Saudi Telecom Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 2026

(UNAUDITED)

Second Quarter
2026

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Deloitte.

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Independent Auditor's Review Report on The Interim Condensed Consolidated Financial Information

To the Shareholders
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 (together "the Group") as at 30 June 2026, 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 2026, and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and the explanatory notes ("the interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 – *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"* that is endorsed in the Kingdom of Saudi Arabia. A review of interim 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 International Standards on Auditing 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 financial information is not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

Deloitte and Touche & Co.
Chartered Accountants

Mazen A. Al-Omari
Certified Public Accountant
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4 August 2026

Saudi Telecom Company
A Saudi Joint Stock Company
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	30 June 2026 (Unaudited)	31 December 2025 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	**42,732,448**	43,286,335
Investment properties	6	**702,517**	864,066
Intangible assets and goodwill	7	**17,097,769**	17,325,168
Right of use assets	8	**1,761,165**	1,740,608
Investments in associates and joint ventures		**12,909,548**	12,935,637
Contract assets and costs		**1,287,416**	1,407,043
Financial assets and others	9	**22,280,131**	21,902,057
TOTAL NON-CURRENT ASSETS		**98,770,994**	99,460,914
CURRENT ASSETS			
Inventories		**1,781,441**	1,923,203
Contract assets and costs		**9,971,423**	8,427,932
Trade receivables	10	**26,727,997**	26,727,198
Financial assets and others	9	**9,494,602**	5,593,303
Short term murabahas		**1,062,181**	1,704,161
Cash and cash equivalents	20	**12,940,389**	7,161,953
Cash and cash equivalents – STC Bank	20	**6,000,384**	6,214,118
Assets held for sale		**247,543**	263,887
TOTAL CURRENT ASSETS		**68,225,960**	58,015,755
TOTAL ASSETS		**166,996,954**	157,476,669
EQUITY AND LIABILITIES			
EQUITY			
Share capital	17	**50,000,000**	50,000,000
Treasury shares		**(276,108)**	(403,520)
Other reserves		**1,111,336**	1,495,094
Retained earnings		**34,150,578**	32,321,997
Equity attributable to the equity holders of the Parent Company		**84,985,806**	83,413,571
Non-controlling interests		**2,726,349**	2,972,769
TOTAL EQUITY		**87,712,155**	86,386,340
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term borrowings	15	**22,094,126**	14,404,268
End of service benefits provision	12	**5,291,154**	5,152,157
Lease liabilities	13	**1,642,835**	1,714,519
Contract liabilities		**680,456**	1,271,654
Provisions		**418,758**	482,373
Financial liabilities and others	14	**7,199,836**	7,892,783
TOTAL NON-CURRENT LIABILITIES		**37,327,165**	30,917,754
CURRENT LIABILITIES			
Trade and other payables		**21,198,207**	22,259,436
Contract liabilities		**3,727,510**	4,088,197
Provisions		**606,300**	923,193
Zakat and income tax	16	**1,167,743**	1,533,741
Short term borrowings		**1,442,428**	787,160
Lease liabilities	13	**616,066**	538,711
Financial liabilities and others	14	**13,199,380**	10,042,137
TOTAL CURRENT LIABILITIES		**41,957,634**	40,172,575
TOTAL LIABILITIES		**79,284,799**	71,090,329
TOTAL EQUITY AND LIABILITIES		**166,996,954**	157,476,669

Group Chief Financial Officer   Group Chief Executive Officer   Authorized Board Member

The accompanying notes from 1 to 22 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 2026

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three months period ended 30 June		For the six months period ended 30 June	
		2026	2025	**2026**	2025
Revenues	4	**20,171,379**	19,450,925	**40,110,089**	38,660,477
Cost of revenues		**(10,306,676)**	(9,891,352)	**(20,472,968)**	(20,002,573)
GROSS PROFIT	4	**9,864,703**	9,559,573	**19,637,121**	18,657,904
OPERATING EXPENSES					
Selling and marketing		**(1,646,368)**	(1,704,180)	**(3,205,382)**	(3,037,913)
General and administrative		**(1,806,862)**	(1,687,245)	**(3,463,540)**	(3,331,391)
Depreciation, amortization and impairment	5,6,7,8	**(2,618,541)**	(2,544,512)	**(5,197,219)**	(5,081,455)
TOTAL OPERATING EXPENSES		**(6,071,771)**	(5,935,937)	**(11,866,141)**	(11,450,759)
OPERATING PROFIT		**3,792,932**	3,623,636	**7,770,980**	7,207,145
OTHER INCOME AND EXPENSES					
Cost of early retirement program		**(168,084)**	(209,956)	**(421,147)**	(449,110)
Finance income		**262,015**	331,088	**504,264**	810,438
Finance cost		**(379,914)**	(261,205)	**(710,581)**	(554,016)
Net other income (expenses)		**187,449**	43,262	**185,531**	(890)
Net share in results of investments in associates and joint ventures		**144,187**	80,985	**262,907**	141,960
Net other (losses) gains		**(62,009)**	82,059	**104,380**	(60,756)
TOTAL OTHER (EXPENSES) INCOME		**(16,356)**	66,233	**(74,646)**	(112,374)
NET PROFIT BEFORE ZAKAT AND INCOME TAX		**3,776,576**	3,689,869	**7,696,334**	7,094,771
Zakat and income tax (expense) reversal, net	16	**(48,910)**	215,517	**(201,132)**	526,063
NET PROFIT		**3,727,666**	3,905,386	**7,495,202**	7,620,834
Net profit attributable to:					
Equity holders of the Parent Company		**3,622,859**	3,823,486	**7,319,138**	7,472,431
Non-controlling interests		**104,807**	81,900	**176,064**	148,403
		3,727,666	3,905,386	**7,495,202**	7,620,834
Earnings per share attributable to equity holders of the Parent Company (in Saudi Riyals):					
Basic	17	**0.73**	0.77	**1.47**	1.50
Diluted	17	**0.72**	0.76	**1.46**	1.49

