

Financial Results Presentation Q1 2025

Key Messages

stc started 2025 with excellent performance, delivering solid growth and reinforcing its commitment to long-term shareholder value.



Performance	Revenues	19.21 bn	> stc Group's revenue increased by 1.60% compared to the same quarter last year, primarily driven by an increase of 9.73% in the Business Unit revenue and a 1.67% increase in the Commercial Unit revenue.
	Net Profit ¹	3.65 bn	> Solid bottom-line performance with a YoY increase of 11.05% , reflecting continued business stability and growth.
Financial Strength	Cash & Equivalents ²	28.40 bn	> The strength of stc's cash position provides a stable foundation for financial stability and the pursuit of future growth opportunities.
	Net Cash ³	13.27 bn	> stc's net cash position highlights its prudent financial management and commitment to maintaining a healthy balance sheet.
	Capex	1.66 bn	> A disciplined Capex approach resulted in a Capex intensity of 8.64% for the quarter, reflecting a strong commitment to strategic investments.
Shareholder Returns	Dividends	0.55 p/s	> Fixed quarterly distribution of ﷼ 0.55 per share , highlights stc's commitment to delivering steady returns to its shareholders.
	Dividend Yield ⁴	8.60%	> A 78% payout ratio ⁴ combined with an attractive dividend yield , underscores stc's commitment to delivering substantial returns to its shareholders.

All numbers are in ﷼.
1-Net profit attributable to the equity holders of the parent company.
(Net profit includes one-off items, see the company's announcement on Tadawul for details).
2-Includes cash and cash equivalents + short-term murabahas.

3-Includes cash and cash equivalents + short-term murabahas – long term borrowings – short term borrowings.
4-Q1 2025 calculated based on the last 12 months (including ﷼ 2 special dividend which is subject to General Assembly's approval), DY is based on March 27th 2025 closing price.

Company Overview

Q1 at-a-Glance

Strategic alliances and groundbreaking achievements mark a strong start to 2025.



stc's Brand Value

stc Group has been recognized as the most valuable telecom brand in the Middle East for the fifth consecutive year and ranked 9th among the most valuable telecom brands globally, according to "Brand Finance".

stc & AWS

stc Group and Amazon Web Services (AWS) announced a strategic collaboration to advance digital transformation in Saudi Arabia.

stc & Ooredoo

stc Group and Ooredoo Oman announced the signing of a Heads of Terms (HoT) agreement to establish an international ground fiber optic network corridor between the Kingdom of Saudi Arabia and the Sultanate of Oman.

January

stc Signed a **ﷲ 32.64 Bn Contract**

stc Group signed a contract with a Government entity for the purpose of building, operating and providing telecommunications infrastructure services for a value of **ﷲ 32.64 billion**.

STC Bank Official Launch

STC Bank announced that it has received a Non-Objection from the Saudi Central Bank SAMA, allowing it to officially launch as a digital bank in Saudi Arabia.

February

stc Sets Global Milestone with Localization of eSIM Software

stc Group has become the first telecom operator worldwide to achieve GSMA Security Accreditation Scheme for UICC Production (SAS-UP), a global certification by the GSM Association ensuring the highest security standards in eSIM production.

March

sirar by stc Obtained Tier 1 License

The National Cybersecurity Authority has announced the licensing of sirar by stc as a Tier 1 provider of Managed Security Operations Center (MSOC) services in the kingdom, positioning sirar among the leading national companies in the field.

iot squared & VIZZIO Technologies

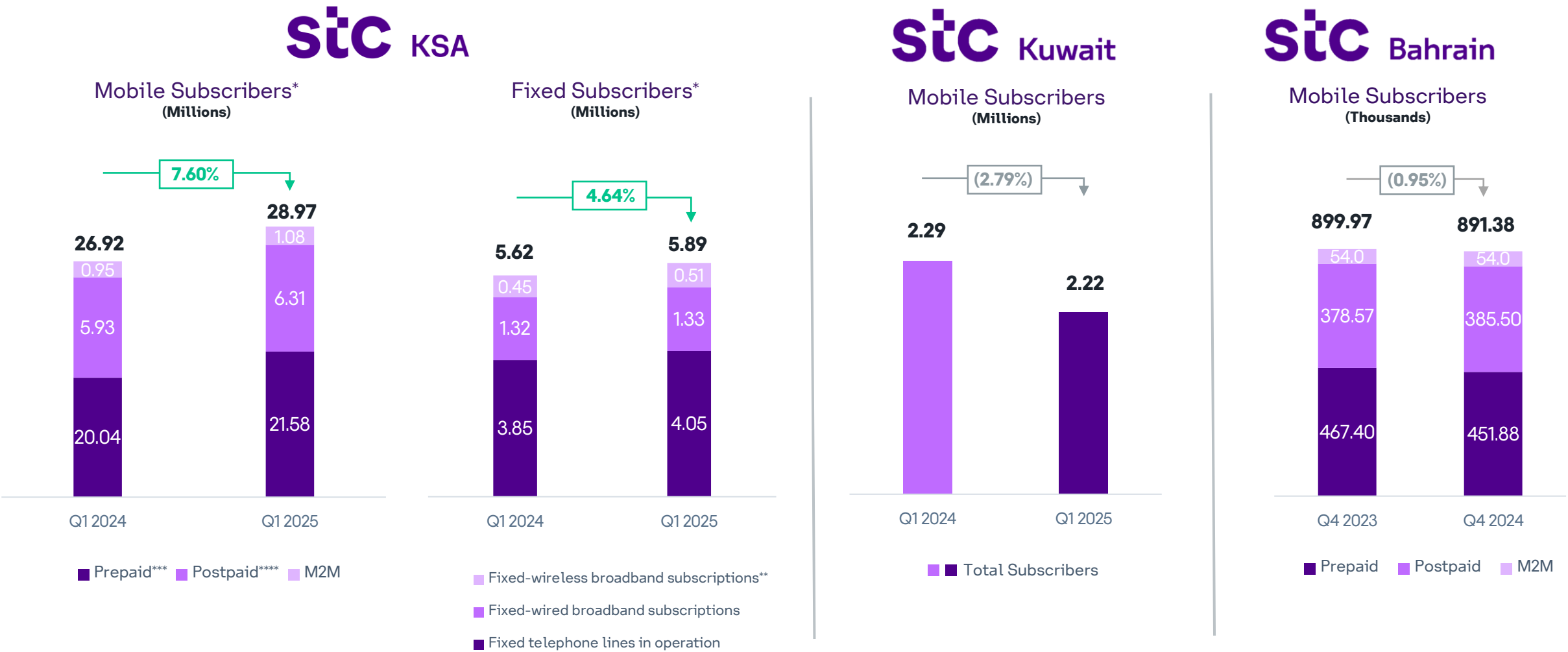
iot squared has signed a strategic partnership with VIZZIO Technologies to integrate advanced artificial intelligence technologies in the fields of security and smart city planning.

