



**Saudi Telecom Company**  
(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 2025**  
**(UNAUDITED)**

**Second Quarter**  
**2025**

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## **Independent Auditors' Review Report on The Interim Condensed Consolidated Financial Information**

To the Shareholders of  
Saudi Telecom Company  
(A Saudi Joint Stock Company)  
Riyadh, Kingdom of Saudi Arabia

### **Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Telecom Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 30 June 2025, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three-month and six-month periods ended 30 June 2025 and the related condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*", as endorsed in the Kingdom of Saudi Arabia. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

### **Other Matter**

The consolidated financial statements for the year ended 31 December 2024 and the interim condensed consolidated financial information for the six-month period ended 30 June 2024 were audited and reviewed respectively by another auditor who expressed an unmodified opinion on those statements and an unmodified conclusion on that information on 6 Ramadan 1446H (corresponding to 6 March 2025) and 24 Muharram 1446H (corresponding to 30 July 2024) respectively.

**Deloitte and Touche & Co.**  
**Chartered Accountants**



**Mazen A. Al-Omari**  
Certified Public Accountant  
License No. 480

5 Safar 1447H  
(July 30, 2025)

**Saudi Telecom Company**  
**A Saudi Joint Stock Company**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2025**

(All amounts in thousands Saudi Riyals unless otherwise stated)

	Note	30 June 2025 (Unaudited)	31 December 2024 (Audited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment	5	40,778,739	41,514,233
Investment properties	6	1,090,380	1,007,572
Intangible assets and goodwill	7	16,992,233	15,162,732
Right of use assets	8	1,572,471	1,351,971
Investments in associates and joint ventures		12,721,477	12,259,656
Contract assets and costs		1,318,463	1,466,233
Financial assets and others	9	22,390,902	15,130,621
<b>TOTAL NON-CURRENT ASSETS</b>		<b>96,864,665</b>	<b>87,893,018</b>
<b>CURRENT ASSETS</b>			
Inventories		1,822,823	1,889,227
Contract assets and costs		8,429,271	7,840,069
Trade receivables	10	23,206,178	22,223,164
Financial assets and others	9	5,734,268	9,997,250
Short term murabahas		2,342,061	15,212,455
Cash and cash equivalents		13,348,846	15,543,441
Assets held for sale		30,883	39,519
<b>TOTAL CURRENT ASSETS</b>		<b>54,914,330</b>	<b>72,745,125</b>
<b>TOTAL ASSETS</b>		<b>151,778,995</b>	<b>160,638,143</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	17	50,000,000	50,000,000
Treasury shares		(403,675)	(517,351)
Other reserves		2,647,713	1,484,621
Retained earnings		30,455,173	38,449,272
<b>Equity attributable to the equity holders of the Parent Company</b>		<b>82,699,211</b>	<b>89,416,542</b>
Non-controlling interests		2,814,654	3,068,505
<b>TOTAL EQUITY</b>		<b>85,513,865</b>	<b>92,485,047</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings		14,800,742	14,740,155
End of service benefits provision	12	4,915,066	5,184,542
Lease liabilities	13	1,695,468	1,570,638
Contract liabilities		1,161,311	1,170,341
Provisions		577,289	512,233
Financial liabilities and others	14	8,193,978	6,018,926
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>31,343,854</b>	<b>29,196,835</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		18,767,570	22,627,472
Contract liabilities		3,928,084	4,067,079
Provisions		948,688	915,209
Zakat and income tax	16	1,466,632	2,934,627
Short term borrowings		420,833	391,584
Lease liabilities	13	573,038	593,447
Financial liabilities and others	14	8,816,431	7,426,843
<b>TOTAL CURRENT LIABILITIES</b>		<b>34,921,276</b>	<b>38,956,261</b>
<b>TOTAL LIABILITIES</b>		<b>66,265,130</b>	<b>68,153,096</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>151,778,995</b>	<b>160,638,143</b>

  
Group Chief Financial Officer

  
Group Chief Executive Officer

  
Authorized Board Member

The accompanying notes from 1 to 23 form an integral part of these interim condensed consolidated financial statements.

**Saudi Telecom Company**  
**A Saudi Joint Stock Company**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)**  
**FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 2025**  
(All amounts in thousands Saudi Riyals unless otherwise stated)

