



Saudi Telecom Company
(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025
(UNAUDITED)**

**First Quarter
2025**

Saudi Telecom Company
A Saudi Joint Stock Company

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

INDEX	<u>PAGES</u>
Independent auditor's review report	2
Interim condensed consolidated statement of financial position	3
Interim condensed consolidated statement of profit or loss	4
Interim condensed consolidated statement of comprehensive income	5
Interim condensed consolidated statement of cash flows	6
Interim condensed consolidated statement of changes in equity	7
Notes to the interim condensed consolidated financial statements	8-25

Independent Auditors' Review Report on The Interim Condensed Consolidated Financial Information

To the Shareholders of
Saudi Telecom Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Telecom Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2025, and the related interim condensed consolidated statements of profit or loss and comprehensive income, changes in equity and cash flows for the three-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2024 and the interim condensed consolidated financial information for the three-month period ended 31 March 2024 were audited and reviewed respectively by another auditor who expressed an unmodified opinion on those statements and an unmodified conclusion on that information on 6 Ramadan 1446H (corresponding to 6 March 2025) and 7 Thul-Qi'dah 1445H (corresponding to 15 May 2024) respectively.

Deloitte and Touche & Co.
Chartered Accountants



Mazen A. Al-Omari
Certified Public Accountant
License No. 480
2 Thul-Qi'dah 1446H
April 30, 2025



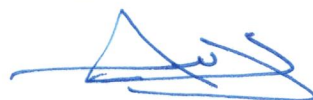
Saudi Telecom Company

A Saudi Joint Stock Company

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2025

(All Amounts in Saudi Riyals thousands unless otherwise stated)

	Note	31 March 2025 (Unaudited)	31 December 2024 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	40,878,227	41,514,233
Investment properties	6	1,051,050	1,007,572
Intangible assets and goodwill	7	16,788,170	14,954,413
Right of use assets	8	1,498,471	1,351,971
Investments in associates and joint ventures		12,384,465	12,259,656
Contract assets and costs		1,444,371	1,466,233
Financial assets and others	9	21,467,026	15,316,935
TOTAL NON-CURRENT ASSETS		95,511,780	87,871,013
CURRENT ASSETS			
Inventories		1,742,554	1,889,227
Contract assets and costs		7,909,394	7,840,069
Trade receivables	10	22,129,336	22,223,164
Financial assets and others	9	6,885,661	10,019,255
Short term murabahas		12,497,958	15,212,455
Cash and cash equivalents		15,898,855	15,543,441
Assets held for sale		35,377	39,519
TOTAL CURRENT ASSETS		67,099,135	72,767,130
TOTAL ASSETS		162,610,915	160,638,143
EQUITY AND LIABILITIES			
EQUITY			
Share capital	17	50,000,000	50,000,000
Treasury shares		(517,351)	(517,351)
Other reserves		2,231,113	1,484,621
Retained earnings		39,355,413	38,449,272
Equity attributable to the equity holders of the Parent Company		91,069,175	89,416,542
Non-controlling interests		2,931,658	3,068,505
TOTAL EQUITY		94,000,833	92,485,047
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term borrowings		14,748,037	14,740,155
End of service benefits provision	12	4,735,144	5,184,542
Lease liabilities	13	1,705,488	1,570,638
Contract liabilities		1,164,969	1,170,341
Provisions		548,161	512,233
Financial liabilities and others	14	8,116,794	6,018,926
TOTAL NON-CURRENT LIABILITIES		31,018,593	29,196,835
CURRENT LIABILITIES			
Trade and other payables		18,501,282	22,627,472
Contract liabilities		4,001,076	4,067,079
Provisions		964,528	915,209
Zakat and income tax	16	2,517,190	2,934,627
Short term borrowings		381,855	391,584
Lease liabilities	13	550,422	593,447
Financial liabilities and others	14	10,675,136	7,426,843
TOTAL CURRENT LIABILITIES		37,591,489	38,956,261
TOTAL LIABILITIES		68,610,082	68,153,096
TOTAL EQUITY AND LIABILITIES		162,610,915	160,638,143


Group Chief Financial Officer


Group Chief Executive Officer


Authorized Board Member

Saudi Telecom Company
A Saudi Joint Stock Company

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(All Amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three months period ended 31 March	
		2025	2024
CONTINUING OPERATIONS:			
Revenues	4	19,209,552	18,907,700
Cost of revenues		(10,111,221)	(10,244,081)
GROSS PROFIT	4	9,098,331	8,663,619
OPERATING EXPENSES			
Selling and marketing		(1,333,733)	(1,221,865)
General and administration		(1,644,146)	(1,626,355)
Depreciation, amortization and impairment	5,7,8	(2,536,943)	(2,302,189)
TOTAL OPERATING EXPENSES		(5,514,822)	(5,150,409)
OPERATING PROFIT		3,583,509	3,513,210
OTHER INCOME AND EXPENSES			
Cost of early retirement program		(239,154)	(169,795)
Finance income		479,350	432,437
Finance cost		(292,811)	(307,355)
Net other expenses		(44,152)	(131,849)
Net share in results of investments in associates and joint ventures		60,975	(56,886)
Net other (losses) gains		(142,815)	58,213
TOTAL OTHER EXPENSES		(178,607)	(175,235)
NET PROFIT BEFORE ZAKAT AND INCOME TAX		3,404,902	3,337,975
Zakat and income tax reversal (expense)	16	310,546	(229,584)
NET PROFIT FROM CONTINUING OPERATIONS		3,715,448	3,108,391
DISCONTINUED OPERATIONS:			
NET PROFIT FROM DISCONTINUED OPERATIONS	20	-	222,497
NET PROFIT		3,715,448	3,330,888
Net profit from continuing operations attributable to:			
Equity holders of the Parent Company		3,648,945	3,063,396
Non-controlling interests		66,503	44,995
		3,715,448	3,108,391
Net profit attributable to:			
Equity holders of the Parent Company		3,648,945	3,285,893
Non-controlling interests		66,503	44,995
		3,715,448	3,330,888
Earnings per share from net profit from continuing operations attributable to equity holders of the Parent Company (in Saudi Riyals):			
Basic	17	0.73	0.61
Diluted	17	0.73	0.61
Earnings per share from net profit attributable to equity holders of the Parent Company (in Saudi Riyals):			
Basic	17	0.73	0.66
Diluted	17	0.73	0.66



