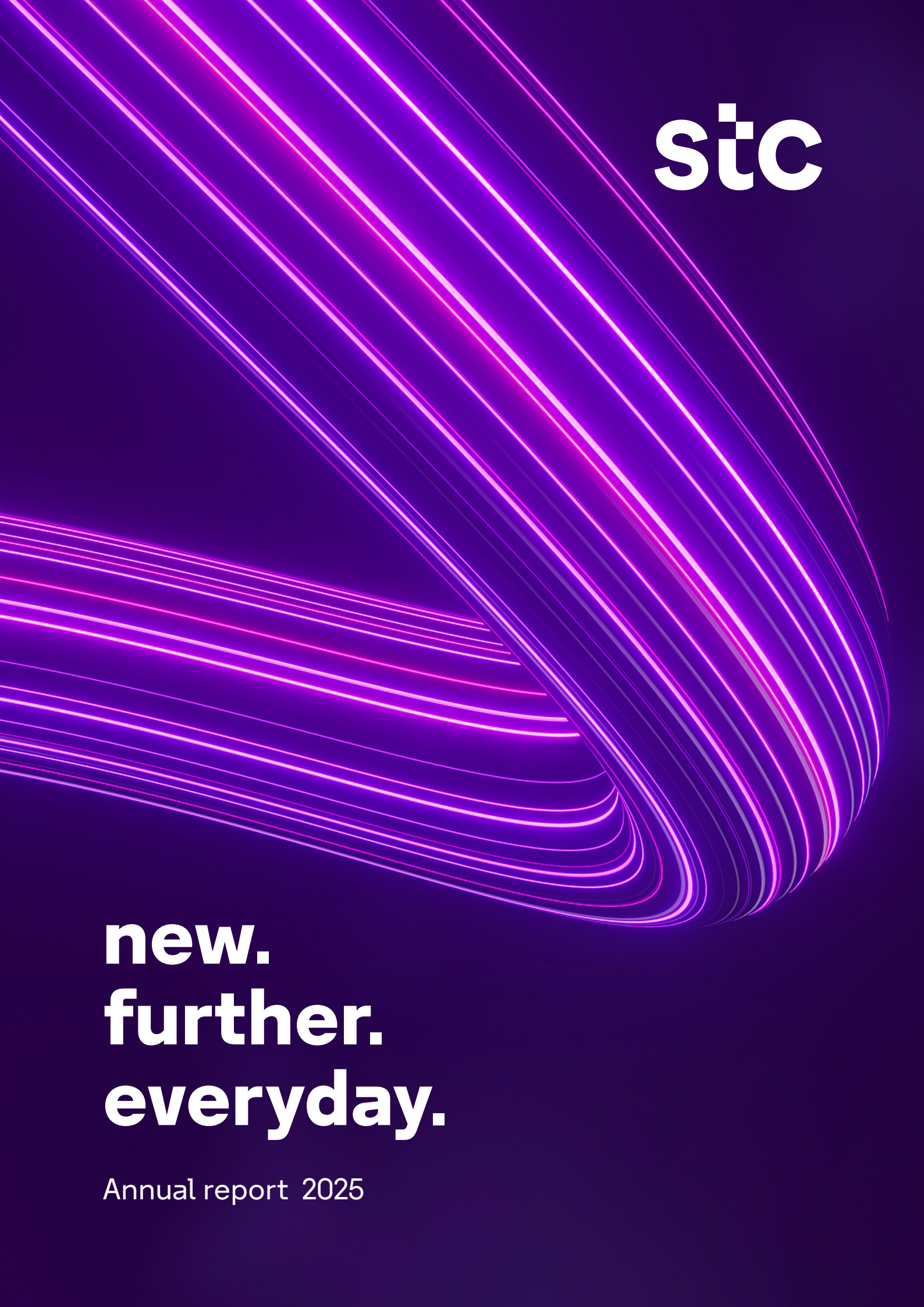




stc

**new.
further.
everyday.**

Annual report 2025

welcome

歡迎

willkommen

bienvenue

benvenuti

أهلاً وسهلاً

willkommen

ようこそ

добро пожаловать

herzlich

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wenvenuti

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A glimpse into the promising future ahead

Revenue

₪ 77.82 billion
↑ 2.5 % YoY

Net profit

₪ 14.83 billion
↑ 12.5 % YoY*

* After excluding the non-recurring items.



Theme of the year

new. further. **everyday.**

stc group continues to advance its achievements and explore new horizons to exceed expectations. In 2025, **stc group** delivered strong financial performance while advancing its long-term role as a national digital enabler. Through disciplined investment, world-class technology and a clear strategic direction, **stc group** continued to connect, empower and transform lives across Saudi Arabia and beyond. Anchored in a long-term vision and aligned with Vision 2030, **stc group** translated ambition into execution, reinforcing its leadership across telecommunications, ICT and digital services.

Progress this year was defined by purposeful expansion and infrastructure-led growth. **stc group** advanced the future of connectivity through continued investment in advanced networks, hyperscale data centers and landmark telecom infrastructure initiatives that strengthen the Kingdom's digital foundations. The launch of **STC Bank** as a digital bank in Saudi Arabia marked a significant step in expanding **stc group's** digital ecosystem and supporting financial innovation. These milestones reflect its commitment to enabling national progress and positioning Saudi Arabia as a strategic digital hub.

Innovation remained central to how **stc group** creates value. **stc group** continued to deliver world-class services and achieved record-high network performance, reflecting a sustained focus on quality, reliability and customer experience. Strategic global partnerships supported the advancement of artificial intelligence, cloud computing and next-generation networks, while the continued evolution of the 5G

network enhanced connectivity and supported key sectors across the Kingdom. Each initiative reinforced **stc group's** role at the heart of the region's digital economy.

The promise of new. further. everyday. is reflected in consistent execution and long-term impact. Looking ahead, **stc group** remains focused on its strategic pillars; reinforcing its telco leadership, capturing infrastructure opportunities and strengthening its digital ecosystem. With a clear purpose and a resilient platform, **stc group** continues to enable Saudi Arabia's position as a regional and global technology hub in line with Vision 2030.



At a glance

Financial highlights

Revenue	Gross profit	EBITDA	Net profit	EPS
ﷲ 77.82	ﷲ 37.70	ﷲ 24.47	ﷲ 14.83	ﷲ 2.97
billion	billion	billion	billion	
2.5% YoY	5.2% YoY*	6.1% YoY*	12.5% YoY*	

* After excluding the non-recurring items.

Operational highlights

#1	30	+8	72%	6	6	18,921
in Mobile, Fixed and IT	million	million	Market share in terms of revenue	million	million	Number of employees (at group level)
The most preferred ICT operator in KSA	Mobile subscribers in KSA	STC Bank customers		stc tv subscribers (authorized*)	Fixed subscribers in KSA	
25	50.69%	ﷲ 66	63%	16	89.6%	19.60
data centers	Local content score	billion in brand value	5G coverage of residential and populated areas	cables	Saudization	million users reached
(operational and under construction)	(up by 14.37% vs 2024)	The most valuable telecom brand in the Middle East		Submarine cables	(for stc KSA and its local subsidiaries)	Loyalty program (qitaf)

* Authorized subscribers: customers who have generated their login credentials and logged into stc tv or Jawwy TV at least once in their lifetime.

ESG highlights

50%	46.2%	One	Net zero carbon	stc group ESG score	21.8
reduction	reduction	million trees		AA MSCI	Sustainalytics
2030 target for scope 1 and 2 (from 2019 baseline)	2030 target for scope 3 (from 2019 baseline)	2030 planting target	2050 target	55	C+ Prime
				S&P CSA	ISS ESG

About stc

Saudi Telecom Company (stc) was founded as a Saudi Joint Stock Company by Royal Decree No. M/35 on 24 Dhul Hijja 1418H (corresponding to 21 April 1998). This decree authorized the transfer of the telegraph and telephone division from the Ministry of Post, Telegraph and Telephone (MoPTT) to stc, including its associated technical and administrative resources.

Our Vision and Values

Digital and telco leader, enabling the society and economy to thrive, in KSA and beyond.

Dynamism

How we become a company that is continuously looking to improve and adopt new and better ways of doing things, with a fresh and ingenious view.

- Agile
- Collaborative
- Fresh

Devotion

The desire to become a “customer centric” company for our clients and our employees.

- Caring
- Committed
- Trustworthy

Drive

We are “restless”, looking for the best possible solutions for our clients and our employees.

- Proactive
- Inventive
- Inquisitive

stc’s establishment was further supported by the Council of Ministers’ Resolution No. 213, dated 23 Dhul Hijja 1418H (corresponding to 20 April 1998), which approved the company’s bylaws. stc commenced operations as the Kingdom’s telecommunications services provider on 6 Muharram 1419H (corresponding to 2 May 1998), and was officially registered with Commercial Registration No. 1010150269 as a Saudi Joint Stock Company on 4 Rabi al-Awal 1419H (corresponding to 29 June 1998). stc’s headquarters is located in the King Abdulaziz Complex, Imam Mohammed Bin Saud Street, Al Mursalat Area, Riyadh, Saudi Arabia.

stc was initially fully owned by the Government of Saudi Arabia; however, in accordance with Council of Ministers Resolution No. 171, dated 2 Rajab 1423H (corresponding to 9 September 2002), the government sold 30% of its shares.

In 2022, stc increased its capital by 150%, raising ﷲ 30 billion from retained earnings, and issued 1.5 bonus shares for every one share held by shareholders on the eligibility date. As a result, stc’s capital grew from ﷲ 20 billion to ﷲ 50 billion. The Public Investment Fund (PIF) is stc’s largest controlling shareholder, holding a 62% stake, while 38% of the shares are publicly available as free float. This capital increase was designed to support stc’s growth and expansion, enhance shareholder returns and strengthen its investment capacity. It also positions stc to better capitalize on emerging growth opportunities in the telecommunications and technology sectors, both within Saudi Arabia and across the region.

stc has consistently made visionary investments across multiple sectors and industries, positioning itself as a leader in the telecommunications and information technology fields. Since its inception, stc has been committed to advancing its operations and expanding its service offerings, staying ahead of rapid technological changes and market dynamics. By leveraging its extensive experience and continuously strengthening its financial and operational capabilities, stc has solidified its role as a key enabler of digital transformation in Saudi Arabia and beyond. With a history of innovation and a clear, future-focused strategy, stc remains dedicated to delivering exceptional services and unparalleled customer experiences, ensuring its continued leadership in the evolving digital landscape.

Activities of stc

The main activities of the Company and its subsidiaries (collectively referred to as the “Group”) comprise the provision of telecommunications, information, media services and digital payments, which include, among other things:

- 1- Establish, manage, operate and maintain fixed and mobile telecommunication networks, systems and infrastructure.
- 2- Deliver, provide, maintain and manage diverse telecommunication and information technology (IT) services to customers.
- 3- Prepare the required plans and necessary studies to develop, implement and provide telecommunication and IT services covering all technical, financial and administrative aspects. In addition, prepare and implement training plans in the field of telecommunications and IT, and provide consultancy services.
- 4- Expand and develop telecommunication networks, systems and infrastructure by utilizing the most current devices and equipment in telecom technology, especially in the fields of providing and managing services, applications and software.
- 5- Provide integrated communication and information technology solutions which include, among other things, telecom, IT services, managed services, cloud services and internet of things, etc.

- 6- Provide information-based systems and technologies to customers including providing telecommunication means for the transfer of internet services.
- 7- Wholesale and retail trade, import, export, purchase, own, lease, manufacture, promote, sell, develop, design, setup and maintenance of devices, equipment and components and executing contracting works that are related to different telecom networks including fixed, moving and private networks. In addition, computer programs and other intellectual properties.
- 8- Real estate investment and the resulting activities, such as selling, buying, leasing, managing, developing and maintenance.
- 9- Acquire loans and own fixed and movable assets for intended use.
- 10- Provide financial and managerial support and other services to subsidiaries.
- 11- Provide development, training, asset management and other related services.
- 12- Provide solutions for decision support, business intelligence and data investment.
- 13- Provide supply chain and other related services.
- 14- Provide digital banking services.
- 15- Provide cybersecurity services.
- 16- Construction, maintenance and repair of telecommunication and radar stations and towers.

Moreover, the Company is entitled to set up individual companies as limited liability or closed joint stock. It may also own shares in, or merge with, other companies, and it has the right to partner with others to establish joint stock, limited liability or any other entities whether inside or outside the Kingdom.

Our journey

1998

stc group began its operations as the telecommunications services provider across the Kingdom of Saudi Arabia.

2002

stc group was publicly listed as one of the largest IPOs in the Saudi stock market at the time.

2003

Launch of digital subscriber line (DSL) services.

2005

Reach of 10 million mobile subscriber mark.

2006

Launch of 3G and 3.5G services.

Capital increase from 15 billion to 20 billion.

2007

By acquiring a stake in "MAXIS Communications", operations expanded internationally to Indonesia and Malaysia.

Acquisition of a 100% stake in Arabian Internet and Communication Services Company "solutions".

Acquisition of a 26% stake in "stc Kuwait".

2008

Launch of an Indonesian operation under the name "AXIS".

2009

Winning the third mobile license in the Kingdom of Bahrain.

2010

Launch of bundled services for stc group's customers.

2011

Acquisition of a 60% stake in "SaleCo" (now known as "Channels").

2012

Launch of 4G services.

2013

Introduction of fiber-optic internet services in the Kingdom.

2014

Establishment of "Aqalat".

Launch of a Sukuk program valued at 5 billion, with the first tranche amounting to 2 billion.

2015

Acquisition of the Public Telecommunications Company "Bravo", now known as "Specialized".

2015

Evolution into a leading ICT company in the region.

Establishment of Dividend distribution policy for stc group's shareholders.

2016

Increase of stc group's stake in "stc Kuwait" up to 51.8%.

2017

Launch of "InspireU", stc group's business accelerator program.

Establishment of STV investment fund with a capital of USD 500 million.

2018

Launch of "stc pay" (now known as "STC Bank").

Increase of stc group's stake in "Channels" to 100%.

2019

Launch of "DARE 2.0" strategy, aligned with the Saudi Vision 2030 goals.

stc group signed a comprehensive settlement agreement with the government.

Establishment of "TAWAL".

2020

Launch of 5G services.

2020

Sale of a 15% equity stake in "stc pay" to Western Union, valued at 750 million.

Establishment of "sirar".

2021

"stc pay" obtained a license for digital banking and was renamed to "STC Bank".

"Solutions" IPO for 20% of its capital.

2022

Establishment of "center3", "IoT squared" and "sccc by stc".

Increase of capital by 150%, from 20 billion to 50 billion.

2023

Establishment of the institutional investment fund "tali ventures".

stc group's acquisition of a 99% interest in "Telefónica S.A.".

2024

stc group signed an SPA with PIF to sell 51% of TAWAL and create a new entity with a 43.06% stake.

stc group's announcement of a new dividends policy, effective from the fourth quarter of 2024 until the third quarter of 2027.

2025

stc group obtained regulatory approvals to launch STC Bank and increased its stake to reach 92.26%.

stc group has increased its voting rights from 4.97% to 9.97% in Telefónica, following the completion of all relevant requirements.

stc group signed a 32.64 billion contract with a government entity to build, operate and deliver telecom infrastructure.

stc group signed a strategic agreement with AST SpaceMobile, to advance satellite-based telecommunications technologies.





01

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Year in review

During the year, stc group strengthened its position as a market leader through key strategic investments and partnerships. stc group advanced national connectivity, expanded digital infrastructure and reinforced its role in contributing to Saudi Vision 2030.

Q1 2025

stc group signed a 32.64 billion contract with a government entity
stc group signed a 32.64 billion contract with a government entity to build, operate and deliver telecom infrastructure. The project includes 18 months of preparation and execution, followed by 15 years of operations. Positive financial impact is expected, with revenue recognition starting in Q4 2026 through the end of the contract.

STC Bank's official launch as a digital bank in Saudi Arabia
STC Bank received SAMA's non-objection to officially launch as a digital bank after completing its pilot phase, marking a major step in Saudi Arabia's digital transformation.

Boost of connectivity speed in the Two Holy Mosques by over 120%
stc group delivered world-class connectivity for millions of pilgrims and visitors during Ramadan. Data usage rose 37% and voice services over 18%, prompting stc group to expand its 5G network by over 30%. Ookla's network analysis showed a significant improvement, with average download speeds up 107% inside the Grand Mosque and 120% inside the Prophet's Mosque.

Participation at LEAP 2025
stc group participated in the fourth edition of LEAP 2025 as a strategic partner, continuing its longstanding partnership. stc group showcased its digital solutions and innovations across multiple sectors, highlighting its role in advancing sustainability, digital inclusion, and economic resilience.

stc group achieved a global milestone by localizing the software for eSIM
stc group has partnered with Thales, a global leader in cybersecurity and digital identity, in the presence of the Local Content and Government Procurement Authority, to secure the next generation of IoT. This

partnership makes stc group the first telecom operator worldwide to achieve the GSMA Security Accreditation Scheme for UICC Production (SAS-UP), a global certification that ensures the highest security standards in eSIM production.

Q2 2025

Strategic partnership with Oracle worth over 2 billion
stc group and Oracle have signed a partnership agreement worth over 2 billion to accelerate digital transformation across Saudi Arabia. The collaboration will develop AI-powered cloud infrastructure and deliver sovereign cloud solutions via the Oracle Alloy platform, hosted at center3's data centers.

stc group achieved record-high network performance
stc group's network delivered outstanding performance on the first day of Eid Al-Adha, with a significant rise in communication and data usage. At Muzdalifah, peak hours saw data volume increase by over 64% and advanced 5G usage surge by more than 129% compared to the same time last year. User experience also improved by 25%, demonstrating stc group's ability to reliably handle high demand during major mass gatherings.

Strategic partnership with Singtel Group
stc group and Singtel Group have signed a strategic partnership to advance digital platform integration, human capability development through job attachment programs, subsea cable expansion and IoT solutions. The agreement aims to foster cooperation, accelerate smart technology adoption, exchange expertise and enhance digital transformation capabilities across Saudi Arabia, the Middle East and Asia.

Strategic partnership with Kyndryl
stc group has entered a multi-year strategic partnership with Kyndryl to develop an advanced multi-cloud management platform. Aligned with Saudi Vision 2030, the platform will simplify cloud adoption, integrate hyperscaler services and provide secure, scalable solutions with digital and automation capabilities.



Year in review continued

Q3 2025

center3 commits 37.5 billion, targeting 1 GW of total capacity by 2030

center3 has accelerated its data center expansion to reach 1 GW capacity by 2030. Building on 11.25 billion in completed investments, it plans an additional 37.5 billion to expand digital infrastructure in Saudi Arabia and international markets. center3 aims to deliver 300 MW of high-density, hyperscaler-ready data centers by 2027, aligned with Vision 2030.

Strategic partnership with Red Sea Global

Red Sea Global (RSG) has signed a landmark agreement with stc group, under which stc group will invest over 1.2 billion to enhance digital infrastructure across RSG's resorts and communities.

Launch of business-critical network

stc group has launched a business-critical network, a next-generation wireless platform delivering secure and high-speed connectivity. Operating on a dedicated LTE network across the Kingdom, it complies with global Mission Critical and 3GPP standards and is designed to support future technologies, enabling greater efficiency, resilience and security across critical operations.

stc group and Huawei achieved first 24T trial globally on Live Optical Network

stc group and Huawei have successfully trialed an ultra-high-speed optical solution delivering 24Tbps data transmission, making stc group the first operator globally to deploy this technology.

tali ventures led a strategic investment in Tarmeez Capital

tali ventures, the corporate venture capital arm of stc group, has led a strategic funding round in Tarmeez Capital, one of Saudi Arabia's fastest-growing fintech companies in the Sukuk and debt instruments space. The investment aligns with stc group's strategy to support high-growth digital platforms and strengthen the Kingdom's financial ecosystem.

Q4 2025

Strategic partnership with AST SpaceMobile

stc group has signed a strategic agreement with AST SpaceMobile, to advance satellite-based telecommunications technologies. This agreement positions stc group as one of the first telecom operators in the region to provide direct satellite-to-mobile connectivity services.

Agreement with Telefónica

stc group signed an agreement with Telefónica Global Solutions (TGS), Telefónica's global business arm, to provide satellite services and ground communication stations. The agreement focuses on developing advanced satellite communication solutions, including customized services across low earth orbit (LEO), medium earth orbit (MEO), and geostationary orbit (GEO) networks.

Completion of first 7 GHz (6G-enabled) band trial in MENA

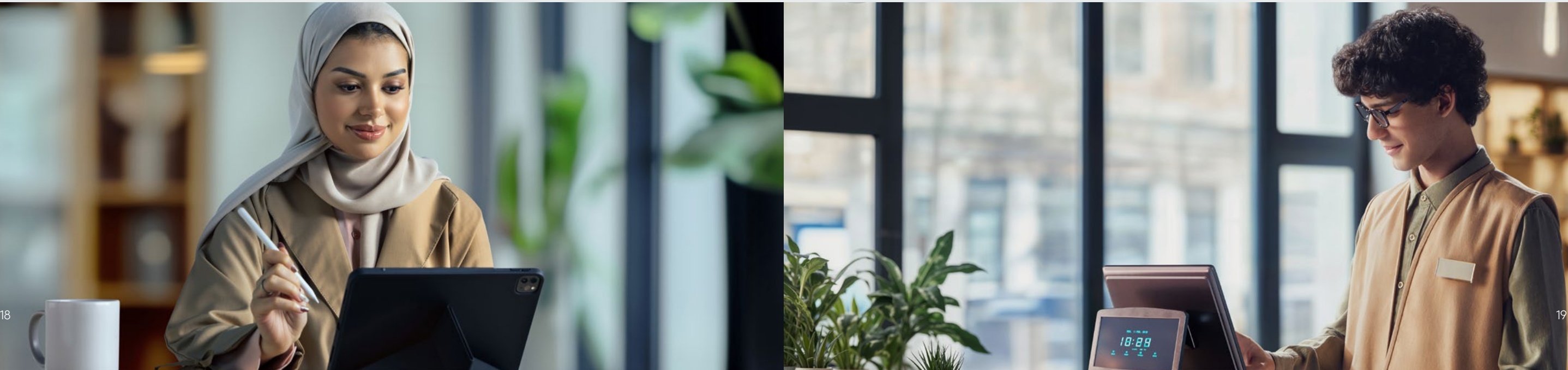
stc group has successfully carried out the Middle East and North Africa's first trial of the 7 GHz frequency band - an essential component of sixth-generation (6G) technology - in collaboration with the Communications, Space and Technology Commission (CST) and Nokia.

Strategic partnership with ROSHN Group

stc group has signed a strategic partnership with ROSHN Group to develop a neutral infrastructure for the "Sedra" community project. As part of the agreement, stc group will design, build and operate the community's neutral digital infrastructure, enabling other operators to provide high-quality connectivity and coverage that meets the needs of residents and visitors.

JV partnership between center3 and HUMAIN

center3 and HUMAIN have formed a strategic joint venture to build AI data centers in Saudi Arabia, supporting up to 1 GW of AI workloads. The partnership combines center3's data-center expertise and regional connectivity with HUMAIN's end-to-end capabilities, creating high-capacity, low-latency infrastructure for the AI era.



Where we operate



5
countries
K.S.A, Kuwait, Bahrain, Malaysia, Spain
(minority stake)



2
continents
Asia and Europe



18,921
stc group employees



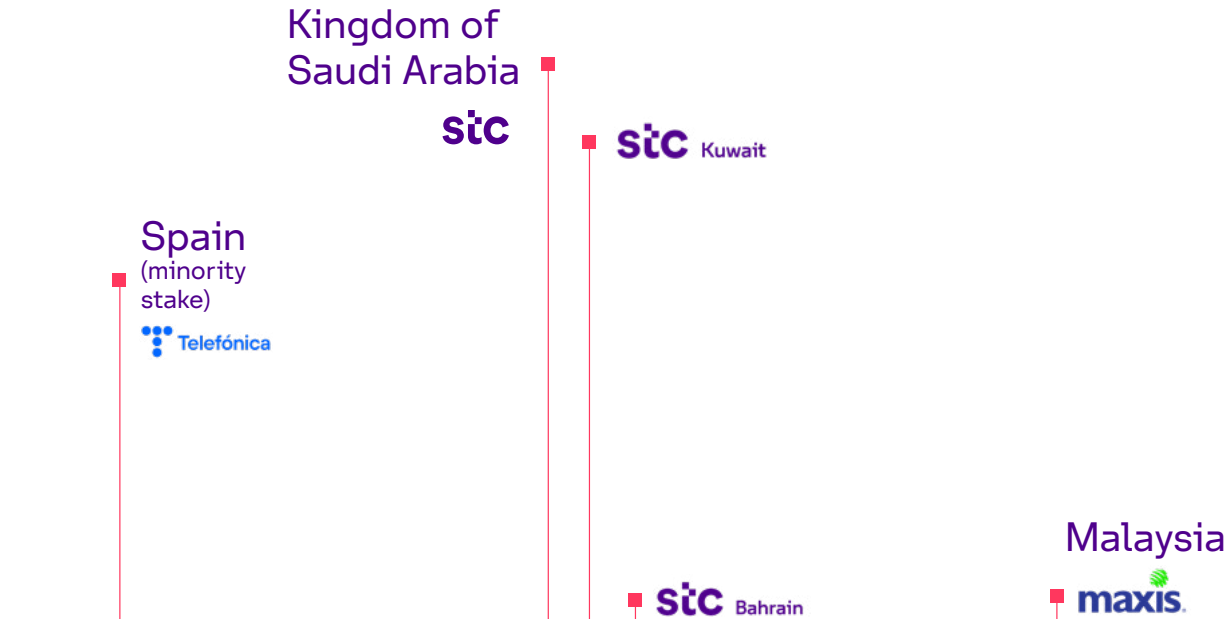
16
submarine cables



25
data centers (operational
and under construction)

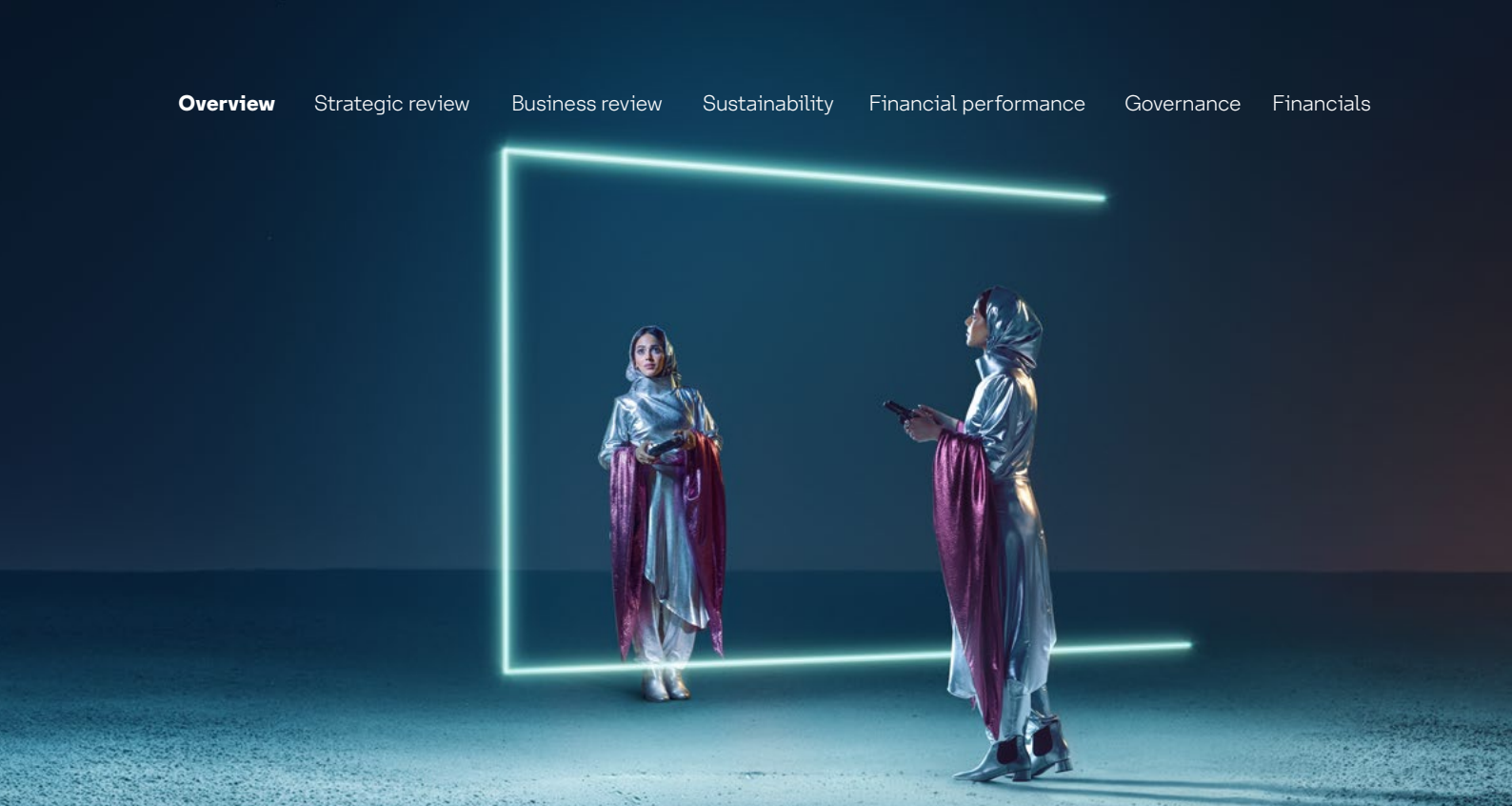


72%
KSA market share
by revenue



Investment case

stc group is a key enabler of digital transformation across the region, supported by a strong financial base and a diversified digital portfolio that positions stc group as a leading ICT provider. Through investments in advanced data centers, technology localization, cloud computing and integrated digital solutions, stc group is strengthening the region’s digital infrastructure and delivering more advanced services. These initiatives, backed by disciplined capital management, reinforce market leadership, enhance shareholder returns and contribute to building the digital backbone for the Kingdom’s evolving economy and beyond.



Strategic partner to KSA and market leader

- **Strategic partner to the Kingdom of Saudi Arabia** backed by a 15-year contract signed in 2025 with a government entity to build, operate and provide telecommunications infrastructure services valued at ﷲ 32.6 billion.
- **Ranked #1 in ICT, consumer and enterprise segments in Saudi Arabia** through unmatched ICT scale as the Kingdom’s largest services provider, market-leading consumer offerings supported by a comprehensive product suite and strong customer experience, underpinned by a leading enterprise position anchored in nationwide connectivity services.

Next-generation growth mindset

- **Data centers’ future expansion** with center3 executing a ﷲ 37.5 billion plan to reach 1 GW capacity by 2030, positioning stc group to capture the surging regional demand for AI and cloud computing.
- **Unlocking new growth avenues** through STC Bank, officially launched as a digital bank in 2025 with more than eight million customers, building on stc pay/s success and representing a major milestone in the Kingdom’s digital financial transformation.
- **Strategy secured by robust investments** in cutting-edge technology, advanced research and development and human resources.
- **Diversification** through strategic investments in gaming, media and consumer electronics.
- **Accelerating growth** by expanding into adjacent areas (IoT, cloud, cybersecurity and IT services).

Growth and total return champion

- **Top- and bottom-line growth** with a resilient capital structure and healthy cash flows providing financial flexibility.
- **Stable dividend policy and attractive yield** reaching 9.77%* with commitment to a minimum dividend of ﷲ 0.55 per share per quarter for the next three years starting from the dividends distribution of the fourth quarter of 2024 until the third quarter of 2027.
- **Diversified revenue generation** with multiple revenue streams within core business and non-core business through stc group’s subsidiaries in the Kingdom of Saudi Arabia and beyond.
- **Most valuable telecom brand** in the region for the sixth consecutive year with a value of ﷲ 66 billion** (USD 17.6 billion). stc group also ranked as the third strongest telecommunications brand globally and the ninth most valuable telecom brand worldwide, highlighting its growing global stature and strong brand performance across international markets.
- **Largest telecom operator in the MENA region** with a market cap of ﷲ 215 billion*** (USD 57.3 billion) and presence in five countries.
- **Market leadership in Saudi Arabia** with a 72% market share by revenue in the largest market in the region.

Robust financial position and credit profile

- **One of the lowest leveraged telecom companies globally** with a debt capacity that can be utilized for financing new projects/acquisitions.
- **Healthy balance sheet and cash flow** with a solid financial position and sufficient cash balance.
- **Strong credit ratings** from several rating agencies: Fitch: A+, S&P: A+, Moody’s: Aa3 and Tasneef: AAA.

Premier digital infrastructure provider

- **Commitment to be at the forefront** of technological innovation and deliver best-in-class digital infrastructure that will enhance the customer experience.
- **Largest digital infrastructure provider and enabler in Saudi Arabia** owing to the strong investment in digital infrastructure, including but not limited to data centers, FTTx, submarine cables and 5G.
- **Joint venture with HUMAIN to advance data center buildout** aiming to develop infrastructure capable of supporting operations with a required load of up to 1 GW, beginning with an initial deployment of up to 250 MW.

Executing best-in-class governance

- **Striving to be a role model** of corporate governance, achieving a 5-star rating under the EFQM 2025 Model, becoming the first Saudi private-sector company and the first telecommunications company globally to attain this recognition.
- **Solid governance and ethical excellence** through the promotion of responsible business practices, the upholding of human rights and the cultivation of a culture rooted in trust.

Driving sustainable growth

- **Deeply ingrained culture of social responsibility and sustainability** that is backed by initiatives, which support the UN sustainable development goals (SDGs). Moreover, stc group has received an “AA” in the MSCI ESG rating. This reflects world-class leadership in sustainability, governance and data privacy.
- **Environmental initiatives and net-zero commitments** aligned with the Saudi Green Initiative, national priorities, and international standards to support long-term resilience and value creation.
- **Social impact driven by digital innovation** by leveraging our digital strength as an ICT leader to deliver flagship programs that empower communities, promote inclusion, and enrich people’s lives.

* As at December 2025, including special dividend of ﷲ 2 for the FY2024
** Brand Finance Global 500
*** As at 31 December 2025

Stakeholder engagement

stc group creates value through a structured and transparent approach to stakeholder engagement, built on open communication and responsiveness. By leveraging dedicated channels and initiatives, it addresses the unique priorities of each stakeholder group, fostering collaboration, innovation and sustainable progress. Through this approach, stc group strengthens trust and builds enduring relationships that support long-term success.

Stakeholder group	Employees	Customers	Suppliers	Community	Shareholders
 How stc engages	■ Succession planning ■ Performance management and assessment ■ Newsletters ■ Training sessions and workshops ■ academy from stc ■ Website ■ Intranet (stc Hub)	■ Social media channels, including X and Facebook ■ Customer feedback form: Your opinion matters ■ Complaints handling unit, customer service offices, mystc app ■ stc live chat through: mystc.com.sa ■ Website	■ Vendor relationship management system (VRMS) ■ Vendor management team ■ Annual meetings and sessions ■ rawafed program	■ Social media awareness campaigns ■ Donations and sponsorships, including “Donating via SMS” ■ Community outreach programs ■ Empowering entrepreneurs and digital innovation through: inspireU ■ Employee volunteering ■ Partnerships and cooperation	■ stc group Annual Report ■ stc group Sustainability Report ■ Open transparent channels of communication with shareholders ■ Quarterly presentations ■ Governance, risk and compliance ■ Committee meetings ■ Website ■ Investor relations application ■ WhatsApp number

Frequency of engagement	High interaction	High interaction	Twice per year	High interaction	High interaction
 Frequency of engagement					
 How stc creates value for this stakeholder group	stc provides an equal and inclusive work environment that attracts, develops and retains the best individual talent.	stc aspires to be a digital enabler, providing connectivity to break digital divides, serving millions of customers.	stc continuously improves its business practices and operations to manage risk while increasing productivity and efficiency within the supply chain. This is achieved through greater supplier engagement, ongoing supplier recognition and better sustainable procurement practices.	stc’s approach to community investment is rooted in developing the communities where it operates through unique services, digital innovation, transformative technologies and meaningful investments that go beyond regular corporate donations.	stc continues to grow shareholder value as well as keeping shareholders well informed on stc group’s business by participating in various events, including general assemblies, individual meetings, update calls, conferences and official earnings calls.



2025 Conferences

Throughout 2025, stc group has been actively engaged with the investment community, participating in several global investor conferences to showcase its performance, strategy and progress. The following highlights the conferences that stc group attended during the year.

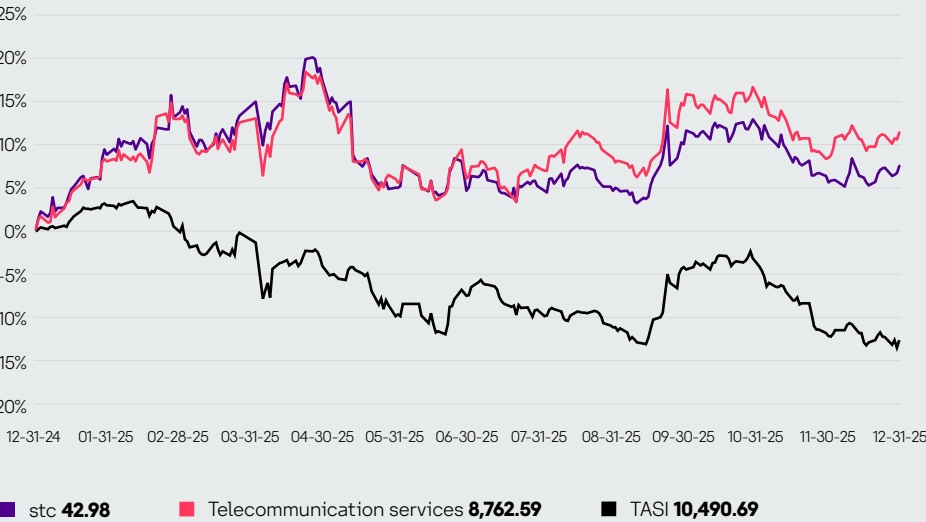
19-20 February 2025	7-8 April 2025	19-20 May 2025	29-30 May 2025	16-17 June 2025
Capital Market Forum 2025 - Saudi Tadawul Group	EFG Hermes 19th Annual Conference	Arqaam Capital 12th Annual MENA Investor Conference	Capital Market Forum Hong Kong 2025	HSBC GCC Exchanges Conference 2025
30 June-1 July 2025	8-9 September 2025	13-14 October 2025	5 November 2025	11-12 November 2025
CEEMEA Corporate Days in Singapore Conference - Goldman Sachs	EFG Hermes 11th Annual London Conference	J.P. Morgan Eighth Annual Saudi Arabia Investment Forum	MENA Conference 2025 - BofA Securities	China Securities 2025 Global Investor Conference

Shareholders’ information

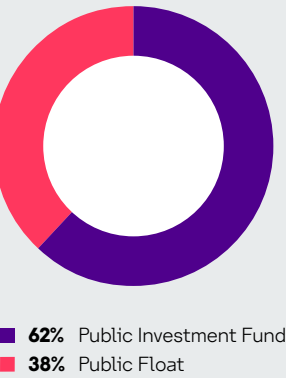
Listing date	Exchange	Symbol
2003	Tadawul	7010
ISIN code	Industry	
SA0007879543	Telecommunication	
Number of shares issued	Market cap as at 31 December 2025	Currency
5 billion	﷼ 215 billion	﷼

Share price as at 31 December 2025	Share price one year ago	52-week high	52-week low
﷼ 42.98	﷼ 40.00	﷼ 48.30	﷼ 40.00

Stock performance FY 2025 (01 January 2025 - 31 December 2025)



Shareholders’ structure



Details of shareholders by category

Category	31 December 2025		
	Number of shareholders	Number of shares	Ownership %
Institutions	524	189,098,049	3.78%
Individual	296,160	784,113,477	15.69%
Funds	617	590,129,532	11.80%
Others	334	3,436,658,942	68.73%
Total	297,635	5,000,000,000	100%

Details of shareholders by nationality

Country	31 December 2025		
	Number of shareholders	Number of shares	Ownership %
Saudi	282,611	4,426,975,671	88.54%
GCC	1,042	68,781,264	1.38%
Resident	13,247	7,750,761	0.15%
Others	735	496,492,304	9.93%
Total	297,635	5,000,000,000	100%

Details of shareholders by ownership

Type	31 December 2025		
	Number of shareholders	Number of shares	Ownership %
1-50,000	295,034	333,985,763	6.68%
50,001-100,000	1,186	84,750,950	1.70%
100,001-500,000	1,071	221,202,250	4.42%
500,001-1,000,000	162	116,040,510	2.32%
1,000,001-5,000,000	145	291,002,279	5.82%
5,000,001-10,000,000	18	136,408,494	2.73%
10,000,001 above	19	3,816,609,754	76.33%
Total	297,635	5,000,000,000	100%

Shareholders’ information continued

Shareholders’ register

stc group requested the shareholder register from the Securities Depository Center Company, Edaa 16 times during the year 2025 for the following purposes:

- Updating the shareholders’ register.
- Quarterly dividend distribution (eligibility date).
- General Assembly.

No.	Reasons for the Request	Date of request of the shareholders’ register
1	Updating the shareholders’ register	02 January 2025
2	Updating the shareholders’ register	03 February 2025
3	Quarterly dividend distribution Q4 2024	05 March 2025
4	Updating the shareholders’ register	06 April 2025
5	Quarterly dividend distribution Q1 2025	01 May 2025
6	General Assembly	13 May 2025
7	Special dividend distribution for 2024	13 May 2025
8	Updating the shareholders’ register	02 June 2025
9	Updating the shareholders’ register	02 July 2025
10	Updating the shareholders’ register	15 July 2025
11	Quarterly dividend distribution Q2 2025	30 July 2025
12	General Assembly	03 September 2025
13	Updating the shareholders’ register	02 October 2025
14	Updating the shareholders’ register	03 November 2025
15	Quarterly dividend distribution Q3 2025	06 November 2025
16	Updating the shareholders’ register	02 December 2025

Investor relations calendar 2025

No.	Event	Date
1	Year-end 2024 financial results announcement	26 February 2025
2	Year-end 2024 stc group’s earnings conference call	27 February 2025
3	Q4 2024 dividend distribution (﷼ 0.55 per share)	24 March 2025
4	Q1 2025 financial results announcement	27 April 2025
5	Ordinary General Assembly Meeting	13 May 2025
6	Q1 2025 dividend distribution (﷼ 0.55 per share)	20 May 2025
7	Special dividends distribution for 2024 (﷼ 2 per share)	02 June 2025
8	Q2 2025 financial results announcement	27 July 2025
9	2025 H1 stc group’s earnings conference call	29 July 2025
10	Q2 2025 dividend distribution (﷼ 0.55 per share)	19 August 2025
11	Extraordinary General Assembly Meeting	03 September 2025
12	Q3 2025 financial results announcement	03 November 2025
13	Q3 2025 dividend distribution (﷼ 0.55 per share)	26 November 2025



02



Strategic review

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Chairman’s message

Dear Shareholders,

stc group continues to consolidate its position as one of the national pillars enabling digital transformation in the Kingdom of Saudi Arabia, building on a robust business model, a well-established governance framework and a long-term strategic vision aimed at achieving sustainable growth and creating value for shareholders.

The year 2025 marked an important milestone in stc group’s journey, as it continued to execute its strategy with consistency and balance, achieving qualitative progress across its core and digital businesses, and a measured expansion of its local and regional presence. This reflects the soundness of the strategic direction, the effectiveness of the governance framework, and stc group’s ability to navigate the rapid transformations in the telecommunications and information technology sector.

On the financial front, the year’s results reflected the strength of stc group’s financial position and its continued focus on efficiency, operational discipline and maximizing returns on investments, contributing to financial sustainability and strengthening the confidence of shareholders and investors in stc group’s business model. stc group achieved revenue growth of approximately 2.5%, operating profit growth of approximately 6.6%, and net profit growth of approximately 12.5% (after excluding non-recurring items).

Over the past year, we have achieved:



The Board of Directors also reaffirms its commitment to enhancing the value delivered to shareholders through a clear and consistent dividend policy. During 2025, quarterly cash dividends were distributed in accordance with the approved policy, in addition to the distribution of additional cash dividends for the 2024 financial year. As a result, total cash dividends distributed during the year reached ﷲ 21 billion, reflecting the strength of stc group’s financial position and its ability to balance maximizing shareholder returns with continued investment in growth opportunities.

Within its supervisory role, the Board commends the progress achieved in developing stc group’s digital infrastructure, enhancing its technological readiness, expanding strategic partnerships, and undertaking well-considered investment moves that have strengthened stc group’s competitiveness regionally and internationally.

The Board also continued to oversee stc group’s regional expansion and to enhance the role of its subsidiaries in supporting digital transformation agendas across their respective markets, in alignment with those markets’ national priorities and in a manner that reinforces stc group’s regional presence on a sustainable basis.

Moreover, the Board places the highest importance on sustainability and governance principles. This commitment is reflected in the progress achieved by stc group in relevant global indices, and in the strengthening of privacy practices, cybersecurity, and corporate transparency, thereby supporting stakeholder confidence and enhancing stc group’s long-term readiness.

Looking ahead with confidence, the Board will continue to support executive management in continuing to implement stc group’s strategy, while maintaining a balance between growth, sustainability and risk management, in a way that contributes to realizing the objectives of Saudi Vision 2030 and building a sustainable digital economy that enhances the Kingdom’s global standing.

In conclusion, the Board of Directors extends its sincere thanks and appreciation to our wise leadership for their continued support, to the shareholders for their trust, and to stc group’s employees for their efforts, assuring our commitment to continue our work for the benefit of stc group, its shareholders and our beloved nation.

Please accept our highest appreciation and respect.

“The Board places the highest importance on sustainability and governance principles. This commitment is reflected in the progress achieved by stc group in relevant global indices.”

Mohammed bin Khalid Al-Abdullah Al-Faisal
Chairman of stc group Board



GCEO’s message

Esteemed shareholders,

Every year, our ambition to achieve more success and excellence is renewed. Our past achievements motivate us to offer the best developments and innovations in the latest digital technologies. Every success we achieve reflects our commitment to the nation’s aspirations for advancement in telecommunications and information technology, as well as our dedication to providing the best services and raising the level of competition with countries around the world.

I am pleased to present a summary of the year’s most important achievements, which represent the strong progress made by stc group in its financial and operational performance. This reinforces its leading position as a key enabler of digital transformation and a key supporter of the goals of Saudi Vision 2030. The year 2025 witnessed remarkable growth across various sectors, driven by the expansion of digital infrastructure, the development of services and platforms, the broadening of strategic partnerships, and continued investment in future technologies that enhance the Kingdom’s digital readiness and its regional and international competitiveness.

During 2025, stc group achieved strong financial performance, achieving growth in revenues and net profit. This growth was supported by the efficiency program and stc group’s focus on elevating service quality and maximizing value from existing investments. Initiatives to optimize spending and develop the business framework contributed to strengthening stc group’s financial sustainability and enhancing its operational efficiency, aligning with the shareholders’ and investors’ expectations.

stc group also continued to invest in the national digital infrastructure, expanding its 5G network to more than 10,800 sites across the Kingdom. This included activating 5G services using the 600 MHz band for the first time in the region, and launching standalone 5G technologies

to serve vital sectors. This was done in parallel with expanding 5G coverage and developing data centers to support the growing demand for digital services. As a result of stc group’s efforts to develop its digital infrastructure, stc group was awarded as the fastest mobile network and best coverage in the Kingdom by the global platform Ookla. This achievement reflects stc group’s leadership in the telecommunications sector and its unwavering commitment in providing the highest standards of quality and reliability to its customers.

Furthermore, stc group expanded its fiber optic network by activating more than 152,000 new access points and connecting government entities, national institutions and strategic projects to the fiber optic network. These efforts contributed to enhancing digital readiness during national and religious events, with the network achieving its highest performance indicators during the Hajj season, the day of Arafah and the peak of Eid al-Adha, supported by artificial intelligence solutions and self-optimizing network technologies.

In the area of digital financial services, STC Bank strengthened its presence in 2025, exceeding eight million customers since its launch at the beginning of the year. This rapid growth reflects the increasing user confidence in digital banking solutions and their growing adoption. This achievement also aligns with stc group’s focus on developing the financial services ecosystem and fostering innovation through smarter and more flexible models.

On the national infrastructure front, stc group reinforced its role as a pivotal partner in major projects by signing a contract with a government entity, the largest of its kind, valued at ₪ 32.64 billion, to build, operate, and provide telecommunications infrastructure services. This reflects confidence in its operational capabilities and its ability to execute large-scale projects according to the international standards. stc group also signed a strategic agreement with AST SpaceMobile to provide direct-to-device satellite connectivity services, expanding access to digital services, particularly in remote areas, and supporting the future readiness of the connectivity infrastructure.

During the year, a new “sccc by stc” brand identity was launched to enhance the Kingdom’s capabilities in the cloud computing sector by providing more than 100 local cloud services that support various sectors and contribute to accelerating digital transformation. stc group also expanded its advanced strategic partnerships with AWS and PayPal to accelerate the adoption of advanced cloud solutions, improve the efficiency of cross-border digital payments and empower individuals and enterprises with modern technologies with global readiness.

In line with efforts to enhance artificial intelligence infrastructure readiness, stc group, through its subsidiary center3, announced its strategic partnership with HUMAIN to build advanced AI data centers in the Kingdom, with an operational capacity of up to 1 GW and a storage capacity starting from 250 MW. This partnership aims to establish a high-capacity, low-latency digital infrastructure capable of hosting the high loads required for advanced AI applications. This will enhance the localization of digital assets, support the development of a sovereign AI ecosystem, and contribute to solidifying the Kingdom’s position as a regional hub for advanced digital infrastructure.

In parallel, stc group diversified its investment portfolio through its investment arm, tali ventures, which led and invested in a number of promising companies in the fields of artificial intelligence, fintech, and advanced communication solutions. This supports the innovation and entrepreneurship ecosystem and reinforces the Kingdom’s position as a regional hub for technology investment, in line with the Saudi Vision 2030 goals.

stc group’s regional impact extended through its subsidiaries outside the Kingdom. stc Bahrain achieved a significant national milestone with the successful landing of the world’s longest submarine cable, 2Africa Pearls, further solidifying Bahrain’s position as a regional hub for international connectivity. At stc Kuwait, the advanced 5G network was launched to provide an exceptional digital experience based on higher speeds and greater reliability, in line with stc Kuwait’s commitment to supporting Kuwait Vision 2035 and enabling a connectivity infrastructure that fosters innovation and economic growth.

stc group also achieved remarkable progress in global sustainability indicators, rising to an AA rating in the MSCI ESG Index, supported by its excellence in privacy, cybersecurity and governance. It also received the EFQM 2025 Global Institutional Excellence Award at the 5-star level, becoming the first Saudi private sector company and the first global telecommunications company to achieve this level, confirming its leadership in performance and innovation. Furthermore, stc group reinforced its global corporate presence, maintaining its position as the world’s third-strongest telecommunications brand and ranking among the top 10 most valuable brands globally, according to the Brand Finance report.

Throughout the year, stc group supported high-quality national projects, including the King Salman Park project and Red Sea Global initiatives, in addition to developing advanced communications infrastructure for major international events such as Formula 1 and the Esports World Cup, reflecting the Kingdom’s readiness to host world-class events that meet the highest technical standards.

In conclusion, stc group’s achievements in 2025 were the result of a clear strategic vision, generous support from the wise leadership, continuous cooperation from the Board of Directors and shareholders, and the dedicated efforts of stc group’s employees. As we prepare for 2026, we reaffirm our commitment to developing the national digital infrastructure, leading innovation, promoting sustainability and contributing to building an advanced digital economy that solidifies the Kingdom’s position as a global leader in the telecommunications and information technology sector.

“stc group also achieved remarkable progress in global sustainability indicators, rising to an AA rating in the MSCI ESG Index, supported by its excellence in privacy, cybersecurity and governance.”

Olayan M. Alwetaid
CEO of stc group



Business model

stc group creates value by leveraging its exceptional expertise, talented workforce, and market-leading brand to drive transformative change. Supported by a robust ecosystem of stakeholders and strategic partnerships, stc group combines world-class infrastructure, cutting-edge technologies, and strong financial performance to deliver innovative solutions that enable economic and societal growth.

Guided by its vision, stc group is committed to fostering inclusivity, sustainability, and progress across its operations, empowering its stakeholders and shaping a thriving future.

stc group's strengths

Exceptional expertise and experience

Talented and diverse team of 18,921 employees.

World-class network and cutting-edge technology

Best-in-class network infrastructure complemented by state-of-the-art technologies.

Market-leading brand

Among the most valuable brands in the Middle East.

Strong financial fundamentals and a proven track record

Outstanding track record of financial performance with record-breaking growth.

Deep ecosystem of stakeholders and partnerships

Robust and growing network of strategic partners and key stakeholders.

Create value

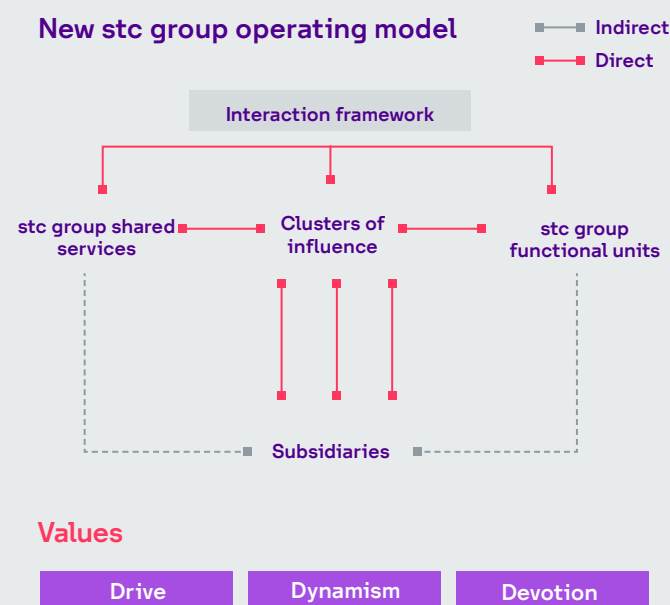
Vision

Digital and telco leader, enabling the society and economy to thrive, in KSA and beyond.

Key business activities

stc group is leading the digital transformation, nationally and regionally, by offering a variety of ICT solutions and digital services in several categories including telecommunication, IT, financial technology, digital media, cybersecurity and other advanced digital solutions.

New stc group operating model



For its stakeholders



Customers

Aspire to be a critical digital enabler, connecting millions of customers to break digital divides.



People

Provide an equal and inclusive work environment supported by a dynamic and diverse culture that attracts, develops and retains the best talent.



Environment

Committed to realizing net zero by 2050, playing its part in combating the ICT industry's contributions to global greenhouse emissions.



Society

Engage and invest in the wellbeing of its communities through unique services, digital innovation, transformative technologies and meaningful investments.



Shareholders

Continue to grow shareholder value in its journey to be the leading digital enabler in the region.

stc group strategy and annual strategy performance

stc group’s strategy is shaped by a broad set of drivers, including global and local socio-economic dynamics, national aspirations, ICT market evolution, technology trends and stakeholder expectations. Guided by Saudi Vision 2030, stc group continues to play a pivotal role in enabling the Kingdom’s transformation into a leading digital economy, supporting the national journey toward a **vibrant society**, a **thriving economy** and an **ambitious nation**. The strategy reflects stc group’s ambition to lead regional digital growth, broaden its impact across the ICT ecosystem and contribute to the development of a robust and thriving digital economy.

stc group’s vision is to be a “**Digital and telco leader, enabling the society and economy to thrive, in KSA and beyond**”.

Values

Our values reflect who we are. They guide our actions, support our vision and drive us to deliver excellence for our customers, employees and partners.

Dynamism

How we become a company that is continuously looking to improve and adopt new and better ways of doing things, with a fresh and ingenious view.

Devotion

The desire to become a customer-centric for our clients and our employees.

Drive

We are “restless”, looking for the best possible solutions for our clients and our employees.



stc group’s strategy is based on three strategic themes

1. Reinforce leadership in telco

Through this strategic theme, stc group is directing efforts to shape the future of connectivity by staying ahead in telco markets, redefining its meaning in the digital age with world-class technology and exceptional service to enable meaningful connections and enrich lives. stc group aims to maintain and further strengthen its existing market leadership position in the telco segments. stc group’s telco operations in Saudi Arabia, Kuwait and Bahrain are delivering on this strategic ambition through consumer, enterprise and wholesale connectivity services and solutions.

Key performance highlights for the telecom sector

stc group continued to strengthen its market leadership while enhancing customer experience and service quality. This included advancing its mobile, fixed and next-generation network services to sustain high performance, reliability and innovation across its telco footprint.

In KSA, stc group expanded its nationwide 5G network, achieving 63% population coverage while maintaining world-class speed and service standards. In parallel, Ookla recognized stc group as the Speedtest Awards winner for both the Fastest Mobile Network and Best Mobile Coverage in Saudi Arabia for two consecutive years, reinforcing its leadership in network quality, coverage and overall quality of service. Demonstrating its commitment to innovation, stc group successfully completed the first 7 GHz spectrum field trial in the Middle East and Africa, marking a key step toward future 6G technologies. At the national level, stc group enhanced its fiber infrastructure, deploying new fiber cables, reaching 3.75 million FTTH connections and activating 152,769 new FTTH connections, marking a key milestone in nationwide broadband rollout. In parallel, stc group achieved a global milestone through the localization of eSIM software, a breakthrough recognized by the GSMA, reinforcing Saudi Arabia’s position in telecom innovation and digital sovereignty. Network resilience was further demonstrated during the Hajj season, where record traffic levels were managed seamlessly, data usage rose by 64% and 5G traffic surged 129% year-on-year.



stc group strategy and annual strategy performance continued

2. Capture the infrastructure opportunity

The main focus of this strategic theme is to build the backbone of progress by developing cutting-edge infrastructure focused on advancing national priorities, helping economies to thrive and paving the way for sustainable growth. stc group aims to expand and monetize its infrastructure assets including fiber, data centers, submarine cables, mission critical network and passive towers. One of the key objectives of this strategic theme is to be a partner of choice for infrastructure deployment in ongoing and planned giga and mega projects in Saudi Arabia. On the group level, this strategic theme is mainly delivered by center3, Specialized and TAWAL.

Key performance highlights for the infrastructure leadership

In 2025, stc group continued to capitalize on infrastructure opportunities across Saudi Arabia and the wider region, reinforcing its role as the partner of choice in enabling national digital ecosystems. The stc group advanced its data centers, mission-critical networks and satellite connectivity, thereby driving national scalability, reliability and global connectivity.

center3 was recognized as the Best Data Center Provider in the Middle East and Africa at the 2025 Datacloud Global Congress, demonstrating its leadership in building carrier-neutral, hyperscale-ready facilities that underpin the region's digital growth. Building on this momentum, stc group is significantly expanding its data center capacity, targeting 1 GW by 2030 to power AI, cloud and hyperscaler growth across MENA. stc group's position is further strengthened through a recently announced strategic joint venture with HUMAIN (a PIF subsidiary) that envisions to deploy and enable up to 1 GW of AI workloads and support next-generation digital services in the Kingdom.

To reinforce critical sectors, stc group launched the Mission and Business-Critical Network, a secure LTE platform designed for government, healthcare and energy industries, integrating AI, edge computing and IoT for reliable and future-ready operations. As part of this achievement, stc group signed a 32.6 billion agreement with a government entity to build, operate and manage national telecom infrastructure, underscoring its central role in advancing Saudi Arabia's mission-critical connectivity and infrastructure agenda.

Complementing terrestrial networks, stc group partnered with AST SpaceMobile to enable space-based direct-to-device services, expanding coverage to underserved areas and enhancing national digital inclusion. Regionally, stc group and Ooredoo Oman signed a heads of terms agreement to establish an international fiber corridor between Saudi Arabia and Oman, strengthening cross-border connectivity and positioning Saudi Arabia as a regional digital hub.