Operational Highlights

Operational Highlights



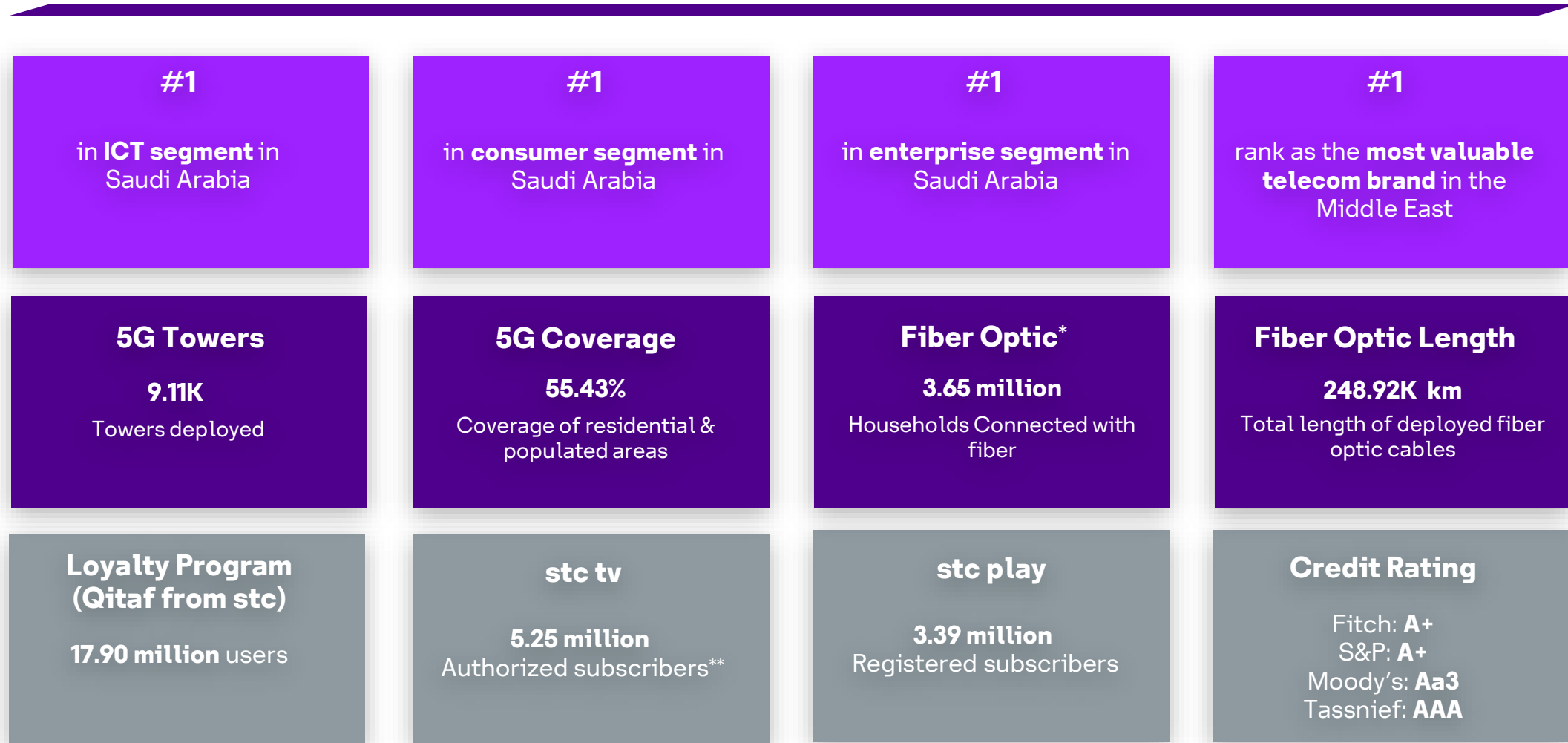
stc KSA continues to see strong subscriber growth, reinforcing its leadership in the market by expanding its customer base across the Kingdom.



Percentage changes are calculated based on full figures.
*Figures are not audited.
**Fixed-wireless broadband subscribers includes 4G and 5G subscribers.
***Prepaid subscribers includes mobile voice, standard mobile broadband, and dedicated data mobile broadband subscriptions.
****Postpaid subscribers includes mobile voice, standard mobile broadband, and dedicated data mobile broadband subscriptions.

Operational Highlights

stc continued to strengthen its position, delivering excellence across all pillars of its operations.



