data protection governance stems from stc’s data-intensive operations and is a pillar of the organization’s drive to ensure all employees adhere to ethical behavior.

Executives Long-Term Incentive Program Policy

This policy applies to leadership positions and those defined as executives at stc and its subsidiaries. It defines the Claw-Back action as the “act of recovery or confiscation and refers to the company’s right to recover the undeserved reward that was disbursed to the participant.”

Furthermore, it stipulates that Clack-Back actions apply to the employee Long Term Incentive Program. It provides controls that enable the Board Nominations and Remuneration Committee to recover or cancel the ownership of shares to the employee under any of the following scenarios:

- Knowingly submitting materially inaccurate information.
- A material violation of any rules established or reviewed by senior management and/or the Enterprise Risk Management function.
- Committing any act that violates the company’s rules and regulations of conduct.
- Committing any act deemed by the Board Nominations and Remuneration Committee as not meriting and/or justifying payment.
- Conflict of Interest issues.
- Negligent and/or Unethical behavior such as insider trading.

stc’s leadership is committed to fostering a work culture where employees adhere to high integrity standards modeled on its Code of Ethics.

Sales Incentives Policy

The policy covers sales incentive programs for the employees in the relevant stc business unit who meet the requirements to qualify for these programs.

Furthermore, it describes the requirements and conditions for eligibility and participation in the government and corporate sales sector incentives program.

Claw-Back scenarios:

- The company has the right to request a refund of amounts or part of the commission amounts paid to beneficiaries of business unit sales incentive programs if a violation of this policy is proven.
- The commission calculation inputs are proven incorrect.
- A change in the contractual relationship with the customer results in failure to achieve the targeted return during the fiscal year or the contract period, whichever is longer.
- The deliberate misrepresentation of sales performance results.

stc does not tolerate or condone any unethical behavior by its employees. Moreover, this stc also encourages our customers, business partners, regulators, investors, suppliers, and other stakeholders to raise any unethical behavior or legal violations on stc’s part immediately through the designated channels within the organization.

Transactions With Related Parties

1- Transactions with government and government-related entities

Revenues from transactions with government and government related entities for the year ended 31 December 2024 amounted to ﷲ 12,699 million (2023: ﷲ 13,496 million); and expenses related to transactions with government and government related entities for the year ended 31 December 2024 (including government charges) amounted to ﷲ 5,895 million (2023: ﷲ 5,205 million).

As at 31 December 2024, accounts receivable from government entities totalled ﷲ 18,567 million (2023: ﷲ 17,129 million) (for more details, see note 18 in the consolidated annual financial statements) and as at 31 December 2024, accounts payable to government entities totalled ﷲ 1,221 million (2023: ﷲ 1,503 million). Among the balances with government entities, stc invested ﷲ 3,902 million in the Sukuk issued by the Ministry of Finance during 2019. During 2024, Tranche 1 amounting to ﷲ 1,762 million has matured and additional investment was made amounting to ﷲ 1,600 million with duration of 10 years. (For more details, see note 16.1 in the consolidated annual financial statements).

The total balance of accounts receivable with government related entities as at 31 December 2024 was

ﷲ 1,244 million (2023: ﷲ 1,526 million). Total balance of accounts payable with government related entities as at 31 December 2024 was ﷲ 2,603 million (2023: ﷲ 1,884 million).

The transactions with government/government related entities are conducted during the ordinary course of stc’s business based on terms comparable to the terms of transactions enacted with other entities that are not government-related. stc has also established its procurement policies and approval processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

Government entities are defined as ministries, authorities, commissions, and other entities of the government of Saudi Arabia. On the other hand, Government related entities are defined as PIF, its subsidiaries, and related entities.

Transactions with related parties include sale of equity interest in TAWAL and Digital Infrastructure for Investment Company to Public Investment Fund (PIF) (a related party: the ultimate controlling party) (For more details, see note 6.22-8.1.1-14.1 in the consolidated annual financial statements).

Noting that there are no other clients that represent more than 10% of the total balance of trade receivables.

The following is the receivable aging from government entities and government-related entities:

Statement (ﷲ’000)	31 December 2024	31 December 2023
Less than a year	9,559,212	10,323,282
More than 1 year but less than 2 years	5,791,205	4,243,442
More than 2 years	3,216,695	2,562,511
Total	18,567,112	17,129,235

2-Transactions with Board of Directors members, senior executives and substantial shareholders

stc did not conduct any business or conclude any contracts in which there was a direct or indirect interest owned by the Board of Directors, senior executives or any other related person, other than what was disclosed below.

- The business and contracts between stc and Public Investment Fund (PIF), which is an agreement for PIF to acquire 51% of the shares of Telecommunications

Towers Company (TAWAL) for a cash consideration, amounted to ﷲ 8.7 billion. TAWAL was valued at ﷲ 21.94 billion, representing 100% of enterprise value on a cash-free and debt-free basis. Additional agreements also signed to transfer the ownership of both TAWAL and GLIC (owns and manages 8,069 telecommunications towers in the Kingdom of Saudi Arabia, and owned by PIF, HRH Prince Saud Bin Fahad bin Abdulaziz and Sultan Holding Company) under a new entity (Digital Infrastructure Company). GLIC was valued at ﷲ 3.03 billion, representing 100% of

enterprise value on a cash-free and debt-free basis. stc will inject approximately ﷼ 533 million into the Digital Infrastructure Company's capital to maintain its 43.06% ownership. The cash consideration paid to stc and the amount of the Digital Infrastructure Company's capital increase is subject to change according to the mechanism of calculations for completing the transaction. As a result, the shareholding of the Digital Infrastructure Company will be as per the following: PIF 53.99%, stc 43.06%, HRH Prince Saud Bin Fahad bin Abdulaziz 1.48%, Sultan Holding Company 1.48%. The transaction documents contain certain precedents, which must be satisfied prior to completion, such as the approval of the Communications, Space and Technology Commission, as well as any other regulatory and commercial conditions. The contract is part of the ordinary businesses that have offered no preferential advantages. PIF is considered a related party, as the largest shareholder in stc (with 64% ownership) and the following Board of Directors members have indirect interest as representatives

of the PIF: H.E. Dr. Khaled Hussain Biyari, Mr. Yazeed Abdulrahman AL-Humied, Ms. Rania Mahmoud Nashar, Mr. Arndt Rautenberg and Mr. Sanjay Kapoor. The contract was approved by the Ordinary General Assembly meeting held on 24 July 2024.

- The business and contracts between Saudi Telecom Company (stc) and Future Investment Initiative (FII), is a sponsorship agreement, and under this agreement, stc will sponsor the 8th edition of the FII event by providing in-kind services valued at USD 1.5 million (equivalent to ﷼ 5,625,000) in exchange for certain rights granted to stc as part of stc sponsorship plans and policies. The contracts are part of the ordinary businesses and has offered no preferential advantages. FII is considered a related party as it is owned by the Public Investment Fund (PIF). Additionally, stc Board Member Ms. Rania Mahmoud Nashar has an indirect interest as she serves as the Chairperson of the Audit Committee at FII.

Loans to related parties

Statement (﷼'000)	31 December 2024	31 December 2023
Loans to senior executives	14,549	10,765

3-Transactions with subsidiaries

#	Name of related party	Type of related party	Contract/ Agreement	Duration	Value (﷼'000)
1	solutions	stc subsidiary	To renew the contract of Microsoft EA licenses with support services.	3 years	191,342
2	solutions	stc subsidiary	To renew the contract of bulk-SMS service and linking it to the Short Message Service Center (SMSC) of stc, and offering bulk-SMS services to solutions customers.	2 years	120,000
3	solutions	stc subsidiary	To renew the contract of VMware licenses and providing support services.	3 years	139,950
4	solutions	stc subsidiary	To execute the project of establishing and developing the internet and communications networks for stc.	2 years	309,733
5	solutions	stc subsidiary	To renew the contract of providing Red Hat licenses with professional services and technical support.	3 years	151,171

In addition to the above, stc and its subsidiaries are engaged in establish, manage, operate and maintain fixed and mobile telecommunication networks, systems and infrastructure; provide integrated communication and information technology solutions, which include telecom, IT services, managed services and cloud services; real estate investment, such as selling, buying, leasing, managing, developing and maintenance;

financial and managerial support and other services to subsidiaries; development and training; asset management; digital banking services; cybersecurity services; as well as the construction, maintenance and repair of telecommunication and radar stations and towers, and other businesses as mentioned in activities of stc through joint contracts and agreements, which are considered businesses and services within stc.

4-Transactions with associate companies and joint ventures

stc trading transactions with related parties during the year ended 31 December 2024 were as follows.

Statement (﷼'000)	2024	2023
Services provided		
Associates	535,847	370,531
Joint ventures	4,633	6,655
Total	540,480	377,186
Services received		
Associates	776,759	483,818
Joint ventures	2,891	115,018
Total	779,650	598,836

The following balances were outstanding as at the end of the financial year.

Statement (﷼'000)	Amounts due from related parties		Amounts due to related parties	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Associates (*)	3,039,570	320,302	2,759,484	58,202
Joint ventures	3,754	2,414	3,351	5,960
Total	3,043,324	322,716	2,762,835	64,162

*Include amounts due from TAWAL and Digital infrastructure for Investment Company amounted to ﷼ 2,596 million and amounts due to TAWAL and Digital infrastructure for Investment Company amounted to ﷼ 2,656 million as at 31 December 2024 (for more details, see note 6.22-8.11-14.1 in the consolidated annual financial statements).

The sale and purchase transactions are carried out by the relevant parties in accordance with the normal terms of trade. The outstanding balances are unguaranteed, without commission, and no guarantees have been provided or received in relation to the balances due or from the related parties.

The competitive business with stc or any of its activities that any member of the Board or committees is engaging in or was engaging in such competing business

According to stc, Eng. Hazem A. AlShaikmubarak is a member of stc's Nomination and Remuneration Committee, and a Board member of Silah Gulf, which provides call center services in the Kingdom of Bahrain and has branches in the Kingdom of Saudi Arabia, which may compete with contact call center (CCC), a subsidiary of Arabian Internet and Communications Services (solutions).

Board of Directors

The Board of Directors of stc is committed to representing the interests of all its shareholders, adhering to the principles of care and loyalty in managing stc’s affairs. The Board members strive to make well-informed decisions that enhance stc’s prosperity, contributing to the preservation growth, and maximization of its value.

On 24 July 2024, a new Board of Directors was elected for the ninth term, with a tenure of 4 calendar years. The following tables provide a list of the members of the Board of Directors for both the eighth and ninth terms, their memberships on the boards of directors of listed and unlisted joint-stock companies, both within and outside the Kingdom, along with their biographies.

Board Members and Their Membership Classification



HRH Prince Mohammed Khalid Al-Faisal

Date of birth
1967

Academic qualifications
MBA

Vocational experience
Banking and administrative experience

Current occupation
Chairman, Al Faisaliah Holding Group

Previous occupation
Vice President, Al Faisaliah Holding Group

Membership
Independent



H.E. Dr. Khaled Hussain Biyari

Date of birth
1963

Academic qualifications
PhD. Electrical Engineering

Vocational experience
Associate Professor, King Fahd University of Petroleum and Minerals. Experience in business

Current occupation
Assistant Secretary of Defense for Executive Affairs – Ministry of Defense

Previous occupation
stc CEO

Membership
Non-executive/non-independent



H.E. Mr. Mohammed Talal Al-Nahas*

Date of birth
1962

Academic qualifications
Bachelor of Accounting

Vocational experience
Banking, business development and administration experience

Current occupation
Member of several boards and committees

Previous occupation
Governor of GOSI

Membership
Non-executive/non-independent



Mr. Yazeed Abdulrahman AL-Humied

Date of birth
1983

Academic qualifications
Bachelor in Business and Accounting

Vocational experience
Experience in finance and administration

Current occupation
PIF, Deputy Governor, Head of MENA Investments

Previous occupation
PIF, Head of Local Holdings

Membership
Non-executive/non-independent



Mr. Ahmed Mohammed Al-Omran

Date of birth
1973

Academic qualifications
Master of Computer Science

Vocational experience
Administrative and information technology experience

Current occupation
GOSI Governor Assistant for IT Affairs

Previous occupation
GM, IT Infrastructure, GOSI

Membership
Non-executive/non-independent



Ms. Rania Mahmoud Nashar

Date of birth
1974

Academic qualifications
Bachelor in Computer Science and Information Technology

Vocational experience
Experience in banking and administration

Current occupation
PIF, Head of Compliance and Governance Division

Previous occupation
Adviser to PIF Governor

Membership
Non-executive/non-independent

*The membership in the Board of Directors of H.E. Mr. Mohammed Talal Al-Nahas ended at the end of the 8th term of the Board of Directors on 24 July 2024.



Mr. Sanjay Kapoor

Date of birth
1962

Academic qualifications
MBA

Vocational experience
Telecom, media and technology leadership and administrative experience

Current occupation
Consulting, Start-ups and Board Positions – Plural Career

Previous occupation
Chairman, Micromax Informatics Limited

Membership
Independent



Mr. Arndt Rautenberg

Date of birth
1967

Academic qualifications
MBA / Diplom-Kaufmann

Vocational experience
Telecom and technology leadership and administrative experience

Current occupation
Founding Partner, Rautenberg & Company GmbH, and Rautenberg Capital GmbH, Co-Founder and Board member, metrofibre GmbH

Previous occupation
Chief Strategy Officer, Deutsche Telekom AG, Bonn/ Germany

Membership
Independent



Ms. Sarah Jammaz Al-Suhaimi

Date of birth
1979

Academic qualifications
Bachelor of Accounting

Vocational experience
Finance and investment experience

Current occupation
Chairperson of Tadawul

Previous occupation
CEO SNB Capital

Membership
Independent



Mr. Jameel Abdullah AlMulhem

Date of birth
1971

Academic qualifications
Bachelor's in Science Marketing

Vocational experience
Administrative experience

Current occupation
Managing Director of Sinad Holding Group

Previous occupation
Managing Director and CEO of Takween Group

Membership
Independent



Mr. Walid Ibrahim Shukri

Date of birth
1966

Academic qualifications
Bachelor of Accounting

Vocational experience
Administrative experience

Current occupation
Member of several boards and committees

Previous occupation
Principal partner in PricewaterhouseCoopers, Saudi Arabia

Membership
Independent



Dr. Ibrahim Saad Al-Mojel**

Date of birth
1979

Academic qualifications
PhD in Decision Analysis / Operations Research

Vocational experience
Financial administrative and Investment experience

Current occupation
Founding Partner, Khwarizmi Holding

Previous occupation
CEO - Saudi Industrial Development Fund

Membership
Non-executive/non-independent

**Dr. Ibrahim Saad Al-Mojel joined the Board of Directors in the 9th term on 25 July 2024.

Membership of Board members in the Board committees

Name	Board	Audit Committee (AC)	Nomination and Remuneration Committee (NRC)	Risk Committee (RC)	Executive Committee (ExCom)	Investment Committee (IC)	Membership
HRH Prince Mohammed Khalid Al-Faisal	C				C	C	Independent
H.E. Dr. Khaled Hussain Biyari	✓				✓		Non-executive/ non-independent
H.E. Mr. Mohammed Talal Al-Nahas*	✓				✓		Non-executive/ non-independent
Mr. Yazeed Abdulrahman AL-Humied	D				✓		Non-executive/ non-independent
Mr. Ahmed Mohammed Al-Omran	✓			✓			Non-executive/ non-independent
Ms. Rania Mahmoud Nashar**	✓		✓	C			Non-executive/ non-independent
Mr. Sanjay Kapoor	✓				✓		Independent
Mr. Arndt Rautenberg	✓					✓	Independent
Ms. Sarah Jammaz Al-Suhaimi***	✓		✓			✓	Independent
Mr. Jameel Abdullah AlMulhem	✓		C				Independent
Mr. Walid Ibrahim Shukri	✓	C		✓			Independent
Dr. Ibrahim Saad Al-Mojel****	✓				✓	✓	Non-executive/ non-independent

C: Chairman
D: Deputy Chairman
*The membership in the Board of Directors of H.E. Mr. Mohammed Talal Al-Nahas ended at the end of the 8th term of the Board of Directors on 24 July 2024.
**The membership in the NRC of Ms. Rania Mahmoud Nashar ended at the end of the 8th term of the Board of Directors on 24 July 2024.
***Ms. Sarah Jammaz Al-Suhaimi joined NRC on 25 July 2024.
****Dr. Ibrahim Saad Al-Mojel joined the Board of Directors, ExCom, and IC in 25 July 2024.

External members of the Board committees

Name	Membership	Academic qualifications	Vocational experience	Current occupation	Previous occupation	Membership type
Dr. Ammr K. Kurdi	Audit Committee	PhD. in Accounting	Accounting experience	GOSI, Governor Assistant for Financial Sustainability and Risk Management	CFO, Tawuniya	External member
Mr. Khalid bin Abdullah Al-Ankari*	Audit Committee	Bachelor of Accounting	Technical and managerial experience in auditing	General Manager, Babel Al Khair Trading and Real Estate Est.	Head of Private Banking and Lending Products, Samba Financial Group	External member
Mr. Medhat F. Tawfik	Audit Committee	Master Program Citibank Asia Pacific	Professional and managerial experience in auditing, risk management	Founder of IRSAA Business Solutions for risk management and internal auditing	Account Manager, Samba Financial Group	External member
Mr. Abdulaziz Al-Shushan**	Audit Committee	Executive MBA	Experience in internal auditing	Group Chief Audit Officer, Saudi National Bank	Chief Internal Audit, Samba Financial Group	External member
Eng. Yaser Allaf***	Audit Committee	MBA	Experience in risk management, governance, internal auditing, compliance	Chief Governance, Risk, and Control Officer, Tawuniya	Head of Treasury and Market Risk, Saudi National Bank	External member
Eng. Tarek A. Al-rikhaimi	Risk Committee	Master of Science	Experience in financial services, including banking and investment banking management, risk management, project management, strategic planning	Independent financial adviser, Investment and risk management adviser	CEO, Saudi Kuwaiti Finance House	External member
Mr. Rashid I. Sharif	Investment Committee	MBA	Experience in finance and a member in several listed companies	CEO, SNB Capital and an Executive Member of the Board	Head of Local Investments Division, PIF	External member
Mr. Johan Brand****	Nomination and Remuneration Committee	Master of Economy, Master of Business Law and Master of Private Law	Experience in leadership advisory	Independent consultant at a leadership advisory company	Key Partner, Egon Zehnder	External member
Ms. Hoda M. Al-Ghpson	Nomination and Remuneration Committee	MBA	Experience in human resources	Independent member of the Board of Directors, SNB	Executive Director of Human Resources, Aramco	External member
Eng. Hazem A. AlShaikmubarak*****	Nomination and Remuneration Committee	Bachelor of Science, Mechanical Engineering	Experience in Business Management, Investment and Governance	Managing Partner, Horton International	CEO, GIB Housing Development Fund	External member

*The membership in the AC of Mr. Khalid bin Abdullah Al-Ankari ended at the end of the 8th term of the Board of Directors on 24 July 2024.
**Mr. Abdulaziz Al-Shushan joined AC on 26 August 2024.
***Eng. Yaser Allaf joined AC on 26 August 2024.
****The membership in the NRC of Mr. Johan Brand ended at the end of the 8th term of the Board of Directors on 24 July 2024.
*****Eng. Hazem A. AlShaikmubarak joined NRC on 26 August 2024.

Executive Management members

#	Name	Academic qualifications	Current occupation (stc)	Previous occupation	Company
1.	Olayan Mohammed Alwetaid	Bachelor of Electrical Engineering	stc Group CEO	Senior VP, Consumer Business Unit	stc
2.	Ameen Fahad Alshiddi	Master of Accounting	Group Chief Financial Officer	VP, Finance	stc
3.	Faisal S. Alsaber	MBA	Group Chief Commercial Officer	CEO	Channels
4.	Riyadh Saeed Muawad	Bachelor of Computer Science	Group Chief Business Officer	VP, Government and Corporate Sales	stc
5.	Mohammed Abdullah Alabbadi	MBA	Group Chief Carrier and Wholesale Officer	VP, Wholesale	stc
6.	Moaeed Huwajj Alsaloom	MBA	Group Chief New Markets Officer	CEO	Matarat Holding
7.	Haithem M. Alfaraj	Bachelor of Computer Engineering	Group Chief Technology Officer	VP, Technology and Operations	stc
8.	Abdullah Abdulrahman Alkanhl	MBA	Group Chief Strategy Officer	Deputy Minister for Communications and Information Technology	MCIT
9.	Ahmad M. Alghamdi	Bachelor of Ind. Engineering	Group Chief Human Resources Officer	VP, Human Resources	stc
10.	Motaz Ali Alanagri	Bachelor of Business Administration	Group Chief Investment Officer	Managing Director, Head of Investment Banking	Saudi Fransi Capital
11.	Abdullah S. Alanizi	Master of Executive Management	Group Chief Internal Audit Officer	Chief of Internal Audit	stc
12.	Mathad Faisal Alajmi	MBA	Group Chief Legal and Risk Officer and General Counsel	VP and General Counsel of Legal Affairs	stc
13.	Emad Aoudah Alaoudah	Bachelor of Information Systems	Group Shared Services Officer	VP, Procurement and Support Services Sector	stc
14.	Amir Abdulaziz Algibreen	Master of Advanced Management	Group Regulatory and Compliance Officer	VP, Regulatory Affairs	stc
15.	Ibrahim Saleh Alsuwail	MBA	Group Chief of Staff	Deputy Minister, Investor Services and Advisory	Ministry of Investment

Companies where stc Board members are or were Board members or Executives

	Current Board or Executive memberships	Location	Legal entity	Previous Board or Executive memberships	Location	Legal entity
HRH Prince Mohammed Khalid Al-Faisal Chairman of the Board of Directors Chairman of the Executive Committee Chairman of the Investment Committee	stc	KSA	Listed joint stock	JP Morgan Saudi Arabia	KSA	Closed joint stock
	Al Faisaliah Holding Group	KSA	Closed joint stock	Al Khozama Company	KSA	Closed joint stock
	H.E. Dr. Khaled Hussain Biyari	KSA	Listed joint stock			
	Member of the Board of Directors	KSA	Closed joint stock			
Mr. Yazeed Abdulrahman AL-Humied Vice Chairman of the Board of Directors Member of the Executive Committee	Saudi Arabian Military Industries (SAMI)	KSA	Closed joint stock			
	stc	KSA	Listed joint stock	Samba Financial Group	KSA	Listed joint stock
	Saudi Information Technology Company (SITE)	KSA	Closed joint stock	Water Solutions	KSA	Closed joint stock
	National Security Services Co. (SAFE)	KSA	Closed joint stock			
	Saudi Arabian Airlines General Organization	KSA	Public-owned enterprise			
	Flyadeal	KSA	Closed joint stock			
	Matarat Holding	KSA	Closed joint stock			
	Saudi Tadawul Group Holding	KSA	Listed joint stock			
	Riyadh Development Co.	KSA	Closed joint stock			
	Richard Attias & Associates	Abroad	Closed joint stock			
	Saudi Egyptian Invest. Co.	KSA	Closed joint stock			
	Savvy Games Group	KSA	Closed joint stock			
	Saudi Information Technology Company (SITE)	KSA	Closed joint stock			
	Red Sea Cruise Company	KSA	Closed joint stock			
	Desert Resort Development Company	KSA	Closed joint stock			

	Current Board or Executive memberships	Location	Legal entity	Previous Board or Executive memberships	Location	Legal entity
Mr. Ahmed Mohammed Al-Omran Member of the Board of Directors Member of the Risk Committee	stc	KSA	Listed joint stock	Saudi Cement Co.	KSA	Listed joint stock
	Madad IT Services	KSA	LLC	Saudi Industrial Investment Group	KSA	Listed joint stock
	Takamol Holding Company	KSA	LLC	Samba Financial Group	KSA	Listed joint stock
	Masdr Data Solutions	KSA	LLC	Hassana Investment Co.	KSA	Closed joint stock
	Future Work	KSA	One of Takamol Holding Company	Ra'idah Investment Co.	KSA	Closed joint stock
				Arab National Bank	KSA	Listed joint stock
Ms. Rania Mahmoud Nashar Member of the Board of Directors Chairperson of the Risk Committee	stc	KSA	Listed joint stock	Samba Financial Group	KSA	Listed joint stock
	Saudi Tadawul Group Holding	KSA	Listed joint stock	Samba Capital	KSA	Closed joint stock
	Adaa, Nat'l Center for Performance Measurement	KSA	Government Entity	Samba Bank Ltd.	Abroad	Listed joint stock
	Regional Voluntary Carbon Market Co.	KSA	Closed joint stock	Samba Global Markets Ltd.	Abroad	LLC
	SME Bank	KSA	Government entity	Saudi Space Commission	KSA	Government entity
	Almabani General Contractors	KSA	LLC			
	Water Solutions	KSA	Closed joint stock			
	Saudi Polo Federation	KSA	Sports Federation			
	Muwakabah Investment	KSA	Unlisted joint stock			

	Current Board or Executive memberships	Location	Legal entity	Previous Board or Executive memberships	Location	Legal entity
Mr. Sanjay Kapoor Member of the Board of Directors Member of the Executive Committee	stc	KSA	Listed joint stock	Bennett Coleman Co. Ltd.	Abroad	Unlisted joint stock
	Tanla Platforms Ltd.	Abroad	Listed joint stock	PVR INOX, Ltd.	Abroad	Listed joint stock
	Tech-Connect Pvt. Retail Ltd.	Abroad	Unlisted joint stock	MicroMax Informatics Ltd.	Abroad	Unlisted joint stock
				Indus Towers Ltd.	Abroad	Listed joint stock
				IFFCO Kisan Sanchar Ltd.	Abroad	Unlisted joint stock
				Bharti Cellular Ltd.	Abroad	Unlisted joint stock
				GSMA	Abroad	Unlisted joint stock
				IBus Network & Infrastructure Pvt. Ltd.	Abroad	Unlisted joint stock
				VLCC Healthcare Ltd	Abroad	Unlisted joint stock
				Napino Auto & Electronics Ltd.	Abroad	Unlisted joint stock
				OnMobile Global Ltd.	Abroad	Listed joint stock
				Z-Axis Management Consultants and Strategic Advisors LLP	Abroad	LLP
Mr. Arndt Rautenberg Member of the Board of Directors Member of Investment Committee	stc	KSA	Listed joint stock	Protection One GmbH	Abroad	Unlisted private limited
	Metrofibre GmbH	Abroad	LLC	d&b audiotechnik GmbH	Abroad	Unlisted private limited
	Acernis S.L.	Abroad	Unlisted private limited	Materna SE	Abroad	Unlisted joint stock
	Mynaric	Abroad	Listed joint stock	Push Technologies S.L.	Abroad	Unlisted private limited
	Vitroconnect	Abroad	Unlisted private limited			
	Ruhrfibre Essen GmbH	Abroad	Unlisted private limited			

	Current Board or Executive memberships	Location	Legal entity	Previous Board or Executive memberships	Location	Legal entity
Ms. Sarah Jammaz Al-Suhaimi Member of the Board of Directors Member of the Investment Committee Member of the Nomination and Remuneration Committee	stc	KSA	Listed joint stock	SNB Capital	KSA	Closed joint stock
	Saudi Tadawul Group Holding	KSA	Listed joint stock	IFRS	Abroad	Independent non-profit organization
	Saudi Arabian Airlines	KSA	Public-owned enterprise			
	Culture Development Fund	KSA	Government-owned Fund			
	Lazard Saudi Arabia	Abroad	Closed joint stock			
	Child Care Association	KSA	National association			
	Regional Voluntary Carbon Market Co.	KSA	Closed joint stock			
	General Authority for Statistics	KSA	Government organization			
Mr. Jameel Abdullah AlMulhem Member of the Board of Directors Chairman of the Nomination and Remuneration Committee	stc	KSA	Listed joint stock	Takween Advanced Ind.	KSA	Listed joint stock
	Wala'a Cooperative Insurance Co.	KSA	Listed joint stock	New Vision Co.	Abroad	LLC
	Electrical Ind. Co.	KSA	Listed joint stock	Energy Service Co.	Abroad	LLC
	Alessa Ind. Co.	KSA	Closed joint stock	Shaker Group.	KSA	Listed joint stock
	SPL	KSA	Governmental Institution	Selco Co.	KSA	LLC
	Subul for Logistics Services	KSA	LLC	Call Center Co.	KSA	LLC
	AMLAK International Finance Company	KSA	Listed joint stock	stc Kuwait	Abroad	Listed joint stock
	Halwani Bros	KSA	Listed joint stock	stc Bahrain	Abroad	LLC
	Human Resources Development Fund	KSA	Governmental Institution	Cell-C	Abroad	LLC
	Infonas Company	Abroad	LLC	Avea	Abroad	LLC
				Turk Telekom	Abroad	LLC
				Intigral	Abroad	LLC
				New Marina Plastics for Plastic Industries	Abroad	Closed joint stock
				Sinad Holding Company	KSA	Listed joint stock

	Current Board or Executive memberships	Location	Legal entity	Previous Board or Executive memberships	Location	Legal entity
Mr. Walid Ibrahim Shukri Member of the Board of Directors Chairman of the Audit Committee Member of the Risk Committee	stc	KSA	Listed joint stock	Ma'aden	KSA	Listed joint stock
	Saudi Electricity Co. (SEC)	KSA	Listed joint stock	TAQA	KSA	Closed joint stock
	Saudi Agricultural and Livestock Investment Co. (SALIC)	KSA	Closed joint stock			
	Middle East Paper Co. (MEPCO)	KSA	Listed joint stock			
Dr. Ibrahim Saad Al-Mojel* Member of the Board of Directors Member of the Executive Committee Member of the Investment Committee	stc	KSA	Listed joint stock	Public Investment Fund	KSA	Government fund
	Khwarizmi Ventures	KSA	LLC	Ra'idah Investment Co.	KSA	Closed joint stock
	SILZ	KSA	Closed joint stock	Samba Financial Group	KSA	Listed joint stock
	Takamul Holding Company	KSA	Closed joint stock			
	Awqaf Investment	KSA	Closed joint stock			
	Arab Mining Company	Abroad	Closed joint stock			
	Hassana Investment Co.	KSA	Closed joint stock			
	Saudi EXIM	KSA	Closed joint stock			
	SNB	KSA	Listed joint stock			
	Budget	KSA	Listed joint stock			
	Taibah Valley	KSA	LLC			

*Dr. Ibrahim Saad Al-Mojel joined the Board of Directors on the 9th term on 25 July 2024.

Meetings of the Board of Directors

The Board of Directors convened 6 meetings. The following table illustrates these meetings convened in 2024 and members’ attendance.

Name	Membership	Number and date of meetings						Total
		15	16	17	1	2	3	
		31 Mar	27 May	27 Jun	25 July	30 Sep	22 Dec	
		8th term			9th term			
HRH Prince Mohammed Khalid Al-Faisal	Chairman of stc Group Board of Directors	✓	✓	✓	✓	✓	✓	6
H.E. Dr. Khaled Hussain Biyari	Member	✓	✓	✓	✓	✓	✓	6
H.E. Mr. Mohammed Talal Al-Nahas*	Member	✓	✓	✓	N/A	N/A	N/A	3
Mr. Yazeed Abdulrahman AL-Humied	Vice Chairman of stc Group Board of Directors	✓	✓	✓	✓	✓	✓	6
Mr. Ahmed Mohammed Al-Omran	Member	✓	✓	✓	✓	✓	✓	6
Ms. Rania Mahmoud Nashar	Member	✓	✓	✓	✓	✓	✓	6
Mr. Sanjay Kapoor	Member	✓	✓	✓	✓	✓	✓	6
Mr. Arndt Rautenberg	Member	✓	✓	✓	✓	✓	✓	6
Ms. Sarah Jammaz Al-Suhaimi	Member	✓	✓	✓	✓	✓	✓	6
Mr. Jameel Abdullah AlMulhem	Member	✓	✓	✓	✓	✓	✓	6
Mr. Walid Ibrahim Shukri	Member	✓	✓	✓	✓	✓	✓	6
Dr. Ibrahim Saad Al-Mojel**	Member	N/A	N/A	N/A	✓	✓	✓	3

*The membership of the Board of Directors H.E. Mr. Mohammed Talal Al-Nahas ended at the end of the 8th term of the Board of Directors on 24 July 2024.
**Dr. Ibrahim Saad Al-Mojel joined the Board of Directors in the 9th term on 25 July 2024.

Meetings of Board Committees

In accordance with stc Corporate Governance Charter and regulations of relevant authorities, the Board of Directors forms committees to perform its work in a manner that achieves the efficiency and effectiveness of the Board. During the formation process, the Board of Directors should identify and document the committees’ responsibilities and work procedures and issue the required resolutions for this purpose. Relevant parties shall be notified in an appropriate manner. Board committees during 2024 were formed as follows.

Executive Committee

The current Executive Committee (ExCom) consists of 5 members, all of whom are members of stc Board of Directors. ExCom reviews and approves strategies, estimated annual budgets, local and international organic and inorganic businesses and social initiatives within the Board-approved authorities. ExCom held 4 meetings in 2024, as shown in the following table.