3. Strengthen the digital portfolio

Building on a well-established digital foundation, this strategic theme aims to unlock greater value from stc group's diversified digital portfolio while identifying emerging opportunities for growth. The focus is on deepening integration, enhancing scalability and driving innovation across key domains, including IT professional services, cybersecurity, cloud computing, IoT-enabled smart solutions, business process outsourcing (BPO) and digital financial services. Each of these selected areas has a strong market growth potential as well as a strong right to win for stc group. stc group continues to invest and build capabilities in each of these segments through its subsidiaries: sirar, IoT squared, Channels, sccc by stc and STC Bank.

Key performance highlights for the digital theme

stc group continued to advance its digital portfolio, driving innovation across IT professional services, digital financial services, cybersecurity, cloud, IoT-enabled solutions, AI technologies and customer engagement platforms. In enterprise IT, solutions by stc maintained its market leadership, driving growth through large-scale digital transformation projects across public and private sectors. In digital financial services, the official launch of STC Bank marked a significant milestone by providing digital banking services to a wider customer segment in KSA. In cybersecurity, sirar strengthened Saudi Arabia's digital defense by obtaining a Tier 1 license from the National Cybersecurity Authority for Managed Security Operations Center (MSOC) services, cementing its position among the Kingdom's leading cybersecurity providers. In cloud and IoT-enabled solutions, stc group expanded global alliances with Singtel and Oracle, the latter exceeding 2 billion, to accelerate cloud transformation and digital platform development. Meanwhile, IoT squared partnered with Vizzio Technologies to deploy AI-powered visualization and smart city solutions, advancing the Kingdom's smart city and sustainability agenda. Furthermore, in customer engagement platforms, stc group launched the new qitaf application for loyalty, expanding one of the region's largest loyalty ecosystems to over 19.60 million users through personalized rewards and integrated wallet features. Meanwhile, stc tv strengthened its position in digital media, surpassing 6 million subscribers and enhancing the Kingdom's entertainment landscape through diverse, exclusive and on-demand content. stc group also elevated digital fan engagement through eSports, where stc group continues to power major regional gaming events and youth engagement initiatives, reinforcing its leadership in digital entertainment.



stc group strategy and annual strategy performance continued

stc group’s strategy is enabled by two strategic enablers that are essential to driving the successful execution of its ambitions

Accelerate investments and maximize operational and capital management efficiency

The focus of this key strategic enabler is to drive excellence and efficiency by improving execution performance, optimizing processes, boosting financial management capabilities, ensuring disciplined and agile decision-making and doubling down on next generation and emerging technologies. Ongoing and future inorganic activities required for scale and scope expansion and development of capabilities are also a focus of this strategic enabler.

Build a resilient and agile organization

Through this enabler, stc group is focusing on strengthening organizational resilience and adaptability to navigate an evolving business landscape. The enabler focuses on fostering a people-first culture by nurturing talent, building capabilities and embracing an agile, action-oriented mindset. Building an optimal organizational structure, governance and operating model are essential elements of this enabler to ensure maximum value realization for the sum of parts of stc group. Effective communication and management of external stakeholders are also key priorities of this enabler.

Both of the above strategic enablers are delivered through group functions that ensure stc group’s ability to execute its strategy with discipline, agility and innovation, driving long-term growth and reinforcing its position as a leading digital enabler.

Activating stc group’s strategy through enablers

In 2025, stc group executed its strategy through strong enablers focused on efficiency, technology and digital transformation, and human capital development. Under the first enabler, “Accelerate Investments and Maximize Operational and Capital Management Efficiency”, stc group enhanced execution discipline and capital utilization through improved processes, automation and faster and dynamic decision making. Group-wide capital and operating expenses efficiency continues to be governed by a dedicated group efficiency program delivering significant savings year-on-year. Through inspireU, stc group accelerated over 130 digital startups, achieving a total funding raised by those startups of more than ₪ 1 billion. stc group continues to invest in early-stage startups in key technology sectors including fintech, cybersecurity and cloud computing through its capital venture and corporate innovation funds – STV and tali ventures, respectively.

By focusing on the second enabler, “Build a Resilient and Agile Organization”, stc group achieved a 5-star rating under the EFQM 2025 Model, becoming the first Saudi private-sector company and the first telecommunications company globally to attain this recognition. stc group continued to prioritize its people and culture as key enablers of organizational success, supported by targeted inclusion and empowerment programs for leadership and specialized skill-building initiatives.

In addition, stc group invested heavily in sustainable business practices and these efforts were reflected in achieving an MSCI rating upgrade to category AA in 2025 from BBB in 2024.

Together, these achievements strengthened operational efficiency, organizational resilience and technological excellence, enabling stc group to efficiently execute its strategy and sustain its leadership as a digital enabler of Vision 2030.



Market overview

The global economy

Global economic activity grew by 3.3% in 2025, reflecting steady and resilient momentum despite shifting trade policies, and is projected to remain at 3.3% in 2026¹. Global headline inflation is set to decline from 4.1% in 2025 to 3.8% in 2026, with a further reduction to 3.4% projected for 2027¹. This disinflation is supported by softening labor markets and falling energy prices, though the continued effects of tariffs drive greater variation across economies².

The medium-term outlook remains sensitive to elevated policy uncertainty and shifting trade relationships, which could dampen trade growth as firms scale back earlier inventory accumulation and stockpiling. These dynamics are further complicated by rising fiscal vulnerabilities, as government debt among emerging market and developing economies (EMDE) has reached a 55-year high of nearly 70% of GDP². Regional trends show widening disparities as countries approach potential growth from different positions. Emerging and developing markets in Asia remain the primary engine of global growth, expanding by 5.4% in 2025 and projected to grow by 5.0% in 2026¹. This momentum is

supported by brisk technology-related exports, such as semiconductors and resilient private consumption. In contrast, advanced economies are expected to expand at a 1.8% pace in 2026¹. The United States is projected to grow by 2.4% in 2026, supported by fiscal policy and tax incentives for corporate investment, before easing to 2.0% in 2027¹. The Euro area is expected to grow by 1.3% in 2026, constrained by structural headwinds and the lingering effects of high energy prices¹.

Economic growth in the Middle East and North Africa strengthened to 3.4% in 2025 and is projected to rise to 3.9% in 2026. This acceleration is supported by higher oil output as OPEC+ production cuts are gradually phased out, as well as ongoing structural reforms. For example, Saudi Arabia is projected to expand by 4.5% in 2026¹, driven by large-scale investments and a steady expansion of non-hydrocarbon activity.

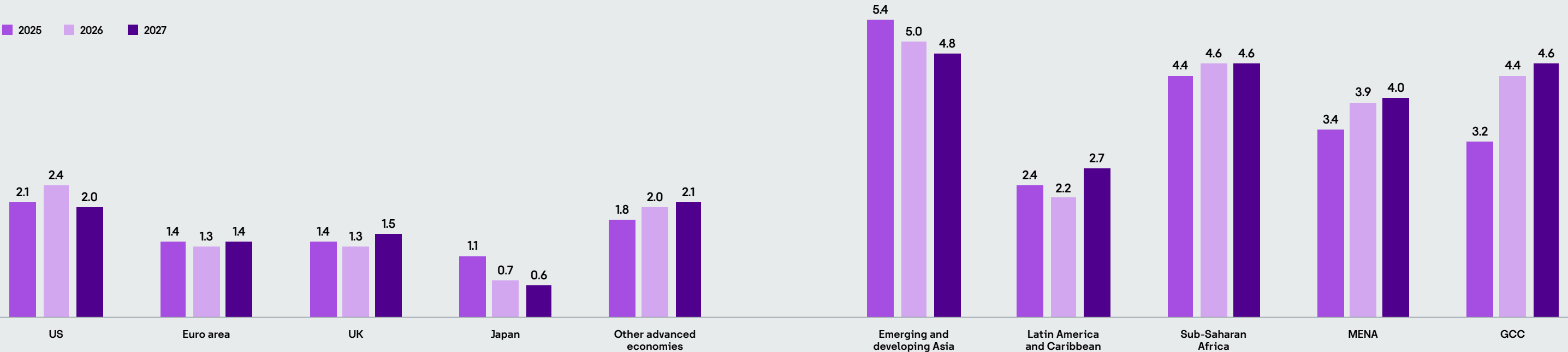
However, regional momentum is partly tempered by softer energy markets; oil prices declined by 14.2% in 2025 and are projected to fall by a further 8.5% in 2026¹ as a result of tepid global demand growth and strong supply.

1. IMF, World Economic Outlook, January 2026
2. World Bank, Global Economic Prospects, January 2026
3. IMF, World Economic Outlook, January 2026, World Bank

Growth projections³

(real GDP growth, % change)

2025 2026 2027



Market overview continued

The Saudi economy

Saudi Arabia’s GDP grew by 4.3% in 2025 and is expected to expand to 4.5% in 2026⁴, supported by higher oil output and steady non-oil momentum. The non-oil sector, which grew by around 5% in Q2 2025 and accounted for 55.9% of the economy⁵, underscores the continued progress of diversification efforts. By 2030, around 65% of GDP is expected to come from non-government sources, up to four times more than the contribution before the economic diversification strategy was announced in 2016.

Inflation remained contained at 2.1% in 2025 and is projected to ease further to around 2.0% in 2026, reflecting stable food and energy prices and prudent monetary policy⁶. In terms of monetary policy, we observe that labor markets across advanced economies are showing signs of cooling, even as inflation remains moderately above central bank targets. As a result, stc group expects that in 2026, most major central banks will continue measured rate reductions to support growth and maintain financial stability.

In line with these global trends, Saudi Arabia’s monetary policy is expected to remain stable and supportive, maintaining alignment with U.S. interest rate movements.

Employment

Saudi Arabia continues to see improving labor-market conditions, with unemployment at 7.5% in Q3 2025, down by 0.3 percentage points compared to Q3 of 2024. Female labor force participation rate rose by three percentage points over the past five years, reaching 29.7%. Unemployment among Saudi women stands at 12.1%, down 1.5 percentage points compared to Q3 2024⁷. The Kingdom has also achieved notable progress in women’s participation in ICT. Women now account for 35% of the 391,000 digital professionals, surpassing both global and G20 averages and rising sharply from just 7% in 2018⁸. This progress reflects sustained Vision 2030 efforts supported by targeted policies and programs that expand opportunities in STEAM⁹ and computer science and strengthen women’s readiness for high-demand digital roles.

Private sector

The pace of new business creation hit record highs in 2025. Over 128,000 new commercial licenses were issued in Q3 2025 alone, pushing the total number of valid business records to more than 1.7 million¹⁰.

Vision 2030 has accelerated diversification into sectors such as tourism, logistics, technology and mining. In Q2 2025, manufacturing recorded the second-largest

contribution to real GDP, accounting for 17.6% and achieving an annual growth rate of 2.8%. The wholesale and retail trade, restaurants and hotels sector accounted for 11.8% of real GDP and delivered 6.6% annual growth¹¹.

In 2025, the Saudi Summer program drew over 32 million visitors, a 26% increase year-on-year. Tourist spending reached new highs, with total expenditures from domestic and international visitors amounting to ₪ 53.2 billion, representing a 15% year-on-year increase¹². The Kingdom is also preparing to host major international events, including the 2027 Asian Cup, Expo 2030 and the 2034 FIFA World Cup.

Meanwhile, construction and logistics witnessed rising SME participation, spurred by major infrastructure projects and targeted procurement allocations. Giga-projects like NEOM and the Red Sea Development are driving investment and job creation, while positioning Saudi Arabia as a regional hub for innovation and sustainability.

Tech-oriented sectors led SME growth in 2025. In Q2 2025, the number of cloud services companies expanded by 48% to nearly 5,900, while AI-related business registrations rose 34%, exceeding 14,400¹³.

Entrepreneurship in Saudi Arabia is attracting unprecedented investment in 2025. Venture capital activity surged, with funding reaching ₪ 3.2 billion (approximately USD 862 million) in the first half of 2025¹⁴, more than doubling year-on-year and representing over half of all MENA startup investments. Key financial support mechanisms, such as the Kafalah and Tomoh programs, helped de-risk lending and expand access to growth capital. As at Q2 2025, Kafalah guarantees totaled ₪ 86.8 billion across more than 26,000 businesses¹⁵.

The Kingdom also continues to attract foreign capital as part of its Vision 2030 strategy. Net FDI inflows reached ₪ 24.9 billion in Q3 2025¹⁶ - a 34.5% year-on-year increase - driven by openness to international partnerships and legal reforms targeting improved investor confidence.

4. IMF, World Economic Outlook, January 2026
5. Ministry of Economy and Planning, Q2 Economic Report, December 2025
6. IMF, World Economic Outlook, October 2025

7. GASTAT, December 2025
8. MCIT, Saudi Gazette
9. STEAM: Science, Technology, Engineering, Arts and Mathematics
10. Ministry of Commerce, October 2025

11. Ministry of Economy and Planning, Q2 2025 Quarterly Economic Report
12. SPA, September 2025
13. ArabNews, July 2025

14. MAGNiTT
15. Monsha’at, Q2 2025
16. GASTAT



Market overview continued

Saudi ICT sector

Saudi Arabia’s digital transformation continues to accelerate, solidifying the Kingdom’s position as one of the region’s most advanced digital economies. This progress is underpinned by world-class digital infrastructure. Internet penetration stands at 99%, with fiber-optic networks reaching approximately 3.9 million households¹⁷. Mobile subscriptions grew 7% year-on-year, reaching 68.2 million, supported by increasing device adoption and expanding digital service offerings¹⁸.

The Kingdom also ranks among the top 20 countries globally for 5G speeds¹⁹ in 2025, driven by substantial investment in next-generation networks. In Q1 2025, 5G coverage reached 78% of the population²⁰. As the national leader in this space, stc group has been instrumental in this progress, earning the Ookla® Speedtest Award™ for Best Mobile Coverage in the Kingdom for Q1-Q2 2025²¹. This infrastructure is complemented by emerging Non-Terrestrial Networks (NTN) programs, covering LEO satellites, HAPS and air-to-ground systems to extend coverage to remote and underserved areas.

Digital usage continues to outpace global averages. Average mobile data consumption has risen to 48 GB per user per month, nearly three times the global average, while median mobile internet speeds reached 129 Mbps in 2024²². These indicators highlight both the maturity of Saudi Arabia’s digital infrastructure and the growing sophistication of consumer and enterprise demand.

Saudi Arabia has developed a robust sub-sea optical cable infrastructure, leveraging its proximity to the sea to provide world-class optical fiber connections. Saudi Arabia currently operates over 16 submarine optical cables and continues to expand its infrastructure.

The digital economy reached ﷲ 495 billion in 2024, representing 15% of GDP, with the ICT market reaching ﷲ 180 billion and recording a 7.5% CAGR over the past five years²³.

In the field of data centers, national data-center capacity surged to 290.5 MW in 2024, a 42% increase year-on-year, positioning the Kingdom as the regional hub for cloud and hyperscale operations. This expansion is fueled by major investments in hyperscale facilities and a surge in demand from cloud services, artificial intelligence (AI) applications and nationwide digital transformation initiatives.

Saudi Arabia has advanced its global position in digital government, ranking sixth in the United Nations e-Government Development Index and nearing its Vision 2030 goal of fifth place. It also ranked fourth globally in the Digital Services Index, second among G20 countries, and first regionally. The Kingdom further secured first place worldwide in digital skills and open digital government and seventh in the e-Participation Index, highlighting strong progress in service efficiency and transparency²⁴.

Cybersecurity has become another area of international leadership. Saudi Arabia achieved Tier One - Role Model recognition in the ITU Global Cybersecurity Index (2024), backed by advanced national capabilities such as the National Cybersecurity Authority (NCA), the Cybersecurity Academy, and nationwide regulatory frameworks supporting data protection and anti-fraud systems²⁵.

Saudi Arabia has made AI a national priority, launching major initiatives in 2025 to become a global leader in artificial intelligence. A cornerstone of these efforts is HUMAIN, envisioned as a full-stack AI ecosystem operating across the entire AI value chain. This initiative aligns with Saudi Arabia’s broader National Strategy for Data and AI, which aims to train Saudi talent and attract global partnerships so that AI contributes significantly to GDP by 2030 (estimated ~12% of GDP)²⁶. In fact, Saudi Arabia was ranked first globally for government AI strategy in 2024’s Global AI Index²⁷, reflecting the Kingdom’s early progress. These efforts not only aim to boost the domestic digital economy and create high-skilled jobs, but also to export AI solutions globally, making Saudi Arabia a net contributor to AI advancements.

17. MCIT, May 2025
18. SPA, May 2025
19. Opensignal, Q3 2025
20. Opensignal and GSMA Intelligence
21. Ookla, Q1&Q2 2025

22. CST
23. CST, May 2025
24. Digital Government Authority
25. ITU, 2025
26. PwC, p.25-26
27. PIF



Risk management

The telecommunications sector continues to undergo a structural shift, with demand for traditional voice services maturing while data traffic and digital usage grow at pace. This evolution is supported by accelerating adoption of advanced connectivity, cloud-enabled services and digital platforms, which is reshaping customer expectations and business models and increasing the need for continuous innovation across the industry.

In an increasingly competitive market, differentiation depends on delivering reliable connectivity, compelling digital services, and seamless customer experiences. At the same time, sustained investment in resilient infrastructure, strong data protection, and consistent compliance with regulatory requirements remain essential. stc group's enterprise risk management (ERM) is embedded in its strategic framework, informing planning and performance evaluation and integrating risk considerations into key decisions to protect value, support disciplined execution, and enhance long term resilience.

At the forefront of stc group's commitment to trust and integrity, the Board of Directors provides active sponsorship and oversight of privacy and data security initiatives. This governance helps ensure that risk informed strategies, effective controls, and ongoing assurance practices protect stakeholders and reinforce stc group's position as a trusted leader in responsible data management.

Enterprise risk management

Enterprise risk management governance

The Board of Directors is committed to maintaining strong corporate governance through ongoing review of relevant best practices and their appropriate implementation. The Board Risk Committee provides dedicated oversight of the enterprise risk management framework, related strategies and policies and the effectiveness of stc group's risk management system. As part of its mandate, the Committee reviews stc group's risk families across a wide range of exposures, assesses the principal risks and evaluates management's approach to monitoring, controls and risk treatment.

During the year, stc group further elevated and enhanced its risk appetite to ensure it remains aligned with stc group strategic direction and decision making. The updated approach strengthens consistency across stc group by cascading risk appetite principles and metrics to subsidiaries and enabling a consolidated group view of risk capacity and tolerance. This supports clearer accountability, more consistent risk-based decisions and improved oversight across stc group and its subsidiaries.

The risk management function operates independently of business groups and sectors and continues to refine its strategic roadmap in line with the Board approved risk strategy, strengthening capabilities and advancing risk management maturity across stc group.

stc group risk appetite

Corporate risk	L2 risk category		stc group risk attitude	Type of cascade
	1.1	Governance	●	●
	1.2	Strategy	●	●
	1.3	Program management	●	●
	1.4	Planning and resource allocation	●	●
	1.5	Major initiatives	●	●
	1.6	Mergers, acquisition and divestiture	●	●
	1.7	Market dynamics	●	●
	1.8	Communication and investor relations	●	●
Operational risk	L2 risk category		stc group risk attitude	Type of cascade
	2.1	Service delivery	●	●
	2.2	Sales and marketing	●	●
	2.3	Supply chain	●	●
	2.4	People/human resources	●	●
	2.5	Revenue management	●	●
	2.6	Physical assets	●	●
	2.7	Intangible assets	●	●
	2.8	Project management	●	●
	2.9	Business continuity	●	●
	2.10	Health and safety	●	●
Technology risk	L2 risk category		stc group risk attitude	Type of cascade
	3.1	Information technology	●	●
	3.2	Network operations	●	●
	3.3	Cybersecurity	●	●
	3.4	Data privacy	●	●
	3.5	Data integrity	●	●
	3.6	Artificial intelligence	●	●
Financial risk	L2 risk category		stc group risk attitude	Type of cascade
	4.1	Market	●	●
	4.2	Liquidity	●	●
	4.3	Foreign exchange	●	●
	4.4	Interest rate	●	●
	4.5	Investments	●	●
	4.6	Credit	●	●
	4.7	Accounting and reporting	●	●
	4.8	Tax and zakat	●	●
	4.9	Capital structure	●	●
	4.10	Fraud	●	●
	4.11	Revenue leakage	●	●
Legal risk	L2 risk category		stc group risk attitude	Type of cascade
	5.1	Corporate compliance	●	●
	5.2	Legal	●	●
	5.3	Regulatory	●	●

stc group risk attitude

● Intolerance ● Tolerant ● Averse

● Seeking ● Neutral

Type of cascade

● Direct cascade ● Flexibility permitted

Risk management continued

Enterprise risk management framework

The ERM framework defines the principles and governance that guide proactive risk management across stc group through a comprehensive and dynamic approach. It enables stc group to identify, assess, prioritize and manage risks consistently across operations, supporting a holistic view of risk and enabling meaningful comparisons that inform decision making and delivery of strategic objectives.

Quarterly risk assessments are a core part of the cycle, underpinned by clear roles and responsibilities and a consistent end to end process for risk identification, evaluation, treatment and reporting. The methodology and key steps of stc group’s ERM process are illustrated below.



Impact: is the loss expected if a risk materializes; the impact is generally tiered between 1 to 5 levels on an exponential scale. stc’s impact rating scale is as follows:

Rating	Qualitative measure	ﷲ value utilized for inherent risk calculation	Quantitative measure “monthly revenue”
5	Severe	Above ﷲ 400M	>10%
4	Major	Between ﷲ 200M and 400M	5% to 10%
3	Moderate	Between ﷲ 40M and 200M	1% to 4.99%
2	Minor	Between ﷲ 2M and 40M	0.05% to 0.99%
1	Insignificant	Below ﷲ 2M	< 0.05%



Likelihood: The likelihood is the probability that a risk may cause a loss for stc before considering the effectiveness of controls. The likelihood rating scale is as follows:

Rating	Qualitative measure	Qualitative chance of risk occurring in time period	Probability
5	Almost certain	Once in 3 months or less	90%-100%
4	Likely	Once in 6 months	60%-89%
3	Moderate	Once in a year	40%-59%
2	Unlikely	Once in 2 years	5%-39%
1	Remote	Once in 4 years or more	Less than 5%



Risk scoring: quantifies the potential impact and likelihood of risks using inherent risk ratings, which assume no controls, and residual risk ratings, which consider the mitigating effects of existing controls. The calculated inherent and residual scores result in an attention score or index:

Action attention index							
Impact rating	Severe	256	16	36	64	144	256
	Major	81	9	20	36	81	144
	Moderate	16	4	9	16	36	64
	Minor	5	2	5	9	20	36
	Insignificant	1	1	2	4	9	16
			1	5	16	81	256
Likelihood rating							
		Remote	Unlikely	Possible	Likely	Almost certain	



The inherent and residual risk scores assist in assessing the risks on the following attention index:

Risk rating	Risk matrix score	Risk appetite baseline
Negligible	< 9	Below appetite
Marginal	≥ 9 to < 20	Within appetite
Manageable	≥ 20 to < 51	Above appetite
Substantial	≥ 51 to < 101	Greatly above appetite
Critical	≥ 101	Beyond appetite



Risk management continued

stc group continues to enhance risk visibility and responsiveness by strengthening data driven detection and better understanding interconnected risks. ISO 31000 attestation reinforces alignment with recognized practices. A standardized risk scoring methodology supports consistent evaluation and reporting, enabling consolidated results and clearer identification of stc group's principal risks and uncertainties.

To ensure comprehensive coverage, stc group structures its risk universe into risk families that capture the full range of exposures across stc group. These families provide a consistent way to categorize risks across five core domains and their related sub-families, supporting clear ownership, oversight and aggregation of risk information. The risk families and sub-families are illustrated below.

The risk categories classify all risk source types that could affect stc group into five main silos known as category 1 risks. For easier management and communication, category 1 risks are broken down into category 2 risk types and, in some instances, these are further sub-divided into category 3 and 4 risk types. Furthermore, the ERM will be the custodian to the risk families and has the authority to add or reclassify them.

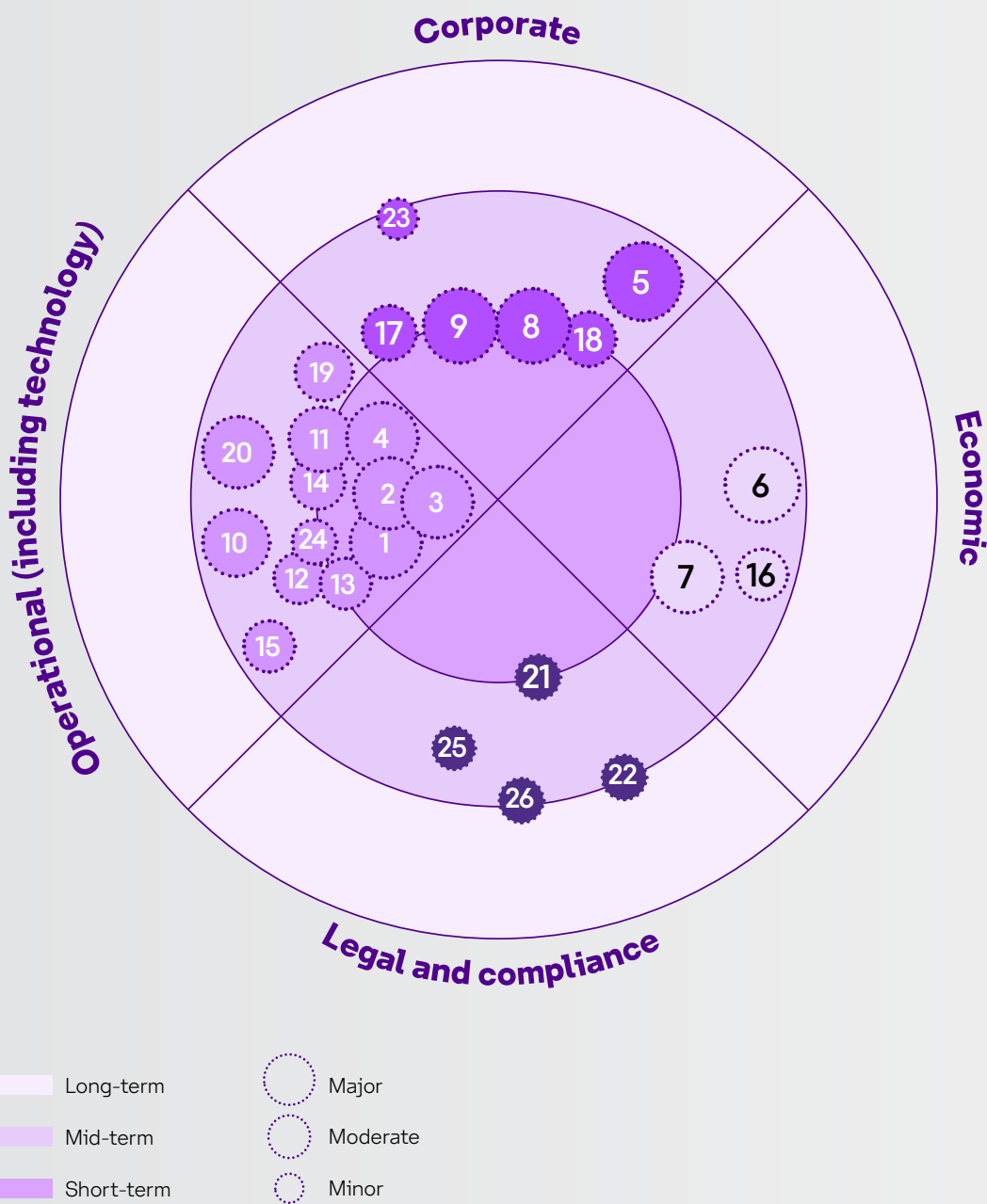
Risk family CAT1	Corporate risk >> 01	Operational risk >> 02	Technology risk >> 03	Financial risk >> 04	Legal and compliance risk >> 05
Risk family CAT2	Governance 1.1	Service delivery 2.1	Information technology 3.1	Market 4.1	Compliance 5.1
	Strategy 1.2	Sales and marketing 2.2	Network operations 3.2	Liquidity 4.2	Legal 5.2
	Program management 1.3	Supply chain 2.3	Cybersecurity 3.3	Foreign exchange 4.3	Regulatory 5.3
	Planning and resource allocation 1.4	People/human resources 2.4	Data privacy 3.4	Interest rate 4.4	
	Major initiatives 1.5	Revenue management 2.5	Data integrity 3.5	Investments 4.5	
	Mergers, acquisition and divestiture 1.6	Physical assets 2.6	Artificial intelligence 3.6	Credit 4.6	
	Market dynamics 1.7	Intangible assets 2.7		Accounting and reporting 4.7	
	Communication and investor relations 1.8	Project management 2.8		Tax and Zakat 4.8	
		Business continuity 2.9		Capital structure 4.9	
		Health and safety 2.10		Fraud 4.10	
				Revenue leakage 4.11	



Risk management continued

Emerging risks are addressed through the risk assessment process and identified through horizon scanning, ongoing engagement with the business and monitoring market and industry developments. A summary of emerging risks is presented to the Board Risk Committee and the Board for review, and these risks are monitored on an ongoing basis through established risk management processes.

Global emerging risk landscape



No.	Category	Name	No.	Category	Name
1	Major	Cyber security heterogeneous landscape	14	Moderate	6G and next-gen spectrum
2	Major	Autonomous AI-powered attacks	15	Moderate	AI-RAN and network automation reliability
3	Major	AI-powered disinformation and deepfake	16	Moderate	Capital requirements for network infrastructure
4	Major	Shadow AI-agents	17	Moderate	Data center power scarcity
5	Major	Domain-specific language models (DSLMS)	18	Moderate	Talent scarcity in telco and AI-skills
6	Major	Economic slowdown and credit tightening	19	Moderate	Environmental interface climate events
7	Major	Digital currency and currency valuation	20	Major	Post-quantum cryptography
8	Major	International tensions and economic relations	21	Minor	5G coverage and performance
9	Major	Supply chain interruption	22	Minor	Disputes over spectrum access, pricing and deployment
10	Major	In-orbit data centers and global connectivity	23	Minor	Growth of private computing
11	Major	Direct to device satellite connectivity	24	Minor	Wafer-scale and analog AI chip disruption
12	Moderate	Smart city IoT distributed denial of service (DDoS) surges	25	Minor	Stringent national and trans-national regulations
13	Moderate	5G network slicing	26	Minor	Expansion of sovereign control

Corporate Operational Economic Legal and Compliance

This year, stc group placed greater emphasis on sustainability and adopting the GSMA humanitarian connectivity charter (HCC), reflecting its commitment to aligning with global best practices and stakeholder expectations. Significant progress was made in identifying, assessing and managing these risks, ensuring they are integrated into stc group's broader risk management framework and strategic decision-making processes.

Risk management continued

Identifying risks

All stc group entities identify and assess risks that could affect strategy and operations. These inputs are consolidated and presented to senior leadership alongside outputs from external environmental scanning and relevant benchmarks.

Taking a Group wide view, executives evaluate the consolidated risk landscape to determine critical risks and identify emerging threats that warrant further analysis. The resulting set of risks is reviewed and agreed by the Risk Management and Compliance Committee, then submitted to the Board Risk Committee and the Board for final review and approval.

Managing risks

Understanding the environment in which it operates is central to stc group's risk management approach. Accordingly, stc group classifies each risk across defined categories such as corporate, technology, operational, financial, and compliance, and determines whether key drivers are internal or external. This structure supports consistent evaluation, appropriate treatment, and the right level of oversight and assurance.

Executive risk owners are accountable for maintaining effective controls and implementing treatment plans to keep risks within approved tolerance levels. Progress is monitored throughout the year through ongoing tracking and in-depth risk reviews. For the most significant risks, stc group also develops scenario assessments to provide additional insight into potential developments and to strengthen risk treatment strategies.

stc group has also integrated loss management within business continuity management by introducing a framework that consolidates operational, financial, and technology loss information into a single view. This enables earlier detection, standardized reporting, and structured analysis of loss events, supporting clearer root cause identification and targeted corrective actions. The framework is designed to strengthen controls, reduce recurrence, improve response effectiveness, and protect organizational value.

Monitoring risks

stc group prepares a quarterly risk report presenting the principal risks for submission to the Board of Directors, with the Board Risk Committee reviewing it as part of its regular agenda. Emerging risks are presented annually within the risk reporting cycle. This supports transparent monitoring of individual risk developments and the overall risk profile and provides timely updates on material changes and enhancements to the risk management system.

To further strengthen risk supervision and decision-making, stc group continues to enhance its risk management technology tools to improve more effective reporting, analysis, assessment and management of risk information. In parallel, stc group has refined its key risk indicators (KRI) to improve risk monitoring, support earlier detection of changes in exposure and enable more proactive risk management.

As part of elevating its monitoring capabilities, stc group has launched an enhanced risk management system that brings together a wide range of models and features to support greater automation and consistency across the ERM function. The platform is designed to strengthen end-to-end risk processes by enabling streamlined risk assessments, structured capture and tracking of KRIs, risk control self-assessment activities and standardized management reporting. This supports improved timeliness, data quality and transparency, while enabling more efficient analysis and oversight of risk information across stc group.



Risk management continued

Risk mindset and culture

stc group promotes a set of behaviors and expectations that embed risk awareness across day-to-day business activities. This is driven by tone from the top and reinforced through people management systems, encouraging timely and proportionate risk interventions that support operational integrity and informed decision making. Expected behaviors are communicated consistently to colleagues to integrate risk awareness into the Group's culture. This is supported by ongoing training and communications, defined roles and responsibilities, and the continuous integration of risk management practices into key decision-making processes.

During the year, more than 1,000 colleagues participated in crisis and continuity workshops and supporting awareness initiatives, and stc group plans to sustain an annual cadence of workshops integrated with leadership and talent development programs. In

collaboration with the Ministry of Communications and Information Technology, stc group delivered business continuity and risk management training for technology sector professionals to support resilience across the digital ecosystem. stc group also strengthened its control environment through training on internal controls.

Business continuity

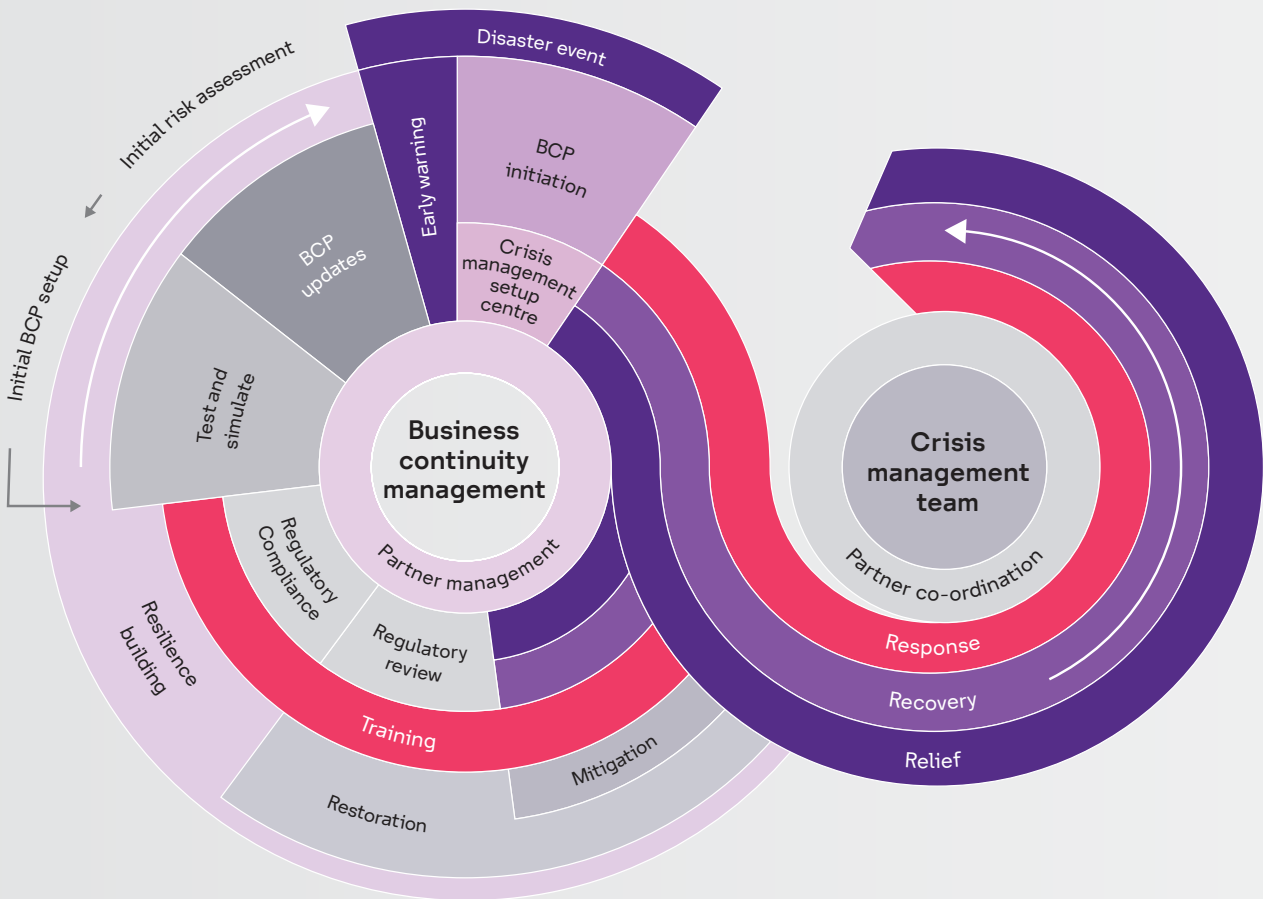
At stc group, business continuity management (BCM) is a core part of how stc group protect service reliability, operational integrity and stakeholder trust, supporting the Kingdom's digital resilience and Vision 2030 objectives. stc group's BCM system is aligned with relevant national directives and regulatory expectations, including those issued by the NRC, CST and NEMA, and is designed to anticipate and manage disruption while safeguarding critical services, people and assets. stc group maintained ISO 22301

certification, reinforcing alignment with recognized best practices through regular testing and exercises to validate readiness and recovery capabilities. The resilience model applies clear decision rights and structured escalation to enable timely response and coordinated recovery. A dedicated crisis communications plan supports consistent, transparent engagement with employees, regulators, customers and partners and is periodically reviewed and tested to maintain effectiveness.

Enterprise governance in business continuity and crisis management

stc group operates under a mature governance structure led by a dedicated Crisis Management Organization, Business Recovery Team, Technical Recovery Team and Emergency Response Team. This structure supports the rapid restoration of services, the safeguarding of lives and assets and the continued operability of critical technology systems under

adverse conditions. The tiered model provides holistic oversight and clear lines of authority for managing physical, cyber and operational threats across the enterprise. Policies are aligned with global best practice frameworks for BCM, including ISO 22301 for Business Continuity, ISO 22320 for Emergency Management, ISO 27031 for ICT Readiness for Business continuity and ISO 22361 for Crisis Management. This alignment is reviewed continuously to ensure compliance with local and international standards. In addition, each sector within stc group maintains detailed Business Continuity Plans validated through a rigorous testing program, including simulation exercises, technical failover testing and tabletop crisis drills, to ensure business critical functions from customer care to the network control center can operate during emergencies.



Preparation (pre-disaster): This is where data concerning identified disaster scenarios is gathered and based on the output of the analysis of the data relevant plans are drawn up (such as BCP).



Response (post-disaster): This is triggered by the disaster, the conditions for triggering a response are one of the areas which need to be pre-agreed in the preparation along with degrees of severity so that affected organizations like MNOs can map and initiate the relevant action plans (from the BCP) to the scenario.



Recovery (post-disaster): This phase follows on from the initial response phase and looks to rebuild any damage infrastructure, capacity, processes, skills, etc., back to the point they were prior to the disaster (or better). It is often hard to define an obvious transition point from response to recovery.



Mitigation (post/pre-disaster): This is where learnings from the disaster are taken to update infrastructure, processes, etc. to not just improve the business but also increase resilience to future disasters thus adding to a higher level of protection for the business. This will often be tied to national objectives, programs and regulation looking to improve resilience to future events.

Risk management continued

Integrated national response and readiness model

stc group is embedded within the Kingdom’s national emergency readiness model and regularly aligns disaster preparedness protocols with national regulatory authorities; chief among them the Communications, Space and Technology Commission. Disaster playbooks are designed to support coordinated response and resource deployment during major events. In support of national public safety, stc group’s network is configured to support the national early warning system by using cell broadcast service, as mandated by the Communications, Space and Technology Commission, to disseminate geo-targeted alerts to the public without congesting mobile networks. stc group’s network also supports Advanced Mobile Location (AML), which automatically provides precise location data from a caller’s handset directly to emergency services to reduce response times. Teams remain on standby to assist with reconnecting remote locations and responding to extreme surges in network usage during major national events, including the Hajj pilgrimage.

Human life and asset protection as a strategic priority

stc group regards communication as a critical lifeline in times of crisis. Protocols are designed not only to restore technical operations, but also to help ensure families can reach one another, first responders can coordinate rescue missions, and critical national infrastructure such as hospitals, airports and government institutions remain connected. stc group proactively deploys field engineers to risk prone areas to inspect and reinforce equipment, and is prepared to install temporary mobile base stations and satellite uplinks to maintain service. Monitoring centers, including the security operations center, the network operation center and the business continuity cell, provide 24/7 surveillance using real-time analytics to detect degradation, intrusion or anomalies across infrastructure.

Tactical field response and proactive resilience

stc group’s tactical field response is underpinned by a continued commitment to preparedness and resilience. Investment focuses on strengthening network infrastructure, including building redundancies, installing backup power supplies and generators at cell sites and maintaining rigorous cybersecurity protocols. This supports rapid service restoration. Network disaster recovery plans are regularly tested and portable network assets are pre-positioned alongside a fleet of emergency mobile base stations, including cells on wheels and cells on light trucks, with teams on standby for immediate deployment. These truck mounted mobile towers can be dispatched within hours and are self-sufficient, using satellite backhaul connectivity to restore mobile and data services rapidly, including where terrestrial fiber links are affected. Preparedness is reinforced through regular emergency drills and tabletop exercises so crisis management, technical and customer service teams are trained to respond effectively. Customer awareness campaigns are also used to support readiness, such as guidance on maintaining battery life or accessing emergency alerts.

stc group maintains collaboration with government agencies such as Saudi Civil Defense and relevant humanitarian organizations to integrate support with broader response efforts. The approach is supported by continuous improvement to anticipate emerging risks and explore innovations such as advanced early warning capabilities and satellite enabled coverage.

Scenario training and team level resilience building

To maintain a high level of preparedness, stc group conducts frequent scenario-based training and simulations. As recommended by the GSM association, these drills help ensure plans remain fit for purpose and that teams understand their roles in high-pressure environments. The drill program includes simulations of data center outages with restoration service level agreements, complex cyberattack scenarios involving multiple service platforms and simulations of critical application outages. Each training cycle encompasses real-time coordination between executive crisis response teams, customer care escalation leads, regional engineering units and external stakeholders. stc group also conducts multi agency simulations with emergency agencies and infrastructure regulators to support a unified national response capability.

Corporate social responsibility during crises

stc group’s crisis response framework is anchored in a commitment to social responsibility, aligned with the GSMA humanitarian connectivity charter, which treats connectivity as a vital form of humanitarian support. During disruptive events, the objective is to preserve the digital lifeline for those most at risk. stc group prioritizes network uptime and quality of service for first responders, healthcare facilities and civil defense agencies, deploying temporary cellular assets where needed. Access to national emergency numbers is maintained as universally available and free, enabling customers to reach emergency services or family without barriers.

Recognizing that crises can create immediate economic strain, stc group may activate financial relief protocols to support customers, including the suspension of billing and collection activities, the waiver of late fees and the provision of emergency voice and data packages to impacted areas. Where appropriate, stc group is also prepared to support access to critical national services, including government emergency portals, health applications and remote learning platforms to help ensure essential information remains accessible.

Beyond network operations, stc group may extend support through physical and logistical assistance, including emergency connectivity solutions such as free public Wi-Fi hotspots and portable charging hubs at critical locations such as shelters and hospitals. Working with national humanitarian agencies, stc group can facilitate community support through trusted SMS text to donate campaigns. Throughout disruptive events, stc group provides proactive updates on network status and restoration efforts to support transparency, manage expectations and maintain trust.

Internal control

The Board of Directors maintains an unwavering commitment to a robust system of internal control, recognizing it as the bedrock of stc group’s operational resilience and strategic success. By adhering to the globally recognized COSO Internal Control Integrated Framework, the Group ensures its governance structures are not merely compliant, but are designed to drive operational efficiency, safeguard assets and guarantee the absolute integrity of financial reporting. While acknowledging inherent limitations, this sophisticated framework provides stakeholders with reasonable assurance regarding the mitigation of material risks.

Following a year of rigorous self-assessments and a professional opinion from an independent accounting and consultancy firm providing assurance and advisory services and comply with related requirements for conducting assurance services, the Board confirms that stc group’s internal controls were effectively implemented and operating robustly as of year-end, with no material weaknesses identified that could compromise stc group’s financial standing or continuity.

The Audit Committee exercises active and vigilant oversight over this control environment, serving as a critical bridge between Executive Management and the Board. In fiscal year 2025, the Committee deepened its engagement through eight focused sessions, scrutinizing high-impact areas, including financial reporting integrity, investment portfolio health, strategic organizational developments and the resilience of IT infrastructure. These deliberations were supported by direct dialogue with Executive Management and the Internal Audit team, ensuring stc group’s control mechanisms remain agile and responsive to emerging global trends and industry-specific challenges. This rigorous oversight model provides shareholders with confidence that the governance bodies are actively challenging management to maintain the highest standards of control.

Risk management continued

Throughout the year, the Internal Control function transitioned the organization from reactive compliance to proactive risk intelligence. By executing comprehensive risk and control self-assessments (RCSA) across all critical business units, stc group successfully embedded risk ownership into the first line of defense, ensuring potential threats are identified and mitigated at the source. This was validated by an independent internal control review (ICR) program, which confirmed the design and operating effectiveness of key controls. Crucially, management demonstrated exceptional responsiveness in addressing identified opportunities for improvement, maintaining a high velocity of remediation that aligns strictly with stc group's risk appetite. This proactive stance signals to stakeholders that stc group is capable of navigating complex operational landscapes with minimal disruption.

Enterprise risk management highlights

Over the past year, stc group advanced its risk management capabilities to support resilience and informed decision making. A key milestone was the review and re assessment of stc group's risk appetite to ensure alignment with strategic priorities and provide a clearer basis for governing risk taking activities.

stc group also strengthened oversight by introducing automated monitoring indicators across key risks, improving visibility and enabling more proactive management. In addition, stc group attained ISO 31000 certification for enterprise risk management and ISO 27001 certification for information security, reinforcing alignment with recognized practices.

To further embed a strong risk culture, stc group delivered training and awareness initiatives across the organization, supporting improved accountability. stc group also continued to broaden risk coverage, strengthen controls and enhance mitigation strategies to address a dynamic risk environment.

Principle risks

As a leading telecommunications and information technology group, stc group operates in a fast-changing environment with inherent uncertainty. Sustained performance depends on proactively anticipating developments and systematically identifying, assessing and managing related risks and opportunities. stc group considers effective risk and opportunity management an integral part of value focused corporate governance. Risks are evaluated and categorized across corporate, technology, operational, financial and compliance domains, supporting clearer understanding and proportionate oversight and assurance.

The principal risks remain broadly consistent with the prior year, with some additional risks identified and minor refinements to existing ones. Material risks, including environmental and social exposures, are summarized in the following table, together with the approaches used to manage them. The process continues to emphasize the most significant entity level risks, reflecting ongoing operating conditions. As the below will reflect what are the top risks that the organization are monitoring based on management reports.



Risk management continued

Category	Risks	Mitigation measures
Technology	Cybersecurity threats stc group operates in an environment of evolving cyber threats, including ransomware, malware, distributed denial-of-service attacks, credential theft, and social engineering, which may target stc group, its customers, or third-party providers. Emerging technologies such as AI-enabled tools, and advances in computing including quantum computing, may increase the sophistication, speed, and scale of attacks. Over time, sufficiently capable quantum computers could weaken certain widely used public-key cryptographic methods that support secure communications, authentication, and data protection. This creates the risk that data encrypted today could be retained and decrypted in the future ("harvest now, decrypt later"). Transitioning to quantum-resistant cryptography may require significant investment and coordination across stc group's systems and suppliers. A successful incident could disrupt services, compromise data, increase costs, and harm confidence and reputation.	stc group strengthens cybersecurity through a dedicated security unit, clear accountability, and continual enhancement of policies and controls. Capabilities span prevention, detection, response, and recovery, supported by centralized monitoring and incident management. Control effectiveness is validated through assurance activities, vulnerability management, and penetration testing, including oversight of key third-parties. Awareness programs reinforce secure behaviors. stc group also advances readiness for new computing developments through cryptography reviews and planning for transition to quantum resilient approaches where appropriate. Threat intelligence informs control priorities.
Technology	Data privacy stc group manages significant volumes of customer and business information across multiple systems, channels, and partners. Regulatory requirements and customer expectations for lawful processing, confidentiality, retention, cross border transfers, and third-party sharing continue to evolve. As data ecosystems become more complex, strong governance, including clear accountability, disciplined approvals, well configured access controls, and ongoing monitoring, helps reduce the likelihood of unauthorized access, leakage, or misuse. If a privacy incident or compliance gap were to occur, it could lead to regulatory engagement, remediation activities, contractual considerations, and reputational effects.	stc group manages privacy through an enterprise framework aligned with applicable requirements. Policies support data classification, retention, and secure handling, with defined ownership and approvals. Role based access controls and periodic reviews support least privilege, while monitoring helps identify unusual activity. Privacy by design is embedded in initiatives and partner engagements, supported by training and compliance oversight. Third-party sharing and cross border transfers are governed through assessments and contractual safeguards, with incident processes to support timely response and continuous improvement.
Operational	Business continuity Telecommunications services rely on resilient networks, core platforms and critical ICT infrastructure. Like other operators, stc group may from time-to-time experience service degradation or interruptions resulting from equipment or software issues, demand surges, power disruptions, physical incidents, reliance on third-parties or impacts to terrestrial and subsea connectivity. Extreme weather and other climate-related events can also influence network availability and restoration timelines. If such events occur, they may affect customer experience, revenues, operating costs and the ability to meet service obligations.	stc group maintains an entity-wide business continuity and disaster recovery program to support mission critical services. Resilience is enhanced through network redundancy, diversified routing, capacity planning, spares readiness and proactive monitoring. Recovery capabilities are validated through periodic exercises and testing, with lessons used to improve restoration performance. Dependencies on suppliers and partners are addressed through continuity expectations and coordinated response arrangements. The entity-wide written programs that address and validate the continuity of the institution's mission-critical operations is governed againststandards and regulatory requirements, including alignment with ISO 22301 and engagement with national stakeholders.
Compliance	Regulations stc group operates in a regulatory landscape that can evolve in scope, interpretation and enforcement. Obligations relating to spectrum, licensing, coverage, network performance, consumer protection, cybersecurity, data governance and reporting may require ongoing investment and refinement. Mandated targets for speed and coverage, together with spectrum pricing and potential new entrants can influence how capital is allocated between network expansion and new digital use cases. Government procurement and tendering frameworks promote transparency and value for money but can affect contract timing, pricing and revenue visibility, including at renewal.	stc group manages regulatory obligations through governance, ongoing monitoring of legislative developments and coordinated implementation across stc group. Engagement with regulators and stakeholders supports alignment with national objectives and expectations for licensing, spectrum, coverage, performance, consumer protection, cybersecurity and reporting. Compliance controls and assurance practices support transparency and audit readiness. Strategic and capital planning incorporate scenarios to maintain flexibility under changing requirements. Public procurement participation is supported by bid and contract governance to promote consistency, value delivery and continuity of service.

Category	Risks	Mitigation measures
Operational	Supply chain stc group sources network equipment, devices, software, spares and specialist services from a global supplier base. Industry-wide supply conditions can be influenced by factors such as geopolitical developments, trade requirements, transportation capacity, commodity and rare earth availability, semiconductor production and the level of concentration among key vendors. In addition, the resilience and cybersecurity practices of suppliers can affect product quality and operational reliability. Changes in availability or delivery schedules may require adjustments to project sequencing, procurement planning or cost assumptions, particularly for large scale programs and upgrades.	stc group supports continuity of supply through supplier governance that considers resilience, financial health, security assurance and performance. Procurement practices emphasize diversification and qualification of alternatives where feasible and encourage interoperability to reduce dependency on single vendors. Demand forecasting, inventory management and logistics planning support availability of critical equipment and spares. Contractual safeguards and service expectations are maintained for key suppliers. External developments, including geopolitical and market conditions, are monitored to inform contingency planning and support delivery of programs and upgrades.
Corporate	Strategy Telecommunications and digital markets are dynamic, influenced by technology developments, changing customer expectations and evolving competition. Demand patterns continue to shift, with some legacy services maturing while adjacent areas such as cloud, fintech, IoT, and digital platforms offer growth opportunities. These trends may require timely strategic choices, disciplined capital allocation and continued capability development. Competitive intensity can also be shaped by new entrants, global technology providers and emerging connectivity models such as satellite direct to device solutions, which may influence pricing, coverage economics and customer behavior. Some initiatives may be pursued through partnerships and joint ventures, which require clear governance and effective coordination.	stc group manages strategic and competitive dynamics through a structured planning cycle with periodic multi-year updates and annual refreshes. Market intelligence and scanning track technology trends, customer needs and competitive developments. Portfolio governance and capital allocation support balanced investment across core connectivity and adjacent digital opportunities. Execution is supported through program governance and performance monitoring. Partnerships and joint ventures are managed through clear decision rights, aligned objectives and oversight, supported by enterprise risk management to strengthen delivery discipline and agility.
Financial	Credit and collections stc group is exposed to credit, collection and liquidity risks linked to the timing and recoverability of receivables, billing matters, economic conditions and customer credit profiles, including large accounts. Payment patterns may vary over time and could influence cash flows, working capital and reported results.	stc group manages credit, collection and liquidity through governance that segments counterparties, monitors receivables and applies collection practices. Expected credit loss methodologies and provisioning use historical experience and forward-looking information, with reviews of key accounts. Billing matters are addressed through resolution and ongoing engagement. A significant portion of collections relates to government entities and is managed through established processes aligned to public sector requirements. Liquidity is supported through cash reserves, committed facilities and forecasting and stress testing to maintain resilience.
Technology	Artificial intelligence (AI) AI adoption can enhance customer experience, network operations and productivity, while requiring disciplined governance to manage associated considerations. Key areas include data quality, privacy, model reliability, fairness, cybersecurity, integration with existing systems and the need for ongoing monitoring and updates. Generative AI can also raise intellectual property and copyright considerations related to training data, third-party content and generated outputs, alongside evolving regulatory expectations. Increased automation may call for workforce planning, skills development and effective change management to support adoption.	stc group approaches AI adoption through governance that sets accountability and risk assessment for material use cases. Data governance and privacy controls support appropriate sourcing and use of information, while human oversight helps maintain reliability and fairness. Security controls cover access management and monitoring. Third-party solutions are subject to vendor due diligence and performance review. Legal and regulatory expectations, including intellectual property considerations, are monitored and reflected in policies. Training and change management support responsible adoption and value realization consistently.
Operational	Human resources stc group's performance and transformation are supported by its ability to attract, develop and retain skilled talent across telecommunications, technology, cybersecurity, data and digital businesses. Market demand for these capabilities continues to evolve and workforce expectations are changing, including for specialist and leadership roles. Growth in digital services and increased automation also require ongoing reskilling, succession planning and effective change management to sustain delivery. Variations in talent availability can influence the pace and cost of executing strategic programs and maintaining service quality.	stc group supports sustainable performance through workforce planning aligned with priorities across telecommunications, technology, cybersecurity, data and digital businesses. Talent development is reinforced through learning pathways, leadership programs and capability building, complemented by succession planning for critical roles. Engagement initiatives and rewards support attraction and retention. Reskilling and change management help enable new operating models and increased automation. Localization and capability building programs aligned with national priorities support a pipeline of skills and leadership depth, sustaining service quality and organizational resilience.

Risk management continued

Financial risk management

Credit risk management

stc group has approved guidelines and policies that allows it to only deal with creditworthy counterparties and limits counterparty exposure. The guidelines and policies allow stc group to invest only with those counterparties that have high investment grade credit ratings issued by international credit rating agencies and limits the exposure to a single counterparty by stipulation that the exposure should not exceed 30% of the counterparty’s shareholders’ equity. Further, stc group credit risk is monitored on a quarterly basis.

Other than the concentration of credit risk disclosed in note 18 in the consolidated annual financial statements, concentration of credit risk with respect to trade receivables are limited given that stc group customer consists of a large number of unrelated customers. Payment terms and credit limits are set in accordance with industry norms.

Ongoing evaluation is performed on the financial condition of trade receivables and contract assets. Management believes there is no further credit risk provision required in excess of the normal provision for impairment loss (for more details, see note 15,18 in the consolidated annual financial statements).

In addition, stc group is exposed to credit risk in relation to financial guarantees given to some subsidiaries with regard to financing arrangements. stc group maximum exposure in this respect is the maximum amount stc group may have to pay if the guarantee is called on. There is no indication that stc group will incur any loss with respect to its financial guarantees as the date of the preparation of these consolidated financial statements (for more details, see note 44 in the consolidated annual financial statements).

The majority of the stc group cash balances and short-term investments are deposited in: international banks with credit rating ranging from Baa1 and above and local banks with an investment grade credit rating of Baa3 and above.

The credit rating of the stc’s investments in the Government Sukuk is Aa3 and A+ respectively from Moodys and Fitch as at 31 December 2025 (2024: Aa3 and A+), respectively (for more details, see note 16-1 in the consolidated annual financial statements). In addition, stc group has investment in BGSM Sukuk, which currently does not have a credit rating.

Foreign currency risk management

Saudi Riyal is considered as the functional currency of stc group which is pegged against the United States Dollar. Therefore, stc group is only exposed to exchange rate fluctuations from transactions denominated in foreign currencies other than United States Dollar. The fluctuation in exchange rates against currencies, which are not pegged with Saudi Riyal, are monitored on a continuous basis. The sensitivity of the changes of ﷲ /EUR exchange rates by 1% would have impacted equity by ﷲ 22 million (2024: ﷲ 25 million).

Liquidity risk management

stc group has established a comprehensive liquidity risk management framework for the management of stc group short, medium and long-term funding and liquidity requirements under the guidelines approved.

stc group ensures its liquidity by maintaining cash reserves, short-term investments and committed undrawn credit facilities with high credit rated local and international banks. stc group determines its liquidity requirements by continuously monitoring short- and long-term cash forecasts in comparison to actual cash flows.

Liquidity is reviewed periodically for stc group and stress tested using various assumptions relating to capital expenditure, dividends, trade receivable collections and repayment of loans without refinancing (for more details, see note 42-6 in the consolidated annual financial statements).

Profit rate risk

stc group main profit rate risk arises from borrowings with variable profit margin rates.

The sensitivity analyses below have been determined based on the exposure to profit rates for non-derivative instruments at the end of the financial year. These analyses show the effects of changes in market profit rates on profit and loss. For floating rate liabilities, the analysis is prepared assuming the amounts outstanding at the end of the year were outstanding for the whole year. A 100-basis point increase or (decrease) represents management’s assessment of the reasonably possible change in profit rates. If profit rates had been 100 basis points higher (lower) and all other variables were held constant, the impact on the profit of stc group would have been (lower) higher by ﷲ 29 million (2024: the impact on the profit of stc group would have been (lower) higher by ﷲ 26 million). This hypothetical effect on profit of stc group primarily arises from potential effect of variable profit financial liabilities.

stc group periodically monitors the impact of the incremental changes in profit rates and assesses the impact on stc group profitability.