Financial Performance

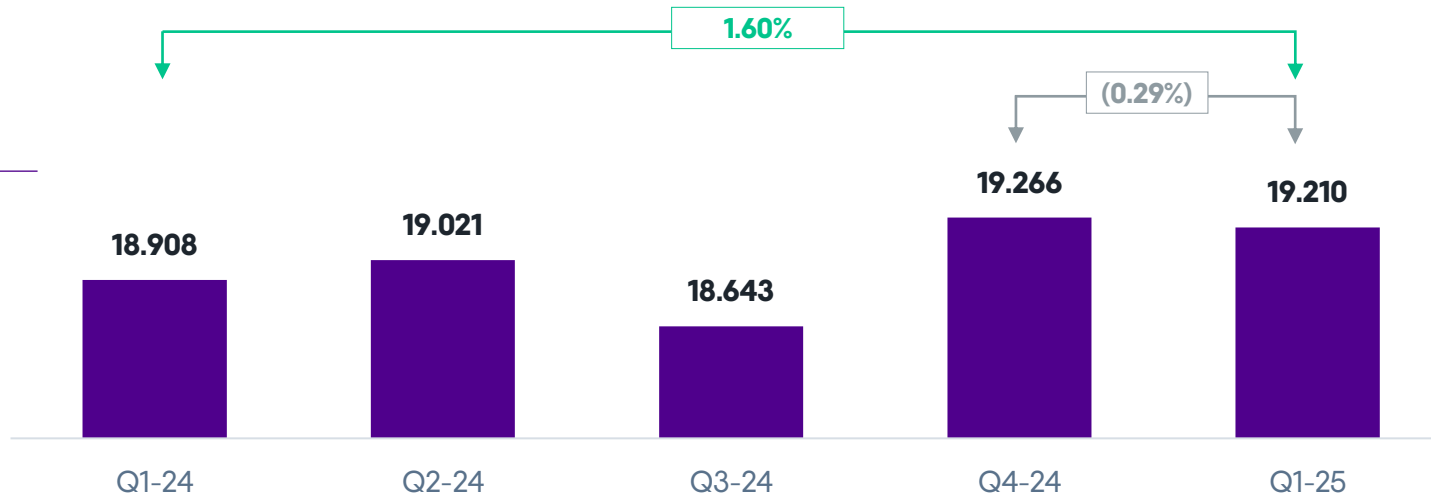
Q1 2025

stc Group – Revenue and Gross Profit



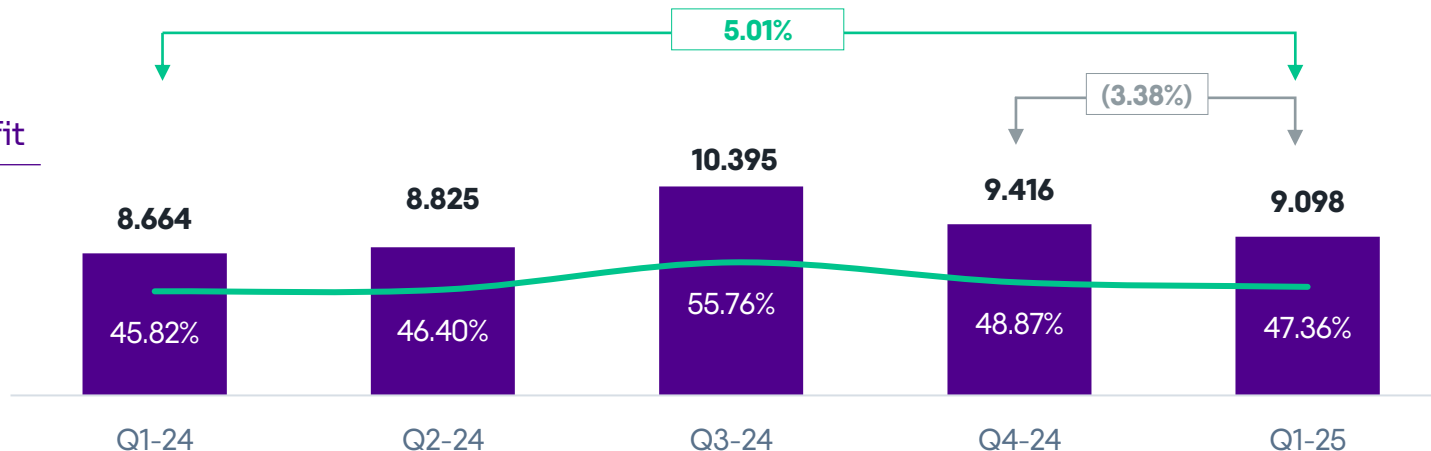
An increase in the Group's revenues by 1.60%, driven by a 2.59% growth in stc KSA, along with a 5.01% growth in gross profit, demonstrating stc's ability to control costs efficiently.

Revenue



- stc Group's revenues increased by 1.60% in the first quarter of 2025, driven by a 2.59% increase in stc KSA's revenues.
- Compared to the first quarter of 2024, revenues recorded an increase of **ﷲ 302 million**.