Group Chief Financial Officer



Group Chief Executive Officer



Authorized Board Member

Saudi Telecom Company

A Saudi Joint Stock Company

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(All Amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three months period ended 31 March	
		2025	2024
NET PROFIT		3,715,448	3,330,888
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to consolidated statement of profit or loss:			
Remeasurement of end of service benefits provision	12	(302,998)	277,007
Changes in fair value for hedging instruments and equity investments through other comprehensive income		777,229	155,287
Net share of other comprehensive income of associates and joint ventures		86	107
Total items that will not be reclassified subsequently to consolidated statement of profit or loss		474,317	432,401
Items that may be reclassified subsequently to consolidated statement of profit or loss:			
Foreign currency translation differences		392,193	(393,790)
Loss on net investment hedge, net		(105,234)	-
Loss on cash flow hedge, net		(92,654)	-
Net share of other comprehensive income (loss) of associates and joint ventures		54,532	(632)
Total items that may be reclassified subsequently to consolidated statement of profit or loss		248,837	(394,422)
TOTAL OTHER COMPREHENSIVE INCOME		723,154	37,979
TOTAL COMPREHENSIVE INCOME		4,438,602	3,368,867
Total comprehensive income attributable to:			
Equity holders of the Parent Company		4,371,170	3,370,399
Non-controlling interests		67,432	(1,532)
		4,438,602	3,368,867
Total comprehensive income attributable to Equity holders of the Parent Company			
Continuing operations		4,371,170	3,160,890
Discontinued operations	20	-	209,509
		4,371,170	3,370,399



Group Chief Financial Officer



Group Chief Executive Officer



Authorized Board Member

Saudi Telecom Company

A Saudi Joint Stock Company

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(All Amounts in Saudi Riyals thousands unless otherwise stated)

		For the three months period ended 31 March	
	Note	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit from continuing operations before zakat and income tax		3,404,902	3,337,975
Net profit from discontinued operations before zakat and income tax		-	239,209
Adjustments:			
Depreciation, amortization and impairment	5,7,8	2,536,943	2,618,088
Impairment loss and amortization of contract assets and costs		93,202	93,422
Impairment loss (reversal) on trade receivables		12,641	(8,236)
Allowance for (reversal) slow moving inventories		19,944	(11,932)
Finance income		(479,350)	(442,086)
Finance cost		292,811	414,940
Provision for end of service benefits and other provisions and expenses		225,293	380,727
Net share in results and impairment of investments in associates and joint ventures		(60,975)	56,886
Share- based payment expenses		30,741	34,307
Net other losses (gains)		142,815	(52,416)
Changes of:			
Trade receivables		81,192	(1,062,712)
Contract assets and costs, inventory and others		(527,417)	(1,083,934)
Trade payables and others		(3,693,122)	(1,891,511)
Contract liabilities and others		1,086,336	(1,026,330)
Cash generated from operations activities		3,165,956	1,596,397
Less: zakat and income tax paid	16	(101,511)	(24,078)
Less: provision for end of service benefits paid		(904,578)	(154,632)
Net cash generated from operating activities		2,159,867	1,417,687
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	5	(1,303,038)	(1,238,476)
Purchase of intangible assets	7	(331,794)	(424,439)
Additions to investment properties		(25,152)	(14,625)
Proceeds from sale of property and equipment and assets held for sale		33,757	2,434
Subsidiaries' acquisition of new subsidiaries		-	(528,341)
Subsidiaries acquisition of new associates		-	(297,861)
Proceeds from finance income		417,495	397,628
Proceeds and payments related to financial assets and others, net		2,389,303	6,025,900
Net cash generated from investing activities		1,180,571	3,922,220
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to the equity holders of the Parent Company		(2,738,940)	(1,978,466)
Dividends paid to non-controlling interests		(4,878)	(3,718)
Payment of lease liabilities		(170,338)	(335,513)
Repayment of borrowings		(99,492)	(24,257)
Proceeds from borrowings		88,557	67,812
Transactions with non-controlling interests		900	-
Finance cost paid		(60,819)	(193,299)
Net cash used in financing activities		(2,985,010)	(2,467,441)
NET INCREASE IN CASH AND CASH EQUIVALENTS		355,428	2,872,466
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD		15,543,441	13,371,320
Net foreign currency exchange difference		(14)	(54,107)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		15,898,855	16,189,679


Group Chief Financial Officer


Group Chief Executive Officer


Authorized Board Member

Saudi Telecom Company

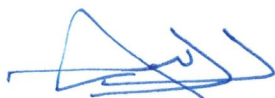
A Saudi Joint Stock Company

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(All Amounts in Saudi Riyals Thousands unless otherwise stated)

