



Saudi Telecom Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2025
(UNAUDITED)**

**Third Quarter
2025**

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Independent Auditor's Report on Review of 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 of 30 September 2025, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three-month and nine-month periods ended 30 September 2025, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-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") that is 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 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.

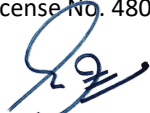
Conclusion

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 of the Group for the year ended 31 December 2024 and the interim condensed consolidated financial information for the three and nine-month periods ended 30 September 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 9 Jumada Al-Ula 1446H (corresponding to 11 November 2024) respectively.

Deloitte and Touche & Co.
Chartered Accountants
Mazen A. Al-Omari
Certified Public Accountant
License No. 480



Jumada Al-Awwal 14, 1447
(November 5, 2025)



Saudi Telecom Company
A Saudi Joint Stock Company

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2025

(All amounts in thousands Saudi Riyals unless otherwise stated)

	Note	30 September 2025 (Unaudited)	31 December 2024 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	41,094,434	41,514,233
Investment properties	6	931,097	1,007,572
Intangible assets and goodwill	7	16,857,121	15,162,732
Right of use assets	8	1,516,646	1,351,971
Investments in associates and joint ventures		12,798,259	12,259,656
Contract assets and costs		1,277,697	1,466,233
Financial assets and others	9	23,066,063	15,130,621
TOTAL NON-CURRENT ASSETS		97,541,317	87,893,018
CURRENT ASSETS			
Inventories		1,745,456	1,889,227
Contract assets and costs		8,552,300	7,840,069
Trade receivables	10	25,023,940	22,223,164
Financial assets and others	9	4,107,758	9,997,250
Short term murabahas		1,136,764	15,212,455
Cash and cash equivalents		15,479,268	15,543,441
Assets held for sale		194,393	39,519
TOTAL CURRENT ASSETS		56,239,879	72,745,125
TOTAL ASSETS		153,781,196	160,638,143
EQUITY AND LIABILITIES			
EQUITY			
Share capital	17	50,000,000	50,000,000
Treasury shares		(403,675)	(517,351)
Other reserves		2,534,056	1,484,621
Retained earnings		31,817,729	38,449,272
Equity attributable to the equity holders of the Parent Company		83,948,110	89,416,542
Non-controlling interests		2,902,127	3,068,505
TOTAL EQUITY		86,850,237	92,485,047
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term borrowings		14,866,362	14,740,155
End of service benefits provision	12	5,121,046	5,184,542
Lease liabilities	13	1,627,428	1,570,638
Contract liabilities		1,179,300	1,170,341
Provisions		484,696	512,233
Financial liabilities and others	14	8,494,785	6,018,926
TOTAL NON-CURRENT LIABILITIES		31,773,617	29,196,835
CURRENT LIABILITIES			
Trade and other payables		18,962,253	22,627,472
Contract liabilities		3,897,909	4,067,079
Provisions		1,019,072	915,209
Zakat and income tax	16	1,300,785	2,934,627
Short term borrowings		278,131	391,584
Lease liabilities	13	499,965	593,447
Financial liabilities and others	14	9,199,227	7,426,843
TOTAL CURRENT LIABILITIES		35,157,342	38,956,261
TOTAL LIABILITIES		66,930,959	68,153,096
TOTAL EQUITY AND LIABILITIES		153,781,196	160,638,143


Group Chief Financial Officer


Group Chief Executive Officer


Authorized Board Member

Saudi Telecom Company
A Saudi Joint Stock Company

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2025

(All amounts in thousands Saudi Riyals unless otherwise stated)