	Note	For the three months Period ended 30 June		For the six months period ended 30 June	
		2025	2024	2025	2024
<b>CONTINUING OPERATIONS:</b>					
Revenues	4	19,450,925	18,959,188	38,660,477	37,866,888
Cost of revenues		(9,891,352)	(10,126,802)	(20,002,573)	(20,365,724)
<b>GROSS PROFIT</b>	4	<b>9,559,573</b>	<b>8,832,386</b>	<b>18,657,904</b>	<b>17,501,164</b>
<b>OPERATING EXPENSES</b>					
Selling and marketing		(1,704,180)	(1,506,104)	(3,037,913)	(2,727,969)
General and administration		(1,687,245)	(1,564,093)	(3,331,391)	(3,190,448)
Depreciation, amortization and impairment	5,7,8	(2,544,512)	(2,229,545)	(5,081,455)	(4,536,893)
<b>TOTAL OPERATING EXPENSES</b>		<b>(5,935,937)</b>	<b>(5,299,742)</b>	<b>(11,450,759)</b>	<b>(10,455,310)</b>
<b>OPERATING PROFIT</b>		<b>3,623,636</b>	<b>3,532,644</b>	<b>7,207,145</b>	<b>7,045,854</b>
<b>OTHER INCOME AND EXPENSES</b>					
Cost of early retirement program		(209,956)	(285,355)	(449,110)	(455,150)
Finance income		331,088	432,424	810,438	864,861
Finance cost		(261,205)	(360,538)	(554,016)	(667,893)
Net other income (expense)		43,262	81,468	(890)	(50,381)
Net share in results of investments in associates and joint ventures		80,985	74,878	141,960	17,992
Net other gains (losses)		82,059	(1,801)	(60,756)	56,412
<b>TOTAL OTHER INCOME (EXPENSES)</b>		<b>66,233</b>	<b>(58,924)</b>	<b>(112,374)</b>	<b>(234,159)</b>
<b>NET PROFIT BEFORE ZAKAT AND INCOME TAX</b>		<b>3,689,869</b>	<b>3,473,720</b>	<b>7,094,771</b>	<b>6,811,695</b>
Zakat and income tax reversal (expense)	16	215,517	(278,205)	526,063	(507,789)
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>		<b>3,905,386</b>	<b>3,195,515</b>	<b>7,620,834</b>	<b>6,303,906</b>
<b>DISCONTINUED OPERATIONS:</b>					
<b>NET PROFIT FROM DISCONTINUED OPERATIONS</b>	20	-	191,348	-	413,845
<b>NET PROFIT</b>		<b>3,905,386</b>	<b>3,386,863</b>	<b>7,620,834</b>	<b>6,717,751</b>
<b>Net profit from continuing operations attributable to:</b>					
Equity holders of the Parent Company		3,823,486	3,113,039	7,472,431	6,176,435
Non-controlling interests		81,900	82,476	148,403	127,471
		<b>3,905,386</b>	<b>3,195,515</b>	<b>7,620,834</b>	<b>6,303,906</b>
<b>Net profit attributable to:</b>					
Equity holders of the Parent Company		3,823,486	3,304,387	7,472,431	6,590,280
Non-controlling interests		81,900	82,476	148,403	127,471
		<b>3,905,386</b>	<b>3,386,863</b>	<b>7,620,834</b>	<b>6,717,751</b>
<b>Earnings per share from net profit from continuing operations attributable to equity holders of the Parent Company (in Saudi Riyals):</b>					
- Basic	17	0.77	0.62	1.50	1.24
- Diluted	17	0.76	0.62	1.49	1.24
<b>Earnings per share from net profit attributable to equity holders of the Parent Company (in Saudi Riyals):</b>					
- Basic	17	0.77	0.66	1.50	1.32
- Diluted	17	0.76	0.66	1.49	1.32

  
Group Chief Financial Officer

  
Group Chief Executive Officer

  
Authorized Board Member

The accompanying notes from 1 to 23 form an integral part of these interim condensed consolidated financial statements.

**Saudi Telecom Company**  
**A Saudi Joint Stock Company**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 2025**

(All amounts in thousands Saudi Riyals unless otherwise stated)

	Note	For the three months period ended 30 June		For the six months period ended 30 June	
		2025	2024	2025	2024
<b>NET PROFIT</b>		<b>3,905,386</b>	<b>3,386,863</b>	<b>7,620,834</b>	<b>6,717,751</b>
<b>OTHER COMPREHENSIVE INCOME:</b>					
<b>Items that will not be reclassified subsequently to consolidated statement of profit or loss:</b>					
Remeasurement of end of service benefits provision	12	(81,539)	(169,068)	(384,537)	107,939
Changes in fair value for hedging instruments and equity investments through other comprehensive income		157,235	(28,318)	934,464	126,969
Net share of other comprehensive (loss) income of associates and joint ventures		(99)	-	(12)	107
<b>Total items that will not be reclassified subsequently to consolidated statement of profit or loss</b>		<b>75,597</b>	<b>(197,386)</b>	<b>549,915</b>	<b>235,015</b>
<b>Items that may be reclassified subsequently to consolidated statement of profit or loss:</b>					
Foreign currency translation differences		824,432	(37,017)	1,216,625	(430,807)
Loss on net investment hedge, net		(520,003)	-	(625,237)	-
Loss on cash flow hedge, net		(40,956)	-	(133,611)	-
Net share of other comprehensive income of associates and joint ventures		186,506	1,116	241,038	484
<b>Total items that may be reclassified subsequently to consolidated statement of profit or loss</b>		<b>449,979</b>	<b>(35,901)</b>	<b>698,815</b>	<b>(430,323)</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>525,576</b>	<b>(233,287)</b>	<b>1,248,730</b>	<b>(195,308)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>4,430,962</b>	<b>3,153,576</b>	<b>8,869,564</b>	<b>6,522,443</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Parent Company		4,345,768	3,069,686	8,716,938	6,440,085
Non-controlling interests		85,194	83,890	152,626	82,358
<b>Total comprehensive income attributable to Equity holders of the Parent Company</b>		<b>4,430,962</b>	<b>3,153,576</b>	<b>8,869,564</b>	<b>6,522,443</b>
Continuing operations		4,345,768	2,881,369	8,716,938	6,042,259
Discontinued operations	20	-	188,317	-	397,826
		<b>4,345,768</b>	<b>3,069,686</b>	<b>8,716,938</b>	<b>6,440,085</b>

  
Group Chief Financial Officer

  
Group Chief Executive Officer

  
Authorized Board Member

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**Saudi Telecom Company**  
**A Saudi Joint Stock Company**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025**

(All amounts in thousands Saudi Riyals unless otherwise stated)

