



**Saudi Telecom Company**  
(A Saudi Joint Stock Company)

**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

**Saudi Telecom Company**  
**A Saudi Joint Stock Company**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

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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

**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.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><b>1. Revenue recognition</b></p> <p>The Group reported revenue from telecommunication and related services of SAR 77 billion for the year ended 31 December 2025.</p> <p>Telecommunication service revenue recognition involves processing of high volume of transactions through complex IT systems.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The accounting policy for revenue recognition is set out in note 4 with the related disclosures in note 34 to the consolidated financial statements.</p>	<p>We performed the following procedures, inter alia, in order to address the key audit matter:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• We selected a sample of invoices for which revenue had been recognized and verified the revenue amounts based on the underlying supporting documents.</li> <li>• We identified, on a sample basis, revenue-related manual journal entries posted directly to the general ledger and agreed these entries to supporting documentation.</li> <li>• 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.</li> <li>• 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.</li> <li>• We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements IFRS Accounting Standards as endorsed by SOCPA.</li> </ul>

**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.

**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.

**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**

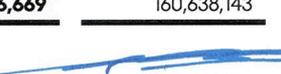
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	31 December 2025	31 December 2024
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
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
<b>TOTAL NON-CURRENT ASSETS</b>		<b>99,460,914</b>	<b>87,893,018</b>
<b>CURRENT ASSETS</b>			
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
<b>TOTAL CURRENT ASSETS</b>		<b>58,015,755</b>	<b>72,745,125</b>
<b>TOTAL ASSETS</b>		<b>157,476,669</b>	<b>160,638,143</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
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
<b>Equity attributable to the equity holders of the Parent Company</b>		<b>83,413,571</b>	<b>89,416,542</b>
Non-controlling interests	25	2,972,769	3,068,505
<b>TOTAL EQUITY</b>		<b>86,386,340</b>	<b>92,485,047</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
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
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>30,917,754</b>	<b>29,196,835</b>
<b>CURRENT LIABILITIES</b>			
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
<b>TOTAL CURRENT LIABILITIES</b>		<b>40,172,575</b>	<b>38,956,261</b>
<b>TOTAL LIABILITIES</b>		<b>71,090,329</b>	<b>68,153,096</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>157,476,669</b>	<b>160,638,143</b>

  
Group Chief Financial Officer

  
Group Chief Executive Officer

  
Authorized Board Member

  
Chairman

The accompanying notes from 1 to 49 form an integral part of these consolidated financial statements

**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
<b>CONTINUING OPERATIONS:</b>			
Revenues	34	77,818,675	75,893,413
Cost of revenues	35	(40,118,986)	(38,567,489)
<b>GROSS PROFIT</b>		<b>37,699,689</b>	<b>37,325,924</b>
<b>OPERATING EXPENSES</b>			
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)
<b>TOTAL OPERATING EXPENSES</b>		<b>(23,261,425)</b>	<b>(22,900,286)</b>
<b>OPERATING PROFIT</b>		<b>14,438,264</b>	<b>14,425,638</b>
<b>OTHER INCOME AND EXPENSES</b>			
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
<b>TOTAL OTHER INCOME (EXPENSES)</b>		<b>284,378</b>	<b>(2,291,191)</b>
<b>NET PROFIT BEFORE ZAKAT AND INCOME TAX</b>		<b>14,722,642</b>	<b>12,134,447</b>
Zakat and income tax reversal (expense), net	33	466,436	(1,191,564)
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>		<b>15,189,078</b>	<b>10,942,883</b>
<b>DISCONTINUED OPERATIONS:</b>			
<b>NET (LOSS) PROFIT FROM DISCONTINUED OPERATIONS</b>	14.1	<b>(54,133)</b>	<b>13,973,360</b>
<b>NET PROFIT</b>		<b>15,134,945</b>	<b>24,916,243</b>
<b>Net profit from continuing operations attributable to:</b>			
Equity holders of the Parent Company		14,882,163	10,715,292
Non-controlling interests		306,915	227,591
		<b>15,189,078</b>	<b>10,942,883</b>
<b>Net profit attributable to:</b>			
Equity holders of the Parent Company		14,828,030	24,688,652
Non-controlling interests	25	306,915	227,591
		<b>15,134,945</b>	<b>24,916,243</b>
<b>Earnings per share from net profit from continuing operations attributable to equity holders of the Parent Company (in Saudi Riyals):</b>			
Basic	41	2.98	2.15
Diluted	41	2.98	2.14
<b>Earnings per share from net profit attributable to equity holders of the Parent Company (in Saudi Riyals):</b>			
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
<b>NET PROFIT</b>		<b>15,134,945</b>	24,916,243
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Items that will not be reclassified subsequently to consolidated statement of profit or loss:</i>			
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
<b>Total items that may not be reclassified subsequently to consolidated statement of profit or loss</b>		<b>(804,603)</b>	320,838
<i>Items that may be reclassified subsequently to consolidated statement of profit or loss:</i>			
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)
<b>Total items that may be reclassified subsequently to consolidated statement of profit or loss</b>		<b>822,458</b>	(629,010)
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>17,855</b>	(308,172)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>15,152,800</b>	24,608,071
<i>Total comprehensive income attributable to:</i>			
Equity holders of the Parent Company		14,854,328	24,436,813
Non-controlling interests		298,472	171,258
		<b>15,152,800</b>	24,608,071
<i>Total comprehensive income attributable to Equity holders of the Parent Company:</i>			
Continuing operations		14,908,461	10,604,149
Discontinued operations	14.1	(54,133)	13,832,664
		<b>14,854,328</b>	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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
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
<b>Adjustments:</b>			
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)
<b>Changes of:</b>			
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	-
<b>Cash generated from operations</b>		<b>20,476,032</b>	<b>21,363,078</b>
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)
<b>Net cash generated from operating activities</b>		<b>18,283,163</b>	<b>19,885,337</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
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
<b>Net cash generated from (used in) investing activities</b>		<b>2,546,411</b>	<b>(7,178,981)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
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)
<b>Net cash used in financing activities</b>		<b>(23,000,575)</b>	<b>(10,495,146)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,171,001)</b>	<b>2,211,210</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		<b>15,543,441</b>	<b>13,371,320</b>
Net foreign exchange difference		3,631	(39,089)
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	20	<b>13,376,071</b>	<b>15,543,441</b>

  
Group Chief Financial Officer

  
Group Chief Executive Officer

  
Authorized Board Member

  
Chairman

The accompanying notes from 1 to 49 form an integral part of these consolidated financial statements

**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)

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		
<b>Balance as at 1 January 2024</b>	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	-	255	141,416
Transactions with non-controlling interests		-	-	(431,890)	-	714,501	282,611
Others		-	-	(2,826)	-	-	(2,826)
<b>Balance as at 31 December 2024</b>	50,000,000	(517,351)	1,484,621	38,449,272	89,416,542	3,068,505	92,485,047
<b>Balance as at 1 January 2025</b>	<b>50,000,000</b>	<b>(517,351)</b>	<b>1,484,621</b>	<b>38,449,272</b>	<b>89,416,542</b>	<b>3,068,505</b>	<b>92,485,047</b>
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	-	5,847	132,912
Transactions with non-controlling interests		-	-	(41,845)	-	42,991	1,146
Others		-	-	12,786	-	3,464	16,250
<b>Balance as at 31 December 2025</b>	<b>50,000,000</b>	<b>(403,520)</b>	<b>1,495,094</b>	<b>32,321,997</b>	<b>83,413,571</b>	<b>2,972,769</b>	<b>86,386,340</b>






**Group Chief Financial Officer**      **Group Chief Executive Officer**      **Authorized Board Member**      **Chairman**

The accompanying notes from 1 to 49 form an integral part of these consolidated financial statements

# 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)

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### 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in Saudi Riyals thousands unless otherwise stated)

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**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 ر.س), 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 (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in Saudi Riyals thousands unless otherwise stated)

**2. BASIS OF PREPARATION AND CONSOLIDATION (CONTINUED)**

**2.2 Basis of consolidation (continued)**

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

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in Saudi Riyals thousands unless otherwise stated)

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**4.1 Business combinations and goodwill (continued)**

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.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in Saudi Riyals thousands unless otherwise stated)

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**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.