Equity price risk

stc group is exposed to changes in the fair value of equity investments and derivatives associated with such investments. To reduce the risk associated with variations in fair value and share price, stc group has acquired derivative instruments that hedge the risk profile of such investments.

The hedge ratio for each designation is established by comparing the quantity of the hedging instrument and the quantity of the hedged item to determine their relative weighting; for stc group existing hedge relationships the hedge ratio has been determined as 1:1.

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. To test the hedge effectiveness, stc group compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from a change in the credit risk of the counterparty with the hedging instrument.

Fair value of financial instruments

stc group uses valuation techniques appropriate to current circumstances that provide sufficient data to measure fair value. In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety (for more details, see note 4-20 in the consolidated annual financial statements).

The fair values of financial instruments represented in trade and other receivables, short-term murabahas, cash and cash equivalents from banking and non-banking operations, and trade and other credit payables closely approximate their book value due to their short maturity (for more details, see note 42-2 in the consolidated annual financial statements).

Capital management

stc group manages its capital which includes share capital, other reserves and retained earnings attributable to the equity holders of the parent company to ensure that:

- It will be able to operate as a going concern.
- It efficiently finances its working capital and strategic investment requirements at optimal terms.
- It provides a long-term dividend policy and maintains a stable dividend pay-out.
- It maximizes the total return to its shareholders.
- It maintains an appropriate mix of debt and equity capital.

stc group reviews its capital structure in light of strategic investment decisions, changing economic environment, and assesses the impact of these changes on cost of capital and risk associated to capital.

stc group is not subject to any externally imposed capital requirements. stc group did not introduce any amendments to the capital management objectives and procedures during the year 2025 and comparative year.

stc group reviews the capital structure on an annual basis to evaluate the cost of capital and the risks associated with capital (for more details, see note 42-1 in the consolidated annual financial statements).

Risk management continued

Compliance

Toward a sustainable culture of compliance

stc group continues to foster a strong culture of compliance across its business ecosystem through a comprehensive program built on well-defined policies and compliance frameworks, supported by advanced digital technologies. This program aims to ensure continuous adherence to regulatory requirements, in alignment with globally recognized best practices.

stc group's compliance approach is founded on the principles of independence, transparency and integration with all relevant sectors/units and committees, ensuring:

- Clear definition of roles and effective policy implementation.
- Increased trust and accountability at all organizational levels.
- Ongoing coordination and periodic reporting to both the Board Audit Committee and the Risk Management and Compliance Committee, ensuring alignment of activities with governance, risk and compliance requirements.

In 2025, stc group continued to enhance its compliance organization by updating policies, procedures and expanding digital transformation initiatives that enabled greater automation of monitoring and compliance reviews, improved data quality and faster response times. As part of its ongoing efforts to reinforce a culture of ethics and professional conduct, the compliance team continued to conduct training and awareness programs aimed at embedding the values of integrity and responsibility among employees. These efforts were crowned by stc group's achievement of the ISO 37301:2021 certification for Compliance Management Systems, confirming the efficiency of its compliance organization and sustainability of its operations.

stc group reaffirms its commitment to nurturing a corporate culture of compliance that embodies the values of trust and accountability, supporting its operations through the integration of institutional development and digital transformation and reinforcing its position as a leader in governance excellence and sustainable performance.

Business integrity

In its pursuit to enhance stakeholder trust, stc group has placed significant emphasis on embedding integrity values and combating illicit practices. Following the Board of Directors' adoption of the initiative to establish the organizational structure for the general department of business integrity, the following departments were established:

- Whistleblowing department.
- Anti-fraud and corruption department.
- Anti-financial crimes department.
- Forensic department.
- Investigations department.

To further develop business integrity efforts, a comprehensive three-year strategy has been approved, focusing on several core pillars:

- Strengthening oversight of business integrity activities within stc group.
- Leveraging proactive detection and prevention measures.
- Adopting cutting-edge digital technologies.

stc group is investing in this direction to lead the telecommunications sector in establishing a business model that covers all aspects of integrity, thereby boosting stakeholder confidence and creating an attractive investment environment. This includes the following key initiatives.

1. **Establishing a dedicated reporting department:** A specialized department has been created to receive all reports related to suspected fraud and corruption through stc group's reporting channels. Awareness campaigns have been conducted for all employees to educate them about various reporting channels, the mechanism for submitting reports and the protection afforded to good-faith whistleblowers. A dedicated icon labeled "Business Integrity Reports and Consultations" has been added to the employee portal for seamless reporting. A separate channel for business integrity consultations has also been developed.
2. **Automation:** The first phase of task automation has been completed at 100%, and stc group has progressed to the second phase, adopting a

machine-learning model to deploy AI tools for proactive detection solutions. By mapping normal transaction patterns, these technologies identify unusual operations for further AI-driven analysis. This is expected to provide critical data for decision-makers and strengthen the first line of defense against threats.

3. **Awareness programs:** In collaboration with the Control and Anti-Corruption Authority (Nazaha), stc group has organized numerous training sessions, seminars and workshops. These initiatives have educated employees about prohibited practices, their risks and the importance of reporting them, positively enhancing trust in reporting channels and enabling corrective solutions for problematic transactions.
4. **Digital forensics:** Advanced electronic examination technologies have been deployed to improve the quality and accuracy of report outputs. Construction of a state-of-the-art digital forensics lab, adhering to the latest standards and technologies, is currently underway.
5. **Fraud and corruption prevention:** Following a partnership agreement with the risk sector, stc group has enhanced operational procedures, self-monitoring efforts, risk indicators and control mechanisms. This includes ongoing root-cause analysis of detected cases, coordinated corrective solutions with business sectors and strengthened controls.

6. **Anti-money laundering (AML) and counter-terrorist financing (CTF):** After bolstering the Financial Crimes Department with expert human resources and investing in technical monitoring tools, stc group has analyzed internal data sources to build controls for suspicious activity monitoring. These controls are continuously reviewed to enhance effectiveness, contributing to an improved sustainability rating for the company.
7. **Investigations management:** The Investigations Platform has been integrated with the electronic business integrity platform to minimize manual case processing. Technical linkages with stakeholders streamline workflows and database updates, improving the quality of examination, analysis and prediction outputs. Agreements with all subsidiaries ensure robust investigation processes, and maturity assessments of business integrity practices across stc group are conducted to drive continuous improvement.
8. **Governance:** stc group has reviewed and enhanced the Business Integrity Committee's charter, restructuring it to reinforce oversight, accountability and independence principles.

Through these measures, stc group continues to solidify its leadership in business integrity within the telecommunications industry.



03

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Commercial Unit

2025 was a defining year for the Commercial Unit: a year of transformation, acceleration and renewed ambition. As stc group continued to lead Saudi Arabia’s telecommunications market, the Commercial Unit evolved its model to become leaner, smarter and more customer-centric.

Guided by a relentless focus on value creation, the Unit advanced digital and AI capabilities, deepened customer engagement and strengthened foundations for sustained growth. This year marked a pivotal step toward its vision of shaping the Kingdom’s next era of intelligent connectivity.

On the mobility market, the Commercial Unit sustained its leadership despite intensifying competition. Its strategy centered on value-based differentiation, leveraging brand strength and network leadership to deliver exceptional experiences across all segments. The Unit continued to attract and retain high-value customers through targeted engagement, personalized offers and seamless digital journeys. During the 2025 Hajj season, it ensured a smooth, connected experience powered by enhanced readiness and agile on-the-ground enablement. A continued focus on premium positioning and disciplined value management has allowed the Unit to maintain healthy growth in subscribers by 5% year-on-year and protect long-term profitability, even amid heightened market dynamics.

Jawwy, the Commercial Unit’s digital sub-brand, continued to embody stc group’s youth and digital-first DNA, delivering an app-led experience built on simplicity, control and empowerment. In 2025, the brand enhanced its performance and stability through a new digital platform, paving the way for scalable innovation and richer service integration. This evolution reinforces Jawwy’s role as a key growth engine and a model for digital savviness across the portfolio.

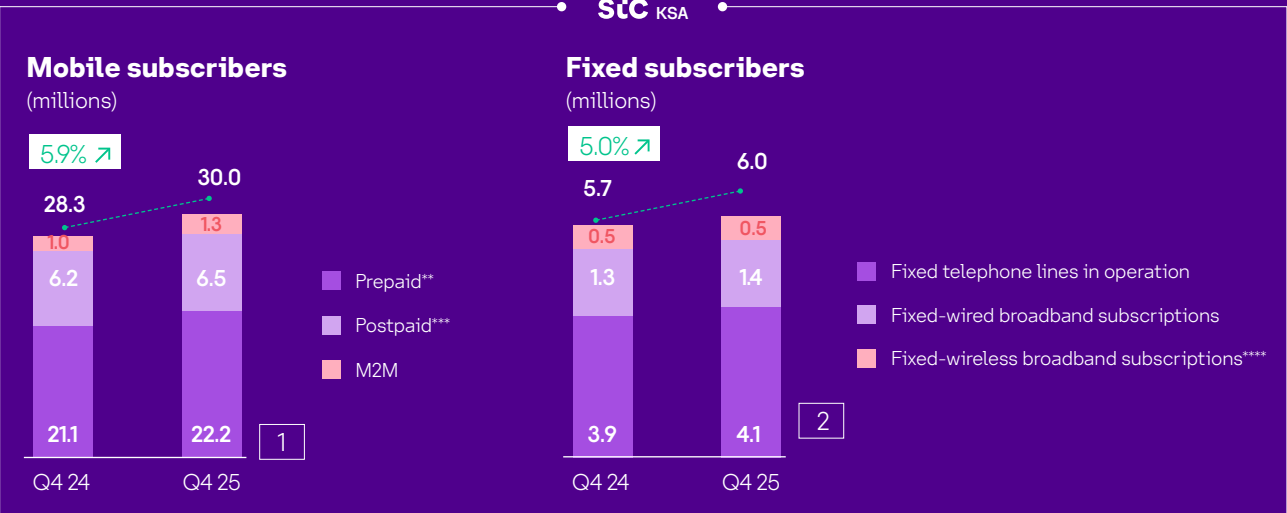
On fixed services, the Commercial Unit maintained its leadership across both FTTH and FWA, balancing growth, quality and profitability. Fiber rollout continued at pace, expanding high-speed access to more households across the Kingdom, while migration efforts accelerated the transition from legacy infrastructure. FTTH remained a strategic priority, delivering superior margins and an exceptional customer experience. The Commercial Unit also expanded its CVM and analytics engines across fixed services, strengthening its ability to deliver greater value to customers and enhance lifetime value.

The Commercial Unit’s adjacent services portfolio continued to expand and evolve, reinforcing stc group’s position as a key enabler of Saudi Arabia’s digital lifestyle. This evolution drove the increase in the total number of stc tv registered subscribers, supported by richer local content, enhanced user experiences and new AI-powered interactive features. Collectively, these efforts strengthened the Commercial Unit’s presence at the intersection of connectivity, content and community. **Consumer electronics** continued to deliver strong performance in 2025, consolidating its role as a key lever of growth and differentiation. The Commercial Unit expanded its portfolio into higher-margin categories and enhanced its go-to-market strategy with stronger bundling and direct-to-customer channels. The result was a 14% increase in device contract sales and continued growth in revenues. Beyond products, the Commercial Unit is redefining the consumer electronics experience through end-to-end service excellence, from purchase and financing to installation and after-sales support, reinforcing stc group’s presence in customers’ everyday lives.

On the loyalty program side, qitaf program members grew, driven by the launch of the stand-alone app and an expanded network of lifestyle and retail partners. qitaf continued to foster loyalty and cross-service value across the ecosystem.

As part of the Commercial Unit’s ongoing digital transformation efforts, AI-powered analytics, automation and seamless omnichannel integration enabled it to accelerate response times and improve customer satisfaction indicators. Meanwhile, the mystc platform continued to evolve with enhanced gamification features and interactive digital campaigns, such as the “Mercedes Every Week” campaign, which attracted up to 40 million participants. The campaign aimed to raise awareness of digital services and empower customers to complete their transactions through the app, resulting in an increase in digital-only customers and a huge uplift in overall digital transactions. These achievements reflect the Commercial Unit’s continued commitment to innovation, operational efficiency and delivering exceptional customer experiences.

Subscribers at a glance*



* Percentage changes are calculated based on full figures.
** Prepaid subscribers includes mobile voice, standard mobile broadband, and dedicated data mobile broadband subscriptions.
*** Postpaid subscribers includes mobile voice, standard mobile broadband, and dedicated data mobile broadband subscriptions.
**** Fixed-wireless broadband subscribers includes 4G and 5G subscribers.
[1-2] Figures are not audited.

Commercial Unit in 2026

Looking ahead to 2026, the Commercial Unit stands at the threshold of a new era, one defined by AI at scale, digital savviness and emerging technologies such as low-earth-orbit (LEO) connectivity. The Unit is poised to lead this next chapter with a renewed commercial focus, deeper understanding of customer needs and a clear commitment to innovation. The Commercial Unit is going beyond the evolution of technological connectivity to the social aspects impacting how its customers live, work and play.

Awards and recognitions



Business Unit

During 2025, the Business Unit was again successful in its efforts to secure local and international partnerships, launching innovative products and services that align with its core strategic efforts.

This drive is fueled by the development and implementation of advanced solutions that contribute to achieving the objectives of Saudi Vision 2030 as a prominent digital enabler. These initiatives underscore the Business Unit’s unwavering commitment to making the transformation a success and creating value.

The Unit cemented its position as a leading digital entity and a strategic partner for the region’s primary business sector clients, which is in line with the stc group strategy. The Unit has consistently worked on applying the highest standards of digital transformation and smart digital solutions, establishing a robust ecosystem of capabilities. These efforts have allowed the Unit to serve its customers by delivering sustainable, world-class smart experiences, demonstrating its commitment to innovation and service focused on elevating customer satisfaction.

In 2025, the Business Unit concluded several strategic partnerships, most notably a collaboration with Oracle, where a strategic partnership agreement was signed to enable government entities with integrated and innovative cloud solutions. These solutions support digital transformation and unlock prospects that contribute to the beneficiaries achieving their strategies and goals with high efficiency, flexibility and enhanced security.

Another significant development is stc group’s strategic partnership with the Diriyah Company to enhance the historic Diriyah project. Under this agreement, stc group will provide infrastructure services, thereby transforming the Diriyah Gate Project into a smart heritage zone equipped with the latest technologies.

On the tourism front, stc group announced the signing of a national partnership with the Red Sea International Company. This agreement encompasses several key areas, primarily providing high-quality communications infrastructure to serve visitors to the distinctive tourist destination in the Red Sea, as well as delivering flexible and scalable smart digital services that allow for future applications.

Through these types of agreements, stc group aims to drive digital and technological transformation across major projects in the Kingdom more broadly, enhancing infrastructure and digital services by leveraging the latest advanced solutions.

Key achievements in 2025

Connected park - King Salman Park Foundation

stc group signed a strategic partnership with the King Salman Park Foundation to transform the world’s largest urban park into a model of smart sustainability. The collaboration includes hyper-connected networks, resilient digital infrastructure, cybersecurity and AI-driven services delivering seamless connectivity and real-time environmental intelligence; thereby supporting Riyadh’s broader smart-city ambitions.

stc.ai deployment with Ministry of Transportation

stc group successfully deployed its first stc.ai solution with the Ministry of Transportation to streamline the identification of key policies and procedures. The solution enhances employee productivity, improves access to critical information and strengthens the ministry’s digital transformation and operational excellence.

Five-year strategic agreement with National Water Company

Strengthening stc group’s position in the utilities industry, a five-year strategic agreement was signed with the National Water Company to oversee and manage its critical applications and infrastructure. This ensures efficient day-to-day operations and supports stc group’s digital transformation initiatives through a cost-effective and scalable framework.

SPL stadiums infrastructure

Implementing a broadcasting infrastructure for 18 SPL stadiums across KSA, including VAR site connectivity and a broadcasting center.

Electronic passport system

stc group successfully secured the contract with the General Directorate of Passports to manage the operation and maintenance of its electronic passport system.

Mobile Oncology Unit

The Mobile Oncology Unit addresses critical barriers faced by cancer patients, especially those in remote areas who struggle with long travel times, crowded hospitals and inconsistent access to specialists. By decentralizing care, it reduces operational strain on healthcare facilities, enhances patient safety through better clinical processes and supports national health equity goals.

SDAIA private cloud

Successfully won the SDAIA private cloud project to operate and maintain the HexaCloud cloud environment, ensuring efficient performance of all key components.

Business sector growth

The growth in the business sector was further supported by the improved performance of the private sector compared to the previous year, marking a significant achievement. This growth was driven by enhancing the sales performance of small and medium enterprises (SME) and elevating strategic focus and sustained commitment with the key strategic industries, particularly through strengthened engagements with tailored solutions and offerings for each industry vertical. These efforts focused on capacity building, expanding digital solutions and fostering innovation to accelerate business growth and operational efficiency.

Supporting major sector events

The Business Unit dedicated significant attention to sponsoring numerous global and local events and participated in several exhibitions to showcase stc group’s capabilities across various sectors, including cybersecurity, health and energy. At the Global Cybersecurity Forum 2025, stc group participated as a main sponsor with a dedicated pavilion showcasing advanced cybersecurity solutions. At the Global Health Exhibition 2025, stc group presented sophisticated digital solutions for the medical and healthcare sectors to enhance digital integration and support sector-wide transformation. This active engagement in prominent events reflects stc group’s pivotal role in shaping a digitally driven, future-oriented world.

Business Unit in 2026

In 2026, the Business Unit is committed to reinforcing its position as a leading enabler in the communications and digital transformation market, leveraging its extensive expertise, diverse capabilities and customer base, which spans both the private and public sectors. By highlighting its role as a prominent digital enabler in the region, the Unit aims to maintain its strong trajectory with a central focus on key accounts/ giant accounts. These efforts demonstrate the Business Unit’s unwavering commitment to delivering exceptional products, services and experiences to customers across the Kingdom, reflecting its dedication to excellence and customer satisfaction.



Carrier & Wholesale Unit

Overview

stc group's Carrier & Wholesale Unit (C&W) continued to strengthen its position as the **preferred wholesale** and digital infrastructure partner in Saudi Arabia and across the region. Through advanced solutions, strategic collaborations and a strong culture of innovation, C&W reaffirmed its leadership in enabling connectivity, driving national transformation and reinforcing Saudi Arabia's role as a **regional digital hub**. The Unit's 2025 performance reflects its alignment with **stc group's strategic objectives**: advancing next-generation technologies, improving customer experience and fostering sustainable growth. Its proactive transformation approach and disciplined execution have positioned C&W as a central player in stc group's journey toward digital leadership and operational excellence.

C&W remains at the forefront of **digital enablement**, integrating AI, IoT and cloud interconnectivity into its services. These advancements reinforce **Saudi Vision 2030**, empowering the Kingdom's economic diversification and technological transformation.

Strategic partnerships and collaborations

In 2025, C&W expanded its partnerships across multiple sectors to strengthen Saudi Arabia's digital infrastructure and advance national connectivity objectives.

FTTH activation - Khayala District (NHC)

Launched fiber-to-the-home (FTTH) connectivity in Jeddah's Khayala District, supporting smart residential communities and modern digital living.

Infrastructure integration - National Water Company (NWC)

Partnered with NWC to align infrastructure expansion, optimize execution resources and accelerate the rollout of fiber networks across the Kingdom.

Aramco digital enablement during Hajj 2025

Delivered a high-capacity, low-latency connection between Dhahran and Makkah, enabling Aramco Digital's participation in Hajj 2025 and supporting a unified national digital ecosystem.

Innovation with Huawei

Hosted a joint workshop through the newtrack initiative, focusing on active sharing, in-building solutions (IBS) and edge computing to enhance neutral-host infrastructure.

Strategic engagements with global partners

Strengthened cooperation with international telecom and technology providers, including ongoing collaborations with iBasis and global IoT leaders, to expand service diversity and coverage.

International voice and connectivity

Established a dedicated VoIP interconnect with BSNL India to optimize routing diversity and enhance seasonal traffic capacity.

Microsoft long haul and data center dark fiber projects

In alignment with the Kingdom's expanding cloud ecosystem, C&W led the implementation of Microsoft's long haul fiber and data center dark fiber projects supporting the new Azure data center region in Saudi Arabia's eastern province, scheduled for launch in 2026.

The **long haul project** established strategic terrestrial and cross-border routes connecting hyperscale facilities and landing stations, including:

- MIS Al Anwar (DMM21) - UAE border (DU Dubai).
- MIS Al Anwar (DMM21) - Yanbu CLS (MRS).
- MIS Al Wahah (DMM23) - Khobar CLS (GBI).
- MIS Al Wahah (DMM23) - SINDEAAL (Vodafone Qatar).
- MIS Al Wahah (DMM23) - Haql border (NaiTel Jordan).

Complementing **this, the data center dark fiber project** interconnected five hyperscale sites - DMM20 (stc Compound), DMM21 (Al Anwar), DMM22 (Modon), DMM23 (Al Wahah) and DMM30 (center3/ETSLEAF) - through 13 primary and protection links spanning over 200 km.

These projects deliver **low-latency, high-redundancy and sovereign connectivity**, strengthening Saudi Arabia's role as a **strategic digital hub under Vision 2030**.

Achievements

Customer experience excellence

C&W continued to prioritize customer satisfaction and service reliability as key success metrics. In 2025, the Unit **exceeded its customer experience index (CXI) year-to-date target by 3.7%**, highlighting substantial progress in responsiveness, digital accessibility and service delivery quality. This performance stems from initiatives such as the upgraded **myWholesale platform, enhanced Customer360 analytics** and streamlined operational workflows, all contributing to higher satisfaction and agility.

Industry engagements and events

C&W represented stc group in major industry gatherings, reinforcing its leadership in connectivity and innovation:

- **GCCM London 2025** - advanced regional carrier partnerships.
- **ITW 2025 (Dubai)** - shaped dialogue on MENA digital infrastructure investments.
- **ACC 2025 (Cebu)** - participated as exclusive digital enabler sponsor.
- **Formula 1 (April 2025)** - delivered global event connectivity through international partners.
- **Huawei workshop (January 2025)** - explored collaborative innovation models.



Carrier & Wholesale Unit continued

Digital transformation and innovation

- **myWholesale portal:** Upgraded with full automation for service requests, contract management and performance tracking.
- **Customer360 platform:** Leveraged predictive analytics for data-driven engagement and loyalty.
- **Website redesign:** Launched unified taxonomy and seamless navigation across service categories.
- **NG-eCall smart mobility pilot:** Implemented Saudi Arabia's first next-generation eCall emergency system with 911 integration.
- **A2G expansion (SkyFive Arabia):** Broadened inflight Wi-Fi services regionally to enhance passenger experience.
- **IoT and neutral host growth:** Accelerated smart infrastructure deployment with developers and government partners.

Operational excellence

C&W sustained robust operational performance through:

- Streamlined service delivery and governance controls.
- Network optimization and uptime improvements.
- Coordinated execution of complex national projects (e.g., Aramco Digital, Formula 1).
- Strengthened coordination between service delivery and customer care functions.

Appendix - C&W agreements and MoUs (2025)

Partnership	Partner
Connected mobility Vehicle IoT and connectivity enablement	Global Automotive Partner
Formula 1 connectivity Event infrastructure support	Global Carriers
Quantum innovation recognition National innovation contribution	KACST

Carrier & Wholesale Unit in 2026

C&W will continue its transformation journey through:

- Expanding terrestrial and subsea connectivity.
- Scaling IoT and neutral-host ecosystems.
- Integrating AI and automation across operations.
- Developing new partnerships to support national and regional digital transformation.

C&W aims to sustain growth, enhance customer engagement and solidify its leadership as the driving force of stc group's regional and global connectivity strategy.

Awards and recognitions



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



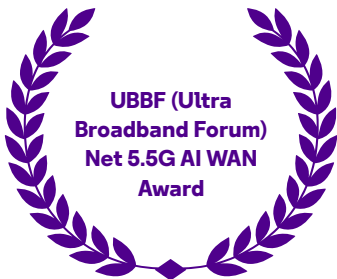
Validates stc group’s position as the premier regional digital hub, recognized for superior wholesale connectivity, infrastructure reliability and strategic interconnectivity across the Middle East.



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



**TM Forum Awards
- Innovation
in customer
experience and AI-
driven solutions**

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



**Gartner Eye on
Innovation Award
- Integrated
water resource
management
solution**

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



**Tricentis
Customer
Innovation Award
2025 - Innovator
category (EMEA)**

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.



**Forrester EA Award
(Runner-up, EMEA
region)**

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.



**TM Forum
Recognition -
Leading business
architecture
practices**

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



**IPMA Global
Project Excellence
Award 2025 - Silver
winner (North Star
Program)**

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.



**HRM Summit
Technology Award
2025 for enabling HR
AI core use cases**

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



**World's first 2.4T
trial on a live optical
network**

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.



**World's first
automated radio
resource partitioning
(RRP) on 5G SA slice**

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



**First commercial
5G NSA Cloud
RAN deployment
in MEA**

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.



**First in the region to
commercially deploy
50G PON**

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.



**Successfully
tested 5G
backhaul over
LEO satellites**

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.



**Region's first
network slicing
PoC over GPON**

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



**Demonstrated NTN
LEO IoT navigation
and messaging
using 2100 MHz
S-band**

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



stc group and AST SpaceMobile commercial agreement for space-based broadband integration

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”.



Successfully obtained the running-on-ODA certification from TM forum

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.



Joined ITU-T ION2030 to develop F6G (fixed sixth-generation) global 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



Deployment of hybrid sovereign GenAI model portfolio context

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.



Enterprise-wide Agentic AI and RAG orchestration framework context

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



Ookla Awards: Fastest mobile network and best mobile coverage (H1 2025)

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



Recognized on World Intellectual Property Day for advancing stc group’s IP portfolio

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.



Patent granted: Proactive monitoring and restoration system (SA 21008 B1)

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.



Patent secured: Proactive anomaly detection solution

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



Achieved comprehensive certification across ISO standards (TL9000, ISO 14001, ISO 50001, ISO 27001, ISO 9001)

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



Developed group-wide services catalog enabling circular economy practices

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



Established group-wide incident and change management framework

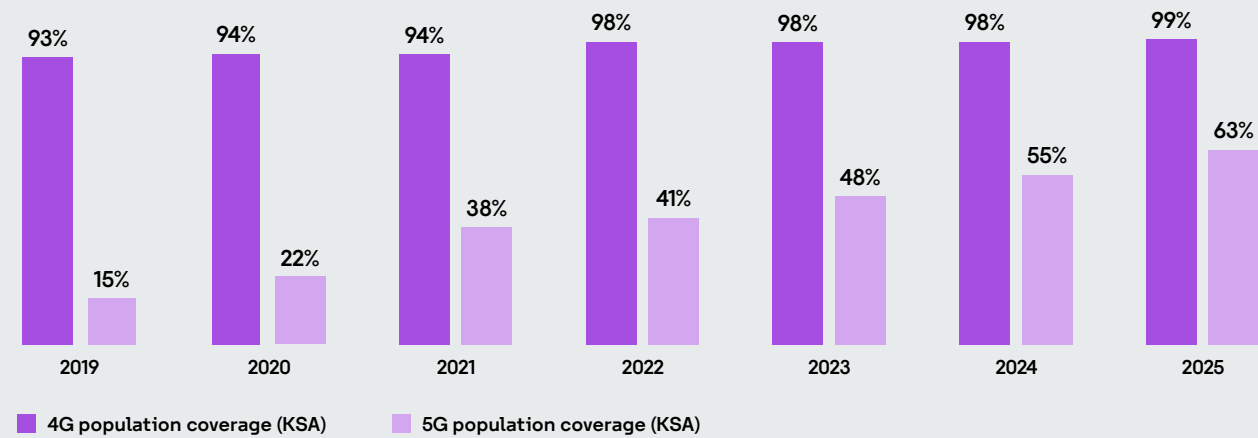
A critical governance standardization covering 70% of system-to-system interactions, safeguarding operational stability while accelerating change velocity across stc group.



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.

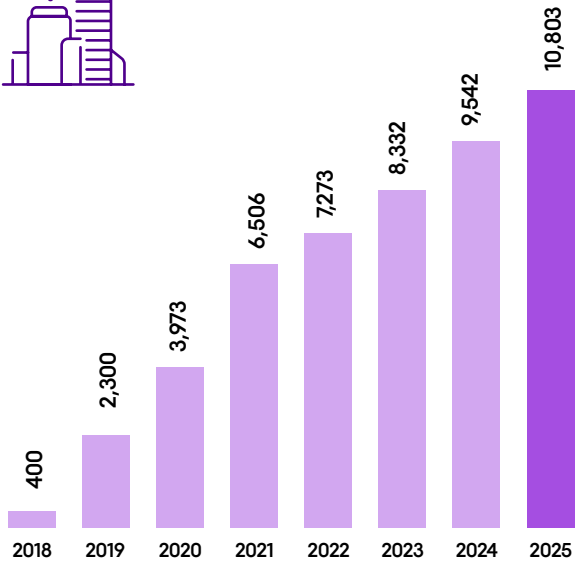


stc group made significant strides in infrastructure development and modernization throughout 2025, achieving notable milestones that enhanced connectivity and customer experience. A total of 152,769 households were connected to fiber through FTTH projects, bringing the cumulative FTTH connections to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

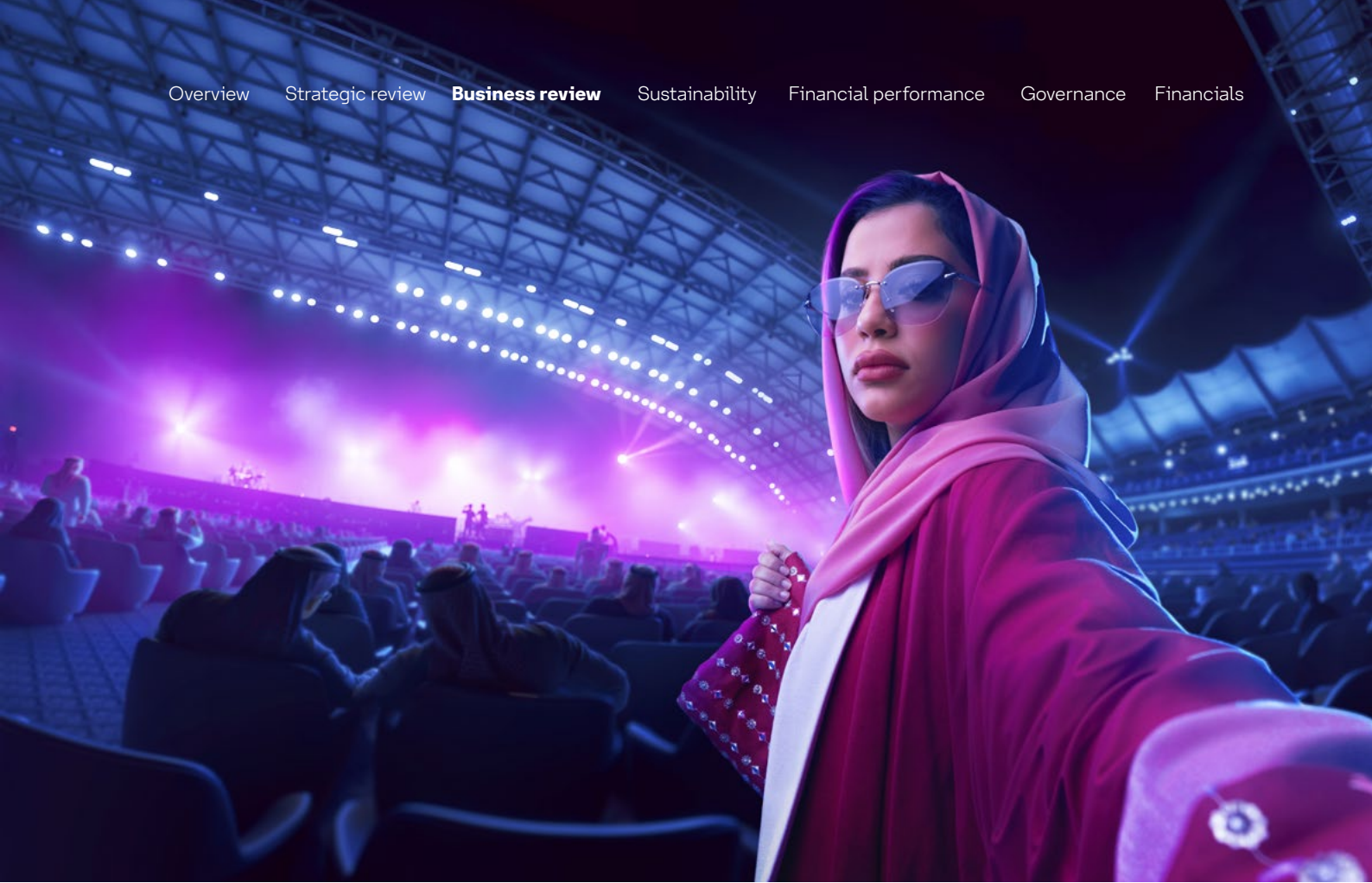
In the 5G domain, stc group commissioned 1,261 new 5G sites, reaching an accumulated total of 10,803 live 5G sites. Additionally, over 1,800 integrated 5G second-layer sites (N40) were implemented, the number of 5G layers across the network has reached over 26,590 carriers. 2,133 layers of them from 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 m² 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 FTTx connections, and 60+ km of fiber across Red Sea, NEOM, AIUla, 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 m²** 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
Total	16,586	2,335

stc group

Workforce profile	2025
Total number of employees (excluding trainees, students and outsourced staff)	18,921
By type of employment	
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%
By age for permanent contract	
Workforce by age less than 30	2,043
Workforce by age 30-50	12,852
Workforce by age more than 50	1,691
By gender for permanent contract	
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:

- **ETEC:** 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

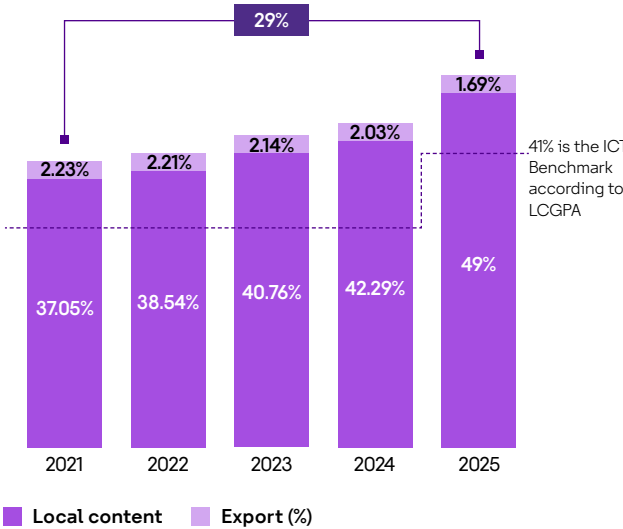
2025–2030

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

Subsidiaries and Investments

Subsidiaries (local and international)

Name of subsidiary	Country of incorporation	Shareholding %	
		31 December 2025	31 December 2024
Arabian Internet and Communications Services Company (solutions)	Kingdom of Saudi Arabia	79.64%	80%
Saudi Telecom Channels Company (Channels)	Kingdom of Saudi Arabia	100%	100%
STC Bank	Kingdom of Saudi Arabia	92.26%	87.73%
Digital Centers for Data and Telecommunications Company (center3)	Kingdom of Saudi Arabia	100%	100%
Advanced Technology and Cybersecurity Company (sirar)	Kingdom of Saudi Arabia	100%	100%
Internet of Things Information Technology Company (IoT squared)	Kingdom of Saudi Arabia	50%	50%
General Cloud Computing Company for Information Technology (sccc by stc)	Kingdom of Saudi Arabia	55%	55%
Public Telecommunications Company (Specialized)	Kingdom of Saudi Arabia	100%	100%
Aqalat Limited Company (Aqalat)	Kingdom of Saudi Arabia	100%	100%
Gulf Digital Media Model Company Ltd (GDMM) (Intigral)	Kingdom of Saudi Arabia	100%	100%
Telecom Commercial Investment Company Limited (TCIC)	Kingdom of Saudi Arabia	100%	100%
Smart Zone Real Estate Company	Kingdom of Saudi Arabia	100%	100%
Innovation Fund Investment Company (Tali)	Kingdom of Saudi Arabia	100%	100%
stc Bahrain Company (stc Bahrain)	Kingdom of Bahrain	100%	100%
Kuwait Telecommunication Company (stc Kuwait)	Kuwait	51.84%	51.84%
stc Asia Holding Ltd (stc Asia)	British Virgin Islands	100%	100%
stc Turkey Holding Ltd (stc Turkey)	British Virgin Islands	100%	100%
stc Gulf Investment Holding (stc Gulf)	Kingdom of Bahrain	100%	100%
stc GCC Cables System W.L.L. (stc GCC)	Kingdom of Bahrain	100%	100%
Green Bridge Investment Company (GBI)	Luxembourg	100%	100%
Green Bridge Management Company (GBM)	Luxembourg	100%	100%

Local Subsidiaries

Arabian Internet and Communications Services Company (solutions)

solutions’ strategy

As a trailblazer in the ICT industry, solutions is focused on continuous growth. This includes expanding and integrating its service offerings, as well as building new capabilities to stay ahead in the fast-evolving technology landscape.

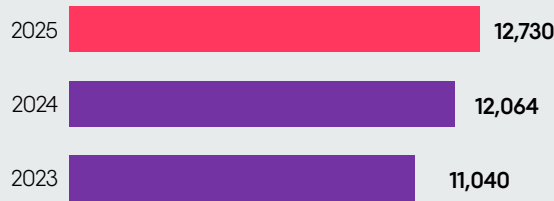
Its LEAP 2.0 strategy seeks to harness cutting-edge technologies, optimize service delivery and ensure its solutions are relevant for today and revolutionary for tomorrow. The expansion into new business models and the emphasis on a scalable innovation program underlines its commitment to being at the forefront of technological evolution.

Its strategic pillars are:

- **Lead through service excellence.**
- **Empower business growth and diversification.**
- **Achieve excellence in customer engagements.**
- **Promote efficiencies and sustainability.**

solutions’ acquisitions and investments will strengthen its offerings and improve efficiency, supporting its strategy that aligns seamlessly with the Kingdom’s Vision 2030, demonstrating its commitment to contributing to Saudi Arabia’s broader ambitions.

solutions revenue (ﷲ million)



About solutions

Established in April 2002 and acquired by stc group in 2007, the Arabian Internet and Communications Services Company (solutions) has emerged as a pivotal provider of internet services, operation of communications projects and transmission and processing of information in the Saudi market and the region at large. solutions headquarters are located in the Kingdom.

A key milestone in the company’s journey was the initial public offering (IPO) in 2021. stc group offered 20% of its shareholding in solutions on the Saudi Exchange, with 1% of solutions’ share capital earmarked for an employee long-term incentive

plan, underscoring the company’s commitment to its workforce. As of 31 December 2025, solutions’ share capital is ﷲ 1,200 million.

Based in Saudi Arabia, with its operations concentrated in the Kingdom, solutions has positioned itself as a leading force in driving digital transformation and holds the distinction of being the premier ICT service provider for both public and private sectors. It offers comprehensive, end-to-end IT services and solutions, adopting a holistic one-stop-shop approach that spans the entire IT value chain helping organizations by setting the digital vision to realization of business value.

Subsidiaries and Investments continued

2025 achievements

In 2025, solutions advanced its transformation from a digital enabler into a leading provider of intelligent, AI-driven solutions shaping the region’s future economy. The year was defined by sharper strategic focus, stronger execution and meaningful progress in delivering the next generation of cloud, data and AI capabilities for customers across the Kingdom and the wider region. Its achievements reflect both the growing maturity of the company’s digital ecosystem and the acceleration of national priorities that continue to redefine the technology landscape under Vision 2030.

Throughout the year, the company strengthened its core platforms and expanded the intelligent foundations that enable governments, enterprises and cities to operate more efficiently and sustainably. AI-powered healthcare systems improved diagnostic speed and elevated patient outcomes. Smart mobility solutions enhanced traffic management and urban efficiency. Intelligent automation supported energy optimization and operational reliability across multiple sectors. Secure, scalable cloud and data platforms advanced digital governance. Together, these initiatives illustrate how the company is moving beyond digital transformation toward shaping intelligent possibilities across every sector it serves.

The company’s portfolio strategy also matured significantly. It focused on standardization, scalability and direct customer engagement, creating clearer offerings and deeper market insight. Cloud,

connectivity, digital services and managed services emerged as the company’s core growth engines, each supported by AI as a foundational enabler. solutions expanded its cloud footprint, launched new digital and AI-ready services and strengthened its regional presence through targeted ventures and partnerships with global technology leaders. This integrated model accelerated execution, improved accountability and aligned go-to-market efforts with the company’s long-term strategic direction.

solutions continued to support national goals by delivering resolutions that enhance economic diversification, raise public sector productivity and enable future-ready industries. Investments in AI, sovereign cloud, cybersecurity and digital infrastructure directly reinforced the Kingdom’s ambition to build a knowledge-based, innovation-driven economy. At the same time, the company deepened its commitment to people and culture through capability-building programs, innovation initiatives and new operating models designed to unlock performance and empower its workforce.

By the end of 2025, solutions had strengthened its position as a national and regional digital backbone, delivering technology that elevates services, improves lives and contributes to sustainable long-term growth. The company enters 2026 with strong momentum, a clear strategic path and the capabilities required to lead the next phase of intelligent transformation.

Subsidiaries owned directly by solutions

Name of subsidiary	Country of incorporation	Effective shareholding %	
		31 December 2025	31 December 2024
Saudi Telecom Company Solution for Information Technology (owned by one person)	Egypt	100%	100%
Giza Systems Company	Egypt	88.19%	88.19%
Contact Center Company	Kingdom of Saudi Arabia	100%	100%
Amanah Tech Business Solutions Company	Kingdom of Saudi Arabia	70%	70%
Nawat Alittisalat Company	Kingdom of Saudi Arabia	100%	-

Awards and recognitions



First place in the Corporate Challenge

Awarded by
LEAP 2025



Leading Innovation Institution in the Private Sector

Awarded by
GDI 2024



Corporate Social Responsibility Award - (2nd consecutive year)

Awarded by
Ministry of Human Resources and Social Development (HRSD)



2025 Star Performer award for Europe and the Middle East

Awarded by
NVIDIA



HP Amplify Strategic Partner of the Year Award

Awarded by
HP



Cisco Powered Services (CPS) accreditation

Awarded by
Cisco



Best CEO in the IT Sector

Awarded by
Argaam Summit 2025



2024 VCSP VMware Cloud Foundation as a Service Partner of the Year

Awarded by
GEO



Success Partners Award

Awarded by
Ministry of Human Resources and Social Development (HRSD)



Partner of the Year FY24

Awarded by
Palo Alto Networks at Partner Xchange Saudi Arabia



- Agile Leader - Gold
- PMO of the Year - Gold
- Sustainable Project of the Year - Gold
- Sustainable Project Manager - Silver

Awarded by
IPMA Global Awards 2025



IT & Communication Project - Silver
Innovation Project of the Year - Silver

Awarded by
IPMA Global Awards 2025

Subsidiaries and Investments continued



Awarded by
Hewlett Packard Enterprise (HPE)



Awarded by
HR Summit & Expo Informa (HRSE)



Awarded by
GCC GOV HR Awards 2025



Awarded by
Maven Insights



Awarded by
ISO 9001:2015



Awarded by
ISO 37000:2021



Awarded by
BCI Middle East



Awarded by
SOC-CMM



Awarded by
ISO 27701:2019



Awarded by
Google Cloud KSA



Awarded by
Dell Technologies



Awarded by
NVIDIA



Awarded by
NVIDIA



Awarded by
Opentext



Awarded by
PureStorage



Awarded by
Global Project Management Forum (GPMF)



Awarded by
QA Compliance



Awarded by
QA Compliance Assessment



Awarded by
SGS



Awarded by
Nutanix

solutions in 2026

Looking ahead to 2026, solutions enters the next chapter of its growth journey with stronger conviction, deeper capabilities and an expanded role in shaping Saudi Arabia's digital future. Building on the momentum of previous years, the company will focus on scaling high-value ICT services, accelerating innovation and strengthening its leadership in system integration and technology-driven transformation. solutions will continue to advance its multi-pillar strategy, prioritizing domains where it can create national-scale impact and sustainable competitive advantage. This includes expanding its next-gen service offerings, while introducing value-centric delivery models aligned with evolving customer expectations.

Subsidiaries and Investments continued

Saudi Telecom Channels Company (Channels)

Channels’ strategy

Channels’ strategic vision is to excel by:

- 1. **Boosting its profitability by sustaining revenue growth with a healthy margin.**
- 2. **Enabling the growth of core services in line with stc group’s strategic ambitions in KSA and beyond.**
- 3. **Developing the required capabilities to sustain growth targets.**

Channels revenue (ﷲ million)



2025 achievements

2025 was a year of momentum and maturity for Channels, marked by stronger profitability, greater operational discipline and renewed commercial resilience. This performance underscores a clear trajectory toward a more agile and performance-driven organization.

Operational/business highlights

During 2025, Channels has delivered remarkable achievements through its strategy (EXCEL):

Theme-one: Enable stc group’s core services growth

- Growth in mobility sales volume by 11% year over year.
- Enhance SOHO sales by 18% year over year.

Theme-two: Extract maximum value from core channels

- Growth in devices revenue from digital sales by 5% year over year.

Theme-three: Capture growth opportunities

- Grew in devices gross profit margin by 15% year over year.
- Signed a tier 1 partnership with Lenovo to supply locally manufactured devices supporting local content.

Theme-four: Enable organizational and operational capabilities

- Enhanced the customer satisfaction score reaching 98%.
- Receiving 5 performance awards for excellence in various fields.

Theme-five: Lead in international markets

- Subsidiaries revenue grew by 6% year over year.

Channels’ strategic focus

- Build a future-proof sales engine by expanding its reach and capability, growing digital sales and evolving toward providing a world-class retailer experience.
- Become lean and resilient by rebalancing the channel and product mix, optimizing its operational cost and uplifting its analytics capabilities.

Awards and recognitions



Awarded by
International Finance Magazine



Awarded by
Global Business Outlook Magazine



Awarded by
HRSE KSA



Awarded by
Middle East National Business Awards



Awarded by
International Business Magazine

About Channels

Saudi Telecom Channels Company (Channels) is a retailer and distributor of choice for telco and consumer electronics for customer across Saudi Arabia, Bahrain, Oman and Kuwait. With its broad operational footprint, Channels continues to support stc group’s core services growth while expanding its growth portfolio.

Established in January 2008 with the purpose of operating in the wholesale and retail trade of recharge card services, telecommunication equipment and devices, computer services, sale and resale of all fixed and mobile telecommunication services, and commercial centers’ maintenance and operation. With its broad operational footprint, Channels continues to support stc group’s core services growth while expanding its growth portfolio.

Channels has evolved into a leading company in the field of sales and distribution in the Middle East. Channels has expanded to GCC countries - Bahrain, Oman and Kuwait - and has established itself as the partner of choice for major telecom companies in the region by introducing a diversified portfolio of growth and telco products.

Channels is headquartered in Saudi Arabia and operates across Saudi Arabia as well as through subsidiaries in Bahrain, Oman and Kuwait.

stc group owns 100% of Channels’ share capital, amounting to ﷲ 100 million.

Subsidiaries owned directly by Channels

Name of subsidiary	Country of incorporation	Effective shareholding %	
		31 December 2025	31 December 2024
Bahrain Channels for Communication and Distribution L.L.C.	Kingdom of Bahrain	100%	100%
Kuwait Channels	Kuwait	100%	100%
Sale International S.P.C.	Oman	100%	100%

Channels in 2026

Looking ahead, Channels will continue its evolution as a high-performance, customer-centric growth platform, advancing operational excellence and digital-first expansion. The company aims to deepen its presence across consumer electronics and adjacent digital services, while developing new commercial models that serve both stc group and external partners. With a disciplined approach to efficiency and a clear commitment to innovation, Channels is positioned to reinforce its role as stc group’s commercial powerhouse, uniting scale, agility and best-in-class execution to power the next chapter of growth across industries and markets.

Subsidiaries and Investments continued

STC Bank

STC Bank’s strategy

STC Bank has undergone a strategic transformation to position itself as the leading digital bank in the Kingdom. As part of its comprehensive transformation program, the bank has achieved significant milestones after earning approval from the Saudi Central Bank (SAMA) to begin the gradual migration of customers to the STC Bank app. This phase was successfully completed during 2024, marking a pivotal step in the bank’s journey.

The strategic ambition of STC Bank is to stand out as a leader and innovator in the financial services sector. This involves offering services that differ significantly from traditional banking methods, primarily through its advanced digital channels. The bank places a strong emphasis on adding value to its customers and substantially enhancing their banking experience. This customer-centric approach is fundamental to STC Bank’s objective of redefining and enriching the digital banking landscape in the region.

2025 achievements

In 2025, STC Bank delivered notable growth in its key operational metrics, indicating a strong year-on-year performance, reflecting its rising prominence and success in the digital banking sector.

Key achievements

- Received a non-objection from the Saudi Central Bank (SAMA) to commence its operations in the Kingdom of Saudi Arabia in January 2025.
- 15+ products and services launched since the commercial launch of STC Bank in February 2025 across personal and business banking covering accounts, payments and financing.

Customer engagement:

- 90% increase in app downloads.
- +8 million customers.

STC Bank revenue (ﷲ million)



About STC Bank

STC Bank was established in November 2017 to offer digital payment services in the Kingdom of Saudi Arabia.

In 2020, it was officially licensed by Saudi Central Bank as an electronic wallet company and a payment service provider, and Western Union acquired 15% of the company in the same year. During 2021, the Council of Ministers approved granting STC Bank a digital banking services license to become a digital bank with share capital of ﷲ 2,500 million.

On 24 December 2023, STC Bank General assembly approved the increase of STC Bank’s paid-up capital to be ﷲ 3,350 million by converting (stc group) shareholder loan amounting to ﷲ 850 million into the Bank’s capital increasing stc group’s shareholding interest to 8773%.

On 30 December 2024, STC Bank’s Extraordinary General Assembly approved the increase of STC Bank’s paid-up capital of ﷲ 6,350 million, with the shareholder (stc group) injecting an additional capital of ﷲ 3,000 million increasing its shareholding interest in STC Bank to 92.26%, subject to the completion of the legal formalities.

On 28 January 2025, STC Bank received a non-objection from the Saudi Central Bank to commence its operations in the Kingdom of Saudi Arabia as a digital bank.

STC Bank is headquartered in Riyadh and carries out its operational activities throughout the Kingdom of Saudi Arabia.

Awards and recognitions



Best Digital Bank in Saudi Arabia

Awarded by
Second edition of the Best in Business Awards, organized by Inc. Arabia Magazine



Fast Track Growth Award

Awarded by
By Temenos



Fastest Growing Bank in Saudi Arabia

Awarded by
Global Brand Frontier Awards



Best Digital Bank in Saudi

Awarded by
Global Brand Awards

STC Bank in 2026

In 2026, STC Bank aims to solidify its position as a leading digital bank in Saudi Arabia, setting new benchmarks in innovation, efficiency, and customer experience. STC Bank’s strategy will focuses on optimizing operations, enhancing financial performance, and expanding deposit growth to drive long-term sustainability. Through cutting-edge digital banking solutions, STC Bank is committed to empowering both individuals and businesses with seamless, secure, and intelligent financial services. By leveraging advanced technologies, data-driven insights and customer-centric innovations, STC Bank will continue to redefine the banking experience, reinforcing its role as a key enabler of Saudi Arabia’s digital economy.

Subsidiaries and Investments continued

Digital Centers for Data and Telecommunications Company (center3)

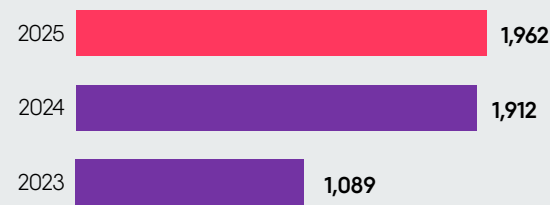
center3 strategy

center3’s growth is driven by three core objectives:

- 1. **Infrastructure leadership:** Expanding hyperscale-ready data centers.
- 2. **Global connectivity:** Extending subsea and terrestrial reach.
- 3. **Innovation enablement:** Delivering AI-ready and sustainable digital infrastructure.

With over **USD 10 billion in planned investment** and a goal of **1 GW total capacity by 2030**, center3 plays a central role in fulfilling Saudi Vision 2030 by creating a future-ready digital ecosystem.

center3 revenue (ﷲ million)



2025 achievements

Data centers

Increased capacity by **18% YTD**, driven by hyperscaler demand.

Launched a **9.6 MW Bahrain data center**, scalable to 60 MW, supporting 2Africa Pearls and regional cloud expansion.

Onboarded **seven major** hyperscaler partners to the platform.

Connectivity infrastructure

- Activated **11.7 Tbps** on 2Africa and **0.45 Tbps** on EIG.
- Advanced **East-to-Med Corridor (EMC-West)** development.
- Expanded domestic IX capacity; **Riyadh IX (six Tbps)**, **Jeddah IX (5.5 Tbps)** and **initiated Dammam IX**.

Innovation and technology

- Introduced the **center3 Fabric**, a software-defined **network-as-a-service (NaaS)** platform enabling dynamic, on-demand connectivity.

About center3

Digital Centers for Data and Telecommunications Company (center3) was established in February 2022 with a share capital of ﷲ 2 billion, with the purpose of providing services related to data centers, subsea cables and internet exchange.

center3 is the result of stc group’s vision for the Kingdom of Saudi Arabia to be the hub of all international data connectivity crossing and connecting three continents (Europe, Asia and Africa), as well as a data center hub for the MENA region.

Hyperscalers, gaming and content providers, cloud providers and global international carriers all benefit from the integrated platforms owned by center3, enabling them to better serve their own regional customers with unparalleled scalability and speed.

Headquartered in Riyadh, it carries out its operational activities in the Kingdom, with a footprint of over 25 data centers and 16 international subsea cables (operational and under construction).

Operational performance

99.98%
overall service availability.

100%
uptime across submarine systems during Ramadan and Hajj.

Zero
downtime for major events including Esports World Cup and route to Makkah.

99.7%
compliance with service-level response targets.

Global operations center launched in Rawabi for live operational control.

Awards and recognitions



Subsidiaries owned directly by center3

Name of subsidiary	Country of incorporation	Effective shareholding %	
		31 December 2025	31 December 2024
Digital Centers for Submarine Cables*	Kingdom of Saudi Arabia	99.8%	99.8%
Digital Centers for Data	Kingdom of Saudi Arabia	100%	99.8%
EMC Subsea Cable Company Limited (EMC)	Cyprus	72.16%	72.16%
CMC Investments I Limited (CMC Mauritius)	Mauritius	100%	100%
Datacenter Hub W.L.L.*	Bahrain	90%	90%
CMC Network (Pty) Limited (CMC Network SA)	South Africa	70%	49%

* The effective ownership for stc group in these entities is 100%.

center3 in 2026

center3 will continue expanding its infrastructure and ecosystem through:

- New **hyperscale data centers** in strategic regional markets.
- Completion of the **EMC-West** subsea route.

- Expansion of the **center3 fabric** across MENA.
- **Localization of AI and content** workloads.

These initiatives will reinforce Saudi Arabia’s leadership as the regional digital nexus linking 3 continents.

Subsidiaries and Investments continued

Advanced Technology and Cybersecurity Company (sirar)

sirar’s strategy

With the vision of becoming a leading strategic enabler and national champion in cybersecurity for the digital economy, sirar’s mission is to develop world-class cyber solutions and capabilities to enable secure customers digitization journeys in the Kingdom and beyond. This mission supports its clients, both in the Kingdom and regionally, in safely navigating their digital transformation through future-ready, resilient and intelligence-driven security offerings.

sirar’s approach is aligned with the increasing demands of the Saudi cybersecurity market and the evolving global cyber threat landscape. sirar is committed to upholding the highest standards of cybersecurity, protecting sensitive data, and contributing to a secure and sustainable digital environment.

sirar aims at solidifying its leadership position in the cybersecurity market by expanding its services portfolio, accelerating competitive differentiation and reinforcing its long-term strategic advantage.

A crucial part of this plan is the development of an extensive partner system, designed to drive sirar’s growth and regional expansion and to position sirar as a regional cybersecurity provider. Integral to this strategy is the focus on delivering an enriching and distinctive end-to-end customer experience, a factor that sirar believes will be essential to achieving sustained growth, market impact and resilience in an increasing competitive cybersecurity landscape.

2025 achievements

In 2025, sirar continued its remarkable growth trajectory, reinforcing its position as a national cybersecurity leader and trusted cybersecurity partner across Saudi Arabia and the wider region. The year was distinguished by several major achievements and strategic milestones that further cemented sirar’s reputation for excellence, innovation and resilience in the cybersecurity domain.

sirar was officially certified as a Tier 1 Managed SOC Provider by the National Cybersecurity Authority, marking a major step in securing the Kingdom’s critical national infrastructure and government entities. In parallel, the company launched the CISO500 Program, a national initiative to elevate over 500 Chief Information Security Officers by 2030, training more than 100 Saudi cybersecurity leaders in 2025 as part of its commitment to developing local cyber talent and strengthening national capability-building.

Regionally and globally, sirar was recognized as a leader in the 2025 IDC MarketScape for managed detection and response (MDR) and as a progressive company in the Markets and Markets 360 Quadrants, highlighting its innovation, customer-centric approach and strong market impact.

In strengthening its strategic partnerships, sirar signed an agreement with the King Abdullah Financial District to enhance AI-driven cyber defense and secure smart infrastructure. Additionally, the company expanded its DDoS protection platform to 16 Tbps, making it the largest and most advanced scrubbing center in the region, which is a key strategic milestone that reflects sirar’s ongoing investment in national cyber resilience and future-ready defense capabilities.

As experts in business security and privacy, sirar offers a broad array of cybersecurity solutions and services to both public and private sector organizations. These cybersecurity offerings are designed to help organizations operate safely and efficiently online.

sirar’s integrated security platforms combine analytics, automation and threat intelligence to detect, monitor and prevent cyberattacks, providing robust resilient protection.

About sirar

Established in November 2020, as wholly owned subsidiary by stc group with share capital of ﷲ 250 million.

Headquartered in the Kingdom, sirar operates as a leading cybersecurity service provider, focusing on empowering organizations to manage their cyber capabilities and secure their digital environments.

sirar revenue (ﷲ million)



Awards and recognitions



sirar in 2026

With major achievements accomplished in 2025, sirar is poised to build on the solid foundation established through its transformation journey. In response to the growing demand for cybersecurity services in the Kingdom, sirar’s focus will center on expanding managed services, advisory services and system integration, accelerating growth in high-demand,

top-line recurring offerings and deepening strategic alliances with both local and global technology partners. Operational efficiency, innovation and talent development will remain key enablers to sustain growth and strengthen its position as a leading national cybersecurity provider.

Subsidiaries and Investments continued

Internet of Things Information Technology Company (IoT squared)

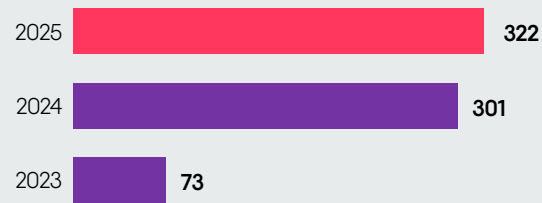
IoT squared’s strategy

IoT squared’s BOLD strategy contributes to enabling the company’s ambition toward regional growth, creating added value and strengthening its position in the region as an integrated provider of all internet of things (IoT) services.

The BOLD strategy is based on the following four strategic pillars:

- Being customer and employee centric.
- Offering differentiated products and services.
- Leapfrogging to world-class capabilities.
- Developing an agile culture.

