

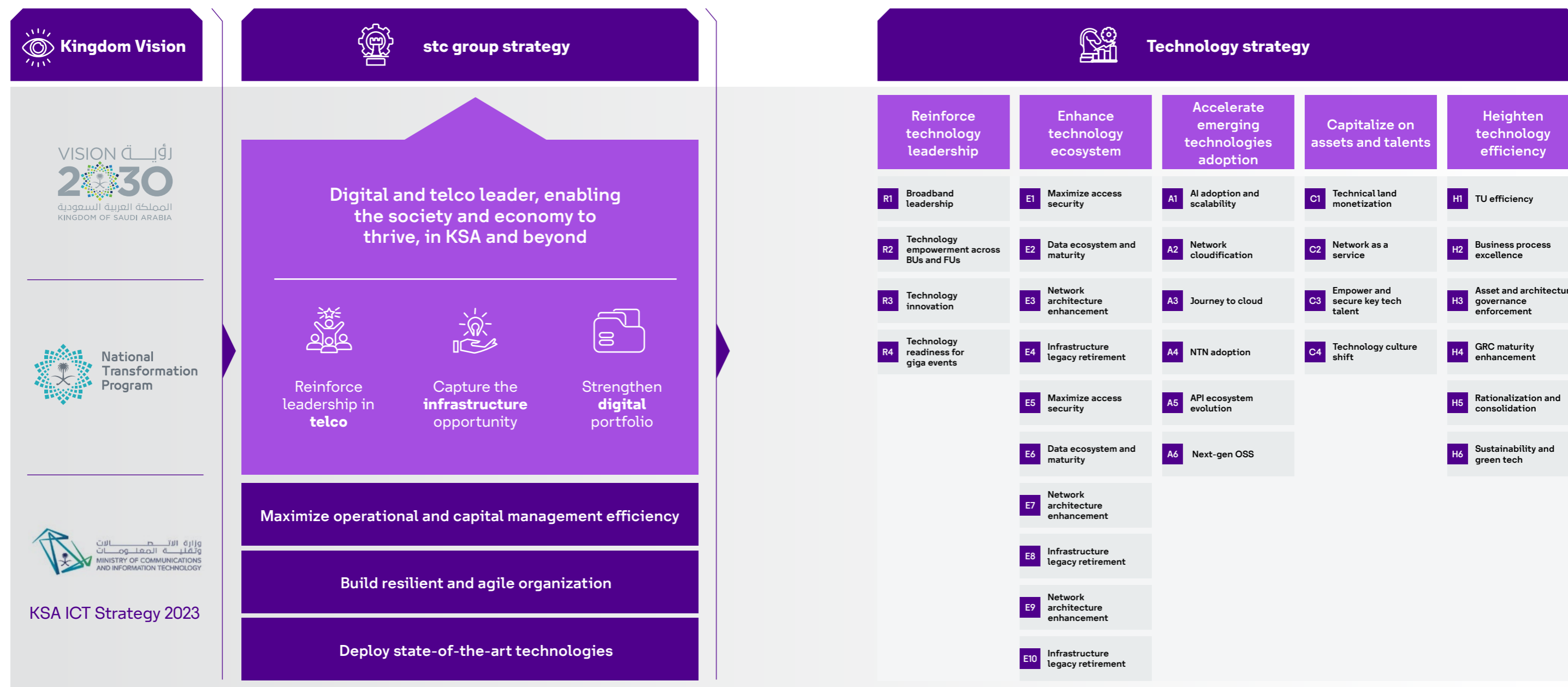
# Supporting Units

## Technology Unit

The Technology Unit remains a pivotal element within stc group. The Unit is committed to managing and optimizing stc group's technological infrastructure to support strategic growth and elevate business operations. It plays a central role in driving innovation, improving operational efficiency, and keeping stc group at the forefront of industry leadership and competitiveness.

### Strategic focus and alignment with stc group strategy 2025

stc group's technology strategy is focused on strengthening technology leadership, fostering a sustainable innovation ecosystem and accelerating the adoption of emerging technologies. By optimizing assets, nurturing digital talent and enhancing operational efficiency, the strategy positions stc group to capture long-term value-creation opportunities, fully aligned with the stc group strategy 2025 and the Kingdom's national digital ambitions.



**Supporting units** continued

**5G expansion vision:** stc group remains committed to maintaining its leadership in 5G coverage and speed across the nation, aligning with Saudi Arabia's Vision 2030. Therefore, stc group plans to:

**Continue network cloudification and enhance automation to drive efficiency and agility.**

**Expand 5G deployment by targeting additional cities, focusing on the N78 band to increase coverage.**

**Implement 5G on the N40 and N77 bands to boost speed and capacity in major urban centres.**

**Utilize the N71 band for 5G deployment to enhance indoor coverage and services.**

**Deploy 5G small cells using mmWave technology for hotspot areas, contingent on spectrum availability after the auction.**

**Establish private 5G networks using the existing C-band.**

**N71 enablement of 5GSA and advanced use cases.**

**Continue driving giga project engagement to support KSA Vision 2030, unlock new strategic opportunities for stc group, and expand coverage for key enterprise and strategic locations.**

**Recognitions and achievements**

By consistently exceeding its commitments to customers and surpassing all expectations, stc group's success is reflected in the following recognitions and achievements received during the year.

**Global and regional industry awards**



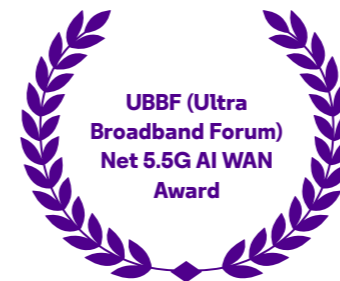
Validates stc group's position as the premier regional digital hub, recognized for superior wholesale connectivity, infrastructure reliability and strategic interconnectivity across the Middle East.



Acknowledges the strategic deployment of widespread fiber and 5G infrastructure, certifying Kingdom's key cities as globally competitive digital hubs ready for future applications.



Recognizes the Regional Giga Network initiative for establishing world-class broadband foundations that drive the digital economy and smart city capabilities.



Positions stc group at the forefront of the Net5.5G era, utilizing AI-driven wide area networks to deliver intelligent, ultra-high-speed and adaptive connectivity.



Recognizes the commercial innovation of 5G New Calling (5GNC), transforming traditional voice services into interactive, media-rich experiences via the IMS data channel.



Highlights the engineering excellence of stc group optical backbone, ensuring critical service continuity and resilience for high-demand enterprise and consumer traffic.



Honors stc group's strategic influence in reshaping network operations, successfully transitioning from traditional management to automated, tech-driven operational models.



A prestigious global recognition of stc group's practical AI implementation, proving its ability to translate machine learning models into tangible operational efficiency and value.



Validates stc group's in-house capabilities in developing localized AI, specifically in automatic speech recognition (ASR) and computer vision technologies customized for the region.



## Supporting units continued

### Global and regional industry awards continued



Endorses stc group's AI-First strategy in customer operations, using intelligent automation to elevate user satisfaction while significantly optimizing support costs.



Demonstrates stc group's leadership in IoT and digital sustainability, successfully applying connectivity solutions beyond telecom to solve critical national resource challenges.



Global independent validation of stc group's leadership in digital quality engineering, recognizing the successful deployment of **AI-powered testing technologies** that safeguard the quality and speed-to-market of mission-critical applications.



Places stc group among the top technology organizations in EMEA for strategic IT planning, acknowledging the maturity of stc group's enterprise architecture in aligning tech with business goals.



Validates the adoption of Open Digital Architecture (ODA), ensuring stc group's business capabilities are modular, agile and ready for rapid digital partnering.



International recognition of excellence in project governance and delivery for the North Star program, validating stc group's capability to execute complex, large-scale transformation initiatives.



Commends the technical deployment of core AI utilities within HR systems, setting a benchmark for corporate digital enablement and internal process efficiency.

### Technology innovation and industry leadership Next-generation network innovations



A global engineering milestone achieving record-breaking optical capacity, future-proofing stc group's backbone to handle the exponential data growth of the AI and hyper-connectivity era.



Pioneered the use of intent-based automation to dynamically allocate radio resources, allowing stc group to guarantee performance for critical 5G network slices.



Marks a pivotal shift toward open, virtualized radio networks, significantly enhancing stc group's flexibility to launch new services while reducing long-term infrastructure costs.



Establishes stc group's fixed network as the fastest in the region, unlocking next-generation bandwidth for 8K video, VR and high-demand enterprise applications.



Demonstrates a breakthrough in bridging the digital divide, proving stc group can extend high-speed 5G coverage to the most remote locations via low earth orbit satellites.



Validates stc group's ability to bring 5G-like slicing to fixed networks, enabling dedicated, secure and high-performance connections for enterprise clients.



Proves the viability of non-terrestrial networks (NTN) for IoT, positioning stc group to capture the market for tracking assets outside traditional terrestrial coverage.

## Supporting units continued

### Global standards and industry collaboration



Secured a game-changing strategic partnership to provide direct-to-device satellite connectivity, positioning stc group to become the first operator in the region to offer 100% geographic coverage without "dead zones".



Validates stc group as the region's most agile digital service provider, becoming the first operator in the Middle East (and one of only 14 globally) to certify its architecture against the Open Digital Architecture standards.



Positions stc group as a founding architect of the next global connectivity era, directly influencing the roadmap for fixed sixth-generation optical networks for the year 2030 and beyond.

### AI leadership and enterprise transformation

Accelerated AI transformation through strategic cohere partnership



Establishes strategic AI independence by deploying a comprehensive mix of **standard global and specialized Arabic-native models** within stc group's private perimeter, balancing best-in-class general reasoning with regional linguistic depth for secure enterprise use.



Transforms operational efficiency by operationalizing a scalable retrieval-augmented generation (RAG) framework, empowering AI agents to autonomously retrieve internal data and execute complex, multi-step workflows across corporate systems.

### Operational, network and technology leadership awards



Reaffirms stc group's network superiority, independently verifying that stc group delivers the region's best mobile experience with unmatched speed and reliable coverage.

### Certifications, patents and intellectual property



Acknowledges the maturation of stc group's R&D engine, celebrating a culture where internal innovation is systematically captured, protected and valued as a corporate asset.