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in Saudi Riyals thousands unless otherwise stated)

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**4.2 Investments in associates and joint ventures (continued)**

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.

**Saudi Telecom Company**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in Saudi Riyals thousands unless otherwise stated)

**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**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.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in Saudi Riyals thousands unless otherwise stated)

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

4.5 Revenue recognition (continued)

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.

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).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in Saudi Riyals thousands unless otherwise stated)

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

4.5 Revenue recognition (continued)

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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2025**

(All amounts in Saudi Riyals thousands unless otherwise stated)

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**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.

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**4.6 Lease contracts (continued)**

**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.

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. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**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.

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

4.9 Employee benefits (continued)

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.

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.

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**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.

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.

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**4.14 Impairment of tangible and intangible assets other than goodwill (continued)**

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.

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.

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

4.18 Financial instruments (continued)

4.18.1 Classification, recognition, and presentation (continued)

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.

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.

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

4.18 Financial instruments (continued)

4.18.2 Measurement (continued)

4.18.2.2 Subsequent measurement of financial assets (continued)

**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.

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

4.18 Financial instruments (continued)

4.18.2 Measurement (continued)

4.18.2.2 Subsequent measurement of financial assets (continued)

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:

<b>Measurement category</b>	<b>Recognition and presentation of gains and losses</b>
At amortized cost	<p>The following items are recognized in the consolidated statement of profit or loss:</p> <ul style="list-style-type: none"> <li>• finance income using the effective interest method</li> <li>• expected credit losses (or reversals of such losses)</li> <li>• foreign exchange gains and losses.</li> </ul> <p>When the financial asset is derecognized, the gain or loss is recognized in the consolidated statement of profit or loss.</p>
At FVOCI	<p>Debt instruments:</p> <p>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:</p> <ul style="list-style-type: none"> <li>• finance income using the average effective interest method</li> <li>• expected credit losses (or reversals of such losses)</li> <li>• foreign exchange gains and losses.</li> </ul> <p>Equity instruments:</p> <p>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.</p>
At FVTPL	<p>Gains and losses, both on subsequent measurement and derecognition, are recognized in consolidated statement of profit or loss.</p>

**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:

1. financial liabilities at FVTPL
2. 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
3. commitments to provide a loan at a below-market interest rate and not measured at fair value though profit or loss

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

*4.18 Financial instruments (continued)*

*4.18.2 Measurement (continued)*

*4.18.2.3 Subsequent measurement of financial liabilities (continued)*

- a. Amortized cost (continued)
  4. financial guarantee contracts
  5. 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:

1. liabilities held for trading
2. derivative liabilities not designated as hedging instruments
3. 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:

1. the amount of ECL determined in accordance with IFRS 9; and
2. the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policy described in the accounting policies.

*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 based 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.

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

4.18 Financial instruments (continued)

4.18.3 Impairment of financial assets (continued)

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:

- 1- The Group currently has a legal enforceable right to offset the recognized amounts of the asset and liability; and
- 2- The Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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.

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

4.18 Financial instruments (continued)

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.

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.

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**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.

**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.

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**4. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)**

**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.

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**5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)**

**5.1 SIGNIFICANT ACCOUNTING JUDGEMENTS (CONTINUED)**

**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).

**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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
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**5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS(CONTINUED)**

**5.2 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)**

**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.

**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.

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**6.SUBSIDIARIES**

Subsidiaries owned directly by the Company are as follows:

<b><u>Name of subsidiary</u></b>	<b><u>Country of incorporation</u></b>	<b><u>Effective shareholding percentage</u></b>	
		<b><u>31 December 2025</u></b>	<b><u>31 December 2024</u></b>
Arabian Internet and Communications Services Company (Solutions)	(1) Kingdom of Saudi Arabia	<b>79.64%</b>	80%
Telecom Commercial Investment Company Limited (TCIC)	(2) Kingdom of Saudi Arabia	<b>100%</b>	100%
stc Bahrain BSC (c) (stc Bahrain)	(3) Kingdom of Bahrain	<b>100%</b>	100%
Aqalat Limited Company (Aqalat)	(4) Kingdom of Saudi Arabia	<b>100%</b>	100%
Public Telecommunications Company (Specialized)	(5) Kingdom of Saudi Arabia	<b>100%</b>	100%
stc Turkey Holding Ltd (stc Turkey)	(6) British Virgin Islands	<b>100%</b>	100%
stc Asia Telecom Holding Ltd (stc Asia)	(7) British Virgin Islands	<b>100%</b>	100%
stc Gulf Investment Holding (stc Gulf)	(8) Kingdom of Bahrain	<b>100%</b>	100%
Gulf Digital Media Model Company Ltd (GDMM) (Intigral)	(9) Kingdom of Saudi Arabia	<b>100%</b>	100%
Saudi Telecom Channels Company (Channels)	(10) Kingdom of Saudi Arabia	<b>100%</b>	100%
Kuwait Telecommunications Company (stc Kuwait)	(11) State of Kuwait	<b>51.84%</b>	51.84%
STC Bank	(12) Kingdom of Saudi Arabia	<b>92.26%</b>	87.73%
Smart Zone Real Estate Company	(13) Kingdom of Saudi Arabia	<b>100%</b>	100%
Advanced Technology and Cybersecurity Company (sitar)	(14) Kingdom of Saudi Arabia	<b>100%</b>	100%
stc GCC Cables System W.L.L.	(15) Kingdom of Bahrain	<b>100%</b>	100%
Sendouk Al-Abatakar for Investment (Tali)	(16) Kingdom of Saudi Arabia	<b>100%</b>	100%
Digital Centers for Data and Telecommunications (Center3)	(17) Kingdom of Saudi Arabia	<b>100%</b>	100%
Internet of Things Information Technology Company (iot <sup>2</sup> )	(18) Kingdom of Saudi Arabia	<b>50%</b>	50%
General Cloud Computing Company for Information Technology (SCCC)	(19) Kingdom of Saudi Arabia	<b>55%</b>	55%
Green Bridge Investment (GBI)	(20) Luxembourg	<b>100%</b>	100%
Green Bridge Management (GBM)	(21) Luxembourg	<b>100%</b>	100%

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**6. SUBSIDIARIES (CONTINUED)**

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 ~~ﷲ~~ 1,200 million (2024: ~~ﷲ~~ 1,200 million).

Subsidiaries owned directly by Solutions as follows:

<b><i>Name of subsidiary</i></b>	<b><i>Country of incorporation</i></b>	<b><i>Shareholding percentage</i></b>	
		<b><i>31 December 2025</i></b>	<b><i>31 December 2024</i></b>
Saudi Telecom Company Solution for Information Technology (Owned by One Person)	Egypt	<b>100%</b>	100%
Giza Systems Company	Egypt	<b>88.19%</b>	88.19%
Contact Center Company	Kingdom of Saudi Arabia	<b>100%</b>	100%
Amanah Tech Business Solutions Company	Kingdom of Saudi Arabia	<b>70%</b>	70%
Nawat Alittisalat Company	Kingdom of Saudi Arabia	<b>100%</b>	-

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 ~~ﷲ~~ 1 million as at 31 December 2025 (2024: ~~ﷲ~~ 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 ~~ﷲ~~ 746 million at the exchange rate as of establishment date.