Note	Total equity attributable to the equity holders of the Parent Company					Non-controlling interests	Total equity
	Share capital	Treasury shares	Other reserves	Retained earnings	Total		
Balance as at 1 January 2024	50,000,000	(612,528)	2,125,192	27,472,281	78,984,945	2,530,221	81,515,166
Net profit	-	-	-	3,285,893	3,285,893	44,995	3,330,888
Other comprehensive income (loss)	-	-	84,506	-	84,506	(46,527)	37,979
Total comprehensive income	-	-	84,506	3,285,893	3,370,399	(1,532)	3,368,867
Dividends to the equity holders of the Parent Company	-	-	-	(1,993,867)	(1,993,867)	-	(1,993,867)
Dividends to non-controlling interests	-	-	-	-	-	(204,747)	(204,747)
Share-based payment transactions	-	-	28,931	-	28,931	-	28,931
Transactions with non-controlling interests	-	-	50,364	-	50,364	-	50,364
Net share of other reserves of a joint venture	-	-	(1,221)	-	(1,221)	-	(1,221)
Balance as at 31 March 2024	50,000,000	(612,528)	2,287,772	28,764,307	80,439,551	2,323,942	82,763,493
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	-	-	-	3,648,945	3,648,945	66,503	3,715,448
Other comprehensive income	-	-	722,225	-	722,225	929	723,154
Total comprehensive income	-	-	722,225	3,648,945	4,371,170	67,432	4,438,602
Dividends to the equity holders of the Parent Company	-	-	-	(2,742,804)	(2,742,804)	-	(2,742,804)
Dividends to non-controlling interests	-	-	-	-	-	(205,179)	(205,179)
Share-based payment transactions	-	-	23,366	-	23,366	-	23,366
Transactions with non-controlling interests	-	-	-	-	-	900	900
Net share of other reserves of a joint venture	-	-	901	-	901	-	901
Balance as at 31 March 2025	50,000,000	(517,351)	2,231,113	39,355,413	91,069,175	2,931,658	94,000,833



Group Chief Financial Officer



Group Chief Executive Officer



Authorized Board Member

The accompanying notes from 1 to 23 form an integral part of these interim condensed consolidated financial statements

Saudi Telecom Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025

(All Amounts in Saudi Riyals thousands unless otherwise stated)

1. GENERAL INFORMATION

A) ESTABLISHMENT OF THE COMPANY

Saudi Telecom Company ("stc" or the "Company") was established as a Saudi Joint Stock Company pursuant to Royal Decree No. M/35 dated 24 Dhul Hijja 1418H (corresponding to 21 April 1998) that authorized the transfer of the telegraph and telephone division of the Ministry of Post, Telegraph and Telephone ("MoPTT") with its various components and technical and administrative facilities to the Company, and in accordance with the Council of Ministers' Resolution No. 213 dated 23 Dhul Hijja 1418H (corresponding to 20 April 1998) that approved the Company's by-laws ("By-laws"). The Company was wholly owned by the Government of the Kingdom of Saudi Arabia (the "Government"). The Government sold 30% of its shares pursuant to the Council of Ministers Resolution No. 171 dated 2 Rajab 1423H (corresponding to 9 September 2002). The Public Investment Fund ("PIF") is the ultimate controlling party of the Company through its ownership of 62% as at 31 March 2025 (31 December 2024: 62%).

The Company commenced its operation as the provider of telecommunications services throughout the Kingdom of Saudi Arabia ("the Kingdom") on 6 Muharram 1419H (corresponding to 2 May 1998) as a Saudi Joint Stock Company on 4 Rabi al-Awal 1419H (corresponding to 29 June 1998) with National No. 700876768. The Company's head office is located in King Abdulaziz Complex, Imam Mohammed Bin Saud Street Al Mursalat Area, Riyadh, Kingdom of Saudi Arabia.

B) GROUP ACTIVITIES

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

- 1) Establish, manage, operate and maintain fixed and mobile telecommunication networks, systems and infrastructure.
- 2) Deliver, provide, maintain and manage diverse telecommunication and information technology (IT) services to customers.
- 3) Prepare the required plans and necessary studies to develop, implement and provide telecommunication and IT services covering all technical, financial and administrative aspects. In addition, prepare and implement training plans in the field of telecommunications and IT, and provide consultancy services.
- 4) Expand and develop telecommunication networks, systems, and infrastructure by utilizing the most current devices and equipment in telecom technology, especially in the fields of providing and managing services, applications and software.
- 5) Provide integrated communication and information technology solutions which include, among other things, 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (CONTINUED)
(All Amounts in Saudi Riyals thousands unless otherwise stated)

2. BASIS OF PREPARATION AND CONSOLIDATION

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") ("IAS 34").

The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS" Accounting Standards) and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("IFRS endorsed in the Kingdom"). Therefore, these interim condensed consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

3. THE GROUP'S MATERIAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The material accounting policies and significant accounting judgements, estimates and assumptions adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 21 "*The Effects of Changes in Foreign Exchange Rates*" were effective on 1 January 2025, but did not have an impact on the interim condensed consolidated financial statements of the Group.

4. SEGMENT INFORMATION

The Group is engaged mainly in providing telecommunication services and related products. The majority of the Group's revenues, income and assets relate to its operations within the Kingdom. Outside of the Kingdom, the Group operates through its subsidiaries, associates and joint ventures in several countries.

Revenue is distributed to an operating segment based on the entity of the Group reporting the revenue. Sales between segments are calculated at normal business transaction prices.

The disclosed operating segments exceeded the 75% of total external Group revenue.