Marks a milestone in stc group's evolution into a technology creator, securing intellectual property for self-healing network algorithms that reduce reliance on external vendors.



Protects stc group's in-house AI capabilities, validating its unique approach to predictive operations that identifies network faults before they impact the customer.



Demonstrates an integrated commitment to excellence, assuring stakeholders of stc group's quality, security and environmental management systems meet the highest international benchmarks.

### Strategic programs, governance and group enablement



Unlocks group-wide synergies by standardizing service exchange between subsidiaries, resulting in efficiency gains through resource optimization and circular economy principles.



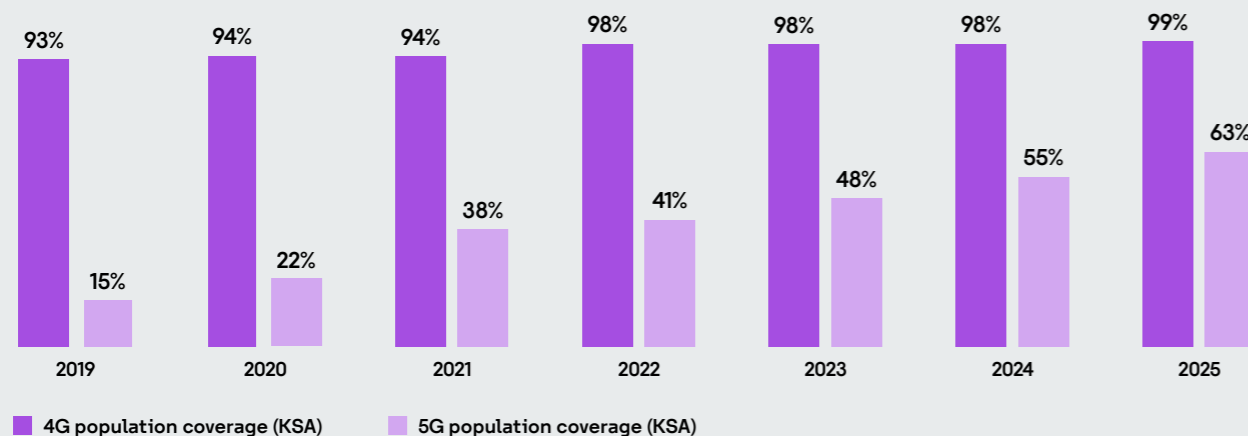
A critical governance standardization covering 70% of system-to-system interactions, safeguarding operational stability while accelerating change velocity across stc group.



## Supporting units continued

### Infrastructure

The Technology Unit is accelerating infrastructure modernization and simplification to adapt to a rapidly evolving market and emerging technology trends. These efforts have significantly enhanced customer experience, achieving 63% 5G coverage across the Kingdom and 99% 4G coverage as at year-end 2025.

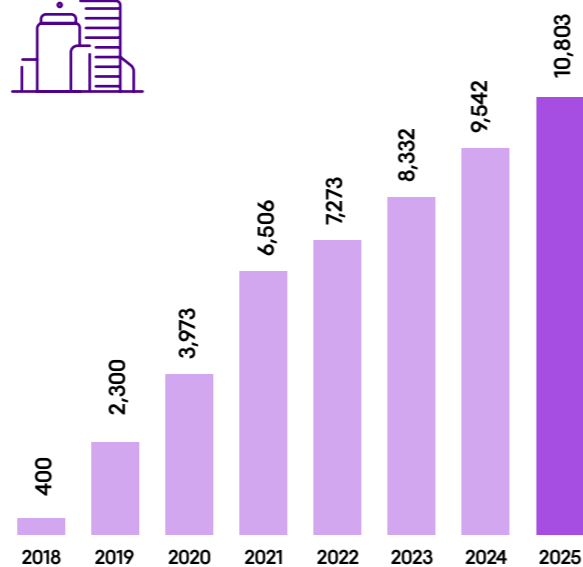


stc group made significant strides in infrastructure development and modernization throughout 2025, achieving notable milestones that enhanced connectivity and customer experience. A total of 152,769 households were connected to fiber through FTTH projects, bringing the cumulative FTTH connections to more than 3.75 million households.

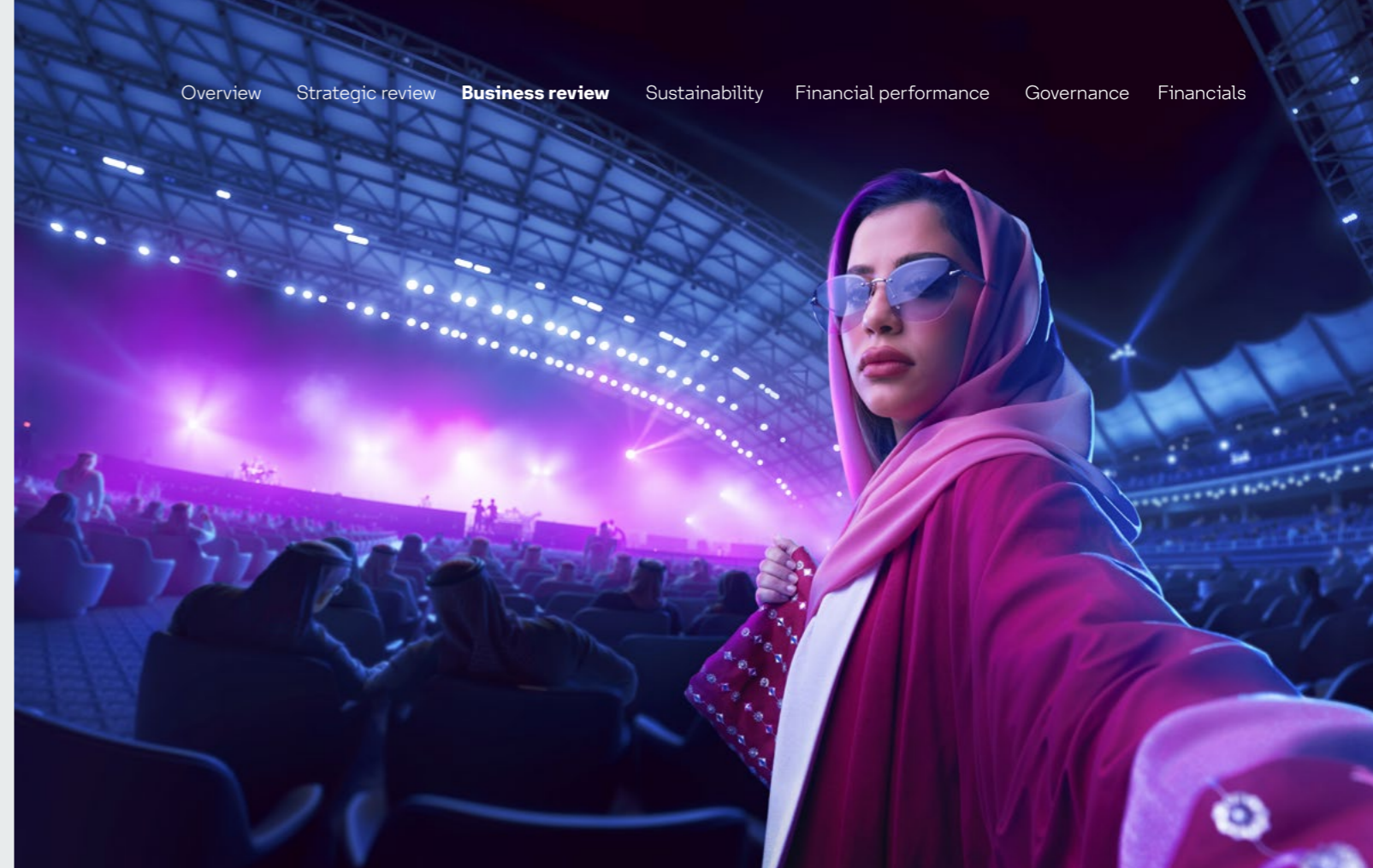
In the 5G domain, stc group commissioned 1,261 new 5G sites, reaching an accumulated total of 10,803 live 5G sites. Additionally, over 1,800 integrated 5G second-layer sites (N40) were implemented, the number of 5G layers across the network has reached over 26,590 carriers. 2,133 layers of them from the new acquired N77 band. To support these advancements, 8,858 fiber backhaul connections for 5G sites were successfully established.

As part of its infrastructure upgrade initiative, stc group decommissioned 534 legacy nodes in 2025, recovering an additional 709 m<sup>2</sup> of floor space and saving 9.37 GW per year of power. The full shutdown of the 3G network was also completed, while more than 2,930 sites were upgraded with L900 activation in 2025, reaching a cumulative total of 16,199 sites. Coverage enhancements included the deployment of over 4,500 5G and 16,000 4G inbuilding antennas across major cities and landmark buildings in the Kingdom, boosting in-building coverage.

### 5G INTEGRATED SITES



**152,769**  
Number of FTTH households 2025



stc group achieved 76% cloudification of its voice subscribers in 2025, covering 18 million subscribers, and migrated the policy and charging rules function (PCRF) to the Telco Cloud, 53% VAS applications carrying traffic on telco cloud, with attained total live traffic of more than 3.3 Tbps through the Partnership Cloud, enhancing efficiency, performance and closing security gaps. Additionally, the telco cloud footprint was expanded to 9 data centers with 15 points of delivery and the network virtualization reached 66%. Furthermore, stc group achieved a seamless mobile core upgrade, reducing time-to-market by 70%, and rolled out zero-trust security across all data centers.

stc group led strategic location connectivity and coverage expansion across major giga projects, delivering 40+ outdoor sites, 10 IBS sites, 2.9K FTTH connections, and 60+ km of fiber across Red Sea, NEOM, AlUla, Diriyah, Qiddiya, MODON, MAWANI, ROSHN Group, NHC and King Salman Park.

In addition, stc group continued driving giga projects business growth by delivering 50+ technical proposals and customer engagements in 2025, supporting both existing and new giga clients, and contributing to KSA's national vision through strategic stc group projects, expansions and new opportunities. It immunized the mobile network against global navigation satellite system (GNSS) failures by deploying a geo-redundant synchronization architecture with an exceptional 55-day holdover capability, ensuring uninterrupted service continuity during signal outages.