Group Chief Financial Officer	Group Chief Executive Officer	Authorized Board Member

The accompanying notes from 1 to 22 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 2026

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three months period ended 30 June		For the six months period ended 30 June	
		2026	2025	2026	2025
NET PROFIT		**3,727,666**	3,905,386	**7,495,202**	7,620,834
OTHER COMPREHENSIVE INCOME:					
Items that will not be reclassified subsequently to consolidated statement of profit or loss:					
Remeasurement of end of service benefits provision	12	**(256,243)**	(81,539)	**(51,128)**	(384,537)
Net changes in fair value for hedging instruments and equity investments through other comprehensive income		**(471,524)**	157,235	**(162,395)**	934,464
Net share of other comprehensive loss of associates and joint ventures		**(132)**	(99)	**(114)**	(12)
Total items that will not be reclassified subsequently to consolidated statement of profit or loss		**(727,899)**	75,597	**(213,637)**	549,915
Items that may be reclassified subsequently to consolidated statement of profit or loss:					
Foreign currency translation differences		**(20,299)**	824,432	**(292,525)**	1,216,625
Gain (loss) on net investment in foreign operation hedge		**76,149**	(520,003)	**175,206**	(625,237)
Gain (loss) on cash flow hedge		**51,058**	(40,956)	**80,130**	(133,611)
Net share of other comprehensive (loss) income of associates and joint ventures		**(26,263)**	186,506	**(65,047)**	241,038
Total items that may be reclassified subsequently to consolidated statement of profit or loss		**80,645**	449,979	**(102,236)**	698,815
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME		**(647,254)**	525,576	**(315,873)**	1,248,730
TOTAL COMPREHENSIVE INCOME		**3,080,412**	4,430,962	**7,179,329**	8,869,564
Total comprehensive income attributable to:					
Equity holders of the Parent Company		**2,967,726**	4,345,768	**7,010,073**	8,716,938
Non-controlling interests		**112,686**	85,194	**169,256**	152,626
		3,080,412	4,430,962	**7,179,329**	8,869,564

Group Chief Financial Officer | Group Chief Executive Officer | Authorized Board Member

The accompanying notes from 1 to 22 form an integral part of these interim condensed consolidated financial statements.

Saudi Telecom Company
A Saudi Joint Stock Company

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2026
(All amounts in Saudi Riyals thousands unless otherwise stated)

		For the six months period ended 30 June	
	Note	**2026**	2025
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before zakat and income tax		**7,696,334**	7,094,771
Adjustments:			
Depreciation, amortization and impairment	5,6,7,8	**5,197,219**	5,081,455
Impairment loss and amortization of contract assets and costs		**211,806**	193,429
Impairment loss on trade receivables and financial assets		**110,382**	183,161
Allowance for slow moving inventories		**24,438**	18,188
Finance income		**(504,264)**	(810,438)
Finance cost		**710,581**	554,016
Provision for end of service benefits and other provisions and other income, net		**204,446**	260,559
Net share in results of investments in associates and joint ventures		**(262,907)**	(141,960)
Share-based payment expenses		**62,649**	50,821
Net other (gains) losses		**(104,380)**	60,756
Changes of:			
Trade receivables		**(55,772)**	(1,166,150)
Contract assets and costs, inventories and others		**(2,486,803)**	(651,051)
Trade payables and others		**(1,063,607)**	(3,796,896)
Contract liabilities and others		**(783,007)**	(112,332)
Financial assets from digital banking operations		**(2,829,613)**	(530,955)
Financial liabilities from digital banking operations		**3,060,529**	258,243
Cash generated from operations		**9,188,029**	6,545,617
Less: zakat and income tax paid	16	**(565,671)**	(931,987)
Less: provision for end of service benefits paid		**(280,594)**	(990,904)
Net cash generated from operating activities		**8,341,764**	4,622,726
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment, intangible assets, and investment properties		**(4,773,388)**	(3,644,198)
Proceeds from sale of property and equipment and assets held for sale		**166,676**	105,586
Investments in associates and joint ventures		**(2,503)**	-
Dividends from associates and joint ventures		**4,000**	2,250
Proceeds from finance income		**722,193**	1,057,213
Proceeds related to short-term murabahas, net		**640,152**	12,880,487
Payments related to investments in sukuk and treasury bills, net		**(813,955)**	(327,104)
Payments related to financial assets, financial liabilities and others, net		**(530,616)**	(258,843)
Net cash (used in) generated from investing activities		**(4,587,442)**	9,815,391
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to the equity holders of the Parent Company		**(5,486,411)**	(15,459,130)
Dividends paid to non-controlling interests		**(389,403)**	(433,326)
Payment of lease liabilities		**(380,732)**	(388,125)
Repayment of borrowings		**(346,194)**	(153,858)
Proceeds from borrowings		**8,720,100**	167,590
Transactions with non-controlling interests		**(568)**	20,277
Finance costs paid		**(303,781)**	(391,830)
Net cash generated from (used in) financing activities		**1,813,011**	(16,638,402)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**5,567,333**	(2,200,285)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		**13,376,071**	15,543,441
Net foreign currency exchange difference		**(2,631)**	5,690
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	20	**18,940,773**	13,348,846