Saudi Telecom Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (CONTINUED)
(All Amounts in Saudi Riyals thousands unless otherwise stated)

4. SEGMENT INFORMATION (CONTINUED)

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

	For the three months period ended 31 March	
	2025	2024
Revenues ⁽¹⁾		
stc	12,651,514	12,332,515
Saudi Telecom Channels Company ("Channels")	4,052,200	4,151,800
Arabian Internet and Communications Services Company ("Solutions")	2,823,891	2,808,647
Kuwait Telecommunications Company ("stc Kuwait")	1,062,582	1,009,279
stc Bahrain BSC (c) ("stc Bahrain")	504,230	491,283
Digital Centers for Data and Telecommunications ("Center3")	482,912	401,382
stc Bank	319,716	300,038
Advanced Technology and Cybersecurity Company ("sirar")	145,654	120,497
Public Telecommunications Company ("Specialized")	68,891	73,275
Internet of Things Information Technology Company ("iot2")	53,428	58,832
General Cloud Computing Company for Information Technology ("SCCC")	41,945	44,834
Other operating segments ⁽²⁾	15,149	181,824
Eliminations / adjustments	(3,012,560)	(3,066,506)
Total revenues	19,209,552	18,907,700
Cost of operations (excluding depreciation amortization, and impairment)	(13,089,100)	(13,092,301)
Depreciation, amortization, and impairment	(2,536,943)	(2,302,189)
Cost of early retirement program	(239,154)	(169,795)
Finance income	479,350	432,437
Finance cost	(292,811)	(307,355)
Net other expenses	(44,152)	(131,849)
Net share in results of investments in associates and joint ventures	60,975	(56,886)
Net other (losses) gains	(142,815)	58,213
Zakat and income tax reversal (expense)	310,546	(229,584)
Net profit from continuing operations	3,715,448	3,108,391

Saudi Telecom Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (CONTINUED)
(All Amounts in Saudi Riyals thousands unless otherwise stated)

4. SEGMENT INFORMATION (CONTINUED)

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

	For the three months period ended 31 March	
	2025	2024
stc	7,445,938	7,179,874
Saudi Telecom Channels Company ("Channels")	899,148	823,698
Arabian Internet and Communications Services Company ("Solutions")	671,075	667,879
Kuwait Telecommunications Company ("stc Kuwait")	523,618	524,703
stc Bahrain BSC (c) ("stc Bahrain")	236,592	227,530
Digital Centers for Data and Telecommunications ("Center3")	206,894	182,069
stc Bank	106,964	53,383
Advanced Technology and Cybersecurity Company ("sirar")	39,931	46,795
Public Telecommunications Company ("Specialized")	34,972	38,275
Internet of Things Information Technology Company ("iot2")	19,310	22,758
General Cloud Computing Company for Information Technology ("SCCC")	433	1,304
Other operating segments ⁽²⁾	4,279	127,784
Eliminations / adjustments	(1,090,823)	(1,232,433)
Gross profit from continuing operations	9,098,331	8,663,619

Information about geographical segmentation

Following is the geographical segmentation of revenues from continuing operations:

	For the three months period ended 31 March	
	2025	2024
Kingdom of Saudi Arabia	16,911,319	16,735,906
Outside the Kingdom of Saudi Arabia	2,298,233	2,171,794
	19,209,552	18,907,700

Saudi Telecom Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (CONTINUED)
(All Amounts in Saudi Riyals thousands unless otherwise stated)

4. SEGMENT INFORMATION (CONTINUED)

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

	31 March 2025	31 December 2024
Assets		
stc	159,903,410	156,834,703
Saudi Telecom Channels Company ("Channels")	7,374,400	6,630,062
Arabian Internet and Communications Services Company ("Solutions")	11,692,457	12,040,098
Kuwait Telecommunications Company ("stc Kuwait")	5,840,937	5,625,147
stc Bahrain BSC (c) ("stc Bahrain")	6,153,181	5,407,890
Digital Centers for Data and Telecommunications ("Center3")	9,368,975	8,898,370
stc Bank	7,586,573	6,632,946
Advanced Technology and Cybersecurity Company ("sirar")	789,520	918,340
Public Telecommunications Company ("Specialized")	1,309,377	808,914
Internet of Things Information Technology Company ("iot ² ")	1,050,733	1,117,162
General Cloud Computing Company for Information Technology ("SCCC")	1,099,720	1,198,802
Other operating segments ⁽²⁾	17,257,794	16,753,951
Eliminations / adjustments	(66,816,162)	(62,228,242)
Total assets	162,610,915	160,638,143
Liabilities		
stc	53,221,594	51,268,062
Saudi Telecom Channels Company ("Channels")	6,146,967	5,399,090
Arabian Internet and Communications Services Company ("Solutions")	7,305,130	8,010,472
Kuwait Telecommunications Company ("stc Kuwait")	3,230,626	2,698,686
stc Bahrain BSC (c) ("stc Bahrain")	4,455,122	3,742,790
Digital Centers for Data and Telecommunications ("Center3")	7,272,293	6,821,343
stc Bank	4,602,309	3,491,948
Advanced Technology and Cybersecurity Company ("sirar")	427,535	553,200
Public Telecommunications Company ("Specialized")	430,559	750,819
Internet of Things Information Technology Company ("iot ² ")	188,022	222,052
General Cloud Computing Company for Information Technology ("SCCC")	936,871	972,378
Other operating segments ⁽²⁾	12,260,710	12,326,767
Eliminations / adjustments	(31,867,656)	(28,104,511)
Total liabilities	68,610,082	68,153,096

- (1) Segment revenue reported above represents revenue generated from external and internal customers. There were SR 3,013 million of inter-segment sales and adjustments (between the Group's Companies) for the three months period ended 31 March 2025 (2024: SR 3,067 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 (Tali) for Investment, stc Asia Holding, stc Turkey Limited Holding (under liquidation), Green Bridge Investment ("GBI") and Green Bridge Management ("GBM"), and Telecom Commercial Investment Company Limited ("TCIC").

Saudi Telecom Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (CONTINUED)
(All Amounts in Saudi Riyals thousands unless otherwise stated)

5. PROPERTY AND EQUIPMENT

During the three months period ended 31 March 2025, the Group acquired property and equipment with total cost of SR 1,039 million, including non-cash additions with an amount of SR 549 million (31 March 2024: SR 1,331 million, including non-cash additions with an amount of SR 92 million).