	Note	For the three months period ended 30 September		For the nine months period ended 30 September	
		2025	2024	2025	2024
CONTINUING OPERATIONS:					
Revenues	4	19,263,705	18,597,843	57,924,182	56,464,731
Cost of revenues		(10,013,198)	(8,195,984)	(30,015,771)	(28,561,708)
GROSS PROFIT	4	9,250,507	10,401,859	27,908,411	27,903,023
OPERATING EXPENSES					
Selling and marketing		(1,462,061)	(1,937,401)	(4,499,974)	(4,665,370)
General and administration		(1,579,787)	(1,672,395)	(4,911,178)	(4,862,843)
Depreciation, amortization and impairment	5,7,8	(2,582,109)	(2,382,350)	(7,663,564)	(6,919,243)
TOTAL OPERATING EXPENSES		(5,623,957)	(5,992,146)	(17,074,716)	(16,447,456)
OPERATING PROFIT		3,626,550	4,409,713	10,833,695	11,455,567
OTHER INCOME AND EXPENSES					
Cost of early retirement program		(181,184)	(271,066)	(630,294)	(726,216)
Finance income		246,474	416,961	1,056,912	1,281,822
Finance cost		(267,496)	(276,017)	(821,512)	(943,910)
Net other (expense) income		(95,346)	1,142	(96,236)	(49,239)
Net share in results of investments in associates and joint ventures		90,008	42,641	231,968	60,634
Net other gains		611,744	180,370	550,988	236,781
TOTAL OTHER INCOME (EXPENSES)		404,200	94,031	291,826	(140,128)
NET PROFIT BEFORE ZAKAT AND INCOME TAX		4,030,750	4,503,744	11,125,521	11,315,439
Zakat and income tax reversal (expense)	16	156,811	(176,616)	682,874	(684,405)
NET PROFIT FROM CONTINUING OPERATIONS		4,187,561	4,327,128	11,808,395	10,631,034
DISCONTINUED OPERATIONS:					
NET PROFIT FROM DISCONTINUED OPERATIONS	20	-	385,307	-	799,152
NET PROFIT		4,187,561	4,712,435	11,808,395	11,430,186
Net profit from continuing operations attributable to:					
Equity holders of the Parent Company		4,106,941	4,257,518	11,579,372	10,433,953
Non-controlling interests		80,620	69,610	229,023	197,081
		4,187,561	4,327,128	11,808,395	10,631,034
Net profit attributable to:					
Equity holders of the Parent Company		4,106,941	4,642,825	11,579,372	11,233,105
Non-controlling interests		80,620	69,610	229,023	197,081
		4,187,561	4,712,435	11,808,395	11,430,186
Earnings per share from net profit from continuing operations attributable to equity holders of the Parent Company (in Saudi Riyals):					
- Basic	17	0.82	0.85	2.32	2.09
- Diluted	17	0.82	0.85	2.31	2.09
Earnings per share from net profit attributable to equity holders of the Parent Company (in Saudi Riyals):					
- Basic	17	0.82	0.93	2.32	2.25
- Diluted	17	0.82	0.93	2.31	2.25


Group Chief Financial Officer


Group Chief Executive Officer


Authorized Board Member

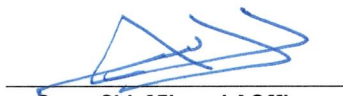
The accompanying notes from 1 to 24 form an integral part of these interim condensed consolidated financial statements.

Saudi Telecom Company
A Saudi Joint Stock Company

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE AND NINE MONTHS PERIODS ENDED 30 SEPTEMBER 2025

(All amounts in thousands Saudi Riyals unless otherwise stated)

	Note	For the three months period ended 30 September		For the nine months period ended 30 September	
		2025	2024	2025	2024
NET PROFIT		4,187,561	4,712,435	11,808,395	11,430,186
OTHER COMPREHENSIVE INCOME:					
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss:</i>					
Remeasurement of end of service benefits provision	12	(128,993)	(227,466)	(513,530)	(119,527)
Changes in fair value for hedging instruments and equity investments through other comprehensive income		(74,371)	250,575	860,093	377,544
Net share of other comprehensive (loss) income of associates and joint ventures		-	-	(12)	107
<i>Total items that will not be reclassified subsequently to consolidated statement of profit or loss</i>		(203,364)	23,109	346,551	258,124
<i>Items that may be reclassified subsequently to consolidated statement of profit or loss:</i>					
Foreign currency translation differences		16,383	104,024	1,233,008	(91,865)
Net gain (loss) on hedge of a net investment		28,347	137,406	(596,890)	(97,512)
Net gain (loss) on cash flow hedges		1,517	(66,908)	(132,094)	(66,908)
Net share of other comprehensive (loss) income of associates and joint ventures		(9,537)	(426)	231,501	58
<i>Total items that may be reclassified subsequently to consolidated statement of profit or loss</i>		36,710	174,096	735,525	(256,227)
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME		(166,654)	197,205	1,082,076	1,897
TOTAL COMPREHENSIVE INCOME		4,020,907	4,909,640	12,890,471	11,432,083
<i>Total comprehensive income attributable to:</i>					
Equity holders of the Parent Company		3,942,381	4,837,042	12,659,319	11,277,127
Non-controlling interests		78,526	72,598	231,152	154,956
		4,020,907	4,909,640	12,890,471	11,432,083
Total comprehensive income attributable to Equity holders of the Parent Company					
Continuing operations		3,942,381	4,375,768	12,659,319	10,418,027
Discontinued operations	20	-	461,274	-	859,100
		3,942,381	4,837,042	12,659,319	11,277,127


Group Chief Financial Officer


Group Chief Executive Officer


Authorized Board Member

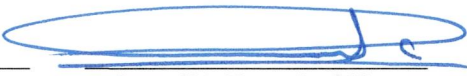
Saudi Telecom Company
A Saudi Joint Stock Company

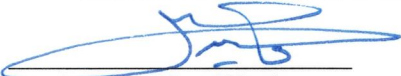
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2025

(All amounts in thousands Saudi Riyals unless otherwise stated)