### Network resilience

- **Strategic fortification of core network routing architecture:** Eliminates single-vendor dependency risks within the critical IP control plane, safeguarding the international gateway and core network against systemic outages through a resilient, multi-vendor redundancy framework.
- **Geographical decentralization of enterprise internet services:** Expands the digital service footprint from two to five regional hubs, significantly reducing latency for customers while establishing a distributed disaster recovery architecture that guarantees business continuity.

## Supporting units continued

### Digital transformation and analytics

stc group leveraged advanced digital platforms and data analytics to accelerate top-line growth, optimize operating costs and cement market leadership through superior digital experiences.

#### Unlocking new revenue streams and accelerating monetization

- **Accelerated B2B revenue recognition (lead management optimization):** Overhauled the B2B sales engine to reduce sales cycle times by ~79%, directly expediting cash flow and enabling incremental revenue growth for the Enterprise Business Unit.
- **Strategic wholesale infrastructure monetization:** Strengthened revenue generation from fiber assets by integrating with national platforms (Aesal and ACES), streamlining sales to other licensed operators (OLO) while maximizing infrastructure utilization.
- **Expansion of converged consumer portfolio (Baity brand):** Diversified the consumer revenue mix by launching integrated 5G Baity (voice and data) services under the Baity brand, targeting high-value segments with premium connectivity packages.

#### Operational efficiency and cost optimization

- **Reduction of technical operating costs (OPEX):** Deployed data-driven maintenance protocols that reduced the average time-to-resolve for network incidents by 15%, significantly lowering field operations costs and protecting service level agreements (SLA).
- **Automated regulatory compliance and data governance:** Mitigated regulatory risks by automating sensitive data detection, ensuring full compliance with National Data Management Office (NDMO) regulations and safeguarding institutional trust.

### Digital channel leadership and customer retention

- **Digitalization of the B2B customer journey (stc Business+):** Launched the comprehensive stc Business+ app to migrate enterprise customers to lower-cost digital self-service channels for account management, support and service discovery.
- **Zero-touch service provisioning (FTTH innovation):** Automated the fiber activation process (zero-touch ONT) and deployed next-gen Wi-Fi 6 gateways, reducing provisioning costs while accelerating service adoption and customer satisfaction.
- **Market leadership in device ecosystems (eSIM transfer):** Secured position as the first operator in KSA (and Apple-certified partner) to launch seamless eSIM transfers, achieving operational readiness 2x faster than global benchmarks to lock in high-value device users.
- **Scalability of retail sales channels (Tawasol Digital):** Digitized the retail workforce by onboarding 4,000+ agents to the Tawasol Digital platform, increasing sales capacity and reducing the time-to-market for new customer acquisitions.

### Artificial intelligence (AI) domain accomplishments

Operationalized stc AI Brain 1.0 as a sovereign, enterprise-grade platform to drive massive internal value extraction, strategic cost optimization and intellectual property generation.

#### Building strategic AI infrastructure with financial efficiency

- **Establishment of Sovereign AI Cloud (NVIDIA H100 deployment):** Secured critical compute infrastructure with **128 NVIDIA Sovereign H100 GPUs**, enabling 3x faster processing and high-performance model training. This helped stc group achieve **3x cost efficiency** compared to public cloud alternatives over a three-year horizon, while ensuring total data sovereignty and immunity to global supply chain shortages.
- **Strategic investment and partnership synergies (Cohere and tali ventures):** Leveraged early strategic investment in Cohere (via stc group's subsidiary tali ventures) to fast-track stc group's GenAI capabilities, securing early access to top-tier models and positioning stc group as both a key investor and a technology leader in the global GenAI ecosystem.

### Operational scale and democratization of AI capabilities

- **Enterprise-wide AI adoption (stc AI core):** Shifted from isolated use-cases to a scalable AI-as-a-service platform, resulting in rapid democratization with **2,400+ active users** and high utilization rates exceeding **2.2 billion tokens** consumed.
- **Deployment of 2,200+ "super-agents" for business value:** Moved beyond simple automation to deploy advanced AI agents that drive decision-making across critical functions:
  - **Network operations (40%):** Autonomous management and optimization.
  - **Risk and legal:** Mitigating mergers and acquisitions risks and ensuring regulatory adherence.
  - **Finance:** Enhancing profitability modeling and forecasting.
  - **Growth:** Identifying sales opportunities and market gaps.

### AI governance and intellectual property development

- **Creation of proprietary intellectual property:** Transformed R&D into recognized corporate assets with **17 AI models** registered as intellectual property with the Saudi Authority for Intellectual Property (SAIP).
- **Responsible AI governance framework:** Mitigated implementation risks by establishing a comprehensive AI policy and governance framework, certifying **22** reusable models and registering **90+** models to ensure safe, ethical and compliant scaling.

### Applications efficiency and cloud transformation

stc group secured global recognition for its digital quality leadership while strategically investing in a multi-year refresh program to consolidate applications, maximize operational efficiency and build a resilient foundation for long-term profitable growth. Executed a rigorous IT modernization strategy focused on simplifying the application landscape to structurally lower the total cost of ownership (TCO).

### Strategic transformation and quality leadership

- **Tech refresh program:** Launched a strategic multi-year modernization initiative to upgrade and consolidate **300+ enterprise applications**, structurally mitigating system resilience risk and establishing a sustainable, efficient digital foundation for future growth.

### Operational excellence and platform consolidation

- **Group Treasury transformation:** Integrated seven stc group subsidiaries into a centralized treasury management system, creating a unified operating model that accelerates **financial consolidation** and enhances governance and liquidity management across the entire stc group.
- **Unified field service platform (FSM) context:** Deployed a converged, end-to-end platform across all core access services (fixed, data, copper), significantly reducing operational complexity and accelerating service resolution times across the entire field workforce.
- **Cloudification of customer experience platforms:** Migrated critical mobile service applications to the cloud, achieving a **20% reduction in TCO** and a **38% reduction in hardware** footprint, directly improving operating margins and system agility.

### Application performance and scalability

- **eOC SOM integration:** Migrated **30+ enterprise services and 21K+ assets** into a standardized service orchestration layer, enabling faster provisioning, leaner operations and accelerated revenue velocity for high-value corporate customers.
- **Unified loyalty application upgrade:** Upgraded the core loyalty application with modern architecture (OpenAPI 3.0), enhancing security and scalability to accelerate the deployment of new, sophisticated **customer retention and loyalty growth features**.

## Supporting units continued

### Operations and technology performance

stc group is focused on advancing its technical operations capabilities by prioritizing performance outcomes and operational excellence. This includes refining processes through digitization and automation, enhancing workforce skills through targeted training and reengineering workflows to improve efficiency. To safeguard its services, stc group is committed to mitigating network risks and strengthening network resilience and reliability. stc group completed a set of activities designed to drive operational efficiency, ensure business continuity and minimize potential disruptions to its services, reinforcing its leadership in delivering reliable solutions.

### Business continuity and disaster recovery (risk mitigation)

- **Fortification of disaster recovery capabilities:** Deployed a robust, mobile recovery fleet, including **11 DR telecom containers, 42 electromechanical containers and 13 satellite cells on wheels (COWs)**, ensuring rapid restoration of critical voice and data services during major outages.
- **Enhanced resilience of critical business systems:** Strengthened the availability of 10+ mission-critical support systems for consumer and enterprise sectors, achieving a **30% reduction in system downtime and recovery time (RTO)**, directly protecting transactional revenue.
- **Comprehensive network resilience:** Successfully conducted 12 large-scale disaster recovery drills and **11,091 resilience tests** across all network layers (mobile, fixed, core, transport, power) and added route protection to six major cities, proactively identifying and eliminating single points of failure.

### Customer experience and market superiority

- **Market leadership in network quality (Ookla rankings):** Secured the **number one overall speed score** in the Kingdom. Notable achievements include a **56% increase in fixed broadband speeds** and a **7% reduction in latency year-over-year**, reinforcing stc group's premium brand positioning.
- **Strategic gaming optimization (Esports World Cup):** Validated stc group's ability to support high-value global events by delivering **100% availability and <2ms latency** for the Esports World Cup, utilizing the AI-based solutions to automate **3.6K+ traffic steering actions** in real-time.

### Operational efficiency and cost reduction (OPEX)

- **Drastic reduction in customer complaints:** Streamlined technical operations and incident handling, resulting in a **45% drop in mobile complaints** and a **20% drop in fixed complaints** and a **48% drop in roaming customer complaints**, significantly lowering call center volumes and operational support costs.
- **Optimization of service restoration:** Re-engineered workflows and leveraged automation to achieve an **11% improvement in restoration time** and an **8% decrease in service impacting and high-severity outages**, ensuring higher service availability and customer retention.
- **Network performance benchmarks:** Maintained network quality significantly above global standards, with **voice quality (MOS) 20% above industry average, drop call rates at 0.19%** (better than best-in-class), and **network availability at 99.81%**.

### Asset monetization and legacy transformation

- **Copper decommissioning and monetization:** Released **1,657 km of duct capacity** by removing obsolete copper cables, generating **revenue** in scrap value and decommissioning 499 legacy sites. This strategic move lowers maintenance costs and clears reliable pathways for modern fiber networks.
- **High-value customer migration:** Successfully migrated **60% of legacy copper customers** to high-speed fiber services since 2022, proactively targeting low-satisfaction areas to reduce churn and increase average revenue per user (ARPU).
- **Digital inventory transformation:** Unified fiber network inventory into a "single source of truth" with **96.6% accuracy**, a critical prerequisite for deploying future AI-driven maintenance and automated troubleshooting.

### Operational digital transformation and analytics

stc group is accelerating its transition to a fully autonomous digital service provider by scaling AI-driven operations to secure revenue, optimize network performance during mega-events and institutionalize intelligent governance across the value chain.