During the three months period ended 31 March 2025, the Group disposed of property and equipment with a net book value of SR 2 million (31 March 2024: SR 28 million) resulting in a gain on sale of property and equipment for the three months period ended 31 March 2025 with an amount of SR 18 million (31 March 2024: loss on sale of property and equipment amounting to SR 25 million).

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

	For the three months period ended 31 March	
	2025	2024
Cost of revenues	1,286,175	1,260,943
Selling and marketing expenses	5,575	2,081
General and administration expenses	274,967	280,458
	1,566,717	1,543,482

6. INVESTMENT PROPERTIES

	31 March 2025	31 December 2024
Lands	334,855	334,855
Work in-progress	716,195	672,717
	1,051,050	1,007,572

The fair value of the lands as at 31 December 2024 amounted to SR 1,545 million, valued by RAWAJ Real Estate Valuation license no. 1210000062 and First Valuator license no. 1210000221 appointed as an independent, professionally qualified valuers accredited by the Saudi Authority for Accredited Valuers (Taqeem). The fair value measurement is classified within level 3 based on valuation techniques applied (residual value method, comparable method, and discounted cash flow method).

7. INTANGIBLE ASSETS AND GOODWILL

During the three months period ended 31 March 2025, the net additions in intangible assets amounted to SR 2,690 million, including non-cash additions with an amount of SR 2,359 million (31 March 2024: SR 706 million, including non-cash additions with an amount of SR 281 million).

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

	For the three months period ended 31 March	
	2025	2024
Cost of revenues	156,090	155,231
Selling and marketing expenses	69,280	3,204
General and administration expenses	616,159	482,524
	841,529	640,959

Saudi Telecom Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (CONTINUED) (All Amounts in Saudi Riyals thousands unless otherwise stated)

8. RIGHT OF USE ASSETS

During the three months period ended 31 March 2025, the net additions in right of use assets amounted to SR 306 million (31 March 2024: SR 345 million) all of which are non-cash additions.

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

	For the three months period ended 31 March	
	2025	2024
Cost of revenues	63,303	58,875
Selling and marketing expenses	1,244	3,640
General and administration expenses	64,150	55,233
	128,697	117,748

Saudi Telecom Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (CONTINUED)
(All Amounts in Saudi Riyals thousands unless otherwise stated)

9. FINANCIAL ASSETS AND OTHERS

9.1 Financial assets

	31 March 2025	31 December 2024
Financial assets measured at FVTOCI		
Listed equity investments ⁽¹⁾	9,989,203	4,318,321
Financial assets measured at FVTPL		
Cash collateral against purchase of a listed equity Investment ⁽²⁾	-	4,144,063
Investment funds and unlisted equity investments	4,162,934	4,063,687
	4,162,934	8,207,750
Financial assets at amortized cost:		
Sukuk	5,300,124	5,133,819
Financial assets from digital banking operations	3,871,822	2,360,035
Finance lease receivables	993,782	823,249
Loans to employees	440,795	472,366
Accrued profit on financial assets	238,979	247,534
Others	1,367,573	1,679,833
	12,213,075	10,716,836
Financial derivatives		
Forward contract	-	200,857
Options	-	23,391
Islamic cross currency profit rate swap	23,891	238,829
	23,891	463,077
	26,389,103	23,705,984
Current	5,268,865	8,667,558
Non-current	21,120,238	15,038,426
	26,389,103	23,705,984

(1) During the first quarter of 2025, the Group has increased its voting rights in Telefonica company from 4.97% to 9.97% after the completion of all relevant requirements.

(2) Amount represented an advance collateral payment, until obtaining the relevant regulatory approvals expected within one year, 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. During the fourth quarter of 2024, the Group received the foreign investment authorization from the Spanish Council of Ministers. During the first quarter of 2025, the Group has increased its voting rights from 4.97% to 9.97% after the completion of all relevant requirements.

Saudi Telecom Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (CONTINUED)
(All Amounts in Saudi Riyals thousands unless otherwise stated)

9. FINANCIAL ASSETS AND OTHERS (CONTINUED)

9.2 Other assets

	31 March 2025	31 December 2024
Prepaid expenses	683,465	544,824
Deferred expenses	417,486	344,895
Advances	396,657	334,284
Deferred tax assets	42,821	39,940
Others	423,155	366,263
	1,963,584	1,630,206
Current	1,616,796	1,351,697
Non-current	346,788	278,509
	1,963,584	1,630,206

Saudi Telecom Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (CONTINUED)
(All Amounts in Saudi Riyals thousands unless otherwise stated)

10. TRADE RECEIVABLES

	31 March 2025	31 December 2024
Trade receivables	25,496,510	25,602,745
Less: allowance for impairment loss	(3,367,174)	(3,379,581)
	22,129,336	22,223,164

11. RELATED PARTY TRANSACTIONS

11.1 Trading transactions and balances with related parties (Associates and Joint Ventures)

The Group trading transactions with related parties were as follows:

	For the three months period ended 31 March	
	2025	2024
Services provided		
Associates	155,408	124,521
Joint ventures	1,665	1,324
	157,073	125,845
Services received		
Associates	1,120,829	145,330
Joint ventures	714	757
	1,121,543	146,087

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

	Amounts due from related parties		Amounts due to related parties	
	31 March 2025	31 December 2024	31 March 2025	31 December 2024
Associates (*)	1,564,676	1,404,179	1,889,711	1,124,093
Joint ventures	2,850	3,754	3,932	3,351
	1,567,526	1,407,933	1,893,643	1,127,444

(*) Include amounts due from Digital Infrastructure for Investment Company (a subsidiary of PIF) amounted to SR 1,096 million (31 December 2024: SR 961 million) and amounts due to Digital infrastructure for Investment Company amounted to SR 1,759 million (31 December 2024: SR 1,021 million).