IoT squared revenue (ﷲ million)



2025 achievements

In 2025, IoT squared continued its growth as a leading enabler in the IoT domain, strengthening its position within the IoT ecosystem through impactful initiatives and innovative product development. The year marked significant progress across multiple sectors, reinforcing the company’s role in advancing national digital objectives and accelerating the adoption of smart, connected technologies.

IoT squared expanded its portfolio of IoT products and solutions across key sectors, introducing offerings that enhanced accessibility and inclusivity, advanced logistics automation and strengthened its smart infrastructure capabilities. The company also completed the integration with Machines Talk, moving its delivery and operations sector under its structure to serve as the company’s delivery arm, improving operational alignment and delivery excellence. In addition, IoT squared is exploring new verticals to diversify its portfolio and extend the reach of its IoT innovations across emerging domains. Throughout the year, IoT squared was honored with several awards and recognitions, reflecting its commitment to innovation, excellence and leadership within the IoT industry.

The company’s strong market presence was further demonstrated through active participation and sponsorships in key local and international events, including LEAP, the Global IoT Congress, the Global Health Exhibition and the Smart City Expo World Congress, showcasing its ongoing commitment to creativity, innovation and community engagement.

About IoT squared

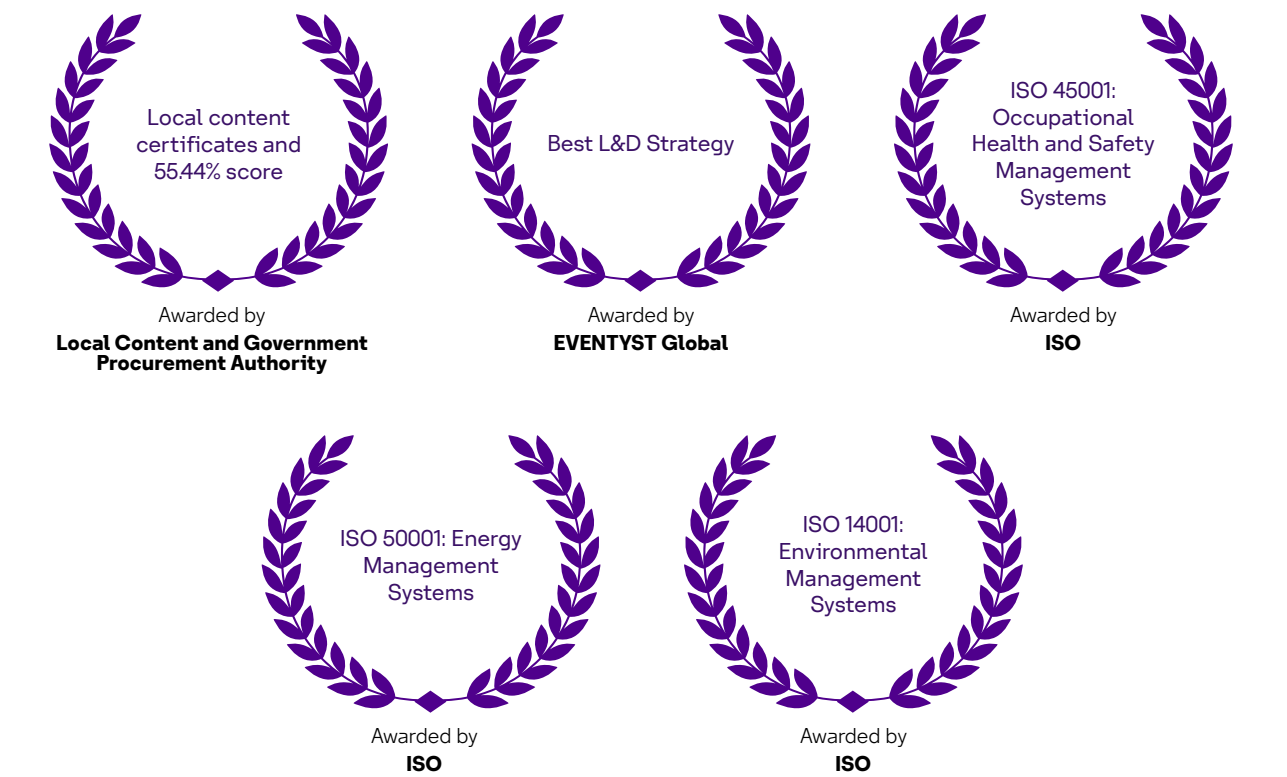
Internet of Things Information Technology Company (IoT squared) was established in May 2022 as a limited liability company by signing a partnership agreement between stc group and the Public Investment Fund (PIF), with each party holding a 50% share and a share capital of ﷲ 1,254 million for the purpose of establishing a company specialized in the field of Internet of Things.

IoT squared is positioned to become a leading provider of IoT solutions in the MENA region. Its focus is on crafting tailored solutions, offering real-time insight and developing innovative business models.

IoT squared targets key business sectors such as industrial, logistics and smart cities, providing them with a range of customized smart solutions designed to drive digital transformation and contribute to economic progress.

With its headquarters and operational activities based in the Kingdom, IoT squared is strategically located to tap into the increasing market.

Awards and recognitions



Subsidiary owned directly by IoT squared

Name of subsidiary	Country of incorporation	Effective shareholding %	
		31 December 2025	31 December 2024
Machines Talk for Contracting Company	Kingdom of Saudi Arabia	100%	100%

IoT squared in 2026

In 2026, IoT squared will continue strengthening its presence in the IoT market through platforms, products and services that leverage AI to enhance operational efficiency in logistics and smart cities. The company is also working to improve its internal efficiency by developing its technological infrastructure, accelerating product development and expanding automation, thereby enhancing the readiness and scalability of its IoT platforms.

The company will focus on maximizing return on investment (ROI) for its customers by delivering solutions that generate a direct and measurable impact on operational efficiency, productivity

enhancement and cost reduction. Today, tangible business outcomes and the value created have become the primary criteria for selecting services and systems, making customer enablement and delivering optimal ROI a key pillar of the company’s strategic direction for 2025. As part of its commitment to innovation, the company will advance its technologies and expand its intellectual property assets through additional IP registrations, reinforcing its role as a leading IoT player in the Kingdom and strengthening its competitive position in a rapidly evolving and growing market.

Subsidiaries and Investments continued

General Cloud Computing Company for Information Technology (sccc by stc)

sccc by stc’s strategy

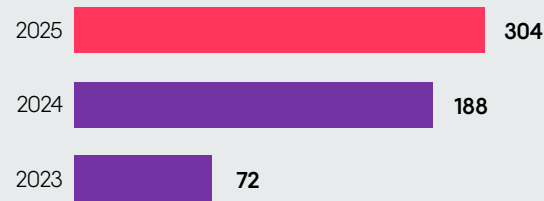
- Help customers enjoy the leading global cloud technology and services.
- Become the de facto cloud services platform in MENA.
- Provide specialized vertical industrial solutions.
- Build a robust sustainable ecosystem.

2025 achievements

During 2025, sccc by stc secured numerous projects, laying a solid foundation for its operational longevity and a clear pathway to profitability. These projects are expected to sustain the company’s future expansion and financial health.

Since its establishment, sccc by stc continues to offer more than 90 cloud-based products to the market. This highlights its commitment to innovation and reflects its dedication to meeting the evolving needs of its customers. The diverse range of products launched by sccc by stc highlights its ability to keep pace with the rapidly evolving technological landscape and its commitment to remain at the forefront of the industry.

sccc by stc revenue (ﷲ million)



About sccc by stc

It was established in May 2022 by signing a shareholder agreement with eWTP Arabia Technology Innovation Limited Company (eWTPA), Alibaba (Singapore) Private Limited (Alibaba Cloud), Saudi Company for Artificial Intelligence (SCAI), and Saudi Information Technology Company (SITE) specializing in cloud computing services with share capital amounting to ﷲ 894 million.

Today, sccc by stc aims through that partnership to be a digital enabler for its customers and stakeholders in achieving their digital ambitions outlined by

Vision 2030. sccc by stc’s intention is to be the digital partner of choice for that journey of utilizing digital technologies to attain business and national objectives.

sccc by stc’s main operational center is strategically located within the Kingdom, from where it conducts its operational activities, positioning itself as a key player in the region’s burgeoning cloud computing landscape.

Awards and recognitions



sccc by stc in 2026

In 2026, sccc by stc remains committed to providing outstanding cloud technologies and services, thereby strengthening its position as the leading cloud platform across the MENA region. sccc by stc will prioritize developing specialized, industry-focused solutions that address evolving market needs, fostering a strong, sustainable ecosystem. Through continuous innovation and advancement of its cloud capabilities, sccc by stc aims to establish new standards in digital transformation and cement its leadership in the regional cloud computing domain.

Subsidiaries and Investments continued

Public Telecommunications Company (Specialized)

Specialized’s strategy

Specialized’s vision is to empower the nation with leading critical communications across the Kingdom.

Anchored in this vision, Specialized’s strategy focuses on sustaining its market leadership while driving forward-looking growth and operational excellence.

The company is committed to becoming a leading service provider for safety and security in the Kingdom. With critical communications as its foundation, Specialized aims to address needs through differentiated solutions tailored to each customer segment. From mission-critical government entities to business-critical industries, every offering is designed to meet sector-specific standards and operational demands.

In parallel, Specialized continues to expand its portfolio beyond connectivity, integrating advanced mission-critical solutions that build on its communications services. This integration not only enriches customer outcomes, but also reinforces the company’s position as a holistic critical solutions provider.

To remain at the forefront of the industry, Specialized is focused on delivering market-leading products and exceptional customer experiences. Through innovation, user-centric design and robust service delivery, the company aims to set new benchmarks in reliability, responsiveness and satisfaction.

Finally, Specialized is embedding a culture of excellence and agility throughout its organization. By fostering high performance, operational adaptability and continuous improvement, the company is positioning itself to respond swiftly to evolving market dynamics while remaining aligned with the broader objectives of stc group and the Kingdom’s Vision 2030.

Specialized revenue (ﷲ million)



About Specialized

Public Telecommunications Company (Specialized) was established in February 2002 with the purpose of operating in the electrical business and communication networks, wholesale and retail trade in fixed telecommunications equipment, electrical appliances, import, marketing, installation and maintenance of fixed and mobile telecommunications and information technology licensed devices with share capital of ﷲ 852 million fully acquired by stc group.

Specialized is the strategic arm for mission-critical communications under stc group. Specialized has earned a solid reputation as the trusted technology partner for key sectors across the Kingdom.

Specialized enables real-time, secure communication for both public and private entities through advanced technologies.

By championing digital transformation and upholding excellence in performance and quality, Specialized remains focused on its mission: to enable public and vital sectors through critical communications, resilient infrastructure and innovative solutions tailored to national priorities.

Specialized is headquartered in the Kingdom and delivers its differentiated technological solutions and services across the Kingdom of Saudi Arabia.

2025 achievements

In the first quarter of 2025, stc group was awarded a multibillion-riyal contract that involves the building, operation and provision of telecommunications infrastructure services. The project comprises a preparation and execution phase, followed by a multi-year operational period.

Specialized is contributing to the successful delivery of this large-scale initiative. To achieve this, the company has reinvented itself as a delivery-focused organization by revamping its operating model and investing in critical capabilities. This strategic shift positions Specialized at the forefront of efforts to strengthen the nation’s telecommunications infrastructure.

Specialized is leveraging its capabilities to support stc group in commercializing a next-generation business-critical network. This strategic initiative is aligned with global trends in mission- and business-critical communications and is designed to support emerging use cases and sector-specific requirements.

Awards and recognitions



Specialized in 2026

A key priority in the coming period will be driving the readiness for the major infrastructure project awarded to stc group in early 2025. Specialized is playing an instrumental role in orchestrating critical delivery efforts, aligning resources and ensuring delivery frameworks are in place to support this national-scale telecommunications initiative. These efforts are designed to secure seamless implementation and long-term resilience of the network.

In addition, Specialized will play a pivotal role in driving the commercial development of stc group’s new business-critical network (BCN) by stc. Acting as a focused sales arm, Specialized will leverage its extensive market reach and deep industry expertise to accelerate the transition of businesses from legacy critical communication networks to BCN by stc.

As part of its ambition to evolve into a broader service provider for safety and security, Specialized is actively developing its long-term strategy and technology roadmap. This effort aims to identify and pursue new opportunities that align with national priorities and the evolving needs of security-focused sectors, enabling the company to deliver greater value across the digital ecosystem.

In delivering these projects, the company will leverage the full capabilities and synergies of stc group, ensuring optimal integration, scalability and efficiency throughout their lifecycle.

Subsidiaries and Investments continued

Aqalat Limited Company (Aqalat)

Aqalat’s strategy

Aqalat’s strategy is centered on maximizing returns from stc group’s real estate assets through the development, sale and leasing of its properties, currently the company in a process of emerging its business under stc group in order to enhance business efficiency without affecting the achievement of stc group’s real estate targets.

2025 achievements

The year 2025 witnessed significant progress in major development projects and an increase in sales and leasing activities

During this year, the execution of the stc square project was completed, and the majority of the necessary permits were issued, allowing for the commencement of leasing activities for office and commercial spaces exceeding 75,000 m². The project aims to attract major local and international companies to be a part of it. Additionally, the

necessary permits have been issued to begin the execution of the Marriott Hotel project, which is located within the project area in partnership with Taiba Company.

Additionally, construction works for stc square - Phase 1 were completed, enabling the commencement of leasing activities for office and retail spaces. Lease agreements were signed covering 37.7% of the total leasable area, with occupancy expected to reach 80% by the end of 2026.

In Dammam Square, which targets the development of infrastructure for the Group’s land over an area of approximately 415,000 m² in the city center of Dammam, construction works that commenced in August 2024 continued, reaching a completion rate of approximately 95% by end of 2025. The works included the execution of infrastructure in line with modern urban development standards, incorporating sustainability concepts to enhance the project’s long-term value.

Gulf Digital Media Model Company Ltd (GDMM) (Intigral)

Gulf Digital Media Model Company Ltd (GDMM) (Intigral), a limited liability company, was established in March 2002 with the purpose of providing broadcasting and media production services with share capital of ﷲ 811 million as at 31 December 2025. Its head office is located in the Kingdom.

During the fourth quarter 2025, stc completed the integration of Intigral and relocating its operations from the United Arab Emirates to the Kingdom. Following Intigral integration, stc Board of Directors resolved on 22 December 2025 to finalize the regulatory and legal procedures related to Intigral and its subsidiaries including statutory liquidation. These procedures will not have material financial impact on stc group’s financial results.

Telecom Commercial Investment Company Limited (TCIC)

Telecom Commercial Investment Company Limited (TCIC) was established in October 2007 with the purpose of operating and maintaining telecommunication networks, organizing computer systems’ networks and internet networks, maintenance,

operation and installation of telecommunication and information technology systems and programs in the Saudi market with share capital of ﷲ 1 million as at 31 December 2025, wholly owned by stc. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom.

Smart Zone Real Estate Company

Smart Zone Real Estate Company, a limited liability company, was established in September 2019 and its main activity is the development, financing and management of real estate projects, the establishment of facilities, complexes, commercial offices and residential buildings with share capital of ﷲ 538 million as at 31 December 2025. Headquartered in Saudi Arabia, it carries out its operations in the Kingdom.

Innovation Fund Investment Company (Tali)

Innovation Fund Investment Company (Tali), a limited liability company, was established in August 2021 with the purpose of providing administrative services and IT and telecommunication support and with share capital of ﷲ 412 million as at 31 December 2025. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom.

About Aqalat

Aqalat Real Estate Limited Company (Aqalat) was established in March 2013 with the purpose of establishing, owning, investing, managing of real estate and contracting and providing consulting services and importing and exporting services to the benefit of stc group with a total share capital of ﷲ 70 million.

It is headquartered in the Kingdom, and carries out its operational activities in the Kingdom.



Subsidiaries and Investments continued

International Subsidiaries

stc Bahrain Company (stc Bahrain) - Kingdom of Bahrain

stc Bahrain’s strategy

stc Bahrain’s **APEX** strategy aims to position the company as a world-class digital leader, delivering innovative platforms and solutions across Bahrain and beyond. The APEX strategy is comprised of four pillars:

- **Assure and augment the core – focusing on strengthening and expanding the core telecom business.**
- **Power up adjacencies – emphasizing aspiration to grow stc Bahrain’s existing adjacencies by broadening the portfolio and expanding beyond Bahrain.**
- **Expand into new frontiers – targeting growth across new non-core verticals, with strong focus on emerging technologies.**
- **Xcelerate value creation via people, digital and AI – ensuring long-term value generation by creating a digital-first, AI-ready enterprise underpinned by modern technology.**

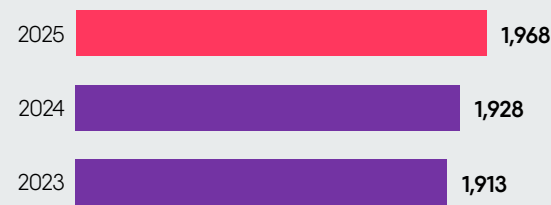
2025 achievements

In 2025, stc Bahrain delivered strong performance across all strategic pillars, achieving key milestones in commercial expansion, digital innovation and operational excellence that further strengthened its strong market position.

stc Bahrain advanced its digital leadership through significant platform enhancements that elevated customer experience and drove customer adoption, and simplified roaming and SIM management. Complementing this, stc Bahrain launched ‘rova’, the region’s first global travel app that further enriched stc Bahrain’s digital service portfolio. Additionally, stc Bahrain enabled the integration of its successful adjacent plays with the core offerings to extract further value and synergies between the traditional and emerging business streams. These digital innovations significantly enhanced customer engagement and reinforced stc Bahrain’s position as Bahrain’s leading digital telecom provider.

Building on the success of its non-core growth strategy, stc Bahrain achieved a major milestone by expanding its flagship device-protection service to KSA. This achievement demonstrates the scalability of stc Bahrain’s InsurTech model across the group and has already generated strong early adoption. In parallel, stc pay Bahrain continued enhancing its value proposition with expanded wallet funding options, enhanced remittance services and a broader payment portfolio. stc pay Bahrain achieved a significant milestone of reaching 300,000 customers in 2025, where it offers them various innovative financial services.

stc Bahrain revenue (ﷵ million)



About stc Bahrain

stc Bahrain was established in February 2009 with the purpose of providing all mobile telecommunication services, international telecommunications, broadband and other related services in the Bahraini market. The company is wholly owned subsidiary of stc group with a share capital of BD 75 million.

Since entering Bahrain’s telecom market, stc Bahrain has achieved great success. Today, stc Bahrain is Bahrain’s number one operator in consumer and

wholesale markets and is a strong challenger in the business market. Over the course of its evolution, stc Bahrain has been at the forefront of innovation and has pioneered introduction of multiple local, regional and global-first cutting-edge technologies.

Both its head office and operational activities are based in the Kingdom of Bahrain.

In the business front, stc Bahrain has strengthened its presence by expanding services for both the public and private sectors, offering solutions to enhance environmental quality based on the IoT. Additionally, stc Bahrain has developed its cloud computing capabilities by elevating its partnership with AWS to exceptional levels.

On the wholesale front, stc Bahrain advanced Bahrain’s positioning as a regional connectivity hub through the successful landing of the 2Africa Pearls submarine cable, significantly enhancing international connectivity capacity. stc Bahrain also strengthened its Web3 positioning by onboarding multiple new blockchain nodes as well as continued progress on the

new Bahrain Data Center, in partnership with center3, reinforcing the Kingdom’s digital infrastructure capabilities.

Underpinning these commercial achievements, stc Bahrain demonstrated strong operational excellence through key IT initiatives, including BSS modernization, RPA enablement and enhanced testing automation programs. The company also reinforced its operational resilience by advancing its business continuity and disaster recovery capabilities. In addition, stc Bahrain initiated a comprehensive modernization of its Network Operations Center to drive ongoing improvements in service quality.

Awards and recognitions



Subsidiaries owned directly by stc Bahrain

Name of subsidiary	Country of incorporation	Effective shareholding %	
		31 December 2025	31 December 2024
stc tech W.L.L.	Bahrain	100%	100%
stc pay Bahrain B.S.C. (c)	Bahrain	100%	100%
stc pay Bahrain Remittance B.S.C.	Bahrain	100%	100%

stc Bahrain in 2026

In 2026, stc Bahrain aims to continue its drive for value creation and shareholder value maximization by strengthening its core market segments and expanding its regional footprint across Fintech and insurtech verticals. Further, stc Bahrain aspires to

accelerate capability building in the B2B ICT domain to capitalize on emerging market opportunities while enhancing digital enablement across both customer-facing and internal operations. Through focused strategic growth and innovation, stc Bahrain seeks to reinforce its leadership in the evolving digital and telecommunications landscape.

Subsidiaries and Investments continued

Kuwait Telecommunication Company (stc Kuwait) – Kuwait

stc Kuwait’s strategy

stc Kuwait offers a comprehensive range of products and services specifically designed to meet the diverse needs of individual and institutional customers. It is committed to providing exceptional experiences and outstanding support to millions of customers, from communication services to advanced digital solutions. The strategy “**REACH**” of stc Kuwait is based on the following objectives:

- **Reignite the consumer portfolio.**
- **Expand enterprise growth.**
- **Advance market evolution.**
- **Create differentiated experiences.**
- **Harness business excellence.**

Through these pillars, stc Kuwait is strengthening its position in the telecommunications and ICT sectors, enabling digital transformation, driving innovation and supporting Kuwait’s long-term national priorities.

stc Kuwait revenue (ﷵ million)



2025 achievements

In 2025, stc Kuwait achieved a series of remarkable milestones, maintaining sustainable growth through a well-defined strategy focused on quality growth, digital transformation, expansion of business operations and enhanced customer experience where the total number of subscribers reached 2.3 million. Throughout the year, the company delivered strong financial and operational results, broadening its range of digital services and infrastructure capabilities. This continued progress underscores stc Kuwait’s dedication to leading the telecommunications and ICT industries, both locally and across the region. To achieve these results, stc Kuwait reinforced its leadership position by investing in a robust network infrastructure, introducing innovative market concepts, launching cutting-edge technologies and making strategic investments in emerging digital solutions. Accordingly, stc Kuwait launched the 5G-Advanced network in line with its ongoing commitment to support Kuwait Vision 2035, which aims to enable digital transformation and provide an enhanced digital experience for customers to revolutionize the way individuals and businesses communicate and manage their operations, and open the door to the integration of advanced smart solutions across various sectors.

stc Kuwait has reinforced its leadership in the telecommunications and digital transformation sector through key achievements at both corporate and operational levels, demonstrating its sustained commitment to efficiency, strong governance and innovation in line with international best practices.

During the year, stc Kuwait maintained its existing portfolio of international certifications and expanded it by adopting ISO 20400:2017 Sustainable Procurement and ISO 10002:2018 Customer Satisfaction - Guidelines for Complaints Handling, raising the total to more than 20 corporate certificates and standards covering stc Kuwait and its subsidiaries. As part of its ongoing efforts to adopt the latest technologies and support digital transformation, stc Kuwait launched a dedicated Artificial Intelligence (AI) Unit under the Transformation and Synergies sector, aiming to enhance analytical and decision-making capabilities and develop innovative solutions that improve the experience of both customers and employees.

stc Kuwait also launched the long-term incentives (LTI) program, a first-of-its-kind initiative in Kuwait, aimed at rewarding outstanding talents and motivating employees to continue achieving accomplishments and innovation, reflecting stc’s culture of appreciation and excellence.

Believing in the importance of strategic partnerships to drive sustainable development, stc Kuwait has established numerous cooperation agreements and partnerships with government entities, national institutions and the private sector in areas such as digital transformation, smart infrastructure and technological innovation. Through these initiatives, stc group contributes to supporting the New Kuwait 2035 Vision and strengthening the country’s position as a regional hub for digital services.

In 2025, solutions by stc enhanced the B2B customer journey by integrating My Business - the digital self-care platform - into stc Kuwait’s popular consumer app (mystc). This provided enterprises with instant access to account management, billing and service requests from anywhere, making connectivity and service management faster, simpler and more mobile-driven. The company also automated key internal operations, streamlining processes and resulting in quicker responses and a more seamless experience for its customers. solutions by stc introduced its Mobility e-Store, a unique platform to digitize and streamline business customer acquisition and service.

The year also welcomed the enhancement of fixed wireless access (FWA) services and the revamp of dedicated data access (DDA) and dedicated internet access (DIA) solutions, strengthening stc Kuwait’s ability to deliver secure, high-performance connectivity tailored to business needs.

e-Portal Holding Company reinforced its position as stc Kuwait’s dedicated digital transformation subsidiary, supporting the enterprise sector through advanced consultancy, cloud solutions and AI-driven technologies. With a strategic mandate to accelerate Kuwait’s transition toward a fully digital economy, e-Portal focused on developing high-value capabilities that enable innovation, operational efficiency and long-term digital sustainability.



About stc Kuwait

Kuwait Telecommunications Company (stc Kuwait) was established in July 2008 with the purpose of operating in the field of mobile services in the Kuwaiti market. stc Kuwait was publicly listed as a joint stock company on Kuwait Stock Exchange in December 2014 with a share capital of KD 100 million.

Since then, stc Kuwait has emerged as Kuwait’s fastest-growing and most advanced telecom operator, leading the expansion of Kuwait’s largest 5G network and launching the region’s first 5G stand-alone technology. Building on this momentum,

stc Kuwait introduced its 5G Advanced network to deliver enhanced connectivity, ultra-fast speeds and intelligent network capabilities that align directly with the objectives defined under Kuwait Vision 2035.

As at 31 December 2025, stc group owns a 51.8% stake in stc Kuwait.

stc Kuwait’s head office is situated in Kuwait, from where it conducts all its operational activities.

Subsidiaries and Investments continued

Awards and recognitions



Global Most Valuable Partner

Awarded by
HONOR



Excellence in Quality FWA User Experience

Awarded by
SAMENA's fifth ELITE FWA Club Meeting at GITEX 2025



Best Digital Workplace and Employee Experience

Awarded by
International Finance Awards



Best Digital Transformation Company

Awarded by
International Finance Awards



Best Corporate Governance Telecom Company

Awarded by
GBO Awards 2025



Best Leadership in Compliance and Corporate Governance Initiatives

Awarded by
GBO Awards 2025

Subsidiaries owned directly by stc Kuwait

Name of subsidiary	Country of incorporation	Effective shareholding %	
		31 December 2025	31 December 2024
Qualitynet General Trading and Contracting Company W.L.L.	Kuwait	100%	100%
E-Portal Holding Company K.S.C. (closed)	Kuwait	100%	100%

stc Kuwait outlook for 2026

In 2026, stc Kuwait will drive quality growth across its core consumer and enterprise segments. On the B2C front, the company will reinforce its core business by expanding lifestyle services, enhancing loyalty programs and deepening customer engagement through advanced data and analytics, ensuring stronger relationships, higher retention and a more seamless digital experience. On the B2B side, stc Kuwait will accelerate growth by innovating across its fixed and mobile portfolios and expanding its next-generation connectivity offering, including the introduction of enhanced satellite-based services. The company will continue to scale its ICT business through strengthened multi-cloud, cybersecurity, digital infrastructure and managed services capabilities, positioning stc Kuwait as the trusted digital partner for public- and private-sector transformation.

stc Kuwait will further shape the market landscape by executing large-scale public-private partnerships, advancing national digital transformation programs and selectively exploring regional expansion. The company will maintain a strong commitment to the investment community through transparent

communication, sustainable financial performance and enhanced shareholder engagement, actively supporting the development of a more vibrant digital ecosystem and progressive regulatory environment.

Internally, stc Kuwait will continue advancing its digital and operational excellence agenda by modernizing customer journeys and reimagining customer experience through predictive, proactive and AI-enabled service models. The company will embed AI across core operations to unlock efficiency, accelerate decision-making and enhance service quality, strengthening organizational agility to adapt quickly to evolving market needs. stc Kuwait will also maintain strong momentum on its ESG commitments, enhancing environmental responsibility, strengthening governance practices and driving positive social impact in alignment with national priorities and global sustainability standards. In parallel, the company will continue investing in its people, with a focus on talent development, leadership acceleration and a people-first culture that empowers teams to innovate and deliver exceptional value. Together, these efforts will reinforce stc Kuwait's position as a digital leader built on innovation, responsibility and customer experience excellence.



Subsidiaries and Investments continued

stc Asia Holding Ltd (stc Asia) – British Virgin Islands

stc Asia Holding Ltd (stc Asia), a limited liability company, was established under the Commercial Companies Law in the British Virgin Islands in July 2007 and is a special purpose vehicle. It owns a subsidiary (a wholly owned subsidiary) stc Malaysia Holdings Ltd (stc Malaysia), which was incorporated under the Commercial Companies Law in the British Virgin Islands.

stc Malaysia Holding Ltd in turn holds stc group 25% stake in Binariang GSM Sdn Bhd (“BGSM”) that invests in companies operating primarily in Malaysia (for more details, see note 8-2 in the consolidated annual financial statements). The principal activity of both stc Asia and its subsidiary is to provide services and support required in respect of investment activities of stc group.

stc Turkey Holding Ltd (stc Turkey) – British Virgin Islands

stc Turkey is a limited liability company, and was established under the Commercial Companies Law in the British Virgin Islands in April 2008. It is a special purpose vehicle established to provide services and support required in respect of investment activities of stc group.

In April 2008, stc Turkey acquired 35% of Oger Telecom Limited’s (OTL). As of 31 December 2025, OTL liquidation has been completed and the liquidation process of stc Turkey has started.

stc Gulf Investment Holding (stc Gulf) – Kingdom of Bahrain

stc Gulf was incorporated in March 2008 and has wholly-owned subsidiaries in the Kingdom of Bahrain, as listed below. The primary objective of this company and its following subsidiaries is to provide services and support required in respect of investment activities of stc group:

- a. stc Gulf Investment Holding 1 W.L.L.
- b. stc Gulf Investment Holding 2 W.L.L.
- c. stc Gulf Investment Holding 3 W.L.L.

stc GCC Cable Systems W.L.L. (stc GCC) – Kingdom of Bahrain

stc GCC Cable Systems W.L.L., a limited liability company, was established in April 2021 with the purpose of the sale and installation of telecommunications equipment and the construction of utilities projects. stc GCC Cable Systems W.L.L. is wholly owned by stc group as part of the agreement to invest in a fund aimed to drive innovation in the communications and information technology sector in the Kingdom of Bahrain and other GCC countries with share capital of BD 57 million as at 31 December 2025 equivalent to ₪ 563 million.

Green Bridge Investment Company (GBI) – Luxembourg

Green Bridge Investment Company, was established during the third quarter of the year 2023 in Luxembourg. It is a special purpose vehicle established to provide services and necessary support for stc group investing activities.

Green Bridge Management Company (GBM) – Luxembourg

Green Bridge Management Company, was established during the third quarter of the year 2023 in Luxembourg. It is a special purpose vehicle established to provide services and necessary support for stc group investing activities.

No debt instruments in the form of Sukuk or bonds were issued for stc’s subsidiaries.



Subsidiaries and Investments continued

Investments

Investments in associates

Name of associate companies	Country of incorporation	Shareholding percentage	
		31 December 2025	31 December 2024
Arab Satellite Communications Organization (Arabsat)	Kingdom of Saudi Arabia	36.66%	36.66%
Beyond One Saudi for Telecommunications LLC, formally Virgin Mobile Saudi Consortium (VMSC)	Kingdom of Saudi Arabia	10%	10%
Digital Infrastructure for Investment Company (DIIC)	Kingdom of Saudi Arabia	43.06%	43.06%
Devoteam Middle East (DME)	United Arab Emirates	40%	40%
Others	-	-	-

Arab Satellite Communications Organization (Arabsat) – Kingdom of Saudi Arabia

Arab Satellite Communications Organization (Arabsat) was established in April 1976 by the members of the League of Arab States, and its head office is located in the Kingdom. Arabsat offers a number of services to these member states, as well as to all public and private sectors within its coverage area, and principally in the Middle East.

Current services offered include regional telephony (voice, data, fax and telex), television broadcasting, regional radio broadcasting, restoration services and leasing of capacity.

In April 1999, stc acquired 36.66% of Arabsat’s share capital.

Beyond One Saudi for Telecommunications LLC, formally Virgin Mobile Saudi Consortium (VMSC) – Kingdom of Saudi Arabia

Beyond One Saudi for Telecommunications LLC, formally Virgin Mobile Saudi Consortium (VMSC) was established in 2013 as a mobile virtual network operator and started its operations during the year of 2014. stc owns 10% of Beyond One Saudi for Telecommunications LLC’s share capital. stc group has the ability to exercise significant influence is evidenced by the reliance of Beyond One Saudi for Telecommunications LLC’s on the stc’s technical network. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom.

Digital Infrastructure for Investment Company – Kingdom of Saudi Arabia

DIIC was established in September 2023. The principal activity of DIIC is to invest in subsidiaries as a holding company, and its head office is located in the Kingdom. The activities of its subsidiaries include providing wholesale services for infrastructure, including within the scope of its services and the establishment, operation and provision of tower rental services. In February 2025, stc group contributed its entire ownership in Telecommunication Towers Company (Tawal) (formerly a Group subsidiary) (for more details, see Note 14-1 in the consolidated annual financial statements). The company’s ownership structure is distributed as follows: 54.38% by the Public Investment Fund, 43.06% by stc, and 2.56% by Others.

Devoteam Middle East (DME) - United Arab Emirates

Devoteam Middle East is a leading IT consulting company in the Middle East, specializing in digital transformation, cyber and cloud solutions and business process optimization. It was established in December 2003 and stc group (through solutions) acquired 40% of its ownership.

Others

Include immaterial associates to stc group, owned indirectly through stc group’s subsidiaries.

Investments in joint ventures

Name of joint ventures	Country of incorporation	Shareholding percentage	
		31 December 2025	31 December 2024
Arab Submarine Cables Company Limited	Kingdom of Saudi Arabia	50%	50%
Binariang GSM Holding (BGSM)	Malaysia	25%	25%
Integrated Data Company for Information and Technology	Kingdom of Saudi Arabia	39%	39%
Others	-	-	-

Arab Submarine Cables Company Limited – Kingdom of Saudi Arabia

Arab Submarine Cables Company Limited was established in September 2002 for the purpose of constructing, leasing, managing and operating a submarine cable connecting the Kingdom and the Republic of Sudan for telecommunications between them and any other country. The operations of the company started in June 2003 and stc acquired 50% of its ₪ 75 million share capital in September 2002. In November 2016, the Company’s capital was reduced to ₪ 25 million. Its head office is located in the Kingdom where it fulfills its operational activity.

Binariang GSM Holding (BGSM) - Malaysia

Binariang GSM Holding (BGSM) is an investment holding group headquartered in Malaysia where it owns 62% of Maxis Malaysian Holding Group (Maxis), a major telecom operator in Malaysia. During the year 2007, stc acquired (through its subsidiaries stc Asia holding and stc Malaysia holding) 25% of BGSM’s MYR 20.7 billion share capital, which is equivalent to approximately ₪ 23 billion at the exchange rate as at that date.

During 2013, stc conducted a review of its foreign investment in BGSM (joint venture), including

the manner in which this investment was being managed and how joint control had been effectively exercised. As a result, stc signed an amendment to the shareholders’ agreement with other shareholders of BGSM with respect to certain operational matters of Aircel (one of Binariang group subsidiaries at that time). Consequently, stc group ceased to account for its investment in Aircel using the equity method effective from the second quarter of 2013.

Integrated Data Company for Information and Technology – Kingdom of Saudi Arabia

During the second quarter of 2023, Integrated Data Company for Information and Technology was established in the Kingdom of Saudi Arabia as a joint venture among stc (39%), Etihad Etisalat Company (30%) and Mobile Telecommunication Saudi Company (31%) with share capital of ₪ 22 million. This entity provides various services including demographic analyses, population statistics, data on population size, as well as traffic and transportation statistics, public road routes and parking information.

Others

Include immaterial joint ventures to stc group owned indirectly through stc group’s subsidiaries.

Subsidiaries and Investments continued

Other investments

Investment in Telefónica

stc invested in Telefonica by acquiring a 997% interest in the company for a total consideration of EUR 2.1 billion (which is equivalent to ﷼ 8.5 billion), making stc Telefonica’s largest shareholder. Telefonica is a leading European telecommunications operator through its significant presence in three of the largest European markets, namely Spain, Germany and the UK, in addition to Brazil which is the largest market in Latin America.

This acquisition represents another milestone in stc’s expansion and growth strategy and reflects stc’s confidence in Telefonica’s sustainable growth and upside potential. Telefonica benefits from a unique

portfolio of best-in-class infrastructure assets and cutting-edge technology platforms, where it is developing state-of-the-art capabilities in adjacent areas such as cognitive intelligence, edge computing and IoT.

During the year 2023, stc completed the purchase of 4.9% direct shareholding in Telefonica. During the fourth quarter of 2024, stc received the foreign investment authorization from the Spanish Council of Ministers. During the first quarter of 2025 stc has increased its voting rights from 4.97% to 9.97% following the completion of all relevant requirements. This investment is irrevocably designated at fair value through OCI.

Investments in the Sukuk issued by the Ministry of Finance

stc invested in the Sukuk issued by the Ministry of Finance as follows:

Item	First tranche (﷼’000)	Second tranche (﷼’000)
Nominal investment value	1,600,000	2,140,000
Year of investment	2024	2019
Year of maturity	2029	2029
Yield	3.9%	3.9%

Investment in the Sukuk issued by Binariang GSM Holding (BGSM)

During the year 2007, stc Asia Holding Company Limited (a subsidiary) invested in Sukuk issued by Binariang GSM holding (BGSM) in the amount of RM 1,508 million (which is equivalent to ﷼ 1,383 million) for a period of 50 years (callable after 10 years) with an annual profit margin of 6-months KLIBOR +8.51%. These sukuk are not past due with a net book value of ﷼ 1,137 million as at 31 December 2025, reflecting an ECL of ﷼ 2.6 million as at 31 December 2025. During the year 2025 there was an early partial redemption amounting to RM 185 million (equivalent to ﷼ 171 million).

stc invests in various venture funds

stc invests in various venture funds, which are investing in emerging, small and medium-sized companies operating in the field of communications and information technology in the Kingdom and other global markets.

During 2022, stc signed an agreement with STV LP Fund to allocated an additional ﷼ 1,125 million (equivalent to USD 300 million) additional investment in the fund, out of which ﷼ 866 million (equivalent to USD 231 million) was injected as at 31 December 2025.

The fair value of stc group investment in funds is obtained from the net asset value (“NAV”) reports received from the funds’ managers. The funds’ managers deploy various techniques (such as recent round of finance, discounted cash flow models and comparables method) for the valuation of underlying financial instruments classified under level 3 of the respective fund’s fair value hierarchy. STV fund represents the majority Group investment in funds with carrying value of ﷼ 4,749 million as at 31 December 2025. Change in fair values due to increase/(decrease) of 10% in significant unobservable inputs embedded in the models used by the STV fund’s manager. (For more details, see Note 42-2 in the consolidated annual financial statements).





04

Sustainability

Sustainability is deeply embedded in stc group’s corporate strategy, forming the foundation of its role as a leading digital enabler. stc group upholds a strong commitment to environmental responsibility, human capital empowerment and sound governance. By integrating sustainability into its core operations, stc group advances its vision to enable societal progress and contribute to sustainable economic growth within Saudi Arabia and beyond.

Through active engagement with both current and emerging sustainability priorities, stc group continues to position itself as an innovative and forward-thinking partner, ready to meet the evolving expectations of its people (customers, employees and communities). Its dedication to responsible practices enhances operational resilience and drives long-term value creation.

Sustainability strategy and objectives

Vision	To be a national catalyst for sustainable transformation, driving environmental responsibility, social progress and ethical governance		
Mission	Embedding sustainable practices throughout our value chain, collaborating with stakeholders to drive systemic change and create thriving, future-ready communities		
Strategic objectives	Environmental performance and climate	Development of human capital through digital innovation	Strong governance and ethical excellence
	Mitigate climate change effects	Expand innovative digital opportunities for all	Uphold governance and business ethics
	Optimize energy management and efficiency	Advance accessibility and digital inclusion	Strengthen transparency and compliance
	Conserve water and natural resources	Promote diversity, equity and inclusiveness	Protect and promote human rights
	Advance circular economy practices	Strengthen human capital development	Safeguard privacy, data security and online safety
	Collaborate with communities on awareness and conservation programs	Foster a culture of caring for and empowering our community	Ensure ethical supply chain and responsible procurement management

In 2025, stc group refreshed and updated its three-year rolling sustainability strategy to cover the period 2026-2028. This approach ensures strategic priorities remain dynamic, responsive and aligned with emerging trends, stakeholder expectations and national and international objectives. The new strategy takes into consideration new and anticipated regulatory changes across global and national landscapes.

While the strategic pillars remain unchanged, the strategic objectives and targets have been refined to reflect new priorities and emerging trends. Each framework pillar includes defined strategic objectives, material topics and quantitative targets supported by clear roles and responsibilities to ensure accountability and effective implementation across stc group.

For more information:

stc group’s [annual sustainability reports](#) outline its detailed sustainability performance for the year and initiatives that are underway across its operations.

Environmental performance and climate

As a leading digital and telecommunications provider, stc group continues to advance its environmental stewardship through sustainable innovation, efficient resource management and technology-driven climate action. In alignment with Saudi Vision 2030 and the Saudi and Middle East Green Initiatives (SGI and MGI), stc group is accelerating its transition toward a low-carbon economy with a clear objective of achieving net zero emissions by 2050. Its climate initiatives provide direction across business units and subsidiaries, supporting alignment toward sustainable and inclusive growth.

stc group’s long-term commitment includes planting one million trees by 2030, contributing directly to the goals of the Saudi Green Initiative and the Middle East Green Initiative. Efforts are underway to monitor and nurture planted trees, with over 85,000 trees planted and a target of reaching over 220,000 trees by the end of 2026.



Sustainability continued

stc group's climate commitment



Figure 1 - stc group climate commitments aligned with Saudi Vision 2030 and SGI

stc group's climate action roadmap focuses on four strategic pillars:

- **Optimizing its own environmental performance** - through continuous improvement programs and active management of scope 1 and 2 emissions.
- **Developing sustainable products and services** - to minimize environmental impact across the value chain and enable customers' transition to sustainability.
- **Managing climate risks and financial impacts** - ensuring transparency, resilience and alignment with stakeholder expectations.
- **Demonstrating climate leadership** - by embedding circular economy principles into its supply chain and empowering both internal teams and external partners to act on climate.

In 2025, stc group established and activated a Climate Working Group, chaired by senior executives, to oversee the implementation of this roadmap. This group is responsible for developing and monitoring the decarbonization plan, ensuring actions remain aligned with Science-Based Targets initiative (SBTi) requirements and net zero commitments.

Additional environmental initiatives include expanding solar energy integration across infrastructure, advancing water efficiency and optimizing recycling and take-back programs in partnership with suppliers and vendors. Through these ongoing efforts, stc group continues to drive sustainable innovation, reduce its environmental footprint and contribute to the Kingdom's ambitious green transformation.

Development of human capital through digital innovation

stc group continued to advance human capital development by empowering individuals and communities through inclusive practices, diversity initiatives and strategic social investment programs. By leveraging technological innovation, stc group fosters growth, bridges societal divides and cultivates a culture of well-being and belonging, ensuring its efforts drive meaningful and lasting impact.

stc group is dedicated to maximizing positive value for local communities through flagship programs. Collaboration is central to this mission, with strategic partnerships enabling stc group to address society's pressing challenges and unlock new opportunities. stc group's community engagement efforts aim to enhance the capacity and success of the third sector, supporting initiatives that drive sustainable community progress.

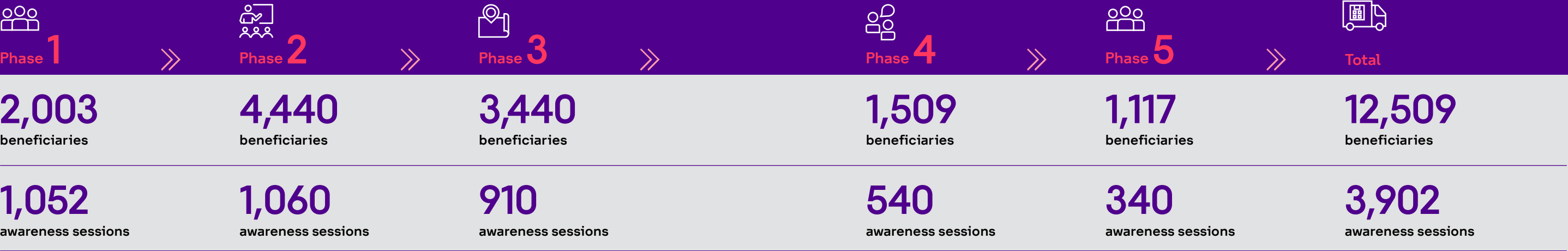
These efforts are bolstered by comprehensive employee development programs, a strong focus on health and safety, and initiatives aimed at reducing the gender gap. stc group's commitment to transparency is reflected in its disclosures, which highlight its dedication to fostering a diverse, inclusive and supportive work environment, driving meaningful social impact across the Gulf region and beyond.

stc group's community investment approach focuses on maximizing positive value for its communities and on driving social progress by harnessing digital power to enable inclusion and bridge the digital divide. In this spirit, stc group's Technical Enablement Program provides free access to a suite of 13 cloud-based solutions covering administrative, financial and operational functions. The program helps non-profit organizations (NPO) streamline workflows, improve efficiency and strengthen impact on beneficiaries. To date, the program covered over 70 cities and governorates, 1,300 NPOs and delivered more than 3,500 technical services. This initiative contributes directly to the Saudi Vision 2030, particularly the target of increasing the non-profit sector's GDP contribution to 5%. Furthermore, it also aligns with the SDGs 9, 10, 11 and 17, reinforcing its commitment to inclusion and resilient communities.

Another impactful initiative is the Smart Truck initiative, a mobile digital literacy hub that travels across the Kingdom to bridge the digital divide, particularly among the elderly and underserved communities. The initiative was delivered through five structured implementation phases, allowing progressive geographic expansion and increased reach to elderly communities, especially in remote areas. In 2025, over phases four and five, the truck visited 26 cities and governorates, delivered 880 awareness sessions to 2,626 elderly beneficiaries and engaged 55 volunteers and trainers to provide personalized training and awareness experiences on six main governmental applications in addition to cybersecurity and data privacy awareness.

Sustainability continued

Smart truck digital inclusion journey: Five phases of impact



Implementation period: 2023-2025

Strong governance and ethical excellence

stc group remains committed to upholding the highest standards of governance, integrity, transparency and accountability. By embedding responsible business practices, safeguarding human rights and fostering a culture of trust, stc group continues to set a benchmark for ethical conduct in the telecom and ICT industry.

When it comes to sustainability, stc group’s sustainability governance model incorporates sustainability across the organization, providing comprehensive tools and risk management for ESG and climate considerations. The Executive Management Sustainability Committee, chaired by the GCEO, reviews and approves annual sustainability reports, monitors progress and discusses key ESG topics. The Sustainability Committee, chaired by the GCEO, comprises eight C-suite members. The Sustainability GM serves as a non-voting member, and the Sustainability Planning and Partnerships Management Director acts as rapporteur. The Committee ensures strategic oversight of sustainability commitments, ESG performance and key initiatives.

In 2025, stc group updated and published its [Sustainability Policy](#), which was approved by GCEO. The policy sets out the principles and governing framework for all sustainability-related activities across stc group, covering ESG dimensions. It serves as a cornerstone for integrating sustainability into processes, ensuring consistency, accountability and best practices.

stc group continued to reinforce its commitment to sustainable value creation by embedding ESG

consideration into variable remuneration framework. ESG performance is directly linked to the corporate scorecard through the ESG index, which forms 5% of the overall evaluation of key executives. The ESG index measures progress against defined sustainability priorities ensuring responsible business performance is a shared accountability across leadership.

Human rights commitment

stc group’s human rights policy, approved by GCEO, reinforces its commitment to the highest standards of ethical conduct. The policy aligns with the Universal Declaration of Human Rights, the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, and Saudi labor laws and regulations.

stc group focused on addressing key human rights issues most at risk from its operations, with a particular emphasis on workplace rights, labor conditions, supply chain ethics, community impact and security practices. In collaboration with the Saudi Human Rights Commission, stc group strengthened its implementation of the UN Guiding Principles, ensuring human rights remain central to its business operations.

The policy outlines critical commitments, including privacy and confidentiality, diversity and inclusion, safe and healthy workplace conditions, fair employment contracts, working hours and wage standards, equality in the workplace, prohibition of child labor, prevention of forced labor and human trafficking and employee skill development.

Comprehensive third-party ethics audit and ethics oversight

stc group continued to reinforce its commitment to ethical governance and compliance through a comprehensive third-party ethics audit conducted by Deloitte at the group level. The review confirmed the Internal Audit Unit conducts annual audits on compliance and business integrity, complemented by external assessments every three years. It also highlighted strong ethics and compliance oversight at both the Board Committee and Executive Management levels, supported by dedicated committees such as the BAC, BRC/RMCC and BIC. These findings underscore stc group’s alignment with international best practices and its commitment to maintaining robust governance structures. The next external ethics audit is scheduled for late 2027, in line with the three-year audit cycle.

Accountability and responsible conduct training

stc group maintains a strong culture of accountability and responsible conduct through mandatory annual training programs that cover all employees, including part-time staff and contractors. These programs include comprehensive training on ethical standards, ensuring consistent understanding and application of integrity and compliance principles across the organization. In addition, all employees, including part-time staff and contractors, receive annual training on data security and privacy-related risks and procedures, reinforcing their role in safeguarding sensitive information and maintaining a secure digital environment. Further details are disclosed in the annual Sustainability Report.

Incident response plan

A comprehensive cybersecurity incident response plan was introduced in 2024, to enhance organizational resilience and ensure swift, effective management of cybersecurity incidents. The plan established a structured framework encompassing incident identification and triage, response coordination, forensic analysis and reporting, supporting business continuity and regulatory compliance. Since its rollout, it has contributed to strengthening incident readiness, accelerating recovery times and reinforcing trust in stc group’s digital infrastructure. The framework is aligned with national regulations and leading international standards, and its effectiveness will be revisited and further enhanced by the end of 2027 to reflect the evolving cyber threat landscape and in line with the three-year review cycle. [Data breach incident response plan.pdf](#).

Supplier anti-bribery and anti-corruption policy and programs

stc group’s anti-bribery and corruption policy applies to all suppliers and contractors globally, including all subsidiaries and joint ventures. The policy covers all forms of bribery, facilitation payments, gifts, conflicts of interest, and third-party contributions. Non-compliant suppliers are subject to contract termination and corrective action plans, depending on the severity of the violation. Suppliers are required to complete mandatory annual training which is available to all suppliers via stc group’s online Partner Portal. Suppliers are also required to establish and maintain anti-corruption policies and programs to ensure compliance. [\(Announcement on supplier anti-bribery and anti-corruption policy and programs\)](#)

Sustainability continued

Rising ESG ratings

stc group’s continued commitment to transparency and sustainability has been reflected in the steady improvement of its ESG ratings across leading global assessment platforms.

As at October 2025, stc group received an MSCI ESG Rating of AA. This marks the third consecutive year of rating improvement since 2022, reflecting stc group’s sustained commitment to embedding sustainability, governance and operational excellence across its business.

The latest upgrade was driven by continued advancements in data security, business ethics and labor management practices. stc group’s data security framework is now recognized as industry-leading, featuring external IT system audit provisions, incident response mechanisms and executive-level oversight. MSCI noted that stc group’s privacy policy now fully encompasses all business lines, reinforcing its commitment to safeguarding customer data and managing cybersecurity risks effectively.

In addition, stc group has strengthened its business ethics framework, introducing regular ethics audits and enhancing oversight at the executive level. These improvements reflect stc group’s proactive governance approach and alignment with global best practices.

As telecom operations are typically labor-intensive, MSCI’s model considers stc group’s moderate exposure to labor risks in Saudi Arabia. stc group continues to stand out for its robust labor management practices, including variable performance-based pay, leadership development initiatives and a strong focus on education and skills-building for employees.

This consistent year-on-year rating improvement - from BB in 2023 to BBB in 2024, and now AA in 2025 by MSCI - underscores stc group’s commitment to sustainable growth, resilience and leadership in ESG performance within the telecom industry.

At group level, stc will continue to foster alignment and knowledge-sharing across subsidiaries, supporting the further strengthening of its sustainability initiatives and the continued advancement of its external ESG performance.

Analyst/institution	Rating/score	stc group performance	Last update
MSCI	ESG rating	AA	October 2025
S&P CSA	ESG score	55	October 2025
Sustainalytics	ESG risk rating	21.8	October 2025
ISS Corporate	ESG corporate rating	C+ Prime	December 2025
CDP	Climate change questionnaire	C	December 2025

Table 1 - stc group ESG rating and rankings

Sustainability awards and recognition

stc group achieved distinguished awards at both national and international levels that underscore its leadership in innovation, social responsibility and sustainable practices.

In 2025, stc group was honored with the King Khalid Award for Sustainability (First Place – Gold Award), one of the Kingdom’s most distinguished recognitions for sustainability excellence. The award reflects stc group’s comprehensive approach to ESG, positioning it as a leader in driving sustainable transformation in alignment with Saudi Vision 2030.

In addition, the technical enablement program (TEP) was recognized as a champion program in WSIS 2025 Prizes category 2 – Information and Communication infrastructure. This global recognition celebrates stc group’s innovative use of digital technologies to empower NPOs and community at large, reinforcing stc group’s role as a digital enabler.

Furthermore, stc group was recognized by receiving two awards by the ESG Business Awards, the Economic Empowerment award for the technical enablement program (TEP) and the Social Inclusion and Equal Opportunities award for the braille sports board, representing stc group’s commitment to advancing sustainable and inclusive digital solutions.



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:
 1. The decrease in early retirement program cost by ﷼ 1,753 million.
 2. 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.
 3. 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 (﷼'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 (﷼'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 ﷼ 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 (﷼'000)	Revenues outside the Kingdom of Saudi Arabia (﷼'000)	Total (﷼'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 (﷼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 ﷲ 442 million (2024: ﷲ 2,635 million). Total loans received during the year ended 31 December 2025 amounted to ﷲ 376 million (2024: ﷲ 880 million). A list of the loans are as follows.

All amounts in ﷲ 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			Current portion		Non-Current portion	
								2025	2024	2025	2024	2025	2024
stc – Kingdom Saudi Arabia	Debt instruments market	Sukuk	10 Years	June 2014	ﷲ	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	ﷲ	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 ﷲ 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	﷼ 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 ﷼ 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 Thu’l-Qi’dah 1443H) to repurchase a number of the stc’s shares for an amount not to exceed ﷼ 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 ﷼ 41.05 per share (2024: ﷼ 36.3 per share). Total expenses related to the Program for the year ended 31 December 2025 amounted to ﷼ 133.5 million (2024: ﷼ 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 ٥ 553 million (equivalent to USD 147.5 million) as at 31 December 2025 (31 December 2024: ٥ 553 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 ٥ 1,125 million (equivalent to USD 300 million) additional investment in the fund out of which ٥ 866 million (equivalent to USD 231 million) was injected as at 31 December 2025 (31 December 2024: ٥ 555 million - equivalent to USD 148 million).
- 3. stc group has contractual commitments amounting to ٥ 9,488 million as at 31 December 2025 (31 December 2024: ٥ 7,322 million).

Contingent assets and liabilities

- 1. stc group has outstanding letters of guarantee on behalf of stc and its subsidiaries amounting to ٥ 4,828 million as at 31 December 2025 (2024: ٥ 4,993 million).
- 2. stc group has outstanding letters of credit as at 31 December 2025 amounting to ٥ 1,948 million (2024: ٥ 1,654 million).
- 3. On 21 March 2016, stc received a letter from a key customer requesting a refund for paid balances amounting to ٥ 742 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 ٥ 221 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.





06

Corporate governance

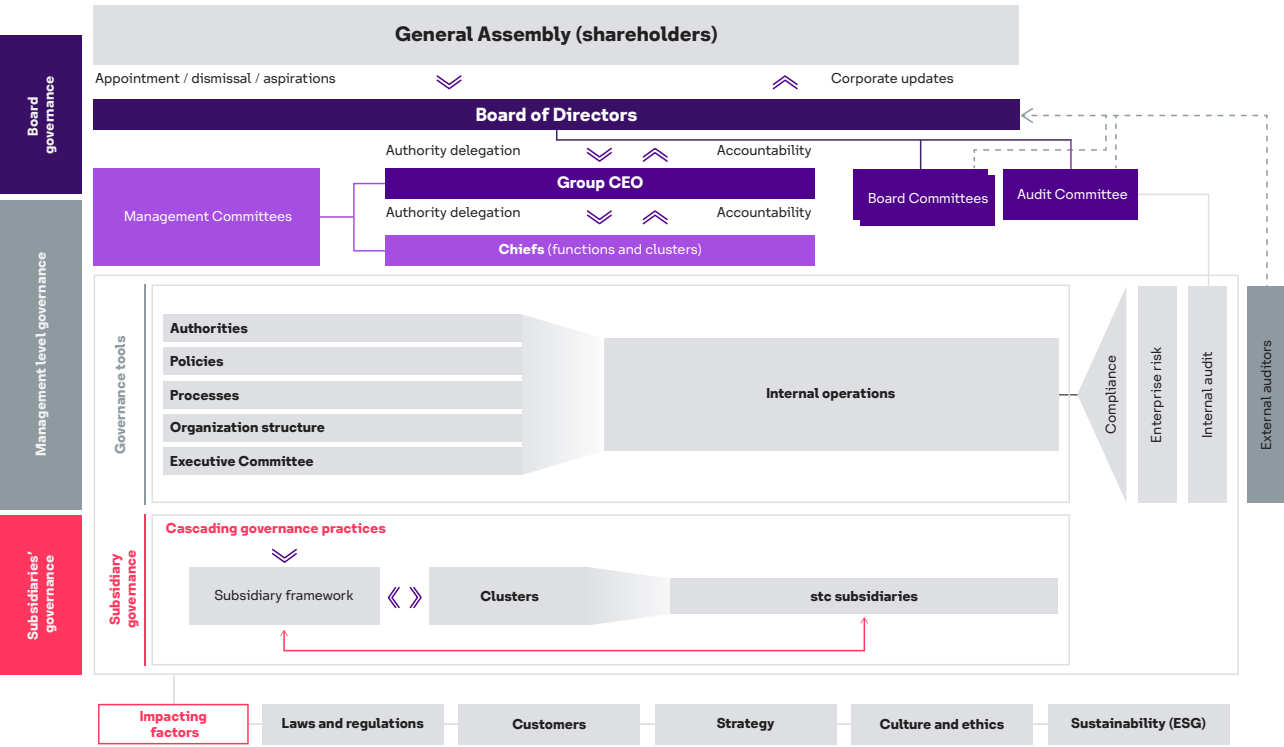
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Corporate governance

stc group’s Board of Directors is committed to applying an effective corporate governance framework that defines the roles and responsibilities of the Board and Executive Management, ensuring the application of effective decision-making, compliance and risk management practices. This framework is aligned with the stipulations of the Companies Law issued by the Ministry of Commerce, the Corporate Governance Regulations of the Capital Market Authority and all other relevant regulations in the Kingdom of Saudi Arabia.