		For the six months period ended 30 June	
	Note	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net profit from continuing operations before zakat and income tax		7,094,771	6,811,695
Net profit from discontinued operations before zakat and income tax		-	459,776
<b>Adjustments for:</b>			
Depreciation, amortization and impairment	5,7,8	5,081,455	5,148,075
Impairment loss and amortization of contract assets and costs		193,429	192,786
Impairment loss on trade receivables		183,161	245,848
Allowance for (reversal of) slow moving inventories		18,188	(25,508)
Finance income		(810,438)	(877,907)
Finance cost		554,016	920,042
Provision for end of service benefits and other provisions and expenses		260,559	495,709
Net share in results of investments in associates and joint ventures		(141,960)	(17,992)
Share- based payment expenses		50,821	53,100
Net other losses (gains)		60,756	(60,243)
<b>Changes of:</b>			
Trade receivables		(1,166,150)	(1,889,198)
Contract assets and costs, inventory and others		(651,051)	(741,448)
Trade payables and others		(3,796,896)	(2,132,737)
Contract liabilities and others		(112,332)	189,073
<b>Cash generated from operations</b>		<b>6,818,329</b>	<b>8,771,071</b>
Less: Zakat and income tax paid	16	(931,987)	(806,101)
Less: Provision for end of service benefits paid		(990,904)	(305,468)
<b>Net cash generated from operating activities</b>		<b>4,895,438</b>	<b>7,659,502</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(2,806,271)	(3,058,747)
Purchase of intangible assets		(789,154)	(1,097,278)
Additions to investment properties		(48,773)	(61,572)
Proceeds from sale of property and equipment and assets held for sale		105,586	75,516
Subsidiaries acquisition of new subsidiaries		-	(730,168)
Subsidiaries acquisition of new associates		-	(297,861)
Proceeds from finance income		1,057,213	948,877
Proceeds and payments related to financial assets and liabilities and others, net		12,024,078	6,350,933
<b>Net cash generated from investing activities</b>		<b>9,542,679</b>	<b>2,129,700</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid to the equity holders of the Parent Company		(15,459,130)	(5,716,460)
Dividends paid to non-controlling interests		(433,326)	(332,944)
Payment of lease liabilities		(388,125)	(893,152)
Repayment of borrowings		(153,858)	(2,359,873)
Proceeds from borrowings		167,590	4,167,240
Transactions with non-controlling interests		20,277	177,000
Finance costs paid		(391,830)	(521,347)
<b>Net cash used in financing activities</b>		<b>(16,638,402)</b>	<b>(5,479,536)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,200,285)</b>	<b>4,309,666</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>		<b>15,543,441</b>	<b>13,371,320</b>
Net foreign currency exchange difference		5,690	(55,327)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		<b>13,348,846</b>	<b>17,625,659</b>

  
Group Chief Financial Officer

  
Group Chief Executive Officer

  
Authorized Board Member

The accompanying notes from 1 to 23 form an integral part of these interim condensed consolidated financial statements.

**Saudi Telecom Company**  
**A Saudi Joint Stock Company**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2025**

(All amounts in thousands Saudi Riyals unless otherwise stated)

Total equity attributable to the equity holders of the Parent Company							
Note	Share capital	Treasury shares	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
<b>Balance as at 1 January 2024</b>	50,000,000	(612,528)	2,125,192	27,472,281	78,984,945	2,530,221	81,515,166
Net profit	-	-	-	6,590,280	6,590,280	127,471	6,717,751
Other comprehensive loss	-	-	(150,195)	-	(150,195)	(45,113)	(195,308)
Total comprehensive income	-	-	(150,195)	6,590,280	6,440,085	82,358	6,522,443
Dividends to the equity holders of the Parent Company	21	-	-	(8,974,090)	(8,974,090)	-	(8,974,090)
Dividends to non-controlling interests		-	-	-	-	(347,730)	(347,730)
Share-based payment transactions		-	95,223	(46,722)	-	48,501	255
Transactions with non-controlling interests		-	-	(96,854)	-	(96,854)	280,998
Others		-	-	(1,402)	-	(1,402)	-
<b>Balance as at 30 June 2024</b>	50,000,000	(517,305)	1,830,019	25,088,471	76,401,185	2,546,102	78,947,287
<b>Balance as at 1 January 2025</b>	50,000,000	(517,351)	1,484,621	38,449,272	89,416,542	3,068,505	92,485,047
Net profit	-	-	-	7,472,431	7,472,431	148,403	7,620,834
Other comprehensive income	-	-	1,244,507	-	1,244,507	4,223	1,248,730
Total comprehensive income	-	-	1,244,507	7,472,431	8,716,938	152,626	8,869,564
Dividends to the equity holders of the Parent Company	21	-	-	(15,466,530)	(15,466,530)	-	(15,466,530)
Dividends to non-controlling interests		-	-	-	-	(446,510)	(446,510)
Share-based payment transactions		-	113,676	(78,898)	-	34,778	4,594
Transactions with non-controlling interests		-	-	(11,694)	-	(11,694)	31,971
Others		-	-	9,177	-	9,177	3,468
<b>Balance as at 30 June 2025</b>	50,000,000	(403,675)	2,647,713	30,455,173	82,699,211	2,814,654	85,513,865

Group Chief Financial Officer

Group Chief Executive Officer

Authorized Board Member

The accompanying notes from 1 to 23 form an integral part of these interim condensed consolidated financial statements.

## **Saudi Telecom Company A Saudi Joint Stock Company**

### **NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 2025**

(All amounts in thousands Saudi Riyals unless otherwise stated)

#### **1- GENERAL INFORMATION**

##### **A) ESTABLISHMENT OF THE COMPANY**

Saudi Telecom Company ("stc" or 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% as at 30 June 2025 (31 December 2024: 62%).

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) as a Saudi Joint Stock Company on 4 Rabi al-Awal 1419H (corresponding to 29 June 1998) with National No. 700876768. 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 2025 (CONTINUED)**

(All amounts in thousands Saudi Riyals unless otherwise stated)

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**2- BASIS OF PREPARATION AND CONSOLIDATION**

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" that is 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") ("IAS 34"). The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern.

The interim condensed consolidated financial statements are presented in Saudi Riyals ("SR or 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 interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS" Accounting Standards) and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("IFRS endorsed in the Kingdom"). Therefore, these interim condensed consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

**3- THE GROUP'S MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The material accounting policies and significant accounting judgements, estimates and assumptions adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" were effective on 1 January 2025, but did not have an impact on the interim condensed consolidated financial statements of the Group.