Group Chief Financial Officer | **Group Chief Executive Officer** | **Authorized Board Member**

The accompanying notes from 1 to 22 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 2026

(All amounts in Saudi Riyals thousands 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***
Balance as at 1 January 2025		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	39,372
Transactions with non-controlling interests		-	-	(11,694)	-	(11,694)	31,971	20,277
Others		-	-	9,177	-	9,177	3,468	12,645
Balance as at 30 June 2025		50,000,000	(403,675)	2,647,713	30,455,173	82,699,211	2,814,654	85,513,865
Balance as at 1 January 2026		**50,000,000**	**(403,520)**	**1,495,094**	**32,321,997**	**83,413,571**	**2,972,769**	**86,386,340**
Net profit		**-**	**-**	**-**	**7,319,138**	**7,319,138**	**176,064**	**7,495,202**
Other comprehensive loss		**-**	**-**	**(309,065)**	**-**	**(309,065)**	**(6,808)**	**(315,873)**
Total comprehensive income		**-**	**-**	**(309,065)**	**7,319,138**	**7,010,073**	**169,256**	**7,179,329**
Dividends to the equity holders of the Parent Company	21	**-**	**-**	**-**	**(5,490,557)**	**(5,490,557)**	**-**	**(5,490,557)**
Dividends to non-controlling interests		**-**	**-**	**-**	**-**	**-**	**(416,160)**	**(416,160)**
Share-based payment transactions		**-**	**127,412**	**(82,182)**	**-**	**45,230**	**484**	**45,714**
Others		**-**	**-**	**7,489**	**-**	**7,489**	**-**	**7,489**
Balance as at 30 June 2026		**50,000,000**	**(276,108)**	**1,111,336**	**34,150,578**	**84,985,806**	**2,726,349**	**87,712,155**

Group Chief Financial Officer **Group Chief Executive Officer** **Authorized Board Member**

1. GENERAL INFORMATION

1.1 ESTABLISHMENT OF THE COMPANY

Saudi Telecom Company (the "Company" or "stc") 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 2026 (31 December 2025: 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. 7000876768. The Company's head office is located in King Abdulaziz Complex, Imam Mohammed Bin Saud Street Al Mursalat Area, Riyadh, Kingdom of Saudi Arabia.

1.2 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.

Regional geopolitical developments

The Group closely monitors regional geopolitical developments and their potential impacts on the Kingdom and the GCC countries. The Group maintains a robust and flexible operating model to manage potential risks effectively, while continuously assessing any possible impacts on its business operations.

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 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 ("⃁"), 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 2025.

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 2025.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective, the Group intends to adopt these new standards and amendments, if applicable, when they become effective. These standards are not expected to have a material impact on the Group at their effective dates, except for the International Financial Reporting Standards 18 "Presentation and Disclosure in Financial Statements" (IFRS 18), which the Group continues to evaluate the impact of its adoption on the interim consolidated financial statements. The major changes introduced by IFRS 18 standard include introduction of specified categories and new defined subtotals in the statement of profit or loss and consequential amendments to the statement of cash flows.

Under IFRS 18, specific guidance is provided for the classification of income and expenses in newly introduced operating, Investing and financing categories. Based on the on-going evaluation of the Group, the main expected changes will be as follows:

- Reclassifying cost of early retirement to be above the Operating Profit.
- A new subtotal before Financing cost – profit or loss from operating and investing activities.
- Disaggregating certain profit or loss statement line items into new categories under IFRS 18.

IFRS 18 also requires disclosure of certain subtotal of income and expenses that are used in public communications outside financial statements ('management-defined performance measures' or MPMs) in a single note to the consolidated financial statements. The Group will determine the applicable MPMs based on the public communications of the Group that will be available at the time of implementing IFRS 18 for the reporting periods beginning on 1 January 2027.

There are new standards and amendments to standards which are effective from 1 January 2026 but they do not have a material effect on these interim condensed consolidated financial statements.

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.