At stc group, robust governance is fundamental to its success and sustainable growth. stc group implements a dynamic and evolving framework to promote excellence and compliance throughout stc group. By cultivating a unified culture of accountability, agility and transparency, stc group enhances its governance maturity, strengthens stakeholder trust and creates lasting value for shareholders, partners and communities.

stc group governance framework



At the group level, stc’s governance practices are unified across all subsidiaries, reflecting its commitment to integrity, transparency and accountability. Through a comprehensive oversight model supported by clear reporting channels and escalation mechanisms, stc group ensures consistent implementation of governance principles, effective performance monitoring and transparent communication throughout stc group. Furthermore, this enables a sound and transparent multi-layer decision-making process between stc group and its subsidiaries. These practices reinforce stc group’s position as a prime example of corporate governance excellence and support its continuous commitment to sustainable growth and long-term value creation for its shareholders and stakeholders.

stc group is committed to improving the governance practices in its subsidiaries by driving the enhancement of subsidiaries’ board stewardship, cascading policies and methodologies and conducting an annual governance maturity assessment. This evaluation measures the extent to which governance requirements are adopted and implemented, while identifying potential areas for improvement. Through this proactive strategy, stc aims to drive consistency of governance practices across the group, while considering the different types of subsidiaries’ businesses and the legal boundaries.

stc group is keen to benefit from the best applicable local and international practices to foster a culture of governance at stc and achieve, and more importantly maintain, the highest levels of transparency, disclosure and targeted sustainability by adopting the best practices of governance – local, regional and global – and embedding these practices across the different charters and documents of stc group governance, including, for example, but not limited to, as recently updated below:

- stc group Board Audit Committee Charter was approved by the General Assembly.
- stc group Board Risk Committee Charter was approved by the Board of Directors.
- Code of Ethics and Business Conduct was approved by the Board of Directors.
- The continuous evaluation and review of the Board of Directors’ policies, charters and delegation of authorities.

Moreover, to apply the highest levels of transparency and in compliance with relevant regulations, stc group is committed to publishing all its documents on its website (www.stc.com.sa), which includes the governance mission and objectives, in addition to its governance documents, including:

- stc group Bylaws.
- Board and Committee Charters.
- stc group Governance Charter.
- stc group Competing Standards Charter.
- Code of Ethics and Business Conduct.
- Board Members’ appointment, compensation and Executive Management compensation Policy.
- stc group Conflict of Interest and Related Party Transactions Policy.
- Whistleblowing Policy.
- Anti-fraud and Anti-corruption Policy.

Disclaimer

- In accordance with the Corporate Governance Regulations established by the Capital Market Authority, specifically Article 87, paragraph one, which states companies must disclose both the provisions of the regulations that have been implemented and those that have not, along with the reasons for any non-implementation, stc group confirms it has implemented all provisions and articles of the Corporate Governance Regulations issued by the Capital Market Authority, with the exception of the following provisions.

Article no.	Article’s statement	Reasons for not applying
84	The Ordinary General Assembly, based on the Board of Directors’ recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community. (Guiding article)	stc group values its social responsibility initiatives highly. Specifically, its sustainability practices are governed by a dedicated policy. Since the article is not compulsory, the authority to approve the policy has been delegated to the Group CEO.
92	Formation of a Corporate Governance Committee: If the Board forms a Corporate Governance Committee, it shall assign to it the competencies stipulated in Article (91) of these regulations. The committee shall oversee any matters relating to the implementation of governance and shall provide the Board with its reports and recommendations at least annually. (Guiding article, i.e., not mandatory)	Article No. 47, titled “Forming the Committees”, of the Corporate Governance Regulations states that the Board of Directors must establish specialized committees as necessary based on the company’s circumstances to effectively carry out its responsibilities. While Article No. 92, titled “Formation of a Corporate Governance Committee”, serves as a guideline, stc group’s Board of Directors recognizes the importance of the responsibilities and tasks assigned to this committee. These responsibilities are managed by the Nomination and Remuneration Committee, as outlined in its Charter, which was approved by the General Assembly on 21 June 2023.

Governance contributing to a thriving society

In line with its commitment to strengthening governance practices and enhancing social responsibility, stc group has initiated several activities aimed at promoting governance awareness and best practices within the broader community. These activities include sponsoring governance-focused programs and offering awareness sessions designed to foster a culture of accountability and transparency. Additionally, stc group has collaborated with key governmental and semi-governmental entities, both locally and internationally, to engage in benchmarking, to exchange knowledge and share insight that supports the alignment of governance practices with leading global standards. Through these initiatives, stc group continues to demonstrate its leadership in advancing governance excellence and its dedication to sustainable and responsible corporate practices. These initiatives have been recognized nationally by multiple government agencies, further solidifying the organization’s commitment to corporate citizenship.

Awards and recognitions

In June 2025, stc group received the Best Corporate Governance System Award from World Finance magazine, a British publication. stc group has also worked diligently to enhance its position in the MSCI ESG Index by implementing targeted actions to align its governance and sustainability practices with global environmental, social and governance (ESG) standards. These efforts were recently recognized by granting stc group an AA rating by the MSCI Index. These improvements demonstrate stc group’s broader commitment to long-term sustainability, stakeholder trust and adherence to international benchmarks for excellence in governance.

Transactions with related parties

1-Transactions with government and government-related entities

Revenues from transactions with government and government related entities for the year ended 31 December 2025 amounted to ₪ 12,846 million (2024: ₪ 12,699 million) and expenses related to transactions with government and government related entities for the year ended 31 December 2025 (including government charges) amounted to ₪ 6,302 million (2024: ₪ 5,895 million).

As at 31 December 2025, accounts receivable from government entities totalled ₪ 22,577 million (2024: ₪ 18,567 million) (For more details, see note 18 in the consolidated annual financial statements) and as at 31 December 2025, accounts payable to government entities totalled ₪ 1,288 million (2024: ₪ 1,221 million). Among the balances with government entities, stc group invested ₪ 4,894 million in the Sukuk and treasury bills issued by the Government.

The total balance of accounts receivable with government related entities as of 31 December 2025 was ₪ 1,236 million (2024: ₪ 1,244 million). Total balance of accounts payable with government related entities as of 31 December 2025 was ₪ 2,335 million (2024: ₪ 2,250 million).

(*) Amounts related to DIIC (a subsidiary of PIF and an associate of stc group) are included in the associates and joint ventures transactions and balances (For more details, see Note 21-1 in the consolidated annual financial statements).

The transactions with government/government related entities are conducted in the ordinary course of stc group business based on terms comparable to the terms of transactions enacted with other entities that are not government-related. stc group has also established its procurement policies and approval processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

Government entities are defined as ministries, authorities, commissions, and other entities of the Government. On the other hand, Government related entities are defined as PIF, its subsidiaries, and related entities.

In the comparative year, transactions with related parties include sale of equity interest in TAWAL and DIIC to Public Investment Fund (For more details, see Notes 8-1-1, 14-1 in the consolidated annual financial statements).

Noting that there are no other clients represent more than 10% of the total balance of trade receivables.

The following is the receivable aging from government entities and government-related entities.

Statement (₪’000)	31 December 2025	31 December 2024
Less than a year	11,295,824	9,559,212
More than one year but less than two years	6,581,479	5,791,205
More than two years	4,699,630	3,216,695
Total	22,576,933	18,567,112

2-Transactions with Board of Directors members, senior executives and substantial shareholders

stc did not conduct any business or conclude any contracts in which there was a substantial interest owned by the Board of Directors, the executive management or any other related person.

Loans to related parties

Statement (₪’000)	31 December 2025	31 December 2024
Loans to senior executives	9,964	9,490

3-Transactions with subsidiaries

No.	Name of related party	Type of related party	Contract/agreement	Duration	Value (₪’000)
1	solutions	stc subsidiary	To execute the project of establishing and developing the internet and communications networks for stc.	3 years	142,406
2	solutions	stc subsidiary	To execute the project of IT infrastructure modernization and hyperscaler partnership and Oracle software licenses renewal project.	5 years	651,748
3	solutions	stc subsidiary	To build a private cloud as part of the IT infrastructure modernization and hyperscaler partnership project.	5 years	157,648
4	solutions	stc subsidiary	To execute the project of establishing and developing the internet and communications networks for stc.	3 years	313,399

In addition to the above, stc and its subsidiaries are engaged in establish, manage, operate and maintain fixed and mobile telecommunication networks, systems and infrastructure; provide integrated communication and information technology solutions, which include telecom, IT services, managed services and cloud services; real estate investment, such as selling, buying, leasing, managing, developing and maintenance;

financial and managerial support and other services to subsidiaries; development and training; asset management; digital banking services; cybersecurity services; as well as the construction, maintenance and repair of telecommunication and radar stations and towers, and other businesses as mentioned in activities of stc through joint contracts and agreements, which are considered businesses and services within stc group.

4-Transactions with associate companies and joint ventures

stc group trading transactions with related parties during the year ended 31 December 2025 were as follows:

Statement (﷼'000)	2025	2024
Services provided		
Associates	734,830	535,847
Joint ventures	12,805	4,633
Total	747,635	540,480
Services received		
Associates ⁽¹⁾	4,310,154	776,759
Joint ventures	2,854	2,891
Total	4,313,008	779,650

The following balances were outstanding as at the end of the financial year.

Statement (﷼'000)	Amounts due from related parties		Amounts due to related parties	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Associates ⁽²⁾	1,834,318	1,404,179	1,193,811	1,124,093
Joint ventures	10,033	3,754	3,628	3,351
Total	1,844,351	1,407,933	1,197,439	1,127,444

(1) Includes amounts of services received from DIIC amounting to ﷼ 3,644 million (2024: ﷼ 3,178 million, DIIC results were included under discontinued operations (For more details, see note -14-1 in the consolidated annual financial statements).

(2) Include amounts due from DIIC amounted to ﷼ 1,270 million as of 31 December 2025 (2024: ﷼ 961 million) and amounts due to DIIC amounted to ﷼ 1,094 million as of 31 December 2025 (2024: ﷼ 1,021 million) (For more details, see notes 8-1-1, 14-1 in the consolidated annual financial statements). Comparative figures were reclassified to comply with this year presentation.

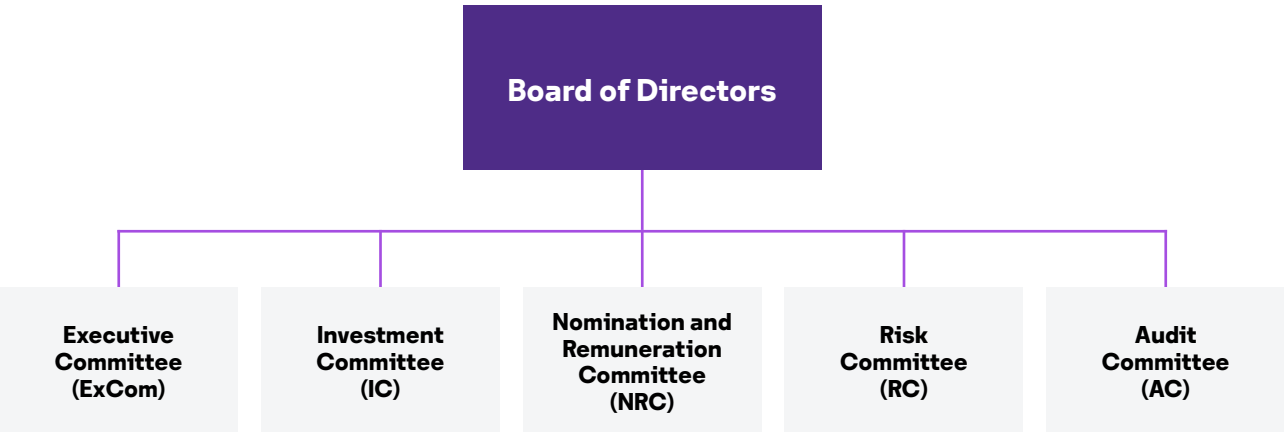
In addition, stc group has an investment in sukuk issued by a joint venture entity (BGSM) amounting to RM 1,508 million (equivalent to ﷼ 1,383 million at the exchange rate as at investment date) with a net book value of ﷼ 1,137 million as of 31 December 2025 (2024: ﷼ 1,189 million) (For more details, see note 16-1 in the consolidated annual financial statements).

The sale and purchase transactions are carried out by the relevant parties in accordance with the normal terms of trade. The outstanding balances are unguaranteed, without commission and no guarantees have been provided or received in relation to the balances due or from the related parties.

5-Transactions with other companies (considered related parties)

No.	Name of related party	Transaction description	Value (﷼'000)
1	Tadawul	stc (Controlled by PIF) has entered into a sponsorship agreement with Tadawul Group Holding Company (Controlled by PIF). As both entities are affiliated through PIF, this constitutes a related party transaction (RPT) under the Corporate Governance Regulations. The transaction value did not meet the disclosure threshold and therefore did not require a public announcement on Tadawul.	625
2	Center for Governance	Center for Governance agreement aims to: - Develop and upskill stc group’s existing and potential board members, committee members and board secretaries to effectively meet the company’s needs - Conduct a comprehensive board evaluation. The goal of this evaluation is to assess board effectiveness, governance practices and identify opportunities for improvement The scope of work consists of two main elements: - Board development programs - Board and Committee evaluation	The amount depends on services provided during contract period
3	Red Sea Global	The master services agreement between stc and Red Sea Global (RSG) is a 3-year strategic partnership. It designates stc as a preferred digital enabler for RSG, offering preferential terms like early engagement. The agreement uses a cost-plus pricing model with competitive checks and provides mutual financial and non-financial benefits, including revenue for stc and strategic alignment for RSG.	The amount depends on services provided during contract period
4	AlAhli Bank	Public Telecommunications Company (Specialized), supported by a corporate guarantee from stc KSA, entered into an Islamic term Murabaha financing facility with Saudi National Bank (SNB) to partially fund capital and operating expenditures associated with the nationwide network rollout project.	3,500,000

stc group’s Board structure



Board of Directors and Committees

The Board of Directors of stc group is committed to representing the interests of all its shareholders, adhering to the principles of care and loyalty in managing stc group’s affairs. The Board members strive to make well-informed decisions that enhance stc group’s prosperity, contributing to the preservation growth and maximization of its value.

On 24 July 2024, a new Board of Directors was elected for the ninth term, with a tenure of four calendar years. The following tables provide a list of the members of the Board of Directors for the ninth term, their memberships on the Boards of Directors of listed and unlisted joint-stock companies, both within and outside the Kingdom, along with their biographies.

Board members



HRH Prince Mohammed Khalid Al-Faisal
Chairman of the BoD
Chairman of ExCom
Chairman of IC



H.E. Dr. Khaled Hussain Biyari
BoD Member
ExCom Member

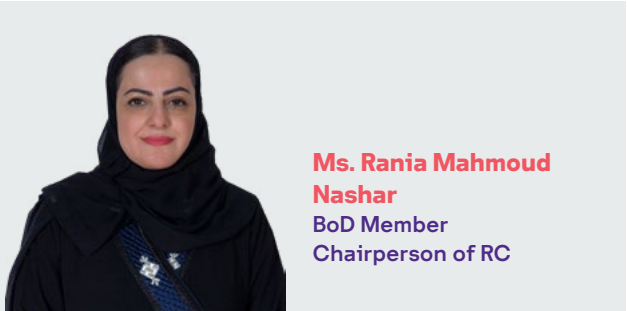


Mr. Yazeed Abdulrahman Al-Humied
Vice Chairman of the BoD
ExCom Member

Membership Independent Date of birth 1967 Academic qualification MBA Vocational experience Banking and administrative experience Current occupation Chairman, Al Faisaliah Holding Group Previous occupation Vice President, Al Faisaliah Holding Group	Current Board or Executive memberships KSA: - stc group (listed joint stock) - Al Faisaliah Holding Group (closed joint stock) - Specialized Medical Treatment Company (LLC) Abroad: - N/A Previous Board or Executive memberships KSA: - JP Morgan Saudi Arabia (closed joint stock) - Al Khozama Company (closed joint stock) Abroad: - N/A	Membership Non-executive/non-independent Date of birth 1963 Academic qualification PhD. Electrical Engineering Vocational experience Associate Professor, King Fahd University of Petroleum and minerals. Experience in business Current occupation Assistant Secretary of Defense for Executive Affairs – Ministry of Defense Previous occupation stc group CEO	Current Board or Executive memberships KSA: - stc group (listed joint stock) - Saudi Information Technology Company (SITE) (closed joint stock) - Saudi Arabian Military Industries (SAMI) (closed joint stock) Abroad: - N/A Previous Board or Executive memberships KSA: - N/A Abroad: - N/A	Membership Non-executive/non-independent Date of birth 1983 Academic qualification Bachelor in Business and Accounting Vocational experience Experience in finance and administration Current occupation PIF, Deputy Governor, Head of MENA Investments Previous occupation PIF, Head of Local Holdings	Current Board or Executive memberships KSA: - stc group (listed joint stock) - Saudi National Bank (SNB) (listed joint stock) - National Security Services Co. (SAFE) (closed joint stock) - Saudi Arabian Airlines General Organization (public-owned enterprise) - Flyadeal (closed joint stock) - Matarat Holding (owned by General Authority of Civil Aviation) - Saudi Tadawul Group Holding (listed joint stock) - Riyadh Development Co. (closed joint stock) - Richard Attias & Associates (closed joint stock) - Saudi Egyptian Invest. Co. (closed joint stock) - Savvy Games Group (closed joint stock) - Saudi Information Technology Company (SITE) (closed joint stock) - Desert Resort Development Company (closed joint stock) - King Abdulaziz Royal Reserve Development Authority (closed joint stock) Abroad: - N/A Previous Board or Executive memberships KSA: - Samba Financial Group (listed joint stock) - Water Solutions (closed joint stock) - Red Sea Cruise Company (closed joint stock) - CEER (closed joint stock) Abroad: - Richard Attias & Associates (closed joint stock)	- Prince Sultan University (private university) - ALAT – Executive Committee Member (closed joint stock)
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Mr. Ahmed Mohammed Al-Omran
BoD Member
RC Member



Ms. Rania Mahmoud Nashar
BoD Member
Chairperson of RC



Mr. Sanjay Kapoor
BoD Member
ExCom Member



Mr. Arndt Rautenberg
BoD Member
IC Member

Membership

Non-executive/non-independent

Date of birth

1973

Academic qualification

Master of Computer Science

Vocational experience

Administrative and information technology experience

Current occupation

GOSI Governor
Assistant for IT Affairs

Previous occupation

GM, IT Infrastructure, GOSI

Current Board or Executive memberships

KSA:

- stc group (listed joint stock)
- Madad IT Services (LLC)
- Takamol Holding Company (LLC)
- Masdr Data Solutions (LLC)

Abroad:

- N/A

Previous Board or Executive memberships

KSA:

- Saudi Cement Co. (listed joint stock)
- Saudi Industrial Investment Group (listed joint stock)
- Samba Financial Group (listed joint stock)
- Hassana Investment Co. (closed joint stock)
- Ra'idah Investment Co. (closed joint stock)
- Arab National Bank (listed joint stock)
- Future Work (one of Takamol Holding company)

Abroad:

- N/A

Membership

Non-executive/non-independent

Date of birth

1974

Academic qualification

Bachelor in Computer Science and Information Technology

Vocational experience

Experience in banking and administration

Current occupation

PIF, Head of Compliance and Governance Division

Previous occupation

Adviser to PIF Governor

Current Board or Executive memberships

KSA:

- stc group (listed joint stock)
- Saudi Tadawul Group Holding (listed joint stock)
- Adaa, Nat'l Center for Performance Measurement (Government entity)
- Regional Voluntary Carbon Market Co. (closed joint stock)
- SME Bank (Government entity)
- Almabani General Contractors (LLC)
- Water Solutions (closed joint stock)
- Saudi Polo Federation (sports federation)
- Muwakabah Investment (closed joint stock)
- FII Institute (unlisted joint stock)

Abroad:

- N/A

Previous Board or Executive memberships

KSA:

- Samba Financial Group (listed joint stock)
- Samba Capital (closed joint stock)
- Saudi Space Commission (Government entity)

Abroad:

- Samba Bank Ltd. (listed joint stock)
- Samba Global Markets Ltd. (LLC)

Membership

Independent

Date of birth

1962

Academic qualifications

MBA, PhD

Vocational experience

Telecom, media and technology leadership and administrative experience

Current occupation

Entrepreneur consulting and board positions – Plural career

Previous occupation

Chairman, Micromax Informatics Limited

Current Board or Executive memberships

KSA:

- stc group (listed joint stock)

Abroad:

- Tanla Platforms Ltd. (listed joint stock)
- Tech-Connect Pvt. Retail Ltd. (unlisted joint stock)

Previous Board or Executive memberships

KSA:

- N/A

Abroad:

- Bennett Coleman Co. Ltd. (unlisted joint stock)
- PVR, Ltd. (listed joint stock)
- MicroMax Informatics Ltd. (unlisted joint stock)
- Indus Towers Ltd. (listed joint stock)
- IFFCO Kisan Sanchar Ltd. (unlisted joint stock)
- Bharti Cellular Ltd. (unlisted joint stock)
- GSMA (unlisted joint stock)
- IBus Network & Infrastructure Pvt. Ltd. (unlisted joint stock)
- VLCC Healthcare Ltd (unlisted joint stock)
- Napino Auto & Electronics Ltd. (unlisted joint stock)
- OnMobile Global Ltd. (listed joint stock)
- Z-Axis Management Consultants & Strategic Advisors (LLP)

Membership

Independent

Date of birth

1967

Academic qualification

MBA

Vocational experience

Telecom and technology leadership and administrative experience

Current occupation

Founding Partner, Rautenberg & Company GmbH, and Rautenberg Capital GmbH, Co-Founder and Board member, metrofibre GmbH

Previous occupation

Partner and Managing Director – OC&C Strategy Consultants GmbH

Current Board or Executive memberships

KSA:

- stc group (listed joint stock)
- Metrofibre (LLC)
- Acernis (unlisted private limited)
- Mynaric (listed joint stock)
- Vitroconnect (unlisted private limited)
- Nexburg (unlisted private limited)

Previous Board or Executive memberships

KSA:

- N/A

Abroad:

- Protection One GmbH (unlisted private limited)
- d&b audiotechnik GmbH (unlisted private limited)
- Materna SE (unlisted joint stock)
- Push Technologies S.L (unlisted private limited)
- Arcus Infrastructure Partners (LLP)
- B Capital Partners AG (unlisted joint stock)



Ms. Sarah Jammaz Al-Suhaimi
BoD Member
NRC Member
IC Member



Mr. Jameel Abdullah Al-Mulhem
BoD Member
Chairman of NRC



Mr. Walid Ibrahim Shukri
BoD Member
Chairman of AC
RC Member



Dr. Ibrahim Saad Al-Mojel
BoD Member
ExCom Member
IC Member

Membership
Independent

Date of birth
1979

Academic qualification
Bachelor of Accounting

Vocational experience
Finance and investment experience

Current occupation
Membership in several boards and committees

Previous occupation
CEO SNB Capital

Current Board or Executive memberships

- KSA:
- stc group (listed joint stock)
 - Saudi Arabian Airlines (public-owned enterprise)
 - Culture Development Fund (Government-owned fund)
 - Child Care Association (National association)
 - General Authority for Statistics (Government organization)
 - King Fahad National Library Fund (National Library)
 - Lazard Saudi Arabia (closed joint stock)

Abroad:

- N/A

Previous Board or Executive memberships

- KSA:
- Saudi Tadawul Group Holding (listed joint stock)
 - Regional Voluntary Carbon Market Co. (closed joint stock)
 - SNB Capital (closed joint stock)

Abroad:

- IFRS (independent non-profit organization)

Membership
Independent

Date of birth
1971

Academic qualification
Bachelor's in Science Marketing, KFUBM

Vocational experience
Held several leadership positions in a number of companies and Board and Committees members of local and international companies and government bodies, in various sectors (telecommunications, information technology, insurance, logistics, home appliance and electronic industry, food industry, plastic industry, investment and finance)

Current occupation
Managing Director of Sinad Holding Group

Previous occupation
Managing Director and CEO of Takween Advanced Industries

Current Board or Executive memberships

- KSA:
- stc group (listed joint stock)
 - Electrical Ind. Co. (listed joint stock)
 - Alessa Ind. Co. (closed joint stock)
 - SPL (Governmental institution)
 - Subul for Logistics Services (LLC)
 - AMLAK International Finance Company (listed joint stock)
 - Halwani Bros (listed joint stock)
 - Human Resources Development Fund (Governmental institution)
 - Sinad Holding Company (listed joint stock)

Abroad:

- Infonas Company (LLC)

Previous Board or Executive memberships

- KSA:
- Takween Advanced Ind. (listed joint stock)
 - Shaker Group (listed joint stock)
 - Selco Co. (LLC)
 - Call Center Co. (LLC)
 - Wala'a Cooperative Insurance Co. (listed joint stock)

Abroad:

- New Vision Co. (LLC)
- Energy Service Co. (LLC)
- stc Kuwait (listed joint stock)
- stc Bahrain (LLC)
- Cell-C (LLC)
- Avea (LLC)
- Turk Telekom (LLC)
- Intigral (LLC)
- New Marina Plastics for Plastic Industries (closed joint stock)

Membership
Independent

Date of birth
1966

Academic qualification
Bachelor of Accounting

Vocational experience
Administrative experience

Current occupation
Member of several boards and committees

Previous occupation
Principal partner in PricewaterhouseCoopers, Saudi Arabia

Current Board or Executive memberships

- KSA:
- stc group (listed joint stock)
 - Saudi Electricity Co. (SEC) (listed joint stock)
 - Saudi Agricultural & Livestock Investment Co. (SALIC) (closed joint stock)
 - Middle East Paper Co. (MEPCO) (listed joint stock)

Abroad:

- IBM Middle East Advisory Board (LLC)

Previous Board or Executive memberships

- KSA:
- Al Hokair Group (listed joint stock)
 - United Matbouli Group (LLC)
 - Saudi Mechanical Industries (closed joint stock)
 - Kanoo Group (LLC)

Abroad:

- Aurecon International (closed joint stock)

Membership
Non-executive/non-independent

Date of birth
1979

Academic qualification
PhD in Decision Analysis/Operations Research

Vocational experience
Financial administrative and investment experience

Current occupation
Founding Partner, Khwarizmi Holding

Previous occupation
CEO – Saudi Industrial Development Fund

Current Board or Executive memberships

- KSA:
- stc group (listed joint stock)
 - Khwarizmi Ventures (LLC)
 - SILZ (closed joint stock)
 - Takamul Holding Company (closed joint stock)
 - Awqaf Investment (closed joint stock)
 - Hassana Investment Co. (closed joint stock)
 - Saudi EXIM (closed joint stock)
 - SNB (listed joint stock)
 - Budget (listed joint stock)
 - Riyadh Development Company (listed joint stock)
 - King Saud University (Governmental university)

Abroad:

- Arab Mining Company (closed joint stock)

Previous Board or Executive memberships

- KSA:
- Public Investment Fund (Government fund)
 - Ra'idah Investment Co. (closed joint stock)
 - Samba Financial Group (listed joint stock)
 - Taibah Valley (LLC)

Abroad:

- N/A

External members of the Board committees

Name	Membership	Academic qualifications	Vocational experience	Current occupation	Previous occupation	Membership type
Dr. Ammr K. Kurdi	Vice Chairman of the Audit Committee	PhD. in Accounting	Accounting experience	GOSI, Governor Assistant for Financial Sustainability and Risk Management	CFO, Tawuniya	External member
Mr. Medhat F. Tawfik	Audit Committee	Master Program Citibank Asia Pacific	Professional and managerial experience in auditing, risk management	Founder of IRSAA Business Solutions for risk management and internal auditing	Account Manager, Samba Financial Group	External member
Mr. Abdulaziz Al-Shushan	Audit Committee	Executive MBA	Experience in internal auditing	Group Chief Audit Officer, Saudi National Bank	Chief Internal Audit, Samba Financial Group	External member
Eng. Yaser Allaf	Audit Committee	MBA	Experience in risk management, governance, internal auditing, compliance	Chief Governance, Risk, and Control Officer, Tawuniya Bank	Head of Treasury and Market Risk, Saudi National Bank	External member
Eng. Tarek A. Al-rikhaimi	Risk Committee	Master of Science	Experience in financial services, including banking and investment banking management, risk management, project management, strategic planning	Independent financial adviser, Investment and risk management adviser	CEO, Saudi Kuwaiti Finance House	External member
Mr. Rashid I. Sharif	Investment Committee	MBA	Experience in finance and a member in several listed companies	CEO, SNB Capital and SNB Capital Board member	Head of Local Investments Division, PIF	External member
Ms. Hoda M. Al-Ghosa	Nomination and Remuneration Committee	MBA	Experience in human resources	Independent member of the Board of Directors, SNB	Executive Director of Human Resources, Aramco	External member
Eng. Hazem A. AlShaikmubarak	Nomination and Remuneration Committee	Bachelor of Science, Mechanical Engineering	Experience in Business Management, Investment and Governance	Managing Partner, Horton International	CEO, GIB Housing Development Fund	External member

Executive Management members

No.	Name	Academic qualifications	Current occupation (stc group)	Previous occupation	Company
1.	Olayan Mohammed Alwetaid	Bachelor of Electrical Engineering	stc group CEO	Senior VP, Consumer Business Unit	stc group
2.	Ameen Fahad Alshiddi	Master of Accounting	Group Chief Financial Officer	VP, Finance	stc group
3.	Faisal S. Alsaber	MBA	Group Chief Commercial Officer	CEO	Channels
4.	Riyadh Saeed Muawad	Bachelor of Computer Science	Group Chief Business Officer	VP, Government and Corporate Sales	stc group
5.	Mohammed Abdullah Alabbadi	MBA	Group Chief Carrier and Wholesale Officer	VP, Wholesale	stc group
6.	Moaeed Huwaij Alsaloom	MBA	Group Chief New Markets Officer	CEO	Matarat Holding
7.	Haithem Mohammed Alfaraj	Bachelor of Computer Engineering	Group Chief Technology Officer	VP, Technology and Operations	stc group
8.	Abdullah Abdulrahman Alkanhl	MBA	Group Chief Strategy Officer	Deputy Minister for Communications and Information Technology	MCIT
9.	Ahmad M. Alghamdi	Bachelor of Ind. Engineering	Group Chief Human Resources Officer	VP, Human Resources	stc group
10.	Motaz Ali Alanagri	Bachelor of Business Administration	Group Chief Investment Officer	Managing Director, Head of Investment Banking	Saudi Fransi Capital
11.	Abdullah S. Alanizi	Master of Executive Management	Group Chief Internal Audit Officer	Chief of Internal Audit	stc group
12.	Mathad Faisal Alajmi	MBA	Group Chief Legal and Risk Officer and General Counsel	VP and General Counsel of Legal Affairs	stc group
13.	Emad Aoudah Alaoudah	Bachelor of Information Systems	Group Shared Services Officer	VP, Procurement and Support Services Sector	stc group
14.	Amir Abdulaziz Algibreen	Master of Advanced Management	Group Regulatory and Compliance Officer	VP, Regulatory Affairs	stc group
15.	Ibrahim Saleh Alsuwail	MBA	Group Chief of Staff	Deputy Minister, Investor Services and Advisory	Ministry of Investment

Board diversity and composition

The Board of Directors of stc group places great importance on promoting diversity within its composition, based on the belief that diversity in expertise, skills and perspectives contributes to enhancing the Board's effectiveness and improving the quality of its strategic decisions. The Board's composition reflects stc group's commitment to achieving a qualitative balance that combines leadership experience across various fields, including telecommunications, management, financial and banking sectors, in line with stc group's nature of business and future direction.

The Board includes members from diverse professional backgrounds, with female representation forming an active part of its composition. Diversity in age, experience and nationality is also considered to ensure alignment of vision and complementarity of expertise within the Board. This reflects stc group's commitment to applying the highest standards of governance and enhancing the efficiency of the Board's performance.

Meetings of the Board of Directors

The Board of Directors convened four meetings in 2025. The following table illustrates these meetings and members’ attendance.

Name	Membership	Number and date of meetings				Total
		4	5	6	7	
		27 March	24 June	30 September	22 December	
HRH Prince Mohammed Khalid Al-Faisal	Chairman of stc group Board of Directors	✓	✓	✓	✓	4
H.E. Dr. Khaled Hussain Biyari	Member	✓	✓	✓	✓	4
Mr. Yazeed Abdulrahman Al-Humied	Vice Chairman of stc group Board of Directors	✓	✓	✓	✓	4
Mr. Ahmed Mohammed Al-Omran	Member	✓	✓	✓	✓	4
Ms. Rania Mahmoud Nashar	Member	✓	✓	✓	✓	4
Mr. Sanjay Kapoor	Member	✓	✓	✓	✓	4
Mr. Arndt Rautenberg	Member	✓	✓	✓	✓	4
Ms. Sarah Jammaz Al-Suhaimi	Member	✓	✓	✓	✓	4
Mr. Jameel Abdullah Al-Mulhem	Member	✓	✓	✓	✓	4
Mr. Walid Ibrahim Shukri	Member	✓	✓	✓	✓	4
Dr. Ibrahim Saad Al-Mojel	Member	✓	✓	✓	✓	4

Meetings of Board Committees

In accordance with stc group’s Corporate Governance Charter and regulations of relevant authorities, the Board of Directors forms committees to perform its work in a manner that achieves the efficiency and effectiveness of the Board. During the formation process, the Board of Directors should identify and document the committees’ responsibilities and work procedures and issue the required resolutions for this purpose. Relevant parties shall be notified in an appropriate manner. Board committees during 2025 were formed as follows.

▪ Executive Committee (ExCom)

The current Executive Committee (ExCom) consists of five members, all of whom are members of stc group’s Board of Directors. ExCom reviews and approves strategies, estimated annual budgets, local and international organic and inorganic businesses and social initiatives within the Board-approved authorities, and endorse stc group’s financial, accounting and procurement policies. ExCom held five meetings in 2025, as shown in the following table.

Name	Membership	Number and date of meetings					Total
		3	4	5	6	7	
		10 March	27 April	1 June	1 September	1 December	
HRH Prince Mohammed Khalid Al-Faisal	Chairman	✓	✓	✓	✓	✓	5
H.E. Dr. Khaled Hussain Biyari	Member	✓	✓	✓	✓	✓	5
Mr. Yazeed Abdulrahman Al-Humied	Member	✓	✓	✓	✓	✓	5
Mr. Sanjay Kapoor	Member	✓	✓	✓	✓	✓	5
Dr. Ibrahim Saad Al-Mojel	Member	✓	✓	✓	✓	✓	5

▪ Investment Committee (IC)

The current Investment Committee (IC) consists of five members, four members of stc group’s Board of Directors, and a member external to the Board. The IC is responsible for reviewing the investments policy as per stc group strategies. The IC also reviews and examines strategic investment opportunities and recommends feasible investments and follows up on stc group’s investments, internally and externally, and ensures the integrity of investment process, governance framework and submits periodic reports to the Board of Directors. The IC held four meetings in 2025, as shown in the following table.

Name	Membership	Number and date of meetings				Total
		4	5	6	7	
		11 March	2 June	2 September	2 December	
HRH Prince Mohammed Khalid Al-Faisal	Chairman	✓	✓	✓	✓	4
Mr. Arndt Rautenberg	Member	✓	✓	✓	✓	4
Ms. Sarah Jammaz Al-Suhaimi	Member	✓	✓	✓	✓	4
Dr. Ibrahim Saad Al-Mojel	Member	✓	✓	✓	✓	4
Mr. Rashid I. Sharif	External Member	✓	✓	✓	✓	4



▪ Nomination and Remuneration Committee (NRC)

The current Nomination and Remuneration Committee (NRC) consists of four members, two members of stc group’s Board of Directors, and two members external to the Board. The NRC prepares a description of the capabilities and qualifications required for membership of the Board, and reviews and approves the process of designing an appropriate operating model and fair incentives of salary scales to conform with market standards, requirements and best governance practices. The NRC also reviews the structure of the Board and the Executive Management, Board and Committees Charters, and recommends appropriate amendments; ensures the independence of external members annually; ensures Board of Directors have no conflict of interest, especially if they are Board members of other companies; reviews and approves Board and committee remunerations and incentives prior to submission and ensures stc group’s business is in line with best practices in the field of governance. The NRC held five meetings in 2025, as shown in the following table.

Name	Membership	Number and date of meetings					Total
		4	5	6	7	8	
		12 March	20 May	3 September	21 October	3 December	
Mr. Jameel Abdullah Al-Mulhem	Chairman	✓	✓	✓	✓	✓	5
Ms. Sarah Jammaz Al-Suhaimi	Member	✓	✓	✓	✓	✓	5
Ms. Hoda M. Al-Ghpson	External Member	✓	✓	✓	✓	✓	5
Eng. Hazem A. AlShaikmubarak	External Member	✓	✓	✓	✓	✓	5

▪ Audit Committee (AC)

The current Audit Committee (AC) consists of five members, one member of stc group’s Board of Directors, and four members external to the Board, who are specialized in financial affairs, accounting and auditing. The AC is responsible for reviewing stc group’s financial and administrative policies and procedures and the procedures for preparing financial reports and their deliverables. The AC also reviews internal audit reports and comments, and issues recommendations to the Board of Directors on the appointment, dismissal, remuneration and independence of legal accountants. The AC examines preliminary and annual financial statements before submitting these to the Board of Directors and provides opinions and guidance thereon. The AC also reviews the legal accountant’s observations on the statements and reviews the audit plan with the legal accountant, making its observations. The AC fulfills other works periodically and regularly in order to assess the efficiency and effectiveness of stc group’s control activities and ensuring compliance, and combating fraud and corruption. The AC held 10 meetings in 2025, as shown in the following table.

Name	Membership	Number and date of meetings										Total
		4	5	6	7	8	9	10	11	12	13	
		25 February	20 March	15 April	27 April	28 May	27 July	9 September	3 November	27 November	8 December	
Mr. Walid Ibrahim Shukri	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Dr. Ammr K. Kurdi	Deputy Chairman External Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Mr. Medhat F. Tawfik	External Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Mr. Abdulaziz Al-Shushan	External Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Eng. Yaser Allaf	External Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10

▪ Risk Committee (RC)

The current Risk Committee (RC) consists of four members, three members of stc group’s Board of Directors, and a member external to the Board. The RC is responsible for reviewing risk policies in accordance with stc group’s strategies. The RC ensures risk management and internal control systems follow best practice, as well as the appropriateness of plans to carry out tasks and responsibilities, risk strategy and business continuity. The RC also reviews top risks that stc group faces and the corrective measures to mitigate these risks. The RC held four meetings in 2025, as shown in the following table.

Name	Membership	Number and date of meetings				Total
		3	4	5	6	
		9 March	29 May	4 September	7 December	
Ms. Rania Mahmoud Nashar	Chairman	✓	✓	✓	✓	4
Mr. Ahmed Mohammed Al-Omran	Member	✓	✓	✓	✓	4
Mr. Walid Ibrahim Shukri	Member	✓	✓	✓	✓	4
Eng. Tarek A. Al-Rikhaimi	External Member	✓	✓	✓	✓	4

Annual assessment of the Board of Directors and Committees

stc group’s Board of Directors resolved to approve the performance assessment policy of the Board of Directors and committees. The policy aims to define rules and regulations of assessing performance for follow-up and enhancement objectives, fulfill requirements, apply best governance practices and strengthen the Board of Directors’ effectiveness.

The Chairman of the Board of Directors directed the Nomination and Remuneration Committee to write to specialized advisory firms and request them to submit their Board assessment proposals for the first year of the ninth term during the fourth quarter of 2025, provided

that the consultant is highly qualified and experienced to assess the effectiveness and performance of the Board and committees. On 30 September 2025, the Board of Directors discussed the assessment work plan and their established assessment methodology, which were conducted over internet surveys and one-to-one interviews. The collected relevant data was analyzed and compared to previous assessment recommendations to determine changes and achievements between the two assessments, the Board, role, interaction, governance, challenges and risk management and the strength points and opportunities that could contribute more to enhancing the effectiveness of the Board’s performance, which will be reflected positively on stc group performance.

Description of any interest, contractual papers and subscription rights belonging to members of the Board of Directors and their relatives in stc group shares or debt instruments (for the year 2025).

Member name	Beginning of 2025		Ending of 2025		Net difference
	No. of shares	Debt instruments	No. of shares	Debt instruments	
HRH Prince Mohammed Khalid Al-Faisal	2,500	0	2,500	0	0.00
H.E. Dr. Khaled Hussain Biyari	5,185	0	5,185	0	0.00
Mr. Yazeed Abdulrahman Al-Humied	23,372	0	23,372	0	0.00
Ms. Rania Mahmoud Nashar	0	0	0	0	0.00
Mr. Arndt Rautenberg	0	0	0	0	0.00
Mr. Sanjay Kapoor	0	0	0	0	0.00
Ms. Sarah Jammaz Al-Suhaimi	0	0	0	0	0.00
Mr. Jameel Abdullah Al-Mulhem	23,750	0	23,750	0	0.00
Mr. Walid Ibrahim Shukri	0	0	0	0	0.00
Mr. Ahmed Mohammed Al-Omran	0	0	0	0	0.00
Dr. Ibrahim Saad Al-Mojel	4,600	0	4,600	0	0.00

Description of any interest, contractual papers and subscription rights belonging to members of the Board of Directors and their relatives in stc group’s subsidiaries shares or debt instruments (for the year 2025).

Member name	Subsidiary	Beginning of 2025		Ending of 2025		Net difference
		No. of shares	Debt instruments	No. of shares	Debt instruments	
HRH Prince Mohammed Khalid Al-Faisal		0	0	0	0	0
H.E. Dr. Khaled Hussain Biyari		0	0	0	0	0
Mr. Yazeed Abdulrahman Al-Humied	solutions	20	0	20	0	0
Ms. Rania Mahmoud Nashar		0	0	0	0	0
Mr. Arndt Rautenberg		0	0	0	0	0
Mr. Sanjay Kapoor		0	0	0	0	0
Ms. Sarah Jammaz Al-Suhaimi		0	0	0	0	0
Mr. Jameel Abdullah Al-Mulhem		0	0	0	0	0
Mr. Walid Ibrahim Shukri		0	0	0	0	0
Mr. Ahmed Mohammed Al-Omran		0	0	0	0	0
Dr. Ibrahim Saad Al-Mojel		0	0	0	0	0

Description of any interest, contractual papers and subscription rights belonging to senior executives and their relatives in shares or debt instruments of stc group.

No.	Name	Beginning of 2025		Ending of 2025		Net difference
		No. of shares	Debt instruments	No. of shares	Debt instruments	
1	Olayan Mohammed Alwetaid	90,000	0	219,251	0	129,251
2	Ameen Fahad Alshiddi	127,783	0	179,483	0	51,700
3	Faisal Saeed Alsaber	12,434	0	-	0	(12,434)
4	Riyadh Saeed Muawad	123,980	0	167,063	0	43,083
5	Mohammed Abdullah Alabbadi	72,342	0	107,177	0	34,835
6	Moaeed Huwajj Alsaloom	26,213	0	73,603	0	47,390
7	Haithem Mohammed Alfaraj	123,980	0	171,370	0	47,390
8	Abdullah Abdulrahman Alkanhl	111,508	0	158,898	0	47,390
9	Ahmad Musfer Alghamdi	63,308	0	98,143	0	34,835
10	Motaz A. Alangari	58,663	0	106,053	0	47,390
11	Abdullah Saif Alanizi	-	0	-	0	0.00
12	Mathad Faisal Alajmi	69,983	0	104,818	0	34,835
13	Emad Aoudah Alaoudah	70,548	0	105,383	0	34,835
14	Amir Abdulaziz Algibreen	24,080	0	95	0	(23,985)
15	Ibrahim Saleh Alsuwail	18,225	0	53,060	0	34,835

Description of any interest, contractual papers and subscription rights belonging to senior executives and their relatives in shares or debt instruments of stc group’s subsidiaries.

No.	Name	Subsidiary	Beginning of 2025		Ending of 2025		Net difference
			No. of shares	Debt instruments	No. of shares	Debt instruments	
1	Olayan Mohammed Alwetaid		0	0	0	0	0
2	Ameen Fahad Alshiddi		0	0	0	0	0
3	Faisal Saeed Alsaber		0	0	0	0	0
4	Riyadh Saeed Muawad		0	0	0	0	0
5	Mohammed Abdullah Alabbadi		0	0	0	0	0
6	Moaeed Huwajj Alsaloom	solutions	0	0	2	0	2
7	Haithem Mohammed Alfaraj		0	0	0	0	0
8	Abdullah Abdulrahman Alkanhl		0	0	0	0	0
9	Ahmad Musfer Alghamdi		0	0	0	0	0
10	Motaz A. Alangari		0	0	0	0	0
11	Abdullah Saif Alanizi	solutions	85	0	85	0	0
12	Mathad Faisal Alajmi		0	0	0	0	0
13	Emad Aoudah Alaoudah	solutions	4	0	4	0	0
14	Amir Abdulaziz Algibreen		0	0	0	0	0
15	Ibrahim Saleh Alsuwail		0	0	0	0	0

Clawback and malus framework

To further enhance investor confidence and uphold accountability, stc group has developed a clawback and malus framework that enables it to recover or withhold compensation or share awards under defined circumstances. These provisions provide clear mechanisms to address situations where performance outcomes do not align with long-term objectives, reinforcing stc group’s commitment to fairness and responsible reward practices.

Remuneration and compensation of the Board of Directors and top five senior executives

On 21 June 2023, stc group’s Extraordinary General Assembly resolved to approve amending the nomination and remuneration of Board members and the members of its standing committees and remuneration of the Executive Management Policy (published on stc group’s website). The remunerations of the members of the Board of Directors and the members of the Board committees in 2025, in addition to stc group’s top five executives, including the GCEO and the GCFO, are as follows.



Remuneration and compensation of the Board of Directors (for the year 2025)*
(All amounts mentioned below are in Saudi Riyals)

Name	Fixed remunerations					Variable remunerations									
	Fixed remunerations	Allowance for attending Board meetings	In-kind benefits	Remuneration for technical, administrative and consulting work	Remuneration of the Chairman of the Board, the Managing Director or the Secretary if a member	Total	Percentage of profits	Periodic bonus	Short-term incentives plan	Long-term incentives plan	Shares granted	Total	Indemnity	Total	Expense allowance
First: Independent Directors															
HRH Prince Mohammed Khalid Al-Faisal	5,400,000	5,000				5,405,000								5,405,000	
Mr. Sanjay Kapoor	900,000	5,000				905,000								905,000	
Mr. Arndt Rautenberg	900,000	5,000				905,000								905,000	
Ms. Sarah Jammaz Al-Suhaimi	900,000	5,000				905,000								905,000	
Mr. Jameel Abdullah Al-Mulhem	900,000	5,000				905,000								905,000	
Mr. Walid Ibrahim Shukri	900,000	5,000				905,000								905,000	
Total	9,900,000	30,000				9,930,000								9,930,000	
Second: Non-executive members															
H.E. Dr. Khaled Hussain Biyari	900,000	5,000				905,000								905,000	
Mr. Yazeed Abdulrahman Al-Humied	900,000	5,000				905,000								905,000	
Mr. Ahmed Mohammed Al-Omran	900,000	5,000				905,000								905,000	
Ms. Rania Mahmoud Nashar	900,000	5,000				905,000								905,000	
Dr. Ibrahim Saad Al-Mojel	900,000	5,000				905,000								905,000	
Total	4,500,000	25,000				4,525,000								4,525,000	
Third: Executive members															
None		-				-								-	
Total	14,400,000	55,000				14,455,000								14,455,000	

* The Board of Directors approved an amendment to the remunerations of the membership of the Board of Directors and the Board committees dated 27 March 2025.

Remuneration of committee members (for the year 2025)*
(All amounts mentioned below are in Saudi Riyals)

		Fixed remunerations (without meetings attendance allowance)	Meeting attendance allowance	Total
Name	Committee			
HRH Prince Mohammed Khalid Al-Faisal	ExCom IC	1,107,609.63	10,000	1,117,609.63
H.E. Dr. Khaled Hussain Biyari	ExCom	405,126.52	5,000	410,126.52
Mr. Yazeed Abdulrahman Al-Humied	ExCom	405,126.52	5,000	410,126.52
Mr. Ahmed Mohammed Al-Omran	RC	405,126.52	5,000	410,126.52
Ms. Rania Mahmoud Nashar	RC	505,196.91	5,000	510,196.91
Mr. Sanjay Kapoor	ExCom	405,126.52	5,000	410,126.52
Mr. Arndt Rautenberg	IC	400,126.52	5,000	405,126.52
Ms. Sarah Jammaz Al-Suhaimi	IC NRC	810,771.68	10,000	820,771.68
Mr. Jameel Abdullah Al-Mulhem	NRC	500,196.91	5,000	505,196.91
Mr. Walid Ibrahim Shukri	AC RC	878,234.07	15,000	893,234.07
Dr. Ibrahim Saad Al-Mojel	ExCom IC	719,333.32	10,000	729,333.32
Dr. Ammr K. Kurdi	AC (external member)	386,150.55	10,000	396,150.55
Mr. Medhat F. Tawfik	AC (external member)	386,150.55	10,000	396,150.55
Mr. Abdulaziz Al-Shushan	AC (external member)	384,349.95	10,000	394,349.95
Eng. Yaser Allaf	AC (external member)	384,349.95	10,000	394,349.95
Eng. Tarek A. Alrikhaimi	RC (external member)	428,758.55	5,000	433,758.55
Mr. Rashid I. Sharif	IC (external member)	428,758.55	5,000	433,758.55
Ms. Hoda M. Al-Ghson	NRC (external member)	423,758.55	5,000	428,758.55
Eng. Hazem A. AlShaikmubarak	NRC (external member)	415,436.95	5,000	420,436.95
Total		9,779,688.72	140,000	9,919,688.72

* The Board of Directors approved an amendment to the remunerations of the membership of the Board of Directors and the Board committees dated 27 March 2025.

Remunerations of the top five senior executives (including the GCEO and the GCFO in 2025)
(All amounts mentioned below are in Saudi Riyals)

Fixed remunerations				Variable remunerations					Indemnity	Board remunerations for executives if applicable	Net total	
Salaries	Allowances	In-kind benefits	Total	Periodic remunerations Revenues	Short-term incentive plans	Long-term incentive plans	Shares granted (value entered)	Total				
20,468,733.48	7,052,843.07	-	27,521,576.55	-	-	54,378,294.91	-	19,638,971.73	74,017,266.64	-	1,044,207.66	102,583,050.85

Shareholders’ General Assemblies

First: The Ordinary General Assembly Meeting on 13 May 2025

The Ordinary General Assembly Meeting was held remotely through modern technology via Tadawulaty services on 13 May 2025. The meeting’s results were published on Tadawul’s website on 14 May 2025. Voting results in the General Assembly’s agenda were as follows:

1. The Board of Directors report for the fiscal year ending 31 December 2024 was viewed and discussed.

2. The financial statements for the fiscal year ending 31 December 2024 was viewed and discussed.

3. Approve stc group’s auditor report for the fiscal year ending 31 December 2024 after discussing it.

4. Approve the Board of Directors recommendation for the special one-time dividends distributions for the year 2024, with a total amount of ﷲ 9,973.82 million at ﷲ 2 per share, which represents 20% of the share’s par value. The eligibility of special dividends will be for the shareholders who own the company shares by the end of the trading day of the General Assembly and as per the registered shareholders in company’s shareholders registry in the Securities Depository Center Company (Edaa) at the end of the second trading day following the day of the General Assembly, noting that dividends distribution commences on Monday, 2 June 2025. Thus the total dividends distributed for the year 2024 is ﷲ 3.75 per share, which represents 37.5% of the share’s par value.

5. Approve the amendment of Board Audit Committee Charter.
6. Approve authorizing the Board of Directors with the General Assembly authority with the rights mentioned in paragraph (1) of Article (27) of the Companies Law for one year from the date of approval of the General Assembly or until the end of the session of the authorized Board of Directors, whichever is earlier, in accordance with the conditions mentioned in the Implementing Regulation of the Companies Law for Listed Joint Stock Companies.

7. Approve authorizing the Board of Directors with the General Assembly authority with the rights mentioned in paragraph (2) of Article (27) of the Companies Law for one year from the date of approval of the General Assembly or until the end of the session of the authorized Board of Directors, whichever is earlier, in accordance with the provisions of the Companies Law and its Implementing Regulation for Listed Joint Stock Companies and according to the competing activities and business in Competing Standards Charter.

8. Approve paying a remuneration amounting to ﷲ 9,165,000 for the members of Board of Directors for the fiscal year ending on 31 December 2024.

Members who attended the General Assembly Meeting

No.	Name	Attendance
1	HRH Prince Mohammed Khalid Al-Faisal (Chairman of the Board) *	×
2	H.E. Dr. Khaled Hussain Biyari	✓
3	Mr. Yazeed Abdulrahman Al-Humied (Vice Chairman of the Board)	✓
4	Ms. Rania Mahmoud Nashar	✓
5	Mr. Arndt Rautenberg*	×
6	Mr. Sanjay Kapoor*	×
7	Ms. Sarah Jammaz Al-Suhaimi	✓
8	Mr. Jameel Abdullah Al-Mulhem	✓
9	Mr. Walid Ibrahim Shukri	✓
10	Mr. Ahmed Mohammed Al-Omran	✓
11	Dr. Ibrahim Saad Al-Mojel	✓

* HRH Prince Mohammed Khalid Al-Faisal (Chairman of the Board) and members of the Board of Directors Mr. Sanjay Kapoor and Mr. Arndt Rautenberg apologized for not being able to attend.
- Minutes of meetings can be found in stc website www.stc.com.sa

Second: The Extraordinary General Assembly Meeting on 03 September 2025

The Extraordinary General Assembly Meeting was held remotely through modern technology via Tadawulaty services on 03 September 2025. The meeting’s results were published on Tadawul’s website on 4 September 2025. Voting results in the General Assembly’s agenda were as follows:

1. Approve the amendment of Article No. (3) of the company’s bylaws, related to objectives of the company.

2. Approve the amendment of Article No. (19) of the company’s bylaws, related to expiration of the term of Board of Directors or resignation of its members.

3. Approve the amendment of Article No. (20) of the company’s bylaws, related to powers of the Board of Directors.

4. Approve the amendment of Article No. (22) of the company’s bylaws, related to powers of Board Chairman, Vice–Chairman, Chief Executive Officer and Board Secretary.

5. Approve the amendment of Article No. (29) of the company’s bylaws, related to the manner of
- convening General Assemblies.

6. Approve the amendment of Article No. (33) of the company’s bylaws, related to voting rights.

7. Approve the amendment of Article No. (36) of the company’s bylaws, related to chairing the General Assemblies and preparing the minutes.

8. Approve the amendment of Article No. (40) of the company’s bylaws, related to committee reports.

9. Approve the amendment of Article No. (50) of the company’s bylaws, related to company expiration.

10. Approve the amendment of Article No. (51) of the company’s bylaws, related to the Companies Law.

11. Approve the amendment of Article No. (52) of the company’s bylaws, related to publication of incorporation document.

Members who attended the General Assembly Meeting

No.	Name	Attendance
1	HRH Prince Mohammed Khalid Al-Faisal (Chairman of the Board)	✓
2	H.E. Dr. Khaled Hussain Biyari	✓
3	Mr. Yazeed Abdulrahman Al-Humied (Vice Chairman of the Board) *	×
4	Ms. Rania Mahmoud Nashar	✓
5	Mr. Arndt Rautenberg*	×
6	Mr. Sanjay Kapoor*	×
7	Ms. Sarah Jammaz Al-Suhaimi	✓
8	Mr. Jameel Abdullah Al-Mulhem	✓
9	Mr. Walid Ibrahim Shukri	✓
10	Mr. Ahmed Mohammed Al-Omran*	×
11	Dr. Ibrahim Saad Al-Mojel	✓

* Members of the Board of Directors Mr. Yazeed Abdulrahman Al-Humied, Mr. Ahmed Mohammed Al-Omran, Mr. Sanjay Kapoor and Mr. Arndt Rautenberg, apologized for not being able to attend.
- Minutes of meetings can be found in stc website www.stc.com.sa

stc’s dividend distribution policy

Article 48 of stc’s Bylaw provides for the distribution of the stc’s annual net profits as follows:

1. The Ordinary General Assembly may, upon the request of the Board of Directors, set aside a specific percentage of the annual net profits to form a consensual reserve to be allocated for the purpose or purposes decided by the General Assembly.

2. Ordinary General Assembly may form other reserves to the extent that would serve stc’s best interest or would ensure distributing constant profits, as much as possible, amongst shareholders. Besides, the Ordinary General Assembly may allocate from the net profits amounts to establish social institutions for stc’s employees or to support existing social institutions.

3. Out of the balance of the profits, if any, there shall be paid to the shareholders an initial payment of five percent (5%) of stc’s paid-up capital.

4. Subject to provisions in Article (20) hereof, and Article (76) of the Companies Law, the Ordinary General Assembly may allocate a portion of the remaining amount to be paid as compensation to the Board of Directors provided that entitlement of such remuneration shall be in proportion to number of sessions the member has attended.

5. The Ordinary General Assembly may, upon proposal from the Board of Directors, distribute the remaining balance (if any) among shareholders in the form of an additional dividend.

In addition, stc may pay interim dividend to its shareholders on a bi-annual or quarterly basis in accordance with the directives issued by the Competent Authority upon authorization issued by the Ordinary General Assembly to the Board of Directors to distribute such interim dividend.

Article 49 Article of stc’s Bylaw stipulates that a shareholder shall be paid his dividend share subject to a resolution by the General Assembly, and such resolution shall state the date of maturity and distribution. Eligibility for dividends shall be for shareholders registered in the shareholders’ register at the end of the day specified for maturity. The Board must implement the General Assembly resolution with respect to

dividend distribution to the registered shareholders within 15 (fifteen) business days from the date they become entitled to such dividends as determined in such resolution, or the Board’s resolution for the distribution of interim dividends.

For the periods starting from fourth quarter of 2021 until the third quarter of 2024, stc had an approved dividends policy based on maintaining a minimum dividend of ﷲ 0.40 per share on a quarterly basis.

On 20 Safar 1446H (corresponding to 24 August 2024), the Board of Directors approved stc’s dividends distribution policy for the next three years. The dividends distribution policy was approved by the General Assembly during the meeting held on 4 Jumada al-Ula 1446H (corresponding to 6 November 2024).

stc’s dividends policy is based on maintaining a minimum dividend of ﷲ 0.55 per share per quarter for the next three years starting from the dividends distribution of the fourth quarter of 2024 until the third quarter of 2027. Further, stc may consider paying special dividends after the assessment of stc’s financial position, future outlook, strategic investments and capital expenditure requirements subject to the General Assembly’s recommendation. The dividends distribution policy remains subject to change based on any material changes in stc’s strategy and business or regulatory requirements applicable to the Company, or banking agreements.

In line with this policy, stc distributed cash dividends to the shareholders of stc for the fourth quarter of 2024, first quarter of 2025, second quarter of 2025 and third quarter of 2025 at a rate of ﷲ 0.55 per share. On 13 May 2025, the General Assembly approved the board of directors’ recommendation to distribute special cash dividends for the year 2024 at the rate of ﷲ 2 per share. stc will also distribute cash dividends to the shareholders of stc for the fourth quarter of 2025 at a rate of ﷲ 0.55 per share.

In addition, treasury shares allocated to the employee long-term incentives program are not entitled to any dividends during the period while the shares are still under the stc’s possession.

The following is a breakdown of the 2025 distributions

Statement	Total distribution (﷼ million)	Earnings per share (﷼)	Date of announcement	Due date	Payment date
Cash dividends for Q1 2025	2,750	0.55	27/04/2025	01/05/2025	20/05/2025
Cash dividends for Q2 2025	2,750	0.55	27/07/2025	30/07/2025	19/08/2025
Cash dividends for Q3 2025	2,750	0.55	03/11/2025	06/11/2025	26/11/2025
Cash dividends for Q4 2025	2,750	0.55	17/02/2026	23/02/2026	12/03/2026
Total distributions	11,000	2.20			

▪ Subsequent events

1.