Name	Membership	Number and date of meetings				Total
		13	14	1	2	
		12 Mar	2 Jun	1 Sep	2 Dec	
		8th term		9th term		
HRH Prince Mohammed Khalid Al-Faisal	Chairman	✓	✓	✓	✓	4
H.E. Dr. Khaled Hussain Biyari	Member	✓	✓	✓	✓	4
H.E. Mr. Mohammed Talal Al-Nahas*	Member	✓	✓	N/A	N/A	2
Mr. Yazeed Abdulrahman AL-Humied	Member	✓	✖	✓	✓	3
Mr. Sanjay Kapoor	Member	✓	✓	✓	✓	4
Dr. Ibrahim Saad Al-Mojel**	Member	N/A	N/A	✓	✓	2

*H.E. Mr. Mohammed Talal Al-Nahas membership in ExCom ended at the end of the 8th term of the Board of Directors on 24 July 2024.
**Dr. Ibrahim Saad Al-Mojel joined ExCom on 25 July 2024.

Investment Committee

The current Investment Committee (IC) consists of 5 members, 4 members of stc Board of Directors, and a member external to the Board. IC is responsible for reviewing the investments policy as per stc strategies. IC also reviews and examines strategic investment opportunities and recommends feasible investments and follows up on stc’s investments, internally and externally, and submit periodic reports to the Board of Directors. IC held 5 meetings in 2024, as shown in the following table.

Name		Membership	Number and date of meetings					Total
			20	21	1	2	3	
			13 Mar	3 June	2 Sep	15 Oct	1 Dec	
			8th term		9th term			
HRH Prince Mohammed Khalid Al-Faisal		Chairman	✓	✓	✓	✓	✓	5
Mr. Arndt Rautenberg		Member	✓	✓	✓	✓	✓	5
Ms. Sarah Jammaz Al-Suhaimi		Member	✓	✓	✓	✓	✓	5
Dr. Ibrahim Saad Al-Mojel*		Member	N/A	N/A	✓	✓	✓	3
Mr. Rashid I. Sharif		Member	✓	✓	✓	x	✓	4

*Dr. Ibrahim Saad Al-Mojel joined IC on 25 July 2024.

▪ Nomination and Remuneration Committee

The current Nomination and Remuneration Committee (NRC) consists of 4 members, 2 members of stc Board of Directors, and 2 members external to the Board. The NRC prepares a description of the capabilities and qualifications required for membership of the Board, and reviews and approves the process of designing an appropriate operating model and fair incentives of salary scales to conform with market standards, requirements and best governance practices. The NRC also reviews the structure of the Board and the Executive Management and recommends appropriate amendments; ensures the independence of external members annually; ensures Board Directors have no conflict of interest, especially if they are Board members of other companies; and reviews and approves Board and committee remunerations and incentives prior to submission and ensures stc’s business is in line with best practices in the field of governance. The NRC held 6 meetings in 2024, as shown in the following table.

Name	Membership	Number and date of meetings						Total
		15	16	17	1	2	3	
		21 Feb	17 Mar	4 Jun	3 Sep	3 Dec	11 Dec	
		8th term			9th term			
Mr. Jameel Abdullah AlMulhem	Chairman	✓	✓	✓	✓	✓	✓	6
Ms. Rania Mahmoud Nashar*	Member	✓	✓	✓	N/A	N/A	N/A	3
Ms. Sarah Jammaz Al-Suhaimi**	Member	N/A	N/A	N/A	✓	✓	✓	3
Ms. Hoda M. Al-Ghosen	Member	✓	✓	✓	✓	✓	✓	6
Mr. Johan Brand***	Member	✓	✓	✓	N/A	N/A	N/A	3
Eng. Hazem A. AlShaikmubarak****	Member	N/A	N/A	N/A	✓	✓	✓	3

*Ms. Rania Mahmoud Nashar membership in NRC ended at the end of the 8th term of the Board of Directors on 24 July 2024.
**Ms. Sarah Jammaz Al-Suhaimi joined NRC on 25 July 2024.
***Mr. Johan Brand’s membership in NRC ended at the end of the 8th term of the Board of Directors on 24 July 2024.
****Eng. Hazem A. AlShaikmubarak joined NRC on 26 August 2024.

▪ Audit Committee

The current Audit Committee (AC) consists of 5 members, 1 member of stc Board of Directors, and 4 members external to the Board, who are specialized in financial affairs, accounting and auditing. AC is responsible for reviewing the financial and administrative policies and procedures of stc, and the procedures for preparing financial reports and their deliverables. AC also reviews internal audit reports and comments, and issues recommendations to the Board of Directors on the appointment, dismissal, remuneration and independence of legal accountants. AC examines preliminary and annual financial statements before submitting these to the Board of Directors and provides opinions and guidance thereon. AC reviews the legal accountant’s observations on the statements and reviews the audit plan with the legal accountant, making its observations. AC fulfills other works periodically and regularly in order to assess the efficiency and effectiveness of stc control activities and ensuring compliance, and combating fraud and corruption. AC held 8 meetings in 2024, as shown in the following table.

Name	Membership	Number and date of meetings								Total
		25	26	27	28	29	1	2	3	
		18	10	7	11	23	10	3	5	
		Feb	Mar	May	May	July	Sep	Nov	Dec	
		8th term					9th term			
Mr. Walid Ibrahim Shukri	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	8
Dr. Ammr K. Kurdi	Deputy Chairman	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr. Khalid Bin Abdullah Al-Ankari*	Member	✓	✓	✓	✓	✓	N/A	N/A	N/A	5
Mr. Medhat F. Tawfik	Member	✓	✓	✓	✓	✓	✓	✓	✓	8
Mr. Abdulaziz Al-Shushan**	Member	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	3
Eng. Yaser Allaf***	Member	N/A	N/A	N/A	N/A	N/A	✓	✓	✓	3

*Mr. Khalid Bin Abdullah Al-Ankari membership in AC ended at the end of the 8th term of the Board of Directors on 24 July 2024.
**Mr. Abdulaziz Al-Shushan joined AC on 26 August 2024.
***Eng. Yaser Allaf joined AC on 26 August 2024.

▪ Risk Committee

The current Risk Committee (RC) consists of 4 members, 3 members of stc Board of Directors, and a member external to the Board. RC is responsible for reviewing risk policies in accordance with stc strategies. RC ensures risk management and internal control systems follow best practice, as well as the appropriateness of plans to carry out tasks and responsibilities, risk strategy and business continuity. RC also reviews top risks that stc faces and the corrective measures to mitigate these risks. RC held 5 meetings in 2024, as shown in the following table.

Name	Membership	Number and date of meetings					Total
		12	13	14	1	2	
		11 Mar	11 May	6 June	4 Sep	1 Dec	
		8th term			9th term		
Ms. Rania Mahmoud Nashar	Chairperson	✓	✓	✓	✓	✓	5
Mr. Ahmed Mohammed Al-Omran	Member	✓	✓	✓	✓	✓	5
Mr. Walid Ibrahim Shukri	Member	✓	✓	✓	✓	✓	5
Eng. Tarek A. Al-Rikhaimi	Member	✓	✓	✓	✓	✓	5

Annual Assessment of the Board of Directors and Committees

stc’s Board of Directors resolved to approve the performance assessment policy of the Board of Directors and committees. The policy aims to define rules and regulations of assessing performance for follow-up and enhancement objectives, fulfill requirements, apply best governance practices, and strengthen the Board of Director’s effectiveness. The Board of Directors stressed conducting annual performance assessments as per the relevant rules and regulations, based on the delegation of the Board of Directors to the Chairman. During 2024, the Chairman of the Board of Directors followed

up on the project implementation and development plans of the assessment recommendations that have had an impact on the performance of the Board of Directors and the Executive Management and their collective efforts. The Board of Directors determined their expectations from the Executive Management. In return, the latter determined their expectations from the Board. Implementing these expectations contributed to the effectiveness of the Board of Directors and the committee’s performance, which was reflected in stc’s performance. A new Board of Directors was elected for the 9th term on 24 July 2024 for a period of 4 years; a performance assessment will be conducted within.

Description of any interest, contractual papers and subscription rights belonging to members of the Board of Directors and their relatives in stc shares or debt instruments (for the year 2024)

Member name	Beginning of 2024		Ending of 2024		Net difference
	No. of shares	Debt instruments	No. of shares	Debt instruments	
HRH Prince Mohammed Khalid Al-Faisal	2,500	0	2,500	0	0
H.E. Dr. Khaled Hussain Biyari	5,185	0	5,185	0	0
H.E. Mr. Mohammed Talal Al-Nahas*	750	0	850	0	100
Mr. Yazeed Abdulrahman AL-Humied	23,372	0	23,372	0	0
Ms. Rania Mahmoud Nashar	0	0	0	0	0
Mr. Arndt Rautenberg	0	0	0	0	0
Mr. Sanjay Kapoor	0	0	0	0	0
Ms. Sarah Jammaz Al-Suhaimi	0	0	0	0	0
Mr. Jameel Abdullah Al-Molhem	23,750	0	23,750	0	0
Mr. Walid Ibrahim Shukri	0	0	0	0	0
Mr. Ahmed Mohammed Al-Omran	0	0	0	0	0
Dr. Ibrahim Saad Al-Mojel**	4,600	0	4,600	0	0

* H.E. Mr. Mohammed Talal Al-Nahas’ membership in the Board of Directors ended at the end of the 8th term of the Board of Directors on 24 July 2024.
* Dr. Ibrahim Saad Al-Mojel joined the Board of Directors in the 9th term on 25 July 2024.

Description of any interest, contractual papers and subscription rights belonging to members of the Board of Directors and their relatives in stc’s subsidiaries shares or debt instruments (for the year 2024)

Member name	Subsidiary	Beginning of 2024		Ending of 2024		Net difference
		No. of shares	Debt instruments	No. of shares	Debt instruments	
HRH Prince Mohammed Khalid Al-Faisal		0	0	0	0	0
H.E. Dr. Khaled Hussain Biyari		0	0	0	0	0
H.E. Mr. Mohammed Talal Al-Nahas*		0	0	0	0	0
Mr. Yazeed Abdulrahman AL-Humied	solutions	20	0	20	0	0
Ms. Rania Mahmoud Nashar		0	0	0	0	0
Mr. Arndt Rautenberg		0	0	0	0	0
Mr. Sanjay Kapoor		0	0	0	0	0
Ms. Sarah Jammaz Al-Suhaimi		0	0	0	0	0
Mr. Jameel Abdullah AlMulhem		0	0	0	0	0
Mr. Walid Ibrahim Shukri		0	0	0	0	0
Mr. Ahmed Mohammed Al-Omran		0	0	0	0	0
Dr. Ibrahim Saad Al-Mojel**		0	0	0	0	0

* H.E. Mr. Mohammed Talal Al-Nahas’ membership in the Board of Directors ended at the end of the 8th term of the Board of Directors on 24 July 2024.
* Dr. Ibrahim Saad Al-Mojel joined the Board of Directors in the 9th term on 25 July 2024.

Description of any interest, contractual papers and subscription rights belonging to senior executives and their relatives in shares or debt instruments of stc

Member name	Beginning of 2024		Ending of 2024		Net difference
	No. of shares	Debt instruments	No. of shares	Debt instruments	
Olayan Mohammed Alwetaid	2,000	-	90,000	-	88,000
Ameen Fahad Alshiddi	82,141	-	127,783	-	45,642
Faisal S. Alsaber	7,265	-	12,434	-	5,169
Riyadh Saeed Muawad	82,141	-	123,980	-	41,839
Mohammed Abdullah Alabbadi	44,034	-	72,342	-	28,308
Moaeed Huwajj Alsaloom	7,457	-	26,213	-	18,756
Haithem M. Alfaraj	82,141	-	123,980	-	41,839
Abdullah Abdulrahman Alkanhl	73,471	-	111,508	-	38,037
Ahmad M. Alghamdi	37,359	-	63,308	-	25,949
Motaz A. Alangari	7,789	-	26,413	-	18,624
Abdullah S. Alanizi	45,000	-	-	-	(45,000)
Mathad Faisal Alajmi	44,034	-	69,983	-	25,949
Emad Aoudah Alaoudah	44,424	-	70,548	-	26,124
Amir Abdulaziz Algibreen	27,629	-	24,080	-	(3,549)
Ibrahim Saleh Alsuwail	4,032	-	18,225	-	14,193

Description of any interest, contractual papers, and subscription rights belonging to senior executives and their relatives in shares or debt instruments of stc’s subsidiaries

Name	Subsidiary	Beginning of 2024		Ending of 2024		Net Difference
		No. of Shares	Debt Instruments	No. of Shares	Debt Instruments	
Olayan Mohammed Alwetaid		0	0	0	0	0
Ameen Fahad Alshiddi		0	0	0	0	0
Faisal S. Alsaber		0	0	0	0	0
Riyadh Saeed Muawad		0	0	0	0	0
Mohammed Abdullah Alabbadi		0	0	0	0	0
Moaeed Huwajj Alsaloom		0	0	0	0	0
Haithem M. Alfaraj		0	0	0	0	0
Abdullah Abdulrahman Alkanhl		0	0	0	0	0
Ahmad M. Alghamdi		0	0	0	0	0
Motaz A. Alangari		0	0	0	0	0
Abdullah S. Alanizi	solutions	0	0	85	0	85
Mathad Faisal Alajmi		0	0	0	0	0
Emad Aoudah Alaoudah	solutions	0	0	4	0	4
Amir Abdulaziz Algibreen		0	0	0	0	0
Ibrahim Saleh Alsuwail		0	0	0	0	0

Remuneration and Compensation of the Board of Directors and Top 5 senior Executives

On 21 June 2023, stc’s Extraordinary General Assembly resolved to approve amending the nomination and remuneration of Board members and the members of its standing committees and remuneration of the Executive Management Policy (published on stc’s website). The remunerations of the members of the Board of Directors and the members of the Board committees in 2024, in addition to stc’s top 5 executives, including the GCEO and the GCFO, are as follows.

Remuneration and compensation of the Board of Directors (for the year 2024)
(All amounts mentioned below are in Saudi Riyals)

Names	Fixed remunerations					Variable remunerations									
	Fixed remunerations	Allowance for attending Board meetings	In-kind benefits	Remuneration for technical, administrative and consulting work	Remuneration of the Chairman of the Board, the Managing Director or the Secretary if a member	Total	Percentage of profits	Periodic bonus	Short-term incentives plan	Long-term incentives plan	Shares granted	Total	Indemnity	Total	Expense allowance
First: Independent Directors															
HRH Prince Mohammed Khalid Al-Faisal	600,000	30,000				630,000									630,000
Mr. Sanjay Kapoor	400,000	30,000				430,000									430,000
Mr. Arndt Rautenberg	400,000	30,000				430,000									430,000
Ms. Sarah Jammaz Al-Suhaimi	400,000	30,000				430,000									430,000
Mr. Jameel Abdullah AlMulhem	400,000	30,000				430,000									430,000
Mr. Walid Ibrahim Shukri	400,000	30,000				430,000									430,000
Total	2,600,000	180,000				2,780,000									2,780,000
Second: Non-executive members															
H.E. Dr. Khaled Hussain Biyari	400,000	30,000				430,000									430,000
H.E. Mr. Mohammed Talal Al-Nahas*	400,000	15,000				415,000									415,000
Mr. Yazeed Abdulrahman AL-Humied	400,000	30,000				430,000									430,000
Mr. Ahmed Mohammed Al-Omran	400,000	30,000				430,000									430,000
Ms. Rania Mahmoud Nashar	400,000	30,000				430,000									430,000
Dr. Ibrahim Saad Al-Mojel**	-	15,000				15,000									15,000
Total	2,000,000	150,000				2,150,000									2,150,000
Third: Executive members															
None		-				-									-
Total	4,600,000	330,000				4,930,000									4,930,000

On 13 March 2017, the Board of Directors resolved to approve amending the remuneration of the Chairman of the Board to ﷲ 100,000 per month.

*H.E. Mr. Mohammed Talal Al-Nahas’ membership in the Board of Directors ended at the end of the 8th term of the Board of Directors on 24 July 2024.
**Dr. Ibrahim Saad Al-Mojel joined the Board of Directors in the 9th term on 25 July 2024.

Remuneration of committee members (for the year 2024)
(All amounts mentioned below are in Saudi Riyals)

Name	Committee	Fixed remunerations (without meetings attendance allowance)	Meeting attendance allowance	Total
HRH Prince Mohammed Khalid Al-Faisal	ExCom Investment	300,000	45,000	345,000
H.E. Dr. Khaled Hussain Biyari	ExCom	200,000	20,000	220,000
H.E. Mr. Mohammed Talal Al-Nahas ⁽¹⁾	ExCom	113,043	10,000	123,043
Mr. Yazeed Abdulrahman AL-Humied	ExCom	200,000	15,000	215,000
Mr. Ahmed Mohammed Al-Omran	Risk	200,000	25,000	225,000
Ms. Rania Mahmoud Nashar ⁽²⁾	NRC Risk	300,000	40,000	340,000
Mr. Sanjay Kapoor	ExCom	200,000	20,000	220,000
Mr. Arndt Rautenberg	Investment	200,000	25,000	225,000
Ms. Sarah Jammaz Al-Suhaimi ⁽³⁾	Investment NRC	200,000	40,000	240,000
Mr. Jameel Abdullah AlMulhem	NRC	300,000	30,000	330,000
Mr. Walid Ibrahim Shukri	Audit Risk	375,000	65,000	440,000
Dr. Ibrahim Saad Al-Mojel ⁽⁴⁾	ExCom Investment	86,957	25,000	111,957
Dr. Ammr K. Kurdi	Audit (external member)	375,000	40,000	415,000
Mr. Medhat F. Tawfik	Audit (external member)	375,000	40,000	415,000
Mr. Khalid A. Al-Ankari ⁽⁵⁾	Audit (external member)	211,957	25,000	236,957
Mr. Abdulaziz Al-Shushan ⁽⁶⁾	Audit (external member)	130,435	15,000	145,435
Eng. Yaser Allaf ⁽⁷⁾	Audit (external member)	130,435	15,000	145,435
Eng. Tarek A. Alrikhaimi	Risk (external member)	300,000	25,000	325,000
Mr. Rashid I. Sharif	Investment (external member)	300,000	20,000	320,000
Ms. Hoda M. Al-Ghson	NRC (external member)	300,000	30,000	330,000
Mr. Johan Brand ⁽⁸⁾	NRC (external member)	169,565	15,000	184,565
Eng. Hazem A. AlShaikmubarak ⁽⁹⁾	NRC (external member)	104,348	15,000	119,348
Total		5,071,740	600,000	5,671,740

1. H.E. Mr. Mohammed Talal Al-Nahas’ membership in ExCom ended at the end of the 8th term of the Board of Directors on 24 July 2024.
2. Ms. Rania Mahmoud Nashar’ membership in NRC ended at the end of the 8th term of the Board of Directors on 24 July 2024.
3. Ms. Sarah Jammaz Al-Suhaimi joined NRC on 25 July 2024.
4. Dr. Ibrahim Saad Al-Mojel joined the ExCom, and Investment committee on 25 July 2024.
5. Mr. Khalid Abdullah Al-Ankari’s membership in AC ended at the end of the 8th term of the Board of Directors on 24 July 2024.
6. Mr. Abdulaziz Al-Shushan joined AC on 26 August 2024.
7. Eng. Yaser Allaf joined AC on 26 August 2024.
8. Mr. Johan Brand’s membership in NRC ended at the end of the 8th term of the Board of Directors on 24 July 2024.
9. Eng. Hazem A. AlShaikmubarak joined NRC on 26 August 2024.

Remunerations of the top 5 senior executives
(Including the GCEO and the GCFO in 2024)
(All amounts mentioned below are in Saudi Riyals)

Fixed remunerations				Variable remunerations								
Salaries	Allowances	In-kind benefits	Total	Periodic remunerations	Revenues	Short-term incentive plans	Long-term incentive plans	Shares granted (value entered)	Total	Indemnity	Board remunerations for executives if applicable	Net total
17,194,285.90	5,947,994.87	-	23,142,280.77	-	-	35,556,834.25	-	12,132,030	47,688,864.25	-	1,467,054.79	72,298,199.81

Shareholders’ General Assemblies

First: The Ordinary General Assembly Meeting on 25 April 2024
The Ordinary General Assembly Meeting was held remotely through modern technology via Tadawulaty services on 25 April 2024. The meeting’s results were published on Tadawul’s website on 28 April 2024. Voting results in the General Assembly’s agenda were as follows:

1. The Board of Directors report for the fiscal year ending on 31 December 2023 was viewed and discussed.
2. The financial statements for the fiscal year ending on 31 December 2023 was viewed and discussed.
3. Approve stc’s Auditor Report after discussing it for the fiscal year ending on 31 December 2023.
4. Approve the Board of Directors recommendation for the special one-time dividend distribution for the year 2023 of ﷲ (1) per share, which represents 10% of the share’s par value with a total amount of ﷲ 4,984.50 million, the eligibility of special dividends will be for the shareholders at the close of trading on the day of stc’s General Assembly Meeting and as per the registered shareholders in stc’s shareholders’ registry in the Depository Center at the end of the 2nd trading day, following the day of stc’s General Assembly Meeting; thus the total dividends distributed and proposed to be distributed for the year 2023 is ﷲ (2.60) per share, which represents 26% of the share’s par value, the dividend distribution for 4,984.50 million eligible shares shall be in 15 May 2024 , as previously announced.
5. Approve the business and contracts between Telecommunications Towers Company (TAWAL), a stc

subsidiary, and Saudi National Bank in which Mr. Yazeed Abdulrahman AL-Humied has an indirect interest being a Vice Chairman of stc and Saudi National Bank Boards of Directors. The disclosed indirect interest is regarding the Sharia-compliant loan, amounted to USD 1.02 billion (USD 0.3 billion out of the total loan amount is a bridge loan), provided by Saudi National Bank to Tawal. Furthermore, the Public Investment Fund is considered a major shareholder in both stc and Saudi National Bank. The contract is part of the ordinary businesses that have offered no preferential advantages.

6. Approve the business and contracts between stc and Saudi National Bank in which Mr. Yazeed Abdulrahman AL-Humied has an indirect interest, being a Vice Chairman of stc and Saudi National Bank Boards of Directors. The disclosed indirect interest is regarding the Sharia-compliant loan, amounted to ﷲ 350 million provided by Saudi National Bank to stc. Furthermore, the Public Investment Fund is considered a major shareholder in both stc and Saudi National Bank. The contract is part of the ordinary businesses that have offered no preferential advantages.
7. Approve the business and contracts between Telecommunications Towers Company (TAWAL), a stc subsidiary, and Saudi National Bank in which Mr. Yazeed Abdulrahman AL-Humied has an indirect interest, being a Vice Chairman of stc and Saudi National Bank Boards of Directors. The disclosed indirect interest is regarding Murabaha financing, amounted to ﷲ 2 billion. Furthermore, the Public Investment Fund is considered a major shareholder in both stc and Saudi National Bank. The contract is part of the ordinary businesses that have offered no preferential advantages.

8. Approve authorizing the Board of Directors with the General Assembly Meeting authority with the rights mentioned in paragraph (1) of Article (27) of the Companies Law for one year from the date of approval of the General Assembly or until the end of the session of the authorized Board of Directors, whichever is earlier, in accordance with

the conditions mentioned in the Implementing Regulation of the Companies Law for Listed Joint Stock Companies.

9. Approve paying ﷲ 6,612,500 as remunerations for the members of Board of Directors for the fiscal year ending on 31 December 2023.

Members who attended the General Assembly Meeting

Name	Attendance
HRH Prince Mohammed Khalid Al-Faisal (Chairman of the Board)	✓
H.E. Dr. Khaled Hussain Biyari	✓
H.E. Mr. Mohammed Talal Al-Nahhas	✓
Mr. Yazeed Abdulrahman AL-Humied (Vice Chairman of the Board)	✓
Ms. Rania Mahmoud Nashar	✓
Mr. Arndt Rautenberg*	×
Mr. Sanjay Kapoor*	×
Ms. Sarah Jammaz Al-Suhaimi	✓
Mr. Jameel Abdullah AlMulhem	✓
Mr. Walid Ibrahim Shukri	✓
Mr. Ahmed Mohammed Al-Omran	✓

*Members of the Board of Directors Mr. Arndt Rautenberg, and Mr. Sanjay Kapoor apologized for not being able to attend.
- Minutes of meetings can be found on stc’s website: www.stc.com.sa

Second: The Ordinary General Assembly Meeting on 24 July 2024

The Ordinary General Assembly Meeting was held remotely through modern technology via Tadawulaty services on 24 July 2024. The meeting’s results were published on Tadawul’s website on 25 July 2024. Voting results in the General Assembly’s agenda were as follows:

1. Approve the election of members of the Board of Directors from among the candidates for the next term, which starts on 25 July 2024 and lasts for 4 years, ending on 24 July 2028. The following members have been elected:
 - HRH Prince Mohammed Khalid Al-Faisal
 - H.E. Dr. Khaled Hussain Biyari
 - Mr. Yazeed Abdulrahman AL-Humied
 - Dr. Ibrahim Saad AL-Mojel
 - Ms. Rania Mahmoud Nashar
 - Ms. Sarah Jammaz Al-Suhaimi
 - Mr. Jameel Abdullah AlMulhem
 - Mr. Walid Ibrahim Shukri
 - Mr. Ahmed Mohammed Al-Omran
 - Mr. Arndt Rautenberg
 - Mr. Sanjay Kapoor

2. Approve the business and contracts between stc and Public Investment Fund (PIF), which is an agreement for PIF to acquire 51% of the shares of Telecommunications Towers Company (TAWAL) for a cash consideration amounted to ﷲ 8.7 billion. TAWAL was valued at ﷲ 21.94 billion, representing 100% of enterprise value on a cash-free and debt-free basis. Additional agreements were also signed to transfer the ownership of both TAWAL and GLIC (owns and manages 8,069 telecommunications towers in the Kingdom of Saudi Arabia, and owned by PIF, HRH Prince Saud Bin Fahad bin Abdulaziz, and Sultan Holding Company under a new entity (Digital Infrastructure Company). GLIC was valued at ﷲ 3.03 billion, representing 100% of enterprise value on a cash-free and debt-free basis. stc will inject approximately ﷲ 533 million into the digital infrastructure company’s capital to maintain its 43.06% ownership. The cash consideration paid to stc and the amount of the digital infrastructure company’s capital increase is subject to change according to the mechanism of calculations for completing the transaction. As a result, the shareholding of the Digital Infrastructure Company will be the following: PIF 53.99%, stc 43.06%, HRH Prince Saud Bin Fahad bin Abdulaziz 148%, Sultan Holding Company 148%. The transaction documents contain certain

precedents, which must be satisfied prior to completion such as the approval of the Communications, Space and Technology Commission, as well as any other regulatory and commercial conditions. The contract is part of the ordinary businesses that have offered no preferential advantages. PIF is considered a related party as the largest shareholder in stc (with 64% ownership) and the following Board of Directors members have indirect interest as representatives of the PIF: H.E Dr. Khaled Hussain Biyari, Mr. Yazeed Abdulrahman AL-Humied, Ms. Rania Mahmoud Nashar, Mr. Arndt Rautenberg and Mr. Sanjay Kapoor.

Members who attended the General Assembly Meeting

Name	Attendance
HRH Prince Mohammed Khalid Al-Faisal (Chairman of the Board)	✓
H.E. Dr. Khaled Hussain Biyari	✓
H.E. Mr. Mohammed Talal Al-Nahas*	×
Mr. Yazeed Abdulrahman AL-Humied (Vice Chairman of the Board)	✓
Ms. Rania Mahmoud Nashar	✓
Mr. Arndt Rautenberg*	×
Mr. Sanjay Kapoor*	×
Ms. Sarah Jammaz Al-Suhaimi	✓
Mr. Jameel Abdullah AlMulhem	✓
Mr. Walid Ibrahim Shukri	✓
Mr. Ahmed Mohammed Al-Omran	✓

* Members of the Board of Directors H.E. Mr. Mohammed Talal Al-Nahas, Mr. Arndt Rautenberg, and Mr. Sanjay Kapoor apologized for not being able to attend.
- Minutes of meetings can be found on stc’s website: www.stc.com.sa

Third: The Ordinary General Assembly on 6 November 2024
The Ordinary General Assembly’s Meeting was held remotely through modern technology via Tadawulaty services on 6 November 2024. The meeting’s results were published on Tadawul’s website on 7 November 2024. Voting results in the General Assembly’s agenda were as follows:

1. Approve appointing the auditor Deloitte as auditor of stc from the selected candidates based on the Audit Committee’s recommendation. The appointed auditor shall examine, review and audit the (first, second and

3. Approve the Competing Standards Charter.
4. Approve authorizing the elected Board of Directors with the General Assembly authority with the rights mentioned in paragraph (1) of Article (27) of the Companies Law for one year from the date of approval of the General Assembly Meeting or until the end of the term of the authorized Board of Directors, whichever is earlier, in accordance with the conditions mentioned in the Implementing Regulation of the Companies Law for Listed Joint Stock Companies.

third) quarters and annual financial statements of the fiscal year 2025, (first, second and third) quarters and annual financial statements of the fiscal year 2026, (first, second and third) quarters and annual financial statements of the fiscal year 2027, and (first) quarter of 2028 and determine its remuneration with an amount of ﷲ 79,130,000 excluding VAT.

2. Approve stc dividends policy for the next 3 years starting from the dividend distribution of the fourth quarter of 2024 until the third quarter of 2027.

Members who attended the General Assembly Meeting

Name	Attendance
HRH Prince Mohammed Khalid Al-Faisal (Chairman of the Board)	✓
H.E. Dr. Khaled Hussain Biyari	✓
Mr. Yazeed Abdulrahman AL-Humied (Vice Chairman of the Board)*	×
Mr. Ahmed Mohammed Al-Omran*	×
Ms. Rania Mahmoud Nashar	✓
Mr. Sanjay Kapoor*	×
Mr. Arndt Rautenberg*	×
Ms. Sarah Jammaz Al-Suhaimi*	×
Mr. Jameel Abdullah AlMulhem	✓
Mr. Walid Ibrahim Shukri	✓
Dr. Ibrahim Saad Al-Mojel*	×

*Members of the Board of Directors Mr. Yazeed Abdulrahman AL-Humied, Mr. Ahmed Mohammed Al-Omran, Mr. Sanjay Kapoor, Mr. Arndt Rautenberg, Ms. Sarah Jammaz Al-Suhaimi, and Dr. Ibrahim Saad Al-Mojel apologized for not being able to attend.
- Minutes of meetings can be found on stc’s website: www.stc.com.sa

stc’s Dividend Distribution Policy

Article 45 of stc’s Bylaw provides for the distribution of the stc’s annual net profits as follows:

1. The Ordinary General Assembly may, upon the request of the Board of Directors, set aside a specific percentage of the annual net profits to form a consensual reserve to be allocated for the purpose or purposes decided by the General Assembly.
2. Ordinary General Assembly may form other reserves to the extent that would serve stc’s best interest or would ensure distributing constant profits, as much as possible, among shareholders. Besides, the Ordinary General Assembly may allocate from the net profits amounts to establish social institutions for stc’s employees or to support existing social institutions.
3. Out of the balance of the profits, if any, there shall be paid to the shareholders an initial payment of 5% (five percent) of stc’s paid-up capital.
4. Subject to provisions in Article (21) hereof, and Article (76) of the Companies Law, the Ordinary General Assembly may allocate a portion of the remaining amount to be paid as compensation to the Board of Directors provided that entitlement of such remuneration shall be in proportion to the number of sessions the member has attended.
5. The Ordinary General Assembly may, upon proposal from the Board of Directors, distribute the remaining balance (if any) among shareholders in the form of an additional dividend.

stc may pay an interim dividend to its shareholders on a bi-annual or quarterly basis in accordance with the directives issued by the Competent Authority upon authorization issued by the Ordinary General Assembly to the Board of Directors to distribute such interim dividend.

Article 46 Article of stc’s Bylaw stipulates that a shareholder shall be paid his dividend share subject to a resolution by the General Assembly, and such resolution shall state the date of maturity and distribution. Eligibility for dividends shall be for shareholders registered in the shareholders’ register at the end of the day specified for maturity. The Board must implement the General Assembly resolution with respect to dividend distribution to the registered shareholders within 15 (fifteen) business days from the date they become entitled to such dividends as determined in such resolution, or the Board’s resolution for the distribution of interim dividends.

stc had an approved dividends policy based on maintaining a minimum dividend of ﷲ 0.40 per share on a quarterly basis starting from 4th quarter of 2021 until the 3rd quarter of 2024.

In line with this policy, stc distributed cash dividends to the shareholders for the fourth quarter of 2023 and for the first, second, and third quarters of 2024 at a rate of ﷲ 0.40 per share for each quarter. On 25 April 2024, General Assembly approved the board of directors’ recommendation to distribute additional cash dividends for the year 2023 at the rate of ﷲ 1 per share.