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. SEGMENT INFORMATION (CONTINUED)

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

	For the three months period ended 30 June		For the six months period ended 30 June	
	2026	2025	**2026**	2025
Revenues [1]				
stc	**13,149,702**	12,667,031	**26,150,302**	25,318,545
Saudi Telecom Channels Company ("Channels")	**3,530,791**	3,686,224	**7,054,298**	7,738,424
Arabian Internet and Communications Services Company ("Solutions")	**3,240,226**	2,901,538	**6,242,703**	5,725,429
Kuwait Telecommunications Company ("stc Kuwait")	**1,010,237**	1,073,706	**2,048,315**	2,136,288
stc Bahrain BSC (c) ("stc Bahrain")	**501,491**	503,288	**991,992**	1,007,518
Digital Centers for Data and Telecommunications ("Center3")	**607,611**	493,524	**1,147,122**	976,436
STC Bank	**395,785**	376,733	**792,330**	696,449
Advanced Technology and Cybersecurity Company ("sirar")	**253,453**	177,078	**516,556**	322,732
Public Telecommunications Company ("Specialized")	**488,616**	103,115	**920,728**	172,006
Internet of Things Information Technology Company ("iot²")	**124,340**	74,023	**207,844**	127,451
General Cloud Computing Company for Information Technology ("SCCC")	**78,816**	48,509	**144,310**	90,454
Other operating segments [2]	**21,631**	22,032	**27,989**	37,181
Eliminations / adjustments	**(3,231,320)**	(2,675,876)	**(6,134,400)**	(5,688,436)
Total revenues	**20,171,379**	19,450,925	**40,110,089**	38,660,477
Cost of operations (excluding depreciation, amortization and impairment)	**(13,759,906)**	(13,282,777)	**(27,141,890)**	(26,371,877)
Depreciation, amortization and impairment	**(2,618,541)**	(2,544,512)	**(5,197,219)**	(5,081,455)
Cost of early retirement program	**(168,084)**	(209,956)	**(421,147)**	(449,110)
Finance income	**262,015**	331,088	**504,264**	810,438
Finance cost	**(379,914)**	(261,205)	**(710,581)**	(554,016)
Net other income (expenses)	**187,449**	43,262	**185,531**	(890)
Net share in results of investments in associates and joint ventures	**144,187**	80,985	**262,907**	141,960
Net other (losses) gains	**(62,009)**	82,059	**104,380**	(60,756)
Zakat and income tax (expense) reversal, net	**(48,910)**	215,517	**(201,132)**	526,063
Net profit	**3,727,666**	3,905,386	**7,495,202**	7,620,834

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. SEGMENT INFORMATION (CONTINUED)

The following is the gross profit analysis on a segment basis:

	For the three months period ended 30 June		For the six months period ended 30 June	
	2026	2025	**2026**	2025
Gross profit				
stc	**7,342,642**	7,696,830	**14,929,720**	15,142,768
Saudi Telecom Channels Company ("Channels")	**965,591**	1,052,052	**1,833,959**	1,951,200
Arabian Internet and Communications Services Company ("Solutions")	**853,592**	710,601	**1,508,443**	1,381,676
Kuwait Telecommunications Company ("stc Kuwait")	**532,473**	536,971	**1,079,778**	1,060,589
stc Bahrain BSC (c) ("stc Bahrain")	**256,736**	258,636	**498,629**	495,228
Digital Centers for Data and Telecommunications ("Center3")	**317,742**	219,118	**590,997**	426,012
STC Bank	**208,122**	173,701	**412,876**	280,665
Advanced Technology and Cybersecurity Company ("sirar")	**87,900**	86,182	**170,058**	126,113
Public Telecommunications Company ("Specialized")	**369,106**	48,445	**729,804**	83,417
Internet of Things Information Technology Company ("iot²")	**26,037**	20,316	**29,793**	39,626
General Cloud Computing Company for Information Technology ("SCCC")	**694**	1,802	**16,732**	2,235
Other operating segments (2)	**15,906**	7,019	**18,239**	11,298
Eliminations / adjustments	**(1,111,838)**	(1,252,100)	**(2,181,907)**	(2,342,923)
Gross profit	**9,864,703**	9,559,573	**19,637,121**	18,657,904

Information about geographical segmentation:

Following is the geographical segmentation of revenues:

	For the three months period ended 30 June		For the six months period ended 30 June	
	2026	2025	**2026**	2025
Kingdom of Saudi Arabia	**17,971,768**	17,180,723	**35,578,782**	34,092,042
Outside the Kingdom of Saudi Arabia	**2,199,611**	2,270,202	**4,531,307**	4,568,435
	20,171,379	19,450,925	**40,110,089**	38,660,477

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. SEGMENT INFORMATION (CONTINUED)