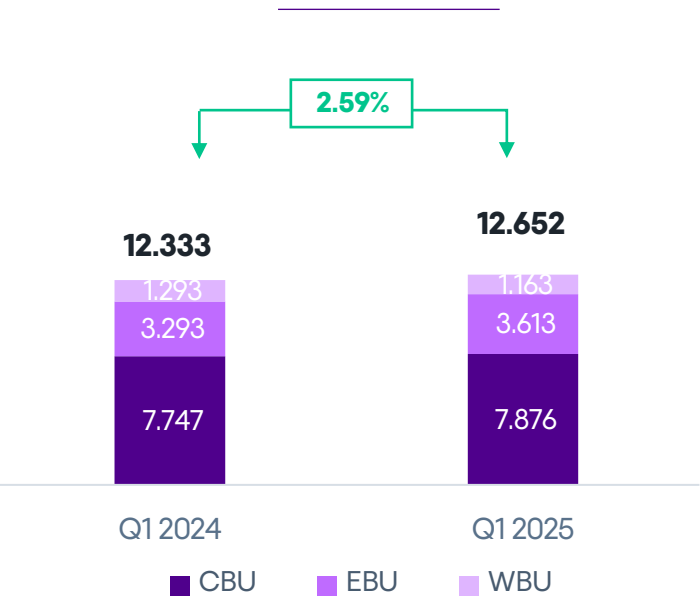
Gross Profit



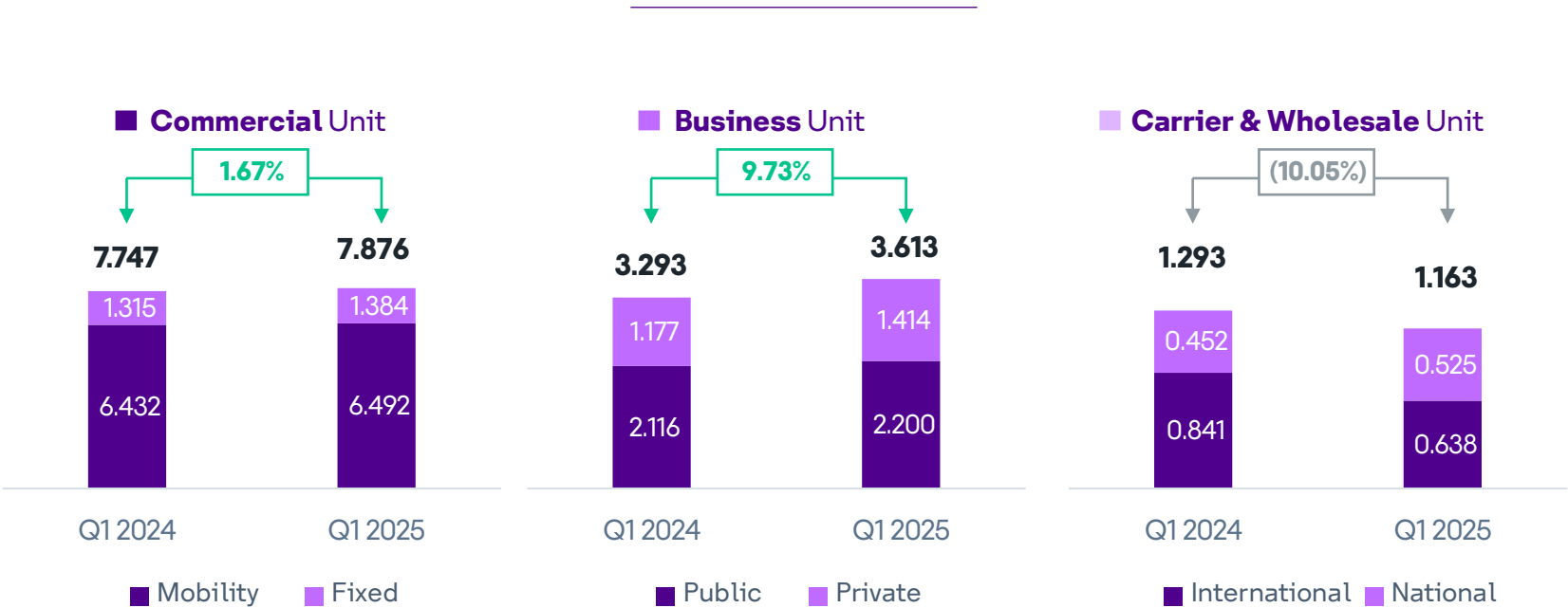
- Gross profit achieved a growth of **ﷲ 435 million**, an increase of 5.01% compared to the same quarter last year, driven by higher revenues along with a decrease in cost of revenues by **ﷲ 133 million**.
- The gross profit margin for the first quarter reached 47.36%, achieving a growth of 3.36% compared to the same quarter last year.

stc KSA’s revenue increased by 2.59%, driven by a 9.73% rise in the Business Unit revenue and a 1.67% increase in the Commercial Unit revenue, cementing stc’s leading position in the commercial and business segments.

stc KSA Breakdown



stc KSA: Business Units Breakdown



The **Business Unit** delivered an excellent performance, achieving a **9.7%** revenue growth following the challenges it faced in previous periods. The **Commercial Unit** also recorded a **1.7%** revenue growth, supported by both the **Mobility** and **Fixed** segments, which achieved an increase of **0.9%** and **5.3%**, respectively, compared to the same quarter last year.

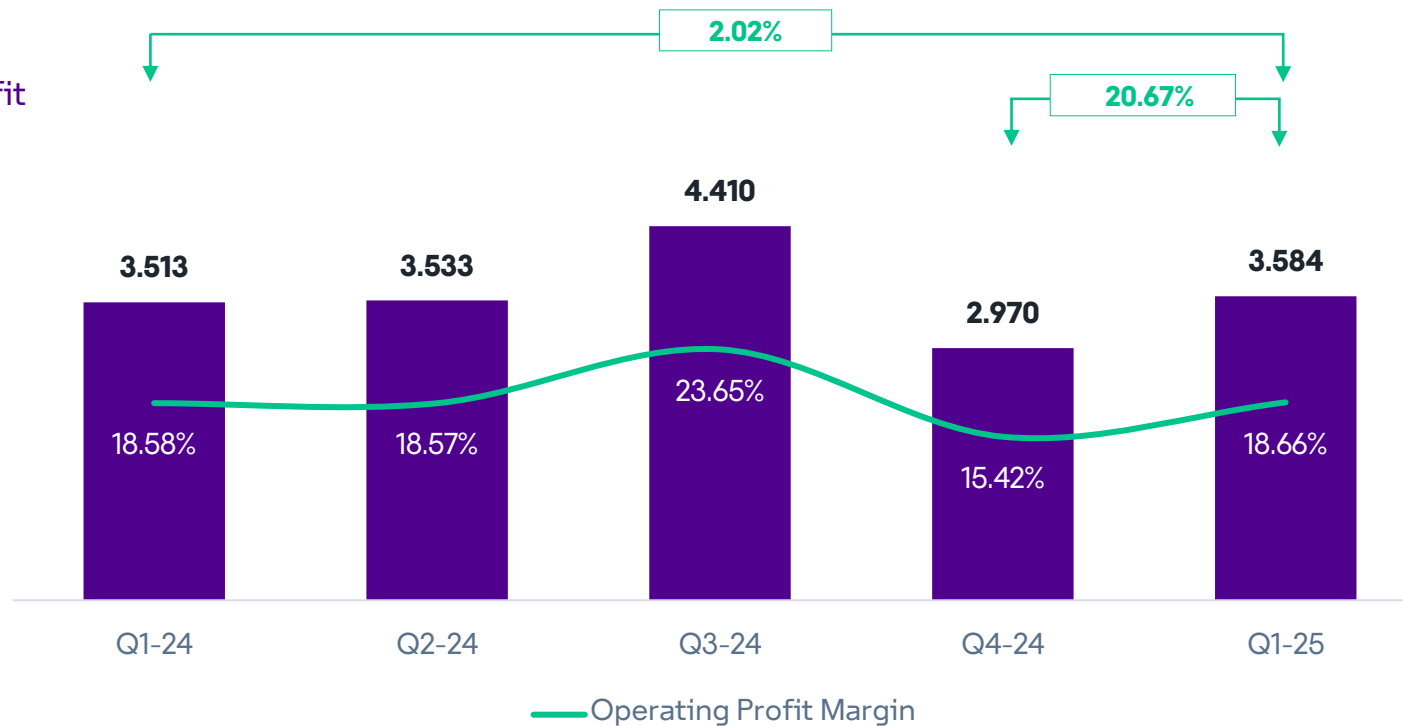
The positive performance of the **Business Unit** and **Commercial Unit** contributed to mitigating the impact of the **10.1%** decline in the **Carriers and Wholesale Unit's** revenues, which reflects the Group’s direction on improving profitability by focusing on higher-yield contracts.

stc Group – Operating Profit

A 2.02% year-on-year growth in operating profit and a 20.67% quarter-on-quarter increase, supported by the Group's adoption of the cost efficiency program.