On 24 August 2024, the Board of Directors have approved stc’s dividends distribution policy for the next three years. The dividends distribution policy was approved by the General Assembly during the meeting held on 6 November 2024. stc’s dividends policy is based on maintaining a minimum dividend of ﷲ 0.55 per share per quarter for the next three years starting from the dividends distribution of the 4th quarter of 2024 until the 3rd quarter of 2027. Further, stc may consider paying special dividends, subject to the Board of Directors’ recommendation after the assessment of stc’s financial position, future outlook, strategic investments and capital expenditure requirements subject to the General Assembly’s approval. The dividends distribution policy remains subject to change based on any material changes in stc’s strategy

and business, regulatory requirements applicable to stc, or banking agreements.

In line with this policy, stc announced the distribution of cash dividends amounting to ﷲ 2,750 million to shareholders for Q4 2024, with ﷲ 0.55 per share. In addition to special cash dividends amounting to ﷲ 10,000 million to shareholders for the year 2024, with ﷲ 2 per share (subject to stc’s General Assembly approval).

In addition, treasury shares allocated to the employee long-term incentives program are not entitled to any dividends during the period while the shares are still under the stc’s possession.

The following is a breakdown of the 2024 distributions

Statement	Total distribution (ﷲ million)	Earnings per share (ﷲ)	Date of announcement	Due date	Payment date
Cash dividends for Q1 2024	2,000	0.40	08/05/2024	21/05/2024	10/06/2024
Cash dividends for Q2 2024	2,000	0.40	23/07/2024	28/07/2024	15/08/2024
Cash dividends for Q3 2024	2,000	0.40	04/11/2024	06/11/2024	26/11/2024
Cash dividends for Q4 2024	2,750	0.55	26/02/2025	05/03/2025	24/03/2025
Special dividends for the year 2024*	10,000	2	26/02/2025	To be determined	To be determined
Total distributions	18,750	3.75			

*The Board of Directors has recommended in its meeting held on 25 February 2025 to distribute a special cash dividend of ﷲ (2) per share for the year 2024 to stc shareholders, and it will be presented to stc’s General Assembly at its next meeting for voting.

▪ Subsequent events

1.

On 27 January 2025, stc signed a contract with a Government entity for the purpose of building, operating and providing telecommunications infrastructure services with a contract value of ﷲ 32.64 billion and contract duration of 18 months period for preparation and execution, followed by 15 years of project operation period.
2.

On 28 January 2025, STC Bank received a non-objection from the Saudi Central Bank to commence its operations in the Kingdom of Saudi Arabia as a digital bank.
3.

On 6 February 2025, stc has increased its voting rights in Telefonica company from 4.97% to 9.97% following the completion of all relevant requirements.
4.

On 11 February 2025, the ownership transfer of TAWAL to the new established entity (Digital Infrastructure for Investment Company) was completed (for more details, see note 6.22 and 8.1.1 in the consolidated annual financial statements).
5.

On 25 February 2025, stc Board of Directors recommended to distribute special cash dividend of ﷲ 2 per share for the year 2024 to stc shareholders, and it will be presented to the General Assembly at its next meeting for voting.

Board of Directors’ Acknowledgment

The Board of Directors of stc acknowledges the following:

- The accounting records have been duly prepared.
- The internal control system is well established and effectively implemented.
- The Board of Directors has no doubt about stc’s ability to continue its activities.
- The consolidated financial statements for the year ending on 31 December 2024 have been prepared in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia and other standards and regulations approved by the Saudi Organization for Chartered and Professional Accountants.
- stc did not report any natural or legal person owning 5% or more of the shares issued in 2024.
- No debt instruments were convertible into shares or option rights, warrants or similar rights issued or granted by stc in 2024.
- There were no refunds, purchases or cancellations by stc in 2024 for any redeemable debt instrument.
- There was no arrangement or agreement whereby a Board Director or a senior executive waived any salary or compensation.
- There was no arrangement or agreement whereby a shareholder waived any rights to profits.
- There was no contract to which stc was a party in which there was a substantial interest by a member of the Board, senior executive or any person linked to any one of them, other than what was disclosed in the Board of Directors report.
- stc did not provide cash loans of any kind to Board Directors and did not guarantee any loan that one of them had borrowed from others.

- There were no option rights or subscription rights exercised by Board Directors, senior executives, their spouses or their minor children.
- stc External Audit has expressed its opinion without any reservations about the 2024 consolidated financial statements.
- There are no recommendations from the Audit Committee that there is a conflict between the committee and the resolutions of the Board of Directors or its refusal to take them into account regarding the appointment of the stc External Auditor, dismissing the firm, determining their fees and evaluating their performance or appointing the Internal Audit.
- There was no competing business with stc or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses, other than what was disclosed in the Board of Directors report.

Conclusion

After thanking Allah, the Almighty, the Board of Directors would like to thank the Custodian of the Two Holy Mosques King Salman Bin Abdulaziz Al Saud, HRH Crown Prince Mohammed Bin Salman Bin Abdulaziz Al Saud, and our wise government for the support, care and encouragement they have given stc in its quest to improve its performance and services. The Board also expresses its gratitude and appreciation to stc clients and shareholders for their trust, and stc employees for their dedication and diligence in the performance of their work. The Board confirms its commitment to develop stc services to meet the requirements of its clients, realize shareholders’ aspirations, achieve its social objectives, and sustain the leadership position of stc in the region’s telecommunications sector in the Kingdom of Saudi Arabia.

stc achieved its highest revenues and net profit in its history for the year 2024 reaching $\text{S} 75.9$ billion and $\text{S} 24.7$ billion, with an increase of 5.7% and 85.7% (respectively).

7.



Consolidated Financial Statements

Independent Auditor's Report	187
Consolidated Statement of Financial Position	194
Consolidated Statement of Profit or Loss	195
Consolidated Statement of Comprehensive Income	196
Consolidated Statement of Cash Flows	197
Consolidated Statement of Changes in Equity	198
Notes to the Consolidated Financial Statements	199



Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)
Head Office
Al Faisaliah Office Tower, 14th Floor
King Fahad Road
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

C.R. No. 1010383821
Tel: +966 11 215 9898
+966 11 273 4740
Fax: +966 11 273 4730
ey.ksa@sa.ey.com
ey.com

**Independent auditor’s report
To the Shareholders of Saudi Telecom Company
(A Saudi Joint Stock Company)**

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

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

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

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

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



**Independent auditor’s report
To the Shareholders of Saudi Telecom Company
(A Saudi Joint Stock Company) (continued)**

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition	
<p>The Group’s revenue consists primarily of telecommunication, data packages and use of the network subscription fees totalling SR 75.9 billion for the year ended 31 December 2024.</p> <p>We considered this a key audit matter as the application of accounting standard for revenue recognition in the telecommunication sector includes number of key judgments and estimates.</p> <p>Additionally, there are inherent risks about the accuracy of revenues recorded due to the complexity associated with the network environment, dependency on IT applications, large volumes of data, changes caused by price updates and promotional offers affecting the various products and services offered, as well as the materiality of the amounts involved.</p> <p><i>Refer to note 4.5 for the accounting policy related to revenue recognition and note 35 for the related disclosures.</i></p>	<p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none">Involved our IT specialists to test the design, implementation and operating effectiveness of system internal controls related to revenue recognition.Assessed the Group’s revenue recognition policies, for compliance with IFRS Accounting Standards as endorsed by SOCPA.Inspected a sample of revenues reconciliations prepared by management between the primary billing system and the general ledger.Tested, on a sample basis, the accuracy of customer invoice generation and tested a sample of the credits and discounts applied to customers invoices.Tested, on a sample basis, customers cash receipts back to the invoice.Performed analytical procedures by comparing expectations of revenues with actual results and analysed variances.Assessed the adequacy of the relevant disclosures included in the consolidated financial statements.



Independent auditor’s report
To the Shareholders of Saudi Telecom Company
(A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Allowance for impairment of trade receivable	
<p>As at 31 December 2024, the Group’s gross trade receivables amounted to SR 25.6 billion against which an impairment allowance of SR 3.4 billion is maintained.</p> <p>The Group uses the expected credit loss model (ECL) as required by IFRS as endorsed by SOCPA to calculate allowance for impairment in trade receivable. Further, the Group perform an assessment based on a set of relevant qualitative factors for some of the customers categories.</p> <p>We considered this as a key audit matter as it involves complex calculations and use of assumptions by management in addition to the materiality of the amounts involved.</p> <p><i>Refer to notes 4.18.3 and 5.2.4 for the accounting and critical judgements policies related to allowance for impairment of trade receivable and note 18 for the related disclosures.</i></p>	<p>Our audit procedures performed included, among others, the following:</p> <ul style="list-style-type: none">Assessed the design, implementation, and operating effectiveness of the key controls over the following:<ul style="list-style-type: none">- Recording of trade receivables and settlements.- Trade receivables aging reports.Assessed significant assumptions, including collection rates, recovery rates, impairment ratios and those relating to future economic events that are used to calculate the expected credit loss.Tested the mathematical accuracy of the ECL model.In addition to the above, we also performed the following procedures for certain customers categories where the Group performed a standalone assessment:<ul style="list-style-type: none">- Inspected the respective meeting minutes for standalone assessments.- Obtained an understanding of the latest development and the basis of measuring the allowance and assessed management assumption given the circumstances.- Tested, on a sample basis, the calculation performed by management of the allowances.Assessed the adequacy of the relevant disclosures included in the consolidated financial statements.



Independent auditor’s report
To the Shareholders of Saudi Telecom Company
(A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Capitalization of property and equipment	
<p>The Group has a substantial capital expenditures plan and therefore incurs significant annual expenditures in relation to the development and maintenance of both infrastructure assets and assets in relation to network and related equipment.</p> <p>Costs related to upgrading or enhancing networks are treated as capital expenditures while expenses spent to maintain the network's operating capacity are recognized as expenses in the same year in which they are incurred. Accordingly, the assessment and timing of whether assets meet the capitalisation criteria set out in IAS 16 Property, Plant and Equipment requires judgement.</p> <p>We considered this as a key audit matter since it involves management's assumptions as well as the materiality of the amounts involved.</p> <p><i>Refer to note 4.11 for the accounting policy related to property and equipment and note 10 for the related disclosures.</i></p>	<p>Our audit procedures performed included, among others, the following:</p> <ul style="list-style-type: none">Tested the design, implementation, and operating effectiveness of key controls in place over the capitalization and depreciation of property and equipment.Performed analytical procedures on depreciation of property and equipment by comparing actual depreciation amounts with expected amounts and analysed variances. <p>In addition to the above, we also performed the following procedures on the capitalized cost:</p> <ul style="list-style-type: none">Assessed the Group's capitalisation policy, for compliance with IFRS Accounting Standards as endorsed by SOCPA.Tested, on a sample basis, the implementation of capital expenditures plan during the year, including the review of minutes of meetings where capital expenditure plan was approved.Tested, on a sample basis, capitalisation of project expenses in compliance with the Group’s capitalisation policy including instances where actual costs differed from the expenditure plan.Assessed the adequacy of the relevant disclosures included in the consolidated financial statements.



Independent auditor’s report
To the Shareholders of Saudi Telecom Company
(A Saudi Joint Stock Company) (continued)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Partial sale of subsidiaries</p> <p>The Group recognized a gain from sale of two subsidiaries amounting to SR 12.9 billion (the “Transaction”), which includes the gain on the partial sale of the subsidiaries as well as fair value remeasurement of the retained interest. The Group subsequently measures the retained interest in the former subsidiaries in accordance with IAS 28: Investment in Associates and Joint Ventures.</p> <p>The Transaction is a non-routine transaction and includes the Group’s loss of control over these two subsidiaries, and the recognition of the retained interests after the completion of the transactions at the Group level.</p> <p>We have identified this as a key audit matter as it involves managements estimates, the materiality of the amounts involved, as well as the disclosures and presentation in the consolidated financial statements.</p> <p><i>Refer to note 2.2, and 4.2 for the accounting policies related to basis of consolidation and Investment in associate and joint ventures, and note 5.1.5, and 5.2.8 for the significant accounting judgments, estimates and assumptions and note 14.1 for the related disclosures.</i></p>	<p>Our audit procedures performed included, among others, the following:</p> <ul style="list-style-type: none">• Read the Share Purchase Agreements (SPAs) related to this transaction, and the approval of the general assembly to obtain an understanding of the transaction and the key terms. We also performed an analysis of the SPAs to evaluate key relevant terms and conditions and their impact on recognition and measurement of the Transaction in the consolidated financial statements.• Attended meetings with those charged with governance, and the Group’s management to obtain and discuss updates on the Transaction.• Assessed the Group’s accounting policies relevant to the Transaction for compliance with IFRS Accounting Standards as endorsed by SOCPA.• Involved our valuation specialist to assist us in reviewing the valuation methodologies used by management and their external valuation expert in the fair valuation of the retained interest in the former subsidiaries. We assessed the reasonableness of the key assumptions and inputs used in the projected financial information and verified the reasonableness of the key valuation assumptions.• Tested the clerical accuracy of the gain recorded and the initial recognition of the former subsidiaries as associate.• Assessed the adequacy of the relevant disclosures included in the consolidated financial statements.



Independent auditor’s report
To the Shareholders of Saudi Telecom Company
(A Saudi Joint Stock Company) (continued)

Other information included in The Group’s 2024 Annual Report

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

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

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

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

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

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

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

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Independent auditor’s report
To the Shareholders of Saudi Telecom Company
(A Saudi Joint Stock Company) (continued)

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


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

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

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

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

for Ernst & Young Professional Services


Rashid S. Roshod
Certified Public Accountant
License No. (366)



Riyadh: 6 Ramadan 1446H
(6 March 2025)

Saudi Telecom Company (A Saudi Joint Stock Company)
Consolidated Statement of Financial Position
As at 31 December 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	31 December 2024	31 December 2023
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	10	41,514,233	48,701,341
Investment properties	11	1,007,572	801,735
Intangible assets and goodwill	12	14,954,413	17,001,371
Right of use assets	13	1,351,971	3,893,838
Investments in associates and joint ventures	8	12,259,656	4,525,149
Contract assets and costs	15	1,466,233	1,444,868
Financial assets and others	16	15,316,935	12,501,194
TOTAL NON-CURRENT ASSETS		87,871,013	88,869,496
CURRENT ASSETS			
Inventories	17	1,889,227	1,904,971
Contract assets and costs	15	7,840,069	7,034,184
Trade receivables	18	22,223,164	21,401,271
Financial assets and others	16	10,019,255	12,246,019
Short term murabahas	19	15,212,455	14,767,349
Cash and cash equivalents	20	15,543,441	13,371,320
Assets held for sale	14.2	39,519	51,259
TOTAL CURRENT ASSETS		72,767,130	70,776,373
TOTAL ASSETS		160,638,143	159,645,869
EQUITY AND LIABILITIES			
EQUITY			
Share capital	22	50,000,000	50,000,000
Treasury shares	24	(517,351)	(612,528)
Other reserves	25	1,484,621	2,125,192
Retained earnings		38,449,272	27,472,281
Equity attributable to the equity holders of the Parent Company		89,416,542	78,984,945
Non-controlling interests	26	3,068,505	2,530,221
TOTAL EQUITY		92,485,047	81,515,166
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term borrowings	27	14,740,155	13,641,768
End of service benefits provision	28.1	5,184,542	5,258,413
Lease liabilities	29	1,570,638	3,327,526
Contract liabilities	30	1,170,341	1,110,722
Provisions	31	512,233	684,330
Financial liabilities and others	32	6,018,926	6,484,906
TOTAL NON-CURRENT LIABILITIES		29,196,835	30,507,665
CURRENT LIABILITIES			
Trade and other payables	33	22,627,472	21,823,200
Contract liabilities	30	4,067,079	4,133,619
Provisions	31	915,209	2,221,748
Zakat and income tax	34	2,934,627	2,632,768
Short term borrowings	27	391,584	8,315,728
Lease liabilities	29	593,447	947,703
Financial liabilities and others	32	7,426,843	7,548,272
TOTAL CURRENT LIABILITIES		38,956,261	47,623,038
TOTAL LIABILITIES		68,153,096	78,130,703
TOTAL EQUITY AND LIABILITIES		160,638,143	159,645,869

The accompanying notes from 1 to 50 form an integral part of these consolidated financial statements

Group Chief Financial Officer

Group Chief Executive Officer

Authorized Board Member

Chairman

Saudi Telecom Company (A Saudi Joint Stock Company)

Consolidated Statement of Profit or Loss
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	2024	2023
CONTINUING OPERATIONS:			
Revenues	35	75,893,413	71,777,161
Cost of revenues	36	(38,593,003)	(37,037,095)
GROSS PROFIT		37,300,410	34,740,066
OPERATING EXPENSES			
Selling and marketing	37	(6,561,820)	(5,869,821)
General and administration	38	(6,812,989)	(6,424,856)
Depreciation, amortization and impairment	10,12,13	(9,499,963)	(9,284,098)
TOTAL OPERATING EXPENSES		(22,874,772)	(21,578,775)
OPERATING PROFIT		14,425,638	13,161,291
OTHER INCOME AND EXPENSES			
Cost of early retirement program	28.3	(2,577,256)	(862,842)
Finance income	39	1,717,851	1,482,016
Finance cost	40	(1,233,679)	(1,068,102)
Net other expenses		(61,263)	(110,976)
Net share in results and impairment of investments in associates and joint ventures	8	(665,913)	52,579
Net other gains	41	529,069	1,333,077
TOTAL OTHER (EXPENSES) INCOME		(2,291,191)	825,752
NET PROFIT BEFORE ZAKAT AND INCOME TAX		12,134,447	13,987,043
Zakat and income tax	34	(1,191,564)	(1,326,610)
NET PROFIT FROM CONTINUING OPERATIONS		10,942,883	12,660,433
DISCONTINUED OPERATIONS:			
NET PROFIT FROM DISCONTINUED OPERATIONS	14.1	13,973,360	759,046
NET PROFIT		24,916,243	13,419,479
Net profit from continuing operations attributable to:			
Equity holders of the Parent Company		10,715,292	12,536,335
Non-controlling interests		227,591	124,098
		10,942,883	12,660,433
Net profit attributable to:			
Equity holders of the Parent Company		24,688,652	13,295,381
Non-controlling interests	26	227,591	124,098
		24,916,243	13,419,479
Earnings per share from net profit from continuing operations attributable to equity holders of the Parent Company (in Saudi Riyals):			
Basic	42	2.15	2.52
Diluted	42	2.14	2.51
Earnings per share from net profit attributable to equity holders of the Parent Company (in Saudi Riyals):			
Basic	42	4.95	2.67
Diluted	42	4.94	2.66

The accompanying notes from 1 to 50 form an integral part of these consolidated financial statements

Group Chief Financial Officer

Group Chief Executive Officer

Authorized Board Member

Chairman

Saudi Telecom Company (A Saudi Joint Stock Company)

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	2024	2023
NET PROFIT		24,916,243	13,419,479
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified subsequently to consolidated statement of profit or loss:			
Remeasurement of end of service benefits provision	28.1	180,410	(214,474)
Changes in fair value for hedging instruments and equity investments through other comprehensive income		140,321	(12,181)
Net share of other comprehensive income of associates and joint ventures		107	21,275
Total items that may not be reclassified subsequently to consolidated statement of profit or loss		320,838	(205,380)
Items that may be reclassified subsequently to consolidated statement of profit or loss:			
Foreign currency translation differences		(799,730)	10,023
Gain on net investment hedge, net		93,055	-
Gain on cash flow hedge, net		92,870	-
Net share of other comprehensive (loss) income of associates and joint ventures		(15,205)	9,443
Total items that may be reclassified subsequently to consolidated statement of profit or loss		(629,010)	19,466
TOTAL OTHER COMPREHENSIVE LOSS		(308,172)	(185,914)
TOTAL COMPREHENSIVE INCOME		24,608,071	13,233,565
Total comprehensive income attributable to:			
Equity holders of the Parent Company		24,436,813	13,138,635
Non-controlling interests		171,258	94,930
		24,608,071	13,233,565
Total comprehensive income attributable to Equity holders of the Parent Company			
Continuing operations		10,604,149	12,445,796
Discontinued operations	14.1	13,832,664	692,839
		24,436,813	13,138,635

The accompanying notes from 1 to 50 form an integral part of these consolidated financial statements

Group Chief Financial Officer

Group Chief Executive Officer

Authorized Board Member

Chairman

Saudi Telecom Company (A Saudi Joint Stock Company)
Consolidated Statement of Cash Flows
For the year ended 31 December 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit from continuing operations before zakat and income tax		12,134,447	13,987,043
Net profit from discontinued operations before zakat and income tax	14.1	14,077,703	807,934
Adjustments:			
Depreciation, amortization and impairment		10,336,290	10,482,577
Impairment loss and amortization of contract assets and costs	36,37	396,710	380,221
Impairment loss on trade receivables		1,267,469	449,144
(Reversal) of allowance for slow moving inventories		(46,436)	44,323
Finance income		(1,747,387)	(1,512,581)
Finance cost		1,808,930	1,270,744
Provision for end of service benefits and other provisions and expenses		915,108	744,933
Net share in results and impairment of investments in associates and joint ventures	8	665,913	(52,579)
Share- based payment expenses		120,558	121,479
Gain from sale of subsidiaries and fair value remeasurement of retained interest, net		(12,885,377)	-
Net other gains and others		(205,112)	(1,273,518)
Changes of:			
Trade receivables		(2,427,591)	1,654,205
Contract assets and costs, inventory and others		(830,959)	(2,373,711)
Trade payables and others		377,471	(1,557,447)
Contract liabilities and others		(2,594,659)	711,255
Cash generated from operations activities		21,363,078	23,884,022
Less: zakat and income tax paid		(892,108)	(857,184)
Less: provision for end of service benefits paid		(585,633)	(609,280)
Net cash generated from operating activities		19,885,337	22,417,558
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(7,951,795)	(7,237,282)
Purchase of intangible assets		(3,811,123)	(2,331,987)
Additions to investment properties		(163,858)	(221,056)
Proceeds from sale of property and equipment and asset held for sale		132,744	1,416,161
Subsidiaries' acquisition of new subsidiaries	7	(733,547)	(5,414,051)
Subsidiaries acquisition of new associates		(297,861)	-
Proceeds from sale of an interest in an associate		-	8,442
Proceeds from sale of controlling interest in subsidiaries, net of cash and cash equivalents		4,056,106	-
Dividends from associates and joint ventures		2,900	30,990
Proceeds from finance income		1,724,947	1,766,226
Investment in financial assets		-	(8,599,919)
Proceeds and payments related to financial assets and others, net		(137,494)	(7,800,866)
Net cash used in investing activities		(7,178,981)	(28,383,342)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to the equity holders of the Parent Company		(9,687,757)	(7,922,882)
Dividends paid to non-controlling interests		(347,954)	(280,309)
Payment of lease liabilities		(1,515,120)	(1,218,622)
Repayment of borrowings		(2,634,835)	(432,595)
Proceeds from borrowings		4,434,843	11,833,786
Transactions with non-controlling interests	6	239,205	204,000
Finance cost paid		(983,528)	(592,449)
Net cash (used in) generated from financing activities		(10,495,146)	1,590,929
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		2,211,210	(4,374,855)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR			
Net foreign exchange difference		(39,089)	(5,413)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	20	15,543,441	13,371,320

The accompanying notes from 1 to 50 form an integral part of these consolidated financial statements

Group Chief Financial Officer

Group Chief Executive Officer

Authorized Board Member

Chairman

Saudi Telecom Company (A Saudi Joint Stock Company)
Consolidated Statement of Changes in Equity
For the year ended 31 December 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

Total equity attributable to the equity holders of the Parent Company									
	Note	Share capital	Statutory reserve	Treasury shares	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2023		50,000,000	11,217,054	(703,838)	2,032,239	10,954,070	73,499,525	2,526,067	76,025,592
Net profit		-	-	-	-	13,295,381	13,295,381	124,098	13,419,479
Other comprehensive loss		-	-	-	(156,746)	-	(156,746)	(29,168)	(185,914)
Total comprehensive income		-	-	-	(156,746)	13,295,381	13,138,635	94,930	13,233,565
Dividends to the equity holders of the Parent Company	47	-	-	-	-	(7,975,133)	(7,975,133)	-	(7,975,133)
Dividends to non-controlling interests		-	-	-	-	-	-	(295,082)	(295,082)
Transfer from statutory reserve	23	-	(11,217,054)	-	-	11,217,054	-	-	-
Share-based payment transactions	24,46	-	-	91,310	25,981	-	117,291	306	117,597
Transactions with non-controlling interests	6	-	-	-	225,501	-	225,501	204,000	429,501
Net share of other reserves of joint ventures		-	-	-	(1,783)	(19,091)	(20,874)	-	(20,874)
Balance as at 31 December 2023		50,000,000	-	(612,528)	2,125,192	27,472,281	78,984,945	2,530,221	81,515,166
Balance as at 1 January 2024		50,000,000	-	(612,528)	2,125,192	27,472,281	78,984,945	2,530,221	81,515,166
Net profit		-	-	-	-	24,688,652	24,688,652	227,591	24,916,243
Other comprehensive loss		-	-	-	(251,839)	-	(251,839)	(56,333)	(308,172)
Total comprehensive income		-	-	-	(251,839)	24,688,652	24,436,813	171,258	24,608,071
Dividends to the equity holders of the Parent Company	47	-	-	-	-	(13,711,661)	(13,711,661)	-	(13,711,661)
Dividends to non-controlling interests		-	-	-	-	-	-	(347,730)	(347,730)
Share-based payment transactions	24,46	-	-	95,177	45,984	-	141,161	255	141,416
Transactions with non-controlling interests	6	-	-	-	(431,890)	-	(431,890)	714,501	282,611
Net share of other reserves of associates and joint ventures		-	-	-	(2,826)	-	(2,826)	-	(2,826)
Balance as at 31 December 2024		50,000,000	-	(517,351)	1,484,621	38,449,272	89,416,542	3,068,505	92,485,047

The accompanying notes from 1 to 50 form an integral part of these consolidated financial statements

Group Chief Financial Officer

Group Chief Executive Officer

Authorized Board Member

Chairman

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

1. GENERAL INFORMATION

A) ESTABLISHMENT OF THE COMPANY

Saudi Telecom Company (the “Company”) was established as a Saudi Joint Stock Company pursuant to Royal Decree No. M/35 dated 24 Dhul Hijja 1418H (corresponding to 21 April 1998) that authorized the transfer of the telegraph and telephone division of the Ministry of Post, Telegraph and Telephone (“MoPTT”) with its various components and technical and administrative facilities to the Company, and in accordance with the Council of Ministers’ Resolution No. 213 dated 23 Dhul Hijja 1418H (corresponding to 20 April 1998) that approved the Company’s by-laws (“By-laws”). The Company was wholly owned by the Government of the Kingdom of Saudi Arabia (the “Government”). The Government sold 30% of its shares pursuant to the Council of Ministers Resolution No. 171 dated 2 Rajab 1423H (corresponding to 9 September 2002). The Public Investment Fund (“PIF”) is the ultimate controlling party of the Company through its ownership of 62% (2023: 64%).

The Company commenced its operation as the provider of telecommunications services throughout the Kingdom of Saudi Arabia (“the Kingdom”) on 6 Muharram 1419H (corresponding to 2 May 1998) and received its Commercial Registration No. 1010150269 as a Saudi Joint Stock Company on 4 Rabi al-Awal 1419H (corresponding to 29 June 1998). The Company’s head office is located in King Abdulaziz Complex, Imam Mohammed Bin Saud Street Al Mursalat Area, Riyadh, Kingdom of Saudi Arabia.

B) GROUP ACTIVITIES

The main activities of the Company and its subsidiaries (collectively referred to as the “Group”) comprise the provision of telecommunications, information, media services and digital payments, which include, among other things:

1. Establish, manage, operate and maintain fixed and mobile telecommunication networks, systems and infrastructure.
2. Deliver, provide, maintain and manage diverse telecommunication and information technology (IT) services to customers.
3. Prepare the required plans and necessary studies to develop, implement and provide telecommunication and IT services covering all technical, financial and administrative aspects. In addition, prepare and implement training plans in the field of telecommunications and IT, and provide consultancy services.

4. Expand and develop telecommunication networks, systems, and infrastructure by utilizing the most current devices and equipment in telecom technology, especially in the fields of providing and managing services, applications and software.
5. Provide integrated communication and information technology solutions which include, among other things, telecom, IT services, managed services, cloud services, and internet of things, etc.
6. Provide information-based systems and technologies to customers including providing telecommunication means for the transfer of internet services.
7. Wholesale and retail trade, import, export, purchase, own, lease, manufacture, promote, sell, develop, design, setup and maintenance of devices, equipment, and components and executing contracting works that are related to different telecom networks including fixed, moving and private networks. In addition, computer programs and other intellectual properties.
8. Real estate investment and the resulting activities, such as selling, buying, leasing, managing, developing and maintenance.
9. Acquire loans and own fixed and movable assets for intended use.
10. Provide financial and managerial support and other services to subsidiaries.
11. Provide development, training, asset management and other related services.
12. Provide solutions for decision support, business intelligence and data investment.
13. Provide supply chain and other related services.
14. Provide digital banking services.
15. Provide cybersecurity services.
16. Construction, maintenance and repair of telecommunication and radar stations and towers.

Moreover, the Company is entitled to set up individual companies as limited liability or closed joint stock. It may also own shares in, or merge with, other companies, and it has the right to partner with others to establish joint stock, limited liability or any other entities whether inside or outside the Kingdom.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

2. BASIS OF PREPARATION AND CONSOLIDATION

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS” Accounting Standards) endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (“IFRS endorsed in the Kingdom”).

The consolidated financial statements have been prepared on a historical cost basis, unless stated otherwise in the below accounting policies.

The consolidated financial statements are presented in Saudi Riyals (“ﷲ”), which is the functional currency of the Company, and all values are rounded to the nearest thousand Saudi Riyals, except when otherwise indicated.

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

The preparation of the consolidated financial statements in accordance with IFRS as endorsed in the Kingdom requires the use of certain significant accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

The material accounting policies (Note 4) applied in preparing these consolidated financial statements are consistent with those applied in comparative periods presented.

2.2 Basis of consolidation

The consolidated financial statements of the Group comprise the financial information of the Company and its subsidiaries (Note 6).

Subsidiaries are companies controlled by the Group. Control is achieved when the Group has:

- Power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee)

- Exposure to risk, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

In general, there is a presumption that a majority of voting rights result in control. In support of this assumption, when the Group has less than a majority of the voting rights or similar rights in the investee, the Group takes into consideration all relevant facts and circumstances when determining whether it exercises control over the investee, including:

- Arrangement(s) with other voting rights holders in the investee company.
- Rights arising from other contractual arrangements.
- Group’s voting rights and potential voting rights.

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired (or disposed) of during the year are included (or derecognized) in the consolidated financial statements from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

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

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

Changes in the Group’s ownership interests in subsidiaries that do not result in losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity. When the Group loses control of a subsidiary, a gain or loss is recognized in the consolidated statement of profit or loss and is calculated as the difference between (1) the aggregate of the fair

value of the consideration received and the fair value of any retained interest and (2) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets and liabilities of the subsidiary (i.e., reclassified to the consolidated statement of profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, and when applicable, the cost on initial recognition of an investment in an associate or a joint venture under IAS (28).

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

3.1 NEW IFRS STANDARDS, ISSUED AND ADOPTED

Amendments to IFRS that were applied by the Group on 1 January 2024 and had no material impact are as follows:

Amendments and interpretations
Amendments to IAS 12: International Tax Reform – Pillar Two Model Rules
Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants.
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback.
Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements.

3.2 OTHER AMENDMENTS OF RELEVANT IFRS’S ISSUED BUT NOT YET EFFECTIVE

The standards and amendments that are issued, but not yet effective, as of 31 December 2024 are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. These standards are not expected to have a material impact on the Group at their effective dates, except IFRS 18, which the Group is currently evaluating the impact of its adoption on the consolidated financial statements.

Amendments and interpretations
Amendments to IAS 21: Lack of exchangeability
IFRS 18 Presentation and Disclosure in Financial Statements
IFRS 19 Subsidiaries without Public Accountability: Disclosures: as the Group’s equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.
Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Annual Improvements to IFRS Accounting Standards — Volume 11

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

4.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method upon transfer of control to the Group. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree, fair value of any assets or liabilities resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are generally recognized in the consolidated statement of profit or loss.

When the Group acquires a business, it assesses the identifiable assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value with limited exceptions.

Goodwill is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value at the acquisition-date of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts recognized at the acquisition date.

If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then a gain on bargain

purchase at a differential price is recognized in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing for goodwill acquired from the business combination and from the date of acquisition, it will be allocated to cash-generating units (“CGU”) that are expected to benefit from the business combination regardless of whether the other assets or liabilities acquired have been allocated to those units.