On 6 January 2026, stc announced its intention to issue international Trust Certificates (Sukuk) denominated in U.S. dollars under a new USD 5 billion international Trust Certificate (sukuk) issuance programme based on the approval of stc’s board of directors obtained on 30 September 2025. On 15 January 2026, stc has completed the issuance of the Trust Certificates (sukuk) in two tranches: USD 750 million for five years and USD 1,250 million for 10 years. The issuance was through an offshore special purpose vehicle established outside the Kingdom for this purpose.
2.

On 8 February 2026, stc announced project award with Syrian Sovereign Fund for the implementation of telecommunications infrastructure project “Silklink” in Syrian Arab Republic (Syria) to enhance telecommunications infrastructure and connect Syria regionally and internationally through the establishment of a fiber optic network extending over 4,500 kilometers, in addition to the development of data centers and international submarine cable landing stations. The project will be through a partnership with the Syrian Sovereign Fund, in which stc will hold a 75% stake, while the Syrian Sovereign Fund will hold 25%. The project value is amounting to ﷼ 3,000 million.

Board of Directors’ acknowledgments

The Board of Directors of stc group acknowledges the following:

- The accounting records have been duly prepared.
 - The internal control system is well established and effectively implemented.
 - The Board of Directors has no doubt about stc group’s ability to continue its activities.
 - The consolidated financial statements for the year ending on 31 December 2025 have been prepared in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia and other standards and regulations approved by the Saudi Organization for Chartered and Professional Accountants.
 - stc group did not report any natural or legal person owning 5% or more of the shares issued in 2025.
 - No debt instruments were convertible into shares or option rights, warrants or similar rights issued or granted by stc group in 2025.
 - There were no refunds, purchases or cancellations by stc group in 2025 for any redeemable debt instrument.
 - There was no arrangement or agreement whereby a Board Director or a senior executive waived any salary or compensation.
 - There was no arrangement or agreement whereby a shareholder waived any rights to profits.
 - There was no contract to which stc group was a party in which there was a substantial interest by a member of the Board, senior executive or any person linked to any one of them, other than what was disclosed in the Board of Directors report.

- stc group did not provide cash loans of any kind to Board Directors and did not guarantee any loan that one of them had borrowed from others.
 - There were no option rights or subscription rights exercised by Board Directors, senior executives, their spouses or their minor children.
 - stc group’s External Audit has expressed its opinion without any reservations about the 2025 consolidated financial statements.
 - There are no recommendations from the Audit Committee that there is a conflict between the committee and the resolutions of the Board of Directors or its refusal to take them into account regarding the appointment of the stc group External Auditor, dismissing the firm, determining their fees and evaluating their performance or appointing the Internal Audit.
 - There was no competing business with stc group or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses.

Conclusion

After thanking Allah, the Almighty, the Board of Directors would like to thank the Custodian of the Two Holy Mosques King Salman Bin Abdulaziz Al Saud, HRH Crown Prince Mohammed Bin Salman Bin Abdulaziz Al Saud, and our wise government for the support, care and encouragement they have given stc group in its quest to improve its performance and services. The Board also expresses its gratitude and appreciation to stc group’s clients and shareholders for their trust, and stc group employees for their dedication and diligence in the performance of their work. The Board confirms its commitment to develop stc group services to meet the requirements of its clients, realize shareholders’ aspirations, achieve its social objectives, and sustain the leadership position of stc group in the region’s telecommunications sector in the Kingdom of Saudi Arabia.





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(Professional Simplified Joint Stock Company)

Paid-up capital ٥,000,000

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INDEPENDENT AUDITOR’S REPORT

To the Shareholders of Saudi Telecom Company (A Saudi Joint Stock Company)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Saudi Telecom Company (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”) as endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as endorsed in the Kingdom of Saudi Arabia (“the Code”), as applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

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INDEPENDENT AUDITOR’S REPORT (CONTINUED)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
1. Revenue recognition The Group reported revenue from telecommunication and related services of SAR 77 billion for the year ended 31 December 2025. Telecommunication service revenue recognition involves processing of high volume of transactions through complex IT systems. The end-to-end process of revenue recognition related to telecommunication services from the entering of customers details in the network system through generation of call records and ultimately recognition of revenue in the accounting records is highly automated. Given the volume of transactions and complexity of IT systems, this area is considered most significant to our audit, requiring focused attention and effort. Additionally, we identified a risk related to manual journal entries posted directly to the general ledger to adjust revenue balances. Such entries present a risk of management override of controls through inappropriate adjustments. This, together with the quantitative significance of the amount to the consolidated financial statements, the high volume of individually low-value transactions and the level of audit effort required has resulted in revenue recognition being identified as a key audit matter. The accounting policy for revenue recognition is set out in note 4 with the related disclosures in note 34 to the consolidated financial statements.	We performed the following procedures, inter alia, in order to address the key audit matter: • We obtained an understanding of the significant revenue recognition processes, with the assistance of our IT specialists, and identified the relevant controls, IT systems, interfaces and reports involved in the revenue cycle. • We assessed the abovementioned controls, including change management controls, to determine if they had been appropriately designed and implemented and tested these controls to determine if they were operating effectively throughout the year. • We evaluated the Group’s accounting policies over revenue recognition to determine if they were in compliance with IFRS Accounting Standards that are endorsed by SOCPA. • We reviewed, on a sample basis, key reconciliations performed by the Group’s revenue assurance team, including reconciliations from business support systems to billing and charging systems. • We selected a sample of invoices for which revenue had been recognized and verified the revenue amounts based on the underlying supporting documents . • We identified, on a sample basis, revenue-related manual journal entries posted directly to the general ledger and agreed these entries to supporting documentation. • We tested the reconciliation of the general ledger with key systems involved in the revenue recording process, including the billing and charging systems where deemed relevant. • We performed substantive analytical procedures by calculating the expected revenue based on a combination of internal data and publicly available external data, and comparing it with the revenue recorded. • We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements IFRS Accounting Standards as endorsed by SOCPA.



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INDEPENDENT AUDITOR’S REPORT (CONTINUED)

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 6 March 2025 (corresponding to 6 Ramadan 1446H).

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group’s annual report. The other information does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Group’s 2025 annual report is expected to be made available to us after the date of this auditor’s report.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable provisions of the Regulations for Companies and the Company’s Bylaws and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e. the Audit Committee, is responsible for overseeing the Group’s financial reporting process.



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INDEPENDENT AUDITOR’S REPORT (CONTINUED)

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



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INDEPENDENT AUDITOR’S REPORT (CONTINUED)

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte and Touche & Co.
Chartered Accountants



Mazen A. Al-Omari
Certified Public Accountant
License No. 480
Ramadan 2, 1447 AH
February 19, 2026

Saudi Telecom Company (A Saudi Joint Stock Company)
Consolidated Statement of Financial Position

As at 31 December 2025
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	31 December 2025	31 December 2024
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	10	43,286,335	41,514,233
Investment properties	11	864,066	1,007,572
Intangible assets and goodwill	12	17,325,168	15,162,732
Right of use assets	13	1,740,608	1,351,971
Investments in associates and joint ventures	8	12,935,637	12,259,656
Contract assets and costs	15	1,407,043	1,466,233
Financial assets and others	16	21,902,057	15,130,621
TOTAL NON-CURRENT ASSETS		99,460,914	87,893,018
CURRENT ASSETS			
Inventories	17	1,923,203	1,889,227
Contract assets and costs	15	8,427,932	7,840,069
Trade receivables	18	26,727,198	22,223,164
Financial assets and others	16	5,593,303	9,997,250
Short term murabahas	19	1,704,161	15,212,455
Cash and cash equivalents from banking and non-banking operations	20	13,376,071	15,543,441
Assets held for sale	14.2	263,887	39,519
TOTAL CURRENT ASSETS		58,015,755	72,745,125
TOTAL ASSETS		157,476,669	160,638,143
EQUITY AND LIABILITIES			
EQUITY			
Share capital	22	50,000,000	50,000,000
Treasury shares	23	(403,520)	(517,351)
Other reserves	24	1,495,094	1,484,621
Retained earnings		32,321,997	38,449,272
Equity attributable to the equity holders of the Parent Company		83,413,571	89,416,542
Non-controlling interests	25	2,972,769	3,068,505
TOTAL EQUITY		86,386,340	92,485,047
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term borrowings	26	14,404,268	14,740,155
End of service benefits provision	27.1	5,152,157	5,184,542
Lease liabilities	28	1,714,519	1,570,638
Contract liabilities	29	1,271,654	1,170,341
Provisions	30	482,373	512,233
Financial liabilities and others	31	7,892,783	6,018,926
TOTAL NON-CURRENT LIABILITIES		30,917,754	29,196,835
CURRENT LIABILITIES			
Trade and other payables	32	22,259,436	22,627,472
Contract liabilities	29	4,088,197	4,067,079
Provisions	30	923,193	915,209
Zakat and income tax	33	1,533,741	2,934,627
Short term borrowings	26	787,160	391,584
Lease liabilities	28	538,711	593,447
Financial liabilities and others	31	10,042,137	7,426,843
TOTAL CURRENT LIABILITIES		40,172,575	38,956,261
TOTAL LIABILITIES		71,090,329	68,153,096
TOTAL EQUITY AND LIABILITIES		157,476,669	160,638,143

Group Chief Financial Officer

Group Chief Executive Officer

Authorized Board Member

Chairman

Saudi Telecom Company (A Saudi Joint Stock Company)

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	2025	2024
CONTINUING OPERATIONS:			
Revenues	34	77,818,675	75,893,413
Cost of revenues	35	(40,118,986)	(38,567,489)
GROSS PROFIT		37,699,689	37,325,924
OPERATING EXPENSES			
Selling and marketing	36	(6,371,576)	(6,561,820)
General and administration	37	(6,858,678)	(6,812,989)
Depreciation, amortization and impairment	10, 12, 13	(10,031,171)	(9,525,477)
TOTAL OPERATING EXPENSES		(23,261,425)	(22,900,286)
OPERATING PROFIT		14,438,264	14,425,638
OTHER INCOME AND EXPENSES			
Cost of early retirement program	27.3	(823,801)	(2,577,256)
Finance income	38	1,276,442	1,717,851
Finance cost	39	(1,125,361)	(1,233,679)
Net other income (expense)		7,042	(61,263)
Net share in results and impairment of investments in associates and joint ventures	8	295,160	(665,913)
Net other gains	40	654,896	529,069
TOTAL OTHER INCOME (EXPENSES)		284,378	(2,291,191)
NET PROFIT BEFORE ZAKAT AND INCOME TAX		14,722,642	12,134,447
Zakat and income tax reversal (expense), net	33	466,436	(1,191,564)
NET PROFIT FROM CONTINUING OPERATIONS		15,189,078	10,942,883
DISCONTINUED OPERATIONS:			
NET (LOSS) PROFIT FROM DISCONTINUED OPERATIONS	14.1	(54,133)	13,973,360
NET PROFIT		15,134,945	24,916,243
Net profit from continuing operations attributable to:			
Equity holders of the Parent Company		14,882,163	10,715,292
Non-controlling interests		306,915	227,591
		15,189,078	10,942,883
Net profit attributable to:			
Equity holders of the Parent Company		14,828,030	24,688,652
Non-controlling interests	25	306,915	227,591
		15,134,945	24,916,243
Earnings per share from net profit from continuing operations attributable to equity holders of the Parent Company (in Saudi Riyals):			
Basic	41	2.98	2.15
Diluted	41	2.98	2.14
Earnings per share from net profit attributable to equity holders of the Parent Company (in Saudi Riyals):			
Basic	41	2.97	4.95
Diluted	41	2.97	4.94









Group Chief Financial Officer

Group Chief Executive Officer

Authorized Board Member

Chairman

Saudi Telecom Company (A Saudi Joint Stock Company)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	2025	2024
NET PROFIT		15,134,945	24,916,243
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified subsequently to consolidated statement of profit or loss:			
Remeasurement of end of service benefits provision	27.1	(468,160)	180,410
Changes in fair value for hedging instruments and equity investments through other comprehensive income		(335,023)	140,321
Net share of other comprehensive (loss) income of associates and joint ventures		(1,420)	107
Total items that may not be reclassified subsequently to consolidated statement of profit or loss		(804,603)	320,838
Items that may be reclassified subsequently to consolidated statement of profit or loss:			
Foreign currency translation differences		1,288,025	(799,730)
(Loss) gain on net investment in foreign operation hedge		(603,508)	93,055
(Loss) gain on cash flow hedge		(124,037)	92,870
Net share of other comprehensive income (loss) of associates and joint ventures		261,978	(15,205)
Total items that may be reclassified subsequently to consolidated statement of profit or loss		822,458	(629,010)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		17,855	(308,172)
TOTAL COMPREHENSIVE INCOME		15,152,800	24,608,071
Total comprehensive income attributable to:			
Equity holders of the Parent Company		14,854,328	24,436,813
Non-controlling interests		298,472	171,258
		15,152,800	24,608,071
Total comprehensive income attributable to Equity holders of the Parent Company:			
Continuing operations		14,908,461	10,604,149
Discontinued operations	14.1	(54,133)	13,832,664
		14,854,328	24,436,813









Group Chief Financial Officer

Group Chief Executive Officer

Authorized Board Member

Chairman

Saudi Telecom Company (A Saudi Joint Stock Company)

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit from continuing operations before zakat and income tax		14,722,642	12,134,447
Net (loss) profit from discontinued operations before zakat and income tax	14.1	(54,133)	14,077,703
Adjustments:			
Depreciation, amortization and impairment		10,031,171	10,336,290
Impairment loss and amortization of contract assets and costs	35,36	404,603	396,710
Impairment loss on trade receivables	36	301,871	1,267,469
Finance income		(1,276,442)	(1,747,387)
Finance cost		1,125,361	1,808,930
Provision for end of service benefits and other provisions and expenses		657,869	868,672
Net share in results and impairment of investments in associates and joint ventures	8	(295,160)	665,913
Share-based payment expenses		142,987	120,558
Gain from sale of subsidiaries and fair value remeasurement of retained interest, net		-	(12,885,377)
Net other gains and others		(654,896)	(205,112)
Changes of:			
Trade receivables		(4,785,063)	(2,427,591)
Contract assets and costs, inventories and others		(2,454,192)	(830,959)
Trade payables and others		(368,193)	377,471
Contract liabilities and others		104,152	(2,594,659)
Financial assets from digital banking operations		1,181,235	-
Financial liabilities from digital banking operations		1,692,220	-
Cash generated from operations		20,476,032	21,363,078
Less: zakat and income tax paid	33	(961,437)	(892,108)
Less: provision for end of service benefits paid	27	(1,231,432)	(585,633)
Net cash generated from operating activities		18,283,163	19,885,337
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment, intangible assets, and investment properties		(11,794,671)	(11,926,776)
Proceeds from sale of property and equipment and assets held for sale		439,483	132,744
Subsidiaries' acquisition of new subsidiaries, net of cash and cash equivalents	7	(4,688)	(733,547)
Proceeds from sale of controlling interest in subsidiaries, net of cash and cash equivalents	14.1	-	4,056,106
Payments related to investments in associates and joint ventures		(375)	(297,861)
Dividends from associates and joint ventures		28,410	2,900
Proceeds from finance income		1,667,408	1,724,947
Proceeds (payments) related to short-term murabahas, net		13,471,805	(446,791)
Payments related to investments in sukuk and treasury bills, net		(753,622)	(34,625)
(Payments) proceeds related to financial assets and others, net		(507,339)	343,922
Net cash generated from (used in) investing activities		2,546,411	(7,178,981)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to the equity holders of the Parent Company		(20,954,565)	(9,687,757)
Dividends paid to non-controlling interests		(443,473)	(347,954)
Payment of lease liabilities		(857,400)	(1,515,120)
Repayment of borrowings		(441,692)	(2,634,835)
Proceeds from borrowings		376,118	4,434,843
Transactions with non-controlling interests		34,723	239,205
Finance costs paid		(714,286)	(983,528)
Net cash used in financing activities		(23,000,575)	(10,495,146)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(2,171,001)	2,211,210
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		15,543,441	13,371,320
Net foreign exchange difference		3,631	(39,089)
CASH AND CASH EQUIVELENTS AT END OF THE YEAR	20	13,376,071	15,543,441


Group Chief Financial Officer


Group Chief Executive Officer


Authorized Board Member


Chairman

Saudi Telecom Company (A Saudi Joint Stock Company)

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

Total equity attributable to the equity holders of the Parent Company								
	Note	Share capital	Treasury shares	Other Reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2024		50,000,000	(612,528)	2,125,192	27,472,281	78,984,945	2,530,221	81,515,166
Net profit		-	-	-	24,688,652	24,688,652	227,591	24,916,243
Other comprehensive loss		-	-	(251,839)	-	(251,839)	(56,333)	(308,172)
Total comprehensive income		-	-	(251,839)	24,688,652	24,436,813	171,258	24,608,071
Dividends to the equity holders of the Parent Company	46	-	-	-	(13,711,661)	(13,711,661)	-	(13,711,661)
Dividends to non-controlling interests		-	-	-	-	-	(347,730)	(347,730)
Share-based payment transactions	23,45	-	95,177	45,984	-	141,161	255	141,416
Transactions with non-controlling interests		-	-	(431,890)	-	(431,890)	714,501	282,611
Others		-	-	(2,826)	-	(2,826)	-	(2,826)
Balance as at 31 December 2024		50,000,000	(517,351)	1,484,621	38,449,272	89,416,542	3,068,505	92,485,047
Balance as at 1 January 2025		50,000,000	(517,351)	1,484,621	38,449,272	89,416,542	3,068,505	92,485,047
Net profit		-	-	-	14,828,030	14,828,030	306,915	15,134,945
Other comprehensive income		-	-	26,298	-	26,298	(8,443)	17,855
Total comprehensive income		-	-	26,298	14,828,030	14,854,328	298,472	15,152,800
Dividends to the equity holders of the Parent Company	46	-	-	-	(20,955,305)	(20,955,305)	-	(20,955,305)
Dividends to non-controlling interests		-	-	-	-	-	(446,510)	(446,510)
Share-based payment transactions	23,45	-	113,831	13,234	-	127,065	5,847	132,912
Transactions with non-controlling interests		-	-	(41,845)	-	(41,845)	42,991	1,146
Others		-	-	12,786	-	12,786	3,464	16,250
Balance as at 31 December 2025		50,000,000	(403,520)	1,495,094	32,321,997	83,413,571	2,972,769	86,386,340


Group Chief Financial Officer


Group Chief Executive Officer


Authorized Board Member


Chairman

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

1. GENERAL INFORMATION

A) ESTABLISHMENT OF THE COMPANY

Saudi Telecom Company (the “Company” or “stc”) was established as a Saudi Joint Stock Company pursuant to Royal Decree No. M/35 dated 24 Dhul Hijja 1418H (corresponding to 21 April 1998) that authorized the transfer of the telegraph and telephone division of the Ministry of Post, Telegraph and Telephone (“MoPTT”) with its various components and technical and administrative facilities to the Company, and in accordance with the Council of Ministers’ Resolution No. 213 dated 23 Dhul Hijja 1418H (corresponding to 20 April 1998) that approved the Company’s by-laws (“By-laws”). The Company was wholly owned by the Government of the Kingdom of Saudi Arabia (the “Government”). The Government sold 30% of its shares pursuant to the Council of Ministers Resolution No. 171 dated 2 Rajab 1423H (corresponding to 9 September 2002). The Public Investment Fund (“PIF”) is the ultimate controlling party of the Company through its ownership of 62% as at 31 December 2025 (2024: 62%).

The Company commenced its operation as the provider of telecommunications services throughout the Kingdom of Saudi Arabia (“the Kingdom”) on 6 Muharram 1419H (corresponding to 2 May 1998) as a Saudi Joint Stock Company on 4 Rabi al-Awal 1419H (corresponding to 29 June 1998) with National No. 700876768. The Company’s head office is located in King Abdulaziz Complex, Imam Mohammed Bin Saud Street Al Mursalat Area, Riyadh, Kingdom of Saudi Arabia

B) GROUP ACTIVITIES

The main activities of the Company and its subsidiaries (collectively referred to as the “Group”) comprise the provision of telecommunications, information, media services and digital payments, which include, among other things:

1. Establish, manage, operate and maintain fixed and mobile telecommunication networks, systems and infrastructure.
2. Deliver, provide, maintain and manage diverse telecommunication and information technology (IT) services to customers.
3. Prepare the required plans and necessary studies to develop, implement and provide telecommunication and IT services covering all technical, financial and administrative aspects. In addition, prepare and implement training plans in the field of telecommunications and IT, and provide consultancy services.

4. Expand and develop telecommunication networks, systems, and infrastructure by utilizing the most current devices and equipment in telecom technology, especially in the fields of providing and managing services, applications and software.
5. Provide integrated communication and information technology solutions which include, among other things, telecom, IT services, managed services, cloud services, and internet of things, etc.
6. Provide information-based systems and technologies to customers including providing telecommunication means for the transfer of internet services.
7. Wholesale and retail trade, import, export, purchase, own, lease, manufacture, promote, sell, develop, design, setup and maintenance of devices, equipment, and components and executing contracting works that are related to different telecom networks including fixed, moving and private networks. In addition, computer programs and other intellectual properties.
8. Real estate investment and the resulting activities, such as selling, buying, leasing, managing, developing and maintenance.
9. Acquire loans and own fixed and movable assets for intended use.
10. Provide financial and managerial support and other services to subsidiaries.
11. Provide development, training, asset management and other related services.
12. Provide solutions for decision support, business intelligence and data investment.
13. Provide supply chain and other related services.
14. Provide digital banking services.
15. Provide cybersecurity services.
16. Construction, maintenance and repair of telecommunication and radar stations and towers.

Moreover, the Company is entitled to set up individual companies as limited liability or closed joint stock. It may also own shares in, or merge with, other companies, and it has the right to partner with others to establish joint stock, limited liability or any other entities whether inside or outside the Kingdom.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

2. BASIS OF PREPARATION AND CONSOLIDATION

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards endorsed in the Kingdom of Saudi Arabia (IFRS Accounting Standards) and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

The consolidated financial statements have been prepared on a historical cost basis, unless stated otherwise in the below accounting policies.

The consolidated financial statements are presented in Saudi Riyals (SR or ﷲ), which is the functional currency of the Company, and all values are rounded to the nearest thousand Saudi Riyals, except when otherwise indicated.

The Group has prepared the consolidated financial statements on the basis that it will continue to operate as a going concern.

The preparation of the consolidated financial statements in accordance with IFRS Accounting Standards as endorsed in the Kingdom requires the use of certain significant accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

The material accounting policies (Note 4) applied in preparing these consolidated financial statements are consistent with those applied in comparative periods presented.

2.2 Basis of consolidation

The consolidated financial statements of the Group comprise the financial information of the Company and its subsidiaries (Note 6).

Subsidiaries are companies controlled by the Group. Control is achieved when the Group has:

- Power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee)
- Exposure to risk, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

In general, there is a presumption that a majority of voting rights result in control. In support of this assumption, when the Group has less than a majority of the voting rights or similar rights in the investee, the Group takes into consideration all relevant facts and circumstances when determining whether it exercises control over the investee, including:

- Arrangement(s) with other voting rights holders in the investee company.
- Rights arising from other contractual arrangements.
- Group’s voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control mentioned above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired (or disposed) of during the year are consolidated (or deconsolidated) in the consolidated financial statements from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

All intragroup assets and liabilities, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in the consolidated statement of profit or loss and is calculated as the difference between

(1) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (2) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets and liabilities of the subsidiary (i.e., reclassified to the consolidated statement of profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, and when applicable, the cost on initial recognition of an investment in an associate or a joint venture under IAS (28).

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

3.1 NEW IFRS ACCOUNTING STANDARDS, ISSUED AND ADOPTED

Amendments to IFRS Accounting Standards that were applied by the Group on 1 January 2025 and had no material impact are as follows:

Amendments
Amendments to IAS 21: Lack of exchangeability

3.2 OTHER AMENDMENTS TO RELEVANT IFRS ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The IFRS Accounting Standards and amendments that are issued, but not yet effective, as of 31 December 2025 are disclosed below. The Group intends to adopt these new standards and amendments, if applicable, when they become effective. These standards are not expected to have a material impact on the Group at their effective dates, except IFRS 18, which the Group is currently evaluating the impact of its adoption on the consolidated financial statements.

New Standards and amendments
IFRS 18 Presentation and Disclosure in Financial Statements
IFRS 19 Subsidiaries without Public Accountability
Amendments to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7: Contracts referencing nature–dependant electricity.
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Annual Improvements to IFRS Accounting Standards — Volume 11

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

4.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method upon transfer of control to the Group. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree, fair value of any assets or liabilities resulting from a contingent consideration arrangement, and fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are generally recognized in the consolidated statement of profit or loss.

When the Group acquires a business, it assesses the identifiable assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value with limited exceptions.

Any contingent consideration to be paid (if any) will be recognized at fair value at the acquisition date and classified as equity or a financial liability. Contingent consideration classified as a financial liability is subsequently remeasured at fair value with the changes in fair value recognized in the consolidated statement of profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value at the acquisition-date of the acquirer's previously held equity interest in the acquiree (if any) over the net acquisition-date fair values of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests

in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts recognized at the acquisition date.

If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, a gain on bargain purchase at a differential price is recognized in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing for goodwill acquired from the business combination and from the date of acquisition, it will be allocated to cash-generating units ("CGU") that are expected to benefit from the business combination regardless of whether the other assets or liabilities acquired have been allocated to those units.

Goodwill is allocated to the cash generating unit and when part of the operations of that unit are disposed of, goodwill associated with the discontinued operation will be included in the carrying amount when determining the gain or loss on disposal of the operation. The goodwill in such circumstances is measured on the basis of the relative value of the disposed operation and the remaining portion of the cash-generating unit.

Impairment is determined annually (or more frequently if events or changes in circumstances indicate that goodwill might be impaired) by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another relevant IFRS Accounting Standards endorsed in Kingdom.

Saudi Telecom Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(All amounts in Saudi Riyals thousands unless otherwise stated)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in the consolidated statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to the consolidated statement of profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for the business combination is not completed by the end of the reporting period which constitutes the period in which the combination occurred, the Group presents the items whose value calculation has not been completed in a temporary manner in the consolidated financial statements. During the measurement period, which is not more than one year from the acquisition date, the provisional amounts recognized on the acquisition date is retrospectively adjusted to reflect the information obtained about the facts and circumstances that existed at the date of acquisition and if it is determined that this will affect the measurement of amounts recognized as of that date.

The Group recognizes additional assets or liabilities during the measurement period if new information becomes available about facts or circumstances that existed at the date of the acquisition and if it will result in recognition of assets or liabilities from that date. The measurement period ends once the group obtains all information that existed at the acquisition date or as soon as it becomes sure of the absence of more information.

4.2 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence but does not have control or joint control. Significant influence is the Group's ability to participate in the financial and operating policy decisions of the investee but not to control or joint control over those policies.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. A joint arrangement is an arrangement where the Group has joint control of the investee. Investments in joint

arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Factors to determine significant influence include holding directly or indirectly voting power of the investee, representation on the board of directors or equivalent governing body of the investee, participation in policy-making processes including participation in decisions about dividends or other distributions, material transactions between the Group and the investee, interchange of managerial personnel or provision of essential technical information.

The investments in associates or joint ventures are accounted for in the consolidated financial statements of the Group using the equity method of accounting from the date on which the investee becomes an associate or a joint venture. The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. The investment in associates or joint ventures in the consolidated statement of financial position are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture adjusted for any impairment in the value of the net investment and dividends received. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses.

Additional losses are recognized and recorded as liabilities only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Unrealized gains or losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

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On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in the consolidated statement of profit or loss in the year of acquisition.

The requirements of IFRS Accounting Standards are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. The carrying amount of the investment in an associate or a joint venture is tested for impairment in accordance with the policy described in Note (5.2.1). Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate and a joint venture' in the consolidated statement of profit or loss.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to the consolidated statement of profit or loss the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies of the associate or joint venture in line with those of the Group.

4.3 Share-based payment transactions

The Group's executive employees receive remuneration in the form of share-based payments under the employee long term incentives program, whereby employees render services as consideration for the Company's shares (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value

of the equity instrument at the grant date. The grant date is the date on which the Group and the employee agree on the share-based agreement, so that a common understanding of the terms and conditions of the agreement exists between the parties.

Share-based payment expense is included as part of employee benefit expenses over the period in which the service and the performance conditions are fulfilled (the vesting period), with the corresponding amount recorded under other reserves within equity in accordance with the requirements of the International Financial Reporting Standard (2): Share-based Payment. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of shares that will ultimately vest. The expense or credit in the consolidated statement of profit or loss for a period represents the movement in cumulative expense recognized from the beginning to the end of that period.

4.4 Treasury shares

Own equity instruments that are repurchased (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of profit or loss on the purchase, sale, issuance or cancellation of the shares. Any difference between the carrying amount of the shares and the consideration, if reissued, is recognized in other reserves within equity.

4.5 Revenue recognition

The Group recognizes revenue from contracts with customers based on a five-step model as set out in IFRS 15. Revenue is recognized based on the consideration, to which the Group expects to be entitled, as per contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control over a product or services to a customer.

The timing of revenue recognition is either at a point in time or over time depending upon the satisfaction of the performance obligation by transferring control of goods or services to the customer.

When there is a high degree of uncertainty about the possibility of collection from certain customers, the Group recognizes revenue only upon collection, when the consideration becomes non-refundable.

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The Group principally earns revenue from airtime usage, messaging, data services, interconnect fees, connection fees and device sales. Products and services may be sold separately or in bundled packages.

Products and services	Nature and timing of satisfaction of performance obligation
Mobile telecommunication services	Mobile telecommunication services include voice, data, messaging, and valued added services. The Group recognizes revenues as and when these services are provided.
Fixed telecommunication services	Fixed telecommunication services include voice, broadband, internet, and data connectivity services. The Group recognizes revenues as and when these services are provided.
Enterprise solutions services	Enterprise solutions services include system integration, IT managed services, cyber security, data / data centers and cloud, dedicated internet access, outsourcing, and digital services. The Group recognizes revenues when control transfers to the customer (over time or at a point in time based on the service provided).
Bundled packages	Arrangements involving multiple products and services are separated into distinct performance obligations and revenue is recognized on the basis of standalone selling prices of the distinct performance obligations by allocating the total arrangement consideration to the distinct performance obligations on the basis of the relative standalone selling prices of the distinct performance obligations. Items are separable if they are of separate value to the customer.
Mobile and other devices	The Group recognizes revenues at a point in time when the control of the device is transferred to the customer. This usually occurs at the contract inception when the customer takes the possession of the device.
Banking services	Includes services provided to STC Bank customers. STC Bank recognises revenue when these services are provided.

A contract modification exists when the parties to a contract approve a modification that creates new or changes existing rights and obligations of the parties to the contract. Revenue recognition under the existing contract is continued until the contract modification is approved.

If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract

4.5.1 Variable consideration

In determining the transaction price, the Group considers the effects of variable consideration. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the products and services to the customer. The variable consideration is estimated at contract

inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

4.5.2 Significant financing component

If a customer can pay for purchased equipment or services over a period of time, IFRS 15 requires judgement to determine if the contract includes a significant financing component. If it does, then the transaction price is adjusted to reflect the time value of money.

As a practical expedient, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if the Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

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4.5.3 Contract balances

4.5.3.1 Contract Assets

A contract asset is the Group’s right to consideration in exchange for goods and services transferred by the Group to the customer. If the Group transfers goods or services to a customer before the customer pays any consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

4.5.3.2 Trade receivables

A Trade receivable is recognized if the amount of consideration due from the customer is unconditional (if only the passage of time is required before payment of that consideration is due).

4.5.3.3 Contract Costs

Contract costs relate to incremental costs of obtaining a contract and certain costs to fulfil a contract to be recognized as an asset when:

- The costs relate directly to the contract (or to a specified anticipated contract)
- The costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- The costs are expected to be recovered

Contract costs recognized by the Group are amortized on a systematic basis that is consistent with the Group’s transfer of related goods or services to the customer.

As a practical expedient, the Group recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Group otherwise would have recognized is one year or less.

4.5.3.4 Contract Liabilities

A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

4.5.4 Customer loyalty programs

The Group offers customer loyalty programs, which allow customers to earn points that can be redeemed through availing stc products and services or through certain third-party partners. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

The Group allocates a portion of the transaction price to the loyalty points awarded to customers based on relative stand-alone selling price considering the likelihood that the customer will redeem the points, and recognizes it as a contract liability. Revenue is recognized upon redemption of the points by the customer or their expiry if not used within a year.

4.5.5 Principal versus agent assessment

When the Group sells goods or services as a principal, revenues and costs to suppliers are reported on a gross basis in revenues and operating costs. If the Group sells goods or services as an agent, revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin earned.

Whether the Group is considered to be the principal or an agent in the transaction depends on an analysis by management of both the legal form and substance of the agreement between the Group and its business partners; such judgements impact the amount of reported revenue and operating expenses but do not impact reported assets, liabilities or cash flows.

Whether the Group is principal or agent, depends whether the control of products and services is transferred to customers, and it has the ability to direct the use of the devices or obtain benefits from the devices and service. Below are the key criteria to determine whether the Group is acting as principal:

- The Group has primary responsibility for providing the products or services to the customer or for fulfilling the order, for example by being responsible for the acceptability of the products or services ordered or purchased by the customer;
- The Group has inventory risk before or after customer order, during shipping or on return; and
- The Group has latitude in establishing the prices, either directly and indirectly, for example by providing additional products or services.

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4.6 Lease contracts

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

At the commencement date, the Group recognizes a right of use asset representing the Group's right to use the underlying asset and a lease liability representing the Group's obligation to make lease payments.

At commencement date, the right of use asset is initially measured at cost (based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, as per lease terms).

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, the right of use asset is measured using the cost model (cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the related lease liability). Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

At commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease, if that rate can be readily determined; otherwise, the Group's incremental borrowing rate is used instead.

After the commencement date, the lease liability is measured by:

- a. increasing the carrying value to reflect interest on the lease liability.
- b. reducing the carrying value to reflect the lease payments made.
- c. remeasuring the carrying value to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

The amount of the remeasurement of the lease liability is recorded as an adjustment to the right of use asset. However, if the carrying amount of the right of use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, then any remaining amount of the remeasurement is recognized in the consolidated statement of profit or loss.

The Group has elected to apply the exemption not to recognize right of use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation on related right of use assets is calculated using the estimated useful life of the leased asset.

The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Operating lease income is recognized in the consolidated statement of profit or loss on a straight-line basis over the lease term. Also, all initial direct costs incurred in obtaining an operating lease shall be added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as the lease income. Any benefits granted as an incentive to enter into an operating lease, are distributed in a straight-line basis over the lease term. Total benefits from incentives are recognized as a reduction in rental income on a straight-line basis, unless there is another basis that better represents the period of time in which the economic benefits of the leased asset are exhausted.

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A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. The amounts due from the finance leases are recorded as lease receivables at an amount equal to the net investment of the Group in the lease. In the case of a sublease, if the interest rate implicit in the sublease cannot be readily determined, an intermediate lessor may use the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease. The lease payments to be received are divided into two components: (1) a reimbursement of the original amount (2) a financing income to compensate the Group for its investment and services. The additional costs directly attributable to negotiating the lease contract are included in the amounts due, which in return, will reduce the finance income portion from the contract.

4.7 Foreign currencies

The financial information and disclosures are presented in Saudi Riyals (the functional currency of Saudi Telecom Company – the Parent Company). For each subsidiary, the Group determines the functional currency, which is defined as the currency of the primary economic environment in which the entity operates, and items included in the financial statements of each subsidiary are measured using that functional currency.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item to which it relates. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Gains or losses arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized in OCI until the net

investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognized in OCI.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Saudi Riyals using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the reporting period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint venture or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the Group's shareholders are reclassified to the consolidated statement of profit or loss.

For all partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the accumulated exchange differences is reclassified to the consolidated statement of profit or loss.

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4.8 Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the attached conditions and that the grants will be received.

Government grants are recognized in the consolidated statement of profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position and transferred to the consolidated statement of profit or loss on a systematic and rational basis over the useful lives of the related assets.

When the Group receives government grants as compensation for expenses or losses already incurred or immediate financial support with no future related costs, these are recognized in the profit or loss in the period in which they become receivable.

4.9 Employee benefits

4.9.1 Retirement benefit costs and end of service benefits

Payments to defined contribution schemes are charged as an expense as they fall due. Payments made to state-managed pension schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution scheme.

Employee's end of service benefits provision is calculated annually by actuaries in accordance with the projected unit credit method as per (IAS 19) Employee Benefits, taking into consideration the labour law of the respective country in which the Company or subsidiary operates. The provision is recognized based on the present value of the defined benefit obligations.

The present value of the defined benefit obligations is calculated using assumptions on the average salary incremental rate, average employees' years of service and an appropriate discount rate. The assumptions used are calculated on a consistent basis for each period and reflect management's best estimate.

Due to the fact that the Kingdom does not have a deep market in high quality corporate bonds, the discount rate is determined based on available information of Saudi Arabia sovereign bond yields with a term consistent with the estimated term of the defined benefit obligation as at the reporting date.

Remeasurement of net liabilities that includes actuarial gains and losses arising from the changes in assumptions used in the calculation, is recognized directly in other comprehensive income. Remeasurements are not reclassified to the consolidated statement of profit and loss in subsequent periods.

The cost of past services (if any) is recognized in the consolidated statement of profit or loss on the earlier of:

- Date of modification of the program or labour downsizing; and
- The date on which the Group recognizes the related restructuring costs.

Net interest cost is calculated using the discount rate to net defined benefit assets or liabilities. The Group recognizes the following changes in the net benefit obligation identified under "cost of revenue", "general and administration expenses" and "selling and marketing expenses" in the consolidated statement of profit or loss (by function):

- Service costs that include the current service costs, past service costs, profits and losses resulting from labour downsizing and non-routine payments.
- Net finance cost.

4.9.2 Other short and long-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period in which the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

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4.9.3 Early Retirement Program

The Group offers Early Retirement Program (ERP) to certain categories of employees. ERP is payable when an employee voluntarily accepts the early retirement plan offered by the Group, and the corresponding costs are recognized at that time.

4.10 Zakat and Taxation

4.10.1 Zakat

The Group calculates and records the zakat provision based on the zakat base in its consolidated financial statements in accordance with Zakat rules and principles in the Kingdom. Adjustments arising from final zakat assessment are recorded in the reporting period in which such assessment is approved by the Zakat, Tax, and Customs Authority ("ZATCA").

4.10.2 Current and deferred taxes

Tax related to subsidiaries located outside the Kingdom is calculated in accordance with tax laws applicable in those countries. The current income tax is recognized in the consolidated statement of profit or loss.

Deferred income tax provisions for foreign entities are calculated using the liability method, based on temporary differences at the end of the financial year between the tax base of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax liabilities and deferred tax assets are measured at the tax rates expected to be applied in the reporting period in which the obligation is settled, or the asset is realized.

Deferred tax assets of foreign entities are recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. This involves a judgement relating to the future financial performance of the foreign entity in which the deferred tax assets have been recognized. Deferred tax liabilities are generally recognized for all temporary differences that are taxable.

4.10.3 Value Added Tax ("VAT")

Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

4.10.4 Withholding tax

The Group withhold taxes on transactions with non-resident parties and on dividends paid to foreign shareholders in accordance with ZATCA regulations. These are recorded as liabilities payable to ZATCA on behalf of the counter party from whom the amounts are withheld.

4.11 Property and equipment

Property and equipment are stated in the consolidated statement of financial position at their cost, less any accumulated depreciation and accumulated impairment losses.

The cost of telecommunication network and equipment comprises all expenditures incurred up to the customer connection point, including contractors' charges, direct materials and labour costs to the date the relevant assets are placed into service.

Assets under construction are carried at cost, less any recognized impairment loss. Depreciation of these assets commences when the assets are ready for their intended use.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items.

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When significant parts of a property and equipment are to be replaced (except land), the Group recognizes such parts as individual assets with a specific useful life. All other repairs and maintenance costs are charged to the consolidated statement of profit or loss during the reporting period in which they are incurred, except to the extent that they increase productivity or extend the useful life of an asset, in which case they are capitalized.

Depreciation is charged using mainly the straight-line method over the estimated useful lives of property and equipment, other than land. An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss within other operating income or expenses.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

4.12 Investment properties

Investment properties are non-current assets (land or building - or part of it - or both) for the purpose of achieving rental income or capital appreciation or both. These investment properties are not for sale in the normal course of the Group business, or for use in providing services or for administrative purposes.

Investment property is recognized as an asset when it is probable that future economic benefits will flow to the Group, associated with the property and can be measured reliably. Investment properties are initially measured at cost, including transaction costs. It is subsequently measured after recognition according to the "cost model", i.e., at cost minus accumulated depreciation and accumulated impairment losses, if any. Except for land, which is not depreciated.

Regular repair and maintenance costs that do not materially extend the estimated useful life of the asset are recognized in the consolidated statement of profit or loss when incurred.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of profit or loss during the period of disposal. Transfers from / to investment property to / from property and equipment are made only when the Group changes the purpose of using the property.

The Group appoints an independent external valuer approved by the Saudi Authority for Accredited Valuers (Taqeem) to obtain fair value estimates for investment properties annually for the purpose of determining if there is a decrease in the value and also for the purpose of related disclosures in the consolidated financial statements of the Group.

4.13 Intangible assets other than goodwill

Intangible assets are presented in the consolidated statement of financial position at cost less accumulated amortization and accumulated impairment losses. The cost of intangible assets acquired in a business combination represents their fair value as at the date of acquisition. Projects in progress is stated at cost, net of accumulated impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and amortization method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite lives are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

4.13.1 Software

Computer software licenses are capitalized based on the cost incurred to acquire the specific software and bring it into use. Amortization is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful life from the date the software is available for use.

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4.13.2 Licence and frequency spectrum fees

Amortization periods for licence and frequency spectrum fees are determined primarily by reference to the unexpired licence period, the conditions for licence renewal and whether licences are dependent on specific technologies. Amortization is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives when the related network services are available for use.

4.13.3 Indefeasible Rights of Use ("IRU")

IRUs correspond to the right to use a portion of the capacity of a terrestrial or submarine transmission cable granted for a fixed period. IRUs are recognized at cost as an asset when the Group has the specific indefeasible right to use an identified portion of the underlying asset, generally optical fibers or dedicated wavelength bandwidth, and the duration of the right is for the major part of the underlying asset's economic life. They are amortized on a straight-line basis over the shorter of the expected period of use and the life of the contract which ranges between 10 to 20 years.

4.13.4 Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or on disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the consolidated statement of profit or loss.

4.14 Impairment of tangible and intangible assets other than goodwill

At the end of each financial year, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of other assets (cash-generating unit).

Recoverable amount is the higher of fair value less costs of disposal and the present value of the estimated future cash flows expected to be derived from the asset (value in use). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss.

Tangible and intangible assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each financial year.

4.15 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4.16 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and the obligation can be measured reliably.

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The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, after taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated statement of profit or loss.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4.17 Assets’ decommissioning liabilities

The Group recognizes obligations on decommissioning of assets when there is a legal or constructive obligation arising from past events and it is likely to result in an outflow of resources to settle the obligation and if the obligation can be reliably measured.

The Group calculates a provision with the value of future costs related to the removal and decommissioning of the network and other assets. Upon initial recognition of the obligation, the present value of the expected costs (using a discount rate for future cash flows) is added to the value of the concerned network and other assets. Changes in the discount rate, timing and cost of removing and decommissioning assets are accounted for prospectively by adjusting the carrying amount of the provision and the carrying amount of the network and other assets.

4.18 Financial instruments

4.18.1 Classification, recognition, and presentation

Financial instruments are recognized in the consolidated statement of financial position when and only when the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial instruments at initial recognition.

The Group classifies its financial assets within the following categories:

- a. at fair value (either through other comprehensive income, or through profit or loss)
- b. at amortized cost.

The classification depends on the entity’s business model for managing the financial assets (for debt instruments) and the contractual terms of the cash flows.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

4.18.2 Measurement

4.18.2.1 Initial measurement

Financial assets and financial liabilities, except for trade receivables, are initially measured at fair value plus or minus transaction costs that are directly attributable to the acquisition of financial assets and issue of financial liabilities. Except for financial assets and financial liabilities classified at fair value where transaction costs directly attributable to the acquisition of financial assets or financial liabilities are recognized directly in the consolidated statement of profit or loss.

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Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

4.18.2.2 Subsequent measurement of financial assets

The subsequent measurement of the derivatives and non-derivative financial assets depends on their classification as follows:

a. Financial assets measured at amortized cost: Assets that are held to collect contractual cash flows are measured at amortized cost using the effective interest rate (‘EIR’) method where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income.

The Group’s financial assets measured at amortised cost includes trade receivables, Sukuk, financial assets from digital banking operations, loan to employees, and murabahas.

b. Financial assets measured at fair value through profit or loss Financial assets measured at fair value through profit or loss (‘FVTPL’) are measured at each reporting date at fair value without the deduction of transaction costs that the Group may incur on sale or disposal of the financial asset in the future.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through OCI.

c. Financial assets measured at fair value through other comprehensive income Financial assets measured at fair value through other comprehensive income (‘FVOCI’) are measured at each reporting date at fair value without the deduction of transaction costs that the Group may incur on sale or disposal of the financial asset in the future.

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under “IAS 32 Financial Instruments: Presentation” and are not held for trading. The classification is determined on an instrument-by-instrument basis.

The Group elected to classify irrevocably its listed equity investments under this category.

When a financial asset is derecognized, the accumulated gain or loss recognized previously in the consolidated statement of comprehensive income is reclassified to the consolidated statement of profit and loss. However, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of profit and loss in the case of equity instruments.

The recognition and presentation of gains and losses for each measurement category are as follows:

Measurement category	Recognition and presentation of gains and losses
At amortized cost	The following items are recognized in the consolidated statement of profit or loss: - finance income using the effective interest method - expected credit losses (or reversals of such losses) - foreign exchange gains and losses. When the financial asset is derecognized, the gain or loss is recognized in the consolidated statement of profit or loss.

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Measurement category	Recognition and presentation of gains and losses
At FVOCI	Debt instruments: Gains and losses are recognized in the consolidated statement of comprehensive income, except for the following items, which are recognized in consolidated statement of profit or loss in the same manner as for financial assets measured at amortized cost: - finance income using the average effective interest method - expected credit losses (or reversals of such losses) - foreign exchange gains and losses. Equity instruments: Gains and losses are recognized in the consolidated statement of comprehensive income. Dividends are recognized in the consolidated statement of profit or loss unless they clearly represent a repayment of part of the cost of the investment. The amounts recognized in the consolidated statement of comprehensive income are not reclassified to the consolidated statement of profit or loss under any circumstances.
At FVTPL	Gains and losses, both on subsequent measurement and derecognition, are recognized in consolidated statement of profit or loss.

4.18.2.3 Subsequent measurement of financial liabilities

a. Amortized cost

The Group classifies all financial liabilities at amortized cost and remeasure subsequently as such, except for:

- financial liabilities at FVTPL
- financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or is accounted for using the continuing involvement approach
- commitments to provide a loan at a below-market interest rate and not measured at fair value though profit or loss
- financial guarantee contracts
- contingent consideration recognized at fair value by the Group in a business combination to which IFRS 3 applies (shall subsequently be measured at fair value with changes recognized in the consolidated statement of profit or loss).

Financial liabilities classified at amortized cost are measured using the effective interest rate method. When the financial liabilities are derecognized, the gain or loss is recognized in consolidated statement of profit or loss.

b. Liabilities at fair value through profit or loss

Financial liabilities falling under this category include:

- liabilities held for trading
- derivative liabilities not designated as hedging instruments
- those designated as at FVTPL

After initial recognition, the Group measures financial liabilities at fair value with changes recognized in the consolidated statement of profit or loss.

c. Financial guarantees

A financial guarantee is a contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantees are measured initially at their fair values and, if not designated as FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of ECL determined in accordance with IFRS 9; and
- the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policy described in the accounting policies.

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4.18.3 Impairment of financial assets

The Group considers a financial asset in default at various past due days depending on the classification of financial assets and their contractual payments terms. In certain cases, the Group may also consider a financial asset to be in default and subject for write off when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Any subsequent recoveries are credited to impairment loss expense.

The Group recognizes allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been significant increase in credit risk since initial recognition, ECLs are provided for credit losses that will result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, lease receivables, and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes an allowance base on lifetime ECLs at each reporting date. The Group established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For government, related parties and key private customers, the Group estimates the loss allowance based on the internal assessment to evaluate the collectability of the balances and such assessment is done based on the available information and negotiations underway. An estimate of the collectible amount is made when collection of the amount is no longer probable.

For certain customer categories, this estimate is performed on an individual basis while other customer categories are assessed collectively and an allowance is applied according to the length of time past due.

The Group employs statistical models to analyse the data collected and generate estimates of the probability of default of exposures with passage of time. The analysis includes the identification for any changes between default rates and key macro-economic factors across various geographies of the Group. For trade receivables, the average credit terms vary by customer type.

4.18.4 Derecognition of financial assets

Financial assets are derecognized from the consolidated statement of financial position when the rights to receive cash flows from the financial assets have expired, or when the financial asset or all its risks and rewards of ownership have been transferred to another party. The difference between the financial asset’s book value and its transferred proceeds will be recorded in the consolidated statement of profit or loss except for financial assets investments in equity instruments designated as FVOCI.

4.18.5 Derecognition of financial liabilities

Financial liabilities are derecognized when and only when the underlying obligations are extinguished, cancelled or expires.

4.18.6 Offsetting between financial assets and financial liabilities

A financial asset and a financial liability are offset and presented as a net amount in the consolidated statement of financial position when, and only when, both of the following conditions are satisfied:

- The Group currently has a legal enforceable right to offset the recognized amounts of the asset and liability; and
- The Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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4.18.7 Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

If the cash flows of the modified asset carried at amortized cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Group recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a modification gain or loss in the consolidated statement of profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented together with the account that most closely relates to the underlying reason of premodification.

Financial liabilities

The Group derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in consolidated statement of profit or loss.

4.18.8 Derivative financial instruments and hedge accounting

The Group enters into derivative arrangements to hedge its certain risks such as fair value risks. These derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each reporting date until settlement. The change in fair value is recognised in the consolidated statement of profit or loss unless designated in a hedging relationship. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.
- Fair value hedges when hedging the exposure to changes in fair value of a recognised asset or liability or an unrecognized firm commitment.
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

A hedging relationship qualifies for hedge accounting if it meets the effectiveness requirements.

In case of cash flow hedge, the effective portion of the gain or loss on the hedging instrument is recognized in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item. The amount accumulated in other comprehensive income is reclassified to profit or loss as a reclassification adjustment in the period or periods during which the hedged cash flows affect profit or loss.

The Group separates the foreign currency basis spread from a financial instrument and excludes it from the designation of that financial instrument as the hedging instrument. The foreign currency basis spread element is recognised in OCI and accumulated as equity reserve.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment.

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In a fair value hedge, the effective and ineffective portion of gain or loss on hedging instrument is recognised in consolidated statement of profit or loss if the hedged item is recognised at FVTPL and in other comprehensive income if the hedged item is recognised at FVOCI (equity instruments).

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statement of profit or loss.

4.19 Cash and cash equivalents from banking and non-banking operations

Cash and cash equivalents from banking operations (STC Bank operations) in the consolidated statement of financial position comprise cash and balances with SAMA (excluding the statutory deposits), due from banks - balance in operating accounts, and due from banks - money market placements.

Cash and cash equivalents from non-banking operations in the consolidated statement of financial position comprise cash at banks and short term murabahas with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

4.20 Fair values measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics, nature and risks of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

The Group uses valuation techniques appropriate to current circumstances that provide sufficient data to measure fair value, providing the maximum opportunity for the use of relevant inputs that are observable and the minimum use of inputs that are not observable. In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for valuing the asset or liability, either directly or indirectly.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4.21 Segmental Information

The specific operating segments of the Group are identified based on internal reports, which are regularly reviewed by the Group's main decision makers (chief operating decision maker) for the purpose of resource allocation among segments and performance assessment.

4.22 Cash dividends

The Company's dividends policy is approved by the General Assembly and the Company recognizes a liability to pay a dividend when the distribution is authorized and the distribution is no longer at the discretion of the Company. A corresponding amount is recognized directly in equity.

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4.23 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on a current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

4.24 Non current asset held for sale and discontinued operations

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount after net profit from continuing operations in the consolidated statement of profit or loss. Intragroup transactions are eliminated between continuing and discontinued operations; however, certain adjustments are made keeping in view how transactions between continuing or discontinued operations will be reflected in continuing operations going forward.

Cash flows from discontinued operations are included in the consolidated statement of cash flows and are disclosed separately in Note 14.

Additional disclosures are provided in Note 14. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

4.25 Cost of revenue and operating expenses

The Group recognizes the expenses under following categories based on the nature of expenses:

• Cost of revenue

Cost of revenue represents the cost incurred by the Group and directly attributable for fulfilling its service and obligations with respect to its contract with customers.

• Selling and marketing expenses

Selling and marketing expenses comprise of all costs for selling, marketing and transportation of the Group's products and include expenses for advertising, marketing fees, other sales related expenses.

• General and Administration expenses

Administrative expenses include direct and indirect costs not specifically part of either cost of revenue or selling and marketing expenses.

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5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Group's accounting policies, which are described in Note 4, the management of the Group are required to make judgements about the carrying amounts of assets and liabilities and the accompanying disclosures that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods.

5.1 SIGNIFICANT ACCOUNTING JUDGEMENTS

5.1.1 Determining the lease term of contracts with renewal and termination options and assessing substitution rights – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in the circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the contract.

While assessing at contract inception whether a contract is, or contains, a lease, the Group consider whether the supplier has the practical ability to substitute the assets throughout the period of use and the supplier would benefit economically from the exercise of its right to substitute the asset. If the supplier has substantive substitution right, then the arrangement is not considered as a lease.

5.1.2 Arrangements with multiple deliverables

In revenue arrangements where more than one good or service is provided to the customer, customer consideration is allocated between the goods and services using relative standalone selling prices principles. The Group generally determines the standalone selling prices of distinct performance obligations based on prices at which the deliverable is regularly sold on a standalone basis. Revision to the estimates of these standalone selling prices may significantly affect the allocation of total arrangement consideration among the individual elements.

5.1.3 Recognition of digital banking operations' client assets

The determination of whether the Group has control over customer funds or if they are being held in merely a fiduciary capacity requires careful consideration of facts and circumstances including applicable regulatory requirements. The Group has assessed that these assets meet the recognition criteria based on the assessment of liability of the Group towards its customers for the funds, contractual and legal rights held by the Group in relation to these funds and the Group's rights to economic benefits from other financial institutions where customer funds are deposited.

5.1.4 Discontinued operations

In the comparative year 2024, the management has determined that TAWAL and Digital Infrastructure for Investment (combined) were considered as a major line of business on the basis of quantitative impact on revenue, overall profit and loss account and usefulness of information for users of consolidated financial statements. Further, the Group has adopted a policy to consistently apply IFRS 10 to record full gain from such transaction. For more details on discontinued operations and assets held for sale and discontinued operation (Note 14.1).

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5.2 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

5.2.1 Impairment of non-financial assets

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived usually from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset’s performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

5.2.2 Useful lives for property and equipment, software and other intangible assets

The annual depreciation and amortization charge is sensitive to the estimated lives allocated to each type of asset. Asset lives are assessed annually and changed where necessary to reflect current circumstances in light of technological change, network investment plans and physical conditions of the assets concerned.

5.2.3 Provision for impairment losses on trade receivables and contract assets

The Group uses a provision matrix to calculate expected credit loss on trade receivables and contract assets.

The provision matrix is initially based on the Group’s historical observed default rates. The Group calibrates the matrix to adjust the historical loss experience with forward looking information. At the end of each reporting date, the Group updates its historical default rates and reflects that in future estimates.

The Group recognizes an allowance for impairment loss of 100% against all trade receivables that are aged over 365 days, except for balances with related parties and balances still collectable where credit quality did not deteriorate based on historical experience of the Group.

For government, related parties and key private customers, the Group estimates the loss allowance based on the internal assessment to evaluate the collectability of the balances and such assessment is done based on the available information and negotiations underway. An estimate of the collectible amount is made when collection of the amount is no longer probable. For certain customer categories, this estimate is performed on an individual basis while other customer categories are assessed collectively and an allowance is applied according to the length of time past due.

5.2.4 Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and market volatility.

5.2.5 Evaluation on control/non-control over an investee

The Group may consider that it controls an investee even though it owns 50% or less of the voting rights. This would be the case where the Group has power over the investee through its majority representation on the Board and has the right to appoint Key Management Personnel which gives the Group the ability to use its power over the investee to direct decisions and relevant activities and affect its returns.

Further, the Group may consider that it does not control an investee even though it has voting rights equal to or in excess of 50%. This would be the case where the Group either has an insignificant influence or has significant influence but does not have control over the investee.

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5.2.6 Fair value measurements – retained interest in partially sold subsidiaries

In the comparative year 2024, the Group measured the retained interest in its partially sold subsidiaries (TAWAL and Digital Infrastructure for Investment Company) at fair value (Note 14.1). This is considered as a non-recurring fair value measurement by the Group, as these associates currently accounted for using the equity method of accounting as associates in accordance with

the requirements of IAS 28 “Investments in Associates and Joint Ventures”. In estimating the fair value of the retained interest, the Group applied the discounted cash flow valuation technique with weighted average cost of capital of (9%- 10%), terminal growth rate of (2.3%-2.5%), and 5% fair value adjustments to consider the discount of lack of controls.

6.SUBSIDIARIES

Subsidiaries owned directly by the Company are as follows:

Name of subsidiary		Country of incorporation	Effective shareholding percentage	
			31 December 2025	31 December 2024
Arabian Internet and Communications Services Company (Solutions)	(1)	Kingdom of Saudi Arabia	79.64%	80%
Telecom Commercial Investment Company Limited (TCIC)	(2)	Kingdom of Saudi Arabia	100%	100%
stc Bahrain BSC (c) (stc Bahrain)	(3)	Kingdom of Bahrain	100%	100%
Aqalat Limited Company (Aqalat)	(4)	Kingdom of Saudi Arabia	100%	100%
Public Telecommunications Company (Specialized)	(5)	Kingdom of Saudi Arabia	100%	100%
stc Turkey Holding Ltd (stc Turkey)	(6)	British Virgin Islands	100%	100%
stc Asia Telecom Holding Ltd (stc Asia)	(7)	British Virgin Islands	100%	100%
stc Gulf Investment Holding (stc Gulf)	(8)	Kingdom of Bahrain	100%	100%
Gulf Digital Media Model Company Ltd (GDMM) (Intigral)	(9)	Kingdom of Saudi Arabia	100%	100%
Saudi Telecom Channels Company (Channels)	(10)	Kingdom of Saudi Arabia	100%	100%
Kuwait Telecommunications Company (stc Kuwait)	(11)	State of Kuwait	51.84%	51.84%
STC Bank	(12)	Kingdom of Saudi Arabia	92.26%	87.73%
Smart Zone Real Estate Company	(13)	Kingdom of Saudi Arabia	100%	100%
Advanced Technology and Cybersecurity Company (sirar)	(14)	Kingdom of Saudi Arabia	100%	100%
stc GCC Cables System W.L.L.	(15)	Kingdom of Bahrain	100%	100%
Sendouk Al-Abatakar for Investment (Tali)	(16)	Kingdom of Saudi Arabia	100%	100%
Digital Centers for Data and Telecommunications (Center3)	(17)	Kingdom of Saudi Arabia	100%	100%
Internet of Things Information Technology Company (iot²)	(18)	Kingdom of Saudi Arabia	50%	50%
General Cloud Computing Company for Information Technology (SCCC)	(19)	Kingdom of Saudi Arabia	55%	55%
Green Bridge Investment (GBI)	(20)	Luxembourg	100%	100%
Green Bridge Management (GBM)	(21)	Luxembourg	100%	100%

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1. Solutions was established in April 2002 and is engaged in providing internet services, operation of communications projects and transmission and processing of information in the Saudi market. In December 2007, the Group acquired 100% of the share capital of Solutions.