**4- 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.

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**4- SEGMENT INFORMATION (CONTINUED)**

The following is an analysis of the Group's revenues and results from continuing operations based on segments:

	<b>For the three months period ended 30 June</b>		<b>For the six months period ended 30 June</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Revenues <sup>(1)</sup></b>				
stc	<b>12,667,031</b>	12,461,060	<b>25,318,545</b>	24,793,575
Saudi Telecom Channels Company ("Channels")	<b>3,686,224</b>	3,847,293	<b>7,738,424</b>	7,999,093
Arabian Internet and Communications Services Company ("Solutions")	<b>2,901,538</b>	2,771,470	<b>5,725,429</b>	5,580,117
Kuwait Telecommunications Company ("stc Kuwait")	<b>1,073,706</b>	1,018,120	<b>2,136,288</b>	2,027,399
stc Bahrain BSC (c) ("stc Bahrain")	<b>503,288</b>	474,510	<b>1,007,518</b>	965,793
Digital Centers for Data and Telecommunications ("Center3")	<b>493,524</b>	487,096	<b>976,436</b>	888,478
stc Bank	<b>376,733</b>	303,667	<b>696,449</b>	603,705
Advanced Technology and Cybersecurity Company ("sirar")	<b>177,078</b>	129,430	<b>322,732</b>	249,927
Public Telecommunications Company ("Specialized")	<b>103,115</b>	86,639	<b>172,006</b>	159,914
Internet of Things Information Technology Company ("iot <sup>2</sup> ")	<b>74,023</b>	47,699	<b>127,451</b>	106,531
General Cloud Computing Company for Information Technology ("SCCC")	<b>48,509</b>	36,727	<b>90,454</b>	81,560
Other operating segments <sup>(2)</sup>	<b>22,032</b>	161,709	<b>37,181</b>	343,532
Eliminations / adjustments	<b>(2,675,876)</b>	(2,866,232)	<b>(5,688,436)</b>	(5,932,736)
<b>Total revenues</b>	<b>19,450,925</b>	18,959,188	<b>38,660,477</b>	37,866,888
Cost of operations (excluding depreciation amortization, and impairment)	<b>(13,282,777)</b>	(13,196,999)	<b>(26,371,877)</b>	(26,284,141)
Depreciation, amortization, and impairment	<b>(2,544,512)</b>	(2,229,545)	<b>(5,081,455)</b>	(4,536,893)
Cost of early retirement program	<b>(209,956)</b>	(285,355)	<b>(449,110)</b>	(455,150)
Finance income	<b>331,088</b>	432,424	<b>810,438</b>	864,861
Finance cost	<b>(261,205)</b>	(360,538)	<b>(554,016)</b>	(667,893)
Net other income (expense)	<b>43,262</b>	81,468	<b>(890)</b>	(50,381)
Net share in results of investments in associates and joint ventures	<b>80,985</b>	74,878	<b>141,960</b>	17,992
Net other gains (losses)	<b>82,059</b>	(1,801)	<b>(60,756)</b>	56,412
Zakat and income tax reversal (expense)	<b>215,517</b>	(278,205)	<b>526,063</b>	(507,789)
<b>Net profit from continuing operations</b>	<b>3,905,386</b>	3,195,515	<b>7,620,834</b>	6,303,906

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**4- SEGMENT INFORMATION (CONTINUED)**

Following is the gross profit from continuing operation analysis on a segment basis:

	For the three months period ended 30 June		For the six months period ended 30 June	
	2025	2024	2025	2024
stc	7,696,830	7,497,624	15,142,768	14,677,498
Saudi Telecom Channels Company ("Channels")	1,052,052	755,536	1,951,200	1,579,234
Arabian Internet and Communications Services Company ("Solutions")	710,601	743,458	1,381,676	1,411,337
Kuwait Telecommunications Company ("stc Kuwait")	536,971	504,439	1,060,589	1,029,142
stc Bahrain BSC (c) ("stc Bahrain")	258,636	225,944	495,228	453,474
Digital Centers for Data and Telecommunications ("Center3")	219,118	134,904	426,012	322,132
stc Bank	173,701	70,183	280,665	123,566
Advanced Technology and Cybersecurity Company ("sirar")	86,182	40,875	126,113	87,670
Public Telecommunications Company ("Specialized")	48,445	46,652	83,417	84,927
Internet of Things Information Technology Company ("iot2")	20,316	13,420	39,626	36,178
General Cloud Computing Company for Information Technology ("SCCC")	1,802	(3,296)	2,235	(1,991)
Other operating segments <sup>(2)</sup>	7,019	98,377	11,298	226,161
Eliminations / adjustments	(1,252,100)	(1,295,730)	(2,342,923)	(2,528,164)
<b>Gross profit from continuing operations</b>	<b>9,559,573</b>	<b>8,832,386</b>	<b>18,657,904</b>	<b>17,501,164</b>

**Information about geographical segmentation:**

Following is the geographical segmentation of revenues from continuing operations:

	For the three months period ended 30 June		For the six months period ended 30 June	
	2025	2024	2025	2024
Kingdom of Saudi Arabia	17,180,723	16,785,610	34,092,042	33,521,516
Outside the Kingdom of Saudi Arabia	2,270,202	2,173,578	4,568,435	4,345,372
	<b>19,450,925</b>	<b>18,959,188</b>	<b>38,660,477</b>	<b>37,866,888</b>

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**4- SEGMENT INFORMATION (CONTINUED)**

The following is an analysis of the assets and liabilities on a segment basis as at:

	30 June 2025	31 December 2024
<b>Assets</b>		
stc	150,259,058	156,834,703
Saudi Telecom Channels Company ("Channels")	6,552,324	6,630,062
Arabian Internet and Communications Services Company ("Solutions")	11,025,178	12,040,098
Kuwait Telecommunications Company ("stc Kuwait")	5,766,059	5,625,147
stc Bahrain BSC (c) ("stc Bahrain")	6,795,372	5,407,890
Digital Centers for Data and Telecommunications ("Center3")	9,862,501	8,898,370
stc Bank	6,388,484	6,632,946
Advanced Technology and Cybersecurity Company ("sirar")	816,090	918,340
Public Telecommunications Company ("Specialized")	1,355,338	808,914
Internet of Things Information Technology Company ("iot <sup>2</sup> ")	1,036,580	1,117,162
General Cloud Computing Company for Information Technology ("SCCC")	1,055,108	1,198,802
Other operating segments <sup>(2)</sup>	18,553,357	16,753,951
Eliminations / adjustments	(67,686,454)	(62,228,242)
<b>Total assets</b>	<b>151,778,995</b>	<b>160,638,143</b>
<b>Liabilities</b>		
stc	51,411,484	51,268,062
Saudi Telecom Channels Company ("Channels")	5,477,137	5,399,090
Arabian Internet and Communications Services Company ("Solutions")	7,397,408	8,010,472
Kuwait Telecommunications Company ("stc Kuwait")	3,033,882	2,698,686
stc Bahrain BSC (c) ("stc Bahrain")	5,125,976	3,742,790
Digital Centers for Data and Telecommunications ("Center3")	7,728,577	6,821,343
stc Bank	3,513,874	3,491,948
Advanced Technology and Cybersecurity Company ("sirar")	417,659	553,200
Public Telecommunications Company ("Specialized")	500,591	750,819
Internet of Things Information Technology Company ("iot <sup>2</sup> ")	205,864	222,052
General Cloud Computing Company for Information Technology ("SCCC")	976,584	972,378
Other operating segments <sup>(2)</sup>	13,208,352	12,326,767
Eliminations / adjustments	(32,732,258)	(28,104,511)
<b>Total liabilities</b>	<b>66,265,130</b>	<b>68,153,096</b>

(1) Segment revenue reported above represents revenue generated from external and internal customers. There were ~~ﷲ~~ 2,676 million and ~~ﷲ~~ 5,688 million of inter-segment sales and adjustments (between the Group's Companies) for the three and six months periods ended 30 June 2025, respectively (for the three and six months periods ended 30 June 2024: ~~ﷲ~~ 2,866 million and ~~ﷲ~~ 5,933 million, respectively) which were eliminated at consolidation.

(2) Other operating segments include the following subsidiaries: Gulf Digital Media Model Company Ltd ("GDMM") ("Intigral"), 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 Limited Holding, stc Turkey Limited Holding (under liquidation), Green Bridge Investment ("GBI") and Green Bridge Management ("GBM"), and Telecom Commercial Investment Company Limited ("TCIC").

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**5- PROPERTY AND EQUIPMENT**

During the six months period ended 30 June 2025, the Group acquired property and equipment with total cost of ﷲ 2,460 million, including non-cash additions with an amount of ﷲ 526 million (30 June 2024: ﷲ 2,711 million, including non-cash additions with an amount of ﷲ 612 million).

During the six months period ended 30 June 2025, the Group disposed of property and equipment with a net book value of ﷲ 33 million (30 June 2024: ﷲ 91 million) resulting in a gain (loss) on sale of property and equipment for the six months period ended 30 June 2025 with an amount of ﷲ 88 million (for the six months periods ended 30 June 2024: ﷲ (15) million).

The following table shows the breakdown of depreciation expense if allocated to operating costs items:

	For the three months period ended 30 June		For the six months period ended 30 June	
	2025	2024	2025	2024
Cost of revenues	1,269,664	1,208,305	2,555,839	2,469,248
Selling and marketing expenses	3,488	1,931	9,063	4,012
General and administration expenses	278,536	277,342	553,503	557,800
	1,551,688	1,487,578	3,118,405	3,031,060

**6- INVESTMENT PROPERTIES**

	30 June 2025	31 December 2024
Lands	334,855	334,855
Work in-progress	755,525	672,717
	1,090,380	1,007,572

The fair value of the lands as at 31 December 2024 amounted to ﷲ 1,545 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).

**7- INTANGIBLE ASSETS AND GOODWILL**

During the six months period ended 30 June 2025, the net additions in intangible assets amounted to ﷲ 3,425 million, including non-cash additions with an amount of ﷲ 2,721 million (30 June 2024: ﷲ 1,642 million cash additions, including non-cash additions with an amount of ﷲ 535 million).

The following table shows the breakdown of amortization expense if allocated to operating costs items:

	For the three months period ended 30 June		For the six months period ended 30 June	
	2025	2024	2025	2024
Cost of revenues	177,742	178,512	333,832	338,902
Selling and marketing expenses	54,854	18,279	124,134	21,483
General and administration expenses	615,201	491,888	1,231,360	974,412
	847,797	688,679	1,689,326	1,334,797

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**8- RIGHT OF USE ASSETS**

During the six months period ended 30 June 2025, the net additions in right of use assets amounted to ~~SR~~ 546 million (30 June 2024: ~~SR~~ 627 million) all of which are non-cash additions.

The following table shows the breakdown of depreciation expense if allocated to operating costs items:

	For the three months period ended 30 June		For the six months period ended 30 June	
	2025	2024	2025	2024
Cost of revenues	71,687	9,876	134,990	68,751
Selling and marketing expenses	2,166	481	3,410	4,121
General and administration expenses	71,174	42,931	135,324	98,164
	145,027	53,288	273,724	171,036

**9- FINANCIAL ASSETS AND OTHERS**

**9-1 Financial assets**

**Financial assets measured at FVTOCI**

Listed equity investments <sup>(1)</sup>

**Financial assets measured at FVTPL**

Cash collateral against purchase of a listed equity Investment <sup>(2)</sup>

Investment funds and unlisted equity investments

**Financial assets at amortized cost:**

Sukuk and treasury bills

Financial assets from digital banking operations

Finance lease receivables

Loans to employees

Accrued profit on financial assets

Others

**Financial derivatives**

Forward contract

Options

Islamic cross currency profit rate swap

Current

Non-current

	30 June 2025	31 December 2024
	11,073,600	4,318,321
	-	4,144,063
	4,297,704	4,063,687
	4,297,704	8,207,750
	5,541,523	5,133,819
	3,147,719	2,360,035
	917,308	823,249
	434,326	472,366
	121,651	247,534
	1,325,389	1,679,833
	11,487,916	10,716,836
	-	-
	-	200,857
	-	23,391
	-	238,829
	-	463,077
	26,859,220	23,705,984
	4,554,658	8,667,558
	22,304,562	15,038,426
	26,859,220	23,705,984

(1) During the first quarter of 2025, the Group has increased its voting rights in Telefonica company from 4.97% to 9.97% after the completion of all relevant requirements.