Operating Profit



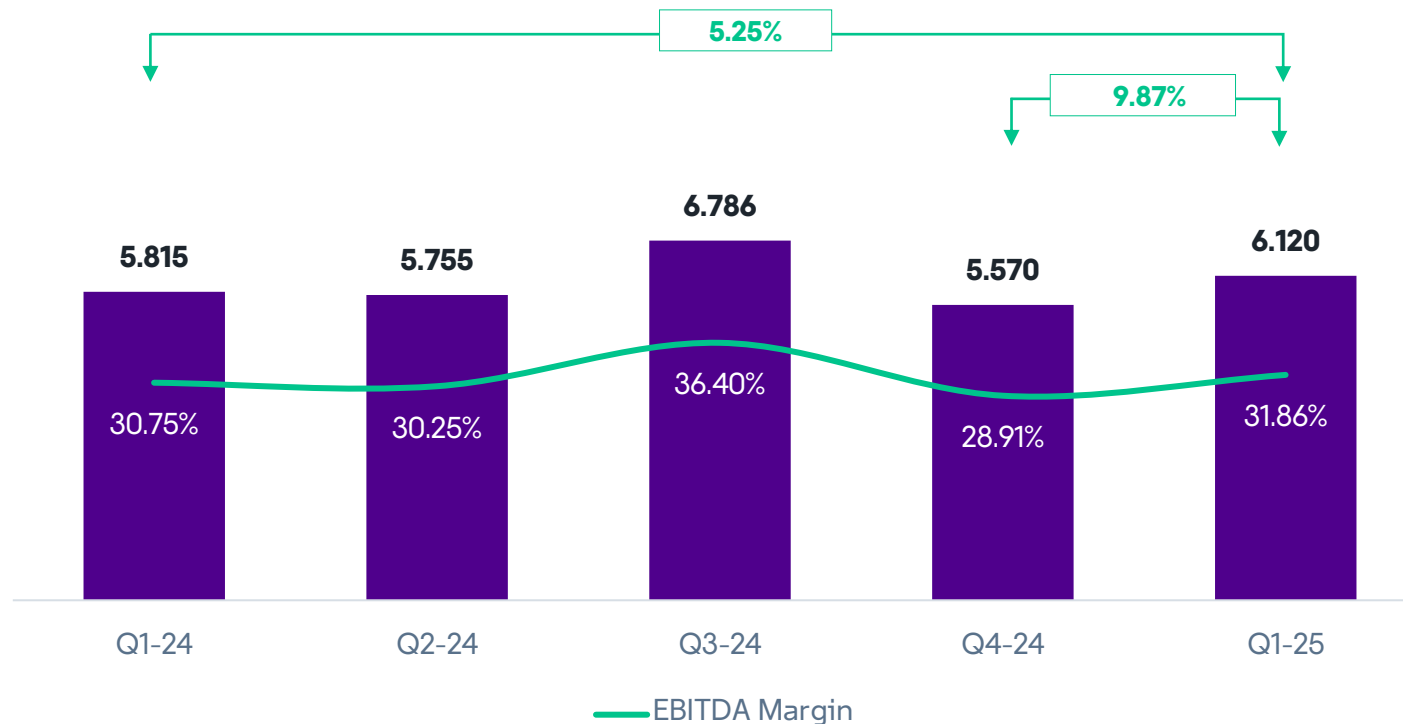
- Operating profit increased by 2.02% in the first quarter of 2025 compared to the same quarter last year, while recording a strong growth of 20.67% compared to the fourth quarter of 2024.
- The operating profit margin rose by 0.42% year-on-year and recorded a strong 21.03% increase compared to the fourth quarter of 2024.

stc Group – EBITDA

EBITDA witnessed a year-on-year growth of 5.25%, reaching **ﷲ 6.12 billion**, with a quarter-on-quarter increase of 9.87%, driven by improved margins across the Group.



EBITDA



- EBITDA in the first quarter of 2025 recorded a growth of 5.25%, amounting to an increase of **ﷲ 305 million** compared to the same quarter last year. It also rose by 9.87%, with an increase of **ﷲ 550 million** compared to the fourth quarter of 2024.

