



05

**Financial
performance**

Highlights of stc's operating results in 2025 compared to 2024

Income statement

Continuing operations

| Statement (₹'000) | 2025 Consolidated | 2024 Consolidated | Difference | % |
|---|----------------------|----------------------|--------------|----------|
| Revenues | 77,818,675 | 75,893,413 | 1,925,262 | 2.5% |
| Cost of revenues | (40,118,986) | (38,567,489) | (1,551,497) | 4.0% |
| Gross profit | 37,699,689 | 37,325,924 | 373,765 | 1.0% |
| Total operating expenses | (23,261,425) | (22,900,286) | (361,139) | 1.6% |
| Operating Profit | 14,438,264 | 14,425,638 | 12,626 | 0.1% |
| Other income and expenses | 284,378 | (2,291,191) | 2,575,569 | (112.4%) |
| Zakat and income tax | 466,436 | (1,191,564) | 1,658,000 | (139.1%) |
| Net Profit from continuing operations | 15,189,078 | 10,942,883 | 4,246,195 | 38.8% |
| Net Profit from discontinued operations | (54,133) | 13,973,360 | (14,027,493) | (100.4%) |
| Net Profit attributable to stc's Equity holders of the Parent Company | 14,828,030 | 24,688,652 | (9,860,622) | (39.9%) |
| Net Profit attributable to non-controlling interests | 306,915 | 227,591 | 79,324 | 34.9% |
| Net Profit | 15,134,945 | 24,916,243 | (9,781,298) | (39.3%) |

stc achieved revenues of ₹ 77,819 million, with an increase of 2.5%, which was mainly attributed to the increase in commercial unit revenues by 3.4%, carriers and wholesale unit revenues by 10.8%.

stc reported a net profit of ₹ 14,828 million. The net profit growth reached 12.5%, when excluding the non-recurring items, which was mainly attributed to the following:

- The gross profit reached ₹ 37,700 million as compared to ₹ 37,326 million (the growth of gross profit was 5.2% if non-recurring items were excluded, as the withholding tax provision of ₹ 1,500 million was reversed in the cost of revenues in the last year).
- The operating profit reached ₹ 14,438 million as compared to ₹ 14,426 million (the growth in operating profit was 6.6%, if non-recurring items were excluded).
- Earnings before interest, taxes, zakat, depreciation and amortization (EBITDA) stands at ₹ 24,469 million as compared to ₹ 23,951 million (the growth in EBITDA was 6.1% if non-recurring items were excluded).
- The booking of net profit from discontinued operations (non-recurring item) amounting to ₹ 13,973 million during the last year, as a result of

a gain booked from the sale of stc's controlling interest in its subsidiaries, Telecommunications Towers Company (TAWAL) and Digital Infrastructure Company.

- The booking of total other income (expenses) amounting to ₹ 284 million, as compared to (₹ 2,291 million), mainly due to:
 - The decrease in early retirement program cost by ₹ 1,753 million.
 - The booking of net share in results of investments in associates and joint ventures amounting to ₹ 295 million as compared to (₹ 666 million) mainly due to the booking of an impairment provision during the last year amounting to ₹ 764 million related to the investment in BGSM.
 - The decrease in finance cost by ₹ 108 million, that was offset by the decrease in finance income by ₹ 441 million.
- The booking of a positive zakat and income tax amounting to ₹ 466 million, mainly due to the reversal of zakat provision related to previous years which are no longer required, as compared to zakat and income tax expense amounting to ₹ (1,192 million).

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

Income statement

| Statement (₹'000) | 2021 Consolidated revised | 2022 Consolidated revised | 2023 Consolidated revised | 2024* Consolidated revised | 2025 Consolidated |
|---|---------------------------------|---------------------------------|---------------------------------|----------------------------------|----------------------|
| Revenues activity | 63,007,986 | 67,431,546 | 71,777,161 | 75,893,413 | 77,818,675 |
| Costs of activity revenues | (29,213,957) | (30,038,291) | (37,037,095) | (38,567,489) | (40,118,986) |
| Total profit of the activity | 33,794,029 | 37,393,255 | 34,740,066 | 37,325,924 | 37,699,689 |
| Operating expenses | (20,666,274) | (22,304,814) | (21,578,775) | (22,900,286) | (23,261,425) |
| Profit from operating activity | 13,127,755 | 15,088,441 | 13,161,291 | 14,425,638 | 14,438,264 |
| Other revenues and expenses - net | (492,692) | (1,618,344) | 825,752 | (2,291,191) | 284,378 |
| Zakat, taxes and non-controlling interests | (1,323,721) | (1,299,560) | (1,450,708) | (1,419,155) | 773,351 |
| Net profit from continuing operations | - | - | 12,660,433 | 10,942,883 | 15,189,078 |
| Net profit from discontinued operations | - | - | 759,046 | 13,973,360 | (54,133) |
| Net profit attributable to stc's shareholders | 11,311,342 | 12,170,537 | 13,295,381 | 24,688,652 | 14,828,030 |