Subsidiaries owned directly by stc Bahrain as follows:

<b><i>Name of subsidiary</i></b>	<b><i>Country of incorporation</i></b>	<b><i>Shareholding percentage</i></b>	
		<b><i>31 December 2025</i></b>	<b><i>31 December 2024</i></b>
stc Tech W.L.L	Bahrain	<b>100%</b>	100%
stc Pay Bahrain B.S.C. (c)	Bahrain	<b>100%</b>	100%
stc Pay Bahrain Remittance B.S.C.	Bahrain	<b>100%</b>	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 ~~ﷲ~~ 70 million as at 31 December 2025 (2024: ~~ﷲ~~ 70 million).

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**6. SUBSIDIARIES (CONTINUED)**

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 ~~SR~~ 852 million as at 31 December 2025 (2024: ~~SR~~ 252 million).

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.

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**6. SUBSIDIARIES (CONTINUED)**

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 ﷲ 811 million as at 31 December 2025 (2024: ﷲ 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 ﷲ 100 million as at 31 December 2025 (2024: ﷲ 100 million).

Subsidiaries owned directly by Channels as follows:

<b><u>Name of subsidiary</u></b>	<b><u>Country of incorporation</u></b>	<b><u>Shareholding percentage</u></b>	
		<b><u>31 December 2025</u></b>	<b><u>31 December 2024</u></b>
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 14 December 2014 with share capital of KD 100 million as at 31 December 2025 (2024: KD 100 million) equivalent to ﷲ 1,298 million at the exchange rate as of establishment date.

Subsidiaries owned directly by stc Kuwait as follows:

<b><u>Name of subsidiary</u></b>	<b><u>Country of incorporation</u></b>	<b><u>Shareholding percentage</u></b>	
		<b><u>31 December 2025</u></b>	<b><u>31 December 2024</u></b>
Qualitynet General Trading and Contracting Company W.L.L.	Kuwait	100%	100%
E-Portal Holding Company K.S.C. (Closed)	Kuwait	100%	100%

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**6. SUBSIDIARIES (CONTINUED)**

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 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 shareholder loan amounting to ﷲ 850 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 ﷲ 6,350 million with stc injecting an additional capital of ﷲ 3,000 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 ﷲ 538 million as at 31 December 2025 (2024: ﷲ 417 million).

14. Sirar, a limited liability company, was established in November 2020 to provide cybersecurity services with share capital of ﷲ 250 million as at 31 December 2025 (2024: ﷲ 250 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 ﷲ 563 million (2024: BD 48 million equivalent to ﷲ 477 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 ﷲ 412 million as at 31 December 2025 (2024: ﷲ 412 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 ﷲ 2,000 million as at 31 December 2025 (2024: ﷲ 2,000 million).

Subsidiaries owned directly by Center3 as follows:

<b><u>Name of subsidiary</u></b>	<b><u>Country of incorporation</u></b>	<b><u>Shareholding percentage</u></b>	
		<b><u>31 December 2025</u></b>	<b><u>31 December 2024</u></b>
Digital Centers for Submarine Cables *	Kingdom of Saudi Arabia	<b>99.8%</b>	99.8%
Digital Centers for Data	Kingdom of Saudi Arabia	<b>100%</b>	99.8%
EMC Subsea Cable Company Limited (EMC)	Cyprus	<b>72.16%</b>	72.16%
CMC Investments I Limited (CMC Mauritius)	Mauritius	<b>100%</b>	100%
Datacenter Hub W.L. L *	Bahrain	<b>90%</b>	90%
CMC Network (Pty) Limited (CMC Network SA) (Note 7).	South Africa	<b>70%</b>	49%

(\*) The effective ownership for the Group in these entities is 100%.

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**6. SUBSIDIARIES (CONTINUED)**

18. *iot*<sup>2</sup>, 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 ~~ﷲ~~ 1,254 million as of 31 December 2025 (2024: ~~ﷲ~~ 1,254 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 *iot*<sup>2</sup> as follows:

<b><u>Name of subsidiary</u></b>	<b><u>Country of incorporation</u></b>	<b><u>Shareholding percentage</u></b>	
		<b><u>31 December 2025</u></b>	<b><u>31 December 2024</u></b>
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 ~~ﷲ~~ 894 million as at 31 December 2025 (2024: ~~ﷲ~~ 894 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 ~~ﷲ~~ 4.7 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 <sup>2</sup> acquisition of Machines Talk (1)	Center3 acquisition of CMC Investments I Limited (2)	Others (3)	Total
<b>ASSETS</b>				
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
<b>TOTAL ASSETS</b>	<b>247,897</b>	<b>149,505</b>	<b>12,645</b>	<b>410,047</b>
<b>LIABILITIES</b>				
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
<b>TOTAL LIABILITIES</b>	<b>46,111</b>	<b>110,600</b>	<b>9,603</b>	<b>166,314</b>
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, iot<sup>2</sup> 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 ~~ﷲ~~ 112 million of revenue and ~~ﷲ~~ 0.3 million of net profit. If the business combination had taken place at the beginning of 2024, revenue would have been ~~ﷲ~~ 114 million and net profit would have been ~~ﷲ~~ 0.4 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 ~~ﷲ~~ 126 million of revenue and ~~ﷲ~~ 0.103 million of net profit. If the business combination had taken place at the beginning of 2024, revenue would have been ~~ﷲ~~ 214 million and net loss would have been ~~ﷲ~~ 15 million.

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**7. BUSINESS COMBINATIONS (CONTINUED)**

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 ~~ﷲ~~ 2.02 million as contingent consideration and ~~ﷲ~~ 6.08 million as deferred consideration.

From the date of acquisition during the year 2024, business combination of Logical Application for Business Solutions Company has contributed ~~ﷲ~~ 14.5 million of revenue and ~~ﷲ~~ 2.8 million of net loss. If the business combination had taken place at the beginning of 2024, revenue would have been ~~ﷲ~~ 29 million and net profit would have been ~~ﷲ~~ 0.14 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 iot<sup>2</sup> acquisition of Machines Talks as follows:

Intangible assets from acquisition	iot <sup>2</sup> 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
<b>Total</b>	<b>117,744</b>	<b>84,750</b>		

Acquisition related costs amounted to ~~ﷲ~~ 24.3 million were recognized in the consolidated statement of profit or loss within general and administration expenses for the year 2024.

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**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:

Name of Associates	Country of incorporation	Proportion of ownership interest	
		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 -	-	-

- 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.

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**8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)**

8.1 Investments in associates (continued)

8.1.2 Financial information of material associates (continued)

Summarized financial information of the Group's material associates is set out below:

<b>A. DIIC</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Statement of financial position</b>		
Current assets	<b>5,175,813</b>	3,982,926
Non-current assets	<b>21,419,592</b>	20,547,689
Current liabilities	<b>(9,414,298)</b>	(7,460,359)
Non-current liabilities	<b>(8,424,738)</b>	(9,611,873)
<b>For the year ended 31 December</b>		
	<b>2025</b>	<b>2024</b>
<b>Statement of income and other comprehensive income</b>		
Revenue	<b>4,898,981</b>	3,848,482
Net profit	<b>674,749</b>	1,078,818
Amortization of fair value adjustments and others	<b>(174,948)</b>	-
Other comprehensive income (loss)	<b>535,797</b>	(140,696)
Total comprehensive income	<b>1,035,598</b>	938,122
The Group's share in net profit less amortization of fair value adjustments and others	<b>115,599</b>	-

(\*) 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.