Goodwill is allocated to the cash generating unit and part of the operations of that unit are disposed of, goodwill associated with the discontinued operation will be included in the carrying amount when determining the gain or loss on disposal of the operation. The goodwill in such circumstances is measured on the basis of the relative value of the disposed operation and the remaining portion of the cash-generating unit.

Impairment is determined annually for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests’ proportionate share of the recognized amounts of the acquiree’s identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another relevant IFRS approved in Kingdom.

Any contingent consideration to be paid (if any) will be recognized at fair value at the acquisition date and classified as equity or a financial liability. Contingent consideration classified as a financial liability is subsequently remeasured at fair value with the changes in fair value recognized in the consolidated statement of profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in the consolidated statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to the consolidated statement of profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for the business combination is not completed by the end of the reporting period which constitutes the period in which the combination occurred, the Group presents the items whose value calculation has not been completed in a temporary manner in the consolidated financial statements. During the measurement period, which is not more than one year from the acquisition date, the provisional amounts recognized on the acquisition date is retrospectively adjusted to reflect the information obtained about the facts and circumstances that existed at the date of acquisition and if it is determined that this will affect the measurement of amounts recognized as of that date.

The Group recognizes additional assets or liabilities during the measurement period if new information becomes available about facts or circumstances that existed at the date of the acquisition and if it will result in recognition of assets or liabilities from that date. The measurement period ends once the group obtains all information that existed at the acquisition date or as soon as it becomes sure of the absence of more information.

4.2 Investments in associates and joint ventures

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

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement and has rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the governing body of the investee.

Factors to determine significant influence include holding directly or indirectly voting power of the investee, representation on the board of directors or equivalent governing body of the investee, participation in policy-making processes including participation in decisions about dividends or other distributions, material transactions between the Group and the investee, interchange of managerial personnel or provision of essential technical information.

The investment in associates or joint ventures are accounted for in the consolidated financial statements of the Group using the equity method of accounting. The investment in associates or joint ventures in the consolidated statement of financial position are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture adjusted for any impairment in the value of the net investment. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses.

Additional losses are recognized and recorded as liabilities only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Unrealized gain or losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in the consolidated statement of profit or loss in the acquisition year.

The requirements of IFRSs endorsed in Kingdom are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. The carrying amount of the investment in an associate or a joint venture is tested for impairment in accordance with the policy described in Note (5-2-1). Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the consolidated statement of profit or loss.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to the consolidated statement of profit or loss the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

When any entity within the Group transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

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

4.3 Share-based payment transactions

The Group's executive employees receive remuneration in the form of share-based payments under the employee long term incentives program, whereby employees render services as consideration for the Company's shares (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value of the equity instrument at the grant date. The grant date is the date on which the Group and the employee agree on the share-based agreement, so that a common understanding of the terms and conditions of the agreement exists between the parties.

Share-based payment expense is included as part of employee benefit expenses over the period in which the service and the performance conditions are fulfilled (the vesting period), with the corresponding amount recorded under other reserves within equity in accordance with the requirements of the International Financial Reporting Standard (2): Share-based Payment. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of shares that will ultimately vest. The expense or credit in the consolidated statement of profit or loss for a period represents the movement in cumulative expense recognized from the beginning to the end of that period.

4.4 Treasury shares

Own equity instruments that are repurchased (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the shares. Any difference between the carrying amount of the shares and the consideration, if reissued, is recognized in other reserves within equity.

4.5 Revenue recognition

The Group recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15. Revenue is recognized based on the consideration, to which the Group expects to be entitled, as per contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or services to a customer.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

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

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

The Group principally earns revenue from airtime usage, messaging, data services, interconnect fees, connection fees and device sales. Products and services may be sold separately or in bundled packages.

Products and services	Nature and timing of satisfaction of performance obligation
Mobile telecommunication services	Mobile telecommunication services include voice, data, messaging, and valued added services. The Group recognizes revenues as and when these services are provided (i.e., actual usage by the customer).
Fixed telecommunication services	Fixed telecommunication services include voice, broadband, internet, and data connectivity services. The Group recognizes revenues as and when these services are provided (i.e., actual usage by the customer).
Enterprise solutions services	Enterprise solutions services include system integration, IT managed services, cyber security, data / data centers and cloud, outsourcing and digital services. The Group recognizes revenues when control transfers to the customer (over time or at a point in time).
Bundled packages	Arrangements involving multiple products and services are separated into individual items and revenue is recognized on the basis of the fair value (standalone selling prices) of the individual items by allocating the total arrangement consideration to the individual items on the basis of the relative value of the selling prices of the individual items. Items are separable if they are of separate value to the customer.
Mobile and other devices	The Group recognizes revenues when the control of the device is transferred to the customer. This usually occurs at the contract inception when the customer takes the possession of the device.
Other services	Include services provided to stc Bank customers. The Bank recognizes revenue when it transfers control over a product or service to a customer.

A contract modification exists when the parties to a contract approve a modification that creates new or changes existing rights and obligations of the parties to the contract. Revenue recognition under the existing contract is continued until the contract modification is approved.

If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract.

4.5.1 Variable consideration

In determining the transaction price, the Group considers the effects of variable consideration. If the consideration in a contract includes a variable amount,

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

4.5.2 Significant financing component

If a customer can pay for purchased equipment or services over a period of time, 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.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

4.5.3 Contract balances

4.5.3.1 Contract Assets

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

4.5.3.2 Trade receivables

A Trade receivable is recognized if the amount of consideration due from the customer is unconditional (if only the passage of time is required before payment of that consideration is due).

4.5.3.3 Contract Costs

Contract costs relate to incremental costs of obtaining a contract and certain costs to fulfil a contract to be recognized as an asset when:

- The costs relate directly to the contract (or to a specified anticipated contract)
- The costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- The costs are expected to be recovered

Contract costs recognized by the Group are amortized on a systematic basis that is consistent with the Group’s transfer of related goods or services to the customer.

4.5.3.4 Contract Liabilities

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

4.5.4 Customer loyalty programs

The Group offers customer loyalty programs, which allow customers to earn points that can be redeemed through availing stc products and services or through certain third-party partners. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

The Group allocates a portion of the transaction price to the loyalty points awarded to customers based on relative stand-alone selling price considering the likelihood that the customer will redeem the points, and recognizes it as a contract liability. Revenue is recognized upon redemption of the points by the customer or their expiry if not used within a year.

4.6 Lease contracts

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

At the commencement date, the Group recognizes a right of use asset representing the Group’s right to use the underlying asset and a lease liability representing the Group’s obligation to make lease payments.

At commencement date, the right of use asset is initially measured at cost (based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, as per lease terms).

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

After the commencement date, the right of use asset is measured using the cost model (cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the related lease liability). Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

At commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease, if that rate can be readily determined; otherwise, the Group's incremental borrowing rate is used instead.

After the commencement date, the lease liability is measured by:

- a. increasing the carrying value to reflect interest on the lease liability.
- b. reducing the carrying value to reflect the lease payments made.
- c. remeasuring the carrying value to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

The amount of the remeasurement of the lease liability is recorded as an adjustment to the right of use asset. However, if the carrying amount of the right of use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, then any remaining amount of the remeasurement is recognized in the consolidated statement of profit or loss.

The Group has elected to apply the exemption not to recognize right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation on related right of use assets is calculated using the estimated useful life of the leased asset.

The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to

ownership of an asset are classified as operating leases. Operating lease income is recognized in the consolidated statement of profit or loss on a straight-line basis over the lease term. Also, all initial direct costs incurred in obtaining an operating lease shall be to the carrying amount of the underlying asset and recognise those costs as an expense over the lease term on the same basis as the lease income. Any benefits granted as an incentive to enter into an operating lease, are distributed in a straight-line basis over the lease term. Total benefits from incentives are recognized as a reduction in rental income on a straight-line basis, unless there is another basis that better represents the period of time in which the economic benefits of the leased asset are exhausted.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. The amounts due from the finance leases are recorded as lease receivables at an amount equal to the net investment of the Group in the lease. In the case of a sublease, if the interest rate implicit in the sublease cannot be readily determined, an intermediate lessor may use the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease. The lease payments to be received are divided into two components: (1) a reimbursement of the original amount (2) a financing income to compensate the Group for its investment and services. The additional costs directly attributable to negotiating the lease contract are included in the amounts due, which in return, will reduce the finance income portion from the contract.

4.7 Foreign currencies

The financial information and disclosures are presented in Saudi Riyals (the functional currency of Saudi Telecom Company – the Parent Company). For each subsidiary, the Group determines the functional currency, which is defined as the currency of the primary economic environment in which the entity operates, and items included in the financial statements of each subsidiary are measured using that functional currency.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item to which it relates. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Gains or losses arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognized in OCI.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Saudi Riyals using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the reporting period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint venture or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the Group's shareholders are reclassified to the consolidated statement of profit or loss.

For all partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the accumulated exchange differences is reclassified to the consolidated statement of profit or loss.

4.8 Government grants

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

Government grants are recognized in the consolidated statement of profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position and transferred to the consolidated statement of profit or loss on a systematic and rational basis over the useful lives of the related assets.

When the Group receives government grants as compensation for expenses or losses already incurred or immediate financial support with no future related costs, these are recognized in the profit or loss in the period in which they become receivable.

4.9 Employee benefits

4.9.1 Retirement benefit costs and end of service benefits

Payments to defined contribution schemes are charged as an expense as they fall due. Payments made to state-managed pension schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution scheme.

Employee's end of service benefits provision is calculated annually by actuaries in accordance with the projected unit credit method as per (IAS 19) Employee Benefits, taking into consideration the labour law of the respective country in which the subsidiary operates. The provision is recognized based on the present value of the defined benefit obligations.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

The present value of the defined benefit obligations is calculated using assumptions on the average salary incremental rate, average employees' years of service and an appropriate discount rate. The assumptions used are calculated on a consistent basis for each period and reflect management's best estimate.

Due to the fact that the Kingdom does not have a deep market in high quality corporate bonds, the discount rate is determined based on available information of Saudi Arabia sovereign bond yields with a term consistent with the estimated term of the defined benefit obligation as at the reporting date.

Remeasurement of net liabilities that includes actuarial gains and losses arising from the changes in assumptions used in the calculation, is recognized directly in other comprehensive income. Remeasurements are not reclassified to the consolidated statement of profit and loss in subsequent periods.

The cost of past services (if any) is recognized in the consolidated statement of profit or loss on the earlier of:

- Date of modification of the program or labour downsizing; and
- The date on which the Group recognizes the related restructuring costs.

Net interest cost is calculated using the discount rate to net defined benefit assets or liabilities. The Group recognizes the following changes in the net benefit obligation identified under "cost of revenue", "general and administrative expenses" and "selling and marketing expenses" in the consolidated statement of profit or loss (by function):

- Service costs that include the current service costs, past service costs, profits and losses resulting from labour downsizing and non-routine payments.
- Net finance cost.

4.9.2 Other short and long-term employee benefits

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

benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

4.9.3 Early Retirement Program

The Group offers Early Retirement Program (ERP) to certain categories of employees. ERP is payable when an employee voluntarily accepts the early retirement plan offered by the Group, and the corresponding costs are recognized at that time.

4.10 Zakat and Taxation

4.10.1 Zakat

The Group calculates and records the zakat provision based on the zakat base in its consolidated financial statements in accordance with Zakat rules and principles in the Kingdom of Saudi Arabia. Adjustments arising from final zakat assessment are recorded in the reporting period in which such assessment is approved by the Zakat, Tax, and Customs Authority ("ZATCA").

4.10.2 Current and deferred taxes

Tax related to subsidiaries located outside the Kingdom is calculated in accordance with tax laws applicable in those countries. The current income tax is recognized in the consolidated statement of profit or loss.

Deferred income tax provisions for foreign entities are calculated using the liability method, based on temporary differences at the end of the financial year between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax liabilities and deferred tax assets are measured at the tax rates expected to be applied in the reporting period in which the obligation is settled, or the asset is realized.

Deferred tax assets of foreign entities are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. This involves a judgement relating to the future financial performance of the foreign entity in which the deferred tax assets have been recognized. Deferred tax liabilities are generally recognized for all temporary differences that are taxable. The current income tax is recognized in the consolidated statement of profit or loss.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

4.10.3 Value Added Tax ("VAT")

Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

4.10.4 Withholding tax

The Group withhold taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with ZATCA regulations. These are recorded as liabilities payable to ZATCA on behalf of the counter party from whom the amounts are withheld.

4.11 Property and equipment

Property and equipment are stated in the consolidated statement of financial position at their cost, less any accumulated depreciation and accumulated impairment losses.

The cost of telecommunication network and equipment comprises all expenditures incurred up to the customer connection point, including contractors' charges, direct materials and labour costs to the date the relevant assets are placed into service.

Assets under construction are carried at cost, less any recognized impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

When significant parts of a property and equipment are to be replaced (except land), the Group recognizes such parts as individual assets with a specific useful life. All other repairs and maintenance costs are charged to the consolidated statement of profit or loss during the reporting period in which they are incurred, except to

the extent that they increase productivity or extend the useful life of an asset, in which case they are capitalized.

Depreciation is charged using mainly the straight-line method over the estimated useful lives of property and equipment, other than land. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss within other operating income or expenses.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.12 Investment properties

Investment properties are non-current assets (land or building - or part of it - or both) for the purpose of achieving rental income or capital appreciation or both. These investment properties are not for sale in the normal course of the Group business, or for use in providing services or for administrative purposes.

Investment property is recognized as an asset when it is probable that future economic benefits will flow to the Group, associated with the property and can be measured reliably. Investment properties are initially measured at cost, including transaction costs. It is subsequently measured after recognition according to the "cost model", i.e., at cost minus accumulated depreciation and accumulated impairment losses, if any. Except for land, which is not depreciated.

Regular repair and maintenance costs that do not materially extend the estimated useful life of the asset are recognized in the consolidated statement of profit or loss when incurred.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of profit or loss during the period of disposal.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

Transfers from / to investment property to / from property and equipment are made only when the company changes the purpose of using the property.

The Group appoints an independent external valuer approved by the Saudi Authority for Accredited Valuers (Taqeem) to obtain fair value estimates for investment properties annually for the purpose of determining if there is a decrease in the value and also for the purpose of related disclosures in the consolidated financial statements of the Group.

4.13 Intangible assets other than goodwill

Intangible assets are presented in the consolidated statement of financial position at cost less accumulated amortization and accumulated impairment losses. The cost of intangible assets acquired in a business combination represents their fair value as at the date of acquisition. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and amortization method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis.

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

4.13.1 Software

Computer software licenses are capitalized based on the cost incurred to acquire the specific software and bring it into use. Amortization is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful life from the date the software is available for use.

4.13.2 Licence and frequency spectrum fees

Amortization periods for licence and frequency spectrum fees are determined primarily by reference to the unexpired licence period, the conditions for licence renewal and whether licences are dependent on specific technologies. Amortization is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives when the related network services are available for use.

4.13.3 Infeasible Rights of Use (“IRU”)

IRUs correspond to the right to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognized at cost as an asset when the Group has the specific infeasible right to use an identified portion of the underlying asset, generally optical fibres or dedicated wavelength bandwidth, and the duration of the right is for the major part of the underlying asset’s economic life. They are amortized on a straight-line basis over the shorter of the expected period of use and the life of the contract which ranges between 10 to 20 years.

4. 13.4 Derecognition of intangible assets

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

4.14 Impairment of tangible and intangible assets other than goodwill

At the end of each finical year, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of other assets (cash-generating unit).

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

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

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

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or CGU’s recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

Tangible and intangible assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each financial year.

4.15 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4.16 Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, after 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 discounting is used,

the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated statement of profit or loss.

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

4.17 Assets’ decommissioning liabilities

The Group recognizes obligations on decommissioning of assets when there is a legal or constructive obligation arising from past events and it is likely to result in an outflow of resources to settle the obligation and if the obligation can be reliably measured.

The Group calculates a provision with the value of future costs related to the removal and decommissioning of the network and other assets. Upon initial recognition of the obligation, the present value of the expected costs (using a discount rate for future cash flows) is added to the value of the concerned network and other assets. Changes in the discount rate, timing and cost of removing and decommissioning assets are accounted for prospectively by adjusting the carrying amount of the provision and the carrying amount of the network and other assets.

4.18 Financial instruments

4.18.1 Classification, recognition, and presentation

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

The Group classifies its financial assets within the following categories:

- a. at fair value (either through other comprehensive income, or through profit or loss)
- b. at amortized cost.

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

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

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

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

4.18.2 Measurement

4.18.2.1 Initial measurement

Financial assets and financial liabilities, except for trade receivables, are initially measured at fair value plus or minus transaction costs that are directly attributable to the acquisition of financial assets and issue of financial liabilities. (Except for financial assets and financial liabilities classified at fair value where transaction costs directly attributable to the acquisition of financial assets or financial liabilities are recognized directly in the consolidated statement of profit or loss).

Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

4.18.2.2 Subsequent measurement of financial assets

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

a. Financial assets measured at amortized cost: Assets that are held to collect contractual cash flows are measured at amortized cost using the effective interest rate (‘EIR’) method where those cash flows represent

solely payments of principal and interest. Interest income from these financial assets is included in finance income.

The Group’s financial assets measured at amortised cost includes trade receivables, Sukuk, Customers’ trust accounts of stc Bank, loan to employees, and Murabahas.

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

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through OCI.

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

Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

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

Financial assets measured at fair value through other comprehensive income (‘FVOCI’) are measured at each reporting date at fair value without the deduction of transaction costs that the Group may incur on sale or disposal of the financial asset in the future. Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under ‘IAS 32 Financial Instruments: Presentation’ and are not held for trading. The classification is determined on an instrument-by-instrument basis.

The Group elected to classify irrevocably its listed equity investments under this category.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

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

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

Measurement category	Recognition and presentation of gains and losses
At amortized cost	The following items are recognized in the consolidated statement of profit or loss: <ul style="list-style-type: none">· finance income using the effective interest method· expected credit losses (or reversals of such losses)· foreign exchange gains and losses.
At FVOCI	When the financial asset is derecognized, the gain or loss is recognized in the consolidated statement of profit or loss. Debt instruments: Gains and losses are recognized in the consolidated statement of comprehensive income, except for the following items, which are recognized in consolidated statement of profit or loss in the same manner as for financial assets measured at amortized cost: <ul style="list-style-type: none">· finance income using the average effective interest method· expected credit losses (or reversals of such losses)· foreign exchange gains and losses.
At FVTPL	Equity instruments: Gains and losses are recognized in the consolidated statement of comprehensive income. Dividends are recognized in the consolidated statement of profit or loss unless they clearly represent a repayment of part of the cost of the investment. The amounts recognized in the consolidated statement of comprehensive income are not reclassified to the consolidated statement of profit or loss under any circumstances. Gains and losses, both on subsequent measurement and derecognition, are recognized in consolidated statement of profit or loss.

4.18.2.3 Subsequent measurement of financial liabilities

a. Amortized cost

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

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

4. financial guarantee contracts
5. contingent consideration recognized at fair value by the Group in a business combination to which IFRS 3 applies (shall subsequently be measured at fair value with changes recognized in the consolidated statement of profit or loss).

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

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

b. Liabilities at fair value through profit or loss

Financial liabilities falling under this category include:

1. liabilities held for trading
2. derivative liabilities not designated as hedging instruments
3. those designated as at FVTPL

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

c. Financial guarantees

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

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

1. the amount of ECL determined in accordance with IFRS 9; and
2. the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policy described in the accounting policies.

4.18.3 Impairment of financial assets

The Group considers a financial asset in default at various past due days depending on the classification of financial assets and their contractual payments terms. In certain cases, the Group may also consider a financial asset to be in default and subject for write off when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Any subsequent recoveries are credited to impairment loss expense.

The Group recognizes allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and cash flows that the Group expects to receive, discounted at an

approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been significant increase in credit risk since initial recognition, ECLs are provided for credit losses that will result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, lease receivables, and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes an allowance base on lifetime ECLs at each reporting date. The Group established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For government, related parties and key private customers, the Group estimates the loss allowance based on the internal assessment to evaluate the collectability of the balances and such assessment is done based on the available information and negotiations underway. An estimate of the collectible amount is made when collection of the amount is no longer probable.

For certain customer categories, this estimate is performed on an individual basis while other customer categories are assessed collectively and an allowance is applied according to the length of time past due. The Group employs statistical models to analyse the data collected and generate estimates of the probability of default of exposures with passage of time. The analysis includes the identification for any changes between default rates and key macro-economic factors across various geographies of the Group. For trade receivables, the average credit terms vary by customer type.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

4.18.4 Derecognition of financial assets

Financial assets are derecognized from the consolidated statement of financial position when the rights to receive cash flows from the financial assets have expired, or when the financial asset or all its risks and rewards of ownership have been transferred to another party. The difference between the financial asset's book value and its transferred proceeds will be recorded in the consolidated statement of profit or loss except for financial assets investments in equity instruments designated as FVOCI.

4.18.5 Derecognition of financial liabilities

Financial liabilities are derecognized when and only when the underlying obligations are extinguished, cancelled or expires.

4.18.6 Offsetting between financial assets and financial liabilities

A financial asset and a financial liability are offset and presented as a net amount in the consolidated statement of financial position when, and only when, both of the following conditions are satisfied:

1. The Group currently has a legal enforceable right to offset the recognized amounts of the asset and liability; and
2. The Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4.18.7 Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss

in the consolidated statement of profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as financing income.

Financial liabilities

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

4.18.8 Derivative financial instruments and hedge accounting

The Group enters into derivative arrangements to hedge its certain risks such as share price risks, fair value risks. These derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each reporting date until settlement. The change in fair value is recognised in the consolidated statement of profit or loss unless designated in a hedging relationship. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.
- Fair value hedges when hedging the exposure to changes in fair value of a recognised asset or liability or an unrecognized firm commitment.
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

A hedging relationship qualifies for hedge accounting if it meets the effectiveness requirements.

In case of cash flow hedge, the effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. The amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment.

In a fair value hedge, the effective and ineffective portion of gain or loss on hedging instrument is recognised in consolidated statement of profit or loss if the hedged item is recognised at FVTPL and in other comprehensive income if the hedged item is recognised at FVTOCI (equity instruments).

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statement of profit or loss.

4.19 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and short term murabahas with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

4.20 Fair values measurements

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics, nature and risks of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

The Group uses valuation techniques appropriate to current circumstances that provide sufficient data to measure fair value, providing the maximum opportunity for the use of relevant inputs that are observable and the minimum use of inputs that are not observable. In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for valuing the asset or liability, either directly or indirectly.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4.21 Segmental Information

The specific operating segments of the Group are identified based on internal reports, which are regularly reviewed by the Group's main decision makers (chief operating decision maker) for the purpose of resource allocation among segments and performance assessment.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

4.22 Cash dividends

The Company's dividends policy is approved by the General Assembly and the Company recognizes a liability to pay a dividend when the distribution is authorized and the distribution is no longer at the discretion of the Company. A corresponding amount is recognized directly in equity.

4.23 Current versus non-current classification

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

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

4.24 Non current asset held for sale and discontinued operations

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

the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount after net profit from continuing operations in the consolidated statement of profit or loss. Intragroup transactions are eliminated between continuing and discontinued operations; however, certain adjustments are made keeping in view how transactions between continuing or discontinued operations will be reflected in continuing operations going forward.

Cash flows from discontinued operations are included in the consolidated statement of cash flows and are disclosed separately in Note 14.

Additional disclosures are provided in Note 14. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

4.25 Cost of revenue and operating expenses

The Group recognizes the expenses under following categories based on the nature of expenses:

• Cost of revenue

Cost of revenue represents the cost incurred by the Group and directly attributable for fulfilling its service and obligations with respect to its contract with customers.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

• **Selling and marketing expenses**

Selling and marketing expenses comprise of all costs for selling, marketing and transportation of the Group's products and include expenses for advertising, marketing fees, other sales related expenses.

• **General and Administration expenses**

Administrative expenses include direct and indirect costs not specifically part of either cost of revenue or selling and marketing expenses.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, which are described in Note (4), the management of the Group are required to make judgements about the carrying amounts of assets and liabilities and the accompanying disclosures that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

5.1 SIGNIFICANT ACCOUNTING JUDGEMENTS

5.1.1 Determining the lease term of contracts with renewal and termination options and assessing substitution rights – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in the

circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the contract

While assessing at contract inception whether a contract is, or contains, a lease, the Group consider whether the supplier has the practical ability to substitute the assets throughout the period of use and the supplier would benefit economically from the exercise of its right to substitute the asset. If the supplier has substantive substitution right, then the arrangement is not considered as a lease.

5.1.2 Revenue recognition

Gross versus net presentation

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

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

Whether the Group is principal or agent, depends whether the control of products and services is transferred to customers, and it has the ability to direct the use of the devices or obtain benefits from the devices and service. Below are the key criteria to determine whether the Group is acting as principal:

- The Group has primary responsibility for providing the products or services to the customer or for fulfilling the order, for example by being responsible for the acceptability of the products or services ordered or purchased by the customer;
- The Group has inventory risk before or after customer order, during shipping or on return; and
- The Group has latitude in establishing the prices, either directly and indirectly, for example by providing additional products or services.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

5.1.3 Arrangements with multiple deliverables

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

5.1.4 Recognition of digital banking operations' client assets

The determination of whether the Group has control over customer funds or if they are being held in merely a fiduciary capacity requires careful consideration of facts and circumstances including applicable regulatory requirements. The Group has assessed that these assets meet the recognition criteria based on the assessment of liability of the Group towards its customers for the funds, contractual and legal rights held by the Group in relation to these funds and the Group's rights to economic benefits from other financial institutions where customer funds are deposited.

5.1.5 Discontinued operations

The management has determined that TAWAL and Digital Infrastructure for Investment (combined) are considered as a major line of business on the basis of quantitative impact on revenue, overall profit and loss account and usefulness of information for users of consolidated financial statements. Further, the Group has adopted a policy to consistently apply IFRS 10 to record full gain from this transaction. For more details on discontinued operations and assets held for sale and discontinued operation, refer to (Note 14.1).

5.2 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

5.2.1 Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash

flows are derived usually from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

5.2.2 Provisions

In respect of provisions including decommissioning provision, the Group provides for anticipated outflows of resources considered probable. Estimates are used in assessing the likely amount of the settlement. The ultimate liability may vary from the amounts provided and would be dependent on the eventual outcome. See Note 31 for details. Provisions are recorded by discounting the future cash flows at a current pre-tax rate that reflects the risks specific to the liability. The unwinding of the discount is recognized in the consolidated statement of profit or loss as a finance cost.

5.2.3 Useful lives for property and equipment, software and other intangible assets

The annual depreciation and amortization charge is sensitive to the estimated lives allocated to each type of asset. Asset lives are assessed annually and changed where necessary to reflect current circumstances in light of technological change, network investment plans and physical conditions of the assets concerned.

5.2.4 Provision for impairment losses on trade receivables and contract assets

The Group uses a provision matrix to calculate expected credit loss on trade receivables and contract assets.

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

The Group recognizes an allowance for impairment loss of 100% against all trade receivables that are aged over 365 days, except for balances with related parties and balances still collectable where credit quality did not deteriorate based on historical experience of the Group.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

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

5.2.5 Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

5.2.6 Fair value measurement of financial instruments

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

5.2.7 Evaluation on control/non-control over an investee

The Group may consider that it controls an investee even though it owns 50% or less of the voting rights. This would be the case where the Group has power over the investee through its majority representation on the

Board and has the right to appoint Key Management Personnel which gives the Group the ability to use its power over the investee to direct decisions and relevant activities and affect its returns.

Further, the Group may consider that it does not control an investee even though it has voting rights equal to or in excess of 50%. This would be the case where the Group either has an insignificant influence or has significant influence but does not have control over the investee.

5.2.8 Fair value measurements – retained interest in partially sold subsidiaries

As stated in note 14.1, the Group measured the retained interest in its partially sold subsidiaries (TAWAL and Digital Infrastructure for Investment Company) at fair value. This is considered as a non-recurring fair value measurement by the Group, as these associates will subsequently be accounted for using the equity method of accounting as associates in accordance with the requirements of IAS 28 “Investments in Associates and Joint Ventures”. In estimating the fair value of the retained interest, the Group applied the discounted cash flow valuation technique with weighted average cost of capital of (9%- 10%), terminal growth rate of (2.3%-2.5%), and 5% fair value adjustments to consider the discount of lack of controls.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

6.SUBSIDIARIES

Subsidiaries owned directly by the Company are as follows:

Name of subsidiary	Country of incorporation	Effective shareholding percentage	
		31 December 2024	31 December 2023
Arabian Internet and Communications Services Company (“Solutions”)	(1) Kingdom of Saudi Arabia	80%	80%
Telecom Commercial Investment Company Limited (“TCIC”)	(2) Kingdom of Saudi Arabia	100%	100%
stc Bahrain BSC (c) (“stc Bahrain”)	(3) Kingdom of Bahrain	100%	100%
Aqalat Limited Company (“Aqalat”)	(4) Kingdom of Saudi Arabia	100%	100%
Public Telecommunications Company (“Specialized”)	(5) Kingdom of Saudi Arabia	100%	100%
stc Turkey Holding Ltd (“stc Turkey”)	(6) British Virgin Islands	100%	100%
stc Asia Telecom Holding Ltd (“stc Asia”)	(7) British Virgin Islands	100%	100%
stc Gulf Investment Holding (“stc Gulf”)	(8) Kingdom of Bahrain	100%	100%
Gulf Digital Media Model Company Ltd (“GDMM”) (“Intigral”)	(9) Kingdom of Saudi Arabia	100%	100%
Saudi Telecom Channels Company (“Channels”)	(10) Kingdom of Saudi Arabia	100%	100%
Kuwait Telecommunications Company (“stc Kuwait”)	(11) State of Kuwait	51.84%	51.84%
stc Bank	(12) Kingdom of Saudi Arabia	87.73%	85%
Smart Zone Real Estate Company	(13) Kingdom of Saudi Arabia	100%	100%
Advanced Technology and Cybersecurity Company (“sirar”)	(14) Kingdom of Saudi Arabia	100%	100%
stc GCC Cables System W.L.L.	(15) Kingdom of Bahrain	100%	100%
Innovation Fund Investment Company (“Tali”)	(16) Kingdom of Saudi Arabia	100%	100%
Digital Centers for Data and Telecommunications (“Center3”)	(17) Kingdom of Saudi Arabia	100%	100%
Internet of Things Information Technology Company (“iot ² ”)	(18) Kingdom of Saudi Arabia	50%	50%
General Cloud Computing Company for Information Technology (“SCCC”)	(19) Kingdom of Saudi Arabia	55%	55%
Green Bridge Investment (“GBI”)	(20) Luxembourg	100%	100%
Green Bridge Management (“GBM”)	(21) Luxembourg	100%	100%
Telecommunications Towers Company (“TAWAL”)	(22) Kingdom of Saudi Arabia	*	100%
Digital Infrastructure for Investment Company	(22) Kingdom of Saudi Arabia	*	100%

1. Solutions was established in April 2002 and is engaged in providing internet services, operation of communications projects and transmission and processing of information in the Saudi market. In December 2007, the Group acquired 100% of the share capital of Solutions.

In September 2021, the Group completed the initial public offering “IPO” for 20% of its shareholding in Solutions in the Saudi Stock Exchange Market and 1% of the share capital of Solutions was allocated to be granted as part of its own employees’ long-term incentive plan (Note 46.2). As a result, stc ownership is considered 80% till the vesting of 1% of the share capital of Solutions.

As at 31 December 2024, Solution’s share capital is ﷲ 1,200 million (2023: ﷲ 1,200 million).

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

Subsidiaries owned directly by Solutions as follows:

Name of subsidiary	Country of incorporation	Effective shareholding percentage	
		31 December 2024	31 December 2023
Saudi Telecom Company Solution for Information Technology (Owned by One Person)	Egypt	100%	100%
Giza Systems Company	Egypt	88.19%	88.19%
Contact Center Company	Kingdom of Saudi Arabia	100%	100%
Amanah Tech Business Solutions Company	Kingdom of Saudi Arabia	70%	-
Sanad AlTegany For Commercial Services Company (Owned by One Person)	Kingdom of Saudi Arabia	-	100%

2. TCIC was established in October 2007 with the purpose of operating and maintaining telecommunication networks, organizing computer systems’ networks and internet networks, maintenance, operation and installation of telecommunication and information technology systems and programs in the Saudi market with share capital of % 1 million as at 31 December 2024 (2023: % 1 million).

3. stc Bahrain was established in February 2009 with the purpose of providing all mobile telecommunication services, international telecommunications, broadband and other related services in the Bahraini market. with share capital of BD 75 million as at 31 December 2024 (2023: BD 75 million) equivalent to % 746 million at the exchange rate as of establishment date.

Subsidiaries owned directly by stc Bahrain as follows:

Name of subsidiary	Country of incorporation	Effective shareholding percentage	
		31 December 2024	31 December 2023
stc Tech W.L.L	Bahrain	100%	100%
stc Pay Bahrain B.S.C. (c)	Bahrain	100%	100%
stc Pay Bahrain Remittance B.S.C.	Bahrain	100%	100%

4. Aqalat was established in March 2013 with the purpose of establishing, owning, investing, managing of real estate and contracting, and providing consulting services, and importing and exporting services to the benefit of the Company with share capital of ₪ 70 million as at 31 December 2024 (2023: ₪ 70 million).