		For the nine months period ended 30 September	
	Note	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit from continuing operations before zakat and income tax		11,125,521	11,315,439
Net profit from discontinued operations before zakat and income tax		-	850,598
Adjustments for:			
Depreciation, amortization and impairment	5,7,8	7,663,564	7,647,676
Impairment loss and amortization of contract assets and costs		292,774	283,298
Impairment loss on trade receivables		242,758	923,259
Allowance for (reversal of) slow moving inventories		846	(30,856)
Finance income		(1,056,912)	(1,299,092)
Finance cost		821,512	1,363,921
Provision for end of service benefits and other provisions and expenses		634,615	729,142
Net share in results of investments in associates and joint ventures		(231,968)	(60,634)
Share-based payment expenses		105,952	86,994
Net other gains		(550,988)	(222,860)
Changes of:			
Trade receivables		(3,022,676)	(3,030,571)
Contract assets and costs, inventory and others		(907,736)	(414,787)
Trade payables and others		(3,766,221)	(2,574,490)
Contract liabilities and others		(187,882)	(2,344,526)
Financial assets and liabilities from digital banking operations		2,181,412	-
Cash generated from operations		13,344,571	13,222,511
Less: Zakat and income tax paid	16	(956,050)	(868,380)
Less: Provision for end of service benefits paid		(1,095,769)	(459,379)
Net cash generated from operating activities		11,292,752	11,894,752
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(4,508,623)	(4,970,593)
Purchase of intangible assets		(1,489,158)	(2,170,429)
Additions to investment properties		(79,345)	(95,260)
Proceeds from sale of property and equipment and assets held for sale		243,173	138,433
Subsidiaries acquisition of new subsidiaries		(3,750)	(733,855)
Subsidiaries acquisition of new associates		-	(297,861)
Dividends from associates and joint ventures		28,410	2,900
Proceeds from finance income		1,119,921	1,281,445
Proceeds and payments related to financial assets and liabilities and others, net		13,175,443	8,064,145
Net cash generated from investing activities		8,486,071	1,218,925
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to the equity holders of the Parent Company		(18,210,058)	(7,707,094)
Dividends paid to non-controlling interests		(438,305)	(342,958)
Payment of lease liabilities		(626,810)	(1,293,737)
Repayment of borrowings		(355,784)	(2,379,090)
Proceeds from borrowings		279,502	4,264,390
Transactions with non-controlling interests		34,723	220,278
Finance cost paid		(534,418)	(628,448)
Net cash used in financing activities		(19,851,150)	(7,866,659)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(72,327)	5,247,018
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		15,543,441	13,371,320
Net foreign currency exchange difference		8,154	(47,136)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		15,479,268	18,571,202


Group Chief Financial Officer


Group Chief Executive Officer


Authorized Board Member

The accompanying notes from 1 to 24 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 NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2025

(All amounts in thousands Saudi Riyals unless otherwise stated)

Note	Total equity attributable to the equity holders of the Parent Company						Non-controlling interests	Total equity
	Share Capital	Treasury shares	Other reserves	Retained earnings	Reserves of a disposal group held for sale	Total		
Balance as at 1 January 2024	50,000,000	(612,528)	2,125,192	27,472,281	-	78,984,945	2,530,221	81,515,166
Net profit	-	-	-	11,233,105	-	11,233,105	197,081	11,430,186
Other comprehensive income (loss)	-	-	44,022	-	-	44,022	(42,125)	1,897
Total comprehensive income	-	-	44,022	11,233,105	-	11,277,127	154,956	11,432,083
Discontinued operations	-	-	7,083	-	(7,083)	-	-	-
Dividends to the equity holders of the Parent Company	-	-	-	(10,968,857)	-	(10,968,857)	-	(10,968,857)
Dividends to non-controlling interests	-	-	-	-	-	-	(347,730)	(347,730)
Share-based payment transactions	-	95,177	(9,454)	-	-	85,723	255	85,978
Transactions with non-controlling interests	-	-	(96,854)	-	-	(96,854)	323,228	226,374
Others	-	-	685	-	-	685	-	685
Balance as at 30 September 2024	50,000,000	(517,351)	2,070,674	27,736,529	(7,083)	79,282,769	2,660,930	81,943,699
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	-	-	-	11,579,372	-	11,579,372	229,023	11,808,395
Other comprehensive income	-	-	1,079,947	-	-	1,079,947	2,129	1,082,076
Total comprehensive income	-	-	1,079,947	11,579,372	-	12,659,319	231,152	12,890,471
Dividends to the equity holders of the Parent Company	-	-	-	(18,210,915)	-	(18,210,915)	-	(18,210,915)
Dividends to non-controlling interests	-	-	-	-	-	-	(446,510)	(446,510)
Share-based payment transactions	-	113,676	(27,025)	-	-	86,651	5,323	91,974
Transactions with non-controlling interests	-	-	(11,694)	-	-	(11,694)	40,189	28,495
Others	-	-	8,207	-	-	8,207	3,468	11,675
Balance as at 30 September 2025	50,000,000	(403,675)	2,534,056	31,817,729	-	83,948,110	2,902,127	86,850,237



Group Chief Financial Officer



Group Chief Executive Officer



Authorized Board Member

The accompanying notes from 1 to 24 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 NINE MONTHS PERIODS ENDED 30 SEPTEMBER 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 September 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, telecommunication, IT services, managed services, cloud services, and internet of things.
- 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.