Other comprehensive income

| Statement (₹'000) | 2021 Consolidated Revised | 2022 Consolidated Revised | 2023 Consolidated Revised | 2024* Consolidated Revised | 2025 Consolidated |
|---|---------------------------------|---------------------------------|---------------------------------|----------------------------------|----------------------|
| Net profit including non-controlling interests | 11,594,697 | 12,386,922 | 13,419,479 | 24,916,243 | 15,134,945 |
| Total items that may not be reclassified subsequently to the consolidated statement of profit or loss | 317,616 | 818,534 | (205,380) | 320,838 | (804,603) |
| Total items that may be reclassified subsequently to the consolidated statement of profit or loss | 99,789 | (174,583) | 19,466 | (629,010) | 822,458 |
| Total (comprehensive loss)/other comprehensive income | 417,405 | 643,951 | (185,914) | (308,172) | 17,855 |
| Total comprehensive income | 12,012,102 | 13,030,873 | 13,233,565 | 24,608,071 | 15,152,800 |
| Total comprehensive income attributable to stc's shareholders | 11,717,489 | 12,840,311 | 13,138,635 | 24,436,813 | 14,854,328 |
| Total comprehensive income attributable to non-controlling interests | 294,613 | 190,562 | 94,930 | 171,258 | 298,472 |

*Certain comparative figures for the year ended December 31, 2024, were reclassified to conform with the classification used in the financial statements for the year ended December 31, 2025.

Financial performance continued

Statement of financial position

| Statement (S'000) | 2021 Consolidated Revised | 2022 Consolidated Revised | 2023 Consolidated Revised | 2024* Consolidated Revised | 2025 Consolidated |
|---|---------------------------------|---------------------------------|---------------------------------|----------------------------------|----------------------|
| Current assets (A) | 51,468,074 | 60,790,447 | 70,776,373 | 72,745,125 | 58,015,755 |
| Fixed and intangible assets | 57,939,836 | 58,420,288 | 65,702,712 | 56,676,965 | 60,611,503 |
| Other non-current assets | 18,371,507 | 18,009,251 | 23,166,784 | 31,216,053 | 38,849,411 |
| Total assets | 127,779,417 | 137,219,986 | 159,645,869 | 160,638,143 | 157,476,669 |
| Current liabilities (B) | 33,560,552 | 36,400,164 | 47,623,038 | 38,956,261 | 40,172,575 |
| Long-term loans | 7,846,606 | 10,213,750 | 13,641,768 | 14,740,155 | 14,404,268 |
| Other non-current liabilities | 14,986,280 | 14,580,480 | 16,865,897 | 14,456,680 | 16,513,486 |
| Total liabilities | 56,393,438 | 61,194,394 | 78,130,703 | 68,153,096 | 71,090,329 |
| Paid capital | 20,000,000 | 50,000,000 | 50,000,000 | 50,000,000 | 50,000,000 |
| Reserves, retained earnings and treasury shares | 49,270,505 | 23,499,525 | 28,984,945 | 39,416,542 | 33,413,571 |
| Equity attributable to shareholders of stc | 69,270,505 | 73,499,525 | 78,984,945 | 89,416,542 | 83,413,571 |
| Non-controlling interests | 2,115,474 | 2,526,067 | 2,530,221 | 3,068,505 | 2,972,769 |
| Total equity | 71,385,979 | 76,025,592 | 81,515,166 | 92,485,047 | 86,386,340 |
| Total liabilities and equity | 127,779,417 | 137,219,986 | 159,645,869 | 160,638,143 | 157,476,669 |
| Working capital (A-B) | 17,907,522 | 24,390,283 | 23,153,335 | 33,788,864 | 17,843,180 |