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

	30 June 2026	31 December 2025
Assets		
stc	**161,998,032**	152,076,841
Saudi Telecom Channels Company ("Channels")	**7,489,228**	5,942,466
Arabian Internet and Communications Services Company ("Solutions")	**12,549,866**	12,916,946
Kuwait Telecommunications Company ("stc Kuwait")	**5,774,430**	5,847,775
stc Bahrain BSC (c) ("stc Bahrain")	**3,882,661**	3,819,009
Digital Centers for Data and Telecommunications ("Center3")	**11,527,237**	11,048,281
STC Bank	**12,764,066**	9,342,649
Advanced Technology and Cybersecurity Company ("sirar")	**1,156,177**	1,152,678
Public Telecommunications Company ("Specialized")	**3,265,803**	1,758,740
Internet of Things Information Technology Company ("iot²")	**954,256**	973,109
General Cloud Computing Company for Information Technology ("SCCC")	**1,086,181**	1,145,723
Other operating segments [(2)]	**15,881,985**	16,874,844
Eliminations / adjustments	**(71,332,968)**	(65,422,392)
Total assets	**166,996,954**	157,476,669
Liabilities		
stc	**59,868,580**	51,660,411
Saudi Telecom Channels Company ("Channels")	**6,276,592**	4,675,065
Arabian Internet and Communications Services Company ("Solutions")	**8,355,561**	8,589,796
Kuwait Telecommunications Company ("stc Kuwait")	**3,118,836**	2,923,594
stc Bahrain BSC (c) ("stc Bahrain")	**2,045,063**	2,052,909
Digital Centers for Data and Telecommunications ("Center3")	**9,384,507**	9,019,872
STC Bank	**10,399,110**	6,645,246
Advanced Technology and Cybersecurity Company ("sirar")	**642,971**	703,884
Public Telecommunications Company ("Specialized")	**1,942,465**	992,818
Internet of Things Information Technology Company ("iot²")	**285,892**	230,127
General Cloud Computing Company for Information Technology ("SCCC")	**1,156,460**	1,142,735
Other operating segments [(2)]	**11,693,969**	12,716,151
Eliminations / adjustments	**(35,885,207)**	(30,262,279)
Total liabilities	**79,284,799**	71,090,329

(1) Segment revenue reported above represents revenue generated from external and internal customers. There were ⃁ 3,231 million and ⃁ 6,134 million of inter-segment sales and adjustments (between the Group's companies mainly stc, Solutions and Channels) for the three and six months periods ended 30 June 2026, respectively (for the three and six months periods ended 30 June 2025: ⃁ 2,676 million and ⃁ 5,688 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 for Investment ("Tali"), 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").

(All amounts in Saudi Riyals thousands unless otherwise stated)

5. PROPERTY AND EQUIPMENT

During the six months period ended 30 June 2026, the Group acquired property and equipment with total cost of ⃁ 3,069 million (30 June 2025: ⃁ 2,460 million).

During the six months period ended 30 June 2026, the Group disposed of property and equipment with a net book value of ⃁ 30 million (30 June 2025: ⃁ 33 million) resulting in a loss on sale of property and equipment for the six months period ended 30 June 2026 with an amount of ⃁ 22 million (for the six months periods ended 30 June 2025: gain ⃁ 88 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	
	2026	2025	**2026**	2025
Cost of revenues	**1,212,056**	1,269,664	**2,439,626**	2,555,839
Selling and marketing expenses	**4,204**	3,488	**8,477**	9,063
General and administrative expenses	**304,298**	278,536	**592,842**	553,503
	1,520,558	1,551,688	**3,040,945**	3,118,405

6. INVESTMENT PROPERTIES

During the six months period ended 30 June 2026, the net additions in investment properties amounted to ⃁ 8 million (30 June 2025: ⃁ 50 million), net transfers (to) from other asset categories amounted to (⃁170 million) (30 June 2025: ⃁ 16 million), borrowing cost capitalized amounted to ⃁ 7 million (30 June 2025: ⃁ 17 million). The depreciation expense recorded for the three and six months periods ended 30 June 2026 amounted to ⃁ 5.5 million and ⃁ 6.9 million, respectively (for the three and six months periods ended 30 June 2025 were: Nil).

The investment properties of the group include lands, buildings and construction in progress. The fair value of all investment properties as at 31 December 2025 amounted to ⃁ 1,286 million based on valuation reports carried out by various 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 2026, the net additions in intangible assets amounted to ⃁ 1,696 million (30 June 2025: ⃁ 3,425 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	
	2026	2025	**2026**	2025
Cost of revenues	**209,997**	177,742	**405,965**	333,832
Selling and marketing expenses	**45,254**	54,854	**115,988**	124,134
General and administrative expenses	**703,745**	615,201	**1,361,015**	1,231,360
	958,996	847,797	**1,882,968**	1,689,326

8. RIGHT OF USE ASSETS

During the six months period ended 30 June 2026, the net additions in right of use assets amounted to ⃁ 482 million (30 June 2025: ⃁ 546 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	
	2026	2025	**2026**	2025
Cost of revenues	**73,234**	71,687	**145,714**	134,990
Selling and marketing expenses	**2,518**	2,166	**3,797**	3,410
General and administrative expenses	**57,665**	71,174	**116,851**	135,324
	133,417	145,027	**266,362**	273,724

(All amounts in Saudi Riyals thousands unless otherwise stated)

9. FINANCIAL ASSETS AND OTHERS

9.1 Financial assets

	30 June 2026	31 December 2025
Financial assets measured at FVOCI		
Listed equity investments	8,513,430	8,706,529
Financial assets measured at FVTPL		
Investment funds and unlisted equity investments	5,163,516	5,137,979
Financial assets at amortized cost, net		
Sukuk	6,368,453	5,635,282
Financial assets from digital banking operations	4,111,267	1,444,853
Treasury bills	492,070	395,217
Finance lease receivables	1,054,853	1,010,076
Loans and advances to employees	645,102	649,500
Accrued profit on financial assets	140,087	118,479
Others	1,401,987	1,231,898
	14,213,819	10,485,305
Financial derivatives		
Options	329,972	562,725
	28,220,737	24,892,538
Current	6,572,827	3,561,804
Non-current	21,647,910	21,330,734
	28,220,737	24,892,538