In September 2021, the Group completed the initial public offering “IPO” for 20% of its shareholding in Solutions in the Saudi Stock Exchange Market and 1% of the share capital of Solutions was allocated to be granted as part of its own employees’ long-term incentive plan (Note 45.2).

As at 31 December 2025, Solution’s share capital is ₪1,200 million (2024: ₪1,200 million).

Subsidiaries owned directly by Solutions as follows:

Name of subsidiary	Country of incorporation	Shareholding percentage	
		31 December 2025	31 December 2024
Saudi Telecom Company Solution for Information Technology (Owned by One Person)	Egypt	100%	100%
Giza Systems Company	Egypt	88.19%	88.19%
Contact Center Company	Kingdom of Saudi Arabia	100%	100%
Amanah Tech Business Solutions Company	Kingdom of Saudi Arabia	70%	70%
Nawat Alittisalat Company	Kingdom of Saudi Arabia	100%	-

2. TCIC was established in October 2007 with the purpose of operating and maintaining telecommunication networks, organizing computer systems’ networks and internet networks, maintenance, operation and installation of telecommunication and information technology systems and programs in the Saudi market with share capital of ₪1 million as at 31 December 2025 (2024: ₪1 million).

3. stc Bahrain was established in February 2009 with the purpose of providing all mobile telecommunication services, international telecommunications, broadband and other related services in the Bahraini market. with share capital of BD 75 million as at 31 December 2025 (2024: BD 75 million) equivalent to ₪746 million at the exchange rate as of establishment date.

Subsidiaries owned directly by stc Bahrain as follows:

Name of subsidiary	Country of incorporation	Shareholding percentage	
		31 December 2025	31 December 2024
stc Tech W.L.L	Bahrain	100%	100%
stc Pay Bahrain B.S.C. (c)	Bahrain	100%	100%
stc Pay Bahrain Remittance B.S.C.	Bahrain	100%	100%

4. Aqalat was established in March 2013 with the purpose of establishing, owning, investing, managing of real estate and contracting, and providing consulting services, and importing and exporting services to the benefit of the Company with share capital of ₪70 million as at 31 December 2025 (2024: ₪70 million).

5. Specialized was established in February 2002 with the purpose of operating in the electrical business and communication networks, wholesale and retail trade in fixed telecommunications equipment, electrical appliances, import, marketing, installation and maintenance of fixed and mobile telecommunications and information technology licensed devices with share capital of ₪852 million as at 31 December 2025 (2024: ₪252 million).

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6. stc Turkey is a limited liability company which was established under the Commercial Companies Law in the British Virgin Islands in April 2008. It is a special purpose vehicle established to provide services and support required in respect of investment activities of the Group.

In April 2008, stc Turkey acquired 35% of Oger Telecom Limited’s (“OTL”). As of 31 December 2025, OTL liquidation has been completed and the liquidation process of stc Turkey has started.

7. stc Asia is a limited liability company which was established under the Commercial Companies Law in the British Virgin Islands in July 2007 and is a special purpose vehicle. It owns a subsidiary (a wholly owned subsidiary) stc Malaysia Holdings Ltd (“stc Malaysia”), which was incorporated under the Commercial Companies Law in the British Virgin Islands.

stc Malaysia Holding Ltd in turn holds the Group’s 25% stake in Binariang GSM Sdn Bhd (“BGSM”) (Note 8.2) that invests in companies operating primarily in Malaysia. The principal activity of both stc Asia and stc Malaysia is to provide services and support required in respect of investment activities of the Group.

8. stc Gulf was incorporated in March 2008 and has wholly-owned subsidiaries in the Kingdom of Bahrain, as listed below. The primary objective of this company and its following subsidiaries is to provide services and support required in respect of investment activities of the Group:

- a. stc Gulf Investment Holding 1 W.L.L.
- b. stc Gulf Investment Holding 2 W.L.L.
- c. stc Gulf Investment Holding 3 W.L.L.

Subsidiaries owned directly by Channels as follows:

Name of subsidiary	Country of incorporation	Shareholding percentage	
		31 December 2025	31 December 2024
Bahrain Channels for Communication & Distribution L.L.C.	Bahrain	100%	100%
Kuwait Channels	Kuwait	100%	100%
Sale International S.P.C.	Oman	100%	100%

11. stc Kuwait was established in July 2008 with the purpose of operating in the field of mobile services in the Kuwaiti market. stc Kuwait was listed as a joint stock company on the Kuwait Stock Exchange on

9. Intigral is a limited liability company was established in March 2002 with the purpose of providing broadcasting and media production services with share capital of ₪811 million as at 31 December 2025 (2024: ₪811 million).

During the fourth quarter 2025, the Company completed the integration of Intigral and relocating its operations from the United Arab Emirates to the Kingdom. Following Intigral integration, stc Board of Directors resolved on 22 December 2025 to finalize the regulatory and legal procedures related to Intigral and its subsidiaries including statutory liquidation. These procedures will not have material financial impact on the Group’s financial results.

10. Channels was established in January 2008 with the purpose of operating in the wholesale and retail trade of recharge card services, telecommunication equipment and devices, computer services, sale and re-sale of all fixed and mobile telecommunication services, and commercial centres’ maintenance and operation. Channels operates in the Saudi Market with subsidiaries in Bahrain, Oman, and Kuwait which are working in the same field with share capital of ₪100 million as at 31 December 2025 (2024: ₪100 million).

14 December 2014 with share capital of KD 100 million as at 31 December 2025 (2024: KD 100 million) equivalent to ₪1,298 million at the exchange rate as of establishment date.

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Subsidiaries owned directly by stc Kuwait as follows:

Name of subsidiary	Country of incorporation	Shareholding percentage	
		31 December 2025	31 December 2024
Qualitynet General Trading and Contracting Company W.L.L.	Kuwait	100%	100%
E-Portal Holding Company K.S.C. (Closed)	Kuwait	100%	100%

12. STC Bank, a closed joint stock company, was established in November 2017 and its main activity is to provide digital payments services. During 2020, Saudi Central Bank licensed it as an electronic wallet company. During the year 2021, the Council of Ministers approved granting STC Bank a digital banking services license to become a digital bank with share capital of ﷲ2,500 million.

On 24 December 2023, STC Bank General Assembly approved the increase of STC bank’s paid-up capital to be ﷲ3,350 million by converting stc shareholder loan amounting to ﷲ850 million into STC Bank’s capital increasing stc shareholding interest to 87.73 % for which the legal formalities were completed in 2024.

On 30 December 2024, STC bank extraordinary General Assembly (EGA) approved the increase of STC Bank’s paid-up capital to be ﷲ6,350 million with stc injecting an additional capital of ﷲ3,000 million increasing its shareholding interest in STC Bank to 92.26% for which the legal formalities were completed in 2025.

On 28 January 2025, STC Bank received a non-objection from the Saudi Central Bank (SAMA) to commence its operations in the Kingdom as a digital bank.

13. Smart Zone Real Estate Company – a limited liability company was established in September 2019 and its main activity is the development, financing and management of real estate projects, the establishment of facilities, complexes, commercial, office and residential buildings with share capital of ﷲ538 million as at 31 December 2025 (2024: ﷲ417 million).

14. Sirar, a limited liability company, was established in November 2020 to provide cybersecurity services with share capital of ﷲ250 million as at 31 December 2025 (2024: ﷲ250 million).

15. stc GCC Cable Systems W.L.L., a limited liability company was established in April 2021 with the purpose of the sale and installation of telecommunications equipment and the construction of utilities projects. stc GCC Cable Systems W.L.L. is wholly owned by the Group as part of the agreement to invest in a fund aimed to drive innovation in the communications and information technology sector in the Kingdom of Bahrain and other GCC Countries with share capital of BD 57 million as at 31 December 2025 equivalent to ﷲ563 million (2024: BD 48 million equivalent to ﷲ477 million).

16. Tali, a limited liability company was established in August 2021 with the purpose of providing administrative services and IT and telecommunication support and with share capital of ﷲ412 million as at 31 December 2025 (2024: ﷲ412 million).

17. Center3, a limited liability company, was established in February 2022 with the purpose of providing services related to big data, data analytics and cloud computing with share capital of ﷲ2,000 million as at 31 December 2025 (2024: ﷲ2,000 million).

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Subsidiaries owned directly by Center3 as follows:

Name of subsidiary	Country of incorporation	Shareholding percentage	
		31 December 2025	31 December 2024
Digital Centers for Submarine Cables *	Kingdom of Saudi Arabia	99.8%	99.8%
Digital Centers for Data	Kingdom of Saudi Arabia	100%	99.8%
EMC Subsea Cable Company Limited (EMC)	Cyprus	72.16%	72.16%
CMC Investments I Limited (CMC Mauritius)	Mauritius	100%	100%
Datacenter Hub W.L. L *	Bahrain	90%	90%
CMC Network (Pty) Limited (CMC Network SA) (Note 7).	South Africa	70%	49%

(*) The effective ownership for the Group in these entities is 100%.

18. iot², a limited liability company, was established in May 2022 by signing a partnership agreement with the Public Investment Fund for the purpose of establishing a company specialized in the field of Internet of Things with share capital amounting to ﷲ1,254 million as

of 31 December 2025 (2024: ﷲ1,254 million) with 50% shareholding for each. The Group is accounting for this entity as a subsidiary as it has the right to appoint the majority of board of directors and key management personnel.

Subsidiary owned directly by iot² as follows:

Name of subsidiary	Country of incorporation	Shareholding percentage	
		31 December 2025	31 December 2024
Machines Talk for Contracting Company	Kingdom of Saudi Arabia	100%	100%

19. SCCC, a limited liability company, was established In May 2022 by signing a shareholder agreement with eWTP Arabia Technology Innovation Limited Company (“eWTPA”), Alibaba (Singapore) Private Limited (“Alibaba Cloud”), Saudi Company for Artificial Intelligence (“SCAI”), and Saudi Information Technology Company (“SITE”) specializing in cloud computing services with share capital amounting to ﷲ894 million as at 31 December 2025 (2024: ﷲ894 million) (Note 31.1).

20. Green Bridge Investment Company, special purpose company, was established during the third quarter of the year 2023 in Luxemburg to provide services and necessary support for the Group’s investing activities.

21. Green Bridge Management Company, special purpose company, was established during the third quarter of the year 2023 in Luxemburg to provide services and necessary support for the Group’s investing activities.

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7. BUSINESS COMBINATIONS

During the year 2025, Center3 increased its equity interest in CMC Network SA to 70% with purchase consideration amounted to ﷲ4.7 million, which was considered as immaterial business combination at the Group level.

The following table shows fair value of total assets acquired and liabilities assumed at acquisition date for business combinations during the comparative year 2024:

	iot ² acquisition of Machines Talk (1)	Center3 acquisition of CMC Investments I Limited (2)	Others (3)	Total
ASSETS				
Property and equipment	10,731	9,401	197	20,329
Intangible assets (4)	117,744	84,750	-	202,494
Right of use assets	1,067	-	-	1,067
Trade receivables	56,726	9,304	8,289	74,319
Cash and cash equivalents	36,297	40,801	707	77,805
Inventories	19,081	1,307	-	20,388
Financial assets and others	6,251	3,942	3,452	13,645
TOTAL ASSETS	247,897	149,505	12,645	410,047
LIABILITIES				
Trade and other payables	21,389	50,721	7,988	80,098
Lease liabilities	1,130	-	-	1,130
Borrowings	14,404	59,879	-	74,283
Provisions	9,188	-	1,615	10,803
TOTAL LIABILITIES	46,111	110,600	9,603	166,314
Total acquired identifiable net assets at fair value	201,786	38,905	3,042	243,733
Non-controlling interest	-	-	(913)	(913)
Purchase consideration	568,325	227,606	23,515	819,446
Goodwill arising on acquisition	366,539	188,701	21,386	576,626

1. During the first quarter of 2024, iot² acquired a 100% equity shareholding of Machines Talk, a company registered in the Kingdom of Saudi Arabia, which specializes in Internet of Things solutions. The purpose of the acquisition is to expand in internet of things operations and related activities as part of its business strategy. During the year 2024, the purchase price allocation was completed.

From the date of acquisition during the year 2024, business combination of Machines Talk has contributed ﷲ112 million of revenue and ﷲ0.3 million of net profit. If the business combination had taken place at the beginning of 2024, revenue would have been ﷲ114 million and net profit would have been ﷲ0.4 million.

2. During the second quarter of 2024, Center3 acquired a 100% equity shareholding of CMC Investments I Limited (CMC Mauritius), a company registered in the Mauritius, which specializes in resell of data connectivity services and network solution and clouds services. The purpose of the acquisition is to expand in Middle East and Africa markets. During the year 2024, the purchase price allocation was completed.

From the date of acquisition, business combination of CMC Investments I Limited has contributed ﷲ126 million of revenue and ﷲ0.103 million of net profit. If the business combination had taken place at the beginning of 2024, revenue would have been ﷲ214 million and net loss would have been ﷲ15 million.

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3. During the second quarter of 2024, one of Solutions’ subsidiaries acquired 70% equity shareholding of Logical Application for Business Solutions Company, a company registered in the Kingdom of Saudi Arabia. The purpose of the acquisition is to expand the Group service offerings. The purchase consideration included an amount of ﷲ2.02 million as contingent consideration and ﷲ6.08 million as deferred consideration.

From the date of acquisition during the year 2024, business combination of Logical Application for Business Solutions Company has contributed ﷲ14.5 million of revenue and ﷲ2.8 million of net loss. If the business combination had taken place at the beginning of 2024, revenue would have been ﷲ29 million and net profit would have been ﷲ0.14 million. During the year 2025, the purchase price allocation was completed.

4. Includes intangible assets arising from Center 3 acquisition of CMC Investments I Limited and from iot² acquisition of Machines Talks as follows:

Intangible assets from acquisition	iot ² acquisition of Machines Talks	Center 3 acquisition of CMC Investments I Limited	Valuation approach
Brand name	-	20,625	Relief from royalty method (RFR)
Customer relationship	47,500	61,875	Multiperiod excess earnings method (MEEM)
Customer Contract	32,300	2,250	Multiperiod excess earnings method (MEEM)
Computer software and system	17,400	-	Relief from royalty method (RFR)
Platforms	20,544	-	Replacement Cost Method
Total	117,744	84,750	

Acquisition related costs amounted to ﷲ24.3 million were recognized in the consolidated statement of profit or loss within general and administration expenses for the year 2024.

8.INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

8.1 Investments in associates

Investments in all associates are accounted for in the Group’s consolidated financial statements in accordance with the equity method.

8.1.1 Details of associates

The Group’s associates at the end of the year are as follows:

			Proportion of ownership interest	
Name of Associates		Country of incorporation	31 December 2025	31 December 2024
Digital Infrastructure for Investment Company (DIIC)	1	Kingdom of Saudi Arabia	43.06 %	43.06 %
Arab Satellite Communications Organisation (Arabsat)	2	Kingdom of Saudi Arabia	36.66%	36.66%
Beyond One Saudi for Telecommunications LLC (Beyond One)	3	Kingdom of Saudi Arabia	10%	10%
Devoteam Middle East (DME)	4	United Arab Emirates	40%	40%
Others	5	-	-	-

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1) DIIC was established in September 2023. The principal activity of DIIC is to invest in subsidiaries as a holding company. The activities of its subsidiaries include providing wholesale services for infrastructure, including within the scope of its services and the establishment, operation and provision of tower rental services. In February 2025 the Group contributed its entire ownership in Telecommunication Towers Company (Tawal) (Formerly a Group subsidiary) (Note 14.1) to DIIC in exchange for the issuance of new shares resulting to the following ownership of DIIC:

Shareholder	Ownership interest
PIF	54.38%
stc	43.06%
Others	2.56%
	100%

2) Arabsat was established in April 1976 by the members of the League of Arab States. Arabsat offers a number of services to these member states, as well as to all public and private sectors within its coverage area, and principally in the Middle East. Current services offered include: Regional telephony (voice, data, fax and telex), television broadcasting, regional radio broadcasting, restoration services and leasing of capacity. In April 1999, Saudi Telecom Company acquired 36.66% of Arabsat’s share capital.

3) Beyond One Saudi for Telecommunications LLC (formerly, Virgin Mobile Saudi Consortium), was established during the year 2013 as a mobile virtual network operator and started its operations during the

year of 2014. The Company owns 10% of Beyond One’s share capital. The Group’s ability to exercise significant influence is evidenced by the reliance of Beyond One on the Company’s technical network.

4) Devoteam Middle East is a leading IT consulting company in the Middle East, specializing in digital transformation, cyber and cloud solutions, and business process optimization. It was established in December 2003 and the Group (through Solutions) acquired 40% of its ownership.

5) “Others” include immaterial associates to the Group owned indirectly through the Group’s subsidiaries.

Summarized financial information of the Group’s material associates is set out below:

A. DIIC	31 December 2025	31 December 2024
Statement of financial position		
Current assets	5,175,813	3,982,926
Non-current assets	21,419,592	20,547,689
Current liabilities	(9,414,298)	(7,460,359)
Non-current liabilities	(8,424,738)	(9,611,873)

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	For the year ended 31 December	
	2025	2024
Statement of income and other comprehensive income		
Revenue	4,898,981	3,848,482
Net profit	674,749	1,078,818
Amortization of fair value adjustments and others	(174,948)	-
Other comprehensive income (loss)	535,797	(140,696)
Total comprehensive income	1,035,598	938,122
The Group’s share in net profit less amortization of fair value adjustments and others	115,599	- (*)

(*) TAWAL and DIIC were consolidated for the full year 2024 till the disposal date as discontinued operations.

The following is the reconciliation of the above-summarized financial information to the carrying amount of the Group’s interest in DIIC.

	31 December 2025	31 December 2024
Net assets of the associate (including goodwill)	8,756,369	7,458,383
Proportion of the Group’s ownership interest in DIIC (43.06%)	3,770,492	3,211,580
Goodwill and fair value adjustments (**)	4,651,914	4,864,514
Carrying amount of the Group’s interest	8,422,406	8,076,094

(**) In the year 2024, the carrying amount of the investment in DIIC was recognized provisionally pending completion of the purchase price allocation (PPA). During the year 2025, the Group finalized the PPA, and allocated the provisional balance between identifiable net assets and goodwill accordingly. The adjustment has been recorded as of the acquisition date (31 December 2024) with no change to the total carrying amount of the investment at that date. As at 31 December 2025, goodwill amounting to ﷲ535 million (2024: provisional goodwill amounted to ﷲ4,864 million).

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

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The Group’s net share in results of investments in associates for the year ended 31 December 2025, includes the effect of amortization of the fair value adjustments recognized through the equity method.

B. Arabsat	31 December 2025 (*)	31 December 2024(*)
Statement of financial position		
Current assets	1,759,035	1,585,726
Non-current assets	3,429,497	3,547,921
Current liabilities	(392,913)	(388,063)
Non-current liabilities	(1,125,269)	(1,228,807)

	For the year ended 31 December	
	2025 (*)	2024 (*)
Statement of income and other comprehensive income		
Revenue	748,979	790,059
Net profit - including prior year adjustments	105,797	94,427
Other comprehensive income (loss)	78,682	(34,552)
Total comprehensive income	184,479	59,875
The Group’s share in net profit	38,785	34,617

(*) The Group recorded its share in Arabsat results based on the latest available financial information.

The following is the reconciliation of the above-summarized financial information to the carrying amount of the Group’s interest in Arabsat:

	31 December 2025	31 December 2024
Net assets of the associate	3,670,350	3,516,776
Proportion of the Group’s ownership interest in Arabsat	36.66%	36.66%
Carrying amount of the Group’s interest in Arabsat	1,345,550	1,289,250

8.1.3 Financial information on not individually material associates

The following is the aggregate information of associates that are not individually material for the year ended 31 December:

	2025	2024
The Group’s share in net profit	34,747	21,124
Aggregate carrying amount of the Group’s interests in these associates	382,503	355,859

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8.1.4 Carrying amount of the Group’s investment in associates:

The following is the carrying amount of the Group’s investment in associates as at 31 December:

	2025	2024
Material associates (8.1.2)	9,767,956	9,365,344
Not individually material associates (8.1.3)	382,503	355,859
Total carrying amount of the Group’s interest in associates	10,150,459	9,721,203

8.2 Investments in joint ventures

Investments in all joint ventures mentioned below are accounted for in the Group’s consolidated financial statements in accordance with the equity method.

8.2.1 Details of joint ventures

Below is the detail of joint ventures as at:

Name of joint venture	Country of incorporation	Proportion of ownership interest	
		31 December 2025	31 December 2024
Arab Submarine Cables Company Limited	1 Kingdom of Saudi Arabia	50%	50%
Binariang GSM Sdn Bhd (“BGSM”)	2 Malaysia	25%	25%
Integrated Data Company for Information and Technology	3 Kingdom of Saudi Arabia	39%	39%
Others	4 -	-	-

1) Arab Submarine Cables Company Limited was established on September 2002 for the purpose of constructing, leasing, managing and operating a submarine cable connecting the Kingdom and the Republic of Sudan for the telecommunications between them and any other country. The operations of the Company started in June 2003 and Saudi Telecom Company acquired 50% of its ₪75 million share capital in September 2002. In November 2016, the company’s capital was reduced to ₪25 million.

2) BGSM is an investment holding group registered in Malaysia which owns 62% of Maxis Malaysian Holding Group (“Maxis”), a major telecom operator in Malaysia.

During the year 2007, the Company acquired (through its subsidiaries stc Asia holding and stc Malaysia holding) 25% of BGSM’s MYR 20.7 billion share capital, equivalent to approximately ₪23 billion at the exchange rate as at that date.

During the year 2013, the Company conducted a review of its foreign investment in BGSM (joint venture), including the manner in which this investment was being managed and how joint control had been effectively exercised. As a result, the Company signed an amendment to the shareholders’ agreement with other shareholders of BGSM with respect to certain operational matters of Aircel (one of Binariang group subsidiaries at that time). Consequently, the group ceased to account for its investment in Aircel using the equity method effective from the second quarter of 2013.

3) During the second quarter of 2023, Integrated Data Company for Information and Technology was established in the Kingdom of Saudi Arabia as a joint venture among the Company (39%), Etihad Etisalat Company (30%) and Mobile Telecommunication Saudi Company (31%) with share capital of ₪22 million. This entity provides various services including demographic analyses, population statistics, data on population size, as well as traffic and transportation statistics, public road routes, and parking information.

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4) “Others” include immaterial joint ventures to the Group owned indirectly through the Group’s subsidiaries.

8.2.2 Financial information of material joint ventures

Summarized financial information in respect of the Group’s material joint venture is set out below:

BGSM	31 December 2025	31 December 2024
Statement of financial position		
Current assets	3,673,648	2,874,023
Non-current assets	27,757,406	25,756,493
Current liabilities	(7,160,016)	(5,425,356)
Non-current liabilities	(12,404,489)	(12,898,575)

The above amounts of assets and liabilities include the following:

	31 December 2025	31 December 2024
Cash and cash equivalents	1,272,178	986,992
Current financial liabilities (excluding trade and other payables and provisions)	(2,620,192)	(1,367,438)
Non-current financial liabilities (excluding trade and other payables and provisions)	(9,791,048)	(10,550,690)

	For the year ended 31 December	
	2025	2024
Statement of income and other comprehensive income		
Revenues	9,624,256	9,013,775
Net profit	901,445	537,511
Other comprehensive income (loss)	24,042	(9,920)
Total comprehensive income	925,487	527,591
Depreciation and amortization	(1,778,105)	(1,784,495)
Finance income	46,369	45,559
Finance cost	(824,112)	(806,824)
Income tax expense	(440,932)	(349,628)
Net profit after non-controlling interests	413,932	164,016
The Group’s share in net profit	103,483	41,004
Impairment provision recorded at Group level (*)	-	(763,962)
The Group’s share in net profit (loss) after impairment	103,483	(722,958)

(*) During the comparative year 2024, the Group recorded an impairment provision amounting to ~~764~~ 764 million related to its investment in BGSM as a result of the decline in market conditions of key underlying investment. The Group determined the recoverable amount of its investment in BGSM based on the fair value less cost of disposal method. The fair value measurement is considered at level 2 in the fair value hierarchy due to significant observable valuation inputs. During the year 2025, there was no impairment recorded.

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The following is the reconciliation of the above summarized financial information to the carrying amount of the Group’s interest in Binariang GSM Sdn Bhd (“BGSM”):

	31 December 2025	31 December 2024
Net assets of BGSM (excluding non-controlling interest share)	1,150,128	173,473
Proportion of the Group’s ownership interest in the joint venture	287,532	43,368
Adjustments: the carve-out of Aircel Group and others	3,486,011	3,486,857
Goodwill and fair value adjustments	1,352,070	1,352,070
Accumulated impairment	(2,367,423)	(2,367,423)
Carrying amount of the Group’s interest in the joint venture	2,758,190	2,514,872

8.2.3 Financial information of not individually material joint ventures

The following is the aggregate information of joint ventures that are not individually material for the year ended 31 December:

	2025	2024
The Group’s share of net profit	2,546	1,304
The Group’s share of other comprehensive loss	(99)	108
The Group’s share of total comprehensive income	2,447	1,412
Aggregate carrying amount of the Group’s interests in these joint ventures	26,988	23,581

8.2.4 Carrying amount of the Group’s investment in the joint ventures

The following is the carrying amount of the Group’s investment in joint ventures as at 31 December:

	2025	2024
Material joint venture (8-2-2)	2,758,190	2,514,872
Not individually material joint ventures (8-2-3)	26,988	23,581
Total carrying amount of the Group’s share in the joint ventures	2,785,178	2,538,453

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9. SEGMENT INFORMATION

The Group is engaged mainly in providing telecommunication services and related products. The majority of the Group’s revenues, income and assets relate to its operations within the Kingdom. Outside of the Kingdom, the Group operates through its subsidiaries, associates and joint ventures in several countries.

Revenue is distributed to an operating segment based on the entity of the Group reporting the revenue. Sales between segments are calculated at normal business transaction prices.

The disclosed operating segments exceeded the 75% of total external Group revenue.

The following is an analysis of the Group’s revenues and results from continuing operations based on segments for the year ended 31 December:

	2025	2024
Revenues ⁽¹⁾		
stc	51,119,024	49,643,893
Channels	14,085,195	15,110,606
Solutions	12,730,189	12,063,897
stc Kuwait	4,179,842	4,105,483
stc Bahrain	1,967,830	1,927,967
Center 3	1,961,666	1,911,716
STC Bank	1,401,027	1,261,646
Sirar	826,545	732,675
Specialized	355,306	371,763
iot ²	321,668	301,434
SCCC	303,969	187,904
Other operating segments ⁽²⁾	65,059	729,345
Eliminations / adjustments	(11,498,645)	(12,454,916)
Total revenues	77,818,675	75,893,413
Cost of operations (excluding depreciation, amortization, and impairment) ⁽³⁾	(53,349,240)	(51,942,298)
Depreciation, amortization, and impairment	(10,031,171)	(9,525,477)
Cost of early retirement program	(823,801)	(2,577,256)
Finance income	1,276,442	1,717,851
Finance cost	(1,125,361)	(1,233,679)
Net other income (expenses)	7,042	(61,263)
Net share in results and impairment of investments in associates and joint ventures	295,160	(665,913)
Net other gains	654,896	529,069
Zakat and income tax	466,436	(1,191,564)
Net profit from continuing operations	15,189,078	10,942,883

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

	2025	2024
stc ⁽³⁾	30,628,607	31,178,645
Channels	3,429,410	3,365,489
Solutions	2,932,415	2,981,285
stc Kuwait	2,139,245	2,019,660
stc Bahrain	1,008,601	949,684
Center 3	818,319	747,048
STC Bank	724,914	344,985
Sirar	283,341	268,317
Specialized	135,410	185,327
iot ²	71,617	88,538
SCCC	78,538	(18,539)
Other operating segments ⁽²⁾	34,055	505,609
Eliminations / adjustments	(4,584,783)	(5,290,124)
Gross profit	37,699,689	37,325,924

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

	31 December 2025	31 December 2024
Assets		
stc	152,076,841	156,834,703
Channels	5,942,466	6,630,062
Solutions	12,916,946	12,040,098
stc Kuwait	5,847,775	5,625,147
stc Bahrain	3,819,009	5,407,890
Center 3	11,048,281	8,898,370
STC Bank	9,342,649	6,632,946
Sirar	1,152,678	918,340
Specialized	1,758,740	808,914
iot ²	973,109	1,117,162
SCCC	1,145,723	1,198,802
Other operating segments ⁽²⁾	16,874,844	16,753,951
Eliminations / adjustments	(65,422,392)	(62,228,242)
Total assets	157,476,669	160,638,143
Liabilities		
stc	51,660,411	51,268,062
Channels	4,675,065	5,399,090
Solutions	8,589,796	8,010,472
stc Kuwait	2,923,594	2,698,686
stc Bahrain	2,052,909	3,742,790
Center 3	9,019,872	6,821,343
STC Bank	6,645,246	3,491,948
Sirar	703,884	553,200
Specialized	992,818	750,819
iot ²	230,127	222,052
SCCC	1,142,735	972,378
Other operating segments ⁽²⁾	12,716,151	12,326,767
Eliminations / adjustments	(30,262,279)	(28,104,511)
Total liabilities	71,090,329	68,153,096

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Additions to property and equipment, intangible assets and goodwill

Following are the additions to property and equipment, intangible assets and goodwill (Notes 10 and 12) based on the segments :

	2025	2024
stc	10,453,047	9,319,471
Channels	159,646	161,576
Solutions	239,712	276,738
stc Kuwait	650,531	477,791
stc Bahrain	173,231	209,587
Center 3	1,653,630	2,737,544
STC Bank	121,630	92,106
Sirar	5,596	29,462
Specialized	546,841	175,706
iot ²	34,455	526,648
SCCC	72,379	11,334
Other operating segments ²	47,795	586,772
Eliminations / adjustments	(343,253)	(1,479,456)
	13,815,240	13,125,279

(1) Segment revenue reported above represents revenue generated from external and internal customers. There were ₪11,499 million of inter-segment sales and adjustments (Between the Group’s companies mainly stc, Solutions and Channels) for the year ended 31 December 2025 (2024: ₪12,455 million) which were eliminated at consolidation.

(2) Other operating segments include the following subsidiaries: Gulf Digital Media Model Company Ltd (“GDMM”) (“Intigral”), Aqalat Limited (“Aqalat”), Smart Zone Real Estate, stc Gulf Investment Holding (“stc Gulf”), stc GCC Cable Systems W.L.L., Sendouk Al-Abatakar for Investment (Tali), stc Asia Liminted Holding, stc Turkey Limited Holding (under liquidation), Green Bridge Investment (“GBI”) and Green Bridge Management (“GBM”), and Telecom Commercial Investment Company Limited (“TCIC”). Decrease in other segments are mainly due to the integration of Intigral’s operations during the year 2025 (Note 6).

(3) Cost of revenues for the year ended 31 December 2024 includes a non-recurring item that represents a reversal of a withholding tax provision amounting to ₪1,500 million. (Note 35)

Information about major customers

Included in revenues arising from sales to major customers are revenues of approximately ₪11,298 million for the year ended 31 December 2025 (2024: ₪11,145 million) resulting from sales to Government entities (Note 21.2). No other single customers contributed 10% or more to the Group’s revenues.

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Information about geographical segmentation

Geographical segmentation of revenues from continuing operations (Note 34) and non-current assets excluding financial instruments and deferred tax assets are as follows:

	Revenues from continuing operations for the year ended		Non-current assets excluding financial instruments and deferred tax assets as at	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Kingdom of Saudi Arabia	68,528,797	67,070,126	67,740,726	63,679,059
Outside the Kingdom of Saudi Arabia	9,289,878	8,823,287	10,332,811	9,135,593
	77,818,675	75,893,413	78,073,537	72,814,652

10. PROPERTY AND EQUIPMENT

	Lands and buildings ⁽¹⁾	Telecommunication network and equipment	Other assets ⁽²⁾	Capital work In progress	Total
Cost					
As at 1 January 2025	15,674,757	107,228,251	9,629,809	3,829,207	136,362,024
Additions	90,710	94,452	138,210	7,911,765	8,235,137
Effect of acquisition of new subsidiaries	2,016	5,010	2,872	-	9,898
Disposals	(368,934)	(2,603,565)	(226,745)	(520)	(3,199,764)
Transfers / reclassifications	2,297,657	4,120,670	541,984	(6,830,846)	129,465
Effect of foreign currency exchange differences	719	3,664	(808)	770	4,345
As at 31 December 2025	17,696,925	108,848,482	10,085,322	4,910,376	141,541,105
Accumulated depreciation and impairment					
As at 1 January 2025	9,132,825	79,098,531	6,616,435	-	94,847,791
Depreciation and impairment	475,018	5,481,822	496,503	-	6,453,343
Effect of acquisition of new subsidiaries	486	2,601	1,217	-	4,304
Disposals	(330,856)	(2,482,471)	(194,496)	-	(3,007,823)
Transfers / reclassifications	139,619	(242,705)	55,746	-	(47,340)
Effect of foreign currency exchange differences	173	3,488	834	-	4,495
As at 31 December 2025	9,417,265	81,861,266	6,976,239	-	98,254,770
Net book value as at 31 December 2025	8,279,660	26,987,216	3,109,083	4,910,376	43,286,335

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	Lands and buildings ⁽¹⁾	Telecommunication network and equipment	Other assets ⁽²⁾	Capital work In progress	Total
Cost					
As at 1 January 2024	15,515,754	113,192,145	9,407,558	3,536,576	141,652,033
Additions	182,530	117,712	80,811	7,964,105	8,345,158
Effect of acquisition of new subsidiaries (Note 7)	-	60,248	39,970	-	100,218
Disposals	(219,652)	(1,378,337)	(154,427)	(39,975)	(1,792,391)
Transfers/ Reclassifications	365,635	5,993,017	339,660	(7,225,412)	(527,100)
Effect of disposal of subsidiaries (Note 14.1)	(164,927)	(10,685,084)	(74,422)	(405,154)	(11,329,587)
Effect of foreign currency exchange differences	(4,583)	(71,450)	(9,341)	(933)	(86,307)
As at 31 December 2024	15,674,757	107,228,251	9,629,809	3,829,207	136,362,024
Accumulated depreciation and impairment					
As at 1 January 2024	8,917,103	77,737,944	6,295,645	-	92,950,692
Depreciation and impairment	408,834	5,820,233	461,030	-	6,690,097
Effect of acquisition of new subsidiaries (Note 7)	-	50,909	28,980	-	79,889
Disposals	(168,930)	(1,206,707)	(134,992)	-	(1,510,629)
Transfers/ Reclassifications	(3,683)	(12,644)	(5,915)	-	(22,242)
Effect of disposal of subsidiaries (Note 14.1)	(19,358)	(3,258,954)	(24,372)	-	(3,302,684)
Effect of foreign currency exchange differences	(1,141)	(32,250)	(3,941)	-	(37,332)
As at 31 December 2024	9,132,825	79,098,531	6,616,435	-	94,847,791
Net book value as at 31 December 2024	6,541,932	28,129,720	3,013,374	3,829,207	41,514,233

(*) Comparative figures include movements related to disposed discontinued operations.

Property and equipment are depreciated using the following estimated useful lives:

Buildings	25 - 50 years
Telecommunication network and equipment	3 - 30 years
Other assets	2- 20 years

1) Lands and buildings include lands with a total value of 1,996 million as at 31 December 2025 (2024: 1,835 million). This includes land with ongoing ownership transfer to the Company with a value of 73 million as at 31 December 2025 (2024: 94 million).
2) Other assets include furniture, fixtures, motor vehicles, computers and tools.

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The following table shows the breakdown of depreciation and impairment expense if allocated to operating cost items from continuing operations for the year ended 31 December:

	2025	2024
Cost of revenues	4,934,583	5,079,151
Selling and marketing expenses	18,473	9,929
General and administrative expenses	1,132,370	1,115,929
	6,085,426	6,205,009

11. INVESTMENT PROPERTIES

	Lands	Work in progress	Total
As at 1 January 2025	334,855	672,717	1,007,572
Additions	-	138,175	138,175
Borrowing cost capitalized	-	35,520	35,520
Transfers	(297,586)	(19,615)	(317,201)
As at 31 December 2025	37,269	826,797	864,066
As at 1 January 2024	348,647	453,088	801,735
Additions	-	190,240	190,240
Borrowing cost capitalized	-	29,389	29,389
Transfers	(13,792)	-	(13,792)
As at 31 December 2024	334,855	672,717	1,007,572

The fair value of the lands amounted to ﷲ331 million (2024: ﷲ1,545 million), valued by RAWAJ Real Estate Valuation license no. 1210000062 and First Valuator license no. 1210000221 appointed as an independent, professionally qualified valuers accredited by the Saudi

Authority for Accredited Valuers (Taqeem). The fair value measurement is classified within level 3 based on valuation techniques applied (residual value method, comparable method, and discounted cash flow method).

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12. INTANGIBLE ASSETS AND GOODWILL

	Computer Software	Telecommunication licenses	Goodwill ⁽¹⁾	Contractual intangible assets	Others	Projects In progress	Total
Cost							
As at 1 January 2025 (after reclassification – note 48)	16,018,303	9,261,941	1,098,913	4,388,051	395,742	1,932,287	33,095,237
Additions	216,495	2,395,192	-	104,378	46,216	2,781,079	5,543,360
Effect of acquisition of new subsidiaries	1,455	-	13,601	6,103	10,388	-	31,547
Disposals	(310,052)	(79,022)	-	-	-	-	(389,074)
Transfers / reclassifications	2,194,574	-	-	53,765	53,694	(2,273,927)	28,106
Effect of foreign currency exchange differences	195	724	3,740	894	2,541	-	8,094
As at 31 December 2025	18,120,970	11,578,835	1,116,254	4,553,191	508,581	2,439,439	38,317,270
Accumulated amortization and impairment							
As at 1 January 2025 (after reclassification – note 48)	10,508,370	5,011,701	24,895	2,299,541	87,998	-	17,932,505
Amortization and impairment	2,286,096	704,410	41,102	355,945	59,598	-	3,447,151
Effect of acquisition of new subsidiaries	398	-	-	-	-	-	398
Disposals	(309,999)	(79,022)	-	-	-	-	(389,021)
Effect of foreign currency exchange differences	84	425	16	259	285	-	1,069
As at 31 December 2025	12,484,949	5,637,514	66,013	2,655,745	147,881	-	20,992,102
Net book value as at 31 December 2025	5,636,021	5,941,321	1,050,241	1,897,446	360,700	2,439,439	17,325,168

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	Computer software	Telecommunication licenses	Goodwill ^(*)	Contractual intangible assets	Others	Projects In progress	Total
Cost							
As at 1 January 2024	14,941,139	9,246,486	2,853,432	5,205,012	259,041	1,348,211	33,853,321
Additions	360,186	97,186	-	662,588	736	3,567,875	4,688,571
Effect of acquisition of new subsidiaries (Note 7)	-	-	576,626	32,300	158,352	20,694	787,972
Disposals	(1,610,251)	(79,964)	-	(6,732)	-	-	(1,696,947)
Transfers / reclassifications	2,513,850	-	-	572,698	2,721	(2,967,562)	121,707
Effect of disposal of subsidiaries (Note 14.1)	(185,723)	(99)	(2,296,590)	(2,001,149)	-	(36,949)	(4,520,510)
Effect of foreign currency exchange differences	(898)	(1,668)	(34,555)	(76,666)	(25,108)	18	(138,877)
As at 31 December 2024	16,018,303	9,261,941	1,098,913	4,388,051	395,742	1,932,287	33,095,237
Accumulated amortization and impairment							
As at 1 January 2024	10,344,665	4,546,375	38,426	1,882,337	40,147	-	16,851,950
Amortization and impairment	1,871,238	528,635	-	541,225	39,399	-	2,980,497
Effect of acquisition of new subsidiaries (Note 7)	-	-	-	-	8,852	-	8,852
Disposals	(1,601,944)	(79,097)	-	-	-	-	(1,681,041)
Transfers / reclassifications	(27,465)	16,654	-	(9,395)	4,333	-	(15,873)
Effect of disposal of subsidiaries (Note 14.1)	(77,800)	(66)	(13,464)	(64,551)	-	-	(155,881)
Effect of foreign currency exchange differences	(324)	(800)	(67)	(50,075)	(4,733)	-	(55,999)
As at 31 December 2024	10,508,370	5,011,701	24,895	2,299,541	87,998	-	17,932,505
Net book value as at 31 December 2024	5,509,933	4,250,240	1,074,018	2,088,510	307,744	1,932,287	15,162,732

(*) Comparative figures include movements related to disposed discontinued operations.

- 1) Goodwill Consists of:
- Goodwill resulted from the Company’s acquisition of Solutions amounting to ₪75.6 million (2024: ₪75.6 million).
 - Goodwill resulted from stc Kuwait’s investments in Kuwait (Note 6) amounting to ₪144.6 million (2024: ₪145.7 million).
 - Goodwill resulted from Solutions’s investments in the Kingdom and Egypt (Note 6) amounting to ₪293.4 million (2024: ₪298.4 million).

- Goodwill resulted from iot² acquisition of Machines Talk, registered in the Kingdom, amounting to ₪366.5 million (2024: ₪366.5 million).
 - Goodwill resulted from Center 3 investments in Mauritius and South Africa (Note 6) amounting to ₪170.1 million (2024: ₪188.7 million). During the year, Center 3 has recorded additional goodwill amounting to ₪22.6 million (2024: Nil) and a goodwill impairment in relation to these investments amounting to ₪41.1 million (2024: Nil).

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- Goodwill impairment test :
The recoverable amount for the goodwill balances were determined based on the value in use calculations. These calculations use cash flow projections based on a business plan approved by the management. Cash flows are estimated over three to five years periods for each CGUs and cash flows beyond the estimated period are based on assumption of terminal growth rate. The discount rate was an estimate of the weighted average cost of
- capital as of 31 December 2025 based on market rates adjusted to reflect management’s estimate of the specific risks relating to each CGUs ranging between 10.5% - 19.0% (2024: 10.4% - 18.5%). The terminal growth rates are based on management best estimation specific to the conditions in which the CGUs operate and were estimated at a range rate of 2.0% - 5.0% (2024: 2.0% - 6.3%).

2) Additions includes non-cash additions amounted to ₪2,122 million (2024: ₪883 million).

Intangible assets are amortized using the following estimated useful lives:

Computer software	3 - 7 years
Telecommunication licenses	20 - 25 years
Contractual intangible assets	3 - 20 years
Others	5 - 20 years

The following table shows the breakdown of amortization and impairment expense if allocated to operating costs items from continuing operations for the year ended 31 December:

	2025	2024
Cost of revenues	849,738	733,968
Selling and marketing expenses	66,201	47,171
General and administrative expenses	2,531,212	2,106,580
	3,447,151	2,887,719

The following are the net book value and expiry dates of the main mobile operating licenses and frequency spectrum as at:

Country	End of amortization period	31 December 2025	31 December 2024
Kingdom of Saudi Arabia	2029 / 2032 / 2033 / 2034 / 2037 / 2039	4,258,705	2,383,429
State of Kuwait	2025 / 2033 / 2039	1,178,253	1,319,162
Kingdom of Bahrain	2031 / 2034 / 2038	504,363	547,535
		5,941,321	4,250,126

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The following are the type, cost and expiry dates of the main mobile operating licenses and frequency spectrum as at:

Country	License type	End of amortization period	31 December 2025	31 December 2024
Kingdom of Saudi Arabia	Frequency spectrum: (1930-1980)/(2150-2170) Megahertz	2029	753,750	753,750
Kingdom of Saudi Arabia	Frequency spectrum 1: (703-718)/(758-773) MHZ (1727-1735)/(1822-1830)MHZ	2032	2,175,673	2,175,673
Kingdom of Saudi Arabia	Frequency spectrum 2: (718-723)/(773-778) MHZ (1735-1745)/(1830-1840) MHZ	2033	470,606	470,606
Kingdom of Saudi Arabia	Frequency spectrum 3: (2300-2400)MHZ	2034	279,573	279,573
Kingdom of Saudi Arabia	Frequency spectrum 4: (3600-3700)MHZ	2034	587,586	587,586
Kingdom of Saudi Arabia	Frequency spectrum 5 - non-terrestrial networks / CH1-1980-1995 MHz based	2037	149,750	149,750
Kingdom of Saudi Arabia	Frequency spectrum 6 non-terrestrial networks / CH1-1995-2010 MHz based	2037	164,719	164,719
Kingdom of Saudi Arabia	Frequency spectrum A2 600MHz	2039	1,124,590	-
Kingdom of Saudi Arabia	Frequency spectrum C1 (3900-3800) MHz	2039	1,184,269	-
			6,890,516	4,581,657
State of Kuwait	Frequency spectrum 2	2025	80,676	78,786
State of Kuwait	Kuwait License	2033	3,256,133	3,256,133
State of Kuwait	Frequency spectrum 1	2039	239,507	234,077
			3,576,316	3,568,996
Kingdom of Bahrain	MT - TRA Licenses	2031	77,930	77,812
Kingdom of Bahrain	Spectrum 800 & 2600 MHz	2034	44,105	44,038
Kingdom of Bahrain	TRA Mobile License Services	2038	892,758	891,409
Kingdom of Bahrain	LTE Spectrum Fees	2038	66,008	65,908
Kingdom of Bahrain	Others	2038	31,202	32,121
			1,112,003	1,111,288
			11,578,835	9,261,941

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13. RIGHT OF USE ASSETS

	Lands and Buildings	Motor Vehicles	Others	Total
At 1 January 2025	1,257,928	58,888	35,155	1,351,971
Additions (*)	827,124	-	161,556	988,680
Effect of acquisition of new subsidiaries	4,466	-	-	4,466
Depreciation	(393,466)	(44,280)	(60,848)	(498,594)
Re-measurement and Terminations	(106,587)	-	(755)	(107,342)
Reclassifications and other adjustments	(43,170)	-	44,597	1,427
At 31 December 2025	1,546,295	14,608	179,705	1,740,608
At 1 January 2024	3,832,872	4,276	56,690	3,893,838
Additions (*)	1,431,542	90,907	57,092	1,579,541
Effect of acquisition of new subsidiaries (Note 7)	1,067	-	-	1,067
Depreciation	(712,631)	(32,019)	(36,044)	(780,694)
Re-measurement and Terminations	(112,348)	(4,276)	(42,583)	(159,207)
Effect of disposal of subsidiaries (Note 14.1)	(3,182,574)	-	-	(3,182,574)
At 31 December 2024	1,257,928	58,888	35,155	1,351,971

(*) Non-cash additions amounted to ﷲ989 million (2024: ﷲ1,580 million).
(**) Comparative figures include movements related to disposed discontinued operations.

Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Lands	10 – 35 years
Buildings	2 – 31 years
Motor vehicles	3 – 5 years
Others	2-10 years

The Group elected not to recognize right of use assets for short-term and low-value leases, and hence the lease payments associated with these contracts were recognized as expenses during the year in the consolidated statement of profit or loss and amounted to ﷲ74 million (2024: ﷲ93 million).

The following table shows the breakdown of depreciation expense if allocated to operating costs items from continuing operations for the year ended 31 December:

	2025	2024
Cost of revenues	243,653	182,322
Selling and marketing expenses	6,026	6,558
General and administrative expenses	248,915	243,869
	498,594	432,749

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14. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

14.1 Sale of equity interest in subsidiaries classified as discontinued operations

During the fourth quarter of 2022, the Group received a non-binding offer from the Public Investment Fund (PIF) (a related party: the ultimate controlling party- Note 1-A) to acquire 51% of the shares of Telecommunications Towers Company (“TAWAL”), while the Group will maintain 49% of the shares of TAWAL. TAWAL was valued at ﷲ21,940 million (100% enterprise value on cash free and debt free basis). The offer did not represent any binding commitment on both parties and it was subject to completing the due diligence.

During the second quarter of 2024, a sale and purchase agreement (the “SPA”) was signed which contains certain conditions precedent, which must be satisfied prior to completion, including -but not limited to- obtaining the approval from the general assembly of stc, the approval of the Communications, Space and Technology Commission, as well as any applicable regulatory and commercial conditions. On 24 July 2024, the General Assembly of stc approved the SPA.

As per the SPA, TAWAL’s shares will be sold for a cash consideration estimated to be ﷲ8.7 billion, noting that the final cash consideration will be based on the final accounts of debt, cash, and working capital at completion of the transaction. During the year 2025, final accounts were completed resulting into a payment by stc to PIF amounting to ﷲ54 million.

Agreements were also signed to transfer the ownership of both TAWAL and Golden Lattice Investment Company (“GLIC”) (owns and manages 8,069 telecommunications towers in the Kingdom of Saudi Arabia, and is owned by

PIF and other shareholders) under DIIC (the “new entity”) through exchange of shares between the new entity, the owners of GLIC, and TAWAL. GLIC was valued at ﷲ3.03 billion (USD 807 million), representing 100% of Enterprise Value on a cash free and debt free basis. As a result, the Group’s ownership in the new entity will be 43.06%. The agreements have also stipulated the transfer of ownership of TAWAL International Holding A Limited and TAWAL International DMCC from TAWAL to DIIC, which was completed during the year 2024 and after the stc General Assembly approval of the SPA with PIF.

During December 2024, all substantive condition precedents in relation to the transaction were completed and therefore the Group lost its control over TAWAL and DIIC and recognized a gain on disposal amounting to ﷲ12.9 billion in the consolidated statement of profit or loss for the year ended 31 December 2024. TAWAL, and GLIC were valued at ﷲ174 billion, and ﷲ2.6 billion respectively net of cash, debt, and working capital adjustments. In addition, the Group injected ﷲ128 million in new entity capital to maintain its ownership of 43.06%.

As of the date of loss of control, the Group has started to account for its retained interest in TAWAL and DIIC using the equity method of accounting as associates in accordance with the requirements of IAS 28 “Investments in Associates and Joint Ventures”. The Group has remeasured its retained interest portion at fair value which resulted in a gain recognized as part of net profit from discontinued operations in the consolidated statement of profit or loss for the year ended 31 December 2024.

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

The summary of net (loss) profit from discontinued operations as follows:

	For the year ended 31 December 2025	For the year ended 31 December 2024
Profit from discontinued operations	-	1,087,983
Gain from sale of controlling interest in subsidiaries	-	12,885,377
Final accounts completion adjustment	(54,133)	-
Net (loss) profit from discontinued operations	(54,133)	13,973,360

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14.2 Assets held for sale

Assets have been reclassified as assets held for sale measured at the lower of carrying amount and fair value less costs to sell as at 31 December:

	2025	2024
Lands at carrying amount ⁽¹⁾	248,021	39,519
Building at carrying amount ⁽²⁾	15,866	-
	263,887	39,519

1) During the year 2025, lands with carrying amount of ﷲ 244 million have been reclassified as assets held for sale (2024: ﷲ23 million) and lands with carrying amount of ﷲ36 million have been disposed of (2024: ﷲ5 million).

2) During the year 2025, building with carrying amount of ﷲ16 million has been reclassified as assets held for sale.

15. CONTRACT ASSETS AND COSTS

15.1 Contract assets

	31 December 2025	31 December 2024
Unbilled revenue	9,451,771	8,954,443
Less: allowance for impairment loss	(227,337)	(231,523)
	9,224,434	8,722,920
Current ⁽¹⁾	8,245,316	7,728,563
Non-current ⁽²⁾	979,118	994,357
	9,224,434	8,722,920

(1) Contract assets are initially recognized for revenue earned from rendering of telecom services, sale of devices, and networks installation contracts unbilled yet. Upon completion of a billing cycle, the amounts recognized as contract assets are reclassified to trade receivables. The majority of balances are billed within one calendar month except for balances subject to settlement agreements with telecom operators which could be extended to one year or more.

(2) Non-current contract assets represent balances related to unbilled receivables on sold devices. The term of the contracts for the sold devices ranges between 12 and 24 months.

(3) The average expected credit loss rate on contract assets for the year ended 31 December 2025 is 2.4% (2024: 2.6%).

Movement of allowance for impairment loss of contract assets during the year ended 31 December as follows:

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	2025	2024
Balance at 1 January	231,523	205,071
Additions (Note 36)	104,399	113,839
Written off	(98,072)	(100,559)
Other adjustments	(10,513)	13,172
Balance at 31 December	227,337	231,523

15.2 Contract costs

Contract costs consist of the following:

	31 December 2025	31 December 2024
Costs to obtain the contracts ⁽¹⁾	126,633	115,506
Costs to fulfil the contracts ⁽²⁾	483,908	467,876
	610,541	583,382
Current	182,616	111,506
Non-current	427,925	471,876
	610,541	583,382

(1) Costs to obtain contracts relate to incremental commission fees and additional incentives paid to intermediaries, dealers and employees as a result of obtaining contracts with customers. These costs are amortized on a straight line basis over the period of the contract/anticipated contract.

(2) Costs to fulfil contracts are installation costs and are amortized on a straight line basis over the period of the contract/anticipated contact.

The following table shows the allocation of contract costs amortization and impairment losses among operating costs items for the year ended 31 December:

	2025	2024
Cost of revenues (Note 35)	189,743	190,054
Selling and marketing expenses (Note 36)	110,461	92,817
	300,204	282,871

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16. FINANCIAL ASSETS AND OTHERS

16-1 Financial assets

	31 December 2025	31 December 2024
Financial assets measured at FVOCI		
Listed equity investments ⁽¹⁾	8,706,529	4,318,321
Financial assets measured at FVTPL		
Cash collateral against purchase of a listed equity investment ⁽²⁾	-	4,144,063
Investment funds and unlisted equity investments ⁽³⁾	5,137,979	4,063,687
	5,137,979	8,207,750
Financial assets at amortized cost, net :		
Sukuk ^{(4) (5)}	5,635,282	5,133,819
Financial assets from digital banking operations ⁽⁶⁾	1,444,853	2,360,035
Finance lease receivables	1,010,076	823,249
Loans and advances to employees ⁽⁷⁾	649,500	662,660
Treasury bills	395,217	-
Accrued profit on financial assets	118,479	247,534
Others	1,231,898	1,339,953
	10,485,305	10,567,250
Financial derivatives		
Forward contract ⁽⁸⁾	-	200,857
Options ⁽⁹⁾	562,725	23,391
Islamic cross currency profit rate swap (Note.31.1)	-	238,829
	562,725	463,077
	24,892,538	23,556,398
Current	3,561,804	8,667,558
Non-current	21,330,734	14,888,840
	24,892,538	23,556,398

1) During the year 2023, the Group had completed the purchase of 4.9% direct shareholding in Telefonica. During the year 2025, the Group has increased its direct shareholding and voting rights in Telefonica company from 4.97% to 9.97% after the completion of all relevant requirements. Telefonica is a leading European telecommunications operator through its significant presence in three of the largest European markets, namely Spain, Germany and the UK, in addition to Brazil which is the largest market in Latin America. This investment is irrevocably designated at fair value through OCI.

2) The amount represented an advance collateral payment as at 31 December 2024, until obtaining the relevant regulatory approvals, against the Group’s signing a contingent sale purchase agreement with one of the international investment banks to acquire an additional shareholding of 5% in Telefonica. Accordingly during the year 2025, the Group has increased its direct shareholding and voting rights from 4.97% to 9.97% after the completion of all relevant requirements.

3) The Group - through venture funds and subsidiaries - invests in various emerging, small and medium-sized companies operating in the field of Communications and Information Technology in the Kingdom and other global markets.

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4) The Group invested in Sukuk issued by the Government as the following:

A-Sukuk investments by the Company:

	2025		2024	
	Tranche I	Tranche II	Tranche I *	Tranche II
Nominal Investment value	1,600,000	2,140,000	1,600,000	2,140,000
Year of investment	2024	2019	2024	2019
Year of maturity	2029	2029	2029	2029
Yield	3.90%	3.90%	3.90%	3.90%

The carrying value of the Company’s investments in these Sukuk amounted to ₪3,700 million as at 31 December 2025 (2024: ₪3,688 million)

B- Sukuk investments by STC Bank:

STC Bank’s investments in Sukuk have remaining maturity up to 6 years with coupon range of 1.73% to 4.75% as unsecured in nature with a carrying value of ₪798 million as at 31 December 2025 (2024: ₪256 million).

5) During the year 2007, stc Asia Holding Company Limited (a subsidiary) invested in Sukuk issued by Binariang GSM Sdn Bhd (“BGSM”) in the amount of RM 1,508 million (equivalent to ₪1,383 million) period for a of 50 years (callable after 10 years) with an annual profit margin of 6 months KLIBOR+8.51%. These sukuks are not past due with a net book value of ₪1,137 million as at 31 December 2025 (2024: ₪1,189 million) reflecting an ECL of ₪2.6 million as at 31 December 2025 (2024: ₪1.7 million). During the year 2025 there was an early partial redemption amounting to RM 185 million (equivalent to ₪171 million) (2024: RM 90 million equivalent to ₪76 million).

6) This amount includes STC Bank’s: statutory deposit with SAMA as stipulated by the Banking Control Law and regulations issued by SAMA, due from banks

9) Below are the details of the agreement and the change in fair value as at /during the year ended 31 December, respectively:

	Changes in fair value			
	2025		2024	
	EUR’000	₪’000	EUR’000	₪’000
Option to hedge equity investment at fair value through other comprehensive income	137,263	661,985	(76,712)	(304,156)
Option and forward contracts at fair value through profit or loss	-	-	(77,751)	(308,274)

related to customers’ balance in trust accounts, which represents restricted cash received and recorded against customers’ deposits, retail loans to customers, and wallet receivables.

7) The Company has provided its employees interest-free loans to acquire residential housing and motor vehicles for a period of (11-15 years) and 4 years, respectively. The repayment is made in equal instalments over the term of the loan duration while the employee remains in service. Any new housing loans provided to an employee after June 2016 are being funded through a local commercial bank under an agreement entered into by the Company. The Company bears the finance cost of the loans up to a certain maximum rate.

8) The Group entered into a forward agreement in relation to its investment in Telefonica to ensure that the Group had synthetic stake of 5% in Telefonica pending regulatory approval such that it is eligible to obtain all economic benefits as ordinary shareholders. During the year 2025, the Group has increased its direct shareholding and voting rights in Telefonica company from 4.97% to 9.97% after the completion of all relevant requirements and therefore the forward agreement was terminated.

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The Group has received dividends during the year of 2025 amounting to ₪743 million (2024: ₪655 million). The contractual arrangements of these instruments entail the partial return of dividends for the underlying investment to the counterparty amounting to ₪429 million (2024: ₪408 million). Both are included in other income (expense) line in the consolidated statement of profit or loss.

16-2 Other assets

	31 December 2025	31 December 2024
Advances	1,216,018	334,284
Prepaid expenses	688,013	694,410
Deferred expenses	126,500	136,576
Deferred tax assets	56,643	39,940
Others	515,648	366,263
	2,602,822	1,571,473
Current	2,031,499	1,329,692
Non-current	571,323	241,781
	2,602,822	1,571,473

17. INVENTORIES

	31 December 2025	31 December 2024
Goods held for resale*	2,070,536	2,011,865
Less: allowance for slow moving inventories	(147,333)	(122,638)
	1,923,203	1,889,227

*The Group’s inventories mainly consist of telecom devices, materials and supplies.

Inventories recognised as an expense within cost of sales during the year amounted to ₪11,899 million (2024: ₪11,939 million).