- **Advancement of operational autonomy (SEA sector):** Accelerated the transition toward a fully autonomous network by deploying **31 AI-based use cases** across the SEA sector in 2025. This strategic rollout focused heavily on the **mobile domain**, with targeted automation in core, UNOC and transmission layers to significantly reduce manual intervention and enhance network agility.
- **AI-powered revenue assurance and risk mitigation:** Deployed predictive AI/ML models to safeguard financial streams, proactively identifying and preventing **significant fraud losses** across payment and direct carrier billing (DCB) services, thereby directly strengthening stc group's revenue assurance capabilities.
- **Cognitive network optimization (mega-events performance):** Utilized cognitive self-organizing networks (CSON) to manage extreme traffic loads during high-visibility events (Hajj, LEAP, Riyadh Season). This "AI injection" delivered a **20% increase in operational efficiency** and a **13% boost in user throughput**, proving the network's ability to self-optimize under peak demand without requiring proportional resource expansion.
- **AI governance and automated quality management:** Institutionalized a robust conformity framework that governs the transition from human-driven to AI-driven operations. By integrating automated change management with a "human-in-the-loop" validation protocol, stc group ensures the aggressive scale-up of automation maintains strict quality controls and operational stability.

### Cybersecurity

stc group successfully eliminated regulatory exposure and significantly strengthened its defensive posture by achieving 100% compliance with critical national standards, securing proprietary intellectual property and establishing global thought leadership in future security trends.

### Regulatory risk elimination and data governance

- **Achieved 100% compliance with National Cybersecurity Authority (NCA) controls:** Eliminated exposure to regulatory risk by achieving full compliance across all major NCA mandates, including essential cybersecurity controls (ECC), data cybersecurity controls (DCC) and specialized protection for critical systems (CSCC/MPLS).
- **Ensured near-perfect national data compliance (PDPL and NDMO):** Reinforced customer trust and mitigated governance penalties by achieving 100% adherence to national data management office (NDMO) requirements, coupled with **99% compliance** with the national personal data protection law (PDPL).
- **Validated operational discipline (ISO 27001 Certification):** Achieved the internationally recognized **ISO 27001 certification** with a flawless audit record (**zero observations**), validating that stc group's information security management system (ISMS) meets the highest global standards for operational resilience and assurance.

### Intellectual property and defensive differentiation

**Secured stc group's first cybersecurity patent (SMS security solution):** Established proprietary technology and defensive differentiation by securing a patent for an intelligent SMS security solution, setting a new global benchmark for the telecom industry in identifying and mitigating mobile social engineering threats.

### Global thought leadership and future-proofing

**Cemented global influence (Global Cybersecurity Forum whitepapers):** Positioned stc group at the forefront of the industry by co-authoring the following three strategic whitepapers with the Global Cybersecurity Forum (GCF):

- Defining the future defense strategies for **AI in telecom**.
- A **global blueprint for trusted ICT infrastructure**.
- **Quantum security**.

Supporting units continued

Case Study

# The complete decommissioning of the PSTN network

In 2025, stc group executed one of the most significant infrastructure modernizations in its history. By completely decommissioning the legacy public switched telephone network (PSTN), stc group has successfully converted technical debt into digital capacity, effectively immunizing the fixed network against obsolescence risks while unlocking substantial value from its existing real estate and energy resources.

For decades, the PSTN network served as the backbone of voice connectivity. However, in the digital era, it became a legacy liability, consuming vast amounts of power, occupying prime technical real estate and operating without vendor support or spare parts. **The decision to decommission was driven by three investor-critical factors.**

- **Operational risk:** Eliminating the threat of service outages caused by unsupported hardware.
- **Cybersecurity:** Removing obsolete infrastructure that could no longer receive modern security patches.
- **Cost structure:** Reducing the disproportionate OPEX (cooling and electricity) required to run aging equipment.

This was not merely an equipment removal project; it was a high-stakes migration of national critical infrastructure. The **Legacy Migration Program** orchestrated the seamless transfer of millions of connections, including complex interconnections with other licensed operators (OLO), international gateways and mission-critical government and enterprise clients (e.g., Aramco, SABIC), to modern IP-based platforms.

**Achievement:** Successfully migrated all traffic with **zero disruption** to national services, validating stc group's capability to execute complex, large-scale digital transformations.

**Return on investment and operational improvements:** The retirement of the PSTN network has delivered immediate, tangible returns in operational efficiency and ESG performance, positioning stc group for leaner future growth.

**Real estate optimization (CAPEX avoidance):** Recovered **3,908 m<sup>2</sup>** of prime technical floor space across stc group's exchanges. This recovered footprint is now being repurposed to house next-generation fiber and cloud infrastructure, allowing stc group to expand capacity without incurring the heavy CAPEX of constructing new facilities.

**Sustainability and OPEX reduction:** The decommissioning resulted in **44.95 GWh/year** in direct power savings. This significantly lowers stc group's utility overheads and stands as a major contribution to its sustainability goals by reducing the carbon footprint of stc group's fixed network.

**Asset hygiene and data integrity:** The program physically removed **4,285 legacy racks** and sanitized the network database by correcting or removing **470,000+ legacy records**, ensuring stc group's digital inventory is accurate and ready for AI-driven operations.

With this milestone, stc group sets a new benchmark for the telecommunications industry, becoming the **first operator in the Middle East and Central Asia** to completely retire its PSTN network. stc group has successfully moved beyond the transition phase of digital transformation, operating a fully modernized, IP-native infrastructure ready for the demands of 2030.

## Supporting units continued

### From operator to innovator: Monetizing proprietary IP for self-healing networks

In 2025, stc group successfully transitioned its fiber-to-the-home (FTTH) operations from a reactive utility model to a proactive digital ecosystem. By developing and patenting a proprietary self-healing network system, stc group has structurally lowered the cost-of-service assurance while delivering a superior, uninterrupted customer experience across millions of connections.

### Rapid expansion and the challenge of operational complexity

As stc group aggressively expanded its FTTH footprint across the Kingdom to meet Vision 2030 targets, the operational complexity of maintaining millions of endpoints increased exponentially. **The Growth Paradox:** The rapid pace of physical infrastructure expansion (cable rerouting, new reconstructions) naturally led to service friction. Traditional troubleshooting was manual, slow and reactive, relying on customer complaints to trigger repairs. To maintain market leadership, stc group needed to break the link between network growth and operational overhead.

stc group moved beyond off-the-shelf vendor tools to develop a bespoke, intellectual property asset: the **Proactive Monitoring and Restoration System**.

- **The innovation:** Officially granted **Patent No. SA 21008 B1** by the Saudi Authority for Intellectual Property in July 2025, this system introduces zero-touch assurance.
- **How it works:** The system utilizes advanced algorithms to detect hardware faults, signal degradation and overheating in real-time. Crucially, it triggers **automated self-healing mechanisms**, such as remote modem/router resets, to resolve issues instantly without human intervention.
- **Integration:** It is fully integrated with CRM and IVR systems, allowing it to automatically generate and route trouble tickets only when human intervention is strictly necessary, ensuring total ecosystem alignment.

The deployment of this system has fundamentally changed the economics of network maintenance.

- **Resolution velocity (time-to-repair):** stc group transformed the resolution timeline from **hours to seconds**. The system identifies and fixes faults before the customer even notices a drop-in service, effectively eliminating downtime for a vast portion of incidents.
- **Operational efficiency (ticket reduction):** By consolidating multiple alarms under a single root cause, the system drastically reduced the volume of complaint tickets reaching support teams. This directly lowers call center costs and field dispatch expenses.
- **Customer experience (churn reduction):** The shift to proactive detection has significantly lowered the fault recurrence rate, directly impacting customer satisfaction scores and reducing churn in a competitive fiber market.

### This patent represents a permanent asset for stc group:

- **CAPEX efficiency:** The system is hardware-agnostic and scalable. It requires no special hardware upgrades to deploy, meaning it can be extended to future technologies like fiber-to-the-mobile site (FTTM) with zero incremental infrastructure investment.
- **Regional leadership:** With this deployment, stc group stands as one of the first operators in the region to achieve fully automated fault detection and restoration, cementing its status as a technology creator rather than just a connectivity provider.

### Technology Unit in 2026

The 2026 Technology roadmap focuses on cementing stc group's market supremacy by aggressively monetizing next-generation network assets, scaling sovereign AI infrastructure for commercial growth and enforcing structural cost efficiencies across stc' group's architecture.

### Efficiency and architecture optimization

- **Rationalizations and consolidation:** Maximize return on IT investment (ROI) through structurally reduce complexity and lower operating costs by simplifying application architecture through focused rationalization and consolidation.
- **Autonomous networks:** Drive OPEX efficiency through automation. Achieve significant operational expenditure reduction by accelerating network modernization and advancing autonomous operational capabilities across the infrastructure.
- **Legacy migration:** Free up high-value real estate and resources, decommission legacy technical exchanges and modernize older facilities, monetizing assets and reallocating resources to next-generation network infrastructure.
- **Mobile network advancement**
  - **5G leadership (Spectrum):** Secure mobile broadband market dominance via accelerating 5G expansion and capacity by leveraging newly acquired 600 MHz and 3,800 MHz spectrum bands to solidify coverage and service quality leadership.
  - **5G stand-alone (SA):** Unlock advanced 5G monetization via enabling full 5G stand-alone (SA) capabilities, positioning the network to support new high-value enterprise services and innovative monetization use cases.
  - **Spectrum strategy (mmWave):** Actively engage on mmWave spectrum preparation, establishing the ecosystem required to meet future hyper-dense capacity demands in urban areas.

- **NTN use cases:** Ensure 100% national connectivity reach via collaborating with satellite providers to implement non-terrestrial network (NTN) use cases, strategically expanding service reach and innovation into remote and underserved areas.
- **2G sunset:** Optimize network asset allocation and maintain strategic momentum on the 2G network sunset, ensuring a smooth customer transition and reallocating valuable radio and site resources toward 4G and 5G technologies.

### Fixed broadband and fiber expansion

- **FTTH growth:** Capture high-value fiber growth to drive revenue growth by adding 200k new FTTH households, targeting high-value B2B customers.
- **Fiber monetization:** Enhance and maximize fiber asset ROI on fiber assets through expanded B2B service offerings and strategic partnerships with hyperscalers requiring large-scale dedicated infrastructure.
- **Service quality:** Guarantee service reliability and trust by maintaining stringent service availability and quality benchmarks across the fiber footprint to reduce churn and continually enhance the overall customer experience.