9.2 Other assets

	30 June 2026	31 December 2025
Advances	1,892,731	1,216,018
Prepaid expenses	746,726	688,013
Deferred expenses	175,663	126,500
Deferred tax assets	64,816	56,643
Others	674,060	515,648
	3,553,996	2,602,822
Current	2,921,775	2,031,499
Non-current	632,221	571,323
	3,553,996	2,602,822

10. TRADE RECEIVABLES

	30 June 2026	31 December 2025
Trade receivables	30,020,133	30,086,398
Less: allowance for impairment loss	(3,292,136)	(3,359,200)
	26,727,997	26,727,198

(All amounts in Saudi Riyals thousands unless otherwise stated)

11. RELATED PARTY TRANSACTIONS

11.1 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	
	2026	2025	**2026**	2025
Services provided				
Associates [(1)]	**194,783**	194,330	**370,334**	349,738
Joint ventures	**1,476**	1,117	**3,183**	2,782
	196,259	195,447	**373,517**	352,520
Services received				
Associates [(1)]	**1,238,672**	1,062,029	**2,412,879**	2,182,858
Joint ventures	**3,516**	715	**4,874**	1,429
	1,242,188	1,062,744	**2,417,753**	2,184,287

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

	Amounts due from related parties		Amounts due to related parties	
	30 June 2026	31 December 2025	**30 June 2026**	31 December 2025
Associates [(2)]	**2,258,413**	1,834,318	**1,170,084**	1,193,811
Joint ventures	**7,523**	10,033	**4,317**	3,628
	2,265,936	1,844,351	**1,174,401**	1,197,439

(1) Includes amounts of services received from Digital Infrastructure for Investment Company (DIIC) (a subsidiary of PIF) for the three and six months periods ended 30 June 2026 amounted to ⃁ 948 million and ⃁ 1,928 million, respectively (for the three and six months periods ended 30 June 2025 amounted to ⃁ 888 million and ⃁ 1,841 million, respectively), services provided for the three and six months periods ended 30 June 2026 amounted to ⃁ 46 million and ⃁ 66 million, respectively (for the three and six months periods ended 30 June 2025 amounted to ⃁ 25 million and ⃁ 32 million, respectively).

(2) Includes amounts due from DIIC amounted to ⃁ 1,534 million as at 30 June 2026 (31 December 2025: ⃁ 1,270 million) and amounts due to DIIC as at 30 June 2026 amounted to ⃁ 1,112 million (31 December 2025: ⃁ 1,094 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 ⃁ 1,132 million as of 30 June 2026 (31 December 2025: ⃁ 1,137 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 without commission and no guarantees have been provided or received in relation to the balances due or from the related parties.

(All amounts in Saudi Riyals thousands unless otherwise stated)

11. RELATED PARTY TRANSACTIONS (CONTINUED)

11.2 Transactions and balances with related parties (government and government related entities)

Revenues from transactions with government and government related entities for the three and six months periods ended 30 June 2026 amounted to ⃁ 4,120 million and ⃁ 7,310 million, respectively (for the three and six months periods ended 30 June 2025 amounted to ⃁ 3,108 million and ⃁ 6,156 million, respectively) and expenses related to transactions with government and government related entities for the three and six months periods ended 30 June 2026 (including government charges) amounted to ⃁ 1,570 million and ⃁ 3,125 million, respectively (for the three and six months periods ended 30 June 2025 amounted to ⃁ 1,583 million and ⃁ 3,133 million, respectively).

As at 30 June 2026, accounts receivable from government entities totalled ⃁ 22,281 million (31 December 2025: ⃁ 22,577 million) and as at 30 June 2026, accounts payable due to government entities totalled ⃁ 1,396 million (31 December 2025: ⃁ 1,288 million). Among the balances with government entities, the Group invested ⃁ 5,729 million in the Sukuk and treasury bills issued by the Government as at 30 June 2026 (31 December 2025: ⃁ 4,894 million).

The total balance of accounts receivable with government related entities as of 30 June 2026 was ⃁ 1,191 million (31 December 2025: ⃁ 1,236 million). Total balance of accounts payable with government related entities as of 30 June 2026 was ⃁ 2,296 million (31 December 2025: ⃁ 2,335 million).

The transactions with government/government related entities are conducted in 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. On the other hand, Government related entities are defined as PIF, its subsidiaries, and related entities.