(2) Amount represented 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% after the completion of all relevant requirements.

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**9-2 Other assets**

	30 June 2025	31 December 2024
Prepaid expenses	522,544	544,824
Advances	236,484	334,284
Deferred expenses	72,406	136,576
Deferred tax assets	36,354	39,940
Others	398,162	366,263
	<b>1,265,950</b>	<b>1,421,887</b>
Current	<b>1,179,610</b>	<b>1,329,692</b>
Non-current	<b>86,340</b>	<b>92,195</b>
	<b>1,265,950</b>	<b>1,421,887</b>

**10- TRADE RECEIVABLES**

	30 June 2025	31 December 2024
Trade receivables	26,596,060	25,602,745
Less: allowance for impairment loss	(3,389,882)	(3,379,581)
	<b>23,206,178</b>	<b>22,223,164</b>

**11- RELATED PARTY TRANSACTIONS**

**11-1 Trading transactions and balances with related parties (Associates and Joint Ventures)**

The Group trading transactions with associates and joint ventures were as follows:

	For the three months period ended 30 June		For the six months period ended 30 June	
	2025	2024	2025	2024
<b>Services provided</b>				
Associates	194,330	132,315	349,738	256,836
Joint ventures	1,117	1,572	2,782	2,896
	<b>195,447</b>	<b>133,887</b>	<b>352,520</b>	<b>259,732</b>
<b>Services received</b>				
Associates	1,062,029	206,375	2,182,858	351,705
Joint ventures	715	800	1,429	1,557
	<b>1,062,744</b>	<b>207,175</b>	<b>2,184,287</b>	<b>353,262</b>

The Group outstanding balances with associates and joint ventures were as follows:

	Amounts due from related parties		Amounts due to related parties	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
Associates (*)	1,497,731	1,404,179	976,232	1,124,093
Joint ventures	588	3,754	2,843	3,351
	<b>1,498,319</b>	<b>1,407,933</b>	<b>979,075</b>	<b>1,127,444</b>

(\*) Include amounts due from Digital Infrastructure for Investment Company (DIIC) (a subsidiary of PIF) amounted to ₪ 959 million (31 December 2024: ₪ 961 million) and amounts due to DIIC amounted to ₪ 864 million (31 December 2024: ₪ 1,021 million).

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 ₪ 1,262 million as of 30 June 2025 (31 December 2024: ₪ 1,191 million).

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.

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**11- RELATED PARTY TRANSACTIONS (CONTINUED)**

**11-2 Trade transactions and related parties' balances (government and government related entities)**

Revenues from transactions with government and government related entities for the three and six months periods ended 30 June 2025 amounted to **ﷲ** 3,127 million and **ﷲ** 6,181 million, respectively (30 June 2024: **ﷲ** 3,179 million and **ﷲ** 6,174 million, respectively) and expenses related to transactions with government and government related entities for the three and six months periods ended 30 June 2025 (including government charges) amounted to **ﷲ** 2,393 million and **ﷲ** 4,896 million, respectively (30 June 2024: **ﷲ** 1,298 million and **ﷲ** 2,841 million, respectively).

As at 30 June 2025, accounts receivable from government entities totalled **ﷲ** 19,066 million (31 December 2024: **ﷲ** 18,567 million) and as at 30 June 2025, accounts payable to government entities totalled **ﷲ** 1,224 million (31 December 2024: **ﷲ** 1,221 million). Among the balances with government entities, the Group invested **ﷲ** 3,740 million in the Sukuk issued by the Ministry of Finance (MoF).

The total balance of accounts receivable with government related entities as of 30 June 2025 was **ﷲ** 1,987 million (31 December 2024: **ﷲ** 2,205 million). Total balance of accounts payable with government related entities as of 30 June 2025 was **ﷲ** 3,159 million (31 December 2024: **ﷲ** 3,624 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.

Receivable aging from government entities is as follows:

	<b>30 June 2025</b>	<b>31 December 2024</b>
Less than a year	<b>10,235,577</b>	9,559,212
More than one year but less than two years	<b>5,406,294</b>	5,791,205
More than two years	<b>3,424,469</b>	3,216,695
	<b>19,066,340</b>	18,567,112

**11-3 Loans to related parties**

	<b>30 June 2025</b>	<b>31 December 2024</b>
Loans to senior executives	<b>10,245</b>	9,490

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**11- RELATED PARTY TRANSACTIONS (CONTINUED)**

**11-4 Benefits, remuneration and compensation of board members and senior executives**

The remuneration and compensation of board members and senior executives were as follows:

	For the three months period ended 30 June		For the six months period ended 30 June	
	2025	2024	2025	2024
Short-term benefits and remuneration	157,062	98,896	524,922	444,950
Provisions for end of service benefits and others	35,219	16,792	71,601	56,996
Long-term incentives program	18,403	16,543	48,890	50,199
	210,684	132,231	645,413	552,145

**12- END OF SERVICE BENEFITS PROVISION**

Calculation of end of service benefits provision was performed using the most recent actuarial valuation as at 30 June 2025. 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 for the six months period ended 30 June 2025, used in determining the end of service benefits obligation, represent the discount rate of (4.80% - 5.60%) and experience adjustments (30 June 2024: discount rate of (5 %- 5.50%) resulting in recording of net actuarial loss included in the interim condensed consolidated statement of comprehensive income for the three and six months period ended 30 June 2025 amounting to ﷲ 82 million and ﷲ 385 million, respectively (30 June 2024: actuarial (loss) and gain amounting to ﷲ (169) million and ﷲ 108 million, respectively).