5.Specialized was established in February 2002 with the purpose of operating in the electrical business and communication networks, wholesale and retail trade in fixed telecommunications equipment, electrical appliances, import, marketing, installation and maintenance of fixed and mobile telecommunications and information technology licensed devices with share capital of ₪ 252 million as at 31 December 2024 (2023: ₪ 252 million).

6. stc Turkey is a limited liability company which was established under the Commercial Companies Law in the British Virgin Islands in April 2008. It is a special purpose vehicle established to provide services and support required in respect of investment activities of the Group.

In April 2008, stc Turkey acquired 35% of Oger Telecom Limited’s (“OTL”). As of 31 December 2024, OTL liquidation has been completed and the liquidation process of stc Turkey has started.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

7. stc Asia is a limited liability company which was established under the Commercial Companies Law in the British Virgin Islands in July 2007 and is a special purpose vehicle. It owns a subsidiary (a wholly owned subsidiary) stc Malaysia Holdings Ltd (“stc Malaysia”), which was incorporated under the Commercial Companies Law in the British Virgin Islands.

stc Malaysia Holding Ltd in turn holds the Group’s 25% stake in Binariang GSM Sdn Bhd (“BGSM”) (Note 8.2) that invests in companies operating primarily in Malaysia. The principal activity of both stc Asia and stc Malaysia is to provide services and support required in respect of investment activities of the Group.

8. stc Gulf was incorporated in March 2008 and has wholly-owned subsidiaries in the Kingdom of Bahrain, as listed below. The primary objective of this company and its following subsidiaries is to provide services and support required in respect of investment activities of the Group:

- a. stc Gulf Investment Holding 1 W.L.L.
- b. stc Gulf Investment Holding 2 W.L.L.
- c. stc Gulf Investment Holding 3 W.L.L.

9. Intigral is a limited liability company was established in March 2002 with the purpose of providing broadcasting and media production services with share capital of ₪ 811 million as at 31 December 2024 (2023: ₪ 811 million).

Subsidiaries owned directly by Intigral as follows:

Name of subsidiary	Country of incorporation	Effective shareholding percentage	
		31 December 2024	31 December 2023
Gulf Digital Media Model Company – Dubai Branch	United Arab Emirates	100%	100%
Intigral International FZ L.L.C	United Arab Emirates	100%	100%

10. Channels was established in January 2008 with the purpose of operating in the wholesale and retail trade of recharge card services, telecommunication equipment and devices, computer services, sale and re-sale of all fixed and mobile telecommunication services, and commercial centres’ maintenance and operation. The Company operates in the Saudi Market with subsidiaries in Bahrain, Oman, and Kuwait whom are working in the same field with share capital of ₪ 100 million as at 31 December 2024 (2023: ₪ 100 million).

Subsidiaries owned directly by Channels as follows:

Name of subsidiary	Country of incorporation	Effective shareholding percentage	
		31 December 2024	31 December 2023
Bahrain Channels for Communication & Distribution L.L.C.	Kingdom of Bahrain	100%	100%
Kuwait Channels	Kuwait	100%	100%
Sale International S.P.C.	Oman	100%	100%

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

11. stc Kuwait was established in July 2008 with the purpose of operating in the field of mobile services in the Kuwaiti market. stc Kuwait was listed as a joint stock company on the Kuwait Stock Exchange on 14 December 2014 with share capital of KD 100 million as

at 31 December 2024 (2023: KD 100 million) equivalent to ﷲ 1,298 million at the exchange rate as of establishment date.

Subsidiaries owned directly by stc Kuwait as follows:

Name of subsidiary	Country of incorporation	Effective shareholding percentage	
		31 December 2024	31 December 2023
Qualitynet General Trading and Contracting Company W.L.L. (Solutions by STC)	Kuwait	100%	100%
E-Portal Holding Company K.S.C. (Closed)	Kuwait	100%	100%

12. stc Bank, a closed joint stock company, was established in November 2017 and its main activity is to provide digital payments services. During 2020, Saudi Central Bank licensed Saudi Digital Payments Company as an electronic wallet company. During the year 2021, the Council of Ministers approved granting Saudi Digital Payments Company a digital banking services license to become a digital bank with share capital of ﷲ 2,500 million.

On 24 December 2023, stc Bank General assembly “GA” approved the increase of stc bank’s paid-up capital to be ﷲ 3,350 million by converting stc shareholder loan amounting to ﷲ 850 million into the company’s capital increasing stc shareholding interest to 87.73 % for which the legal formalities were completed only in 2024.

On 30 December 2024, stc bank extraordinary General assembly approved the increase of stc bank’s paid-up capital to be ﷲ 6,350 million with stc injecting an additional capital of ﷲ 3,000 million increasing its shareholding interest in stc bank to 92.26% subject to the completion of the legal formalities.

On 28 January 2025, STC Bank received a non-objection from the Saudi Central Bank (SAMA) to commence its operations in the Kingdom of Saudi Arabia as a digital bank (Note 48).

13. Smart Zone Real Estate Company – a limited liability company was established in September 2019 and its main activity is the development, financing and management of real estate projects, the establishment of facilities, complexes, commercial, office and residential buildings with share capital of ﷲ 417 million as at 31 December 2024 (2023: ﷲ 417 million).

14. Sirar, a limited liability company, was established in November 2020 to provide cybersecurity services with share capital of ﷲ 250 million as at 31 December 2024 (2023: ﷲ 250 million).

15. stc GCC Cable Systems W.L.L., a limited liability company was established in April 2021 with the purpose of the sale and installation of telecommunications equipment and the construction of utilities projects. stc GCC Cable Systems W.L.L. is wholly owned by the Group as part of the agreement to invest in a fund aimed to drive innovation in the communications and information technology sector in the Kingdom of Bahrain and other GCC Countries with share capital of BD 48 million as at 31 December 2024 equivalent to ﷲ 477 million (2023: BD 32 million equivalent to ﷲ 319 million).

16. Tali, a limited liability company was established in August 2021 with the purpose of providing administrative services and IT and telecommunication support and with share capital of ﷲ 412.5 million as at 31 December 2024 (2023: ﷲ 187.5 million).

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

17. Center3, a limited liability company, was established in February 2021 with the purpose of providing services related to big data, data analytics and cloud computing with share capital of ﷲ 2 billion as at 31 December 2024 (2023: ﷲ 100 million).

Subsidiaries owned directly by Center3 as follows:

Name of subsidiary	Country of incorporation	Effective shareholding percentage	
		31 December 2024	31 December 2023
Digital Centers for Submarine Cables	Kingdom of Saudi Arabia	99.8%	99.8%
Digital Centers for Data	Kingdom of Saudi Arabia	99.8%	99.8%
EMC Subsea Cable Company Limited (“EMC”)	Cyprus	72.16%	-
CMC Investments I Limited (“CMC Mauritius”)	Mauritius	100%	-
Datacenter Hub W.L. L	Bahrain	90%	-

18. iot², a limited liability company, was established in May 2022 by signing a partnership agreement with the Public Investment Fund for the purpose of establishing a company specialized in the field of Internet of Things with share capital amounting to ﷲ 1,254 million (2023: ﷲ 900 million) with 50% shareholding for each. The Group is accounting for this entity as a subsidiary as it has the right to appoint the majority of board of directors and key management personnel.

Subsidiary owned directly by iot² as follows:

Name of subsidiary	Country of incorporation	Effective shareholding percentage	
		31 December 2024	31 December 2023
Machines Talk for Contracting Company	Kingdom of Saudi Arabia	100%	-

19. SCCC, a limited liability company, was established In May 2022 by signing a shareholder agreement with eWTP Arabia Technology Innovation Limited Company (“eWTPA”), Alibaba (Singapore) Private Limited (“Alibaba Cloud”), Saudi Company for Artificial Intelligence (“SCAI”), and Saudi Information Technology Company (“SITE”) specializing in cloud computing services with share capital amounting to ﷲ 894 million as at 31 December 2024 (2023: ﷲ 894 million) (Note 32.1).

20. Green Bridge Investment Company, Special Purpose Company, was established during the third quarter of the year 2023 in Luxembourg to provide services and

necessary support for the Group’s investing activities.

21. Green Bridge Management Company, Special Purpose Company, was established during the third quarter of the year 2023 in Luxemburg to provide services and necessary support for the Group’s investing activities.

22. TAWAL, a closed joint stock company, was established In January 2018. TAWAL is responsible for owning, constructing, operating, leasing and commercializing telecom towers in the Kingdom with share capital of ﷲ 2,500 million.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

Digital Infrastructure Company was established during the fourth quarter of the year 2023 in Kingdom of Saudi Arabia. It is a simplified closed joint stock company, established to provide services and necessary support for the Group's investing activities.

As at 31 December 2024, the Group sold a controlling interest in TAWAL and Digital Infrastructure Company pursuant the approved sale and purchase agreement between stc and PIF by the General Assembly of stc. As of the date of loss of control, stc Group has started to account for its retained interest in TAWAL and Digital Infrastructure for Investment Company using the equity method in accordance with the requirements of IAS 28 "Investments in Associates and Joint Ventures" (Note 8.1.1). Refer to Note 14.1 for more information on the sale of this interest.

7. BUSINESS COMBINATIONS

The following table shows fair value of total assets acquired and liabilities assumed at acquisition date:

	iot ² acquisition of Machines Talk (1)	Center 3 acquisition of CMC Investments I Limited (2)	Others (3)	Total
ASSETS				
Property and equipment	10,731	9,401	197	20,329
Intangible assets (4)	117,744	84,750	-	202,494
Right of use assets	1,067	-	-	1,067
Trade receivables	56,726	9,304	8,289	74,319
Cash and cash equivalents	36,297	40,801	707	77,805
Inventories	19,081	1,307	-	20,388
Financial assets and others	6,251	3,942	3,452	13,645
TOTAL ASSETS	247,897	149,505	12,645	410,047
LIABILITIES				
Trade and other payables	21,389	50,721	7,988	80,098
Lease liabilities	1,130	-	-	1,130
Borrowings	14,404	59,879	-	74,283
Provisions	9,188	-	1,615	10,803
TOTAL LIABILITIES	46,111	110,600	9,603	166,314
Total acquired identifiable net assets at fair value	201,786	38,905	3,042	243,733
Non-controlling interest	-	-	(913)	(913)
Purchase consideration	568,325	227,606	23,515	819,446
Goodwill arising on acquisition	366,539	188,701	21,386	576,626

1. During the first quarter of 2024, iot² acquired a 100% equity shareholding of Machines Talk, a company registered in the Kingdom of Saudi Arabia, which specializes in Internet of Things solutions. The purpose of the acquisition is to expand in internet of things operations and related activities as part of its business strategy. During the year, the purchase price allocation was completed.

From the date of acquisition, business combination of Machines Talk has contributed ₪ 112 million of revenue and ₪ 0.3 million of net profit. If the business combination had taken place at the beginning of the year, revenue would have been ₪ 114 million and net profit would have been ₪ 0.4 million.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

2. During the second quarter of 2024, Center 3 acquired a 100% equity shareholding of CMC Investments I Limited (CMC Mauritius), a company registered in the Mauritius, which specializes in resell of data connectivity services and network solution and clouds services. The purpose of the acquisition is to expand in Middle East and Africa markets. During the year, the purchase price allocation was completed.

From the date of acquisition, business combination of CMC Investments I Limited has contributed ₪ 126 million of revenue and ₪ 0.103 million of net profit. If the business combination had taken place at the beginning of the year, revenue would have been ₪ 214 million and net loss would have been ₪ 15 million.

3. During the second quarter of 2024, one of Solutions’ subsidiaries acquired 70% equity shareholding of Logical Application for Business Solutions Company, a company registered in the Kingdom of Saudi Arabia, which specializes in providing system integration solution services including SAP’s Business management applications, business profitability & growth analytics, enterprise mobility, database and technology related implementations. The purpose of the acquisition is to expand the Group service offering. Goodwill resulted from one of Solutions’ subsidiaries acquisition of Logical Application for Business Solutions represents a provisional goodwill until the completion of the Purchase price allocation reports (Note 12). Further, the purchase consideration includes an amount of ₪ 2.02 million as contingent consideration and ₪ 6.08 million as deferred consideration.

From the date of acquisition, business combination of Logical Application for Business Solutions Company has contributed ₪ 14.5 million of revenue and ₪ 2.8 million of net loss. If the business combination had taken place at the beginning of the year, revenue would have been ₪ 29 million and net profit would have been ₪ 0.14 million.

4. Includes intangible assets arising from Center 3 acquisition of CMC Investments I Limited and from iot² acquisition of Machines Talks as follows:

	iot ² acquisition of Machines Talks	Center 3 acquisition of CMC Investments I Limited	Valuation approach
Intangible assets from acquisition			
Brand name	-	20,625	Relief from royalty method (RFR)
Customer relationship	47,500	61,875	Multiperiod excess earnings method (MEEM)
Customer Contract	32,300	2,250	Multiperiod excess earnings method (MEEM)
Computer software and system	17,400	-	Relief from royalty method (RFR)
Platforms	20,544	-	Replacement Cost Method
Total	117,744	84,750	

- Acquisition related costs of ₪ 24.3 million is expensed to the consolidated statement of profit or loss and classified under general and administration expenses.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

8.1 Investments in associates

Investments in all associates are accounted for in the Group’s consolidated financial statements in accordance with the equity method.

8.1.1 Details of associates

Details of each of the Group’s associates at the end of the year are as follows:

Name of Associates	Country of incorporation	Proportion of ownership interest	
		31 December 2024	31 December 2023
Arab Satellite Communications Organisation (“Arabsat”)	1 Kingdom of Saudi Arabia	36.66%	36.66%
Beyond One Saudi for Telecommunications LLC formally Virgin Mobile Saudi Consortium (“VMSC”)	2 Kingdom of Saudi Arabia	10%	10%
Virgin Mobile Kuwait	3 State of Kuwait	10%	10%
Giza Systems Company for Electromechanical Contracting	4 Egypt	50.01%	50.01%
Devoteam Middle East (“DME”)	5 United Arab Emirates	40%	40%
Digital Infrastructure for Investment Company	6 Kingdom of Saudi Arabia	43.06 %	*

1) Arabsat was established in April 1976 by the members of the League of Arab States. Arabsat offers a number of services to these member states, as well as to all public and private sectors within its coverage area, and principally in the Middle East. Current services offered include: Regional telephony (voice, data, fax and telex), television broadcasting, regional radio broadcasting, restoration services and leasing of capacity. In April 1999, Saudi Telecom Company acquired 36.66% of Arabsat’s share capital.

2) Beyond One Saudi for Telecommunications LLC, formally Virgin Mobile Saudi Consortium (“VMSC”), was established during 2013 as a mobile virtual network operator and started its operations during the year of 2014. The Company owns 10% of Beyond One Saudi for Telecommunications LLC’s share capital. The Group’s ability to exercise significant influence is evidenced by the reliance of VMSC’s on the Company’s technical network.

3) Virgin Mobile Kuwait is indirectly owned through stc Kuwait with 10% ownership. The Group’s ability to exercise significant influence is evidenced by the reliance of Virgin Mobiles Kuwait on stc Kuwait’s technical network.

4) Giza Systems Company for Electromechanical Contracting was established in 2011 to execute operation works, engineering consultancy, evaluations of systems and electronic devices and computers. The company is indirectly owned through Solutions with 50.01% ownership. Solutions accounts for this investment as an associate as it has significant influence without having control and rights that enable Solutions to direct decisions and relevant activities of this company.

5) Devoteam Middle East is a leading IT consulting company in the Middle East, specializing in digital transformation, cyber and cloud solutions, and business process optimization. It was established in December 2003 and the Group (through Solutions) acquired 40% of its ownership.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

6) In reference to the Note 6.22 and 14.1, the Group retained shareholding interest in TAWAL and Digital Infrastructure for Investment Company was calculated based on the final shareholding in Digital Infrastructure for Investment Company at the completion of the deal after transferring the ownership of both TAWAL and GLIC (owns and manages 8,069 telecommunications towers in the Kingdom of Saudi Arabia, and owned by PIF, HRH Prince Saud Bin Fahad bin Abdulaziz, and Sultan Holding Company) under a new entity (Note 48) as follows:

Shareholder	Ownership interest
PIF	54.38%
Stc	43.06%
Others	2.56%
	100%

The legal ownership of the Group in TAWAL and Digital Infrastructure for Investment Company as at 31 December 2024: 49% and 4.72 % respectively.

8.1.2 Financial information of material associates

Summarized financial information of the Group’s material associates is set out below:

A. Arabsat	31 December 2024(*)	31 December 2023(*)
Statement of financial position		
Current assets	1,585,726	1,439,022
Non-current assets	3,547,921	3,844,428
Current liabilities	(388,063)	(398,997)
Non-current liabilities	(1,228,807)	(1,358,064)

Statement of income and other comprehensive income	For the year ended 31 December	
	2024(*)	2023(*)
Revenue	790,059	856,286
Net income	94,427	179,347
Other comprehensive (loss) income	(34,552)	19,648
Total comprehensive income	59,875	198,995
The Group’s share in net income	34,617	65,749

(*) The Group recorded its share in Arabsat results for the year ended 31 December 2024, based on the latest available financial information.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

The following is the reconciliation of the above-summarized financial information to the carrying amount of the Group's interest in Arabsat:

	31 December 2024	31 December 2023
Net assets of the associate	3,516,776	3,526,389
Proportion of the Group's ownership interest in Arabsat	36.66%	36.66%
Carrying amount of the Group's interest in Arabsat	1,289,250	1,292,774

	31 December 2024
B. TAWAL and Digital Infrastructure for Investment Company	
Statement of financial position	
Current assets	3,982,926
Non-current assets	20,547,689
Current liabilities	(7,460,359)
Non-current liabilities	(9,611,873)

	For the year ended 31 December 2024
Statement of income and other comprehensive income	
Revenue	3,848,482
Net income	1,078,818
Other comprehensive loss	(140,696)
Total comprehensive income	938,122
The Group's share in net income	- (*)

(*) TAWAL and Digital Infrastructure for Investment Company were consolidated for the full year 2024 till the disposal date.

The following is the reconciliation of the above-summarized financial information to the carrying amount of the Group's interest in TAWAL and Digital Infrastructure for Investment Company

	31 December 2024
Net assets of the associates	7,458,383
Proportion of the Group's ownership interest in TAWAL and Digital Infrastructure for Investment Company (43.06%)	3,211,580
Provisional goodwill and fair value adjustments (*)	4,864,514
Carrying amount of the Group's interest	8,076,094

(*) Completion of purchase price allocation of net assets is still under process as at 31 December 2024 (Note 14.1).

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

8.1.3 Financial information on not individually material associates

The following is the aggregate information of associates that are not individually material for the year ended 31 December:

	2024	2023
The Group's share in net profit (loss)	21,124	(6,242)
Aggregate carrying amount of the Group's interests in these associates	355,859	3,368

8.1.4 Carrying amount of the Group's investment in associates:

The following is the carrying amount of the Group's investment in associates as at 31 December:

	2024	2023
Material associates (8.1.2)	9,365,344	1,292,774
Not individually material associates (8.1.3)	355,859	3,368
Total carrying amount of the Group's interest in associates	9,721,203	1,296,142

8.2 Investments in joint ventures

Investments in all joint ventures mentioned below are accounted for in the Group's consolidated financial statements in accordance with the equity method.

8.2.1 Details of joint ventures

Below is the detail of joint ventures as at:

Name of joint venture	Country of incorporation	Proportion of ownership interest	
		31 December 2024	31 December 2023
Arab Submarine Cables Company Limited	1 Kingdom of Saudi Arabia	50%	50%
Binariang GSM Sdn Bhd ("BGSM")	2 Malaysia	25%	25%
Integrated Data Company for Information and Technology	3 Kingdom of Saudi Arabia	39%	39%

1) Arab Submarine Cables Company Limited was established on September 2002 for the purpose of constructing, leasing, managing and operating a submarine cable connecting the Kingdom and the Republic of Sudan for the telecommunications between them and any other country. The operations of the Company started in June 2003 and Saudi Telecom Company acquired 50% of its ﷲ 75 million share capital in September 2002. In November 2016, the company's capital was reduced to ﷲ 25 million.

2) BGSM is an investment holding group registered in Malaysia which owns 62% of Maxis Malaysian Holding Group ("Maxis"), a major telecom operator in Malaysia.

During the year 2007, the Company acquired (through its subsidiaries stc Asia holding and stc Malaysia holding) 25% of BGSM's MYR 20.7 billion share capital, equivalent to approximately ﷲ 23 billion at the exchange rate as at that date.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

During 2013, the Company conducted a review of its foreign investment in BGSM (joint venture), including the manner in which this investment was being managed and how joint control had been effectively exercised. As a result, the Company signed an amendment to the shareholders’ agreement with other shareholders of BGSM with respect to certain operational matters of Aircel (one of Binariang group subsidiaries at that time). Consequently, the group ceased to account for its investment in Aircel using the equity method effective from the second quarter of 2013.

3) During the second quarter of 2023, Integrated Data Company for Information and Technology was established in the Kingdom of Saudi Arabia as a joint venture among the Company (39%), Etihad Etisalat Company (30%) and Mobile Telecommunication Saudi Company (31%) with share capital of ﷲ 22 million. This entity provides various services including demographic analyses, population statistics, data on population size, as well as traffic and transportation statistics, public road routes, and parking information.

8.2.2 Financial information of material joint ventures

Summarized financial information in respect of the Group’s material joint venture is set out below:

BGSM	31 December 2024	31 December 2023
Statement of financial position		
Current assets	2,874,023	3,094,948
Non-current assets	25,756,493	25,348,786
Current liabilities	(5,425,356)	(4,996,051)
Non-current liabilities	(12,898,575)	(13,420,215)

The above amounts of assets and liabilities include the following:

	31 December 2024	31 December 2023
Cash and cash equivalents	986,992	1,220,719
Current financial liabilities (excluding trade and other payables and provisions)	(1,367,438)	(894,803)
Non-current financial liabilities (excluding trade and other payables and provisions)	(10,550,690)	(10,983,308)

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	For the year ended 31 December	
	2024	2023
Statement of income and other comprehensive income		
Revenues	9,013,775	8,112,835
Net profit	537,511	364,165
Other comprehensive loss	(9,920)	(10,644)
Total comprehensive income	527,591	353,521
Depreciation and amortization	(1,784,495)	(1,487,860)
Finance income	45,559	38,180
Finance cost	(806,824)	(772,653)
Income tax expense	(349,628)	(389,223)
Net profit (loss) for the year after non-controlling interest	164,016	(64,840)
The Group’s share in net loss for the year (*)	(722,958)	(16,210)

(*) During the year 2024, the Group recorded an impairment provision amounting to ﷲ 764 million (2023: nil) related to its investment in BGSM as a result of the decline in market conditions of key underlying investment. The Group determined the recoverable amount of its investment in BGSM based on the fair value less cost of disposal method. The fair value measurement is considered at level 2 in the fair value hierarchy due to significant observable valuation inputs.

The following is the reconciliation of the above summarized financial information to the carrying amount of the Group’s interest in Binariang GSM Sdn Bhd (“BGSM”):

	31 December 2024	31 December 2023
Net assets of BGSM (excluding non-controlling interest share)	173,473	11,407
Proportion of the Group’s ownership interest in the joint venture	43,368	2,852
Adjustments: the carve-out of Aircel Group and others	3,486,857	3,452,473
Goodwill and fair value adjustments	1,352,070	1,352,070
Accumulated impairment	(2,367,423)	(1,603,461)
Carrying amount of the Group’s interest in the joint venture	2,514,872	3,203,934

8.2.3 Financial information of not individually material joint ventures

The following is the aggregate information of joint ventures that are not individually material for the year ended 31 December:

	2024	2023
The Group’s share of net profit	1,304	9,282
The Group’s share of other comprehensive income (loss)	108	(402)
The Group’s share of total comprehensive income	1,412	8,880
Aggregate carrying amount of the Group’s interests in these joint ventures	23,581	25,073

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

8.2.4 Carrying amount of the Group’s investment in the joint ventures

The following is the carrying amount of the Group’s investment in joint ventures as at 31 December:

	2024	2023
Material joint venture (8-2-2)	2,514,872	3,203,934
Not individually material joint ventures (8-2-3)	23,581	25,073
Total carrying amount of the Group’s share in the joint ventures	2,538,453	3,229,007

9. SEGMENT INFORMATION

The Group is engaged mainly in providing telecommunication services and related products. The majority of the Group’s revenues, income and assets relate to its operations within the Kingdom. Outside of the Kingdom, the Group operates through its subsidiaries, associates and joint ventures in several countries.

Revenue is distributed to an operating segment based on the entity of the Group reporting the revenue. Sales between segments are calculated at normal business transaction prices.

The disclosed operating segments exceeded the 75% of total external Group revenue.

The following is an analysis of the Group’s revenues and results from continuing operations based on segments for the year ended 31 December:

	2024	2023
Revenues ⁽¹⁾		
stc	49,643,893	49,218,179
Channels	15,110,606	14,194,210
Solutions	12,063,897	11,040,493
stc Kuwait	4,105,483	3,986,034
stc Bahrain	1,927,967	1,913,287
Center 3	1,911,716	1,089,218
stc Bank	1,261,646	1,063,006
Intigral	686,001	643,314
Sirar	732,675	588,606
Specialized	371,763	397,492
iot ²	301,434	72,539
SCCC	187,904	72,150
Other operating segments ⁽²⁾	43,344	66,529
Eliminations / adjustments	(12,454,916)	(12,567,896)
Total revenues	75,893,413	71,777,161
Cost of operations (excluding depreciation and amortization)	(51,967,812)	(49,331,772)
Depreciation, amortization, and impairment	(9,499,963)	(9,284,098)
Cost of early retirement program	(2,577,256)	(862,842)
Finance income	1,717,851	1,482,016
Finance cost	(1,233,679)	(1,068,102)
Net other expenses	(61,263)	(110,976)
Net share in results and impairment of investments in associates and joint ventures	(665,913)	52,579
Net other gains	529,069	1,333,077
Zakat and income tax	(1,191,564)	(1,326,610)
Net profit from continuing operations	10,942,883	12,660,433

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

Following is the gross profit from continuing operations analysis on a segment basis:

	2024	2023
stc	31,178,645	29,973,976
Channels	3,365,489	3,083,568
Solutions	2,981,285	2,792,163
stc Kuwait	2,019,660	2,061,419
stc Bahrain	949,684	878,634
Center 3	721,534	483,553
stc Bank	344,985	207,653
Intigral	471,155	445,684
Sirar	268,317	173,207
Specialized	185,327	178,078
iot ²	88,538	26,948
SCCC	(18,539)	(70,021)
Other operating segments (2)	34,454	60,808
Eliminations / adjustments	(5,290,124)	(5,555,604)
Gross profit	37,300,410	34,740,066

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

The following is an analysis of the assets and liabilities on a segment basis as at:

	31 December 2024	31 December 2023
Assets		
stc	156,834,703	150,899,129
Channels	10,404,426	11,148,734
Solutions	12,040,098	11,516,244
stc Kuwait	5,625,147	5,462,864
stc Bahrain	5,407,890	5,629,610
TAWAL ⁽³⁾	-	18,901,505
Center 3	8,898,370	4,951,352
stc Bank	6,632,946	5,028,908
Intigral	994,548	958,351
Sirar	918,340	598,762
Specialized	808,914	780,705
iot ²	1,117,162	877,339
SCCC	1,198,802	1,228,068
Other operating segments ⁽²⁾	15,759,403	16,156,830
Eliminations / adjustments	(66,002,606)	(74,492,532)
Total assets	160,638,143	159,645,869
Liabilities		
stc	51,268,062	57,621,007
Channels	9,173,454	9,789,528
Solutions	8,010,472	8,163,690
stc Kuwait	2,698,686	2,486,943
stc Bahrain	3,742,790	4,112,396
TAWAL ⁽³⁾	-	14,752,187
Center 3	6,821,343	4,790,314
stc Bank	3,491,948	4,116,537
Intigral	887,903	920,837
Sirar	553,200	338,872
Specialized	750,819	746,836
iot ²	222,052	139,336
SCCC	972,378	747,920
Other operating segments ⁽²⁾	11,438,864	11,913,860
Eliminations / adjustments	(31,878,875)	(42,509,560)
Total liabilities	68,153,096	78,130,703

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

Additions to property and equipment, intangible assets and goodwill

Following are the additions to property and equipment, intangible assets and goodwill (Notes 10 and 12) based on the segments:

	2024	2023
Stc	9,319,471	9,197,707
Channels	161,576	172,697
Solutions	276,738	463,715
stc Kuwait	477,791	265,093
stc Bahrain	209,587	359,549
TAWAL ⁽³⁾	-	6,336,871
Center 3	2,737,544	3,450,355
stc Bank	92,106	210,787
Intigral	399,212	230,274
Sirar	29,462	12,040
Specialized	175,706	3,869
iot ²	526,648	11,910
SCCC	11,334	29,486
Other operating segments ⁽²⁾	187,560	175,384
Eliminations / adjustments	(1,479,456)	(3,282,676)
	13,125,279	17,637,061

(1) Segment revenue reported above represents revenue generated from external and internal customers. There were ₪ 12,455 million of inter-segment sales and adjustments (between the Group's Companies) for the year ended 31 December 2024 (2023: ₪ 12,568 million) which were eliminated at consolidation.

(2) Other operating segments include the following subsidiaries: Aqalat Limited ("Aqalat"), Smart Zone Real Estate, stc Gulf Investment Holding ("stc Gulf"), stc GCC Cable Systems W.L.L., Sendouk Al-Abatakar (Tali) for Investment, stc Asia Holding, stc Turkey Limited Holding (under liquidation), Green Bridge Investment ("GBI") and Green Bridge Management ("GBM"), and Telecom Commercial Investment Company Limited ("TCIC"). (Note 6)

(3) Telecommunications Towers Company ("TAWAL") and Digital Infrastructure for Investment Company have been disposed during 2024 (Note 14.1).

Information about major customers

Included in revenues arising from sales to major customers are revenues of approximately ₪ 11,145 million for the year ended 31 December 2024 (2023: ₪ 11,975 million) resulting from sales to Government entities (Note 21.2). No other single customers contributed 10% or more to the Group's revenues.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

Information about geographical segmentation

Geographical segmentation of revenues from continuing operations (Note 35) and non-current assets excluding financial instruments and deferred tax assets are as follows:

	Revenues from continuing operations for the year ended		Non-current assets excluding financial instruments and deferred tax assets as at	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Kingdom of Saudi Arabia	67,070,126	63,662,831	63,657,054	61,202,100
Outside the Kingdom of Saudi Arabia	8,823,287	8,114,330	9,135,593	14,940,461
	75,893,413	71,777,161	72,792,647	76,142,561

10. PROPERTY AND EQUIPMENT

	Lands and buildings	Telecommunication network and equipment	Other assets ⁽³⁾	Capital work in progress	Total
Cost					
As at 1 January 2024	15,515,754	113,192,145	9,407,558	3,536,576	141,652,033
Additions	182,530	117,712	80,811	7,964,105	8,345,158
Effect of acquisition of new subsidiaries (Note 7)	-	60,248	39,970	-	100,218
Disposals	(219,652)	(1,378,337)	(154,427)	(39,975)	(1,792,391)
Transfers / reclassifications	365,635	5,993,017	339,660	(7,225,412)	(527,100)
Effect of disposal of subsidiaries (Note 14.1)	(164,927)	(10,685,084)	(74,422)	(405,154)	(11,329,587)
Effect of foreign currency exchange differences	(4,583)	(71,450)	(9,341)	(933)	(86,307)
As at 31 December 2024	15,674,757	107,228,251	9,629,809	3,829,207	136,362,024
Accumulated depreciation and impairment					
As at 1 January 2024	8,917,103	77,737,944	6,295,645	-	92,950,692
Depreciation and impairment	407,697	5,743,481	449,435	-	6,600,613
Effect of acquisition of new subsidiaries (Note 7)	-	50,909	28,980	-	79,889
Disposals	(168,930)	(1,206,707)	(134,992)	-	(1,510,629)
Transfers / reclassifications	(2,546)	64,108	5,680	-	67,242
Effect of disposal of subsidiaries (Note 14.1)	(19,358)	(3,258,954)	(24,372)	-	(3,302,684)
Effect of foreign currency exchange differences	(1,141)	(32,250)	(3,941)	-	(37,332)
As at 31 December 2024	9,132,825	79,098,531	6,616,435	-	94,847,791
Net book value as at 31 December 2024	6,541,932	28,129,720	3,013,374	3,829,207	41,514,233

(*) Table above includes movements related to disposed discontinued operations.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Lands and buildings	Telecommunication network and equipment	Other assets ⁽³⁾	Capital work in progress	Total
Cost					
As at 1 January 2023	15,097,119	107,046,598	9,263,154	3,562,587	134,969,458
Additions	105,516	130,449	164,035	8,278,020	8,678,020
Effect of acquisition of new subsidiaries	1,384	1,595,909	61,895	4,521	1,663,709
Disposals	(599,694)	(2,279,257)	(310,497)	(1,231)	(3,190,679)
Transfers / reclassifications	914,375	6,719,965	234,216	(8,305,125)	(436,569)
Effect of foreign currency exchange differences	(2,946)	(21,519)	(5,245)	(2,196)	(31,906)
As at 31 December 2023	15,515,754	113,192,145	9,407,558	3,536,576	141,652,033
Accumulated depreciation and impairment					
As at 1 January 2023	9,136,357	73,082,504	6,105,331	-	88,324,192
Depreciation and impairment	300,918	6,122,619	411,440	-	6,834,977
Effect of acquisition of new subsidiaries	1,395	609,356	48,124	-	658,875
Disposals	(562,726)	(2,077,801)	(298,969)	-	(2,939,496)
Transfers / reclassifications	41,586	15,394	32,985	-	89,965
Effect of foreign currency exchange differences	(427)	(14,128)	(3,266)	-	(17,821)
As at 31 December 2023	8,917,103	77,737,944	6,295,645	-	92,950,692
Net book value as at 31 December 2023	6,598,651	35,454,201	3,111,913	3,536,576	48,701,341

Property and equipment are depreciated using the following estimated useful lives:

Buildings	25 - 50 years (*)
Telecommunication network and equipment	3 - 30 years
Other assets	2- 20 years (*)

(*) Range has been updated to reflect the impact of deconsolidating discontinued operations (Note 14.1).