Receivable aging from the government entities is as follows:

	30 June 2026	31 December 2025
Less than a year	**11,855,294**	11,295,824
More than one year but less than two years	**6,158,997**	6,581,479
More than two years	**4,267,140**	4,699,630
	22,281,431	22,576,933

11.3 Loans to related parties

	30 June 2026	31 December 2025
Loans to senior executives	**15,615**	9,964

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**	
	2026	2025	**2026**	2025
Short-term benefits and remuneration	**104,016**	106,602	**500,394**	474,462
Share-based payment expenses	**20,644**	20,170	**56,980**	50,657
Provisions for end of service benefits and others	**19,021**	28,407	**52,076**	64,788
	143,681	155,179	**609,450**	589,907

12. END OF SERVICE BENEFITS PROVISION

Calculation of end of service benefit provision was performed using the most recent actuarial valuation as at 30 June 2026. 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 used in determining the end of service benefits obligation, represent the discount rate and experience adjustments resulting in recording of net actuarial loss included in the interim condensed consolidated statement of comprehensive income for the three and six months periods ended 30 June 2026 amounting to ⃁ 256 million and ⃁ 51 million, respectively (for the three and six months periods ended 30 June 2025: net actuarial loss amounting to ⃁ 82 million and ⃁ 385 million, respectively).

(All amounts in Saudi Riyals thousands unless otherwise stated)

13. LEASE LIABILITIES

	30 June 2026	31 December 2025
Current	**616,066**	538,711
Non-current	**1,642,835**	1,714,519
	2,258,901	2,253,230

The interest expense on lease liabilities for the three and six months periods ended 30 June 2026 amounted to ⃁ 30 million and ⃁ 49 million respectively, which was included in finance cost (30 June 2025: ⃁ 22 million and ⃁ 43 million, respectively).

14. FINANCIAL LIABILITIES AND OTHERS

14.1 Financial liabilities

	30 June 2026	31 December 2025
Financial liabilities from digital banking operations	**7,338,601**	4,244,331
Financial liabilities related to frequency spectrum licenses	**3,443,044**	3,803,108
Dividends payable (Note 21)	**3,042,928**	3,015,050
Government charges	**1,131,746**	1,057,987
Islamic cross currency profit rate swap	**290,914**	516,686
Other financial liabilities	**685,954**	711,257
	15,933,187	13,348,419
Current	**12,355,524**	9,189,613
Non-current	**3,577,663**	4,158,806
	15,933,187	13,348,419

14.2 Other liabilities

	30 June 2026	31 December 2025
Deferred income	**3,692,018**	3,772,492
Deferred tax liabilities	**10,291**	12,285
Others	**763,720**	801,724
	4,466,029	4,586,501
Current	**843,856**	852,524
Non-current	**3,622,173**	3,733,977
	4,466,029	4,586,501

(All amounts in Saudi Riyals thousands 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 2026	**Carrying amount**	**Fair value**		
		Level 1	**Level 2**	**Level 3**
Financial assets				
Listed equity investments (Note 9.1)	**8,513,430**	**8,513,430** [1]	-	-
Investment funds and unlisted equity investments (Note 9.1)	**5,163,516**	-	-	**5,163,516** [4]
Financial derivatives - options (Note 9.1)	**329,972**	-	**329,972** [2]	-
Financial liabilities				
Put option to non-controlling interest shareholders	**228,318**	-	-	**228,318** [3]
Islamic cross currency profit rate swap (Note 14.1)	**290,914**	-	**290,914** [5]	-

31 December 2025	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets				
Listed equity investments (Note 9.1)	8,706,529	8,706,529 [1]	-	-
Investment funds and unlisted equity investments (Note 9.1)	5,137,979	-	-	5,137,979 [4]
Financial derivatives - Options (Note 9.1)	562,725	-	562,725 [2]	-
Financial liabilities				
Put option to non-controlling interest shareholders	228,318	-	-	228,318 [3]
Islamic cross currency profit rate swap (Note 14.1)	516,686	-	516,686 [5]	-

There are no transfers between levels of the fair value hierarchy during the six months period ended 30 June 2026

(All amounts in Saudi Riyals thousands unless otherwise stated)

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 financial derivatives - options were estimated by using Black Scholes Model. The significant observable inputs are the volatility of share prices and interest rate.
3. 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.
4. 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 comparables 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 of Group's investment in funds with carrying value of ⃁ 4,716 million as at 30 June 2026 (31 December 2025: ⃁ 4,749 million). Significant unobservable inputs embedded in the models used by the STV fund's manager include multiples, WACC, exit multiple and lack of marketability.

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

	30 June 2026	31 December 2025
Net assets value at beginning of the period / year	**5,137,979**	4,063,687
Contributions paid	**21,418**	364,222
Proceeds from investments liquidation	-	(19,943)
Net unrealized gains recognized in profit or loss (*)	**4,119**	730,013
Net asset value as at ending of the period / year	**5,163,516**	5,137,979

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

5. During the year 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 hedge the EUR foreign exchange exposure arising from a EUR functional currency subsidiary and the floating profit rate exposure on a USD-denominated borrowing. Under this arrangement, the Group receives USD and pays EUR. This financial instrument was designated as a hedge instrument protecting the Group from the fluctuations in the EUR net asset position due to movement in EUR/⃁ exchange rates (net investment hedge) and movement in the Term SOFR rates (cash flow hedge). The Group recognizes 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.