**13- LEASE LIABILITIES**

	30 June 2025	31 December 2024
Current	573,038	593,447
Non-current	1,695,468	1,570,638
	2,268,506	2,164,085

The interest expense on lease liabilities for the three and six months periods ended 30 June 2025 amounted to ﷲ 22 million and ﷲ 43 million respectively which was included in finance cost (30 June 2024: ﷲ 21 million and ﷲ 38 million, respectively).

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**14- FINANCIAL LIABILITIES AND OTHERS**

**14-1 Financial liabilities**

	<b>30 June 2025</b>	<b>31 December 2024</b>
Financial liabilities related to frequency spectrum licenses	<b>3,724,448</b>	1,954,130
Dividends payable (Note 21)	<b>3,037,768</b>	3,008,990
Financial liabilities from digital banking operations	<b>2,657,032</b>	2,360,035
Government charges	<b>1,127,831</b>	1,102,309
Islamic cross currency profit rate swap	<b>595,345</b>	-
Financial derivatives – Options	<b>543,493</b>	-
Other financial liabilities	<b>807,589</b>	716,959
	<b>12,493,506</b>	9,142,423
Current	<b>8,081,232</b>	6,969,176
Non-current	<b>4,412,274</b>	2,173,247
	<b>12,493,506</b>	9,142,423

**14-2 Other liabilities**

	<b>30 June 2025</b>	<b>31 December 2024</b>
Deferred income	<b>3,902,064</b>	3,789,308
Deferred tax liabilities	<b>11,795</b>	12,530
Others	<b>603,044</b>	501,508
	<b>4,516,903</b>	4,303,346
Current	<b>735,199</b>	457,667
Non-current	<b>3,781,704</b>	3,845,679
	<b>4,516,903</b>	4,303,346

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(All amounts in thousands Saudi Riyals unless otherwise stated)

**15- FAIR VALUE MEASUREMENT 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, 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.

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.

Financial assets and liabilities measured at fair value:

**30 June 2025**

**Financial assets**

	<u>Carrying amount</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Listed equity investments (Note 9.1)	<b>11,073,600</b>	<b>11,073,600 <sup>(1)</sup></b>	-	-
Investment funds and unlisted equity investments (Note 9.1)	<b>4,297,704</b>	-	-	<b>4,297,704 <sup>(6)</sup></b>

**Financial liabilities**

Put option to non-controlling interest shareholders	<b>198,166</b>	-	-	<b>198,166 <sup>(5)</sup></b>
Financial derivatives - options (Note 14.1)	<b>543,493</b>	-	<b>543,493 <sup>(3)</sup></b>	-
Islamic cross currency profit rate swap (Note 14.1)	<b>595,345</b>		<b>595,345 <sup>(7)</sup></b>	

**31 December 2024**

**Financial assets**

	<u>Carrying amount</u>	<u>Fair value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Listed equity investments (Note 9.1)	4,318,321	4,318,321 <sup>(1)</sup>	-	-
Cash collateral against purchase of a listed equity investment (Note 9.1)	4,144,063	-	4,144,063 <sup>(2)</sup>	-
Investment funds and unlisted equity investments (Note 9.1)	4,063,687	-	-	4,063,687 <sup>(6)</sup>
Financial derivatives- forward contract (Note 9.1)	200,857	-	200,857 <sup>(4)</sup>	-
Financial derivatives- Options (Note 9.1)	23,391	-	23,391 <sup>(3)</sup>	-
Islamic cross currency profit rate swap (Note 9.1)	238,829	-	238,829 <sup>(7)</sup>	-

**Financial liabilities**

Put option to non-controlling interest shareholders	198,166	-	-	198,166 <sup>(5)</sup>
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There are no transfers between levels of the fair value hierarchy during the six months period ended 30 June 2025.

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**15- FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)**

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.
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 ~~SR~~ 3,928 million as at 30 June 2025. Significant unobservable inputs embedded in the models used by the STV fund's managers include adjusted discount rates and lack of marketability discount.

The following is a reconciliation of the Group's investment in these funds which are categorized within Level "3" of the fair value hierarchy:

	<b>30 June 2025</b>	<b>31 December 2024</b>
Net assets value at beginning of the period /year	<b>4,063,687</b>	3,532,376
Contributions paid	<b>103,241</b>	337,720
Proceeds from investments liquidation	<b>(19,943)</b>	(189,776)
Net unrealized gains recognized in profit or loss (*)	<b>150,719</b>	383,367
Net assets value at ending of the period / year	<b>4,297,704</b>	4,063,687

(\*) The net unrealized gains recognized were included within net other gains (losses) item in the statement of profit or loss.

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/~~SR~~ exchange rates and movement in the Term SOFR rates. The Group recognized 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.

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(All amounts in thousands Saudi Riyals unless otherwise stated)

**15- FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)**

Financial assets and liabilities measured at amortized cost:

The Group believes that the other financial assets and liabilities carried at cost in the interim condensed consolidated financial statements approximate their fair value except for the following:

30 June 2025	Carrying amount	Fair value levels		
<u>Financial assets</u>		Level 1	Level 2	Level 3
Financial assets at amortized cost - MoF Sukuk	3,694,206	-	3,622,938	-
<u>Financial liabilities</u>				
Borrowings – Sukuk	4,678,792	-	4,576,699	-
31 December 2024	Carrying amount	Fair value levels		
<u>Financial assets</u>		Level 1	Level 2	Level 3
Financial assets at amortized cost – MoF Sukuk	3,687,754	-	3,536,020	-
<u>Financial liabilities</u>				
Borrowings – Sukuk	4,678,577	-	4,566,907	-

Level 2 inputs are based on quoted prices in non-active market.

There are no transfers between levels of the fair value hierarchy during six months periods ended 30 June 2025.

**16- ZAKAT AND INCOME TAX**

The Group submitted all zakat returns until the end of 2024, 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 up to 2018.