Cash flow statement

| Statement (S'000) | 2021 Consolidated Revised | 2022 Consolidated Revised | 2023 Consolidated Revised | 2024* Consolidated Revised | 2025 Consolidated |
|--|---------------------------------|---------------------------------|---------------------------------|----------------------------------|----------------------|
| Net cash generated from operating activities | 11,220,155 | 26,354,390 | 22,417,558 | 19,885,337 | 18,283,163 |
| Net cash used in investing activities | (1,714,583) | (8,578,939) | (28,383,342) | (7,178,981) | 2,546,411 |
| Net cash used in financing activities | (10,235,177) | (8,255,503) | 1,590,929 | (10,495,146) | (23,000,575) |
| Net cash flow | (729,605) | 9,519,948 | (4,374,855) | 2,211,210 | (2,171,001) |
| Cash and cash equivalents at the beginning of the year | 9,004,286 | 8,281,301 | 17,751,588 | 13,371,320 | 15,543,441 |
| Impact of foreign currency exchange differences | 6,620 | (6,856) | (5,413) | (39,089) | 3,631 |
| Cash and cash equivalents at the end of the year | 8,281,301 | 17,794,393 | 13,371,320 | 15,543,441 | 13,376,071 |

*Certain comparative figures for the year ended December 31, 2024, were reclassified to conform with the classification used in the financial statements for the year ended December 31, 2025.

Geographical analysis of standard service revenues at stc group level

During the year 2025, stc group achieved total revenues of S 77,818,675 thousand. Foreign investments at stc group level accounted for 12% of this total. The following table shows their geographical distribution.

| Revenues inside the Kingdom of Saudi Arabia (S'000) | Revenues outside the Kingdom of Saudi Arabia (S'000) | Total (S'000) |
|---|--|---------------|
| 68,528,797 | 9,289,878 | 77,818,675 |

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

stc group loans are as follows:

| Statement (S millions) | 2025 Consolidated | 2024 Consolidated |
|------------------------|-------------------|-------------------|
| Short-term Murabaha | 635 | 295 |
| Long-term Murabaha | 9,141 | 9,625 |
| Total Murabaha | 9,776 | 9,920 |
| Sukuk | 4,680 | 4,679 |
| Mudarabha | 2 | 6 |
| Others | 733 | 527 |
| Total | 15,191 | 15,132 |

Financial performance continued

Borrowing

Total loans paid during the year ended 31 December 2025 amounted to ₪ 442 million (2024: ₪ 2,635 million). Total loans received during the year ended 31 December 2025 amounted to ₪ 376 million (2024: ₪ 880 million). A list of the loans are as follows.

| All amounts in ₪ Million | | | | | | | | Paid during the year | | Outstanding balance | | | |
|----------------------------|-------------------------------|--------------------------------|--------------------|-----------------------------|----------|------------------------|---------------|----------------------|--------------|---------------------|------------|---------------------|---------------|
| Company | Granting authority | Type of Financing | Term of financing | Date of obtaining financing | Currency | Value of financing (2) | Amount used | 2025 | 2024 | Current portion | | Non-Current portion | |
| | | | | | | | | | | 2025 | 2024 | 2025 | 2024 |
| stc – Kingdom Saudi Arabia | Debt instruments market | Sukuk | 10 Years | June 2014 | ₪ | 2,000 | 2,000 | 0 | 2,000 | 0 | 0 | 0 | 0 |
| | Debt Instruments Market | Sukuk (1) | 10 Years | May 2019 | USD | 4,688 | 4,680 | 0 | 0 | 0 | 0 | 4,680 | 4,679 |
| | Loan | ECA | 8.5 Years | March 2021 | USD | 584 | 584 | 69 | 69 | 70 | 70 | 206 | 274 |
| | Loan | Bank financing | 5.5 Years | September 2023 | USD | 6,000 | 6,000 | 0 | 0 | 0 | 0 | 6,001 | 6,001 |
| | Loan | Bank financing | 12 Months | June 2025 | ₪ | 5,918 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | | | | | | 19,190 | 13,264 | 69 | 2,069 | 70 | 70 | 10,887 | 10,954 |
| Subsidiaries | Local and international banks | Murabaha and credit facilities | From 5 to 14 years | Since 2017 | Mixed | 17,581 | 4,240 | 373 | 566 | 717 | 322 | 3,517 | 3,786 |
| Total Group's Loans | | | | | | 36,771 | 17,504 | 442 | 2,635 | 787 | 392 | 14,404 | 14,740 |

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

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

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

Financial performance continued

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

| Statement | ﷲ Million | Description | Reason |
|---|---------------|---|------------------------|
| Government fees | 5,137 | The amounts recorded as an expense to the period for licensing granted to stc for the provision of commercial services and spectrum usage fees and connectivity royalties. | Regulatory requirement |
| Dividends | 13,913 | The amounts recorded as an expense to the period as dividends to governmental and semi-governmental authorities (Public Investment Fund, Public Pension Agency (PPA), and General Organization for Social Insurance). | Regulatory requirement |
| Social insurance | 615 | The amounts recorded as an expense to the period pursuant to the provisions of the Kingdom's Labor Law. | Regulatory requirement |
| Zakat and income tax | (532) | The amounts recorded as an expense (provision reversed) to the period pursuant to the zakat provisions and rules, income tax law. | Regulatory requirement |
| Total amounts recorded as expenses to governmental and semi-governmental authorities | 19,133 | This represents the regulatory expenses amounts to the Government. | |