### AI and data leadership

- **AI infrastructure (H200/core AI):** Establish next-generation sovereign AI compute through deploying H200 GPUs and establish stc group's core AI as the core platform, securing the high-availability computational foundation for advanced AI workloads.
- **GPU-as-a-service:** Monetize core AI infrastructure through launching GPU-as-a-service to commercialize sovereign AI assets, empowering targeted customers to build transformative solutions while maximizing infrastructure utilization.
- **Data governance:** Cultivate trusted data assets, intensify focus on data integrity, lineage and governance while implementing the data lake foundation to ensure regulatory compliance and enable reliable AI models.
- **AI adoption:** Drive widespread AI proficiency and adoption through continuous knowledge sharing, consultation and assessments to maximize the long-term return on AI investments to accelerate enterprise AI maturity.

## Supporting units continued

### Cloud, edge and network re-architecture

- **Cloud transformation to achieve architectural agility and scale:** Enable a resilient multi-cloud strategy, targeting further network virtualization and cloud containerization for maximum flexibility and reduced vendor lock-in risk.
- **Enable corporate to capture edge-enabled revenue through edge computing:** Deploy shared and private edge computing capabilities, establishing partnerships to capitalize on emerging low-latency 5G application use cases.
- **Improve network resiliency and latency through network simplification:** Strategically simplify the core network architecture, including reducing legacy copper lines, to improve resiliency, latency and quality of experience (QoE).

### Cybersecurity and digital transformation

- **Security enhancement:** Eliminate regulatory risk and secure future technologies. stc group proactively strengthens data security practices and maintains regulatory compliance, securing the adoption of emerging technologies with quantum-safe solutions.
- **Digital platforms (API):** Monetize digital services and accelerate collaboration. stc group to achieve 100% completion of the API marketplace platform, accelerating the monetization of digital services and strengthening B2B collaboration.
- **Process digitization:** In order to drive internal operational efficiency, the Technology Unit will accelerate the adoption of digital platforms and re-engineer TU processes, targeting the migration of 37.5% of functions to the new digital stack for increased internal efficiency.

### Customer experience (CEX) and business enablement

- **CEX monitoring:** Guarantee wholesale service quality. Technology is going to launch the CEX monitoring platform for wholesale, leveraging AI/ML for 360-degree proactive lifecycle management to ensure superior service retention.
- **Tech complaint handling:** Enhance the efficiency of technical complaint handling by integrating new AI capabilities to speed resolution, reduce manual effort and improve customer satisfaction to uplift service resolution efficiency.
- **Build digital self-service to lower cost-to-serve:** Enable scalable digital and self-service capabilities to guide customer journeys, reducing reliance on high-cost service channels and improving customer autonomy.

### Emerging technologies and innovation

- **Scale digital asset monetization via IoT/API platforms:** Expand platform capabilities to capitalize on high-growth edge/IoT/API use cases in the enterprise segment.



Supporting units continued

## Group Human Resources Unit

In 2025, the Human Resources (HR) function achieved a significant milestone in the refreshed human capital strategy that empowered the business and leaders on how decisions are made, risks are managed, and talents are developed across stc group. HR sharpened the governance, improved data quality, and ensured leaders have clearer visibility into workforce dynamics, succession readiness and capability needs.

Throughout 2025, HR played a central role in supporting major organizational shifts, ranging from operating model activation and business integration to workforce optimization and leadership development, while maintaining stability, engagement and compliance. The Group Human Resources Unit (GHRU) placed particular emphasis on moving from activity to impact: ensuring that frameworks, tools and programs translated into better decisions and stronger execution on the ground. Focusing on workforce productivity and organizational effectiveness, by enhancing employee experience and fostering a high-trust, agile workplace aligned with stc group's strategic objectives and future vision, the HR function supported higher engagement, improved collaboration and more effective execution across stc group.

Through these efforts, stc group continues to reinforce its position as an employer of choice, capable of attracting top talent, empowering future leaders and fostering a workplace that supports growth, ensuring the workforce is confident, capable and ready to work alongside AI technologies to achieve stc group's long-term strategic ambitions.

### 2025 by the numbers

835

Employees hired

89.6%

Saudization rate for stc KSA and its local subsidiaries

250

Cooperative training program trainees

2,875

Female employees

59

People with disabilities

568

Early retirement program beneficiaries

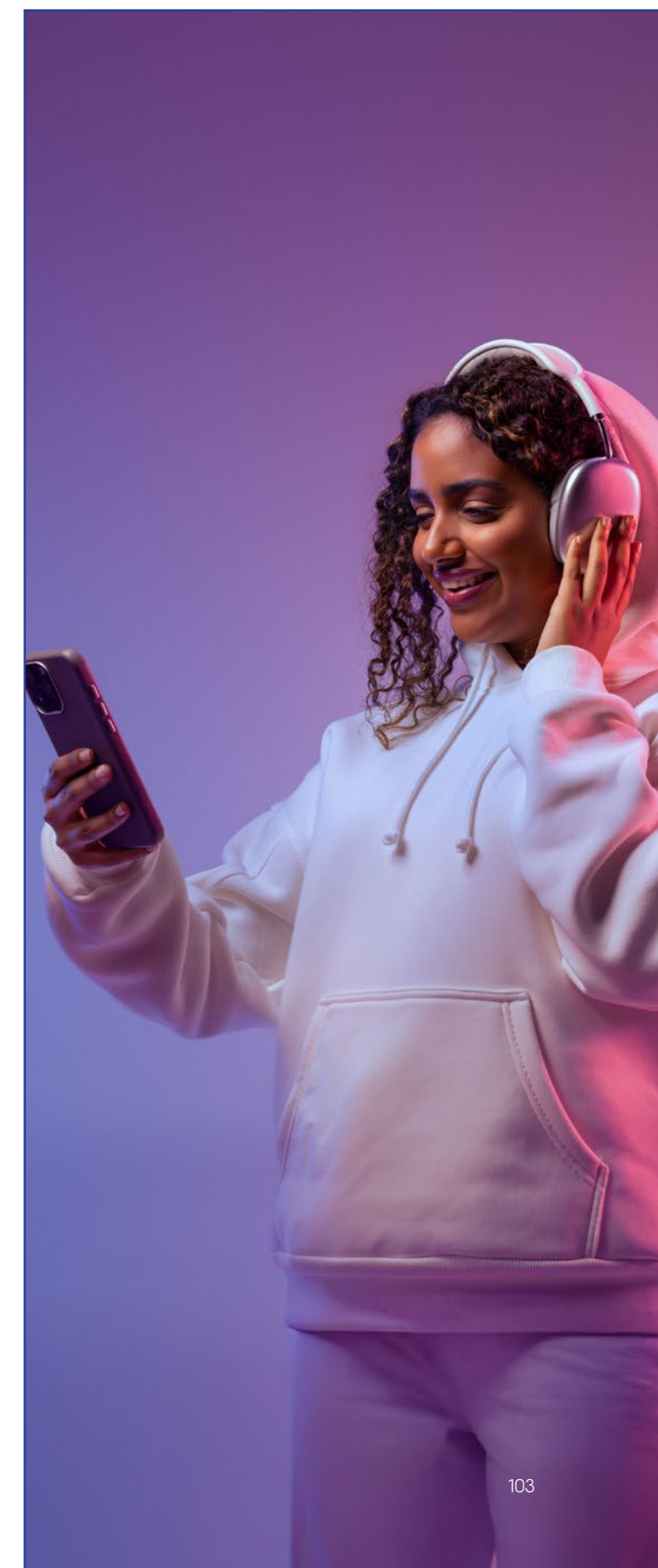
## Workforce profile

### stc group overall

	Direct	Contractor
Male	13,711	2,022
Female	2,875	313
<b>Total</b>	<b>16,586</b>	<b>2,335</b>

### stc group

Workforce profile	2025
Total number of employees (excluding trainees, students and outsourced staff)	18,921
<b>By type of employment</b>	
Total full-time equivalent (FTE) employees	18,921
Employees number on an indefinite or permanent contract	16,586
Employees percentage on an indefinite or permanent contract	88%
Employees number on a fixed term or temporary contract	2,335
Employees percentage on a fixed term or temporary contract	12%
<b>By age for permanent contract</b>	
Workforce by age less than 30	2,043
Workforce by age 30-50	12,852
Workforce by age more than 50	1,691
<b>By gender for permanent contract</b>	
Women	2,875
Men	13,711



## Supporting units continued

### Human Resources strategy

#### How stc group HR created value in 2025

In 2025, the GHRU strengthened enterprise performance through disciplined governance, workforce optimization and leadership enablement. Efforts centered on four value dimensions: **cost, risk, capability and continuity.**

#### Financial discipline and cost efficiency:

- Delivered material cost savings through the early retirement program and HR efficiency initiatives, while maintaining operational stability.
- Strengthened manpower cost governance through automated budget-to-actual tracking and envelope management dashboards.
- Optimized the HR operating model and functional benchmarks to improve cost transparency and allocation discipline across stc group.

#### Risk mitigation and governance:

- Enhanced succession coverage and leadership pipeline visibility, reducing key-role dependency risk.
- Strengthened workforce compliance through professional accreditation, policy assurance and regulatory alignment.
- Established a stc group HR Risk Repository to proactively identify and manage people-related risks.

#### Capability and leadership enablement:

- Embedded a refreshed human capital strategy aligned with stc group priorities.
- Expanded stc group-wide talent assessment, succession, and development frameworks to support better executive decision-making.
- Scaled AI-enabled analytics and dashboards to improve workforce planning, talent decisions and execution visibility.

#### Workforce stability and engagement:

- Sustained employee experience above benchmarks through targeted employee experience index (EEI) action plans.
- Invested in leadership accessibility, development programs and recognition initiatives to support retention and performance.
- Maintained workforce continuity during major transformations, integrations and operating model shifts.

### Outcome

The GHRU continued to embed the refreshed human capital strategy in alignment with stc group's corporate priorities, with focused efforts on integrating Aqalat into stc group and supporting the establishment of the space business, alongside optimizing workforce structures, enhancing HR cost efficiency and proactively managing people-related risks, reinforcing HR's role as a strategic partner in enabling sustainable performance and effective resource utilization.