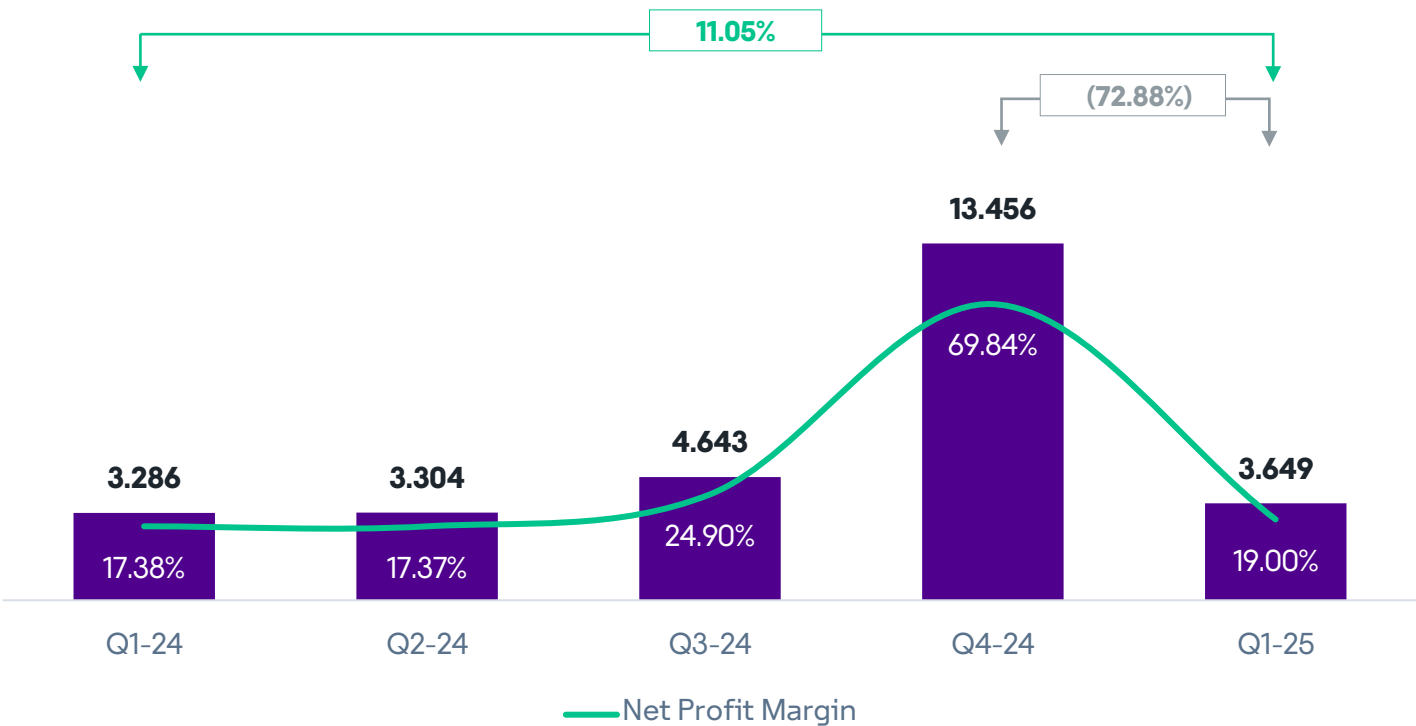
- The EBITDA margin increased by 3.59% compared to the same quarter last year, while it increased by 10.19% compared to the fourth quarter of 2024.

stc Group – Net Profit

A year-on-year growth of 11.05% in net profit, underscores stc’s continued positive financial performance.



Net Profit



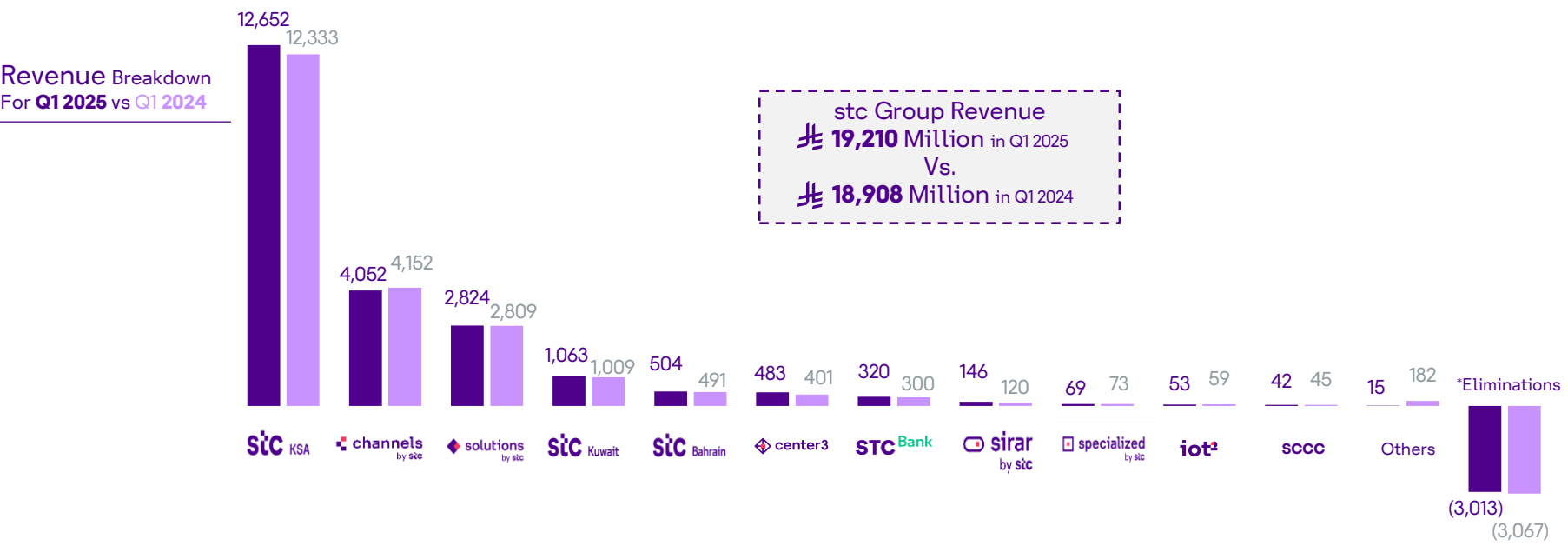
- stc achieved an increase in net profit of **SAR 363 million**, representing an **11.05%** rise compared to the same quarter last year. The net profit margin also improved by **9.30%**, reaching **19%**.
- Q1 2025 saw the booking of zakat and income tax amounting to **SAR 311 million**, which was due to the reversal of zakat provision related to previous years that are no longer required. Additionally, the booking of net other (losses) amounting to **SAR (143) million** was mainly due to a non-recurring loss of **SAR (219) million** as a result of the change in the financial instruments following the increase of stc’s ownership in Telefonica from 4.97% to 9.97%, despite the booking of gains amounting to **SAR 72 million** from the revaluation of STV LP fund units.
- The decline in net profit compared to the fourth quarter of 2024 is attributed to the gains of **SAR 12.89 billion** recorded during Q4 2024, resulting from stc's sale of its controlling stake in its subsidiaries, Tawal and Digital Infrastructure Company.

stc Group – Breakdown by Subsidiaries

STC Bank led the subsidiaries in gross profit growth, with a remarkable year-over-year increase of 100%.