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 2026	**Carrying amount**	**Fair value**		
		Level 1	**Level 2**	**Level 3**
Financial assets				
Financial assets at amortized cost – Government Sukuk	**5,236,695**	**-**	**5,164,952**	**-**
Financial liabilities				
Borrowings – Sukuk (*)	**12,158,555**	**-**	**12,020,363**	**-**

31 December 2025	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortized cost – Government Sukuk	4,498,591	-	4,437,621	-
Financial liabilities				
Borrowings – Sukuk	4,680,493	-	4,656,108	-

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 period ended 30 June 2026.

(*) During the period, the Company has completed the issuance of international sukuk amounting to ⃁ 7,500 million (equivalent to USD 2,000 million) in two tranches: ⃁ 2,812 million (equivalent to USD 750 million) for 5 years and ⃁ 4,688 million (equivalent to USD 1,250 million) for 10 years. The issuance was through an offshore special purpose vehicle established outside the Kingdom for this purpose.

16. ZAKAT AND INCOME TAX

The Group submitted all zakat returns until the end of 2025, 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 Zakat position of the Group with Zakat, Tax, and Customs Authority ("ZATCA") has been finalized up to the year 2020.

The Group did not receive the zakat assessment of the years from 2021 up to 2025.

The not wholly owned subsidiaries submit their zakat returns separately. They have submitted all zakat returns until the end of 2025, 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 2024. STC Bank received from ZATCA a notice stating the finalization of STC Banks' zakat position for the years 2019 and 2020. The remaining other not wholly owned subsidiaries have not received any zakat assessments on their returns yet.

17. SHARE CAPITAL

	30 June 2026	31 December 2025
Authorized, issued and fully paid capital comprises		
5 billion fully paid ordinary shares at ⃁ 10 each share	**50,000,000**	50,000,000
Number of outstanding shares "in thousands"	**4,993,024**	4,989,798
Number of treasury shares "in thousands"	**6,976**	10,202
	5,000,000	5,000,000

18. 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 30 June 2026 (31 December 2025: ⃁ 553 million (equivalent to USD 147.5 million)).
2. The Group has contractual commitments amounting to ⃁ 9,031 million as at 30 June 2026 (31 December 2025: ⃁ 9,488 million).
3. During 2022, the Company signed an agreement with STV LP Fund to allocate ⃁ 1,125 million (equivalent to USD 300 million) as additional investment in the fund, out of which ⃁ 869 million (equivalent to USD 232 million) was injected as at 30 June 2026 (31 December 2025: ⃁ 866 million (equivalent to USD 231 million)).

19. CONTINGENT LIABILITIES

1. The Group has outstanding letters of guarantee on behalf of the parent and its subsidiaries amounting to ⃁ 5,251 million as at 30 June 2026 (31 December 2025: ⃁ 4,828 million).
2. The Group has outstanding letters of credit as at 30 June 2026 amounting to ⃁ 2,094 million (31 December 2025: ⃁ 1,948 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 Group's financial position or on the results of its operations as reflected in these interim condensed consolidated financial statements.
5. In April 2017, Kuwait's Cassation Court invalidated a portion of the regulatory tariff decree levied on mobile telecommunication companies in Kuwait since 26 July 2011 by Kuwait's Ministry of Communications. Accordingly, stc Kuwait had filed a claim for the recovery of the excess amount paid from change in regulation date till date.

   stc Kuwait initiated legal proceedings against the Ministry of Communications ("MOC") and the Communications and Information Technology Regulatory Authority ("CITRA") in connection with the aforementioned matter. The dispute was resolved upon the issuance of a final judgment by the Court of Cassation in favor of stc Kuwait, ordering the authorities to pay a sum of ⃁ 221 million (equivalent to KD 18 million), which was received by stc Kuwait in previous years.

   On 26 November 2024, the Ministry of Communications ("MOC") and the Communications and Information Technology Regulatory Authority ("CITRA") (collectively, the "Plaintiff") filed a lawsuit before the First Court of Instance against stc Kuwait ("Defendant"), seeking the reimbursement of the amounts previously adjudicated in the aforementioned case, asserting a claim for unjust enrichment where the plaintiff overpaid the claim amount.

   On 24 March 2025, the Court of First Instance issued a favorable judgment in stc Kuwait favor. The matter is currently under review before the Court of Appeal.

   On 18 September 2025, the Ministry of Communications ("MOC") filed an appeal against the judgment before the Court of Cassation, and as of the reporting date, no hearing has been scheduled to consider the appeal.

20. CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents are defined as those amounts included in (i) cash and cash equivalents from banking operations, (ii) cash and cash equivalents from non-banking operations. Accordingly, comparative figures were represented to conform with current period presentation.

21. DIVIDENDS

On 20 Safar 1446H (corresponding to 24 August 2024), the Board of Directors 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 ⃁ 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 approval.

In line with this policy, the Company distributed cash dividends to the shareholders of the Company for the fourth quarter of 2025 and for the first quarter of 2026 at a rate of ⃁ 0.55 per share.

In line with this policy, the Company will also distribute cash dividends to the shareholders of the Company for the second quarter of 2026 at a rate of ⃁ 0.55 per share.

The dividends distribution policy remains subject to change based on any material changes in stc's strategy and business or 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 are still under the Company's possession.

22. 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 2026 on 15 Safar 1448 H (corresponding to 29 July 2026).