	<b>31 December 2025</b>	<b>31 December 2024</b>
Net assets of the associate (including goodwill)	<b>8,756,369</b>	7,458,383
Proportion of the Group's ownership interest in DIIC (43.06%)	<b>3,770,492</b>	3,211,580
Goodwill and fair value adjustments (*)	<b>4,651,914</b>	4,864,514
Carrying amount of the Group's interest	<b>8,422,406</b>	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 ~~SR~~ 535 million (2024: provisional goodwill amounted to ~~SR~~ 4,864 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.

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.

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**8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)**

8.1 Investments in associates (continued)

8.1.2 Financial information of material associates (continued)

**B. Arabsat**

**Statement of financial position**

	<b>31 December 2025 (*)</b>	<b>31 December 2024(*)</b>
Current assets	<b>1,759,035</b>	1,585,726
Non-current assets	<b>3,429,497</b>	3,547,921
Current liabilities	<b>(392,913)</b>	(388,063)
Non-current liabilities	<b>(1,125,269)</b>	(1,228,807)

**For the year ended 31 December**

	<b>2025 (*)</b>	<b>2024 (*)</b>
<b>Statement of income and other comprehensive income</b>		
Revenue	<b>748,979</b>	790,059
Net profit - including prior year adjustments	<b>105,797</b>	94,427
Other comprehensive income (loss)	<b>78,682</b>	(34,552)
Total comprehensive income	<b>184,479</b>	59,875
The Group's share in net profit	<b>38,785</b>	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:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Net assets of the associate	<b>3,670,350</b>	3,516,776
Proportion of the Group's ownership interest in Arabsat	<b>36.66%</b>	36.66%
Carrying amount of the Group's interest in Arabsat	<b>1,345,550</b>	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:

	<b>2025</b>	<b>2024</b>
The Group's share in net profit	<b>34,747</b>	21,124
Aggregate carrying amount of the Group's interests in these associates	<b>382,503</b>	355,859

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**8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)**

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:

	<b>2025</b>	<b>2024</b>
Material associates (8.1.2)	<b>9,767,956</b>	9,365,344
Not individually material associates (8.1.3)	<b>382,503</b>	355,859
Total carrying amount of the Group's interest in associates	<b>10,150,459</b>	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:

<b>Name of joint venture</b>	<b>Country of incorporation</b>	<b>Proportion of ownership interest</b>	
		<b>31 December 2025</b>	<b>31 December 2024</b>
Arab Submarine Cables Company Limited	1 Kingdom of Saudi Arabia	<b>50%</b>	50%
Binariang GSM Sdn Bhd ("BGSM")	2 Malaysia	<b>25%</b>	25%
Integrated Data Company for Information and Technology	3 Kingdom of Saudi Arabia	<b>39%</b>	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.
- 4) "Others" include immaterial joint ventures to the Group owned indirectly through the Group's subsidiaries.

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**8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)**

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:

<b>BGSM</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Statement of financial position</b>		
Current assets	<b>3,673,648</b>	2,874,023
Non-current assets	<b>27,757,406</b>	25,756,493
Current liabilities	<b>(7,160,016)</b>	(5,425,356)
Non-current liabilities	<b>(12,404,489)</b>	(12,898,575)

The above amounts of assets and liabilities include the following:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Cash and cash equivalents	<b>1,272,178</b>	986,992
Current financial liabilities (excluding trade and other payables and provisions)	<b>(2,620,192)</b>	(1,367,438)
Non-current financial liabilities (excluding trade and other payables and provisions)	<b>(9,791,048)</b>	(10,550,690)

	<b>For the year ended 31 December</b>	
	<b>2025</b>	<b>2024</b>
<b>Statement of income and other comprehensive income</b>		
Revenues	<b>9,624,256</b>	9,013,775
Net profit	<b>901,445</b>	537,511
Other comprehensive income (loss)	<b>24,042</b>	(9,920)
Total comprehensive income	<b>925,487</b>	527,591
Depreciation and amortization	<b>(1,778,105)</b>	(1,784,495)
Finance income	<b>46,369</b>	45,559
Finance cost	<b>(824,112)</b>	(806,824)
Income tax expense	<b>(440,932)</b>	(349,628)
Net profit after non-controlling interests	<b>413,932</b>	164,016
The Group's share in net profit	<b>103,483</b>	41,004
Impairment provision recorded at Group level (*)	-	(763,962)
The Group's share in net profit (loss) after impairment	<b>103,483</b>	(722,958)

(\*) During the comparative year 2024, the Group recorded an impairment provision amounting to 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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**8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (CONTINUED)**

8.2 Investments in joint ventures (continued)

8.2.2 Financial information of material joint ventures (continued)

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"):

	<b>31 December 2025</b>	<i>31 December 2024</i>
Net assets of BGSM (excluding non-controlling interest share)	<b>1,150,128</b>	173,473
Proportion of the Group's ownership interest in the joint venture	<b>287,532</b>	43,368
Adjustments: the carve-out of Aircel Group and others	<b>3,486,011</b>	3,486,857
Goodwill and fair value adjustments	<b>1,352,070</b>	1,352,070
Accumulated impairment	<b>(2,367,423)</b>	(2,367,423)
Carrying amount of the Group's interest in the joint venture	<b>2,758,190</b>	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:

	<b>2025</b>	<i>2024</i>
The Group's share of net profit	<b>2,546</b>	1,304
The Group's share of other comprehensive loss	<b>(99)</b>	108
The Group's share of total comprehensive income	<b>2,447</b>	1,412
Aggregate carrying amount of the Group's interests in these joint ventures	<b>26,988</b>	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:

	<b>2025</b>	<i>2024</i>
Material joint venture (8-2-2)	<b>2,758,190</b>	2,514,872
Not individually material joint ventures (8-2-3)	<b>26,988</b>	23,581
Total carrying amount of the Group's share in the joint ventures	<b>2,785,178</b>	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:

	<b>2025</b>	<b>2024</b>
<b>Revenues <sup>(1)</sup></b>		
stc	<b>51,119,024</b>	49,643,893
Channels	<b>14,085,195</b>	15,110,606
Solutions	<b>12,730,189</b>	12,063,897
stc Kuwait	<b>4,179,842</b>	4,105,483
stc Bahrain	<b>1,967,830</b>	1,927,967
Center 3	<b>1,961,666</b>	1,911,716
STC Bank	<b>1,401,027</b>	1,261,646
Sirar	<b>826,545</b>	732,675
Specialized	<b>355,306</b>	371,763
iot <sup>2</sup>	<b>321,668</b>	301,434
SCCC	<b>303,969</b>	187,904
Other operating segments <sup>(2)</sup>	<b>65,059</b>	729,345
Eliminations / adjustments	<b>(11,498,645)</b>	(12,454,916)
<b>Total revenues</b>	<b>77,818,675</b>	75,893,413
Cost of operations (excluding depreciation, amortization, and impairment) <sup>(3)</sup>	<b>(53,349,240)</b>	(51,942,298)
Depreciation, amortization, and impairment	<b>(10,031,171)</b>	(9,525,477)
Cost of early retirement program	<b>(823,801)</b>	(2,577,256)
Finance income	<b>1,276,442</b>	1,717,851
Finance cost	<b>(1,125,361)</b>	(1,233,679)
Net other income (expenses)	<b>7,042</b>	(61,263)
Net share in results and impairment of investments in associates and joint ventures	<b>295,160</b>	(665,913)
Net other gains	<b>654,896</b>	529,069
Zakat and income tax	<b>466,436</b>	(1,191,564)
<b>Net profit from continuing operations</b>	<b>15,189,078</b>	10,942,883