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

(All amounts in thousands Saudi Riyals unless otherwise stated)

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.

Saudi Telecom Company
A Saudi Joint Stock Company

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

(All amounts in thousands Saudi Riyals unless otherwise stated)

4- SEGMENT INFORMATION (CONTINUED)

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

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2025	2024	2025	2024
Revenues ⁽¹⁾				
stc	13,045,092	12,442,331	38,363,637	37,235,907
Saudi Telecom Channels Company ("Channels")	3,442,052	3,583,000	11,180,476	11,582,093
Arabian Internet and Communications Services Company ("Solutions")	3,097,600	2,753,159	8,823,029	8,333,276
Kuwait Telecommunications Company ("stc Kuwait")	1,000,695	1,025,382	3,136,983	3,052,781
stc Bahrain BSC (c) ("stc Bahrain")	495,566	478,347	1,503,084	1,444,140
Digital Centers for Data and Telecommunications ("Center3")	471,208	495,391	1,447,644	1,383,869
stc Bank	336,202	320,197	1,032,651	923,903
Advanced Technology and Cybersecurity Company ("sirar")	204,873	160,370	527,605	410,297
Public Telecommunications Company ("Specialized")	70,125	95,584	242,131	255,498
Internet of Things Information Technology Company ("iot ² ")	55,811	73,834	183,262	180,365
General Cloud Computing Company for Information Technology ("SCCC")	71,752	40,220	162,206	121,780
Other operating segments ⁽²⁾	14,123	165,822	51,304	509,352
Eliminations / adjustments	(3,041,394)	(3,035,794)	(8,729,830)	(8,968,530)
Total revenues	19,263,705	18,597,843	57,924,182	56,464,731
Cost of operations (excluding depreciation amortization, and impairment) ⁽³⁾	(13,055,046)	(11,805,780)	(39,426,923)	(38,089,921)
Depreciation, amortization, and impairment	(2,582,109)	(2,382,350)	(7,663,564)	(6,919,243)
Cost of early retirement program	(181,184)	(271,066)	(630,294)	(726,216)
Finance income	246,474	416,961	1,056,912	1,281,822
Finance cost	(267,496)	(276,017)	(821,512)	(943,910)
Net other (expense) income	(95,346)	1,142	(96,236)	(49,239)
Net share in results of investments in associates and joint ventures	90,008	42,641	231,968	60,634
Net other gains	611,744	180,370	550,988	236,781
Zakat and income tax reversal (expense)	156,811	(176,616)	682,874	(684,405)
Net profit from continuing operations	4,187,561	4,327,128	11,808,395	10,631,034

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4- SEGMENT INFORMATION (CONTINUED)

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

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2025	2024	2025	2024
stc ⁽³⁾	7,666,391	8,979,235	22,809,159	23,656,733
Saudi Telecom Channels Company ("Channels")	958,867	802,142	2,910,067	2,381,376
Arabian Internet and Communications Services Company ("Solutions")	758,957	775,060	2,140,633	2,186,396
Kuwait Telecommunications Company ("stc Kuwait")	552,881	493,592	1,613,470	1,522,734
stc Bahrain BSC (c) ("stc Bahrain")	260,877	242,012	756,105	695,487
Digital Centers for Data and Telecommunications ("Center3")	204,315	214,072	630,327	536,204
stc Bank	158,844	90,805	439,509	214,371
Advanced Technology and Cybersecurity Company ("sirar")	63,779	46,251	189,892	133,921
Public Telecommunications Company ("Specialized")	24,224	44,994	107,641	129,921
Internet of Things Information Technology Company ("iot ² ")	8,760	14,375	48,386	50,553
General Cloud Computing Company for Information Technology ("SCCC")	14,810	(21,345)	17,045	(23,337)
Other operating segments ⁽²⁾	14,888	117,109	26,186	343,271
Eliminations / adjustments	(1,437,086)	(1,396,443)	(3,780,009)	(3,924,607)
Gross profit	9,250,507	10,401,859	27,908,411	27,903,023

Information about geographical segmentation:

Following is the geographical segmentation of revenues from continuing operations:

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2025	2024	2025	2024
Kingdom of Saudi Arabia	17,054,956	16,397,031	51,146,998	49,918,547
Outside the Kingdom of Saudi Arabia	2,208,749	2,200,812	6,777,184	6,546,184
	19,263,705	18,597,843	57,924,182	56,464,731