### Measuring strategic progress

stc group's HR strategy and PMO department employs a robust performance management framework to measure and drive strategic progress, ensuring seamless alignment between HR initiatives and corporate objectives. This framework links strategic goals to measurable key performance indicators (KPIs), milestones and cross-unit initiatives, enabling precise tracking of outcomes. Governance is maintained through continuous monitoring of the GCHRO and HR executive scorecards, reinforced by monthly reviews with the corporate performance management (CPM) team and quarterly strategy review meetings (SRMs) with key stakeholders. Progress is assessed through data-driven dashboards and validated reports, to ensure transparency, accuracy and accountability. Qualitative insights and stakeholder feedback provide a holistic view of HR's impact. This structured approach facilitates timely identification of improvement areas, maintains alignment with organizational priorities and drives sustained delivery of strategic HR goals.

The execution of stc group's HR strategy has yielded substantial financial and operational outcomes, underscoring stc group's ability to create tangible value through strategic projects and initiatives. Key achievements include:

- Successfully executed 20 strategic GHRU projects with 100% completion rate, ensuring comprehensive implementation of stc group's performance-driven culture and operational excellence initiatives.
- Strengthened digital transformation by empowering more than 2000 users, served by HR analytics for data and dashboard accesses, delivering +20 use cases serving different areas of HR and providing insights to support decision-making.

These outcomes underscore the transformative impact of stc group's integrated HR strategy, delivering substantial cost savings, accelerated digital capabilities and enhanced talent excellence. Collectively, they reflect a relentless commitment to operational excellence, employee engagement and stakeholder value, solidifying stc group's position as a pioneer in strategic human capital management.

### Enhancing employee experience and culture

In 2025, stc group focused on building a world-class workplace by advancing employee experience, leadership accessibility and inclusive workforce practices. Driven by a human-centric and data-informed approach, stc group enhanced HR services, accelerated capability development and advanced a culture of trust, agility, inclusivity and high performance. These efforts directly supported business continuity, integration activities and operational performance while preparing the organization for future growth and digital transformation.

### Leadership engagement and employee

To foster transparent communication, HR at stc group activated a structured **leaders engagement calendar across stc group**, delivering **+90 engagement touchpoints with employees**, including breakfast with leaders' sessions, town halls, group visits and open days for all units and subsidiaries.

### One stc spirit

The stc group exhibition, conducted in December 2025, was a unique experience that brings together all units and subsidiaries to showcase their stories, services and capabilities. Through interactive booths, engaging displays and meaningful conversations, stc group employees discovered how each part of the stc group contributes to the overall success. It contained different activities including booths for each unit and subsidiary to demonstrate their scope, strategy, products, services and practice, including product displays: DOM (VR), stc tower display, 5G calling demo, AI software coding, stc square, qitaf and Tamayouz, tours in stc winter, Future museum, NOC building, cyber security lab as well as live sessions about different topics such as- rawafed, collab, tali venture, InspireU and ai core.

### Employees experience progress and impact

In 2025, stc group advanced its EEI maturity through a structured validation cycle, ensuring employee feedback accurately reflects real workplace experiences and inform decision-making. A comprehensive EEI benchmark study by new metrics positioned stc group **+3.5 points above the global benchmark and +1.5 points above the local benchmark.** To embed accountability, stc group established the EEI governance framework with **four approved processes**, ensuring consistency, compliance and ownership across all levels. In parallel, **nine actions have been implemented at the corporate level, and +180 unit actions were initiated and executed with quality and impact.** Building trust and transparency, stc group launched the EEI impact series with **six dedicated campaigns and +20 corporate communication touchpoints** to highlight progress and outcomes. Three priority themes emerged from the annual employee insights: **Enhancing cross-functional collaboration, accelerating business agility and expanding development opportunities** leading to tailored action plans developed in partnership with HR and business leaders.

### Experience enhancements

Corporate action in 2025 focused on strengthening everyday work experience in areas directly linked to productivity, retention and engagement:

- **Career development:** Strengthened internal mobility, launched the corporate skills program, enhanced online learning and expanded job attachments enrollment.
- **Workplace:** Upgraded physical spaces to enhance accessibility, collaboration and well-being.
- **Recognition:** Expanded recognition programs celebrating employee contribution and innovation.
- **Work-life balance:** Enhanced flexibility and time-management practices to support well-being.
- **Leadership accessibility:** Enabled open access to leaders and transparent dialogue across stc group.

## Supporting units continued

### Our people, diversity

We foster a culture that nurtures curiosity and values those unique traits of the individual, by which diverse team members are encouraged to express their personal talents in the interests of shared team goals. In such a way, we recognize diverse perspectives and cultivate a fair and inclusive environment where every voice is valued and heard.

### Women's empowerment

In line with stc group's commitment to advancing gender diversity and empowering women in the workforce, 2025 witnessed continued progress in strengthening female leadership and enhancing career development pathways for women across the organization. stc group recorded an increase in the representation of **women at the middle-management level**, reflecting the sustained efforts to build a strong and diverse leadership pipeline. The **inclusion index** was leveraged to monitor equity across employee experiences and outcomes, ensuring that gender differences are identified early and addressed proactively.

To foster visibility and engagement, women leaders were actively integrated into the **leader's calendar**, ensuring inclusive participation in key leadership touchpoints and reinforcing equity in decision-making platforms. Additionally, stc group ensures women talent is strongly represented within the **capabilities advancement framework (CAF)**, ensuring equal access to future skills development and leadership growth programs.

Recognizing the importance of supporting working mothers, stc group launched a **back to school initiative**, granting eligible mothers a half day on the first day of school for children aged **three to eight years**, promoting work-life balance and supporting family commitments during critical moments.

These initiatives reflect stc group's ongoing dedication to fostering an inclusive, supportive and equitable workplace that empowers women to thrive, lead and shape the future of the organization in line with **Saudi Vision 2030**.

### Empowering people with disabilities

In 2025, integrating and empowering employees with disabilities remained a strategic priority for stc group. Demonstrating its commitment to fostering an inclusive and accessible workplace, stc group earned the **Mowaamah Gold Certification** from the Ministry of Human Resources and Social Development, recognizing excellence in enabling equal opportunities and providing the necessary support tools and facilities for employees with disabilities.

To ensure accessibility across all workplaces, stc group developed a **comprehensive 35 question facilities assessment** based on universal design principles, covering six key accessibility pillars. Each building received an inclusivity profile, with a score and tailored recommendations, to continuously improve accessibility standards across stc group.

stc group further advanced the employee experience for people with disabilities (PWD) through dedicated initiatives, including:

- **Launching a PWD companion allowance** to support employees requiring personal care assistance.
- **Training and installation of building evacuation chairs** across facilities to ensure emergency readiness.
- **Providing sign language awareness sessions** and deaf culture training to promote inclusive communication.

These efforts reflect stc group's commitment to building a workplace where all employees can thrive, supported by structured policies, advanced facilities and a culture of respect and empowerment.

### Culture and ethnicity

Despite high nationalization rates where a significant percentage of employees are citizens of the countries where stc group operates, the workforce represents a variety of ethnic backgrounds and cultures. stc group actively engages in self-identification efforts to better understand how different cultures and ethnic groups are represented across the organizational structure. stc group listens to and learns from its colleagues to maintain a welcoming and nurturing work environment. In 2025, stc group recorded a diverse mix of **over 60 nationalities**, underscoring its commitment to fostering an inclusive and multicultural atmosphere.

### Inclusion

Inclusion is embedded in stc group's people strategy in 2025, supported by structured governance to ensure equitable access to development and opportunities. Employees experience data was systematically used to identify and address gaps across employee groups through a dedicated inclusion index, built on a structured framework encompassing six core attributes: inclusive accessibility, fair treatment across all employee segments, integration of differences, sense of belonging, psychological safety and inclusive decision-making. In 2025, the inclusion index reached a score of 74.3, reflecting a year-on-year improvement from 71.3 in 2024.

### Center of Excellence

In 2025, stc group's Center of Excellence achieved a qualitative leap in HR strategies, focusing on improving the employee experience and enhancing organizational efficiency. Initiatives included developing systems and standardizing performance and rewards programs, in addition to aligning policies and procedures across stc group. These efforts directly supported major business priorities, including new business establishment, integrations and large-scale transformations, by ensuring leadership stability, workforce continuity and consistent governance. These comprehensive efforts not only led to improved internal processes, but also resulted in stc group winning several prestigious regional awards, reflecting its excellence in leading institutional transformation and its strong performance in external benchmarking.

### Improving employee experience in the career growth journey at stc group

stc group is committed to elevating and supporting all its employees to improve their well-being and enhance stc group's productivity. In 2025, the succession planning for senior management across stc group was completed, covering 14 units and eight subsidiaries. This strengthened succession coverage, mitigated leadership dependency risk and ensured continuity for critical business operations.

Additionally, stc group continued its strategic investment in developing internal consulting capabilities through the specialist development program (SDP). A new cohort of 30 specialists began the Consulting Skills Program, preparing them to achieve chartered management institute (CMI) certification. In parallel, a new initiative was launched to embed SDP specialists within consultancy projects delivered by external firms, providing hands-on experience and enabling direct knowledge transfer. These initiatives have significantly enhanced the capabilities of SDP consultants, empowering them to lead and deliver over 40 internal consultancy projects in 2025 that generated tangible business impact. This internal capability building reduced reliance on external consulting firms and supported cost efficiency across stc group.

The job attachment program (JAP) continued its strong performance in 2025 with the successful implementation of the automated HUB approach, allowing employees to easily search and apply for suitable development opportunities. Over 228 seats were posted, marking a significant milestone with 43 employees participating in international assignments across seven global companies and more than 50 employees placed in local assignments. This contributed to addressing skills scarcity risks by expanding external exposure and accelerating capability development. This represents a 23% increase in participation compared to the previous year.