The following is an analysis of the allowance for slow moving inventories for the year:

	2025	2024
Balance at 1 January	122,638	185,723
Additions /(Reversals), net	37,479	(46,436)
Effect of acquisition of new subsidiaries	131	54
Write off / adjustment	(12,915)	(16,703)
Balance at 31 December	147,333	122,638

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18. TRADE RECEIVABLES

	31 December 2025	31 December 2024
Trade receivables	30,086,398	25,602,745
Less: allowance for impairment loss	(3,359,200)	(3,379,581)
	26,727,198	22,223,164

Ageing analysis of trade receivables are as follows (*):

	31 December 2025			31 December 2024		
	Gross Amounts	Allowance for impairment loss	ECL Rate	Gross Amounts	Allowance for impairment loss	ECL Rate
Not past due	4,572,860	(377,248)	8.3%	3,223,401	(379,544)	11.8%
Past due:						
1 – 30 days	724,678	(31,419)	4.3%	1,284,061	(79,028)	6.2%
31 – 90 days	2,747,238	(362,597)	13.2%	2,720,006	(268,814)	9.9%
91 – 150 days	2,738,365	(109,962)	4.0%	2,152,856	(256,103)	11.9%
151 – 365 days	6,649,774	(312,921)	4.7%	5,773,937	(725,022)	12.6%
<365 days	12,653,483	(2,165,053)	17.1%	10,448,484	(1,671,070)	16.0%
	30,086,398	(3,359,200)	11.2%	25,602,745	(3,379,581)	13.2%

(*) The amounts above include balances with government and government related entities.

Movement of trade receivables’ allowance for impairment loss during the year was as follows:

	2025	2024
Balance at 1 January	3,379,581	2,384,754
Additions	331,709	1,381,528
Effect of acquisition of new subsidiaries	316	6,984
Written off	(303,831)	(210,349)
Recovered	(65,430)	(143,264)
Effect of disposal of subsidiaries	-	(27,384)
Other adjustments	16,855	(12,688)
Balance at 31 December	3,359,200	3,379,581

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The expected credit loss is estimated as per approved accounting policies which consider, in determining the recoverability of a trade receivable, any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the financial year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The contractual amount outstanding on trade receivables that were written off during the reporting period are still subject to enforcement activities.

Trade receivables balance from Government entities amounted to ₪22,577 million as at 31 December 2025 (2024: ₪18,567 million) (Note 21.2). No other clients represent more than 10% of the total balance of trade receivables.

Receivable aging from government entities is as follows:

	31 December 2025	31 December 2024
Less than a year	11,295,824	9,559,212
More than one year but less than two years	6,581,479	5,791,205
More than two years	4,699,630	3,216,695
	22,576,933	18,567,112

19. SHORT TERM MURABAHAS

The Group invests part of its excess cash in murabahas that have maturity of more than three months but less than a year with several banks, with a profit rate ranging from 4.50% - 5.90% (2024: 5.30% - 6.78%).

20. CASH AND CASH EQUIVALENTS FROM BANKING AND NON-BANKING OPERATIONS

	31 December 2025	31 December 2024
Banking operations:		
Due from Banks - mmoney market placements	3,149,000	280,000
Cash and balances with SAMA, excluding statutory deposits	2,714,717	3,029,621
Due from Banks - balance in operating accounts	350,401	73,410
	6,214,118	3,383,031
Non banking operations:		
Short term murabahas (with three months maturity or less) (*)	5,407,495	10,322,612
Cash at banks and in hand	1,754,458	1,837,798
	7,161,953	12,160,410
Total cash and cash equivalents from banking and non-banking operations (**)	13,376,071	15,543,441

(*) The Group invests a part of its surplus cash in murabahas with maturities of three months or less with several banks with a profit rate ranging between 3.10% - 6.35% (2024: 3.80% - 6.80%).

(**) This represents cash and cash equivalents for the purpose of the preparation of the consolidated statement of cash flows.

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21. RELATED PARTY TRANSACTIONS

21.1 Trading transactions and balances with related parties (Associates and Joint Ventures – Note 8)

The Group trading transactions with related parties during the year ended 31 December were as follows:

	2025	2024
Services provided		
Associates	734,830	535,847
Joint ventures	12,805	4,633
	747,635	540,480
Services received		
Associates ⁽¹⁾	4,310,154	776,759
Joint ventures	2,854	2,891
	4,313,008	779,650

The following balances were outstanding as at the end of the financial year:

	Amounts due from related parties		Amounts due to related parties	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Associates ⁽²⁾	1,834,318	1,404,179	1,193,811	1,124,093
Joint ventures	10,033	3,754	3,628	3,351
	1,844,351	1,407,933	1,197,439	1,127,444

(1) Includes amounts of services received from DIIC amounting to ₪3,644 million (2024: ₪3,178 million, DIIC results were included under discontinued operations - Note 14.1).

(2) Include amounts due from DIIC amounted to ₪1,270 million as of 31 December 2025 (2024: ₪961 million) and amounts due to DIIC amounted to ₪1,094 million as of 31 December 2025 (2024: ₪1,021 million) (Note 8.1.1, and 14.1). Comparative figures were reclassified to comply with this year presentation.

In addition, the Group has an investment in sukuk issued by a joint venture entity (BGSM) amounting to RM 1,508 million (equivalent to ₪1,383 million at the exchange rate as at investment date) with a net book value of ₪1,137 million as of 31 December 2025 (2024: ₪1,189 million) (Note 16.1).

The sale and purchase transactions are carried out by the relevant parties in accordance with the normal terms of trade. The outstanding balances are unguaranteed, without commission and no guarantees have been provided or received in relation to the balances due or from the related parties.

21.2 Transactions and related parties’ balances (government and government related entities) (*)

Revenues from transactions with government and government related entities for the year ended 31 December 2025 amounted to ₪12,846 million (2024 ₪12,699 million) and expenses related to transactions with government and government related entities for the year ended 31 December 2025 (including government charges) amounted to ₪6,302 million (2024: ₪5,895 million).

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As at 31 December 2025, accounts receivable from government entities totalled ₪22,577 million (2024: ₪18,567 million) (Note 18) and as at 31 December 2025, accounts payable to government entities totalled ₪1,288 million (2024: ₪1,221 million). Among the balances with government entities, the Group invested ₪4,894 million in the Sukuk and treasury bills issued by the Government.

The total balance of accounts receivable with government related entities as of 31 December 2025 was ₪1,236 million (2024: ₪1,244 million). Total balance of accounts payable with government related entities as of 31 December 2025 was ₪2,335 million (2024: ₪2,250 million).

(*) Amounts related to DIIC (a subsidiary of PIF and an associate of the Group) are included in the associates and joint ventures transactions and balances (Note 21.1).

The transactions with government/government related entities are conducted in the ordinary course of the Group’s business based on terms comparable to the terms of transactions enacted with other entities that are not government-related. The Group has also established its procurement policies and approval processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

Government entities are defined as ministries, authorities, commissions, and other entities of the Government. On the other hand, Government related entities are defined as PIF, its subsidiaries, and related entities.

In the comparative year, ttransactions with related parties include sale of equity interest in TAWAL and DIIC to Public Investment Fund (Notes 8.1.1 and 14.1).

21.3 Loans to related parties

	31 December 2025	31 December 2024
Loans to senior executives	9,964	9,490

21.4 Benefits, remuneration and compensation of board members and senior executives

The remuneration and compensation of board members and senior executives during the year ended 31 December were as follows:

	2025	2024
Short-term benefits and remuneration	728,288	681,417
Provisions for end of service benefits and others	136,599	122,283
Share-based payment expenses	147,179	129,993
Total compensations	1,012,066	933,693

22. SHARE CAPITAL

	31 December 2025	31 December 2024
Authorized, issued and fully paid capital comprises		
5 billion fully paid ordinary shares at ₪10 each share	50,000,000	50,000,000
Number of outstanding shares “in thousands”	4,989,798	4,986,916
Number of treasury shares “in thousands”	10,202	13,084
	5,000,000	5,000,000

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23. TREASURY SHARES

During the years 2020 - 2022, the Company completed the purchase of its own shares with an amount of 753 million to be allocated to the Employees’ Long-term Incentives Program (Note 45).

The following is the number of treasury shares (in thousands) as at 31 December:

	2025	2024
Treasury shares as at 1 January	13,084	15,494
Treasury shares re-issued	(2,882)	(2,410)
Treasury shares as at 31 December	10,202	13,084

24. OTHER RESERVES

	Foreign currency translation reserve	Actuarial gain (loss)	Changes in shareholding of subsidiaries	Other reserves	Total
As at 1 January 2025	(816,321)	(329,768)	1,834,629	796,081	1,484,621
Remeasurement of the end of service benefits provision	-	(453,605)	-	-	(453,605)
Share-based payment transactions	-	-	-	13,234	13,234
Transactions with non-controlling interest	-	-	(41,845)	-	(41,845)
Foreign currency translation differences	1,283,336	-	-	-	1,283,336
Net share of associates and joint ventures	-	-	-	269,126	269,126
Gain on cash flow hedge, net	-	-	-	(124,037)	(124,037)
Changes in fair value for hedging instruments and equity investments through other comprehensive income	-	-	-	(335,023)	(335,023)
Gain on net investment hedge, net	-	-	-	(603,508)	(603,508)
Other adjustments	-	-	-	2,795	2,795
As at 31 December 2025	467,015	(783,373)	1,792,784	18,668	1,495,094

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	Foreign currency translation reserve	Actuarial gain (loss)	Changes in shareholding of subsidiaries	Other reserves	Total
As at 1 January 2024	(64,749)	(523,845)	2,266,519	447,267	2,125,192
Remeasurement of the end of service benefits provision	-	191,278	-	-	191,278
Share-based payment transactions	-	-	-	57,640	57,640
Transactions with non-controlling interest	-	-	(431,890)	-	(431,890)
Foreign currency translation differences	(956,508)	-	-	-	(956,508)
Net share of associates and joint ventures	-	-	-	(23,416)	(23,416)
Gain on cash flow hedge, net	-	-	-	92,870	92,870
Changes in fair value for hedging instruments and equity investments through other comprehensive income	-	-	-	140,321	140,321
Gain on net investment hedge, net	-	-	-	93,055	93,055
Effect of disposal of subsidiaries	204,936	2,799	-	(11,656)	196,079
As at 31 December 2024	(816,321)	(329,768)	1,834,629	796,081	1,484,621

25. NON-CONTROLLING INTERESTS

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that has material non-controlling interests as at:

Name of Subsidiary	Proportion of ownership and voting rights acquired by non-controlling interests		Non-controlling share of profit (loss) for the year ended 31 December		Non-controlling interests as of 31 December	
	2025	2024	2025	2024	2025	2024
stc Kuwait	48.162%	48.162%	200,426	184,382	1,405,243	1,409,442
Solutions	20.363%	20.000%	315,839	320,563	912,841	823,552
Others (*)	-	-	(209,350)	(277,354)	654,685	835,511
			306,915	227,591	2,972,769	3,068,505

(*) Includes the Group’s investment in STC Bank, iot² and SCCC (Note 6).

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The following is a summary of the financial statements of individually material subsidiaries which is non-wholly owned by the Group and have material non-controlling interests:

	As at 31 December 2025	
	stc Kuwait	Solutions
Statement of financial position		
Current assets	2,794,057	10,744,719
Non-current assets	3,040,842	2,172,227
Current liabilities	(2,444,447)	(7,020,423)
Non-current liabilities	(472,710)	(1,569,373)
Non controlling interests’ share of net assets at subsidiary	-	(39,810)
Net assets attributable to the equity owners of the subsidiary	2,917,742	4,287,340
Net assets attributable to non controlling interests	1,405,243	912,841

	For the year ended 31 December 2025	
	stc Kuwait	Solutions
Statement of income and other comprehensive income		
Revenues	4,180,077	12,730,189
Profit (including NCI share amounting to ₪9,9 million for solutions)	416,145	1,512,414
Other comprehensive loss	(510)	(41,544)
Total comprehensive income	415,635	1,470,870
Total comprehensive income allocated to non controlling interests	-	13,160
Non controlling interests’ share of comprehensive income	200,178	309,993
Dividends paid to non controlling interests	202,954	242,403

	For the year ended 31 December 2025	
	stc Kuwait	Solutions
Statement of cash flows		
Operating activities	1,120,455	(100,669)
Investing activities	(634,154)	2,017,956
Financing activities	(677,112)	(1,298,466)
Net (decrease) increase in cash and cash equivalents	(190,811)	618,821

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	As at 31 December 2024	
	stc Kuwait	Solutions
Statement of financial position		
Current assets	2,840,241	10,358,690
Non-current assets	2,784,906	1,681,408
Current liabilities	(2,195,834)	(6,682,898)
Non-current liabilities	(502,852)	(1,327,574)
Non controlling interests’ share of net assets at subsidiary	-	(22,034)
Net assets attributable to the equity owners of the subsidiary	2,926,461	4,007,592
Net assets attributable to non controlling interests	1,409,442	823,552

	For the year ended 31 December 2024	
	stc Kuwait	Solutions
Statement of income and other comprehensive income		
Revenues	4,105,483	12,063,897
Profit	382,839	1,602,816
Other comprehensive loss	(6,445)	(221,595)
Total comprehensive income	376,394	1,381,221
Total comprehensive loss allocated to non controlling interests	-	(7,822)
Non controlling interests’ share of comprehensive income	181,279	269,987
Dividends paid to non controlling interests	204,747	142,784

	For the year ended 31 December 2024	
	stc Kuwait	Solutions
Statement of cash flows		
Operating activities	1,165,466	1,509,256
Investing activities	(899,835)	(2,126,870)
Financing activities	(635,937)	(807,470)
Net decrease in cash and cash equivalents	(370,306)	(1,425,084)

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26. BORROWINGS

Total loans repaid during the year ended 31 December 2025 amounted to ﷲ442 million (2024: ﷲ2.635 million). Total loans received during the year ended 31 December 2025 amounted to ﷲ376 million (2024: ﷲ880 million). A list of the loans are as follows:

Nature of borrowing	Date of borrowing	Date of final instalment	Currency	Profit rate	Current portion		Non-current portion	
					Balance as at 31 December 2025	Balance as at 31 December 2024	Balance as at 31 December 2025	Balance as at 31 December 2024
Sukuk (1)	May 2019	May 2029	US Dollar	3.89%	-	-	4,680,493	4,678,577
Murabaha (3)	December 2017	December 2027	Malaysian Ringgit	6 months KLIBOR + 0.65%	-	-	1,310,218	1,267,094
Murabaha (3)	September 2021	August 2026	US Dollar	3 months SOFR + 0.75%	494,831	-	-	494,160
Murabaha (3)	March 2021	November 2029	US Dollar	1.27%	69,728	69,713	205,741	274,312
Murabaha (3)	September 2023	March 2029	US Dollar	6 months SOFR + 0.73%	-	-	6,000,726	6,000,726
Murabaha (3)	February 2019	December 2025	Saudi Riyal	3 months SAIBOR + 0.55%	-	155,000	-	-
Murabaha (3)	February 2022	March 2028	Kuwaiti Dinar	CBK + 0.55%	70,019	69,974	70,019	139,948
Mudarabah (3)	December 2018	May 2026	Bahraini Dinar	2.10%	1,837	3,870	-	2,177
Murabaha (3)	January 2023	January 2029	US Dollar	3 months SOFR + 0.95%	-	-	450,059	449,763
Murabaha (2)	August 2022	August 2036	Saudi Riyal	6 months SAIBOR + 0.60%	-	-	605,394	500,394
Murabaha (2)	June 2022	June 2027	Saudi Riyal	6 months SAIBOR + 0.45%	-	-	499,626	499,377
Others (4)					150,745	93,027	581,992	433,627
Total					787,160	391,584	14,404,268	14,740,155

(1) At the General Assembly meeting on 19 Shaaban of 1440 H (corresponding to April 24, 2019), the Company 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 issuance 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 ﷲ4,688 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 ten years.

(2) Secured.

(3) Unsecured.

(4) Include borrowings obtained by indirectly owned subsidiaries.

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27. RETIREMENT BENEFITS PLANS

27.1 End of service benefits provision

The Group provides end of service benefits to its employees. The entitlement is based upon the employees’ final salary and length of service, subject to the completion of a minimum number of service years, calculated under the provisions of the Labour Law of the respective country and is payable upon resignation or termination of the employee. The expected costs of these benefits are accrued over the years of employment.

The Group’s plan is exposed to actuarial risks such as discount rate and salary risk.

Discount rate risk	A decrease in the discount rate will increase the end of service benefits plan liability.
Change in salaries risk	The present value of the end of service benefit plan liability is calculated by reference to the estimated future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the plan’s liability.

Calculation of end of service benefit provision was performed using the most recent actuarial valuation as at 31 December 2025. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The significant actuarial assumptions during the year 2025, used in determining the end of service benefit obligation, represent the discount rate of (4.20% - 5.80%) (2024: 4.50% - 6.20%), the expected increase in salary 1.60% - 5.10% (2024: 1.50% - 5.32%) and experience adjustments resulting in recording of net actuarial losses included in the consolidated statement of comprehensive income amounting to ﷲ468 million (2024: actuarial gains amounting to ﷲ180 million).

The net expenses recognized in the consolidated statement of profit or loss are as follows for the year ended 31 December:

	2025	2024
Services cost	471,603	470,618
Interest cost	263,402	240,721
	735,005	711,339

Movements of end of service benefit provision for the year ended 31 December is as follow:

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	2025	2024
Balance at 1 January	5,184,542	5,258,413
Expenses recognized in the consolidated statement of profit or loss	735,005	711,339
Effect of acquisition of new subsidiaries	-	10,617
Actuarial losses (gains) recognized in the consolidated statement of comprehensive income during the year resulting from:		
• Changes in financial assumptions	314,953	(305,543)
• Experience adjustments	153,207	125,133
	468,160	(180,410)
Paid	(1,231,432)	(585,633)
Effect of disposal of subsidiaries	-	(63,225)
Other adjustments	(4,118)	33,441
Balance at 31 December	5,152,157	5,184,542

The following table shows the maturity profile of the Group’s defined benefit obligations as at 31 December:

	2025	2024
One year or less	130,795	27,629
Above one year but less than five years	776,145	785,983
Above five years	7,609,226	7,818,025
	8,516,166	8,631,637

The following table shows the change in defined benefit obligation balance based on increase / decrease in the below assumptions:

	Change in Assumption	2025	Defined benefit obligation	
		Base Value	After increase in assumption	After decrease in assumption
Discount rate	100 basis points	5,152,157	4,728,162	5,560,232
Salary change rate	100 basis points	5,152,157	5,561,287	4,720,659

	Change in Assumption	2024	Defined benefit obligation	
		Base Value	After increase in assumption	After decrease in assumption
Discount rate	100 basis points	5,184,542	4,999,550	5,781,012
Salary change rate	100 basis points	5,184,542	5,785,749	4,989,249

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The sensitivity analysis presented above may not be representative of the actual change in the end of service benefit provision as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. The sensitivity analysis of employees’ retirements benefits was calculated using the projected unit credit method.

27.2 Defined contribution plans

The Group participates in pension schemes for its employees which are managed by government

institutions in the countries concerned. The amount recognized as an expense for defined contribution plans for the year ended 31 December 2025 is ₪631 million (2024: ₪675 million).

27.3 Early retirement plan

The Group has early retirement plan for its employees . The amount recognized as an expense early retirement plan for the year ended 31 December 2025 is ₪824 million (2024: ₪2,577 million).

28. LEASE LIABILITIES

Following is the movement on lease liabilities:

	2025	2024
Balance as at 1 January	2,164,085	4,275,229
Additions	1,005,175	1,768,791
Effect of acquisition of new subsidiaries	4,466	1,130
Payments	(857,400)	(1,515,120)
Financing costs	91,883	202,478
Other adjustments	(154,979)	(517,269)
Effect of disposal of subsidiaries	-	(2,051,154)
Balance as at 31 December	2,253,230	2,164,085
Current	538,711	593,447
Non-current	1,714,519	1,570,638
	2,253,230	2,164,085

Table above includes movements related to disposed discontinued operations.

29. CONTRACT LIABILITIES

	31 December 2025	31 December 2024
Deferred revenue from services	4,871,857	4,708,962
Material right / Customer loyalty program	487,994	528,458
	5,359,851	5,237,420
Current ⁽¹⁾	4,088,197	4,067,079
Non-current ⁽²⁾	1,271,654	1,170,341
	5,359,851	5,237,420

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(1) The current portion of contract liabilities relates to unearned revenue pertaining to unutilized prepaid card units sold and the value of customer loyalty program points not yet redeemed. Revenue recognized during the year that was included in the contract liability balance at the beginning of the year amounted to ₪4,067 million (2024: ₪4,134 million).

(2) The non-current portion of contract liabilities mainly relates to amounts received by one of the group subsidiaries from a key customer to construct a fiber optic network for which capital work completed amounted to ₪591 million (2024: ₪591 million) (Note 44.3).

30. PROVISIONS

	31 December 2025	31 December 2024
Legal, regulatory, and other provisions ⁽¹⁾	1,278,416	1,284,350
Decommissioning provision ⁽²⁾	127,150	143,092
	1,405,566	1,427,442
Current	923,193	915,209
Non-current	482,373	512,233
	1,405,566	1,427,442

	2025	2024
Legal, regulatory, and other provisions ⁽¹⁾		
Balance as at 1 January	1,284,350	2,593,786
Additions	446,416	603,390
Reversals	(304,887)	(1,790,027)
Payment / settlements	(147,463)	(122,799)
Balance as at 31 December	1,278,416	1,284,350
Decommissioning provision ⁽²⁾		
Balance as at 1 January	143,092	312,292
Additions	312	94,771
Unwinding of discount	2,777	4,409
Other adjustments	(19,031)	(268,380)
Balance as at 31 December	127,150	143,092

1) The Group is considered a party to a number of legal and regulatory claims. The Group, after taking independent legal advice when required, has established provisions after taking into account the facts for each case.

2) In the course of the Group’s normal activities, a number of sites and other assets are utilized which are expected to have costs associated with restoration of the assets. The associated cash outflows are expected to occur primarily in years up to ten years from the date when the assets are brought in use.

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31. FINANCIAL LIABILITIES AND OTHERS

31-1 Financial liabilities

	31 December 2025	31 December 2024
Financial liabilities from digital banking operations ⁽¹⁾	4,244,331	2,360,035
Financial liabilities related to frequency spectrum licenses	3,803,108	1,954,130
Dividends payable (Note 46)	3,015,050	3,008,990
Government charges	1,057,987	1,102,309
Islamic cross currency profit rate swap ⁽²⁾ (Note 16.1)	516,686	-
Other financial liabilities ⁽³⁾	711,257	716,959
	13,348,419	9,142,423
Current	9,189,613	6,969,176
Non-current	4,158,806	2,173,247
	13,348,419	9,142,423

1) Mainly representing customer deposits payable arising from digital banking operations

2) During the second quarter of 2024, the Group entered into an Islamic Cross Currency Profit Rate Swap arrangement with a notional amount of EUR 1,470 million (USD 1,600 million) to hedge the EUR foreign exchange exposure arising from a EUR functional currency subsidiary and the floating profit rate exposure on a USD-denominated borrowing. Under this arrangement, the Group receives USD and pays EUR. The Group accounted for this arrangement as derivative financial

instruments measured at fair value through profit or loss up to the end of second quarter 2024. During the third quarter of 2024, this financial instrument was designated as a hedge instrument protecting the Group from the fluctuations in the EURO net asset position due to movement in EUR/ ₪ exchange rates (net investment hedge) and movement in the Term SOFR rates (cash flow hedge). The Group recognized the change in fair value of the hedging instrument in other comprehensive income for the effective portion and in profit or loss for the ineffective portion.

Below are the details of the changes in fair value for the financial instrument:

	2025		2024	
	Effective portion recognized in other comprehensive income	Ineffective portion recognized in profit or loss	Effective portion recognized in other comprehensive income	Ineffective portion recognized in profit or loss
Net investment hedge	(603,509)	(33,121)	93,055	(9,814)
Cash flow hedge	(124,037)	8,233	92,870	19,568
Total	(727,546)	(24,888)	185,925	9,754

3) Mainly includes the following:

- a. The fair value of the non-current liability resulting from the put option given to NCI in a subsidiary amounting to ₪228 million as at 31 December 2025 (2024: ₪198 million) (Note 42.2).
- b. Deferred fee with a fair value amounting to ₪186 million as at 31 December 2025 (2024: ₪160 million) on the options agreement the Group has entered into in relation to its investment in Telefonica.

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31-1 Other liabilities

	31 December 2025	31 December 2024
Deferred income (*)	3,772,492	3,789,308
Deferred tax liabilities	12,285	12,530
Others	801,724	501,508
	4,586,501	4,303,346
Current	852,524	457,667
Non-current	3,733,977	3,845,679
	4,586,501	4,303,346

(*) Includes mainly government grants provided by Ministry of Communications and Information Technology to the Company to build telecommunication networks in different areas in the Kingdom amounted to ﷲ3,413 million (2024: ﷲ3,551 million).

32. TRADE AND OTHER PAYABLES

	31 December 2025	31 December 2024
Accrued expenses	8,621,235	9,051,610
Trade payables	7,452,911	6,048,267
Employee accruals	2,344,263	3,621,852
Notes payable	2,005,095	2,415,990
Others	1,835,932	1,489,753
	22,259,436	22,627,472

Trade payables are non-interest bearing and are normally settled by the Group on average range of 90–107 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

33. ZAKAT AND INCOME TAX

	31 December 2025	31 December 2024
Zakat provision (a)	1,431,562	2,903,646
Income tax provision (b)	102,179	30,981
	1,533,741	2,934,627

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a. Zakat provision

The Group calculates and records the zakat provision based on the zakat base in accordance with the zakat rules and principles in the Kingdom:

	2025	2024
Additions:		
Share capital	50,000,000	50,000,000
Retained earnings, reserves, provisions and others	62,493,242	56,276,332
Adjusted net profit	15,439,163	26,001,393
Total additions	127,932,405	132,277,725
Deductions:		
Net property and investments	86,846,805	76,665,690
Other deductions	16,125,139	12,663,010
Total deductions	102,971,944	89,328,700
Zakat base	24,960,461	42,949,025
Zakat on wholly owned companies for the year	645,484	1,110,123
Reversal of prior years’ zakat provision during the year	(1,324,787)	-
Add: zakat on partially owned companies for the year	125,753	123,737
Total zakat provision (reversed) charged during the year	(553,550)	1,233,860

The following is the movement of zakat provision:

	2025	2024
Balance at 1 January	2,903,646	2,570,467
Additions	771,237	1,233,860
Reversal of prior years’ Zakat provision during the year	(1,324,787)	-
Effect of acquisition of new subsidiaries	-	2,633
Amounts paid	(920,133)	(847,057)
Effect of disposal of subsidiaries	-	(74,323)
Other adjustments	1,599	18,066
Balance at 31 December	1,431,562	2,903,646

The Group submitted all zakat returns until the end of 2024, with payment of zakat due based on those returns, and accordingly the Group received zakat certificates for those years. Effective from year 2009, the Group started the submission of a consolidated zakat return for the Company and its wholly owned subsidiaries whether directly or indirectly in accordance with the implementing regulations for zakat collection.

The Zakat position of the Group with ZATCA has been finalized up to the year 2018.

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

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

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The not wholly owned subsidiaries submit their zakat returns separately. They have submitted all zakat returns until the end of 2024, and have paid the zakat dues based on those returns. Solutions received from ZATCA a notice stating the finalization of Solutions’ zakat position for the years from 2021 to 2023. STC Bank received from ZATCA a notice stating the finalization of STC Banks’ zakat position for the years 2019 and 2020. The remaining other not wholly owned subsidiaries have not received any zakat assessments on their returns yet.

b. Income tax provision

Income tax provision is calculated in accordance with the prevailing tax regulations in the countries of some subsidiaries.

The following is the movement of income tax provision:

	2025	2024
Balance at 1 January	30,981	62,301
Additions	110,580	67,798
Effect of acquisition of new subsidiaries	344	2,681
Amounts paid	(41,304)	(45,051)
Effect of disposal of subsidiaries	-	(18,276)
Other adjustments	1,578	(38,472)
Balance at 31 December	102,179	30,981

Deferred tax balances movements during the year recognized in income tax expenses amounted to ﷲ(23) million for the year ended 31 December 2025 (2024: ﷲ(6) million).

34. REVENUES

	For the year ended 31 December	
	2025	2024
Rendering of services	63,312,089	62,007,494
Sale of devices	12,634,029	12,458,105
Others (*)	1,872,557	1,427,814
	77,818,675	75,893,413
Timing of revenue recognition		
Recognized over time	62,177,233	61,087,301
At a point in time	15,641,442	14,806,112
	77,818,675	75,893,413

(*) Includes mainly revenues from digital banking

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- Geographical segmentation of revenues is provided in the operating segments note (Note 9).
- Disaggregation of revenues from government and government related entities are disclosed in related party transactions (Note 21.2).
- The aggregate amount of unsatisfied or partially unsatisfied performance obligations related to contracts with customers amounted to ﷲ5,360 million as at 31 December 2025 (2024: ﷲ5,237 million). The Group expects to recognize approximately 76% (2024: 79%) of these obligations as revenues during the following reporting period.

35. COST OF REVENUES

	For the year ended 31 December	
	2025	2024
Cost of devices, equipment and software	14,195,531	14,644,906
Network access charges (*)	10,094,182	8,100,803
Employees costs	5,543,832	5,534,674
Government charges	5,417,576	5,378,203
Repairs and maintenance	1,967,772	1,895,572
Amortization and impairment of contract costs (Note 15.2)	189,743	190,054
Others (**)	2,710,350	2,823,277
	40,118,986	38,567,489

(*) Network access charges for the comparative year ended 31 December 2024 includes a non-recurring item that represents a reversal of a withholding tax provision amounting to ﷲ1,500 million.
(**) Includes mainly cost of revenues from digital banking services, software and licenses fees, prepaid cards recharge cost, and utilities.

The details of government charges are as follows:

	For the year ended 31 December	
	2025	2024
Commercial service provisioning fees	4,608,632	4,702,782
License fees	468,768	463,948
Frequency spectrum fees	265,470	137,427
Others	74,706	74,046
	5,417,576	5,378,203

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36. SELLING AND MARKETING EXPENSES

	For the year ended 31 December	
	2025	2024
Employee costs	2,862,473	2,905,142
Advertising, publicity and sales commissions	2,368,067	1,763,681
Impairment loss on trade receivables	301,871	1,257,976
Amortization and impairment of contract costs (Note 15.2)	110,461	92,817
Impairment loss on contract assets (Note 15.1)	104,399	113,839
Call centre expenses	39,579	43,781
Others	584,726	384,584
	6,371,576	6,561,820

“Others” comprises mainly: sadad service fees, consultancy and content service fees.

37. GENERAL AND ADMINISTRATIVE EXPENSES

	For the year ended 31 December	
	2025	2024
Employees costs	4,774,730	4,596,844
Consultancy and other contracted services (*)	614,096	646,645
Repairs and maintenance	542,082	644,871
Utilities and cleaning	156,100	160,792
Subscription Expenses	112,337	93,514
Rent	42,263	38,866
Others	617,070	631,457
	6,858,678	6,812,989

(*) Includes fees of the Group's primary external auditor and its global members’ firms for audit and non-audit services amounting to ﷲ42.6 million and ﷲ3.3 million; respectively, for the year ended 31 December 2025 (2024: ﷲ30.7 million and ﷲ2.3 million; respectively).

“Others” comprises mainly: insurance premiums and security and safety expenses.

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38. FINANCE INCOME

	For the year ended 31 December	
	2025	2024
Income from Murabaha	937,021	1,400,785
Income from sukuk	322,165	295,525
Other finance income (*)	17,256	21,541
	1,276,442	1,717,851

(*) Mainly Shariah based except for ﷲ330 thousand for the year ended 31 December 2025 (2024: ﷲ147 thousand) from one of Center3 subsidiaries based outside of the Kingdom.

39. FINANCE COST

	For the year ended 31 December	
	2025	2024
Unwinding of discounts on provisions and financial liabilities	442,514	365,816
Finance cost relating to murabaha	399,420	536,964
Finance cost relating to sukuk	191,544	253,774
Finance cost relating to lease liabilities	91,883	77,125
	1,125,361	1,233,679

40. NET OTHER GAINS

	For the year ended 31 December	
	2025	2024
Net gains arising on financial assets measured at FVTPL (Note 42)	730,013	383,367
Gain on sale/disposal of property and equipment & assets held for sale	205,104	15,535
Net (losses) gains from derivatives	(266,134)	189,044
Net foreign exchange losses and others	(14,087)	(58,877)
	654,896	529,069

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41. EARNINGS PER SHARE

The following is the calculation of basic and diluted earnings per share for the year ended 31 December:

	2025	2024
Net profit from continuing operations attributable to equity holders of the Parent Company	14,882,163	10,715,292
Net (loss) profit from discontinued operations	(54,133)	13,973,360
Net profit attributable to equity holders of the Parent Company	14,828,030	24,688,652
Number of shares “in thousands”:		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	4,988,738	4,986,034
Weighted average number of repurchased ordinary shares	11,262	13,966
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	5,000,000	5,000,000
Earnings per share from net profit from continuing operations attributable to equity holders of the Parent Company (in Saudi Riyals):		
• Basic	2.98	2.15
• Diluted	2.98	2.14
(Loss) Earnings per share from discontinued operations (in Saudi Riyals):		
• Basic	(0.01)	2.80
• Diluted	(0.01)	2.79
Earnings per share from net profit attributable to equity holders of the Parent Company (in Saudi Riyals):		
• Basic	2.97	4.95
• Diluted	2.97	4.94

The following is the number of outstanding shares (in thousands) as at:

	2025	2024
Outstanding shares as at 1 January	4,986,916	4,984,506
Outstanding shares re-issued	2,882	2,410
Outstanding shares as at 31 December	4,989,798	4,986,916

42. FINANCIAL INSTRUMENTS

42.1 Capital management

The Group manages its capital which includes share capital, other reserves and retained earnings attributable to the equity holders of the Parent Company to ensure that:

- It will be able to operate as a going concern
- It efficiently finances its working capital and strategic investment requirements at optimal terms

- It provides a long-term dividend policy and maintains a stable dividend pay-out
- It maximizes the total return to its shareholders
- It maintains an appropriate mix of debt and equity capital

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The Group reviews its capital structure in light of strategic investment decisions, changing economic environment, and assesses the impact of these changes on cost of capital and risk associated to capital.

The Group is not subject to any externally imposed capital requirements. The Group did not introduce any amendments to the capital management objectives and procedures during the year 2025 and comparative year.

The ratios as at the year ended 31 December were as follows:

	2025	2024
Debt (a)	15,191,428	15,131,739
EBITDA (b)	24,469,435	23,951,115
Debt to EBITDA	62%	63%
Debt	15,191,428	15,131,739
Debt + Equity (c)	101,577,768	107,616,786
Debt to (Debt + Equity)	15%	14%

- a. Debt is defined as current and non-current borrowings (Note 26).
- b. EBITDA is defined as operating profit for the year adjusted for depreciation, amortization and impairment.
- c. Equity is defined as total equity including share capital, reserves, retained earnings and non-controlling interest.

The Group reviews the capital structure on an annual basis to evaluate the cost of capital and the risks associated with capital. The Group has the following target ratios:

1. Debt to EBITDA level of 200% or below
2. Debt to (Debt + Equity) level of 50% or below

purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety (Note 4.20).

The fair values of financial instruments represented in trade and other receivables, short-term murabahas, cash and cash equivalents from banking and non-banking operations, and trade and other credit payables closely approximate their book value due to their short maturity.

42.2 Fair value of financial instruments

The Group uses valuation techniques appropriate to current circumstances that provide sufficient data to measure fair value. In addition, for financial reporting

Financial assets and liabilities measured at fair value:

31 December 2025	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets				
Listed equity investments (Note 16.1)	8,706,529	8,706,529 ⁽¹⁾	-	-
Investment funds and unlisted equity investments (Note 16.1)	5,137,979	-	-	5,137,979 ⁽⁷⁾
Financial derivatives - options (Note 16.1)	562,725	-	562,725 ⁽³⁾	-
Financial liabilities				
Put option to non-controlling interest shareholders (Note 31.1)	228,318	-	-	228,318 ⁽⁵⁾
Islamic cross currency profit rate swap (Note 31.1)	516,686	-	516,686 ⁽⁶⁾	-

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31 December 2024	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets				
Listed equity investments (note 16.1)	4,318,321	4,318,321 ⁽¹⁾	-	-
Cash collateral against purchase of a listed equity investment (Note 16.1)	4,144,063	-	4,144,063 ⁽²⁾	-
Investment funds and unlisted equity investments (Note 16.1)	4,063,687	-	-	4,063,687 ⁽⁷⁾
Financial derivatives - forward contract (Note 16.1)	200,857	-	200,857 ⁽⁴⁾	-
Financial derivatives - Options (Note 16.1)	23,391	-	23,391 ⁽³⁾	-
Islamic cross currency profit rate swap (Note 16.1)	238,829	-	238,829 ⁽⁶⁾	-
Financial liabilities				
Put option to non-controlling interest shareholders (Note 31.1)	198,166	-	-	198,166 ⁽⁵⁾

There are no transfers between levels of the fair value hierarchy during the year 2025 and comparative year.

1. Fair value of equity instruments at level 1 is based on quoted market price at the reporting date.

2. The fair value of cash collateral against purchase of a listed equity investment approximates its carrying amount largely due to the short-term maturity of this instrument.

3. The fair value of financial derivatives - options were estimated by using Black Scholes Model. The significant observable inputs are the volatility of share prices and interest rate.

4. The fair value of the financial derivatives - forward contract was estimated by subtracting the quoted market price at the reporting date from the agreed price multiplied with forward number of shares.

5. The fair value of the non-current liability resulting from the put option to non-controlling interest shareholders has been determined within level 3 utilizing discounted cash flow method. (Note 31.1).
6. The fair value of Islamic cross currency profit rate swap was estimated using appropriate valuation techniques based on the forward profit and currency rates in Bloomberg portal.

7. The fair value of the Group's investment in funds is obtained from the net asset value ("NAV") reports received from the funds' managers. The funds' managers deploy various techniques (such as recent round of finance, discounted cash flow models and comparables method) for the valuation of underlying financial instruments classified under level 3 of the respective fund's fair value hierarchy. STV fund represents the majority Group investment in funds with carrying value of ﷲ 4,749 million as at 31 December 2025 (31 December 2024: 3,752). Change in fair values due to increase/(decrease) of 10% in significant unobservable inputs embedded in the models used by the STV fund's manager as follows:

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	Change in fair value due to increase of 10% in significant unobservable inputs		Change in fair value due to decrease of 10% in significant unobservable inputs	
	2025	2024	2025	2024
Multiples	113,103	78,855	(113,103)	(78,855)
WACC	(57,194)	(96,424)	67,207	111,488
Exit multiple	58,213	111,203	(58,213)	(113,775)
Lack of marketability	(26,552)	(11,926)	26,552	11,926

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

	2025	2024
Net assets value as at 1 January	4,063,687	3,532,376
Contributions paid	364,222	337,720
Proceeds from investments liquidation	(19,943)	(189,776)
Net unrealized gains recognised in profit or loss (Note 40)	730,013	383,367
Net asset value as at 31 December	5,137,979	4,063,687

Financial assets and liabilities measured at amortized cost:

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

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

31 December 2024	Carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortized cost - Government Sukuk	3,944,113	-	3,790,937	-
Financial liabilities				
Borrowings – Sukuk	4,678,577	-	4,566,907	-

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

There are no transfers between levels of the fair value hierarchy during the year 2025 and comparative year.

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42.3 Profit rate risk

The Group’s main profit rate risk arises from borrowings with variable profit margin rates.

The sensitivity analyses below have been determined based on the exposure to profit rates for non-derivative instruments at the end of the financial year. These analyses show the effects of changes in market profit rates on profit and loss. For floating rate liabilities, the analysis is prepared assuming the amounts outstanding at the end of the year were outstanding for the whole year. A 100-basis point increase or (decrease) represents management’s assessment of the reasonably possible change in profit rates. If profit rates had been 100 basis points higher (lower) and all other variables were held constant, the impact on the profit of the Group would have been (lower) higher by ﷲ29 million (2024: the impact on the profit of the Group would have been (lower) higher by ﷲ26 million). This hypothetical effect on profit of the Group primarily arises from potential effect of variable profit financial liabilities.

The Group periodically monitors the impact of the incremental changes in profit rates and assesses the impact on the Group’s profitability.

42.4 Foreign currency risk management

Saudi Riyal is considered as the functional currency of the Group which is pegged against the United States Dollar. Therefore, the Group is only exposed to exchange rate fluctuations from transactions denominated in foreign currencies other than United States Dollar. The fluctuation in exchange rates against currencies, which are not pegged with Saudi Riyal, are monitored on a continuous basis. The sensitivity of the changes of ﷲ/EUR exchange rates by 1% would have impacted equity by ﷲ22 million (2024: ﷲ25 million).

42.5 Credit risk management

The Group has approved guidelines and policies that allows it to only deal with creditworthy counterparties and limits counterparty exposure. The guidelines and policies allow the Group to invest only with those counterparties that have high investment grade credit ratings issued by international credit rating agencies and limits the exposure to a single counterparty by stipulation that the exposure should not exceed 30% of the counterparty’s shareholders’ equity. Further, the Group’s credit risk is monitored on a quarterly basis.

Other than the concentration of credit risk disclosed in Note 18, concentration of credit risk with respect to trade receivables are limited given that the Group’s customer consists of a large number of unrelated customers. Payment terms and credit limits are set in accordance with industry norms.

Ongoing evaluation is performed on the financial condition of trade receivables and contract assets. Management believes there is no further credit risk provision required in excess of the normal provision for impairment loss (Note 15, 18).

In addition, the Group is exposed to credit risk in relation to financial guarantees given to some subsidiaries with regard to financing arrangements. The Group’s maximum exposure in this respect is the maximum amount the Group may have to pay if the guarantee is called on. There is no indication that the Group will incur any loss with respect to its financial guarantees as the date of the preparation of these consolidated financial statements (Note 44).

The majority of the Group’s cash balances and short-term investments are deposited in: international banks with credit rating ranging from Baa1 and above and local banks with an investment grade credit rating of Baa3 and above.

The credit rating of the Company’s investments in the Government Sukuk is Aa3 and A+ respectively from Moodys and Fitch as at 31 December 2025 (2024: Aa3 and A+), respectively (Note 16.1). In addition, the Group has investment in BGSM Sukuk, which currently does not have a credit rating.

42.6 Liquidity risk management

The Group has established a comprehensive liquidity risk management framework for the management of the Group’s short, medium and long-term funding and liquidity requirements under the guidelines approved.

The Group ensures its liquidity by maintaining cash reserves, short-term investments and committed undrawn credit facilities with high credit rated local and international banks. The Group determines its liquidity requirements by continuously monitoring short and long term cash forecasts in comparison to actual cash flows.

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Liquidity is reviewed periodically for the Group and stress tested using various assumptions relating to capital expenditure, dividends, trade receivable collections and repayment of loans without refinancing.

The following table details the Group’s remaining contractual maturity for financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities.

	Undiscounted Cash Flows			
	Carrying amount	One year or less	Above one year but less than five years	Above five years
31 December 2025				
Trade and other payables (Note 32)	22,259,436	22,259,436	-	-
Borrowings (Note 26)	15,191,428	1,109,739	15,475,840	449,985
Financial liabilities from digital banking operations (Note 31.1)	4,244,331	4,244,331	-	-
Financial liabilities related to frequency spectrum licenses (Note 31.1)	3,803,108	555,518	2,251,124	2,034,704
Dividends payable (Note 31.1)	3,015,050	3,015,050	-	-
Lease liabilities (Note 28)	2,253,230	577,646	2,134,372	614,273
Government charges (Note 31.1)	1,057,987	1,057,987	-	-
Islamic cross currency profit rate swap (Note 31.1)	516,686	50,554	466,132	-
Other financial liabilities (Note 31.1)	711,257	360,085	452,009	-
31 December 2024				
Trade and other payables (Note 32)	22,627,472	22,627,472	-	-
Borrowings (Note 26)	15,131,739	806,759	15,589,459	290,733
Dividends payable (Note 31.1)	3,008,990	3,008,990	-	-
Financial liabilities from digital banking operations (Note 31.1)	2,360,035	2,360,035	-	-
Lease liabilities (Note 28)	2,164,085	639,318	1,266,859	561,186
Financial liabilities related to frequency spectrum licenses (Note 31.1)	1,954,130	330,318	1,300,609	613,127
Government charges (Note 31.1)	1,102,309	1,102,309	-	-
Other financial liabilities (Note 31.1)	716,959	129,310	574,313	44,118

The Group has unused financing facilities amounting to ﷲ15,467 million as at 31 December 2025 (2024: ﷲ4,809 million). The Group expects to meet its obligations from operating cash flows, cash and cash equivalents from non-banking operations and proceeds of maturing financial assets.

In accordance with the terms of the agreements with other telecommunication operators, debit and credit balances are settled in connection to call routing and roaming fees and only the net amounts are settled or collected. Accordingly, the net amounts are presented in the consolidated statement of financial position as follows:

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	Gross amounts	Amounts set off	Net amounts
31 December 2025			
Financial assets subject to set off	16,143,268	(8,965,413)	7,177,855
Financial liabilities subject to set off	21,706,227	(8,965,413)	12,740,814
31 December 2024			
Financial assets subject to set off	17,759,312	(10,709,332)	7,049,980
Financial liabilities subject to set off	25,000,578	(10,709,332)	14,291,246

42.7 Changes in liabilities arising from financial activities

Changes in liabilities arising from financial activities are as follows:

	1 January 2025	Cash flows	Non-monetary changes(*)	31 December 2025
Short-term borrowings	391,584	(441,692)	837,268	787,160
Lease liabilities current	593,447	(857,400)	802,664	538,711
Long-term borrowings	14,740,155	376,118	(712,005)	14,404,268
Lease liabilities - non-current	1,570,638	-	143,881	1,714,519
	17,295,824	(922,974)	1,071,808	17,444,658

	1 January 2024	Cash flows	Non-monetary changes(*)	31 December 2024
Short-term borrowings	8,315,728	(2,634,143)	(5,290,001)	391,584
Lease liabilities - current	947,703	(830,910)	476,654	593,447
Long-term borrowings	13,641,768	879,453	218,934	14,740,155
Lease liabilities non - current	3,327,526	-	(1,756,888)	1,570,638
	26,232,725	(2,585,600)	(6,351,301)	17,295,824

(*) Mainly includes reclassification from non-current to current portion.

42.8 Equity price risk

The Group is exposed to changes in the fair value of equity investments and derivatives associated with such investments. To reduce the risk associated with variations in fair value and share price, the Group has acquired derivative instruments that hedge the risk profile of such investments.

The hedge ratio for each designation is established by comparing the quantity of the hedging instrument and the quantity of the hedged item to determine their relative weighting; for Group's existing hedge relationships the hedge ratio has been determined as 1:1.

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. To test the hedge effectiveness, the Group compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from a change in the credit risk of the counterparty with the hedging instrument.

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43. COMMITMENTS

- One of the Group's subsidiaries has an agreement to invest in a fund aiming to improve the telecommunication and internet environment for ₪553 million (equivalent to USD 147.5 million) as at 31 December 2025 (31 December 2024: ₪553 million (equivalent to USD 147.5 million) (Note 6.15).
- During the year 2022, the Company 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).
- The Group has contractual commitments amounting to ₪9,488 million as at 31 December 2025 (31 December 2024: ₪7,322 million).

44. CONTINGENT ASSETS AND LIABILITIES

- The Group has outstanding letters of guarantee on behalf of the parent and its subsidiaries amounting to ₪4,828 million as at 31 December 2025 (2024: ₪4,993 million).
- The Group has outstanding letters of credit as at 31 December 2025 amounting to ₪1,948 million (2024: ₪1,654 million).
- On 21 March 2016, the Company received a letter from a key customer requesting a refund for paid balances amounting to ₪742 million related to construction of a 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 the Group.
- The Group, in its ordinary course of business, is subject to proceedings, lawsuits and other claims. However, these matters are not expected to have any material impact on the Group's financial position or on the results of its operations as reflected in these consolidated financial statements.
- In April 2017, Kuwait's Cassation Court invalidated a portion of the regulatory tariff decree levied on mobile telecommunication companies in Kuwait since 26 July 2011 by Kuwait's Ministry of Communications. Accordingly, stc Kuwait had filed a claim for the recovery of the excess amount paid from change in regulation date till 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.

45. EMPLOYEES LONG-TERM INCENTIVES PROGRAM

45.1 Group's long-term incentives program

The Board of Directors approved on 17 March 2020 (corresponding to 22 Rajab 1441H) to repurchase a number of the Company's shares for an amount not to exceed ₪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, totalling 7,457 thousand shares (2,983 thousand shares prior to the capital increase), during the second quarter of 2025.

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The Board of Directors approved on 28 June 2022 (corresponding to 29 Thul-Qi'dah 1443H) to repurchase a number of the Company's shares for an amount not to exceed ﷲ453 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 recomnded in its meeting on 31 December 2025 (corresponding to 11 Rajab 1447H) to buy-back 26 million of the Company's shares to be allocated for the Program and to raise its recommendation to the EGA for voting.

The grant and vesting dates, respectively are as follows:

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

	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 ﷲ41.05 per share (2024: ﷲ36.3 per share). Total expenses related to the Program for the year ended 31 December 2025 amounted to ﷲ133.5 million (2024: ﷲ104.9 million) which

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

The Program intends to attract, motivate and retain employees responsible for the achievement of the Group's goals and strategy. The Program provides a share-based payment plan for eligible employees participating in the Program by granting them shares in the Company upon completing the duration of service and performance requirements and achieving the targets determined by the Group. The program is generally equity-settled.

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.

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45.2 Subsidiary's long-term incentives program

1% of the share capital of Solutions has been allocated to be granted as part of its own employees' long-term incentive program out of which 0.36% has been vested as at 31 December 2025 (2024: 0.17%) (Note 6). The total expense in relation to this program for the year ended 31 December 2025 amounted to ﷲ10 million (2024: ﷲ9.1 million).

46. DIVIDENDS

For the periods starting from 4th quarter of 2021 until the 3rd quarter of 2024, the Company had an approved dividends policy based on maintaining a minimum dividend of ﷲ0.40 per share on a quarterly basis.

On 20 Safar 1446H (corresponding to 24 August 2024), the Board of Directors approved the Company's dividends distribution policy for the next three years. The dividends distribution policy was approved by the General Assembly during the meeting held on 4 Jumada al-Ula 1446 (corresponding to 6 November 2024).

The Company's dividends policy is based on maintaining a minimum dividend of ﷲ0.55 per share per quarter for the next three years starting from the dividends distribution of the 4th quarter of 2024 until the 3rd quarter of 2027. Further, the Company may consider paying special dividends after the assessment of the Company's financial position, future outlook, strategic investments and capital expenditure requirements subject to the General Assembly's recommendation.

In line with this policy, the Company distributed cash dividends to the shareholders of the Company for the fourth quarter of 2024, first quarter of 2025, second quarter of 2025 and third quarter of 2025 at a rate of ﷲ0.55 per share. On 13 May 2025, the General Assembly approved the board of directors' recommendation to distribute special cash dividends for the year 2024 at the rate of ﷲ2 per share.

In line with this policy, the Company will also distribute cash dividends to the shareholders of the Company for the fourth quarter of 2025 at a rate of ﷲ0.55 per share.

The dividends distribution policy remains subject to change based on any material changes in stc's strategy and business or regulatory requirements applicable to the Company, or banking agreements.

Treasury shares allocated to the employee long-term incentives program are not entitled for any dividends during the period while the shares are still under the Company's possession.

47. SUBSEQUENT EVENTS

- On 6 January 2026, the Company announced its intention to issue international Trust Certificates (sukuk) denominated in U.S. dollars under a new USD 5 billion international Trust Certificate (sukuk) issuance programme based on the approval of the Company's board of directors obtained on 30 September 2025.
- On 15 January 2026, The Company has completed the issuance of the Trust Certificates (sukuk) in two tranches: USD 750 million for 5 years and USD 1,250 million for 10 years. The issuance was through an offshore special purpose vehicle established outside the Kingdom for this purpose.
- On 8 February 2026, the Company announced project award with Syrian Sovereign Fund for the implementation of telecommunications infrastructure project "Silklink" in Syrian Arab Republic (Syria) to enhance telecommunications infrastructure and connect Syria regionally and internationally through the establishment of a fiber optic network extending over 4,500 kilometers, in addition to the development of data centers and international submarine cable landing stations.

The project will be through a partnership with the Syrian Sovereign Fund, in which stc will hold a 75% stake, while the Syrian Sovereign Fund will hold 25%. The project value is amounting to ﷲ3,000 million.

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48. COMPARATIVE FIGURES

Certain figures have been reclassified to conform with the classification used for the year ended 31 December 2025 and have no impact on previously reported net profit, retained earnings or net assets. The main reclassifications are as follows:

	As previously reported	Amount of reclassification	Amount after reclassification
Consolidated statement of financial position as at 31 December 2024			
Intangible assets and goodwill	14,954,413	208,319	15,162,732
Financial assets and others - non current	15,316,935	(186,314)	15,130,621
Financial assets and others – current	10,019,255	(22,005)	9,997,250
Consolidated statement of profit or loss for the year ended 31 December 2024			
Cost of revenues	(38,593,003)	25,514	(38,567,489)
Depreciation, amortization and impairment	(9,499,963)	(25,514)	(9,525,477)

49. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the consolidated financial statements for the year ended 31 December 2025 on 29 Sha’aban 1447H (corresponding to 17 February 2026).

stc group Glossary

A

- A2G** - Air to Ground
- ACC 2025** - Asian Carriers Conference
- AI/ML** - Artificial Intelligence and Machine Learning
- AML** - Anti-Money Laundering
- AML** - Advanced Mobile Location
- API** - Application Programming Interface
- ARPU** - Average Revenue Per User
- ASR** - Automatic Speech Recognition

B

- B2B** - Business-to-Business
- B2C** - Business-to-Consumer
- BCM** - Business Continuity Management
- BCP** - Business Continuity Plans
- BPO** - Business Process Outsourcing
- BSS** - Business Support System

C

- C&W** - Carrier & Wholesale Business Unit
- CAF** - Career Advancement Framework
- CAGR** - Compound Annual Growth Rate
- CAPEX** - Capital Expenditure
- CDP** - Corporate Digital Excellence Program
- CEX** - Customer Experience
- CLP** - Corporate Leadership Program
- COOP** - Cooperative Training Program
- COSO** - Committee of Sponsoring Organizations
- CPM** - Corporate Performance Management
- CRM** - Customer Relationship Management
- CSO** - Cognitive Self-Organizing Networks
- CSP** - Corporate Skills Program
- CST** - Communications, Space and Technology Commission
- CVM** - Customer Value Management
- CXI** - Customer Experience Index

D

- DCC** - Data Cybersecurity Controls
- DCB** - Direct Carrier Billing

- DDoS** - Distributed Denial of Service
- DIA** - Dedicated Internet Access
- DR** - Disaster Recovery
- DSL** - Digital Subscriber Line

E

- EBITDA** - Earnings before interest, taxes, zakat, depreciation and amortization
- ECC** - Essential Cybersecurity Controls
- EEL** - Employee Experience Index
- EFQM** - European Foundation for Quality Management
- EGA** - Extraordinary General Assembly
- EMEA region** - Europe, the Middle East and Africa region
- EPS** - Earnings Per Share
- ERM** - Enterprise Risk Management
- ESG** - Environmental, Social, and Governance

F

- F6G** - Fixed Sixth-Generation (network technology)
- FDI** - Foreign Direct Investment
- FII** - Future Investment Initiative
- FSM** - Field Service Management
- FTE** - Full-Time Equivalent
- FTTH** - Fibre to the Home
- FTTM** - Fiber-to-the-Mobile site
- FTTx** - Fiber to the "x"
- FWA** - Fixed Wireless Access
- FX** - Foreign Exchange

G

- GCC** - Gulf Cooperation Council
- GCCM** - Global Carrier Community Meeting
- GCEO** - Group Chief Executive Officer
- GCFO** - Group Chief Financial Officer
- GCHRO** - Group Chief Human Resources Officer
- GCSO** - Group Chief Strategy Officer
- GCF** - Global Cybersecurity Forum
- GDP** - Gross Domestic Product
- GEO** - Geostationary Earth Orbit
- GHG** - Greenhouse Gases

- GHRU** - Group Human Resources Unit
- GOSI** - General Organization for Social Insurance
- GPON** - Gigabit Passive Optical Network
- GPTW** - Great Place to Work
- GPU** - Graphics Processing Unit
- GRC** - Governance, Risk, and Compliance
- GSMA** - Global System for Mobile Communications Association

H

- HAPS** - High Altitude Platform Station
- HRBP** - Human Resources Business Partners
- HRSD** - Ministry of Human Resources and Social Development
- HUMAIN** - PIF subsidiary

I

- ICT** - Information and Communication Technology
- IFRS** - International Financial Reporting Standards
- IoT** - Internet of Things
- IPMA** - International Project Management Associations
- IPO** - Initial Public Offering
- ISIN** - International Securities Identification Numbering System
- ISO** - International Organisation for Standardisation
- ISS** - Institutional Shareholder Services
- IT** - Information Technology
- ITU** - International Telecommunication Union
- IVR** - Interactive Voice Response

K

- KLIBOR** - Kuala Lumpur Interbank Offered Rate
- KPI** - Key Performance Indicators
- KRI** - Key Risk Indicators
- KSA** - Kingdom of Saudi Arabia

L

- LEO** - Low Earth Orbit

- LTE** - Long-Term Evolution

M

- M2M** - Machine-to-Machine
- MDR** - Managed Detection and Response
- MENA** - Middle East and North Africa
- MEO** - Medium Earth Orbit
- MNP** - Mobile Number Portability
- MoPTT** - Ministry of Post, Telegraph and Telephone
- MoU** - Memorandum of Understanding
- MSCI** - Morgan Stanley Capital International
- MSOC** - Managed Security Operations Centre

N

- NCA** - National Cybersecurity Authority
- NDMO** - National Data Management Office
- NEMA** - National Emergency Management Authority
- NGON** - Next-Generation Optical Networks
- NOC** - Network Operations Center
- NPO** - Non-Profit Organisations
- NTN** - Non-Terrestrial Networks
- NWC** - National Water Company

O

- OCI** - Other Comprehensive Income
- ODA** - Open Digital Architecture
- ONT** - Optical Network Terminals
- OPEC** - Organization of the Petroleum Exporting Countries
- OpEx** - Operational Expenditure

P

- P&L** - Profit and Loss
- PCRF** - Policy and Charging Rules Function
- PDPL** - Personal Data Protection Law
- PIF** - Public Investment Fund
- PMI** - Project Management Institute
- PON** - Passive Optical Network
- PPA** - Public Pension Agency
- PSTN** - Public Switched Telephone Network

R

- R&D** - Research and Development
- RAG** - Retrieval-Augmented Generation
- RAN** - Radio Access Network
- RCSA** - Risk and Control Self-Assessment
- ROI** - Return on Investment
- RPA** - Robotic Process Automation
- RTO** - Recovery Time Objective

S

- SAMA** - Saudi Central Bank
- SAMENA** - South Asia, Middle East, North Africa
- SBTi** - Science-Based Targets initiative
- SDAIA** - Saudi Data and AI Authority
- SDP** - Specialist Development Program
- SGI** - Saudi Green Initiative
- SHRM** - Society for Human Resource Management
- SLA** - Service Level Agreement
- SME** - Small and Medium Enterprise
- SMS** - Short Message Service
- SOC** - Security Operations Centre
- S&P CSA** - S&P Global Corporate Sustainability Assessment

- SPA** - Sale and Purchase Agreement
- SPL** - Saudi Pro League
- STV** - stc Ventures (Investment Fund)

T

- TASI** - Tadawul All-Share Index
- TBPS** - Terabits Per Second
- TEP** - Technical Enablement Program
- TIP** - Talent Incubation Program

U

- UBBF** - Ultra Broadband Forum

V

- VaR** - Value-at-Risk
- VAS** - Value-Added Services

W

- WBBA** - World Broadband Association

Z

- ZATCA** - Zakat, Tax and Customs Authority

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