During the first quarter of 2025, the Group received from ZATCA the final zakat assessment for the years 2019 and 2020 which was accepted and settled.

The Group did not receive the zakat assessment of the years from 2021 up to 2024.

The not wholly owned subsidiaries submit their zakat returns separately. They have submitted all zakat returns until the end of 2024, and have paid the zakat dues based on those returns. Solutions received from ZATCA a notice stating the finalization of Solutions' zakat position for the years from 2021 to 2023. stc Bank received from ZATCA a notice stating the finalization of stc Banks' zakat position for the year ended 31 December 2019. The remaining other not wholly owned subsidiaries have not received any zakat assessments on their returns yet.

**17- SHARE CAPITAL**

**Authorized, issued and fully paid capital comprises:**

5 billion fully paid ordinary shares at ₪10 each share

Number of outstanding shares "in thousands"

Number of treasury shares "in thousands"

30 June 2025	31 December 2024
50,000,000	50,000,000
4,989,794	4,986,916
10,206	13,084
5,000,000	5,000,000

**18- CAPITAL COMMITMENTS**

- 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 30 June 2025 (31 December 2024: ₪ 553 million (equivalent to USD 147.5 million)).
- The Group has contractual commitments for the acquisition of property and equipment and intangible assets amounting to ₪ 10,693 million as at 30 June 2025 (31 December 2024: ₪ 7,322 million).
- 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 ₪ 627 million (equivalent to USD 167.2 million) was injected till date.

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### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 2025 (CONTINUED)

(All amounts in thousands Saudi Riyals unless otherwise stated)

#### 19- CONTINGENT LIABILITIES

1. The Group has outstanding letters of guarantee on behalf of the parent and its subsidiaries amounting to ~~SR~~ 5,258 million as at 30 June 2025 (31 December 2024: ~~SR~~ 4,993 million).
2. The Group has outstanding letters of credit as at 30 June 2025 amounting to ~~SR~~ 1,746 million (31 December 2024: ~~SR~~ 1,654 million).
3. On 21 March 2016, the Company received a letter from a key customer requesting a refund for paid balances amounting to ~~SR~~ 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 interim condensed consolidated financial statements.

#### 20- DISCONTINUED OPERATIONS

During the fourth quarter of 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 Telecommunications Towers Company ("TAWAL"), while the Group will maintain 49% of the shares of TAWAL. TAWAL was valued at ~~SR~~ 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.

During the second quarter of 2024, a sale and purchase agreement (the "SPA") was signed 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 ~~SR~~ 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 DIIC (the "new entity") through exchange of shares between the new entity, the owners of GLIC, and TAWAL. GLIC was valued at ~~SR~~ 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 DIIC, which was completed during 2024 and after the stc General Assembly approval of the SPA with PIF.

During December 2024, all substantive condition precedents in relation to the transaction were completed and therefore the Group lost its control over TAWAL and DIIC and recognized a gain on disposal amounting to ~~SR~~ 12.9 billion in the consolidated statement of profit or loss for the year ended 31 December 2024. TAWAL, and GLIC were valued at ~~SR~~ 17.4 billion, and ~~SR~~ 2.6 billion respectively net of cash, debt, and working capital adjustments. In addition, the Group injected ~~SR~~ 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 DIIC using the equity method of accounting as associates in accordance with the requirements of IAS 28 "Investments in Associates and Joint Ventures". 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 for the year ended 31 December 2024.

During the first quarter of 2025, the ownership transfer of TAWAL to the new established entity (DIIC) was completed.

Accordingly comparative figures in these interim condensed consolidated financial statements have been re-presented.

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#### 21- DIVIDENDS

For the periods starting from 4th quarter of 2021 until the 3rd quarter of 2024, the Company had an approved dividends policy based on maintaining a minimum dividend of  $\text{SAR}$  0.40 per share on a quarterly basis.

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  $\text{SAR}$  0.55 per share per quarter for the next three years starting from the dividends distribution of the 4<sup>th</sup> quarter of 2024 until the 3<sup>rd</sup> 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 distributed cash dividends to the shareholders of the Company for the fourth quarter of 2024 and first quarter of 2025 at a rate of  $\text{SAR}$  0.55 per share. On 13 May 2025, General Assembly approved the board the directors' recommendation to distribute special cash dividends for the year 2024 at the rate of  $\text{SAR}$  2 per share.

In line with this policy, the Company will distribute cash dividends to the shareholders of the Company for the second quarter of 2025 at a rate of  $\text{SAR}$  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.

#### 22- COMPARATIVE FIGURES

Certain figures have been reclassified as listed below to conform with the classification used for the three and six months periods ended 30 June 2025. These reclassifications listed below have no impact on previously reported net income, retained earnings or net assets:

##### Consolidated statement of financial position as at 31 December 2024

	As previously reported (Note 20)	Amount of reclassification	Amount after reclassification
Intangible assets and goodwill	14,954,413	208,319	15,162,732
Financial assets and others - non current	15,316,935	(186,314)	15,130,621
Financial assets and others - current	10,019,255	(22,005)	9,997,250

##### Interim condensed consolidated statement of profit or loss for the three months period ended 30 June 2024

	As previously reported (Note 20)	Amount of reclassification	Amount after reclassification
Revenues	19,021,360	(62,172)	18,959,188
Cost of revenues	(10,196,289)	62,172	(10,126,802)
Depreciation, amortization and impairment	(2,222,230)	7,315	(2,229,545)

##### Interim condensed consolidated statement of profit or loss for the six months period ended 30 June 2024

	As previously reported (Note 20)	Amount of reclassification	Amount after reclassification
Revenues	37,984,797	(117,909)	37,866,888
Cost of revenues	(20,496,107)	117,909	(20,365,724)
Depreciation, amortization and impairment	(4,524,419)	12,474	(4,536,893)

#### 23- APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee (delegated by the Board of Directors) approved the interim condensed consolidated financial statements for the three and six months periods ended 30 June 2025 on 2 Safar 1447 H (corresponding to 27 July 2025).