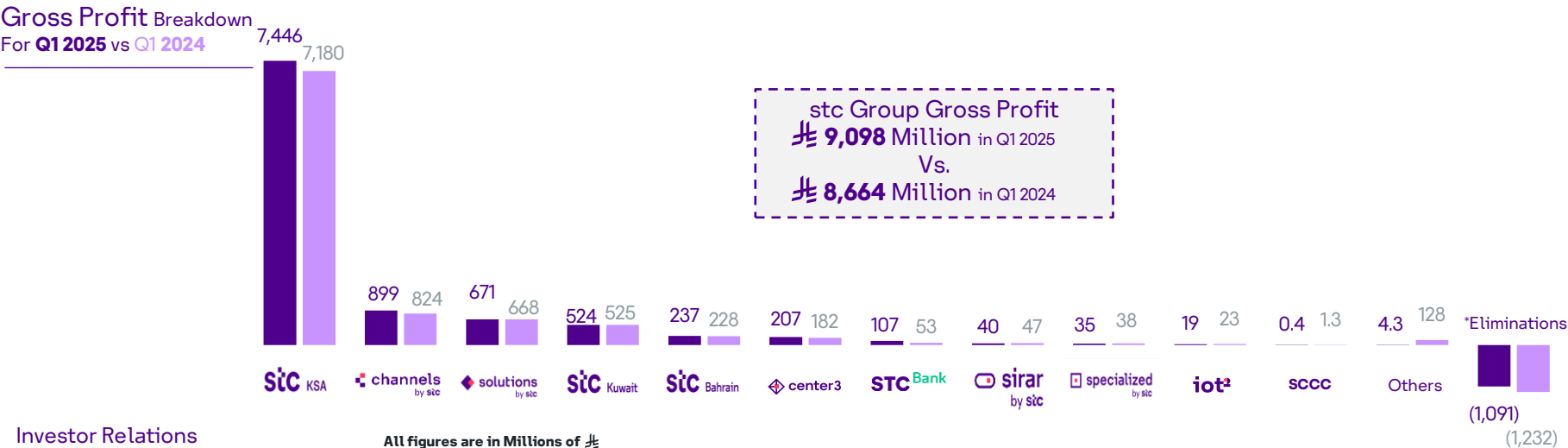


Revenue Breakdown
For Q1 2025 vs Q1 2024



- Subsidiaries revenue witnessed a slight decline of 0.26% compared to Q1 2024.
- sirar by stc and center3 led in revenue growth, recording impressive YoY increases of 20.88% and 20.31%, respectively. STC Bank followed with a solid 6.56% rise in revenues compared to the same quarter last year.

Gross Profit Breakdown
For Q1 2025 vs Q1 2024



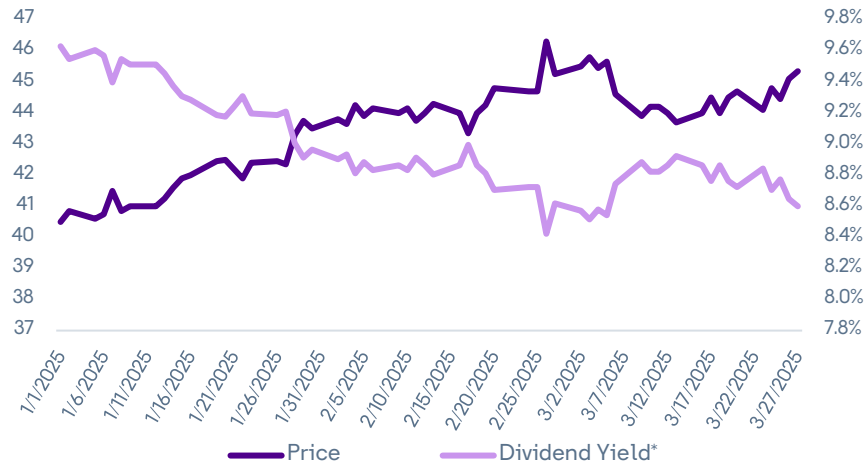
- STC Bank's gross profit doubled YoY, growing by a remarkable 100.37%.
- center3 and channels also delivered strong gross profit growth, increasing by 13.63% and 9.16%, respectively, compared to the same quarter last year.

Dividends and EPS

Robust dividend yield along with a steady dividend policy.



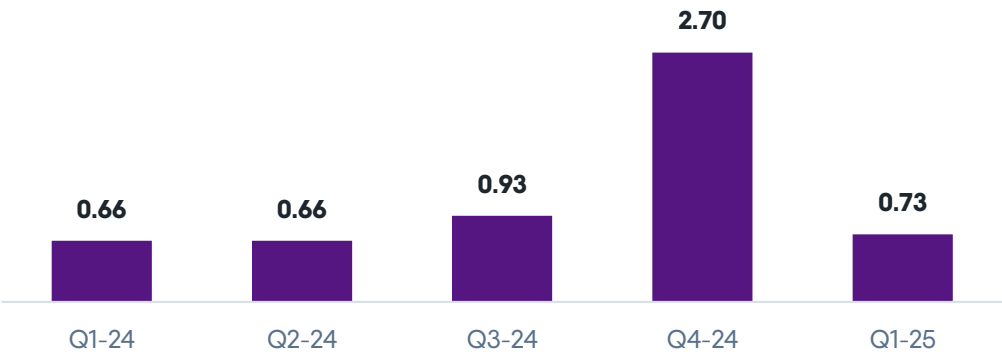
Price vs. Yield Fluctuation***



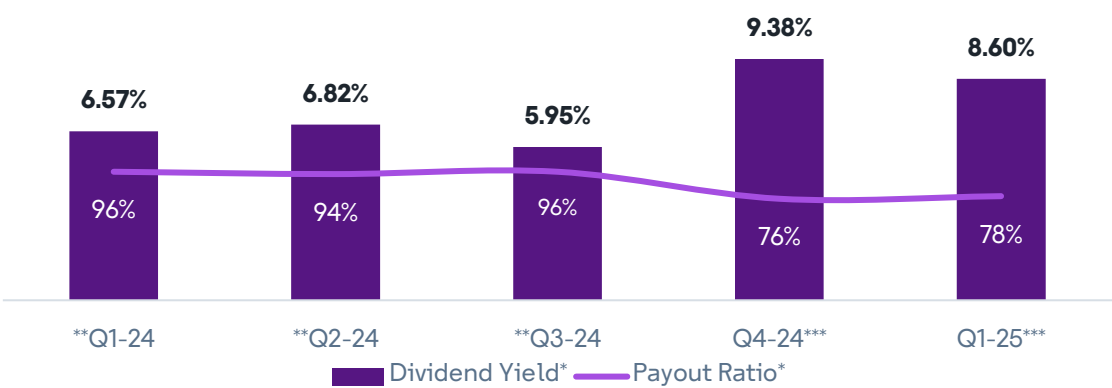
Dividends Policy

- stc commits to pay SAR 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. Any special dividends will be subject to stc's Board of Directors recommendation and the General Assembly's ratification.
- The dividends policy will remain subject to:
 - Any material changes in the stc's strategy and business (including the commercial environment in which stc operates).
 - Laws, regulations and legislations governing the sector in which stc operates.
 - Any banking, other funding or credit rating covenants or commitments that stc may be bound to follow from time to time.