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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 September 2025	31 December 2024
Assets		
stc	151,511,417	156,834,703
Saudi Telecom Channels Company ("Channels")	6,263,398	6,630,062
Arabian Internet and Communications Services Company ("Solutions")	11,435,787	12,040,098
Kuwait Telecommunications Company ("stc Kuwait")	5,973,678	5,625,147
stc Bahrain BSC (c) ("stc Bahrain")	5,551,122	5,407,890
Digital Centers for Data and Telecommunications ("Center3")	10,521,009	8,898,370
stc Bank	7,012,984	6,632,946
Advanced Technology and Cybersecurity Company ("sirar")	987,202	918,340
Public Telecommunications Company ("Specialized")	1,131,626	808,914
Internet of Things Information Technology Company ("iot ² ")	973,879	1,117,162
General Cloud Computing Company for Information Technology ("SCCC")	1,106,476	1,198,802
Other operating segments ⁽²⁾	18,399,276	16,753,951
Eliminations / adjustments	(67,086,658)	(62,228,242)
Total assets	153,781,196	160,638,143
Liabilities		
stc	51,452,558	51,268,062
Saudi Telecom Channels Company ("Channels")	5,100,603	5,399,090
Arabian Internet and Communications Services Company ("Solutions")	7,411,945	8,010,472
Kuwait Telecommunications Company ("stc Kuwait")	3,133,304	2,698,686
stc Bahrain BSC (c) ("stc Bahrain")	3,821,457	3,742,790
Digital Centers for Data and Telecommunications ("Center3")	8,409,601	6,821,343
stc Bank	4,236,511	3,491,948
Advanced Technology and Cybersecurity Company ("sirar")	569,986	553,200
Public Telecommunications Company ("Specialized")	293,455	750,819
Internet of Things Information Technology Company ("iot ² ")	188,002	222,052
General Cloud Computing Company for Information Technology ("SCCC")	1,081,702	972,378
Other operating segments ⁽²⁾	13,305,131	12,326,767
Eliminations / adjustments	(32,073,296)	(28,104,511)
Total liabilities	66,930,959	68,153,096

- (1) Segment revenue reported above represents revenue generated from external and internal customers. There were ~~SR~~ 3,041 million and ~~SR~~ 8,730 million of inter-segment sales and adjustments (between the Group's Companies) for the three and nine months periods ended 30 September 2025, respectively (for the three and nine months periods ended 30 September 2024: ~~SR~~ 3,036 million and ~~SR~~ 8,969 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").
- (3) Cost of revenues for the three and nine months periods ended 30 September 2024 includes a non-recurring item that represents a reversal of a withholding tax provision amounting to ~~SR~~ 1,500 million.

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5- PROPERTY AND EQUIPMENT

During the nine months period ended 30 September 2025, the Group acquired property and equipment with total cost of ~~ﷲ~~ 4,253 million, including non-cash additions with an amount of ~~ﷲ~~ 426 million (30 September 2024: ~~ﷲ~~ 4,743 million, including non-cash additions with an amount of ~~ﷲ~~ 491 million).

During the nine months period ended 30 September 2025, the Group disposed of property and equipment with a net book value of ~~ﷲ~~ 50 million (30 September 2024: ~~ﷲ~~ 165 million) resulting in a gain (loss) on sale of property and equipment for the nine months period ended 30 September 2025 with an amount of ~~ﷲ~~ 14 million (for the nine months period ended 30 September 2024: ~~ﷲ~~ (27) million).

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

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2025	2024	2025	2024
Cost of revenues	1,299,279	1,260,162	3,855,118	3,729,410
Selling and marketing expenses	4,891	2,140	13,954	6,153
General and administration expenses	291,012	275,861	844,515	833,661
	1,595,182	1,538,163	4,713,587	4,569,224

6- INVESTMENT PROPERTIES

	Lands	Work in progress	Total
As at 1 January 2025	334,855	672,717	1,007,572
Additions	-	79,345	79,345
Borrowing cost capitalized	-	23,630	23,630
Transfers	(202,317)	22,867	(179,450)
As at 30 September 2025	132,538	798,559	931,097

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).

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7- INTANGIBLE ASSETS AND GOODWILL

During the nine months period ended 30 September 2025, the net additions in intangible assets amounted to ~~ﷲ~~ 4,233 million, including non-cash additions with an amount of ~~ﷲ~~ 2,748 million (30 September 2024: ~~ﷲ~~ 2,781 million cash additions, including non-cash additions with an amount of ~~ﷲ~~ 636 million).

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

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2025	2024	2025	2024
Cost of revenues	180,260	181,432	514,092	520,333
Selling and marketing expenses	80,379	12,295	204,513	33,778
General and administration expenses	616,913	532,052	1,848,273	1,506,464
	877,552	725,779	2,566,878	2,060,575

8- RIGHT OF USE ASSETS

During the nine months period ended 30 September 2025, the net additions in right of use assets amounted to ~~ﷲ~~ 652 million (30 September 2024: ~~ﷲ~~ 1,072 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 September		For the nine months period ended 30 September	
	2025	2024	2025	2024
Cost of revenues	62,733	50,181	197,723	99,180
Selling and marketing expenses	1,311	1,125	4,721	5,246
General and administration expenses	45,331	67,102	180,655	185,018
	109,375	118,408	383,099	289,444

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9- FINANCIAL ASSETS AND OTHERS