1) Lands and buildings include lands with a total value of ﷲ 1,835 million as at 31 December 2024 (2023: ﷲ 1,898 million). This includes land with ongoing ownership transfer to the Company with a value of ﷲ 94 million as at 31 December 2024 (2023: ﷲ 105 million).

2) Pursuant to Royal Decree No. M/35 Dated 24 Dhu al-Hijjah 1418 (corresponding to 21 April 1998), referred to in Note (1-A), ownership of the assets was transferred to the Company on 2 May 1998, but the transfer of legal title for some lands are still ongoing. The value of land with legal titles transferred to the Company up to 31 December 2024 amounted to ﷲ 2,006 million (2023: ﷲ 1,995 million). Ownership transfer of the remaining land with total value of ﷲ 38 million (2023: ﷲ 49 million) is ongoing, which constitutes part of the amount referred to in paragraph above.

3) Other assets include furniture, fixtures, motor vehicles, computers and tools.

4) Additions include non-cash additions amounted to ﷲ 432 million (2023: ﷲ 1,185 million).

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

5) The following table shows the breakdown of depreciation and impairment expense if allocated to operating cost items from continuing operations for the year ended 31 December:

	2024	2023
Cost of revenues	5,079,151	5,116,592
Selling and marketing expenses	9,929	8,123
General and administrative expenses	1,115,929	1,115,105
	6,205,009	6,239,820

11. INVESTMENT PROPERTIES

	Lands	Work in-progress	Total
As at 1 January 2024	348,647	453,088	801,735
Additions	-	190,240	190,240
Borrowing cost capitalized	-	29,389	29,389
Transfer to asset held for sale	(13,792)	-	(13,792)
As at 31 December 2024	334,855	672,717	1,007,572
As at 1 January 2023	36,980	173,841	210,821
Additions	-	257,615	257,615
Borrowing cost capitalized	-	21,632	21,632
Transfer from property and equipment	311,667	-	311,667
As at 31 December 2023	348,647	453,088	801,735

The fair value of the land amounted to ₪ 1,545 million (2023: a land with fair value of ₪ 1,626 million), valued by RAWAJ Real Estate Valuation license no. 1210000062 and First Valuator license no. 1210000221 appointed as an independent, professionally qualified valuers accredited by the Saudi Authority for Accredited Valuers (Taqeem). The fair value measurement is classified within level 3 based on valuation techniques applied (residual value method, comparable method, and discounted cash flow method).

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

12. INTANGIBLE ASSETS AND GOODWILL

	Computer software	Telecom-munication Licenses	Goodwill ^(*)	Contractual intangible assets	Others	Projects in progress	Total
Cost							
As at 1 January 2024	14,941,139	9,246,486	2,853,432	5,205,012	259,041	1,348,211	33,853,321
Additions	360,186	97,186	-	662,588	736	3,567,875	4,688,571
Effect of acquisition of new subsidiaries (Note 7)	-	-	576,626	32,300	158,352	20,694	787,972
Disposals	(1,610,251)	(79,964)	-	(6,732)	-	-	(1,696,947)
Transfers / reclassifications	2,513,850	-	-	326,770	2,721	(2,967,562)	(124,221)
Effect of disposal of subsidiaries (Note 14.1)	(185,723)	(99)	(2,296,590)	(2,001,149)	-	(36,949)	(4,520,510)
Effect of foreign currency exchange differences	(898)	(1,668)	(34,555)	(76,666)	(25,108)	18	(138,877)
As at 31 December 2024	16,018,303	9,261,941	1,098,913	4,142,123	395,742	1,932,287	32,849,309
Accumulated amortization and impairment							
As at 1 January 2024	10,344,665	4,546,375	38,426	1,882,337	40,147	-	16,851,950
Amortization and impairment	1,871,238	528,635	-	515,711	39,399	-	2,954,983
Effect of acquisition of new subsidiaries (Note 7)	-	-	-	-	8,852	-	8,852
Disposals	(1,601,944)	(79,097)	-	-	-	-	(1,681,041)
Transfers / reclassifications	(27,465)	16,654	-	(21,490)	4,333	-	(27,968)
Effect of disposal of subsidiaries (Note 14.1)	(77,800)	(66)	(13,464)	(64,551)	-	-	(155,881)
Effect of foreign currency exchange differences	(324)	(800)	(67)	(50,075)	(4,733)	-	(55,999)
As at 31 December 2024	10,508,370	5,011,701	24,895	2,261,932	87,998	-	17,894,896
Net book value as at 31 December 2024	5,509,933	4,250,240	1,074,018	1,880,191	307,744	1,932,287	14,954,413

(*) Table above includes movements related to disposed discontinued operations.

Saudi Telecom Company (A Saudi Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Computer software	Telecom-munication Licenses	Goodwill ⁽¹⁾	Contractual intangible assets	Others	Projects in progress	Total
Cost							
As at 1 January 2023	16,097,614	8,936,077	323,282	2,779,760	313,639	1,208,773	29,659,145
Additions	235,054	393,299	26,200	219,261	2,278	2,383,046	3,259,138
Effect of acquisition of new subsidiaries	46,842	-	2,441,184	2,156,483	123,201	-	4,767,710
Disposals	(3,623,386)	(78,830)	-	(11,137)	-	-	(3,713,353)
Transfers/ reclassifications	2,185,680	-	76,555	75,343	(133,603)	(2,243,597)	(39,622)
Effect of foreign currency exchange differences	(665)	(4,060)	(13,789)	(14,698)	(46,474)	(11)	(79,697)
As at 31 December 2023	14,941,139	9,246,486	2,853,432	5,205,012	259,041	1,348,211	33,853,321
Accumulated amortization and impairment							
As at 1 January 2023	12,302,088	4,083,924	25,117	1,440,034	32,960	-	17,884,123
Amortization and impairment	1,624,220	542,922	13,464	411,668	25,668	-	2,617,942
Effect of acquisition of new subsidiaries	32,612	-	-	40,029	-	-	72,641
Disposals	(3,613,643)	(78,830)	-	(9,030)	-	-	(3,701,503)
Transfers/ reclassifications	(95)	14	-	10,084	4,809	-	14,812
Effect of foreign currency exchange differences	(517)	(1,655)	(155)	(10,448)	(23,290)	-	(36,065)
As at 31 December 2023	10,344,665	4,546,375	38,426	1,882,337	40,147	-	16,851,950
Net book value as at 31 December 2023	4,596,474	4,700,111	2,815,006	3,322,675	218,894	1,348,211	17,001,371

1) Goodwill Consists of:

- Goodwill resulted from the Company’s acquisition of Solutions amounting to ﷲ 75.6 million (2023: ﷲ 75.6 million).
- Goodwill resulted from stc Kuwait’s acquisition of Qualitynet amounting to ﷲ 42.2 million (2023: ﷲ 42.2 million).
- Goodwill resulted from stc Kuwait’s acquisition of E-Portal Holding amounting to ﷲ 103.5 million (2023: ﷲ 103.5 million).
- Goodwill resulted from Solutions’ acquisition of Giza amounting to ﷲ 219.6 million (2023: ﷲ 219.6 million). The currency exchange losses effect as at 31 December 2024 amounted to ﷲ 86.6 million (2023: ﷲ 53.6 million).
- Goodwill resulted from Solutions’ acquisition of Contact Centers Company (“CCC”) amounting to ﷲ 144 million (2023: ﷲ 144 million).
- Goodwill resulted from ²iot acquisition of Machines Talk, registered in the Kingdom of Saudi Arabia, amounting to ﷲ 366.5 million, as the purchase price allocation of net assets reports has been completed in October-2024 (Note 7).
- Goodwill resulted from Center 3 acquisition of CMC Investments I Limited, registered in the Mauritius, amounting to ﷲ 188.7 million, as the purchase price allocation of net assets reports has been completed in December-2024 (Note 7).
- A provisional goodwill of ﷲ 214 million resulted from one of Solutions’ subsidiaries acquisition of Logical Application for Business Solutions, registered in the Kingdom of Saudi Arabia, until the completion of the reports on the fair value allocation of net assets (Note 7).
- Telecommunications Towers Company (“TAWAL”) and Digital Infrastructure for Investment Company have been disposed during 2024 (Note 14.1). Comparative figures include goodwill resulted from TAWAL’s acquisition of three towers companies from United Group (In Bulgaria, Croatia and Slovenia), amounting to ﷲ 2,277 million, and acquisition of AWAL Telecom Company (in Pakistan) amounting to ﷲ 6.3 million in the year 2023.

Saudi Telecom Company (A Saudi Joint Stock Company)
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024
(All amounts in Saudi Riyals thousands unless otherwise stated)

- Goodwill impairment:
- The recoverable amount for the goodwill balances were determined based on the value in use calculations. These calculations use cash flow projections based on a business plan approved by the management. Cash flows are estimated over three to five years periods for each CGUs and cash flows beyond the estimated period are based on assumption of terminal growth rate. The discount rate was an estimate of the weighted average cost of capital as of 31 December 2024 based on market rates adjusted to reflect management’s estimate of the specific risks relating to each CGUs ranging between 10.4% - 18.5% (2023: 12.18% - 21.7%). The terminal growth rates are based on management best estimation specific to the conditions in which the CGUs operate and were estimated at a range rate of 2.0% - 6.3% (2023: 2.9% - 7%).

2) On 23 January 2023, the Company obtained licenses to provide internet service on board aircraft, as well as mobile communications service via satellite in the Kingdom of Saudi Arabia, for a financial consideration of ﷲ 427 million for a period of 15 years, starting from 2023.

3) Non-cash additions amounted to ﷲ 883 million (2023: ﷲ 876 million).

Intangible assets are amortized using the following estimated useful lives:

Computer software	5 – 7 years
Telecommunication licenses (*)	20 – 25 years
Others	3-20 years

(*) Range has been updated to reflect the impact of deconsolidating discontinued operations (Note 14.1).

The following table shows the breakdown of amortization and impairment expense if allocated to operating costs items from continuing operations for the year ended 31 December:

	2024	2023
Cost of revenues	708,454	712,685
Selling and marketing expenses	47,171	45,392
General and administrative expenses	2,106,580	1,818,418
	2,862,205	2,576,495

The following are the net book value and expiry dates of the main mobile operating licenses and frequency spectrum as at:

Country	End of amortization period	31 December 2024	31 December 2023
Kingdom of Saudi Arabia	2029 / 2032 / 2033 / 2034 /2037	2,383,429	2,663,085
State of Kuwait	2024 / 2033 / 2039	1,319,162	1,461,711
Kingdom of Bahrain	2031 / 2034 / 2038	547,535	575,315
		4,250,126	4,700,111

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

The following are the type, cost and expiry dates of the main mobile operating licenses and frequency spectrum as at:

Country	License type	End of amortization period	31 December 2024	31 December 2023
Kingdom of Saudi Arabia	Frequency spectrum: (1930-1980)/(2150-2170) Megahertz	2029	753,750	753,750
Kingdom of Saudi Arabia	Frequency spectrum 1: (703-718)/(758-773) MHZ (1727-1735)/(1822-1830)MHZ	2032	2,175,673	2,175,673
Kingdom of Saudi Arabia	Frequency spectrum 2: (718-723)/(773-778) MHZ (1735-1745)/(1830-1840) MHZ	2033	470,606	470,606
Kingdom of Saudi Arabia	Frequency spectrum 3: (2300-2400)MHZ	2034	279,573	279,573
Kingdom of Saudi Arabia	Frequency spectrum 4: (3600-3700)MHZ	2034	587,586	587,586
Kingdom of Saudi Arabia	Spectrum License 5 – non-terrestrial networks / CH1-1980-1995 MHz based	2037	149,750	149,750
Kingdom of Saudi Arabia	Spectrum License 6 – non-terrestrial networks/ CH2-1995-2010 MHz based	2037	164,719	164,719
			4,581,657	4,581,657
State of Kuwait	Frequency spectrum 2	2024	78,786	79,003
State of Kuwait	Kuwait License	2033	3,256,133	3,256,133
State of Kuwait	Frequency spectrum 1	2039	234,077	234,725
			3,568,996	3,569,861
Kingdom of Bahrain	MT - TRA Licenses	2031	77,812	77,935
Kingdom of Bahrain	Spectrum 800 & 2600 MHz	2034	44,038	44,108
Kingdom of Bahrain	TRA Mobile License Services	2038	891,409	892,821
Kingdom of Bahrain	LTE Spectrum Fees	2038	65,908	66,113
Kingdom of Bahrain	Others	2038	32,121	13,991
			1,111,288	1,094,968
			9,261,941	9,246,486

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

13. RIGHT OF USE ASSETS

	Lands and Buildings	Motor Vehicles	Others	Total
At 1 January 2024	3,832,872	4,276	56,690	3,893,838
Additions (*)	1,431,542	90,907	57,092	1,579,541
Effect of acquisition of new subsidiaries (Note 7)	1,067	-	-	1,067
Depreciation	(712,631)	(32,019)	(36,044)	(780,694)
Modifications and Terminations	(112,348)	(4,276)	(42,583)	(159,207)
Effect of disposal of subsidiaries (Note 14.1)	(3,182,574)	-	-	(3,182,574)
At 31 December 2024	1,257,928	58,888	35,155	1,351,971
At 1 January 2023	2,937,746	45,583	46,495	3,029,824
Additions (*)	1,222,709	4,561	21,884	1,249,154
Effect of acquisition of new subsidiaries	656,902	-	-	656,902
Depreciation	(972,101)	(45,868)	(11,689)	(1,029,658)
Modifications and Terminations	(12,384)	-	-	(12,384)
At 31 December 2023	3,832,872	4,276	56,690	3,893,838

(*) Non-cash additions amounted to ₪ 1,580 million (2023: ₪ 1,249 million).
(**) Table above includes movements related to disposed discontinued operations.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Buildings	2 – 31 years
Motor vehicles	3 – 5 years
Others	2-10 years

The Group elected not to recognize right of use assets for short-term and low-value leases, and hence the lease payments associated with these contracts were recognized as expenses during the year in the consolidated statement of profit or loss and amounted to ₪ 93 million (2023: ₪ 99 million).

The following table shows the breakdown of depreciation expense if allocated to operating costs items from continuing operations for the year ended 31 December:

	2024	2023
Cost of revenues	182,322	236,328
Selling and marketing expenses	6,558	6,420
General and administrative expenses	243,869	225,035
	432,749	467,783

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

14. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

14.1 Sale of equity interest in subsidiaries classified as discontinued operations

During October 2022, the Group received a non-binding offer from the Public Investment Fund (PIF) (a related party: the ultimate controlling party- note 1-A) to acquire 51% of the shares of TAWAL, while the Group will maintain 49% of the shares of TAWAL. TAWAL was valued at ₪ 21,940 million (100% enterprise value on cash free and debt free basis). The offer did not represent any binding commitment on both parties and it was subject to completing the due diligence.

On 21 April 2024, a sale and purchase agreement (the “SPA”) was signed with PIF to sell the 51% of the shares of TAWAL which contains certain conditions precedent, which must be satisfied prior to completion, including -but not limited to- obtaining the approval from the general assembly of stc, the approval of the Communications, Space and Technology Commission, as well as any applicable regulatory and commercial conditions. On 24 July 2024, the General Assembly of stc approved the SPA.

As per the SPA, TAWAL’s shares will be sold for a cash consideration estimated to be ₪ 8.7 billion, noting that the final cash consideration will be based on the final accounts of debt, cash, and working capital at completion of the transaction.

Agreements also were signed to transfer the ownership of both TAWAL and Golden Lattice Investment Company (“GLIC”) (owns and manages 8,069 telecommunications towers in the Kingdom of Saudi Arabia, and is owned by PIF and other shareholders) under Digital Infrastructure

for Investment Company (the “new entity”) through exchange of shares between the new entity, the owners of GLIC, and TAWAL. GLIC was valued at ₪ 3.03 billion (USD 807 million), representing 100% of Enterprise Value on a cash free and debt free basis. As a result, the Group’s ownership in the new entity will be 43.06%. The agreements have also stipulated the transfer of ownership of TAWAL International Holding A Limited and TAWAL International DMCC from TAWAL to Digital Infrastructure for Investment Company, which was completed during 2024 and after the stc General Assembly approval of the SPA with PIF.

On December 2024, all substantive condition precedents in relation to the transaction were completed and therefore the Group lost its control over TAWAL and Digital Infrastructure for Investment and recognized a gain on disposal amounting to ₪ 12.9 billion in the consolidated statement of profit or loss. TAWAL, and GLIC were valued at ₪ 17.4 billion, and ₪ 2.6 billion respectively net of cash, debt, and working capital adjustments. In addition, the Group injected ₪ 128 million in new entity capital to maintain its ownership of 43.06%.

As of the date of loss of control, the Group has started to account for its retained interest in TAWAL and Digital Infrastructure for Investment Company using the equity method of accounting as associates in accordance with the requirements of IAS 28 “Investments in Associates and Joint Ventures” (Note 8.1.1). The Group has remeasured its retained interest portion at fair value which resulted in a gain recognized as part of net profit from discontinued operations in the consolidated statement of profit or loss.

Summary of gains recognized on the partial sale of TAWAL and Digital Infrastructure for Investment Company as follows:

	2024
Fair value of consideration received (1)	10,007,283
Add: fair value of retained equity interest (2)	7,016,407
Less: carrying value of net assets derecognized	(4,138,313)
Total gains recognized from partial sale of subsidiaries (3)	12,885,377

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

- (1) Cash consideration for the transaction after the estimated debt, cash, and working capital amounted to ₪ 8,948 million. Cash received amounted to ₪ 5,748 million and a settlement of dividends payable to PIF amounted to ₪ 3,200 million. None-cash considerations include the Group’s 43% interest in GLIC for an amount of ₪ 1 billion, after applying the fair value adjustments for discount of lack of controls of 5%.
- (2) In estimating the fair value of the retained interest in TAWAL and Digital Infrastructure for Investment Company, the Group applied appropriate fair value adjustments which mainly include discount of lack of controls of 5%.
- (3) Total gains recognized from partial sale of subsidiaries include amount of ₪ 5.2 billion, which represents the gain on the fair value remeasurement of the retained interest.

Accordingly, TAWAL and Digital Infrastructure for Investment Company have been classified as discontinued operations after meeting the criteria in IFRS 5 “Non-current assets held for sale and discontinued operations”.

The total comprehensive income for the discontinued operations after considering intragroup eliminations and adjustments for the year ended 31 December as follows:

	2024	2023
Revenues	670,540	401,964
Cost of revenues and other operating expenses (*)	2,070,276	1,938,628
Depreciation and amortization (**)	(836,327)	(1,198,480)
Finance cost, net	(611,359)	(312,018)
Other expenses, net	(100,804)	(22,160)
Zakat and income tax	(104,343)	(48,888)
Profit from discontinued operations	1,087,983	759,046
Gain from sale of controlling interest in subsidiaries	12,885,377	-
Net profit from discontinued operations	13,973,360	759,046
Other comprehensive loss from discontinued operations	(140,696)	(66,207)
Total comprehensive income from discontinued operations	13,832,664	692,839

(*) When the Group applied IFRS 5 requirements for reporting discontinued operations, the Group has considered IFRS 10 “Consolidated Financial Statements” requirements for elimination of intragroup transactions but adjust to reflect how transactions between continuing or discontinued operations will be reflected in continuing operations going forward. This mainly represents: a debit adjustment to the cost of revenues against a credit adjustment to the net profit from discontinued operations in the consolidated statement of profit or loss that is reasonably expected to continue going forward for the year ended 31 December 2024 amounted to ₪ 3,178 million (31 December 2023: ₪ 2,941 million).

(**) Depreciation and amortization on discontinued operations assets have been stopped due to classification as discontinued operations on 24 July 2024.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

The net assets of TAWAL and Digital Infrastructure for Investment Company as at the date of disposal were as follows:

	31 December 2024
Property and equipment	8,026,903
Intangible assets and goodwill	4,364,629
Right of use assets	3,182,574
Contract assets and costs	168,382
Other financial assets	5,195,178
Trade receivables	861,356
Other assets	333,147
Cash and cash equivalents	1,691,490
TOTAL ASSETS	23,823,659
Borrowings	13,628,198
Lease liabilities	3,179,287
Contract liabilities	359,836
Provisions	394,466
Trade and other payables	1,202,103
Other financial liabilities	413,793
Other liabilities	507,663
TOTAL LIABILITIES	19,685,346
NET ASSETS DISPOSED OF	4,138,313

The cash flow details for the discontinued operations for the year ended 31 December as follows:

	2024	2023
Net cash flow generated from operating activities	2,040,896	2,697,174
Net cash flow used in investing activities	(183,439)	(6,096,420)
Net cash flow used in generated from financing activities	(993,653)	4,233,292
NET INCREASE IN CASH AND CASH EQUIVALENTS	863,804	834,046

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

14.2 Assets held for sale

Assets have been reclassified as assets held for sale measured at the lower of carrying amount and fair value less costs to sell as at 31 December:

	2024	2023
Lands at carrying amount (1)	39,519	21,259
Telecom towers at fair value less costs to sell (2)	-	30,000
	39,519	51,259

- 1- During the year 2024, lands with carrying amount of ₪ 18 million have been reclassified as assets held for sale (2023: ₪ 21 million).
- 2- During the year 2023, TAWAL entered into the settlement agreement with one of the customers. This settlement offer is for terminating the contract and transferring certain number of towers back to the customer with book value of ₪ 42 million and a fair value less costs to sell of ₪ 30 million. During 2024, TAWAL sold the telecom towers.

15. CONTRACT ASSETS AND COSTS

15.1 Contract assets

	31 December 2024	31 December 2023
Unbilled revenue	8,954,443	8,168,458
Less: allowance for impairment loss	(231,523)	(205,071)
	8,722,920	7,963,387
Current (1)	7,728,563	6,951,010
Non-current (2)	994,357	1,012,377
	8,722,920	7,963,387

- (1) Contract assets are initially recognized for revenue earned from rendering of telecom services, sale of devices, and networks installation contracts unbilled yet. Upon completion of a billing cycle, the amounts recognized as contract assets are reclassified to trade receivables. The majority of balances are billed within one calendar month except for balances subject to settlement agreements with telecom operators which could be extended to one year or more.
- (2) Non-current contract assets represent balances related to unbilled receivables on sold devices. The term of the contracts for the sold devices ranges between 18 and 24 months.
- (3) The average expected credit loss rate on contract assets for the year ended 31 December 2024 is 2.6% (2023: 2.5%).
- (4) Significant changes in contract assets balances: contract assets decreased by ₪ 168 million for the year ended 31 December 2024 as a result of disposal of subsidiaries (Note 14.1) (2023: increased by ₪ 121 million as a result of the acquisition of new subsidiaries).

Movement of allowance for impairment loss of contract assets during the year ended 31 December as follows:

	2024	2023
Balance at 1 January	205,071	206,056
Additions (Note 37)	113,839	135,851
Written off	(87,387)	(136,836)
Balance at 31 December	231,523	205,071

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

15.2 Contract costs

Contract costs consist of the following:

	31 December 2024	31 December 2023
Costs to obtain the contracts (1)	115,506	87,658
Costs to fulfil the contracts (2)	467,876	428,007
	583,382	515,665
Current	111,506	83,174
Non-current	471,876	432,491
	583,382	515,665

(1) Costs to obtain contracts relate to incremental commission fees and additional incentives paid to intermediaries, dealers and employees as a result of obtaining contracts with customers. These costs are amortized on a straight-line basis over the period of the contract/anticipated contract.

(2) Costs to fulfil contracts are installation costs and are amortized on a straight-line basis over the period of the contract/anticipated contact.

The following table shows the allocation of contract costs amortization and impairment losses among operating costs items for the year ended 31 December:

	2024	2023
Cost of revenues (Note 36)	190,054	150,725
Selling and marketing expenses (Note 37)	92,817	93,645
	282,871	244,370

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

16. FINANCIAL ASSETS AND OTHERS

16-1 Financial assets

	31 December 2024	31 December 2023
Financial assets measured at FVTOCI		
Listed equity investments (1)	4,318,321	4,130,284
Financial assets measured at FVTPL		
Cash collateral against purchase of a listed equity investment (2)	4,144,063	4,468,557
Investment funds and unlisted equity investments (3)	4,063,687	3,532,376
	8,207,750	8,000,933
Financial assets at amortized cost:		
Sukuk (4) (5)	5,133,819	5,313,050
Customers’ trust accounts of stc Bank (Note 32.1)	2,360,035	2,532,874
Investment accounts of stc Bank	-	500,000
Loans to employees (6)	472,366	410,679
Finance lease receivables (7)	823,249	24,040
Accrued profit on financial assets	247,534	285,361
Others	1,679,833	1,222,808
	10,716,836	10,288,812
Financial derivatives		
Forward contract (8) (Note.32.1)	200,857	-
Options (9)	23,391	662,073
Islamic cross currency profit rate swap (10)	238,829	-
	463,077	662,073
	23,705,984	23,082,102
Current	8,667,558	10,767,322
Non-current	15,038,426	12,314,780
	23,705,984	23,082,102

1) During the third quarter of the year 2023, the Group has completed the purchase of 4.9% direct shareholding in Telefonica. Telefonica is a leading European telecommunications operator through its significant presence in three of the largest European markets, namely Spain, Germany and the UK, in addition to Brazil which is the largest market in Latin America. These investments are irrevocably designated at fair value through OCI. The Group has received dividends during the year of 2024 amounting to ₪ 335 million (2023: ₪ 173 million) which are included as other income in the consolidated statement of profit or loss.

2) Amount represents an advance collateral payment, until obtaining the relevant regulatory approvals expected within one year, against the Group's signing a contingent sale purchase agreement with one of the international investment banks to acquire an additional shareholding of 5% in Telefonica. During the fourth quarter of 2024, the Group received the foreign investment authorization from the Spanish Council of Ministers. During the first quarter of 2025, the Group has increased its voting rights from 4.97% to 9.97% following the completion of all relevant requirements (Note 48).

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

- 3) The Group invests in various venture funds which are investing in emerging, small and medium-sized companies operating in the field of Communications and Information Technology in the Kingdom and other global markets.
- 4) The Group invested in Sukuk issued by the Ministry of Finance (MoF) as the following:

	2024		2023	
Nominal Investment value	1,600,000	2,140,000	1,762,000	2,140,000
Year of investment	2024	2019	2019	2019
Year of maturity	2029	2029	2024	2029
Yield	3.9%	3.9%	3.17%	3.9%

5) During the year 2007, stc Asia Holding Company Limited (a subsidiary) invested in Sukuk issued by Binariang GSM Sdn Bhd ("BGSM") in the amount of RM 1,508 million (equivalent to ﷲ 1,383 million) period for a of 50 years (callable after 10 years) with an annual profit margin of 6 months KLIBOR+8.51%. These sukuks are not past due or low in value with a book value of ﷲ 1,191 million as of 31 December 2024 (2023: ﷲ 1,230 million).

6) The Company has provided its employees interest-free loans to acquire residential housing and motor vehicles for a period of 15 years and 4 years, respectively. The repayment is made in equal instalments over the term of the loan duration while the employee remains in service, otherwise, they are required to be repaid in full upon the employee leaving the Company. Any new housing loans provided to an employee after June 2016 are being funded through a local commercial bank and are guaranteed by the Company. The Company bears the finance cost of the loans.

7) Mainly with TAWAL amounting to ﷲ 748 million as at 31 December 2024 (2023: eliminated at Group consolidation (Note14.1)).

8) The Group has entered into a forward agreement in relation to its investment in Telefonica to ensure that the Group has synthetic stake of 5% in Telefonica pending regulatory approval such that it is eligible to obtain all economic benefits as ordinary shareholders (Note 48). During the year 2024, the manufactured dividends received amounted to ﷲ 320 million (2023: ﷲ 167 million) which are included as other income in the consolidated statement of profit or loss.

Below are the details of the forward agreement and the change in fair value for the year ended 31 December:

	2024		2023	
	EUR'000	ﷲ '000	EUR'000	ﷲ '000
Notional value	1,064,753	4,144,063	1,079,649	4,468,557
Revaluation profit (loss) recognized in profit or loss	116,033	460,058	(63,543)	(259,899)

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

9) Below are the details of the agreement and the change in fair value as at /during the year ended 31 December, respectively:

	Carrying value	the changes in fair value			
		2024		2023	
		EUR'000	ﷲ '000	EUR'000	ﷲ '000
Option at fair value through other comprehensive income (*)	11,660	(76,712)	(304,156)	59,129	241,845
Option at fair value through profit or loss	11,731	(77,751)	(308,274)	60,336	246,782

(*) The Group has entered into options agreement to hedge against price risk in relation to its investment in Telefonica. On average, the option strike price for these options ranges from € 3.3795 to € 4.8064 and these options will expire during the period from 5 March 2026 to 5 September 2028 with a hedge ratio of 1:1. An ineffectiveness (ﷲ 150 million) (2023: ﷲ 13 million) was recognized in the statement of other comprehensive income.

The contractual arrangements of these instruments entail the partial return of dividends for the underlying investment to the counterparty. During the year 2024, the transferred dividends to the counterparty amounted to ﷲ 408 million (2023: ﷲ 224 million) which are included as other expenses in the consolidated statement of profit or loss.

10) During the second quarter of 2024, the Group entered into an Islamic Cross Currency Profit Rate Swap arrangement with a notional amount of EUR 1,470 million (USD 1,600 million equivalent to ﷲ 6,000 million) to mitigate the EUR forex risk and floating profit rate whereby the Group receives USD and pays EUR. The Group accounted for this arrangement as derivative financial instruments measured at fair value through profit or loss up to the end of second quarter 2024. During the third quarter of 2024, this financial instrument was designated as a hedge instrument protecting the Group from the fluctuations in the EURO net asset position due to movement in EURO/SAR exchange rates (net investment hedge) and movement in the Term SOFR rates (cash flow hedge). The Group recognised the change in fair value of the hedging instrument in other comprehensive income for the effective portion and in consolidated statement of profit or loss for the ineffective portion. The fair value was estimated using appropriate valuation techniques based on the forward profit and currency rates in Bloomberg portal.

Below are the details of the carrying value and the change in fair value as at 31 December 2024:

	Carrying value	Changes in fair value	
		fair value through other comprehensive income	Ineffectiveness recognized in profit or loss
Net investment hedge - Cross currency SWAP	269,378	93,055	(9,814)
Cash flow hedge - Interest rate SWAP	(30,549)	92,870	19,568
Total	238,829	185,925	9,754

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

16-2 Other assets

	31 December 2024	31 December 2023
Prepaid expenses	544,824	421,598
Deferred expenses	344,895	317,376
Advances	334,284	612,612
Deferred tax assets	39,940	1,304
Others	366,263	312,221
	1,630,206	1,665,111
Current	1,351,697	1,478,697
Non-current	278,509	186,414
	1,630,206	1,665,111

17. INVENTORIES

	31 December 2024	31 December 2023
Goods held for resale*	2,011,865	2,090,694
Less: allowance for slow moving inventories	(122,638)	(185,723)
	1,889,227	1,904,971

*The Group's inventories mainly consist of mobile devices.

Inventories recognised as an expense within cost of sales during the year amounted to ﷲ 11,939 million (2023: ﷲ 11,023 million).