### Enhancing organizational efficiency

To enhance organizational efficiency, stc group initiated a process to right-size its workforce across stc group, contributing to increased operational efficiency. This workforce optimization supported cost discipline while maintaining operational stability during ongoing business expansions and integrations. The design and launch of a unified performance management system across stc group represents significant progress toward standardizing performance evaluations. Furthermore, the standardization of stc group's rewards framework and the unification of all internal rules and regulations of the subsidiaries have facilitated the compensation and benefits system across stc group. Aligning core and leadership competencies across stc group and designing and launching a competency heat map has empowered the management team to make informed decisions regarding employees and organizational structures. These tools also strengthened governance and enabled better workforce planning to support new operating models.

## Supporting units continued

Overall, these initiatives represent a concerted effort by stc group to not only improve the work experience for its employees, but also to enhance efficiency and effectiveness across stc group.

### Talent development and retention

stc group's commitment to investing in human capital and developing leadership capabilities was exemplified through the graduation of the fifth cohort of the HiPo program, which included 20 graduates, among them five executives from across stc group. This contributed to strengthening the leadership pipeline and ensuring readiness for future business growth.

The program featured several advanced training modules, delivered in collaboration with its academic partner, the University of Michigan Ross School of Business, ranked #1 in North America for executive education this year by the Financial Times. Additional collaborations with world-class institutions such as IMD Institution further enriched the participants' learning experiences and contributed to enhancing their leadership competencies. Participants also engaged in interactive sessions with senior executives, presenting future-focused projects aligned with stc group's strategic directions. The program included field visits to several stc group subsidiaries, as well as international visits to leading global organizations such as Nestlé and the Olympic Museum in Switzerland. These experiences provided participants with valuable insights into diverse business environments and sparked innovative ideas that will support their continued professional growth.

In 2025, stc group's fresh graduate development program, talent incubation program (TIP), continued to play a leading role as one of stc group's flagship programs for developing young Saudi talent, with 172 employees graduating from batches 13 and 14. The program maintained its strategic partnership with IE Business School, delivering focused training programs and individual coaching sessions led by international experts to enhance participants' leadership and innovation capabilities. It also provided extensive on the job training within stc group, enabling participants

to transition from university students into skilled professionals equipped with strong digital, analytical and innovative abilities that align with stc group's focus on innovation and digital transformation.

Throughout 2025, participants worked on applied projects aimed at improving operational efficiency, enhancing customer experience and developing digital solutions that generated tangible business value. This achievement extends the program's success since its launch in 2018, with over 1,250 graduates to date, some of whom now hold leadership and expert positions across stc group and its subsidiaries. stc group also achieved a milestone through its cooperative training program (COOP), training 250 university students from various technical, engineering and business disciplines. This reflects stc group's commitment to inclusion by ensuring equal access to development opportunities for early career talent.

### Organization design and workforce solutions

In 2025, stc group underwent a qualitative transformation in HR management, where the organizational structure was completely updated and new mechanisms for appointment and career development were adopted. These efforts resulted in filling leadership vacancies in record time and improving the performance evaluation process. stc group continued its transformational journey in HR, building on the solid foundation laid in 2024. This year marked a significant leap toward talent centric practices. The appointment and career development frameworks were further refined to support agility and cross functional collaboration, while enhancements ensured a more transparent and merit based progression system.

stc group successfully accelerated the implementation of its career mobility program, expanding its reach and impact across all business units. This initiative has not only enabled employees to diversify their skills and gain exposure to new domains, but it has also become a key driver of talent retention and leadership readiness. It also played a role in mitigating skills scarcity risk and preparing the workforce for emerging business needs.

### HR Business Partners

In 2025, the HR Business Partners (HRBP) continued to strengthen its role as a strategic enabler of stc group's transformation journey, focusing on three overarching priorities: building organizational capabilities, driving operational efficiency and enhancing employee experience.

Through deep integration with business clusters, functional units and subsidiaries, the HRBP function has evolved into a capability-led, insights-driven partner organization that supports business growth, enables future skills and ensures consistent execution of stc group's strategic priorities through people and performance.

As trusted advisors to leadership teams, HRBP has played a pivotal role in orchestrating organizational transformation, ensuring that every major initiative is underpinned by the right structure and capabilities.

### 1. Capability development- Building a future-ready workforce

In 2025, HRBP led a comprehensive, enterprise-wide Capability Enablement initiative aimed at aligning talent, leadership and organizational capabilities with stc group's evolving business model and technological ambitions.

For that, it institutionalized Talent Review Sessions as a comprehensive platform to identify, assess and review both organizational and talent needs across stc group. Regular talent dialogues were embedded across all leadership levels to provide visibility of top talent, readiness assessment for critical roles and career pathing. These sessions served as a critical input for all talent-related decisions, including leadership development, career progression, succession planning and appointments.

By integrating data insights with leadership discussions, the Talent Review Sessions enabled objective, future-focused decision-making, ensuring the right talent is positioned in the right roles to maximize organizational impact. In addition, it enabled

proactive succession management and strengthened the leadership pipeline.

This strategic focus ensured that stc group's clusters, functional units and subsidiaries are equipped with the right skills, capacity and agility to accelerate digital growth and operational excellence.

Based on this comprehensive analysis, several strategic development programs are being supported by the HRBP, such as:

- **Job attachment program (JAP): Technical shadowing program for technology specialists** with stc group's major partner and global technology providers such as Huawei, Nokia and Ericsson, where stc group specialists will travel abroad to work in their headquarters across Poland, Sweden and China.
- **Corporate leadership program (CLP):** A flagship enterprise program designed to accelerate the readiness of next-generation leaders. CLP focused on strategic thinking, commercial acumen, innovation and people leadership, embedding the leadership DNA required to sustain stc group's growth and transformation.
- **Corporate digital excellence program (CDP):** To reinforce stc group's position as a digital-first organization, HRBP co-led the CDP in partnership with academy by stc to build advanced digital capabilities. The program empowered employees across stc group to leverage digital tools and data-driven insights to deliver superior business outcomes.
- **Corporate skills program (CSP):** A structured development initiative focusing on soft and digital skills. The CSP enabled broad-based skills upliftment to enhance team effectiveness and cross-functional collaboration across stc group.

Together, these initiatives established a robust capability ecosystem that aligns talent and organizational development with stc group's strategic direction, ensuring readiness for future challenges and opportunities.

## Supporting units continued

### 2. Operational efficiency - Driving agility

Building on the new HR operating model, HRBP continued to embed efficiency, agility and simplification within HR processes and business operations.

In 2025, HRBP led multiple initiatives to optimize structures, redeploy talent and strengthen governance, ensuring HR continues to enable faster, leaner and more effective business outcomes.

#### Key initiatives included:

- **Space business establishment:** Enabled the establishment of the space business at Carrier & Wholesales by attracting the right capabilities, shaping strong space business acumen and satellite exclusivity and market advantage.
- **Shared Services centralization:** Following the previous year's consolidation, HRBP expanded the HR Shared Services model to additional subsidiaries. This centralization improved process consistency, turnaround time and service quality, while achieving tangible cost efficiencies and a unified employee experience across stc group.
- **Marketing centralization:** Centralized marketing communications across the business to address the lack of ownership and ensure brand coherence.
- **Intigral and Aqalat integration:** HRBP played a strategic role in the full integration of Intigral and Aqalat into stc group's operating model. These integrations harmonized organizational structures, streamlined reporting lines and unified talent practices, improving operational efficiency and reinforcing governance.
- **Board of Secretaries centralization:** Centralize the Board of Secretaries under stc KSA to enhance service delivery across all subsidiaries.

### 3. Employee experience - Enhancing engagement and empowerment

HRBP made employee experience a strategic priority, recognizing its direct impact on performance, retention and organizational value. Using insights from the EEI, targeted initiatives were deployed across all business units.

These focused actions are designed to strengthen engagement and improve the overall workplace, productivity, efficiency, values alignment, customer satisfaction, employee behavior and ultimately, profitability.

As stc group continues its evolution toward becoming a regional digital and technology powerhouse, the HRBP function remains at the heart of driving transformation through people. Through these ongoing efforts, HRBP will continue to serve as trusted advisors and transformation partners, enabling stc group to sustain its competitive edge, deliver superior business performance and build a future-ready, high-performing organization.



#### Awards and recognition:

In 2025, stc group's Human Resources function continued to receive excellence awards at both local and international levels, reflecting the maturity of its practices in employee experience, talent development, inclusivity, institutional governance and human capital management. This external recognition demonstrates the progress made in building a resilient, high-performing workforce, strengthens competitiveness in attracting talent and supports the sustainable execution of stc group's growth and transformation agenda.

#### Forbes

- World's Best Employers

#### OSHRM

- HR Innovation

#### HRM

- Best Reward and Recognition Strategies
- Best Learning and Development Initiative
- Best Use of Technology

#### SHRM

- Silver - Excellence in Learning and Development

#### Brandon Hall

- Gold - Best HR Data Analytics
- Silver - Best Leadership Development Program
- Silver - Best Coaching and Mentoring Program



#### Group Human Resources Unit in 2026

Looking ahead to 2026, GHRU's priorities are aligned with stc group's strategic direction and reflect a forward-looking approach to workforce readiness, capability development and the proactive management of key people risks, supporting sustainable growth and long-term value creation. These priorities are focused on:

- **Embedding the human capital strategy** across stc group to translate people priorities into measurable business impact, supporting operational efficiency, enterprise-wide transformation and long-term value creation.
- **Advancing digital HR and AI adoption** by enabling the effective use of AI in HR and people operations to improve decision-making, service quality and productivity, aligned with external benchmarks for digital HR maturity.
- **Building future-ready capabilities** through targeted upskilling and reskilling initiatives, ensuring the workforce has the critical skills required to support new technologies and evolving business models.
- **Strengthening leadership readiness** via focused leadership enablement to guide teams through change and sustain performance in a technology-enabled operating environment.
- **Proactively managing people risks** by applying structured change management to mitigate risks related to skills gaps, adoption readiness and workforce engagement during technological transformation.
- **Enhancing workforce resilience and competitiveness** to support sustainable growth and ensure stc group remains well-positioned in a rapidly evolving market.

**Supporting units** continued

## Shared Services Unit

stc group's Shared Services Unit represents a transformational business model designed to unify and integrate support functions, providing comprehensive, high-quality and easily accessible services. By optimizing the use of strategic resources, expanding the service product portfolio and integrating core systems, Shared Services aims to enhance spending efficiency, boost productivity and improve transparency. This approach strengthens the strategic alignment of stc group and contributes significantly to its overall effectiveness.