9-1 Financial assets

	30 September 2025	31 December 2024
Financial assets measured at FVTOCI		
Listed equity investments ⁽¹⁾	10,935,749	4,318,321
Financial assets measured at FVTPL		
Cash collateral against purchase of a listed equity Investment ⁽²⁾	-	4,144,063
Investment funds and unlisted equity investments	4,947,850	4,063,687
	4,947,850	8,207,750
Financial assets at amortized cost:		
Sukuk	5,609,496	5,133,819
Financial assets from digital banking operations	1,159,836	2,360,035
Finance lease receivables	970,936	823,249
Loans to employees	443,461	472,366
Treasury bills	195,968	-
Accrued profit on financial assets	79,075	247,534
Others	1,399,714	1,679,833
	9,858,486	10,716,836
Financial derivatives		
Forward contract	-	200,857
Options	-	23,391
Islamic cross currency profit rate swap	-	238,829
	-	463,077
	25,742,085	23,705,984
Current	2,796,898	8,667,558
Non-current	22,945,187	15,038,426
	25,742,085	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 as at 31 December 2024, until obtaining the relevant regulatory approvals, 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. Accordingly 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- FINANCIAL ASSETS AND OTHERS (CONTINUED)

9-2 Other assets

	30 September 2025	31 December 2024
Prepaid expenses	455,648	544,824
Advances	351,240	334,284
Deferred expenses	140,772	136,576
Deferred tax assets	39,572	39,940
Others	444,504	366,263
	1,431,736	1,421,887
Current	1,310,860	1,329,692
Non-current	120,876	92,195
	1,431,736	1,421,887

10- TRADE RECEIVABLES

	30 September 2025	31 December 2024
Trade receivables	28,459,654	25,602,745
Less: allowance for impairment loss	(3,435,714)	(3,379,581)
	25,023,940	22,223,164

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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 September		For the nine months period ended 30 September	
	2025	2024	2025	2024
Services provided				
Associates	167,522	135,916	517,260	392,752
Joint ventures	1,412	674	4,194	3,569
	168,934	136,590	521,454	396,321
Services received				
Associates	1,102,187	198,412	3,285,045	550,117
Joint ventures	724	613	2,153	2,170
	1,102,911	199,025	3,287,198	552,287

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

	Amounts due from related parties		Amounts due to related parties	
	30 September 2025	31 December 2024	30 September 2025	31 December 2024
Associates (*)	1,557,412	1,404,179	1,731,111	1,124,093
Joint ventures	1,234	3,754	3,265	3,351
	1,558,646	1,407,933	1,734,376	1,127,444

(*) Include amounts due from Digital Infrastructure for Investment Company (DIIC) (a subsidiary of PIF) amounted to ﷲ 1,045 million (31 December 2024: ﷲ 961 million) and amounts due to DIIC amounted to ﷲ 1,545 million (31 December 2024: ﷲ 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 ﷲ 1,383 million at the exchange rate as at investment date) with a book value of ﷲ 1,263 million as of 30 September 2025 (31 December 2024: ﷲ 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 not guaranteed and not subject for any commissions.

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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 nine months periods ended 30 September 2025 amounted to **ﷲ 3,426 million** and **ﷲ 9,607 million**, respectively (for the three and nine months periods ended 30 September 2024 amounted to **ﷲ 3,002 million** and **ﷲ 9,176 million**, respectively) and expenses related to transactions with government and government related entities for the three and nine months periods ended 30 September 2025 (including government charges) amounted to **ﷲ 2,624 million** and **ﷲ 7,520 million**, respectively (for the three and nine months periods ended 30 September 2024 amounted to **ﷲ 1,602 million** and **ﷲ 4,782 million**, respectively).

As at 30 September 2025, accounts receivable from government entities totalled **ﷲ 20,889 million** (31 December 2024: **ﷲ 18,567 million**) and at 30 September 2025 accounts payable due to government entities totalled **ﷲ 1,271 million** (31 December 2024: **ﷲ 1,221 million**). Among the balances with government entities, the Group invested **ﷲ 4,759 million** in the Sukuk and the treasury bills issued by the Government.

The total balance of accounts receivable with government related entities as at 30 September 2025 was **ﷲ 2,128 million** (31 December 2024: **ﷲ 2,205 million**). Total balance of accounts payable with government related entities as at 30 September 2025 was **ﷲ 3,903 million** (31 December 2024: **ﷲ 3,624 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 September 2025	31 December 2024
Less than a year	10,922,785	9,559,212
More than one year but less than two years	6,079,330	5,791,205
More than two years	3,886,711	3,216,695
	20,888,826	18,567,112

11-3 Loans to related parties

	30 September 2025	31 December 2024
Loans to senior executives	9,666	9,490

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 September		For the nine months period ended 30 September	
	2025	2024	2025	2024
Short-term benefits and remuneration	139,714	158,482	664,636	603,432
Provisions for end of service benefits and others	27,805	35,770	99,406	92,766
Share-based payment expenses	54,095	52,817	102,985	103,016
	221,614	247,069	867,027	799,214

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12- END OF SERVICE BENEFITS PROVISION

Calculation of end of service benefits provision was performed using the most recent actuarial valuation as at 30 September 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 nine months period ended 30 September 2025, used in determining the end of service benefits obligation, represent the discount rate of (4.6% - 5.3%) and experience adjustments (30 September 2024: discount rate of (4.5%- 5.0%) resulting in recording of net actuarial loss included in the interim condensed consolidated statement of comprehensive income for the three and nine months periods ended 30 September 2025 amounting to ﷲ 129 million and ﷲ 514 million, respectively (30 September 2024: actuarial loss amounting to ﷲ 227 million and ﷲ 120 million, respectively).