The following is an analysis of the allowance for slow moving inventories for the year:

	2024	2023
Balance at 1 January	185,723	231,631
(Reversals) / Additions	(46,436)	44,323
Effect of acquisition of new subsidiaries	54	-
Write off /adjustment	(16,703)	(90,231)
Balance at 31 December	122,638	185,723

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

18. TRADE RECEIVABLES

	31 December 2024	31 December 2023
Trade receivables	25,602,745	23,786,025
Less: allowance for impairment loss	(3,379,581)	(2,384,754)
	22,223,164	21,401,271

Ageing analysis of trade receivables as follows (*):

	31 December 2024			31 December 2023		
	Gross Amounts	Allowance for impairment loss	ECL Rate	Gross Amounts	Allowance for impairment loss	ECL Rate
Not past due	3,223,401	(379,544)	11.8%	3,828,989	(291,027)	7.6%
Past due:						
1 – 30 days	1,284,061	(79,028)	6.2%	390,994	(30,615)	7.8%
31 – 90 days	2,720,006	(268,814)	9.9%	2,212,927	(276,045)	12.5%
91 – 150 days	2,152,856	(256,103)	11.9%	2,063,922	(176,427)	8.6%
151 – 365 days	5,773,937	(725,022)	12.6%	7,091,967	(598,577)	8.4%
<365 days	10,448,484	(1,671,070)	16.0%	8,197,226	(1,012,063)	12.4%
	25,602,745	(3,379,581)	13.2%	23,786,025	(2,384,754)	10.0%

(*) The amounts above include balances with government and government related entities.

Movement of trade receivables’ allowance for impairment loss during the year was as follows:

	2024	2023
Balance at 1 January	2,384,754	2,454,692
Additions	1,381,528	449,144
Effect of acquisition of new subsidiaries	6,984	1,676
Written off	(210,349)	(497,349)
Recovered	(143,264)	(22,019)
Effect of disposal of subsidiaries	(27,384)	-
Effect of foreign currency exchange differences	(12,688)	(1,390)
Balance at 31 December	3,379,581	2,384,754

The expected credit loss is estimated as per approved accounting policies which consider, in determining the recoverability of a trade receivable, any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the financial year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The contractual amount outstanding on trade receivables that were written off during the reporting period are still subject to enforcement activity.

Trade receivables balance from Government entities amounted to ﷲ 18,567 million as at 31 December 2024 (2023: ﷲ 17,129 million) (Note 21.2). No other clients represent more than 10% of the total balance of trade receivables.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

Receivable aging from government entities is as follows:

	31 December 2024	31 December 2023
Less than a year	9,559,212	10,323,282
More than one year but less than two years	5,791,205	4,243,442
More than two years	3,216,695	2,562,511
	18,567,112	17,129,235

19. SHORT TERM MURABAHAS

The Group invests part of its excess cash in murabahas that have maturity of more than three months but less than a year with several banks, with a profit rate ranging from 5.30% to 6.78% (2023: 5.20% to 6.45%).

20. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Short term murabahas (with three months maturity or less) *	10,602,612	10,871,750
Cash at banks and in hand	4,940,829	2,499,570
	15,543,441	13,371,320

*The Group invests a part of its surplus cash in murabahas with maturities of three months or less with several banks with a profit rate ranging between 3.80% - 6.80% (2023: 3.30% - 6.42%).

21. RELATED PARTY TRANSACTIONS

21.1 Trading transactions and balances with related parties (Associates and Joint Ventures – Note 8)

The Group trading transactions with related parties during the year ended 31 December were as follows:

	2024	2023
Services provided		
Associates	535,847	370,531
Joint ventures	4,633	6,655
	540,480	377,186
Services received		
Associates	776,759	483,818
Joint ventures	2,891	115,018
	779,650	598,836

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

The following balances were outstanding as at the end of the financial year:

	Amounts due from related parties		Amounts due to related parties	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Associates (*)	3,039,570	320,302	2,759,484	58,202
Joint ventures	3,754	2,414	3,351	5,960
	3,043,324	322,716	2,762,835	64,162

(*) Include amounts due from TAWAL and Digital Infrastructure for Investment Company amounted to ₪ 2,596 million and amounts due to TAWAL and Digital infrastructure for Investment Company amounted to ₪ 2,656 million as of 31 December 2024 (Note 6.22, 8.11, and 14.1).

The sale and purchase transactions are carried out by the relevant parties in accordance with the normal terms of trade. The outstanding balances are unguaranteed, without commission and no guarantees have been provided or received in relation to the balances due or from the related parties.

In addition, the Group has an investment in sukuk issued by a joint venture entity (BGSM) amounting to RM 1,508 million equivalent to ₪ 1,383 million at the exchange rate as at investment date) with a book value of ₪ 1,191 million as of 31 December 2024 (2023: ₪ 1,230 million) (Note 16.1).

21.2 Transactions and related parties’ balances (government and government related entities)

Revenues from transactions with government and government related entities for the year ended 31 December 2024 amounted to ₪ 12,699 million (2023: ₪ 13,496 million) and expenses related to transactions with government and government related entities for the year ended 31 December 2024 (including government charges) amounted to ₪ 5,895 million (2023: ₪ 5,205 million).

As at 31 December 2024, accounts receivable from government entities totalled ₪ 18,567 million (2023: ₪ 17,129 million) (Note 18) and as at 31 December 2024, accounts payable to government entities totalled ₪ 1,221 million (2023: ₪ 1,503 million). Among the balances with government entities, the Group invested ₪ 3,902 million in the Sukuk issued by the Ministry of Finance during the first quarter of 2019. During 2024, Tranche I amounting to ₪ 1,762 million has matured and additional investment was made amounting to ₪ 1,600 million with duration of 10 years (Note 16.1).

The total balance of accounts receivable with government related entities as of 31 December 2024 was ₪ 1,244 million (2023: ₪ 1,526 million). Total balance of accounts payable with government related entities as of 31 December 2024 was ₪ 2,603 million (2023: ₪ 1,884 million).

The transactions with government/government related entities are conducted during the ordinary course of the Group’s business based on terms comparable to the terms of transactions enacted with other entities that are not government-related. The Group has also established its procurement policies and approval processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

Government entities are defined as ministries, authorities, commissions, and other entities of the government of Saudi Arabia. On the other hand, Government related entities are defined as PIF, its subsidiaries, and related entities. Transactions with related parties include sale of equity interest in TAWAL and Digital Infrastructure for Investment Company to Public Investment Fund (Note 6.22, 8.1.1, 14.1).

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

21.3 Loans to related parties

	31 December 2024	31 December 2023
Loans to senior executives	14,549	10,765

21.4 Benefits, remuneration and compensation of board members and senior executives

The remuneration and compensation of board members and senior executives during the year ended 31 December were as follows:

	2024	2023
Short-term benefits and remuneration	642,432	603,449
Provision for leave and end of service benefits	106,023	89,763
Long-term incentives program	116,737	118,252
Others	14,392	9,452
Total compensations	879,584	820,916

22. SHARE CAPITAL

	31 December 2024	31 December 2023
Authorized, issued and fully paid capital comprises		
5 billion fully paid ordinary shares at ﷲ 10 each share	50,000,000	50,000,000
Number of outstanding shares "in thousands"	4,986,916	4,984,506
Number of treasury shares "in thousands"	13,084	15,494
	5,000,000	5,000,000

23. STATUTORY RESERVE

The EGA approved in its meeting on 4 Thul-Hijjah 1444H (corresponding to 22 June 2023) the amendment of the Company's Bylaws in accordance with the new Companies Law which became effective as at 19 January 2023. The EGA also approved transferring the balance of the statutory reserve as at 31 December 2022 amounting to ﷲ 11,217 million to the retained earnings since the statutory reserve is not required in light of the new Companies Law and the amended bylaws. During the third quarter of the year 2023, the relevant regulatory procedures and requirements have been completed and the balance of the statutory reserve has been transferred to retained earnings.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

24. TREASURY SHARES

During the year 2020 -2024, the Company completed the purchase of its own shares with an amount of ﷲ 753 million to be allocated to the Employees' Long-term Incentives Program (Note 46).

The following is the number of treasury shares (in thousands) as at 31 December:

	2024	2023
Treasury shares as at 1 January	15,494	17,822
Treasury shares re-issued	(2,410)	(2,328)
Treasury shares as at 31 December	13,084	15,494

25. OTHER RESERVES

	Foreign currency translation reserve	Actuarial gain (loss)	Changes in shareholding of subsidiaries	Other reserves	Total
As at 1 January 2024	(64,749)	(523,845)	2,266,519	447,267	2,125,192
Remeasurement of the end of service benefits provision	-	191,278	-	-	191,278
Share-based payment transactions	-	-	-	57,640	57,640
Transactions with non-controlling interest	-	-	(431,890)	-	(431,890)
Foreign currency translation differences	(956,508)	-	-	-	(956,508)
Net share associates and joint ventures	-	-	-	(23,416)	(23,416)
Gain on cash flow hedge, net	-	-	-	92,870	92,870
Changes in fair value for hedging instruments and equity investments through other comprehensive income	-	-	-	140,321	140,321
Gain on net investment hedge, net	-	-	-	93,055	93,055
Effect of disposal of subsidiaries	204,936	2,799	-	(11,656)	196,079
As at 31 December 2024	(816,321)	(329,768)	1,834,629	796,081	1,484,621

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Foreign currency translation reserve	Actuarial gain (loss)	Changes in shareholding of subsidiaries	Other reserves	Total
As at 1 January 2023	(90,800)	(320,583)	2,041,018	402,604	2,032,239
Remeasurement of the end of service benefits provision	-	(203,262)	-	-	(203,262)
Share-based payment transactions	-	-	-	25,981	25,981
Transactions with non-controlling interest	-	-	225,501	-	225,501
Foreign currency translation differences	26,051	-	-	-	26,051
Net share of associates and joint ventures	-	-	-	30,863	30,863
Changes in fair value for equity investments through other comprehensive income	-	-	-	(12,181)	(12,181)
As at 31 December 2023	(64,749)	(523,845)	2,266,519	447,267	2,125,192

26. NON-CONTROLLING INTERESTS

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that has material non-controlling interests as at:

Name of Subsidiary	Proportion of ownership and voting rights acquired by non- controlling interests		Non-controlling share of profit (loss) for the year ended 31 December		Non-controlling interests as of 31 December	
	2024	2023	2024	2023	2024	2023
stc Kuwait	48.16%	48.16%	184,382	191,638	1,409,442	1,433,263
Solutions	20.0%	20.0%	320,563	239,029	805,925	693,384
Others (*)	-	-	(277,354)	(306,569)	853,138	403,574
			227,591	124,098	3,068,505	2,530,221

(*) Includes the Group's investment in stc Bank, iot² and SCCC (Note 6).

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

The following is a summary of the financial statements of individually material subsidiaries which is non- wholly owned by the Group and have material non-controlling interests:

	As at 31 December 2024	
	stc Kuwait	Solutions
Statement of financial position		
Current assets	2,840,241	10,358,690
Non-current assets	2,784,906	1,681,408
Current liabilities	(2,195,834)	(6,682,898)
Non-current liabilities	(502,852)	(1,327,574)
Net assets	2,926,461	4,029,626
Group's share of net assets	1,517,019	3,223,701
Non-controlling interests' share of net assets	1,409,442	805,925

	For the year ended 31 December 2024	
	stc Kuwait	Solutions
Statement of comprehensive income		
Revenues	4,105,483	12,063,897
Profit for the year	382,839	1,602,816
Other comprehensive loss for the year	(6,445)	(221,595)
Total comprehensive income for the year	376,394	1,381,221
Group's share of comprehensive income	195,115	1,104,977
Non-controlling interests' share of comprehensive income	181,279	276,244
Dividends paid to non-controlling interests	204,747	142,784

	For the year ended 31 December 2024	
	stc Kuwait	Solutions
Statement of cash flows		
Operating activities	1,165,466	1,509,256
Investing activities	(899,835)	(2,126,870)
Financing activities	(635,937)	(807,470)
Net decrease in cash and cash equivalents	(370,306)	(1,425,084)

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	As at 31 December 2023	
	stc Kuwait	Solutions
Statement of financial position		
Current assets	2,757,949	10,296,333
Non-current assets	2,704,915	1,219,911
Current liabilities	(2,004,969)	(7,195,438)
Non-current liabilities	(481,974)	(968,252)
Net assets	2,975,921	3,352,554
Group's share of net assets	1,542,658	2,659,170
Non-controlling interests' share of net assets	1,433,263	693,384
	For the year ended 31 December 2023	
	stc Kuwait	Solutions
Statement of income and other comprehensive income		
Revenues	3,986,034	11,040,493
Profit for the year	398,777	1,195,145
Other comprehensive loss for the year	(4,332)	(97,242)
Total comprehensive income for the year	394,445	1,097,903
Group's share of comprehensive income	204,472	878,322
Non-controlling interests' share of comprehensive income	189,973	219,581
Dividends paid to non-controlling interests	178,047	118,976
Statement of cash flows		
Operating activities	1,123,998	1,715,337
Investing activities	(349,583)	1,036,159
Financing activities	(482,670)	(688,976)
Net increase in cash and cash equivalents	291,745	2,062,520

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

27. BORROWINGS

Total loans repaid during the year ended 31 December 2024 amounted to ﷲ 2,635 million (2023: ﷲ 433 million). Total loans received during the year ended 31 December 2024 amounted to ﷲ 880 million (2023: ﷲ 11,834 million). A list of the loans are as follows:

Nature of borrowing	Date of borrowing	Date of final instalment	Currency	Profit rate	Current portion		Non-current portion	
					Balance as at 31 December 2024	Balance as at 31 December 2023	Balance as at 31 December 2024	Balance as at 31 December 2023
Sukuk (1)	May 2019	May 2029	US Dollar	3.89%	-	-	4,678,577	4,676,733
Sukuk (2)	June 2014	June 2024	Saudi Riyal	3-months SAIBOR + 0.70%	-	2,000,000	-	-
Murabaha (3) (4)	December 2017	December 2027	Malaysian Ringgit	6 months KLIBOR + 0.65%	-	-	1,267,094	1,231,344
Murabaha (4)	September 2021	August 2026	US Dollar	3 months SOFR + 0.75%	-	-	494,160	696,705
Murabaha (5)	March 2021	November 2029	US Dollar	1.27%	69,713	68,757	274,312	342,800
Murabaha (5) (7)	September 2023	March 2029	US Dollar	6 months SOFR + 0.73%	-	5,962,629	6,000,726	-
Murabaha (4) (6)	August 2023	February 2025	US Dollar	6 months SOFR + 0.50%	-	-	-	1,125,000
Murabaha (5) (6)	August 2023	August 2028	US Dollar	6 months SOFR + 0.95%	-	-	-	4,095,000
Murabaha (4)	February 2019	December 2025	Saudi Riyal	3 months SAIBOR + 0.55%	155,000	-	-	155,000
Murabaha (5)	February 2022	March 2028	Kuwaiti Dinar	CBK +0.55%	69,974	70,168	139,948	210,503
Mudarabha (5)	December 2018	May 2026	Bahraini Dinar	2.10%	3,870	3,594	2,177	6,386
Murabaha (4)	January 2023	January 2029	US Dollar	3 months SOFR+0.95%	-	-	449,763	248,675
Murabaha (4)	August 2022	August 2036	Saudi Riyal	6 months SAIBOR+0.60%	-	-	500,394	354,495
Murabaha (4)	June 2022	June 2027	Saudi Riyal	6 months SAIBOR + 0.45%	-	-	499,377	499,127
Others (8)					93,027	210,580	433,627	-
Total					391,584	8,315,728	14,740,155	13,641,768

(1) At the General Assembly meeting on 19 Shaaban of 1440 H (corresponding to April 24, 2019), the Company approved the establishment of an international sukuk program and the issuance of sukuk either directly or by establishing special purpose vehicles that are established and used to issue primary or secondary sukuk in one or several parts or one or several stages, or through a series of issuance in US dollars, not exceeding the amount of USD 5,000 million for the total value of the sukuk issues and parts of the sukuk program referred to above at any time.

Based on the above, the Saudi Telecom Sukuk Company Limited during the second quarter of 2019 (a company established for the purpose of issuing sukuk under the sukuk program referred to above in US dollar) launched the first issue of the sukuk program in the amount of ﷲ 4,688 million (equivalent to USD 1,250 million) for 10 years. This program is an international sukuk in US dollar, with a total number of 6,250 sukuk and a nominal value of USD 200 thousand per sukuk having an annual return of 3.89% and a maturity of ten years.

(2) During 2014, the Company approved a sukuk program with a maximum amount of ﷲ 5 billion. The first tranche has

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

been issued amounting to ﷲ 2 billion (Sukuk certificates have a nominal value of ﷲ 1 million each) for a period of 10 years. These sukuk certificates have matured and were fully repaid in 2024.

(3) stc Asia Holding Limited has extended its syndicated variable commission loan’s repayment date from December 2022 to December 2027.

(4) Secured.

(5) Unsecured.

(6) Borrowings related to disposed subsidiaries refer to Note 14.1.

(7) The borrowing repayment date has been extended from September 2024 to March 2029 and profit rates changed from 3 months SOFR + 1.50% to 3 months SOFR + 0.75%.

(8) Borrowings obtained by indirectly owned subsidiaries.

28. RETIREMENT BENEFITS PLANS

28.1 End of service benefits provision

The Group provides end of service benefits to its employees. The entitlement is based upon the employees’ final salary and length of service, subject to the completion of a minimum number of service years, calculated under the provisions of the Labour Law of the respective country and is payable upon resignation or termination of the employee. The expected costs of these benefits are accrued over the years of employment.

The Group’s plan is exposed to actuarial risks such as discount rate and salary risk.

Discount rate risk	A decrease in the discount rate will increase the end of service benefits plan liability.
Change in salaries risk	The present value of the end of service benefit plan liability is calculated by reference to the estimated future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the plan’s liability.

Calculation of end of service benefit provision was performed using the most recent actuarial valuation as at 31 December 2024. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The significant actuarial assumptions during 2024, used in determining the end of service benefit obligation,

represent the discount rate of (4.50%- 6.20%) ,the expected increase in salary (1.50%- 5.32%) and experience adjustments (2023: discount rate of (4.40%- 5.70%) and the expected increase in salary (1.25%-6.00%)) resulting in recording of net actuarial gain included in the consolidated statement of comprehensive income amounting to ﷲ 180 million (2023: actuarial loss amounting to ﷲ 214 million).

The net expenses recognized in the consolidated statement of profit or loss are as follows for the year ended 31 December:

	2024	2023
Services cost	470,618	435,847
Interest cost	240,721	237,265
	711,339	673,112

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

Movements of end of service benefit provision for the year ended 31 December is as follow:

	2024	2023
Balance at 1 January	5,258,413	4,871,335
Expenses recognized in the consolidated statement of profit or loss	711,339	673,112
Effect of acquisition of new subsidiaries	10,617	95,870
Actuarial (gains) losses recognized in the consolidated statement of comprehensive income during the year resulting from:		
- Changes in financial assumptions	(305,543)	69,010
- Experience adjustments	125,133	145,464
	(180,410)	214,474
Paid	(585,633)	(609,280)
Effect of disposal of subsidiaries	(63,225)	-
Effect of foreign currency exchange differences and others	33,441	12,902
Balance at 31 December	5,184,542	5,258,413

The following table shows the maturity profile of the Group’s defined benefit obligations as at 31 December:

	2024	2023
One year or less	27,629	55,389
Above one year but less than five years	785,983	502,206
Above five years	7,818,025	7,256,948
	8,631,637	7,814,543

The following table shows the change in defined benefit obligation balance based on increase / decrease in the below assumptions:

		2024	Defined benefit obligation	
	Change in Assumption	Base Value	After increase in assumption	After decrease in assumption
Discount rate	100 basis points	5,184,542	4,999,550	5,781,012
Salary change rate	100 basis points	5,184,542	5,785,749	4,989,249

		2023	Defined benefit obligation	
	Change in Assumption	Base Value	After increase in assumption	After decrease in assumption
Discount rate	100 basis points	5,258,413	4,780,950	5,660,836
Salary change rate	100 basis points	5,258,413	5,662,816	4,771,957

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

The sensitivity analysis presented above may not be representative of the actual change in the end of service benefit provision as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The sensitivity analysis of employees’ retirements benefits was calculated using the projected unit credit method.

28.2 Defined contribution plans

The Group participates in pension schemes for its employees which are managed by government institutions in the countries concerned. The amount recognized as an expense for defined contribution plans for the year ended 31 December 2024 is ﷲ 675 million (2023: ﷲ 651 million).

28.3 Early retirement plan

The Group has early retirement plan for its employees. The amount recognized as an expense early retirement plan for the year ended 31 December 2024 is ﷲ 2,577 million (2023: ﷲ 863 million).

29. LEASE LIABILITIES

Following is the movement on lease liabilities:

	2024	2023
Balance as at 1 January	4,275,229	3,296,120
Additions	1,768,791	1,633,022
Effect of acquisition of new subsidiaries	1,130	657,137
Payments	(1,515,120)	(1,218,622)
Financing costs	202,478	120,395
Other adjustments	(517,269)	(212,823)
Effect of disposal of subsidiaries	(2,051,154)	-
Balance as at 31 December	2,164,085	4,275,229
Current	593,447	947,703
Non-current	1,570,638	3,327,526
	2,164,085	4,275,229

Table above includes movements related to disposed discontinued operations.

30. CONTRACT LIABILITIES

	31 December 2024	31 December 2023
Deferred revenue from services	4,708,962	4,671,784
Material right / Customer loyalty program	528,458	572,557
	5,237,420	5,244,341
Current (1)	4,067,079	4,133,619
Non-current (2)	1,170,341	1,110,722
	5,237,420	5,244,341

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

(1) The current portion of contract liabilities relates to unearned revenue pertaining to unutilized prepaid card units sold and the value of customer loyalty program points not yet redeemed. Revenue recognized during the year that was included in the contract liability balance at the beginning of the year amounted to ﷲ 4,134 million (2023: ﷲ 3,933 million).

(2) The non-current portion of contract liabilities relates to amounts received by one of the group subsidiaries from a key customer to construct a fibre optic network for which capital work completed amounted to ﷲ 591 million (2023: ﷲ 591 million) (Note 45.3).

(3) Significant changes in contract liabilities balances: contract liabilities decreased by ﷲ 360 million for the year ended 31 December 2024 as a result of disposal of subsidiaries (Note 14.1) (2023: increased by ﷲ 41 million as a result of the acquisition of new subsidiaries).

31. PROVISIONS

	31 December 2024	31 December 2023
Legal, regulatory, and other provisions (1)	1,284,350	2,593,786
Decommissioning provision (2)	143,092	312,292
	1,427,442	2,906,078
Current	915,209	2,221,748
Non-current	512,233	684,330
	1,427,442	2,906,078

	2024	2023
Legal, regulatory, and other provisions ⁽¹⁾		
Balance as at 1 January	2,593,786	2,450,092
Additions	603,390	389,517
Reversals	(1,790,027)	(86,435)
Payment / settlements	(122,799)	(159,388)
Balance as at 31 December	1,284,350	2,593,786
Decommissioning provision ⁽²⁾		
Balance as at 1 January	312,292	163,488
Additions	94,771	5,635
Unwinding of discount	4,409	8,853
Effect of acquisition of new subsidiaries	-	100,646
Other adjustments	66,338	31,979
Effect of disposal of subsidiaries	(330,954)	-
Effect of foreign currency exchange differences	(3,764)	1,691
Balance as at 31 December	143,092	312,292

1) The Company is considered a party to a number of legal and regulatory claims. The Group, after taking independent legal advice when required, has established provisions after taking into account the facts for each case.

2) In the course of the Company’s normal activities, a number of sites and other assets are utilized which are expected to have costs associated with restoration of the assets. The associated cash outflows are expected to occur primarily in years up to ten years from the date when the assets are brought in use.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

32. FINANCIAL LIABILITIES AND OTHERS

32-1 Financial liabilities

	31 December 2024	31 December 2023
Dividends payable (Note 47)	3,008,990	2,246,738
Customers’ deposits – stc Bank (Note 16.1)	2,360,035	2,532,874
Financial liabilities related to frequency spectrum licenses	1,954,130	2,123,244
Government charges	1,102,309	1,552,086
Financial derivatives - Forward contract (Note 16.1)	-	262,998
Other financial liabilities (1)	716,959	547,534
	9,142,423	9,265,474
Current	6,969,176	7,064,605
Non-current	2,173,247	2,200,869
	9,142,423	9,265,474

(1) Mainly includes the following:

- a) During the year 2022, the Group has granted a put option to non-controlling interest shareholders in SCCC in which the Group commits to purchase 27% shareholding in the subsidiary at fair value at the exercise date of the option. As a result, the Group has recorded, as at 31 December 2022, a non-current financial liability of ₪ 469 million against the reduction in non-controlling interests of ₪ 206 million and other reserves of ₪ 263 million. As at 31 December 2023, the decrease in the fair value of the non-current liability resulting from the put option is recognized in equity amounting to ₪ 226 million. As at 31 December 2024, the decrease in the fair value of the non-current liability resulting from the put option is recognized in equity amounting to ₪ 45 million (Note 43.2).
- b) Deferred fee with a fair value amounting to ₪ 160 million as at 31 December 2024 (2023: ₪ 165 million) on the options agreement the Group has entered into in relation to its investment in Telefonica.

32-2 Other liabilities

	31 December 2024	31 December 2023
Deferred income (*)	3,789,308	3,954,147
Deferred tax liabilities	12,530	341,747
Others	501,508	471,810
	4,303,346	4,767,704
Current	457,667	483,667
Non-current	3,845,679	4,284,037
	4,303,346	4,767,704

(*) The details of deferred income are as follows:

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	31 December 2024	31 December 2023
Government grants (**)	3,550,850	3,612,879
Others	238,458	341,268
	3,789,308	3,954,147

(**) The government grants represent grants provided by Communications, Space & Technology Commission (“CST”) to the Company to build telecommunication networks in different areas in the Kingdom (Note 4.8).

33. TRADE AND OTHER PAYABLES

	31 December 2024	31 December 2023
Accrued expenses	9,051,610	11,617,247
Trade payables	6,048,267	4,875,450
Employee accruals	3,621,852	1,902,137
Notes payable	2,415,990	2,709,851
Others	1,489,753	718,515
	22,627,472	21,823,200

Trade payables are non-interest bearing and are normally settled by the Group on average range 90–115-days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

34. ZAKAT AND INCOME TAX

	31 December 2024	31 December 2023
Zakat provision (a)	2,903,646	2,570,467
Income tax provision (b)	30,981	62,301
	2,934,627	2,632,768

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

a. Zakat provision

The Group calculates and records the zakat provision based on the zakat base in accordance with the zakat rules and principles in the Kingdom:

	2024	2023
Additions:		
Share capital	50,000,000	50,000,000
Retained earnings, reserves, provisions and others	56,276,332	74,427,177
Adjusted net profit	26,001,393	12,223,309
Total additions	132,277,725	136,650,486
Deductions:		
Net property and investments	76,665,690	80,509,898
Other deductions	12,663,010	12,740,506
Total deductions	89,328,700	93,250,404
Zakat base	42,949,025	43,400,082
Zakat on wholly owned companies for the year	1,110,123	1,109,221
Zakat adjustments during the year	-	(12,539)
Add: zakat on partially owned companies for the year	123,737	219,020
Total zakat provision charged during the year	1,233,860	1,315,702

The following is the movement of zakat provision:

	2024	2023
Balance at 1 January	2,570,467	2,044,356
Additions	1,233,860	1,315,702
Effect of acquisition of new subsidiaries	2,633	16,703
Amounts paid	(847,057)	(808,765)
Effect of disposal of subsidiaries	(74,323)	-
Other adjustments	18,066	2,471
Balance at 31 December	2,903,646	2,570,467

The Group submitted all zakat returns until the end of 2023, with payment of zakat due based on those returns, and accordingly the Group received zakat certificates for those years. Effective from year 2009, the Group started the submission of a consolidated zakat return for the Company and its wholly owned subsidiaries whether directly or indirectly in accordance with the implementing regulations for zakat collection.

The Group received from Zakat, Tax, and Customs Authority ("ZATCA") the final zakat assessments up to 2011 and the years ended 31 December 2014 and 2018. The Group did not receive the zakat assessment of the years from 2019 up to 2023.

The Group received the decision of the Tax Violations and Disputes Appeal Committee to end the dispute with the Authority over the zakat assessments for the years 2015 to 2017, and the final assessments for those years have been received.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

The not wholly owned subsidiaries submit their zakat declarations separately. They have submitted all zakat returns until the end of 2023, and have paid the zakat dues based on those returns. Solutions received from ZATCA a notice stating that it had finished its zakat position for the years from 2021 to 2023. The remaining other not wholly owned subsidiaries have not received any zakat assessments on their declarations yet.

b. Income tax provision

Income tax provision is calculated in accordance with the prevailing tax regulations in the countries of some subsidiaries.

The following is the movement of income tax provision:

	2024	2023
Balance at 1 January	62,301	40,356
Additions	62,047	59,796
Effect of acquisition of new subsidiaries	2,681	12,693
Amounts paid	(45,051)	(48,419)
Effect of disposal of subsidiaries	(18,276)	-
Effect of foreign currency exchange differences and other adjustments	(32,721)	(2,125)
Balance at 31 December	30,981	62,301

c. Pillar 2

The comprehensive framework of the Organization for Economic Co-operation and Development (OECD) addresses the challenges posed by the digitalization of the global economy in relation to Base Erosion and Profit Shifting (BEPS). The Global Anti-Base Erosion Model Rules (Pillar Two Model Rules) apply to multinational enterprises with annual revenues exceeding €750 million, according to their consolidated financial statements.

stc Group is within the scope of Pillar Two, and it has conducted a preliminary assessment for the financial year 2024 to identify the potential impacts of these regulations in the countries where it operates. Based on the regulations adopted in the countries where the stc Group operates, the results of this assessment indicated that there is no significant impact for the financial year 2024.

stc Group continues to follow Pillar Two legislative developments to assess the potential future impact on its consolidated financial statements.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

35. REVENUES

	For the year ended 31 December	
	2024	2023
Rendering of services	63,283,188	60,306,720
Sale of devices	12,458,105	11,406,625
Others	152,120	63,816
	75,893,413	71,777,161
Timing of revenue recognition		
Recognized over time	62,159,614	59,331,737
At a point in time	13,733,799	12,445,424
	75,893,413	71,777,161

Geographical segmentation of revenues is provided in the operating segments note (Note 9).

Disaggregation of revenues from government and government related entities are disclosed in related party transactions (Note 21.2).

The aggregate amount of unsatisfied or partially unsatisfied performance obligations related to contracts with customers amounted to ﷲ 5,237 million as at 31 December 2024 (2023: ﷲ 5,244 million). The Group expects to recognize approximately 79% (2023: 79%) of these obligations as revenues during the following reporting period.

36. COST OF REVENUES

	For the year ended 31 December	
	2024	2023
Cost of devices, equipment and software	14,644,906	13,360,079
Network access charges (*)	8,126,317	9,149,535
Government charges (**)	5,378,203	4,571,302
Employees costs	5,534,674	5,051,339
Repairs and maintenance	1,895,572	1,952,911
Amortization and impairment of contract costs (Note 15.2)	190,054	150,725
Others	2,823,277	2,801,204
	38,593,003	37,037,095

(*) Network access charges for the year ended 31 December 2024 includes a non-recurring item that represents a reversal of a withholding tax provision amounting to ﷲ 1,500 million.
(**) Government charges for the year ended 31 December 2023 includes a non-recurring item that represents a reversal of a provision amounting to ﷲ 724 million.

“Others” comprises mainly: direct cost related to stc Bank operations, postage and delivery, and utilities.

The details of government charges are as follows:

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	For the year ended 31 December	
	2024	2023
Commercial service provisioning fees	4,702,782	3,687,775
License fees	463,948	444,266
Frequency spectrum fees	137,427	361,932
Others	74,046	77,329
	5,378,203	4,571,302

37. SELLING AND MARKETING EXPENSES

	For the year ended 31 December	
	2024	2023
Employee costs	2,905,142	2,904,133
Advertising, publicity and sales commissions	1,763,681	1,800,537
Impairment loss on trade receivables	1,257,976	448,141
Impairment loss on contract assets (Note 15.1)	113,839	135,851
Amortization and impairment of contract costs (Note 15.2)	92,817	93,645
Call centre expenses	43,781	87,765
Others	384,584	399,749
	6,561,820	5,869,821

“Others” comprises mainly: sadad service fees and consultancy.

38. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2024	2023
Employees costs	4,596,844	4,279,273
Consultancy and other contracted services (*)	646,645	682,577
Repairs and maintenance	644,871	577,674
Security and safety	132,160	154,307
Utilities and cleaning	160,792	142,612
Rent	38,866	44,554
Others	592,811	543,859
	6,812,989	6,424,856

(*) Includes fees of the Group’s primary external auditor and its global members’ firms for audit and non-audit services amounting to ﷲ 30.7 million and ﷲ 2.3 million; respectively, for the year ended 31 December 2024 (2023: ﷲ 27.9 million and ﷲ 2.6 million; respectively).