Employees Long-Term Incentives Program

The Board of Directors approved on 17 March 2020 (corresponding to 22 Rajab 1441H) to repurchase a number of the stc's shares for an amount not to exceed ﷲ 300 million to be allocated for the employees' long-term incentives program (the Program). The Board raised its recommendation to the EGA to approve the Program and to repurchase the shares. The EGA has voted on the approval of this Program during its meeting held on 20 April 2020 (corresponding to 27 Shaban 1441 H). The shares repurchased under this approval were fully granted to employees, totaling 7,457 thousand shares (2,983 thousand shares prior to the capital increase), during the second quarter of 2025.

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

The Board of Directors recommended in its meeting on 31 December 2025 (corresponding to 11 Rajab 1447H) to buy-back 26 million of the stc's shares to be allocated for the Program and to raise its recommendation to the EGA for voting.

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

The Program intends to attract, motivate and retain employees responsible for the achievement of stc group goals and strategy.

The Program provides a share-based payment plan for eligible employees participating in the Program by granting them shares in stc upon completing the duration of service and performance requirements and achieving the targets determined by stc group. The program is generally equity-settled.

The grant and vesting dates, respectively are as follows

| | Cycle 1 | Cycle 2 | Cycle 3 | Cycle 4 | Cycle 5 | Cycle 6 |
|-----------|----------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| Tranche 1 | July 2020/ July 2021 | July 2021/ May 2022 | May 2022/ May 2023 | May 2023/ May 2024 | May 2024/ May 2025 | May 2025/ May 2026 |
| Tranche 2 | July 2021/ May 2022 | May 2022/ May 2023 | May 2023/ May 2024 | May 2024/ May 2025 | May 2025/ May 2026 | May 2026/ May 2027 |
| Tranche 3 | May 2022/ May 2023 | May 2023/ May 2024 | May 2024/ May 2025 | May 2025/ May 2026 | May 2026/ May 2027 | May 2027/ May 2028 |

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

| Item (Thousands Shares) | 2025 | 2024 |
|------------------------------------|---------|---------|
| At the beginning of the year | 3,918 | 2,978 |
| Shares granted during the year (*) | 3,184 | 3,350 |
| Shares vested during the year | (2,882) | (2,410) |
| At the end of the year | 4,220 | 3,918 |

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

The fair value was calculated based on the market price after deducting the expected dividends per share on the grant date. During the year 2025, the average fair value of shares granted during the year amounted to ﷲ 41.05 per share (2024: ﷲ 36.3 per share). Total expenses related to the Program for the year ended 31 December 2025 amounted to ﷲ 133.5 million (2024: ﷲ 104.9 million) which were included as part of employees' benefits expense in the consolidated statement of profit or loss, with the corresponding amount recorded under other reserves within equity in accordance with the requirements of International Financial Reporting Standard (2): Share-based payment.

Financial performance continued

Commitments

1. One of the stc group subsidiaries has an agreement to invest in a fund aiming to improve the telecommunication and internet environment for ₪ 553 million (equivalent to USD 147.5 million) as at 31 December 2025 (31 December 2024: ₪ 553 million - equivalent to USD 147.5 million) (for more details, see Note 6-15 in the consolidated annual financial statements).
2. During the year 2022, stc signed an agreement with STV LP Fund to allocate an additional ₪ 1,125 million (equivalent to USD 300 million) additional investment in the fund out of which ₪ 866 million (equivalent to USD 231 million) was injected as at 31 December 2025 (31 December 2024: ₪ 555 million - equivalent to USD 148 million).
3. stc group has contractual commitments amounting to ₪ 9,488 million as at 31 December 2025 (31 December 2024: ₪ 7,322 million).

Contingent assets and liabilities

1. stc group has outstanding letters of guarantee on behalf of stc and its subsidiaries amounting to ₪ 4,828 million as at 31 December 2025 (2024: ₪ 4,993 million).
2. stc group has outstanding letters of credit as at 31 December 2025 amounting to ₪ 1,948 million (2024: ₪ 1,654 million).
3. On 21 March 2016, stc received a letter from a key customer requesting a refund for paid balances amounting to ₪ 742 million related to construction of a fiber optic network. Based on independent legal opinions obtained, the management believes that the customer's claim has no merit and therefore this claim has no material impact on the financial results of stc group.
4. stc 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 stc group financial position or on the results of its operations as reflected in these 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 reporting 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 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.

On 11 November 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.