In addition, the Group has an investment in sukuk issued by a joint venture entity (BGSM) amounting to RM 1,508 million (equivalent to SR 1,383 million at the exchange rate as at investment date) with a book value of SR 1,198 million as of 31 March 2025 (31 December 2024: SR 1,191 million).

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

Saudi Telecom Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (CONTINUED)
(All Amounts in Saudi Riyals thousands unless otherwise stated)

11. RELATED PARTY TRANSACTIONS (CONTINUED)

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

Revenues from transactions with government and government related entities for the three months period ended 31 March 2025 amounted to SR 3,054 million (31 March 2024: SR 2,994 million) and expenses related to transactions with government and government related entities for the three months period ended 31 March 2025 (including government charges) amounted to SR 2,503 million (31 March 2024: SR 1,543 million).

As at 31 March 2025, accounts receivable from government entities totalled SR 18,788 million (31 December 2024: SR 18,567 million) and as at 31 March 2025, accounts payable to government entities totalled SR 2,320 million (31 December 2024: SR 1,221 million). Among the balances with government entities, the Group invested SR 3,902 million in the Sukuk issued by the Ministry of Finance during the first quarter of 2019. During 2024, Tranche I amounting to SR 1,762 million has matured and additional investment was made amounting to SR 1,600 million with duration of 10 years.

The total balance of accounts receivable with government related entities as of 31 March 2025 was SR 2,099 million (31 December 2024: SR 2,205 million). Total balance of accounts payable with government related entities as of 31 March 2025 was SR 3,956 million (31 December 2024: SR 3,624 million).

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

Receivable aging from government entities is as follows:

	31 March 2025	31 December 2024
Less than a year	9,508,998	9,559,212
More than one year but less than two years	5,594,409	5,791,205
More than two years	3,685,084	3,216,695
	18,788,491	18,567,112

11.3 Loans to related parties

	31 March 2025	31 December 2024
Loans to senior executives	16,445	14,549

11.4 Benefits, remuneration and compensation of board members and senior executives

The remuneration and compensation of board members and senior executives were as follows:

	For the three months period ended 31 March	
	2025	2024
Short-term benefits and remuneration	367,860	346,053
Provision for leave and end of service benefits	33,921	34,949
Long-term incentives program	30,487	33,657
Others	2,460	5,254
	434,728	419,913

Saudi Telecom Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (CONTINUED)
(All Amounts in Saudi Riyals thousands unless otherwise stated)

12. END OF SERVICE BENEFITS PROVISION

Calculation of end of service benefit provision was performed using the most recent actuarial valuation as at 31 March 2025. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The significant actuarial assumptions for the three months period ended 31 March 2025, used in determining the end of service benefit obligation, represent the discount rate of (5.00%-5.50%) and experience adjustments (31 March 2024: discount rate of (5.00%-5.40%)) resulting in recording of net actuarial loss included in the interim condensed consolidated statement of comprehensive income for the three months period ended 31 March 2025 amounting to SR 303 million (31 March 2024: actuarial gain amounting to SR 277 million).

13. LEASE LIABILITIES

	31 March 2025	31 December 2024
Current	550,422	593,447
Non-current	1,705,488	1,570,638
	2,255,910	2,164,085

The interest expense on lease liabilities for the three months period ended 31 March 2025 amounted to SR 21 million which was included in finance cost (31 March 2024: SR 17 million).

14. FINANCIAL LIABILITIES AND OTHERS

14.1 Financial liabilities

	31 March 2025	31 December 2024
Financial liabilities from digital banking operations	3,819,043	2,360,035
Financial liabilities related to frequency spectrum licenses	3,787,241	1,954,130
Dividends payable (Note 21)	3,212,660	3,008,990
Government charges	2,204,396	1,102,309
Financial derivatives - Options	354,689	-
Other financial liabilities	945,935	716,959
	14,323,964	9,142,423
Current	10,020,331	6,969,176
Non-current	4,303,633	2,173,247
	14,323,964	9,142,423

14.2 Other liabilities

	31 March 2025	31 December 2024
Deferred income	3,772,005	3,789,308
Deferred tax liabilities	12,165	12,530
Others	683,796	501,508
	4,467,966	4,303,346
Current	654,805	457,667
Non-current	3,813,161	3,845,679
	4,467,966	4,303,346

Saudi Telecom Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (CONTINUED)
(All Amounts in Saudi Riyals thousands unless otherwise stated)

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group uses valuation techniques appropriate to current circumstances that provide sufficient data to measure fair value. In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for valuing the asset or liability, either directly or indirectly.

The fair values of financial instruments represented in trade and other receivables, short-term murabahas, cash and cash equivalents, and trade and other credit payables closely approximate their book value due to their short maturity.

Financial assets and liabilities measured at fair value:

31 March 2025

Financial assets

Listed equity investments (Note 9.1)	9,989,203
Investment funds and unlisted equity investments (Note 9.1)	4,162,934
Islamic cross currency profit rate swap (Note 9.1)	23,891

Carrying amount	Fair value		
	Level 1	Level 2	Level 3
	9,989,203 ⁽¹⁾	-	-
	-	-	4,162,934 ⁽⁶⁾
	-	23,891 ⁽⁷⁾	-
	-	-	198,166 ⁽⁵⁾
	-	354,689 ⁽³⁾	-

Financial liabilities

Put option to non-controlling interest shareholders	198,166
Financial derivatives- Options (Note 14.1)	354,689

31 December 2024

Financial assets

Listed equity investments (Note 9.1)	4,318,321
Cash collateral against purchase of a listed equity investment (Note 9.1)	4,144,063
Investment funds and unlisted equity investments (Note 9.1)	4,063,687
Financial derivatives- forward contract (Note 9.1)	200,857
Financial derivatives- Options (Note 9.1)	23,391
Islamic cross currency profit rate swap (Note 9.1)	238,829

Carrying amount	Fair value		
	Level 1	Level 2	Level 3
	4,318,321 ⁽¹⁾	-	-
	-	4,144,063 ⁽²⁾	-
	-	-	4,063,687 ⁽⁶⁾
	-	200,857 ⁽⁴⁾	-
	-	23,391 ⁽³⁾	-
	-	238,829 ⁽⁷⁾	-
	-	-	198,166 ⁽⁵⁾

There are no transfers between levels of the fair value hierarchy during the three months period ended 31 March 2025.