13- LEASE LIABILITIES

	30 September 2025	31 December 2024
Current	499,965	593,447
Non-current	1,627,428	1,570,638
	2,127,393	2,164,085

The interest expense on lease liabilities for the three and nine months periods ended 30 September 2025 amounted to ﷲ 16 million and ﷲ 59 million respectively which was included in finance cost (30 September 2024: ﷲ 19 million and ﷲ 57 million, respectively).

14- FINANCIAL LIABILITIES AND OTHERS

14-1 Financial liabilities

	30 September 2025	31 December 2024
Financial liabilities related to frequency spectrum licenses	3,763,778	1,954,130
Financial liabilities from digital banking operations	3,110,641	2,360,035
Dividends payable (Note 21)	3,027,677	3,008,990
Government charges	1,188,693	1,102,309
Islamic cross currency profit rate swap	513,442	-
Financial derivatives – Options	487,092	-
Other financial liabilities	910,028	716,959
	13,001,351	9,142,423
Current	8,382,710	6,969,176
Non-current	4,618,641	2,173,247
	13,001,351	9,142,423

14-2 Other liabilities

	30 September 2025	31 December 2024
Deferred income	4,027,532	3,789,308
Deferred tax liabilities	11,382	12,530
Others	653,747	501,508
	4,692,661	4,303,346
Current	816,517	457,667
Non-current	3,876,144	3,845,679
	4,692,661	4,303,346

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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 September 2025

	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets				
Listed equity investments (Note 9.1)	10,935,749	10,935,749 ⁽¹⁾	-	-
Investment funds and unlisted equity investments (Note 9.1)	4,947,850	-	-	4,947,850 ⁽⁶⁾
Financial liabilities				
Put option to non-controlling interest shareholders	198,166	-	-	198,166 ⁽⁵⁾
Financial derivatives - options (Note 14.1)	487,092	-	487,092 ⁽³⁾	-
Islamic cross currency profit rate swap (Note 14.1)	513,442	-	513,442 ⁽⁷⁾	-

31 December 2024

	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets				
Listed equity investments (Note 9.1)	4,318,321	4,318,321 ⁽¹⁾	-	-
Cash collateral against purchase of a listed equity investment (Note 9.1)	4,144,063	-	4,144,063 ⁽²⁾	-
Investment funds and unlisted equity investments (Note 9.1)	4,063,687	-	-	4,063,687 ⁽⁶⁾
Financial derivatives- forward contract (Note 9.1)	200,857	-	200,857 ⁽⁴⁾	-
Financial derivatives- Options (Note 9.1)	23,391	-	23,391 ⁽³⁾	-
Islamic cross currency profit rate swap (Note 9.1)	238,829	-	238,829 ⁽⁷⁾	-
Financial liabilities				
Put option to non-controlling interest shareholders	198,166	-	-	198,166 ⁽⁵⁾

There are no transfers between levels of the fair value hierarchy during the nine months period ended 30 September 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 of Group's investment in funds with carrying value of ~~SR~~ 4,571 million as at 30 September 2025 (31 December 2024: 3,752). 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:

	30 September 2025	31 December 2024
Net assets value at beginning of the period / year	4,063,687	3,532,376
Contributions paid	278,981	337,720
Proceeds from investments liquidation	(19,943)	(189,776)
Net unrealized gains recognized in profit or loss (*)	625,125	383,367
Net assets value at ending of the period / year	4,947,850	4,063,687

(*) The net unrealized gains recognized were included within net other gains 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 hedge the EUR foreign exchange exposure arising from a EUR functional currency subsidiary and the floating profit rate exposure on the a USD-denominated borrowing. Under this arrangement, 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 (net investment hedge) and movement in the Term SOFR rates (cash flow hedge). 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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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 September 2025

30 September 2025	Carrying amount	Fair value levels		
		Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortized cost – Government Sukuk	4,352,057	-	4,306,908	-
Financial liabilities				
Borrowings – Sukuk	4,679,932	-	4,651,139	-

31 December 2024

31 December 2024	Carrying amount	Fair value levels		
		Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortized cost - Government Sukuk	3,687,754	-	3,536,020	-
Financial liabilities				
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 nine months period ended 30 September 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 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 assessments 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 years 2019 and 2020. The remaining other not wholly owned subsidiaries have not received any zakat assessments on their returns yet.