The Shared Services Unit plays a critical role in achieving stc group's strategic objectives by driving organizational growth and enhancing business efficiency. It delivers a diverse range of essential services, including human resources, training, supply chain, procurement, facility and fleet management, safety and security, hospitality, property management, districts services, partner management, office automation and local content. These integrated offerings enable stc group to operate more cohesively and effectively, fostering a streamlined and agile organization prepared to meet evolving business needs.

### Facility and fleet services

As part of its ongoing efforts to enhance operational efficiency and service integration, the Unit successfully increased the capacity of buildings and facilities to accommodate employees of stc group's subsidiaries at the headquarters, improving the work environment and employee experience. This has contributed to the optimal utilization of assets, strengthened institutional integration and enriched the shared work experience. Through this integration of functions and services, the Unit has enabled stc group to operate with a higher level of synergy, efficiency and readiness to adapt to business requirements and future challenges.

### Employee services

During 2025, efforts continued to enhance the efficient and effective delivery of core human resources services for stc group employees. This ongoing commitment ensured the smooth and uninterrupted continuity of operations. Key aspects of this approach included improving digital technology development processes for HR services, as well as strengthening employee well-being programs and ensuring full compliance with all regulations and policies.

As part of the HR Services team's continuous efforts to enhance employee experience and improve the work environment, the team was awarded the ISO 9001 certification, reaffirming their commitment to quality and excellence in the field of human resources services.

### academy from stc

academy from stc plays a central role in implementing stc group's strategy by developing leadership, digital and technical capabilities that enhance productivity and drive sustainable growth. It brings together assessment, learning and knowledge-sharing within an integrated operational model that promotes excellence and supports stc group's digital transformation journey.

The academy's programs aligned with structured career paths designed to help employees gain the right skills and strengthen their readiness to achieve business objectives. These programs cover key areas such as leadership, data and artificial intelligence, cybersecurity and the Internet of Things, contributing to the development and retention of internal talent.

Through its assessment services, the academy measures employee capabilities and directly links development efforts to business priorities, enabling better workforce planning and focused investment in critical skills.

In 2025, the academy launched the Capability Enhancement Program, a new initiative aimed at upgrading employee skills and competencies, improving overall performance and promoting a culture of continuous learning to ensure talent development remains aligned with stc group's future direction.

### Accreditations of academy from stc

In 2025, the academy upheld its commitment to quality and excellence through the following accreditations:

- **EETC:** Full accreditation from the Education and Training Evaluation Commission.
- **TVTC:** Accreditation from the Technical and Vocational Training Corporation.
- **ISO 9001:** Certification for quality management systems.
- **ISO 29993:** Accreditation for learning services outside formal education.
- **ISO 40180:** Guidelines for quality, management and improvement in technology-enhanced learning.
- **ISO 10667:** Accreditation for assessment services in work and organizational environments.



## Supporting units continued

### Local content (rawafed program)

Following the launch of rawafed local content strategy for 2025, it represents a new roadmap to maximize long-term economic and social impact, through its four strategic pillars.





- 1. Localize spending** by promoting contracts with local small and medium-sized enterprises, driving the growth of national industries and contributing to their development.
- 2. Attract investment** of high-quality investments in communications and information technology and fostering opportunities to localize value-added industries to strengthen supply chain sustainability and create economic opportunities.
- 3. Foster innovation** by supporting local innovation, motivating entrepreneurs and promoting research on emerging technologies.

- 4. Enrich capabilities** developing national skills and capabilities through training, qualification programs and knowledge transfer. It also supports Saudi talent by creating new job opportunities that will contribute to the digital economy.





To reinforce the strategy's messages and ensure stakeholder alignment, rawafed launched an integrated awareness campaign, featuring an introductory video, leadership messages and multi-channel communications across internal and external platforms. The campaign achieved **over 65,000 video views and 31 media appearances**, strengthening rawafed's visibility as a key enabler of local content within stc group.

\*The figure below presents how stc group's local content strategy has advanced to sustain its leadership in local content within the ICT sector.

## 2020–2025

to champion local content	
	SME support
	Industry localization
	Digitization and innovation
	Workforce development

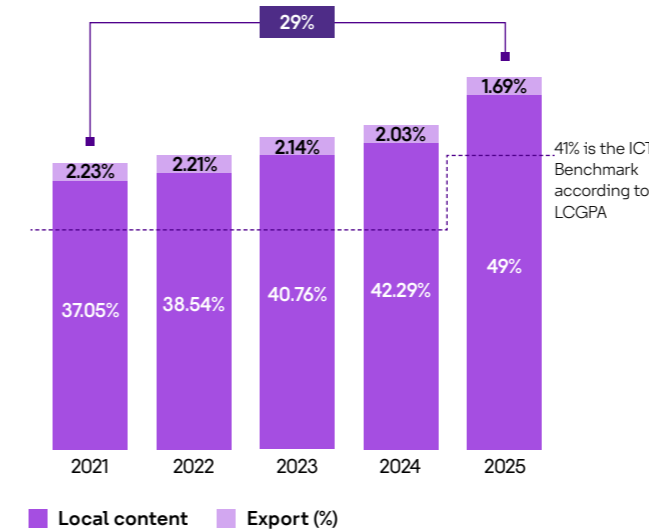
## 2025–2030

the champion of local content	
	Localize spending
	Attract investment
	Foster innovation
	Enrich capabilities

### rawafed performance for 2025

This year, rawafed recorded a remarkable increase in its local content score, reaching **50.69%**, a substantial improvement from the previous year and surpassing the ICT sector benchmark of **41%**. This achievement reflects stc group's continuous progress and steadfast commitment to advancing local content and strengthening its national impact. The total **local spending also exceeded ₪ 17 billion**, with **annual spending of more than ₪ 7 billion on local workforce wages**, in addition to spending more than **₪ 41 million on training** programs to enhance the capabilities of national talents

### Local content growth in stc group



Regarding local partners and suppliers, **the number of local content certificates reached 1,270 by 2025**, while **spending on local goods and services increased to 36%**. Meanwhile, at the national level, rawafed participated in the Public Investment Fund Private Sector Forum, showcasing key investment opportunities and highlighting industries and digital solutions in areas such as cybersecurity, artificial intelligence and other future technologies.

Furthermore, **rawafed organized the Tomoh meeting in collaboration with Monsha'at, attended by over 80 SMEs**, where key investment opportunities, supplier registration processes and support services for SME growth and competitiveness were presented, reaffirming stc group's role in empowering this sector and supporting Saudi Vision 2030.

### rawafed key initiatives for 2025

**The Local Excellence Program** continued to deliver its training and advisory initiatives, designed to support and empower national entities in advancing local content. By 2025, the program had **partnered with over 13 companies within the Public Investment Fund portfolio, most notably Riyadh Fly and Red Sea Global**. These efforts aim to foster partnerships, strengthen the local content ecosystem and empower these companies to enhance their capabilities and contributions to the national economy.

### Awards and recognitions

In 2025, **rawafed by stc** achieved a series of notable accomplishments that reinforced stc group's position as a key enabler of local content. In a new milestone reflecting **stc group's** commitment to maximizing national impact, stc group won the **Excellence in Local Content Preference award** for the second consecutive year in the **government-owned companies** category. The excellence extended to other subsidiaries, with **IoT squared** earning the **Local Content Development award**, highlighting the success of stc group's integrated ecosystem in promoting local content across its various sectors.

### Shared Services Unit in 2026

Throughout 2026, Shared Services Unit is committed to accelerating its contribution toward stc group's strategic objectives to improve overall efficiency. It will be expanding and diversifying shared services, creating additional cost optimization and synergies, improving customer journeys, enhancing talent acquisition and development, and maximizing stc group's asset utilizations.

Supporting units continued

## Internal Audit

stc group's Internal audit is an independent and objective Unit that provides both reasonable assurance and consulting services to add value while improving stc group's operations. It supports stc group in accomplishing its objectives by adopting a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes.

The function has conducted assurance audit reviews in alignment with the Audit Committee's approved annual audit plan. These reviews aim to provide reasonable assurance on the effectiveness and efficiency of stc group's risk management, control and governance processes, primarily focusing on high-risk functions and operations. In addition, Internal audit has delivered

independent consulting services in collaboration with executive management to enhance operational effectiveness, reduce costs and minimize revenue leakage.

Furthermore, the function has played a pivotal role in reviewing interim and annual financial statements while coordinating with external regulatory authorities and supervisory bodies to ensure compliance and uphold governance excellence.

The Internal audit's assurance and consulting reviews have not identified any significant findings that would affect stc group's ability to sustain its operations.

## Legal Disclosure

stc group affirms its full commitment to the regulations and laws in the Kingdom. This is demonstrated by the company's receipt of the Compliance Program Completion certificate based on official reports from the Competition Authority.

In the context of disclosure, telecom act violations committees affiliated with the regulatory authorities for the communications and technology sector have issued a number of penalty decisions against stc group for various reasons. These committees consider that the Company did not comply with certain relevant CST regulations, such as failure to complete number portability requests (MNP), offering promotions or discounts deemed non-compliant or not providing information within the specified timeframe. Some decisions are related to user complaints, where the regulatory authorities consider there was a delay in implementing directives or in providing the required information.

In line with stc group's responsibility to protect its rights and those of its shareholders, as a licensed operator and pursuant to the rights granted under the Telecommunications and Information Technology act, the company has filed appeals against these penalty decisions before the competent judicial authorities.

There were **(300)** total cases filed based on these decisions for the fiscal year 2025, with total amount of **₹ 220,705,000** (Two hundred and twenty million seven hundred and five thousand riyals), detailed as follows.

- Cases ended with final judgments in favor of stc group: **(37)** cases, with total amount of **₹ 53,228,000**.
- Active cases handling in the grievance board: **(171)** cases, with total value of **₹ 101,169,000**.
- Cases ended with final judgments against stc group: **(92)** cases, with total value of **₹ 66,308,000**.

stc group further affirms it regularly undertakes the necessary internal measures to ensure compliance with regulations and instructions, thereby contributing to reducing the issuance of such penalties.