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**9. SEGMENT INFORMATION (CONTINUED)**

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

	<b>2025</b>	<b>2024</b>
stc <sup>(3)</sup>	<b>30,628,607</b>	31,178,645
Channels	<b>3,429,410</b>	3,365,489
Solutions	<b>2,932,415</b>	2,981,285
stc Kuwait	<b>2,139,245</b>	2,019,660
stc Bahrain	<b>1,008,601</b>	949,684
Center 3	<b>818,319</b>	747,048
STC Bank	<b>724,914</b>	344,985
Sirar	<b>283,341</b>	268,317
Specialized	<b>135,410</b>	185,327
iot <sup>2</sup>	<b>71,617</b>	88,538
SCCC	<b>78,538</b>	(18,539)
Other operating segments <sup>(2)</sup>	<b>34,055</b>	505,609
Eliminations / adjustments	<b>(4,584,783)</b>	(5,290,124)
<b>Gross profit</b>	<b>37,699,689</b>	37,325,924

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**9. SEGMENT INFORMATION (CONTINUED)**

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

	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Assets</b>		
Stc	<b>152,076,841</b>	156,834,703
Channels	<b>5,942,466</b>	6,630,062
Solutions	<b>12,916,946</b>	12,040,098
stc Kuwait	<b>5,847,775</b>	5,625,147
stc Bahrain	<b>3,819,009</b>	5,407,890
Center 3	<b>11,048,281</b>	8,898,370
STC Bank	<b>9,342,649</b>	6,632,946
Sirar	<b>1,152,678</b>	918,340
Specialized	<b>1,758,740</b>	808,914
iot <sup>2</sup>	<b>973,109</b>	1,117,162
SCCC	<b>1,145,723</b>	1,198,802
Other operating segments <sup>(2)</sup>	<b>16,874,844</b>	16,753,951
Eliminations / adjustments	<b>(65,422,392)</b>	(62,228,242)
<b>Total assets</b>	<b>157,476,669</b>	160,638,143
<b>Liabilities</b>		
Stc	<b>51,660,411</b>	51,268,062
Channels	<b>4,675,065</b>	5,399,090
Solutions	<b>8,589,796</b>	8,010,472
stc Kuwait	<b>2,923,594</b>	2,698,686
stc Bahrain	<b>2,052,909</b>	3,742,790
Center 3	<b>9,019,872</b>	6,821,343
STC Bank	<b>6,645,246</b>	3,491,948
Sirar	<b>703,884</b>	553,200
Specialized	<b>992,818</b>	750,819
iot <sup>2</sup>	<b>230,127</b>	222,052
SCCC	<b>1,142,735</b>	972,378
Other operating segments <sup>(2)</sup>	<b>12,716,151</b>	12,326,767
Eliminations / adjustments	<b>(30,262,279)</b>	(28,104,511)
<b>Total liabilities</b>	<b>71,090,329</b>	68,153,096

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**9. SEGMENT INFORMATION (CONTINUED)**

**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 <sup>2</sup>	34,455	526,648
SCCC	72,379	11,334
Other operating segments <sup>(2)</sup>	47,795	586,772
Eliminations / adjustments	(343,253)	(1,479,456)
	<b>13,815,240</b>	<b>13,125,279</b>

- (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 Limited 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.

**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
	<b>77,818,675</b>	<b>75,893,413</b>	<b>78,073,537</b>	<b>72,814,652</b>

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**10. PROPERTY AND EQUIPMENT**

	<b>Lands and buildings <sup>(1)</sup></b>	<b>Telecommunication network and equipment</b>	<b>Other assets <sup>(2)</sup></b>	<b>Capital work In progress</b>	<b>Total</b>
<b>Cost</b>					
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
<b>As at 31 December 2025</b>	<b>17,696,925</b>	<b>108,848,482</b>	<b>10,085,322</b>	<b>4,910,376</b>	<b>141,541,105</b>
<b>Accumulated depreciation and impairment</b>					
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
<b>As at 31 December 2025</b>	<b>9,417,265</b>	<b>81,861,266</b>	<b>6,976,239</b>	<b>-</b>	<b>98,254,770</b>
<b>Net book value as at 31 December 2025</b>	<b>8,279,660</b>	<b>26,987,216</b>	<b>3,109,083</b>	<b>4,910,376</b>	<b>43,286,335</b>

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**10. PROPERTY AND EQUIPMENT (CONTINUED)**

	<i>Lands and buildings <sup>(1)</sup></i>	<i>Telecommunication network and equipment</i>	<i>Other assets <sup>(2)</sup></i>	<i>Capital work In progress</i>	<i>Total</i>
<i>Cost</i>					
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)
<i>As at 31 December 2024</i>	<i>15,674,757</i>	<i>107,228,251</i>	<i>9,629,809</i>	<i>3,829,207</i>	<i>136,362,024</i>
<i>Accumulated depreciation and impairment</i>					
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)
<i>As at 31 December 2024</i>	<i>9,132,825</i>	<i>79,098,531</i>	<i>6,616,435</i>	<i>-</i>	<i>94,847,791</i>
<i>Net book value as at 31 December 2024</i>	<i>6,541,932</i>	<i>28,129,720</i>	<i>3,013,374</i>	<i>3,829,207</i>	<i>41,514,233</i>

(\*) 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

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**10. PROPERTY AND EQUIPMENT (CONTINUED)**

- 1) Lands and buildings include lands with a total value of  $\text{SAR } 1,996$  million as at 31 December 2025 (2024:  $\text{SAR } 1,835$  million). This includes land with ongoing ownership transfer to the Company with a value of  $\text{SAR } 73$  million as at 31 December 2025 (2024:  $\text{SAR } 94$  million).
- 2) Other assets include furniture, fixtures, motor vehicles, computers and tools.
- 3) 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:

	<b>2025</b>	<b>2024</b>
Cost of revenues	<b>4,934,583</b>	5,079,151
Selling and marketing expenses	<b>18,473</b>	9,929
General and administrative expenses	<b>1,132,370</b>	1,115,929
	<b>6,085,426</b>	6,205,009

**11. INVESTMENT PROPERTIES**

	<b>Lands</b>	<b>Work in progress</b>	<b>Total</b>
<b>As at 1 January 2025</b>	<b>334,855</b>	<b>672,717</b>	<b>1,007,572</b>
Additions	-	<b>138,175</b>	<b>138,175</b>
Borrowing cost capitalized	-	<b>35,520</b>	<b>35,520</b>
Transfers	<b>(297,586)</b>	<b>(19,615)</b>	<b>(317,201)</b>
<b>As at 31 December 2025</b>	<b>37,269</b>	<b>826,797</b>	<b>864,066</b>
<b>As at 1 January 2024</b>	348,647	453,088	801,735
Additions	-	190,240	190,240
Borrowing cost capitalized	-	29,389	29,389
Transfers	(13,792)	-	(13,792)
<b>As at 31 December 2024</b>	<b>334,855</b>	<b>672,717</b>	<b>1,007,572</b>

The fair value of the lands amounted to  $\text{SAR } 331$  million (2024:  $\text{SAR } 1,545$  million), valued by RAWAJ Real Estate Valuation license no. 1210000062 and First Valuator license no. 1210000221 appointed as an independent, professionally qualified valuers accredited by the Saudi Authority for Accredited Valuers (Taqeem). The fair value measurement is classified within level 3 based on valuation techniques applied (residual value method, comparable method, and discounted cash flow method).