Saudi Telecom Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (CONTINUED)
(All Amounts in Saudi Riyals thousands unless otherwise stated)

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

The following methods / assumptions were used to estimate the fair values:

1. Fair value of equity instruments at level 1 is based on quoted market price at the reporting date.
2. The fair value of cash collateral against purchase of a listed equity investment approximates its carrying amount largely due to the short-term maturity of this instrument.
3. The fair value of financial derivatives- options were estimated by using Black Scholes Model. The significant observable inputs are the volatility of share prices and interest rate.
4. The fair value of the financial derivatives -forward contract was estimated by subtracting the quoted market price at the reporting date from the agreed price multiplied with forward number of shares.
5. The fair value of the non-current liability resulting from the put option to non-controlling interest shareholders has been determined within level 3 utilizing discounted cash flow method.
6. The fair value of the Group's investment in funds is obtained from the net asset value ("NAV") reports received from the funds' managers. The funds' managers deploy various techniques (such as recent round of finance, discounted cash flow models and multiples method) for the valuation of underlying financial instruments classified under level 3 of the respective fund's fair value hierarchy. STV fund represents the majority Group investment in funds with carrying value of SR 3,852 million. Significant unobservable inputs embedded in the models used by the STV fund's managers include adjusted discount rates and lack of marketability discount.

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

	31 March 2025	31 December 2024
Net assets value at beginning of the period /year	4,063,687	3,532,376
Contributions paid	47,367	337,720
Proceeds from investments liquidation	(19,943)	(189,776)
Net unrealized gains recognised in profit or loss ^(*)	71,823	383,367
Net asset value at ending of the period /year	4,162,934	4,063,687

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

7. During the second quarter of 2024, the Group entered into an Islamic Cross Currency Profit Rate Swap arrangement with a notional amount of EUR 1,470 million (USD 1,600 million) to mitigate the EUR forex risk and floating profit rate whereby the Group receives USD and pays EUR. The Group accounted for this arrangement as derivative financial instruments measured at fair value through profit or loss up to the end of second quarter 2024. During the third quarter of 2024, this financial instrument was designated as a hedge instrument protecting the Group from the fluctuations in the EURO net asset position due to movement in EURO/SR exchange rates and movement in the Term SOFR rates. The Group recognized the change in fair value of the hedging instrument in other comprehensive income for the effective portion and in profit or loss for the ineffective portion. The fair value was estimated using appropriate valuation techniques based on the forward profit and currency rates in Bloomberg portal.

Saudi Telecom Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (CONTINUED)
(All Amounts in Saudi Riyals thousands unless otherwise stated)

15. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets and liabilities measured at amortized cost:

The Group believes that the other financial assets and liabilities carried at cost in the interim condensed consolidated financial statements approximate their fair value except for the following:

31 March 2025	Carrying amount	Fair value levels		
		Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortized cost - MoF Sukuk	3,690,980	-	3,621,143	-
Financial liabilities				
Borrowings – Sukuk	4,678,792	-	4,541,531	-

31 December 2024	Carrying amount	Fair value levels		
		Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortized cost – Sukuk MoF	3,687,754	-	3,536,020	-
Financial liabilities				
Borrowings – Sukuk	4,678,577	-	4,566,907	-

Level 2 inputs are based on quoted prices in non-active market.

There are no transfers between levels of the fair value hierarchy during the three months period ended 31 March 2025.

16. ZAKAT AND INCOME TAX

The Group submitted all zakat returns until the end of 2023, with payment of zakat due based on those returns, and accordingly the Group received zakat certificates for those years. Effective from year 2009, the Group started the submission of a consolidated zakat return for the Company and its wholly owned subsidiaries whether directly or indirectly in accordance with the implementing regulations for zakat collection.

The Group received from Zakat, Tax, and Customs Authority ("ZATCA") the final zakat assessments up to 2011 and the years ended 31 December 2014 up to 2018.

During the first quarter of 2025, the Group received from ZATCA the final zakat assessment for the years 2019 and 2020 which was accepted and settled.

The Group did not receive the zakat assessment of the years from 2021 up to 2023.

The not wholly owned subsidiaries submit their zakat returns separately. They have submitted all zakat returns until the end of 2023, 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. The remaining other not wholly owned subsidiaries have not received any zakat assessments on their returns yet.

17. SHARE CAPITAL

	31 March 2025	31 December 2024
Authorized, issued and fully paid capital comprises		
5 billion fully paid ordinary shares at SR 10 each share	50,000,000	50,000,000
Number of outstanding shares "in thousands"	4,986,916	4,986,916
Number of treasury shares "in thousands"	13,084	13,084
	5,000,000	5,000,000

Saudi Telecom Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (CONTINUED)
(All Amounts in Saudi Riyals thousands unless otherwise stated)

18. CAPITAL COMMITMENTS

1. One of the Group's subsidiaries has an agreement to invest in a fund aiming to improve the telecommunication and internet environment for SR 553 million (equivalent to USD 147.5 million) as at 31 March 2025 (31 December 2024: SR 553 million (equivalent to USD 147.5 million)).
2. The Group has contractual commitments for the acquisition of property and equipment and intangible assets amounting to SR 9,510 million as at 31 March 2025 (31 December 2024: SR 7,322 million).
3. During 2022, the Company signed an agreement with STV LP Fund to allocated an additional SR 1,125 million (equivalent to USD 300 million) additional investment in the fund out of which SR 602 million (equivalent to USD 160.5 million) was injected till date.