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17- SHARE CAPITAL

Authorized, issued and fully paid capital comprises:

5 billion fully paid ordinary shares at ﷲ 10 each share

Number of outstanding shares "in thousands"

Number of treasury shares "in thousands"

30 September 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 ﷲ 553 million (equivalent to USD 147.5 million) as at 30 September 2025 (31 December 2024: ﷲ 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 ﷲ 7,716 million as at 30 September 2025 (31 December 2024: ﷲ 7,322 million).
- During 2022, the Company signed an agreement with STV LP Fund to allocate an additional ﷲ 1,125 million (equivalent to USD 300 million) additional investment in the fund out of which ﷲ 795 million (equivalent to USD 212 million) was injected till date.

19- CONTINGENT LIABILITIES

- The Group has outstanding letters of guarantee on behalf of the parent and its subsidiaries amounting to ﷲ 5,860 million as at 30 September 2025 (31 December 2024 : ﷲ 4,993 million).
- The Group has outstanding letters of credit as at 30 September 2025 amounting to ﷲ 1,290 million (31 December 2024: ﷲ 1,654 million).
- On 21 March 2016, the Company received a letter from a key customer requesting a refund for paid balances amounting to ﷲ 742 million related to construction of a fibre optic network. Based on independent legal opinions obtained, the management believes that the customer's claim has no merit and therefore this claim has no material impact on the financial results of the Group.
- 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.
- 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 ﷲ 221 million (equivalent to KD 18 Million) , which was received by stc Kuwait in previous years.

On 22 December 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.

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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 were also 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.

In 2024, the carrying amount of the investment in DIIC was recognized provisionally pending completion of the purchase price allocation ("PPA"). During the current period, the Group finalized the PPA, and allocated the provisional balance between identifiable net assets and goodwill accordingly. The adjustment has been recorded as of the acquisition date (31 December 2024) with no change to the total carrying amount of the investment at that date. the following adjustment to the carrying value of the investment:

	Provisional amount	Adjustment	Final fair value
Identifiable net assets	3,211,580	4,329,252	7,540,832
Goodwill	4,864,514	(4,329,252)	535,262
Net carrying value at 31 Dec 2024	8,076,094	-	8,076,094

Adjustments to the provisional amount primarily relates to recognition of customer contracts intangible assets and change in the fair value of Property and equipment. Key assumptions used in the valuation of intangible assets include discount rate of around 11% to 11.3% and tower lease renewal profiles for customer contracts. For Property and equipment, key assumptions used mainly include the application of the replacement cost method to passive tower infrastructure reflecting the estimated cost to construct assets of equivalent utility at current market rates and consideration of depreciated replacement cost.

The Group's net share in results of investments in associates and joint ventures for the three and nine months periods ended 30 September 2025, includes the effect of amortization of the fair value step ups recognized through the equity method.

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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 ﷲ 0.40 per share on a quarterly basis.

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 ﷲ 0.55 per share per quarter for the next three years starting from the dividends distribution of the 4th quarter of 2024 until the 3rd quarter of 2027. Further, the Company may consider paying special dividends after the assessment of the Company's financial position, future outlook, strategic investments and capital expenditure requirements subject to the General Assembly's recommendation. In line with this policy, the Company distributed cash dividends to the shareholders of the Company for the fourth quarter of 2024, first quarter of 2025 and second quarter of 2025 at a rate of ﷲ 0.55 per share. On 13 May 2025, the General Assembly approved the board of directors' recommendation to distribute special cash dividends for the year 2024 at the rate of ﷲ 2 per share.

In line with this policy, the Company will also distribute cash dividends to the shareholders of the Company for the third quarter of 2025 at a rate of ﷲ 0.55 per share.

The dividends distribution policy remains subject to change based on any material changes in stc's strategy and business 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- SUBSEQUENT EVENT

On 29 October 2025, the Company signed a strategic partnership agreement with AST & SCIENCE, LLC (AST SpaceMobile), as part of its efforts to expand the scope of communications services and provide comprehensive coverage to areas not covered by terrestrial networks.

23- COMPARATIVE FIGURES

Certain figures have been reclassified as listed below to conform with the classification used for the three and nine months periods ended 30 September 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**

Intangible assets and goodwill
Financial assets and others - non current
Financial assets and others – current

As previously reported	Amount of reclassification	Amount after reclassification
14,954,413	208,319	15,162,732
15,316,935	(186,314)	15,130,621
10,019,255	(22,005)	9,997,250

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

Revenues
Cost of revenues
Depreciation, amortization and impairment

As previously reported	Amount of reclassification	Amount after reclassification
18,642,570	(44,727)	18,597,843
	44,727	
(8,247,193)	6,482	(8,195,984)
(2,375,868)	(6,482)	(2,382,350)

**Interim condensed consolidated statement of profit or loss
for the nine months period ended 30 September 2024**

Revenues
Cost of revenues
Depreciation, amortization and impairment

As previously reported	Amount of reclassification	Amount after reclassification
56,627,367	(162,636)	56,464,731
	162,636	
(28,743,300)	18,956	(28,561,708)
(6,900,287)	(18,956)	(6,919,243)

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24- 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 nine months periods ended 30 September 2025 on 12 Jumada al-Ula 1447 H (corresponding to 3 November 2025).