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**12. INTANGIBLE ASSETS AND GOODWILL**

	<b>Computer Software</b>	<b>Telecommunication licenses</b>	<b>Goodwill <sup>(1)</sup></b>	<b>Contractual intangible assets</b>	<b>Others</b>	<b>Projects In progress</b>	<b>Total</b>
<b>Cost</b>							
As at 1 January 2025 (after reclassification – note 48)	<b>16,018,303</b>	<b>9,261,941</b>	<b>1,098,913</b>	<b>4,388,051</b>	<b>395,742</b>	<b>1,932,287</b>	<b>33,095,237</b>
Additions	<b>216,495</b>	<b>2,395,192</b>	-	<b>104,378</b>	<b>46,216</b>	<b>2,781,079</b>	<b>5,543,360</b>
Effect of acquisition of new subsidiaries	<b>1,455</b>	-	<b>13,601</b>	<b>6,103</b>	<b>10,388</b>	-	<b>31,547</b>
Disposals	<b>(310,052)</b>	<b>(79,022)</b>	-	-	-	-	<b>(389,074)</b>
Transfers / reclassifications	<b>2,194,574</b>	-	-	<b>53,765</b>	<b>53,694</b>	<b>(2,273,927)</b>	<b>28,106</b>
Effect of foreign currency exchange differences	<b>195</b>	<b>724</b>	<b>3,740</b>	<b>894</b>	<b>2,541</b>	-	<b>8,094</b>
<b>As at 31 December 2025</b>	<b>18,120,970</b>	<b>11,578,835</b>	<b>1,116,254</b>	<b>4,553,191</b>	<b>508,581</b>	<b>2,439,439</b>	<b>38,317,270</b>
<b>Accumulated amortization and impairment</b>							
As at 1 January 2025 (after reclassification – note 48)	<b>10,508,370</b>	<b>5,011,701</b>	<b>24,895</b>	<b>2,299,541</b>	<b>87,998</b>	-	<b>17,932,505</b>
Amortization and impairment	<b>2,286,096</b>	<b>704,410</b>	<b>41,102</b>	<b>355,945</b>	<b>59,598</b>	-	<b>3,447,151</b>
Effect of acquisition of new subsidiaries	<b>398</b>	-	-	-	-	-	<b>398</b>
Disposals	<b>(309,999)</b>	<b>(79,022)</b>	-	-	-	-	<b>(389,021)</b>
Effect of foreign currency exchange differences	<b>84</b>	<b>425</b>	<b>16</b>	<b>259</b>	<b>285</b>	-	<b>1,069</b>
<b>As at 31 December 2025</b>	<b>12,484,949</b>	<b>5,637,514</b>	<b>66,013</b>	<b>2,655,745</b>	<b>147,881</b>	-	<b>20,992,102</b>
<b>Net book value as at 31 December 2025</b>	<b>5,636,021</b>	<b>5,941,321</b>	<b>1,050,241</b>	<b>1,897,446</b>	<b>360,700</b>	<b>2,439,439</b>	<b>17,325,168</b>

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**12. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)**

	Computer software	Telecommunication licenses	Goodwill <sup>(*)</sup>	Contractual intangible assets	Others	Projects In progress	Total
<i>Cost</i>							
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)
<b>As at 31 December 2024</b>	<b>16,018,303</b>	<b>9,261,941</b>	<b>1,098,913</b>	<b>4,388,051</b>	<b>395,742</b>	<b>1,932,287</b>	<b>33,095,237</b>
<i>Accumulated amortization and impairment</i>							
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)
<b>As at 31 December 2024</b>	<b>10,508,370</b>	<b>5,011,701</b>	<b>24,895</b>	<b>2,299,541</b>	<b>87,998</b>	<b>-</b>	<b>17,932,505</b>
<b>Net book value as at 31 December 2024</b>	<b>5,509,933</b>	<b>4,250,240</b>	<b>1,074,018</b>	<b>2,088,510</b>	<b>307,744</b>	<b>1,932,287</b>	<b>15,162,732</b>

(\*) Comparative figures include movements related to disposed discontinued operations.

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**12. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)**

- 1) Goodwill Consists of:
- Goodwill resulted from the Company's acquisition of Solutions amounting to ~~ﷲ~~ 75.6 million (2024: ~~ﷲ~~ 75.6 million).
  - Goodwill resulted from stc Kuwait's investments in Kuwait (Note 6) amounting to ~~ﷲ~~ 144.6 million (2024: ~~ﷲ~~ 145.7 million).
  - Goodwill resulted from Solutions's investments in the Kingdom and Egypt (Note 6) amounting to ~~ﷲ~~ 293.4 million (2024: ~~ﷲ~~ 298.4 million).
  - Goodwill resulted from iot<sup>2</sup> acquisition of Machines Talk, registered in the Kingdom, amounting to ~~ﷲ~~ 366.5 million (2024: ~~ﷲ~~ 366.5 million).
  - Goodwill resulted from Center 3 investments in Mauritius and South Africa (Note 6) amounting to ~~ﷲ~~ 170.1 million (2024: ~~ﷲ~~ 188.7 million). During the year, Center 3 has recorded additional goodwill amounting to ~~ﷲ~~ 22.6 million (2024: Nil) and a goodwill impairment in relation to these investments amounting to ~~ﷲ~~ 41.1 million (2024: Nil).
  - 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 ~~ﷲ~~ 2,122 million (2024: ~~ﷲ~~ 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

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**12. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)**

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:

	<b>2025</b>	<b>2024</b>
Cost of revenues	<b>849,738</b>	733,968
Selling and marketing expenses	<b>66,201</b>	47,171
General and administrative expenses	<b>2,531,212</b>	2,106,580
	<b>3,447,151</b>	2,887,719

The following are the net book value and expiry dates of the main mobile operating licenses and frequency spectrum as at:

<b>Country</b>	<b>End of amortization period</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
Kingdom of Saudi Arabia	2029 / 2032 / 2033 / 2034 / 2037 / 2039	<b>4,258,705</b>	2,383,429
State of Kuwait	2025 / 2033 / 2039	<b>1,178,253</b>	1,319,162
Kingdom of Bahrain	2031 / 2034 / 2038	<b>504,363</b>	547,535
		<b>5,941,321</b>	4,250,126

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**12. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)**

The following are the type, cost and expiry dates of the main mobile operating licenses and frequency spectrum as at:

<b>Country</b>	<b>License type</b>	<b>End of amortization period</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
Kingdom of Saudi Arabia	Frequency spectrum: (1930-1980)/(2150-2170) Megahertz	2029	<b>753,750</b>	753,750
Kingdom of Saudi Arabia	Frequency spectrum 1: (703-718)/(758-773) MHZ (1727-1735)/(1822-1830)MHZ	2032	<b>2,175,673</b>	2,175,673
Kingdom of Saudi Arabia	Frequency spectrum 2: (718-723)/(773-778) MHZ (1735-1745)/(1830-1840) MHZ	2033	<b>470,606</b>	470,606
Kingdom of Saudi Arabia	Frequency spectrum 3: (2300-2400)MHZ	2034	<b>279,573</b>	279,573
Kingdom of Saudi Arabia	Frequency spectrum 4: (3600-3700)MHZ	2034	<b>587,586</b>	587,586
Kingdom of Saudi Arabia	Frequency spectrum 5 - non-terrestrial networks / CH1-1980-1995 MHz based	2037	<b>149,750</b>	149,750
Kingdom of Saudi Arabia	Frequency spectrum 6 non-terrestrial networks / CH1-1995-2010 MHz based	2037	<b>164,719</b>	164,719
Kingdom of Saudi Arabia	Frequency spectrum A2 600MHz	2039	<b>1,124,590</b>	-
Kingdom of Saudi Arabia	Frequency spectrum C1 (3900-3800) MHz	2039	<b>1,184,269</b>	-
			<b>6,890,516</b>	4,581,657
State of Kuwait	Frequency spectrum 2	2025	<b>80,676</b>	78,786
State of Kuwait	Kuwait License	2033	<b>3,256,133</b>	3,256,133
State of Kuwait	Frequency spectrum 1	2039	<b>239,507</b>	234,077
			<b>3,576,316</b>	3,568,996
Kingdom of Bahrain	MT - TRA Licenses	2031	<b>77,930</b>	77,812
Kingdom of Bahrain	Spectrum 800 & 2600 MHz	2034	<b>44,105</b>	44,038
Kingdom of Bahrain	TRA Mobile License Services	2038	<b>892,758</b>	891,409
Kingdom of Bahrain	LTE Spectrum Fees	2038	<b>66,008</b>	65,908
Kingdom of Bahrain	Others	2038	<b>31,202</b>	32,121
			<b>1,112,003</b>	1,111,288
			<b>11,578,835</b>	9,261,941

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**13. RIGHT OF USE ASSETS**

	<b>Lands and Buildings</b>	<b>Motor Vehicles</b>	<b>Others</b>	<b>Total</b>
At 1 January 2025	<b>1,257,928</b>	<b>58,888</b>	<b>35,155</b>	<b>1,351,971</b>
Additions (*)	<b>827,124</b>	-	<b>161,556</b>	<b>988,680</b>
Effect of acquisition of new subsidiaries	<b>4,466</b>	-	-	<b>4,466</b>
Depreciation	<b>(393,466)</b>	<b>(44,280)</b>	<b>(60,848)</b>	<b>(498,594)</b>
Re-measurement and Terminations	<b>(106,587)</b>	-	<b>(755)</b>	<b>(107,342)</b>
Reclassifications and other adjustments	<b>(43,170)</b>	-	<b>44,597</b>	<b>1,427</b>
At 31 December 2025	<b>1,546,295</b>	<b>14,608</b>	<b>179,705</b>	<b>1,740,608</b>
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:

	<b>2025</b>	<b>2024</b>
Cost of revenues	<b>243,653</b>	182,322
Selling and marketing expenses	<b>6,026</b>	6,558
General and administrative expenses	<b>248,915</b>	243,869
	<b>498,594</b>	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 ~~₹~~ 21,940 million (100% enterprise value on cash free and debt free basis). The offer did not represent any binding commitment on both parties and it was subject to completing the due diligence.

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

As per the SPA, TAWAL's shares will be sold for a cash consideration estimated to be ~~₹~~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. During the year 2025, final accounts were completed resulting into a payment by stc to PIF amounting to ~~₹~~ 54 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 ~~₹~~ 3.03 billion (USD 807 million), representing 100% of Enterprise Value on a cash free and debt free basis. As a result, the Group's ownership in the new entity will be 43.06%. The agreements have also stipulated the transfer of ownership of TAWAL International Holding A Limited and TAWAL International DMCC from TAWAL to DIIC, which was completed during 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 ~~₹~~ 12.9 billion in the consolidated statement of profit or loss for the year ended 31 December 2024. TAWAL, and GLIC were valued at ~~₹~~ 17.4 billion, and ~~₹~~ 2.6 billion respectively net of cash, debt, and working capital adjustments. In addition, the Group injected ~~₹~~ 128 million in new entity capital to maintain its ownership of 43.06%.

As of the date of loss of control, the Group has started to account for its retained interest in TAWAL and DIIC using the equity method of accounting as associates in accordance with the requirements of IAS 28 "Investments in Associates and Joint Ventures". The Group has remeasured its retained interest portion at fair value which resulted in a gain recognized as part of net profit from discontinued operations in the consolidated statement of profit or loss for the year ended 31 December 2024.

During the first quarter of 2025, the ownership transfer of TAWAL to the new established entity (DIIC) was completed.

The summary of net (loss) profit from discontinued operations as follows:

	<b>For the year ended 31 December 2025</b>	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	<b>(54,133)</b>	-
<b>Net (loss) profit from discontinued operations</b>	<b>(54,133)</b>	<b>13,973,360</b>

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**14. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (CONTINUED)**

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 <sup>(1)</sup>	248,021	39,519
Building at carrying amount <sup>(2)</sup>	15,866	-
	<b>263,887</b>	<b>39,519</b>

- During the year 2025, lands with carrying amount of ﷲ244 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).
- 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)
	<b>9,224,434</b>	<b>8,722,920</b>
Current <sup>(1)</sup>	<b>8,245,316</b>	7,728,563
Non-current <sup>(2)</sup>	<b>979,118</b>	994,357
	<b>9,224,434</b>	<b>8,722,920</b>

- 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.
- 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.
- 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:

	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	<b>227,337</b>	<b>231,523</b>

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**15. CONTRACT ASSETS AND COSTS (CONTINUED)**

15.2 Contract costs

Contract costs consist of the following:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Costs to obtain the contracts <sup>(1)</sup>	<b>126,633</b>	115,506
Costs to fulfil the contracts <sup>(2)</sup>	<b>483,908</b>	467,876
	<b>610,541</b>	583,382
Current	<b>182,616</b>	111,506
Non-current	<b>427,925</b>	471,876
	<b>610,541</b>	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:

	<b>2025</b>	<b>2024</b>
Cost of revenues (Note 35)	<b>189,743</b>	190,054
Selling and marketing expenses (Note 36)	<b>110,461</b>	92,817
	<b>300,204</b>	282,871

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**16. FINANCIAL ASSETS AND OTHERS**

16-1 Financial assets

	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Financial assets measured at FVOCI</b>		
Listed equity investments <sup>(1)</sup>	<b>8,706,529</b>	4,318,321
<b>Financial assets measured at FVTPL</b>		
Cash collateral against purchase of a listed equity investment <sup>(2)</sup>	-	4,144,063
Investment funds and unlisted equity investments <sup>(3)</sup>	<b>5,137,979</b>	4,063,687
	<b>5,137,979</b>	8,207,750
<b>Financial assets at amortized cost, net :</b>		
Sukuk <sup>(4)(5)</sup>	<b>5,635,282</b>	5,133,819
Financial assets from digital banking operations <sup>(6)</sup>	<b>1,444,853</b>	2,360,035
Finance lease receivables	<b>1,010,076</b>	823,249
Loans and advances to employees <sup>(7)</sup>	<b>649,500</b>	662,660
Treasury bills	<b>395,217</b>	-
Accrued profit on financial assets	<b>118,479</b>	247,534
Others	<b>1,231,898</b>	1,339,953
	<b>10,485,305</b>	10,567,250
<b>Financial derivatives</b>		
Forward contract <sup>(8)</sup>	-	200,857
Options <sup>(9)</sup>	<b>562,725</b>	23,391
Islamic cross currency profit rate swap (Note.31.1)	-	238,829
	<b>562,725</b>	463,077
	<b>24,892,538</b>	23,556,398
Current	<b>3,561,804</b>	8,667,558
Non-current	<b>21,330,734</b>	14,888,840
	<b>24,892,538</b>	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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**16. FINANCIAL ASSETS AND OTHERS (CONTINUED)**

16-1 Financial assets (continued)

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 sukuku 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 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.
- 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)

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.