19. CONTINGENT LIABILITIES

1. The Group has outstanding letters of guarantee on behalf of the parent and its subsidiaries amounting to SR 4,755 million as at 31 March 2025 (31 December 2024: SR 4,993 million).
2. The Group has outstanding letters of credit as at 31 March 2025 amounting to SR 1,694 million (31 December 2024: SR 1,654 million).
3. On 21 March 2016, the Company received a letter from a key customer requesting a refund for paid balances amounting to SR 742 million related to construction of a fibre optic network. Based on independent legal opinions obtained, the management believes that the customer's claim has no merit and therefore this claim has no material impact on the financial results of the Group.
4. The Group, in its ordinary course of business, is subject to proceedings, lawsuits and other claims. However, these matters are not expected to have any material impact on the Company's financial position or on the results of its operations as reflected in these interim condensed consolidated financial statements.

Saudi Telecom Company
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (CONTINUED)
(All Amounts in Saudi Riyals thousands unless otherwise stated)

20. DISCONTINUED OPERATIONS

During the fourth quarter of 2022, the Group received a non-binding offer from the Public Investment Fund (PIF) (a related party: the ultimate controlling party- Note 1-A) to acquire 51% of the shares of Telecommunications Towers Company ("TAWAL"), while the Group will maintain 49% of the shares of TAWAL. TAWAL was valued at SR 21,940 million (100% enterprise value on cash free and debt free basis). The offer did not represent any binding commitment on both parties and it was subject to completing the due diligence.

During the second quarter of 2024, a sale and purchase agreement (the "SPA") was signed with PIF to sell the 51% of the shares of TAWAL which contains certain conditions precedent, which must be satisfied prior to completion, including -but not limited to- obtaining the approval from the general assembly of stc, the approval of the Communications, Space and Technology Commission, as well as any applicable regulatory and commercial conditions. On 24 July 2024, the General Assembly of stc approved the SPA.

As per the SPA, TAWAL's shares will be sold for a cash consideration estimated to be SR 8.7 billion, noting that the final cash consideration will be based on the final accounts of debt, cash, and working capital at completion of the transaction.

Agreements also were 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 Digital Infrastructure for Investment Company (the "new entity") through exchange of shares between the new entity, the owners of GLIC, and TAWAL. GLIC was valued at SR 3.03 billion (USD 807 million), representing 100% of Enterprise Value on a cash free and debt free basis. As a result, the Group's ownership in the new entity will be 43.06%. The agreements have also stipulated the transfer of ownership of TAWAL International Holding A Limited and TAWAL International DMCC from TAWAL to Digital Infrastructure for Investment Company, which was completed during 2024 and after the stc General Assembly approval of the SPA with PIF.

During December 2024, all substantive condition precedents in relation to the transaction were completed and therefore the Group lost its control over TAWAL and Digital Infrastructure for Investment and recognized a gain on disposal amounting to SR 12.9 billion in the consolidated statement of profit or loss for the year ended 31 December 2024. TAWAL, and GLIC were valued at SR 17.4 billion, and SR 2.6 billion respectively net of cash, debt, and working capital adjustments. In addition, the Group injected SR 128 million in new entity capital to maintain its ownership of 43.06%.

As of the date of loss of control, the Group has started to account for its retained interest in TAWAL and Digital Infrastructure for Investment Company 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 (Digital Infrastructure for Investment Company) was completed.

Accordingly comparative figures in these interim condensed consolidated financial statements have been re-presented.

Saudi Telecom Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025 (CONTINUED)

(All Amounts in Saudi Riyals thousands unless otherwise stated)

21. DIVIDENDS

For the periods starting from 4th quarter of 2021 until the 3rd quarter of 2024, the Company had an approved dividends policy based on maintaining a minimum dividend of SR 0.40 per share on a quarterly basis.

On 20 Safar 1446H (corresponding to 24 August 2024), the Board of Directors have 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 SR 0.55 per share per quarter for the next three years starting from the dividends distribution of the 4th quarter of 2024 until the 3rd quarter of 2027. Further, the Company may consider paying special dividends after the assessment of the Company's financial position, future outlook, strategic investments and capital expenditure requirements subject to the General Assembly's recommendation. In line with this policy, the Company distributed cash dividends to the shareholders of the Company for the fourth quarter of 2024 at a rate of SR 0.55 per share. During the first quarter of 2025, the Company Board of Directors recommended to distribute special cash dividends of SR 2 per share for the year 2024 to the Company shareholders, and to be presented to the General Assembly for voting at its next meeting on 13 May 2025.

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

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

22. COMPARATIVE FIGURES

Certain figures have been reclassified as listed below to conform with the classification used for the three months period ended 31 March 2025. These reclassifications listed below have no impact on previously reported net income, retained earnings or net assets:

Interim condensed consolidated statement of profit or loss for the three months period ended 31 March 2024	As previously reported	Amount of reclassification	Amount after reclassification
Revenues	18,963,437	(55,737)	18,907,700
Cost of revenues	(10,299,818)	55,737	(10,244,081)

23. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee (delegated by the Board of Directors) approved the interim condensed consolidated financial statements for the three months period ended 31 March 2025 on 29 Shawwal 1446 H (corresponding to 27 April 2025).