Earnings Per Share (EPS)



Payout Ratio/Dividend Yield



*Based on the last 12 months.
**Including the special dividend of 1.
*** Including the special dividend of 2.

Appendix

Business Highlights

- ✓ stc Group announced the signing of contract with a Government entity on 27-1-2025 for the purpose of build, operate and provide telecommunications infrastructure services. The contract was valued at ~~US~~ 32.64 billion and its duration is for an 18 months period for preparation and execution, followed by 15 years of project operation period. The contract's financial impact will be positive, and the revenue will be recognized in stc's consolidated financial statements after the initial operation of the project, which is expected to be in the 4th quarter of 2026 until the end of the contract period.
- ✓ In a transformative leap for digital security, stc Group, has partnered with Thales, a global leader in cybersecurity and digital identity, in the presence of the Local Content and Government Procurement Authority, to secure the next generation of Internet of Things (IoT). This collaboration makes stc Group the first telecom operator worldwide to achieve GSMA Security Accreditation Scheme for UICC Production (SAS-UP) a global certification by the GSM Association ensuring the highest security standards in eSIM production. This groundbreaking achievement reinforces Saudi Arabia's position as a leader in technological advancement and digital transformation, aligning with the Kingdom's Vision 2030 objectives.
- ✓ STC Bank announced that it has received a Non-Objection from the Saudi Central Bank SAMA following the successful completion of its pilot phase, allowing it to officially launch as a digital bank in Saudi Arabia. The launch of the Bank represents a significant milestone in the Kingdom's digital transformation journey and towards the adoption of digital banking services within the financial sector. The digital bank's launch, which serves both individuals and businesses, is a result of the success achieved by its predecessor, the digital wallet, stc pay.
- ✓ stc Group has announced a strategic collaboration with Cohere, the global leader in secure enterprise AI, aimed at transforming the AI landscape in the Middle East and beyond. This collaboration is set to redefine stc's AI-driven operations, enhance customer engagement, and unlock new digital growth opportunities through state-of-the-art AI solutions. Under the collaboration, stc will leverage Cohere's cutting-edge AI capabilities to develop transformative products as part of its internal Gen AI initiative. The joint effort will focus on key AI-powered innovations, including stc's AI-powered language model and the Digital Co-Workers Foundry, which are designed to optimize business efficiency and deliver a superior digital experience for customers.
- ✓ stc Group and Ooredoo Oman announced the signing of a Heads of Terms (HoT) agreement to establish an international ground fiber optic network corridor between the Kingdom of Saudi Arabia and the Sultanate of Oman. This strategic partnership aims to enhance the digital communication infrastructure in the region through the project, which starts with the Saudi Oman corridor. The project will create an integrated ground fiber network with two backup routes, connecting submarine cable landing stations on the Red Sea in Saudi Arabia to their counterparts on the Arabian Sea in Oman, passing through dedicated data centers in both countries. By leveraging the strategic geographic locations of both Saudi Arabia and Oman, stc and Ooredoo aim to provide advanced communication solutions that enhance intercontinental connectivity through a reliable network characterized by high efficiency and low latency. The first phase of the project is expected to be completed within 12 months, with the entire project to be finalized within 24 months.
- ✓ stc Group and Amazon Web Services (AWS), the world's most comprehensive cloud provider, announced a strategic collaboration to advance digital transformation in Saudi Arabia. As part of this partnership, stc Group has been recognized as a System Integrator Premier partner, the highest AWS Partner Tier. The groundbreaking initiative will combine AWS's cloud infrastructure and generative AI/ML services, such as Amazon Bedrock, with stc Group's capabilities. This will scale cloud-based workloads and AI-powered innovation in sectors such as healthcare, finance, sports, education, energy, industrial, logistics and government sectors across the Middle East. stc Group will leverage AWS's global expertise to deliver innovative solutions tailored to customers in Saudi Arabia and neighboring Gulf countries, including Bahrain and Kuwait.
- ✓ stc Group enabled world-class connectivity for millions of pilgrims and visitors during Ramadan. stc Group's network analytics indicated that data usage during Ramadan had already increased by 37%, while voice services increased by more than 18%. To ensure seamless, high-speed connectivity for all, stc Group expanded its 5G network by more than 30% to ensure strong and stable performance during peak times, allowing visitors to remain connected to their loved ones without interruption. Network speed analysis results from Ookla, a global provider of network data and analytics, indicated a significant improvement in stc Group's network performance across the grounds of the two Holy Mosques. The average download speed had increased by 107% inside the Grand Mosque and by 120% inside the Prophet's Mosque, offering pilgrims and visitors continuous world-class connectivity despite the high network traffic at the holy sites.

Disclaimer

This presentation has been prepared as an informative guide that might assist interested parties in gaining an insight into the history and background of telecommunications within Saudi Arabia, as they relate to the Saudi Telecom Company (stc). Furthermore, it does not constitute an invitation or inducement to purchase or dispose of any securities, either in stc, or any companies in which stc has a financial interest.

In addition, there may also be 'forward looking' statements included within the meaning of current securities laws and regulations. In this context, any opinions expressed within this document, regarding the company's potential future performance, should be viewed as being accurate at the time of preparation. However, cognizance should be taken of the fact that uncertainty may dictate that actual performance differs substantially from any views articulated herein.

Investor Relations E-mail:

IRU@stc.com.sa

Investors Website:

<https://www.stc.com.sa/content/stcgroupwebsite/sa/en/investors.html>

Thank you