“Others” comprises mainly: insurance premiums and postage and courier expenses.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

39. FINANCE INCOME

	For the year ended 31 December	
	2024	2023
Income from murabaha	1,400,785	1,187,706
Income from sukuk	295,525	287,561
Income from bank deposits (*)	21,541	6,749
	1,717,851	1,482,016

(*) Mainly Shariah based except for ₪ 147 thousand (2023: ₪ nil) from one of Center 3 subsidiaries based in Europe.

40. FINANCE COST

	For the year ended 31 December	
	2024	2023
Finance cost relating to sukuk	568,672	476,294
Finance cost relating to murabaha	222,066	185,135
Finance cost relating to lease liabilities	77,125	60,438
Unwinding of discounts on provisions and financial liabilities	365,816	346,235
	1,233,679	1,068,102

41. NET OTHER GAINS

	For the year ended 31 December	
	2024	2023
Net gains arising on financial assets measured at FVTPL (Note 43)	383,367	30,503
Net gains from derivatives	189,044	50,842
Gain on sale/disposal of property and equipment & assets held for sale	15,535	1,196,776
Gain on sale of an associate and a joint venture	-	133,243
Net foreign exchange losses and others	(58,877)	(78,287)
	529,069	1,333,077

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

42. EARNINGS PER SHARE

The following is the calculation of basic and diluted earnings per share for the year ended 31 December:

	2024	2023
Net profit from continuing operations attributable to equity holders of the Parent Company	10,715,292	12,536,335
Net profit from discontinued operations attributable to equity holders of the Parent Company	13,973,360	759,046
Net profit attributable to equity holders of the Parent Company	24,688,652	13,295,381
Number of shares “in thousands”:		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	4,986,034	4,983,652
Weighted average number of repurchased ordinary shares	13,966	16,348
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	5,000,000	5,000,000
Earnings per share from net profit from continuing operations attributable to equity holders of the Parent Company (in Saudi Riyals):		
- Basic	2.15	2.52
- Diluted	2.14	2.51
Earnings per share from discontinued profit attributable to equity holders of the Parent Company (in Saudi Riyals):		
- Basic	2.80	0.15
- Diluted	2.79	0.15
Earnings per share from net profit attributable to equity holders of the Parent Company (in Saudi Riyals):		
- Basic	4.95	2.67
- Diluted	4.94	2.66

The following is the number of outstanding shares (in thousands) as at:

	2024	2023
Outstanding shares as at 1 January	4,984,506	4,982,178
Outstanding shares re-issued	2,410	2,328
Outstanding shares as at 31 December	4,986,916	4,984,506

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

43. FINANCIAL INSTRUMENTS

43.1 Capital management

The Group manages its capital which includes share capital, statutory reserves, other reserves and retained earnings attributable to the equity holders of the Parent Company to ensure that:

- It will be able to operate as a going concern
- It efficiently finances its working capital and strategic investment requirements at optimal terms
- It provides a long-term dividend policy and maintains a stable dividend pay-out
- It maximizes the total return to its shareholders
- It maintains an appropriate mix of debt and equity capital

The Group reviews its capital structure in light of strategic investment decisions, changing economic environment, and assesses the impact of these changes on cost of capital and risk associated to capital.

The Group is not subject to any externally imposed capital requirements. The Group did not introduce any amendments to the capital management objectives and procedures during the year ended 31 December 2024.

The Group reviews the capital structure on an annual basis to evaluate the cost of capital and the risks associated with capital. The Group has the following target ratios:

1. Debt to EBITDA level of 200% or below
2. Debt to (Debt + Equity) level of 50% or below

The ratios as at the year ended 31 December were as follows:

	2024	2023
Debt (a)	15,131,739	21,957,496
EBITDA (b)	23,925,601	22,445,389
Debt to EBITDA	63%	98%
Debt	15,131,739	21,957,496
Debt + Equity (c)	107,616,786	103,472,662
Debt to (Debt + Equity)	14%	21%

- a. Debt is defined as current and non-current borrowings (Note 27).
b. EBITDA is defined as operating profit for the year adjusted for depreciation, amortization and impairment.
c. Equity is defined as total equity including share capital, reserves, retained earnings and non-controlling interest.

43.2 Fair value of financial instruments

The Group uses valuation techniques appropriate to current circumstances that provide sufficient data to measure fair value. In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety (Note 4-20).

The fair values of financial instruments represented in trade and other receivables, short-term murabahas, cash and cash equivalents, and trade and other credit payables closely approximate their book value due to their short maturity.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

Financial assets and liabilities measured at fair value:

31 December 2024	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets				
Listed equity investments (Note 16.1)	4,318,321	4,318,321 ⁽¹⁾	-	-
Cash collateral against purchase of a listed equity investment (Note 16.1)	4,144,063	-	4,144,063 ⁽²⁾	-
Investment funds and unlisted equity investments (Note 16.1)	4,063,687	-	-	4,063,687 ⁽⁶⁾
Financial derivatives- forward contract (Note 16.1)	200,857	-	200,857 ⁽⁴⁾	-
Financial derivatives- Options (Note 16.1)	23,391	-	23,391 ⁽³⁾	-
Islamic cross currency profit rate swap (Note 16.1)	238,829	-	238,829 ⁽⁷⁾	-
Financial liabilities				
Put option to non-controlling interest shareholders (Note 32.1)	198,166	-	-	198,166 ⁽⁵⁾

31 December 2023	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets				
Listed equity investments (Note 16.1)	4,130,284	4,130,284 ⁽¹⁾	-	-
Cash collateral against purchase of a listed equity investment (Note 16.1)	4,468,557	-	4,468,557 ⁽²⁾	-
Investment funds and unlisted equity investments (Note 16.1)	3,532,376	-	-	3,532,376 ⁽⁶⁾
Financial derivatives- options (Note 16.1)	662,073	-	662,073 ⁽³⁾	-
Financial liabilities				
Financial derivatives -forward contract (Note 32.1)	262,998	-	262,998 ⁽⁴⁾	-
Put option to non-controlling interest shareholders (Note 32.1)	243,000	-	-	243,000 ⁽⁵⁾

There are no transfers between levels of the fair value hierarchy during year ended 31 December 2024.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

The following methods / assumptions were used to estimate the fair values:

- 1. Fair value of equity instruments at level 1 is based on quoted market price at the reporting date.
- 2. The fair value of cash collateral against purchase of a listed equity investment approximates its carrying amount largely due to the short-term maturity of this instrument.
- 3. The fair value of financial derivatives- options were estimated by using Black Scholes Model. The significant observable inputs are the volatility of share prices and interest rate.
- 4. The fair value of the financial derivatives -forward contract was estimated by subtracting the quoted market price at the reporting date from the agreed price multiplied with forward number of shares.
- 5. The fair value of the non-current liability resulting from the put option to non-controlling interest shareholders has been determined within level 3 utilizing discounted cash flow method. (Note 32.1).
- 6. The fair value of the Group's investment in funds is obtained from the net asset value ("NAV") reports received from the funds' managers. The funds' managers deploy various techniques (such as recent round of finance, discounted cash flow models and multiples method) for the valuation of underlying financial instruments classified under level 3 of the respective fund's fair value hierarchy. STV fund represents the majority Group investment in funds with carrying value of ﷲ 3,752 million. Significant unobservable inputs embedded in the models used by the STV fund's managers include adjusted discount rates and lack of marketability discount. An increase/(decrease) of 10% in the discount rate would lead to a (decrease)/increase of (ﷲ 96 million)/ ﷲ 111 million in fair value (2023: An increase/(decrease) of 10% in the discount rate would lead to a (decrease)/increase of (ﷲ 41 million)/ ﷲ 45 million in fair value). An increase/(decrease) of 10% in the lack of marketability discount would lead to a (decrease)/increase of (ﷲ 12 million)/ ﷲ 12 million in fair value (2023: An increase/(decrease) of 10% in the lack of marketability discount would lead to a (decrease)/increase of (ﷲ 61 million)/ ﷲ 41 million in fair value).

The following is a reconciliation of the Group's investment in these funds which are categorized within Level "3" of the fair value hierarchy:

	2024	2023
Net assets value as at 1 January	3,532,376	2,929,065
Contributions paid	337,720	572,808
Proceeds from investments liquidation	(189,776)	-
Net unrealized gains recognised in profit or loss (Note 41)	383,367	30,503
Net asset value as at 31 December	4,063,687	3,532,376

7. During the second quarter of 2024, the Group entered into an Islamic Cross Currency Profit Rate Swap arrangement with a notional amount of EUR 1,470 million (USD 1,600 million) to mitigate the EUR forex risk and floating profit rate whereby the Group receives USD and pays EUR. The Group accounted for this arrangement as derivative financial instruments measured at fair value through profit or loss up to the end of second quarter 2024. During the third quarter of 2024, this financial instrument was designated as a hedge instrument protecting the Group from the fluctuations in the EURO net asset position due to movement in EURO/SAR exchange rates and movement in the Term SOFR rates. The Group recognised the change in fair value of the hedging instrument in other comprehensive income for the effective portion and in profit or loss for the ineffective portion. The fair value was estimated using appropriate valuation techniques based on the forward profit and currency rates in Bloomberg portal.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

Financial assets and liabilities measured at amortized cost:

The Group believes that the other financial assets and liabilities carried at cost in the consolidated financial statements approximate their fair value except for the following:

31 December 2024	Carrying amount	Fair value levels		
		Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortized cost - MoF Sukuk	3,687,754	-	3,536,020	-
Financial liabilities				
Borrowings - Sukuk	4,678,577	-	4,566,907	-

31 December 2023	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortized cost – Sukuk MoF	3,938,871	-	3,839,694	-
Financial liabilities				
Borrowings - Sukuk	4,676,733	-	4,473,771	-

Level 2 inputs are based on quoted prices in non-active market.

There are no transfers between levels of the fair value hierarchy during year ended 31 December 2024.

43.3 Profit rate risk

The Group's main profit rate risk arises from borrowings with variable profit margin rates.

The sensitivity analyses below have been determined based on the exposure to profit rates for non-derivative instruments at the end of the financial year. These analyses show the effects of changes in market profit rates on profit and loss. For floating rate liabilities, the analysis is prepared assuming the amounts outstanding at the end of the year were outstanding for the whole year. A 100-basis point increase or (decrease) represents management's assessment of the reasonably possible change in profit rates. If profit rates had been 100 basis points higher (lower) and all other variables were held constant, the impact on the profit of the Group would have been higher (lower) by ﷲ 26 million (2023: the impact on the profit of the Group would have been higher (lower) by ﷲ 155 million). This hypothetical effect on profit of the Group primarily arises from potential effect of variable profit financial liabilities.

The Group periodically monitors the impact of the incremental changes in profit rates and assesses the impact on the Group's profitability.

43.4 Foreign currency risk management

Saudi Riyal is considered as the functional currency of the Group which is pegged against the United States Dollar. Therefore, the Group is only exposed to exchange rate fluctuations from transactions denominated in foreign currencies other than United States Dollar. The fluctuation in exchange rates against currencies, which are not pegged with Saudi Riyal, are monitored on a continuous basis and risk is assessed via the Value-at-Risk (VaR) measure. The Group's exposure to foreign currency changes for all other currencies is not material. The sensitivity of the changes of SAR/EUR exchange rates by 1% would have impacted equity by ﷲ 25 million (2023: ﷲ 88 million).

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

43.5 Credit risk management

The Group has approved guidelines and policies that allows it to only deal with creditworthy counterparties and limits counterparty exposure. The guidelines and policies allow the Group to invest only with those counterparties that have high investment grade credit ratings issued by international credit rating agencies and limits the exposure to a single counterparty by stipulation that the exposure should not exceed 30% of the counterparty’s shareholders’ equity. Further, the Group’s credit risk is monitored on a quarterly basis.

Other than the concentration of credit risk disclosed in Note 18, concentration of credit risk with respect to trade receivables are limited given that the Group’s customer consists of a large number of unrelated customers. Payment terms and credit limits are set in accordance with industry norms.

Ongoing evaluation is performed on the financial condition of trade receivables and management believes there is no further credit risk provision required in excess of the normal provision for impairment loss (Note 18).

In addition, the Group is exposed to credit risk in relation to financial guarantees given to some subsidiaries with regard to financing arrangements. The Group’s maximum exposure in this respect is the maximum amount the Group may have to pay if the guarantee is called on. There is no indication that the Group will incur any loss with respect to its financial guarantees as the date of the preparation of these consolidated financial statements (Note 45).

Cash balances and short-term investments are deposited in banks with credit rating ranging from Baa1 and above. while investments made with local banks had an investment grade credit rating of Baa3 and above.

The credit rating of the Company’s investments in government Sukuk and Binariang GSM Sdn Bhd (“BGSM”) Sukuk are A and Aa3, respectively as at 31 December 2024 (2023: A and Aa3, respectively) (Note 16-1). The carrying value of financial assets represent the maximum exposure to credit risk.

43.6 Liquidity risk management

The Group has established a comprehensive liquidity risk management framework for the management of the Group’s short, medium and long-term funding and liquidity requirements under the guidelines approved.

The Group ensures its liquidity by maintaining cash reserves, short-term investments and committed undrawn credit facilities with high credit rated local and international banks. The Group determines its liquidity requirements by continuously monitoring short and long term cash forecasts in comparison to actual cash flows.

Liquidity is reviewed periodically for the Group and stress tested using various assumptions relating to capital expenditure, dividends, trade receivable collections and repayment of loans without refinancing.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

The following table details the Group’s remaining contractual maturity for financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities.

	Undiscounted Cash Flows			
	Carrying amount	One year or less	Above one year but less than five years	Above five years
31 December 2024				
Trade and other payables (Note 33)	22,627,472	22,627,472	-	-
Borrowings (Note 27)	15,131,739	806,759	15,589,459	290,733
Lease liabilities (Note 29)	2,164,085	639,318	1,266,859	561,186
Dividends payable (Note 32.1)	3,008,990	3,008,990	-	-
Other financial liabilities (Note 32.1)	6,133,433	4,183,160	1,641,913	933,513
31 December 2023				
Trade and other payables (Note 33)	21,823,200	21,823,200	-	-
Borrowings (Note 27)	21,957,496	8,963,880	9,214,542	5,587,201
Lease liabilities (Note 29)	4,275,229	1,310,201	2,214,102	1,102,776
Dividends payable (Note 32-1)	2,246,738	2,246,738	-	-
Other financial liabilities (Note 32.1)	6,755,738	4,400,599	1,843,360	922,784
Financial derivatives - forward contract (Note 32.1)	262,998	262,998	-	-

The Group has unused financing facilities amounting to ﷲ 4,809 million as at 31 December 2024 (2023: ﷲ 5,917 million). The Group expects to meet its obligations from operating cash flows, cash and cash equivalents and proceeds of maturing financial assets.

In accordance with the terms of the agreements with other telecommunication operators, debit and credit balances are settled in connection to call routing and roaming fees and only the net amounts are settled or collected. Accordingly, the net amounts are presented in the consolidated statement of financial position as follows:

	Gross amounts	Amounts set off	Net amounts
31 December 2024			
Financial assets subject to set off	17,759,312	(10,709,332)	7,049,980
Financial liabilities subject to set off	25,000,578	(10,709,332)	14,291,246
31 December 2023			
Financial assets subject to set off	16,239,700	(9,390,677)	6,849,023
Financial liabilities subject to set off	21,846,998	(9,390,677)	12,456,321

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

43.7 Changes in liabilities arising from financial activities

Changes in liabilities arising from financial activities are as follows:

	1 January 2024	Cash flows	Non-monetary changes (*)	31 December 2024
Short-term borrowings	8,315,728	(2,634,143)	(5,290,001)	391,584
Lease liabilities current	947,703	(830,910)	476,654	593,447
Long-term borrowings	13,641,768	879,453	218,934	14,740,155
Lease liabilities non-current	3,327,526	-	(1,756,888)	1,570,638
	26,232,725	(2,585,600)	(6,351,301)	17,295,824

	1 January 2023	Cash flows	Non-monetary changes (*)	31 December 2023
Short-term borrowings	276,783	5,893,969	2,144,976	8,315,728
Lease liabilities - current	912,914	(1,218,622)	1,253,411	947,703
Long-term borrowings	10,213,750	5,507,222	(2,079,204)	13,641,768
Lease liabilities non- current	2,383,206	-	944,320	3,327,526
	13,786,653	10,182,569	2,263,503	26,232,725

(*) Mainly includes reclassification from non-current to current portion.

43.8 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises types of risk: interest rate risk, currency risk, and price risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity. The Group is exposed to changes in the value of equity investments and derivatives associated with such investments. To reduce the risk associated with variations in fair value and share price, the Group has acquired derivative instruments that hedge the risk profile of such investments.

The hedge ratio for each designation is established by comparing the quantity of the hedging instrument and the quantity of the hedged item to determine

their relative weighting; for Group’s existing hedge relationships the hedge ratio has been determined as 1:1.

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. To test the hedge effectiveness, the Group compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from a change in the credit risk of the counterparty with the hedging instrument.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

44. CAPITAL COMMITMENTS

1. One of the Group’s subsidiaries has an agreement to invest in a fund aiming to improve the telecommunication and internet environment for ₪ 553 million (equivalent to USD 147.5 million) as at 31 December 2024 (31 December 2023: ₪ 806 million (equivalent to USD 215 million) (Note 6.15).
2. The Group has contractual commitments for the acquisition of property and equipment and intangible assets amounting to ₪ 7,322 million as at 31 December 2024 (31 December 2023: ₪ 7,369 million).
3. During 2022, the Company signed an agreement with STV LP Fund to allocated an additional ₪ 1,125 million (equivalent to USD 300 million) additional investment in the fund out of which ₪ 555 million (equivalent to USD 148 million) was injected.

45. CONTINGENT ASSETS AND LIABILITIES

1. The Group has outstanding letters of guarantee on behalf of the parent and its subsidiaries amounting to ₪ 4,993 million as at 31 December 2024 (2023: ₪ 5,466 million).
2. The Group has outstanding letters of credit as at 31 December 2024 amounting to ₪ 1,654 million (2023: ₪ 1,634 million).
3. On 21 March 2016, the Company received a letter from a key customer requesting a refund for paid balances amounting to ₪ 742 million related to construction of a fibre optic network. Based on independent legal opinions obtained, the management believes that the customer’s claim has no merit and therefore this claim has no material impact on the financial results of the Group.
4. The Group, in its ordinary course of business, is subject to proceedings, lawsuits and other claims. However, these matters are not expected to have any material impact on the Company’s financial position or on the results of its operations as reflected in these consolidated financial statements.
5. The Group received the Appeal Committee for Tax Violations and Disputes’ decision with respect to the withholding tax assessment on international operators’ interconnection cost for the years

from 2004 to 2015, rejecting its appeal with an amount of ₪ 1,500 million. The Group submitted a petition for reconsideration, as it believes that Saudi tax regulations do not impose withholding tax on international interconnection cost since the source of income does not occur inside the Kingdom, and therefore these services should not be subject to withholding tax. During September 2022, the Group received the minutes of meeting of the Appeal Committee for Tax Violations and Disputes’ regarding the petition for reconsideration which included the rejection of the petition by the Group. The Group submitted a petition for reconsideration based on new development on this matter. During the third quarter 2024, the Group received additional withholding tax assessment on international operators’ interconnection cost for the years from 2016 to 2022 amounting to ₪ 889 million. ZATCA has indicated that this assessment will be borne by the Government according to Council of Ministers resolution number (832) dated 23 Ramadhan 1445 H (corresponding to 2 April 2024) stipulating that the Government will bear withholding tax on telecom companies for international operators’ interconnection cost for periods prior to Minister of finance resolution number (484) dated 15 Rabi’ al Thani 1444 H (corresponding to 9 November 2022). Based on that, the Group received a notification letter from ZATCA confirming finalizing the treatment of withholding tax on international operators’ interconnection cost whereby the Government bears withholding tax on behalf of telecom companies for the years 2004 up to 2022.

6. The Group received claims from Communications, Space & Technology Commission (“CST”) related to imposing government fees on devices sold in instalments for the period from 2018 until the end of the first quarter of 2021, totalling ₪ 782 million. The Group has objected to these claims within the statutory deadline and a Supreme Court ruling was issued in favour of the Group in regards to two of the claims amounting to ₪ 724 million. A final court ruling was issued by the Supreme Court in favour of CST in regards to the remaining claims amounting to ₪ 58 million as at 31 December 2024.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

46. EMPLOYEES LONG-TERM INCENTIVES PROGRAM

46.1 Group’s long-term incentives program

The Board of Directors approved on 17 March 2020 (corresponding to 22 Rajab 1441H) to repurchase a number of the Company’s shares for an amount not to exceed ﷲ 300 million to be allocated for the employees’ long-term incentives program (the Program). The Board raised its recommendation to the EGA to approve the Program and to repurchase the shares. The EGA has voted on the approval of this Program during its meeting held on 20 April 2020 (corresponding to 27 Shaban 1441 H).

The Board of Directors approved on 28 June 2022 (corresponding to 29 Thul-Qi’dah 1443H) to repurchase a number of the Company’s shares for an amount not to exceed ﷲ 453 million to be allocated for the Program and to raise its recommendation to the EGA for voting. Further, the shares shall be repurchased within 12 months from EGA’s approval date. The EGA has voted on the approval during its meeting held on 30 August 2022 (corresponding to 3 Safar 1444H).

The shares repurchased or to be repurchased will not have the right to vote in the Company’s shareholders General Assembly (“GA”), and will not be entitled to any dividends while the shares still under the Company’s possession.

The Program intends to attract, motivate and retain employees responsible for the achievement of the Group’s goals and strategy. The Program provides a share-based payment plan for eligible employees participating in the Program by granting them shares in the Company upon completing the duration of service and performance requirements and achieving the targets determined by the Group.

The program is generally equity-settled.

The grant and vesting dates, respectively are as follows:

	Cycle 1	Cycle 2	Cycle 3	Cycle 4	Cycle 5
Tranche 1	July 2020 / July 2021	July 2021/ May 2022	May 2022/ May 2023	May 2023/ May 2024	May 2024/ May 2025
Tranche 2	July 2021/ May 2022	May 2022/ May 2023	May 2023/ May 2024	May 2024/ May 2025	May 2025/ May 2026
Tranche 3	May 2022/ May 2023	May 2023/ May 2024	May 2024/ May 2025	May 2025/ May 2026	May 2026/ May 2027

The following table shows the shares granted and outstanding at the beginning and ending of the reporting period:

	2024	2023
At the beginning of the year	2,978	2,498
Shares granted during the year (*)	3,350	2,808
Shares vested during the year	(2,410)	(2,328)
At the end of the year	3,918	2,978

(*) The number of shares granted has been updated to reflect the number of shares actually granted to eligible executives participating in the program who met all the conditions of granting.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

The fair value was calculated based on the market price after deducting the expected dividends per share on the grant date. During year 2024, the average fair value of shares granted during the year amounted to ﷲ 36.3 per share (2023: ﷲ 43.4 per share). Total expenses related to the Program for the year ended 31 December 2024 amounted to ﷲ 108 million (31 December 2023: ﷲ 112 million), which were included as part of employees’ benefits expense in the consolidated statement of profit or loss, with the corresponding amount recorded under other reserves within equity in accordance with the requirements of International Financial Reporting Standard (2): Share-based Payment.

46.2 Subsidiary’s long-term incentives program

During the year 2022, one of the subsidiaries started its own long-term incentive program whereby employees render services as consideration for a fixed number of its own shares. The total expense in relation to this program for the year ended 31 December 2024 amounted to ﷲ 10 million (2023: 9 ﷲ million).

47. DIVIDENDS

The Company had an approved dividends policy based on maintaining a minimum dividend of ﷲ 0.40 per share on a quarterly basis starting from 4th quarter of 2021 until the 3rd quarter of 2024.

In line with this policy, the Company distributed cash dividends to the shareholders for the fourth quarter of 2023 and for the first, second, and third quarters of 2024 at a rate of ﷲ 0.40 per share for each quarter. On 25 April 2024, General Assembly approved the board of directors’ recommendation to distribute additional cash dividends for the year 2023 at the rate of ﷲ 1 per share.

On 20 Safar 1446H (corresponding to 24 August 2024), the Board of Directors have approved the Company’s dividends distribution policy for the next three years. The dividends distribution policy was approved by the General Assembly during the meeting held on 4 Jumada al-Ula 1446 (corresponding to 6 November 2024).

The Company’s dividends policy is based on maintaining a minimum dividend of ﷲ 0.55 per share per quarter for the next three years starting from the dividends distribution of the 4th quarter of 2024 until the 3rd quarter of 2027. Further, the Company may consider paying special dividends after the assessment of the Company’s financial position, future outlook, strategic

investments and capital expenditure requirements subject to the General Assembly’s recommendation. In line with this policy, the Company will distribute cash dividends to the shareholders of the Company for the fourth quarter of 2024 at a rate of ﷲ 0.55 per share.

The dividends distribution policy remains subject to change based on any material changes in stc’s strategy and business, regulatory requirements applicable to the Company, or banking agreements.

Treasury shares allocated to the employee long-term incentives program are not entitled for any dividends during the period while the shares still under the Company’s possession.

48. SUBSEQUENT EVENTS

1- On 27 January 2025, the Group signed a contract with a government entity for the purpose of building, operating and providing telecommunications infrastructure services with a contract value of ﷲ 32,640 million and contract duration of 18 months period for preparation and execution, followed by 15 years of project operation period.

2- On 28 January 2025, STC Bank received a non-objection from the Saudi Central Bank (SAMA) to commence its operations in the Kingdom of Saudi Arabia as a digital bank.

3- On 6 February 2025, the Group has increased its voting rights in Telefonica company from 4.97% to 9.97% following the completion of all relevant requirements.

4- On 11 February 2025, the ownership transfer of TAWAL to the new established entity (Digital Infrastructure for Investment Company) was completed (Note 6.22 and Note 8.1.1).

5- On 25 February 2025, the Company Board of Directors recommended to distribute special cash dividend of ﷲ 2 per share for the year 2024 to the Company shareholders, and it will be presented to the General Assembly at its next meeting for voting.

49. COMPARATIVE FIGURES

1. Certain figures have been reclassified as listed below to conform with the classification used for the year ended 31 December 2024. These reclassifications listed below have no impact on previously reported net income, retained earnings or net assets:

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	As previously reported	Amount of reclassification	Amount after reclassification
Consolidated statement of financial position as at 31 December 2023			
Cash and cash equivalents	13,414,125	(42,805)	13,371,320
Financial assets and others - Current	12,203,214	42,805	12,246,019
Trade and other payables	22,153,518	(330,318)	21,823,200
Financial liabilities and others – Current	7,217,954	330,318	7,548,272
Contract assets and costs - Current	7,481,936	(447,752)	7,034,184
Contract liabilities – Current	4,581,371	(447,752)	4,133,619
Consolidated statement of profit or loss for the year ended 31 December 2023			
Revenues	72,069,409	(292,248)	71,777,161
Cost of revenues	(36,847,165)	292,248	(37,037,095)
		(482,178)	
General and administration	(6,907,034)	482,178	(6,424,856)

2. During 2024, the purchase price allocation of net assets reports resulted from TAWAL's (discontinued operation) acquisition of three towers companies from United Group (In Bulgaria, Croatia and Slovenia) was completed which resulted into reduction of provisional goodwill which was recorded in 2023 and adjustments to comparative numbers of assets and liabilities as follows:

	As previously reported	Amount of adjustments	Amount after adjustments
Consolidated statement of financial position as at 31 December 2023			
Property and equipment (1)	48,101,333	600,008	48,701,341
Intangible assets (2)	12,092,911	2,093,455	14,186,366
Goodwill	5,189,165	(2,374,160)	2,815,005
Right of use assets	3,802,290	91,548	3,893,838
Lease liabilities - non-current	3,251,538	75,988	3,327,526
Provisions - Non-current	690,677	(6,347)	684,330
Financial liabilities and others - non-current (3)	6,143,696	341,210	6,484,906

- (1) Fair value of the property and equipment are measured using depreciated replacement cost ("DRC") method.
(2) Fair value of the Intangible assets (which are mainly contract based intangibles) are measured using the Multi-Period Excess Earnings method (MEEM).
(3) Arising from the completion of fair value recognition of net asset during the measurement period of the acquisition.

50. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the consolidated financial statements for the year ended 31 December 2024 on 26 Sha’aban 1446H (corresponding to 25 February 2025).

stc Glossary

A

A2G - Air to Ground
ACC 2024 - Asian Carriers Conference
AI/ML - Artificial Intelligence and Machine Learning
AOMM - Autonomous Operations Maturity Model
APN - Access Point Name
ARPU - Average Revenue Per User
ASR - Automatic Speech Recognition

B

B2B - Business-to-Business
BCM - Business Continuity Management
BCP - Business Continuity Plans
BEI - Business Enablement Index

C

C&W - Carrier & Wholesale Business Unit
CCC - Cloud Cybersecurity Controls
CDN provider - Content Delivery Network provider
CDE - Critical Data Elements
CLP - Corporate Leadership Program
CM - Capability Maturity
COOP - Cooperative Training Program
CST - Communications, Space and Technology Commission

D

DC - Data Center
DCC - Data Cybersecurity Controls
DDoS - Distributed Denial of Service
DGCL – Diriyah Company
DQHI - Data Quality Health Indicator
DR - Disaster Recovery
DSL - Digital Subscriber Line
DWDM - Dense Wavelength Division Multiplexing

E

EBITDA - Earnings Before Interest, Taxes, Zakat, Depreciation and Amortization
ECC - Essential Cybersecurity Controls
EEl - Employee Experience Index
EMEA region - Europe, the Middle East, and Africa region
EPS - Earnings Per Share
ERM - Enterprise Risk Management
ESG - Environmental, Social, and Governance

F

FTTH - Fiber to the Home
FTTx - Fiber to the “x”
FTE - Full-Time Equivalent
FWA - Fixed Wireless Access
FX - Foreign Exchange

G

GCC - Gulf Cooperation Council
GCCM - Global Carrier Community Meeting
GCF - Global Cybersecurity Forum
GDP - Gross Domestic Product
GHG - Greenhouse Gases
GHRU - Group Human Resources Unit
GRC - Governance, Risk, and Compliance

H

HRBP - HR Business Partners
HRSD - Ministry of Human Resources and Social Development

I

IC - International Connectivity
ICT - Information and Communication Technology
IDP - Individualized Development Plans
IFRS - International Financial Reporting Standards
IoT - Internet of Things
IPMA - International Project Management Associations
IPO - Initial Public Offering
ISIN - International Securities Identification Numbering System
ISO - International Organization for Standardization
ISS - Institutional Shareholder Services
IT - Information Technology

K

KLIBOR - Kuala Lumpur Interbank Offered Rate
KPI - Key Performance Indicators
KRI - Key Risk Indicators
KSA - Kingdom of Saudi Arabia
KYC - Know Your Customer

L

LLM - Large Language Model

M

M2M - Machine-to-Machine
MBB - Mobile Broadband
MBSC - Prince Mohammed bin Salman College of Business and Entrepreneurship
MENA - Middle East and North Africa
MNP - Mobile Number Portability
MoPTT - Ministry of Post, Telegraph and Telephone
MoU - Memorandum of Understanding
MORAN - Multi-Operator Radio Access Network
MSA - Master Service Agreements
MSCI - Morgan Stanley Capital International
MWC, Barcelona - Mobile World Congress, Barcelona

N

NEMA - National Emergency Management Authority
NIAM - Network Identity Management Solution
NIST - National Institute of Standards and Technology
NPOs - Non-Profit Organisations

O

OCI - Other Comprehensive Income
OLT sites - Optical Line Terminal sites
ONT - Optical Network Terminals
OpEx - Operational Expenditure
OSMACC - Organizations’ Social Media Accounts Cybersecurity Controls
OTT - Over-the-Top

P

PCRF - Policy and Charging Rules Function
PDPL - Personal Data Protection Law
PIF - Public Investment Fund
PII - Personally Identifiable Information
PIN - Passive Infrastructure Network
PLDT - Philippine Long Distance Telephone Company
PMI - Project Management Institute
PoD - Points of Diversification
P&L - Profit and Loss
PRA - Privileged Remote Access

R

RAI - Responsible AI
RAN - Radio Access Network

S

SAR - Saudi Railway Company
SBTi - Science-Based Targets Initiative
SCCC - General Cloud Computing Company for Information Technology
SDAIA - Saudi Data & AI Authority
SDP - Specialist Development Program
SGI - Saudi Green Initiative
SIP - Sales Incentive Plan
SMS - Short Message Service
SME - Small and Medium Enterprise
S&P CSA - Standard and Poor’s Global Corporate Sustainability Assessment
SPA - Sale and Purchase Agreement
SPID - Service Profile Identification

T

TASI - Tadawul All-Share Index
TCC - Telework Cybersecurity Controls
TCCA - The Critical Communications Association
TCFD - Task Force for Climate-Related Financial Disclosures
TB - Terabyte
TIP - Talent Incubation Program

U

UNSDG - United Nations Sustainable Development Goals

V

VaR - Value-at-Risk
VoLTE - Voice over Long-Term Evolution

stc.com.sa