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**16. FINANCIAL ASSETS AND OTHERS (CONTINUED)**

16-2 Other assets

	<b>31 December 2025</b>	<b>31 December 2024</b>
Advances	<b>1,216,018</b>	334,284
Prepaid expenses	<b>688,013</b>	694,410
Deferred expenses	<b>126,500</b>	136,576
Deferred tax assets	<b>56,643</b>	39,940
Others	<b>515,648</b>	366,263
	<b>2,602,822</b>	1,571,473
Current	<b>2,031,499</b>	1,329,692
Non-current	<b>571,323</b>	241,781
	<b>2,602,822</b>	1,571,473

**17. INVENTORIES**

	<b>31 December 2025</b>	<b>31 December 2024</b>
Goods held for resale*	<b>2,070,536</b>	2,011,865
Less: allowance for slow moving inventories	<b>(147,333)</b>	(122,638)
	<b>1,923,203</b>	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 ~~SR~~ 11,899 million (2024: ~~SR~~ 11,939 million).

The following is an analysis of the allowance for slow moving inventories for the year:

	<b>2025</b>	<b>2024</b>
Balance at 1 January	<b>122,638</b>	185,723
Additions /(Reversals), net	<b>37,479</b>	(46,436)
Effect of acquisition of new subsidiaries	<b>131</b>	54
Write off / adjustment	<b>(12,915)</b>	(16,703)
Balance at 31 December	<b>147,333</b>	122,638

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**18. TRADE RECEIVABLES**

	<b>31 December 2025</b>	31 December 2024
Trade receivables	<b>30,086,398</b>	25,602,745
Less: allowance for impairment loss	<b>(3,359,200)</b>	(3,379,581)
	<b>26,727,198</b>	22,223,164

Ageing analysis of trade receivables are as follows (\*):

	<b>31 December 2025</b>			31 December 2024		
	<b>Gross Amounts</b>	<b>Allowance for impairment loss</b>	<b>ECL Rate</b>	Gross Amounts	Allowance for impairment loss	ECL Rate
Not past due	<b>4,572,860</b>	<b>(377,248)</b>	<b>8.3%</b>	3,223,401	(379,544)	11.8%
Past due:						
1 – 30 days	<b>724,678</b>	<b>(31,419)</b>	<b>4.3%</b>	1,284,061	(79,028)	6.2%
31 – 90 days	<b>2,747,238</b>	<b>(362,597)</b>	<b>13.2%</b>	2,720,006	(268,814)	9.9%
91 – 150 days	<b>2,738,365</b>	<b>(109,962)</b>	<b>4.0%</b>	2,152,856	(256,103)	11.9%
151 – 365 days	<b>6,649,774</b>	<b>(312,921)</b>	<b>4.7%</b>	5,773,937	(725,022)	12.6%
>365 days	<b>12,653,483</b>	<b>(2,165,053)</b>	<b>17.1%</b>	10,448,484	(1,671,070)	16.0%
	<b>30,086,398</b>	<b>(3,359,200)</b>	<b>11.2%</b>	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:

	<b>2025</b>	2024
Balance at 1 January	<b>3,379,581</b>	2,384,754
Additions	<b>331,709</b>	1,381,528
Effect of acquisition of new subsidiaries	<b>316</b>	6,984
Written off	<b>(303,831)</b>	(210,349)
Recovered	<b>(65,430)</b>	(143,264)
Effect of disposal of subsidiaries	-	(27,384)
Other adjustments	<b>16,855</b>	(12,688)
Balance at 31 December	<b>3,359,200</b>	3,379,581

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 ~~ﷲ~~ 22,577 million as at 31 December 2025 (2024: ~~ﷲ~~ 18,567 million) (Note 21.2). No other clients represent more than 10% of the total balance of trade receivables.

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**18. TRADE RECEIVABLES (CONTINUED)**

Receivable aging from government entities is as follows:

	<b>31 December 2025</b>	<b>31 December 2024</b>
Less than a year	<b>11,295,824</b>	9,559,212
More than one year but less than two years	<b>6,581,479</b>	5,791,205
More than two years	<b>4,699,630</b>	3,216,695
	<b>22,576,933</b>	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**

	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Banking operations:</b>		
Due from Banks - mmoney market placements	<b>3,149,000</b>	280,000
Cash and balances with SAMA, excluding statutory deposits	<b>2,714,717</b>	3,029,621
Due from Banks - balance in operating accounts	<b>350,401</b>	73,410
	<b>6,214,118</b>	3,383,031
<b>Non banking operations:</b>		
Short term murabahas (with three months maturity or less) (*)	<b>5,407,495</b>	10,322,612
Cash at banks and in hand	<b>1,754,458</b>	1,837,798
	<b>7,161,953</b>	12,160,410
<b>Total cash and cash equivalents from banking and non-banking operations (**)</b>	<b>13,376,071</b>	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:

	<b>2025</b>	<b>2024</b>
<b>Services provided</b>		
Associates	<b>734,830</b>	535,847
Joint ventures	<b>12,805</b>	4,633
	<b>747,635</b>	540,480
<b>Services received</b>		
Associates <sup>(1)</sup>	<b>4,310,154</b>	776,759
Joint ventures	<b>2,854</b>	2,891
	<b>4,313,008</b>	779,650

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

	<b>Amounts due from related parties</b>		<b>Amounts due to related parties</b>	
	<b>31 December 2025</b>	<b>31 December 2024</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
Associates <sup>(2)</sup>	<b>1,834,318</b>	1,404,179	<b>1,193,811</b>	1,124,093
Joint ventures	<b>10,033</b>	3,754	<b>3,628</b>	3,351
	<b>1,844,351</b>	1,407,933	<b>1,197,439</b>	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.

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**21. RELATED PARTY TRANSACTIONS (CONTINUED)**

**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 **ﷲ** 12,846 million (2024: **ﷲ** 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 **ﷲ** 6,302 million (2024: **ﷲ** 5,895 million).

As at 31 December 2025, accounts receivable from government entities totalled **ﷲ** 22,577 million (2024: **ﷲ** 18,567 million) (Note 18) and as at 31 December 2025, accounts payable to government entities totalled **ﷲ** 1,288 million (2024: **ﷲ** 1,221 million). Among the balances with government entities, the Group invested **ﷲ** 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 **ﷲ** 1,236 million (2024: **ﷲ** 1,244 million). Total balance of accounts payable with government related entities as of 31 December 2025 was **ﷲ** 2,335 million (2024: **ﷲ** 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, transactions 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**

	<b>31 December 2025</b>	<b>31 December 2024</b>
Loans to senior executives	<b>9,964</b>	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:

	<b>2025</b>	<b>2024</b>
Short-term benefits and remuneration	<b>728,288</b>	681,417
Provisions for end of service benefits and others	<b>136,599</b>	122,283
Share-based payment expenses	<b>147,179</b>	129,993
Total compensations	<b>1,012,066</b>	933,693

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**22. SHARE CAPITAL**

	<b>31 December 2025</b>	31 December 2024
<b>Authorized, issued and fully paid capital comprises</b>		
5 billion fully paid ordinary shares at ﷲ10 each share	<b>50,000,000</b>	50,000,000
Number of outstanding shares "in thousands"	<b>4,989,798</b>	4,986,916
Number of treasury shares "in thousands"	<b>10,202</b>	13,084
	<b>5,000,000</b>	5,000,000

**23. TREASURY SHARES**

During the years 2020 - 2022, the Company completed the purchase of its own shares with an amount of ﷲ753 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:

	<b>2025</b>	2024
Treasury shares as at 1 January	<b>13,084</b>	15,494
Treasury shares re-issued	<b>(2,882)</b>	(2,410)
Treasury shares as at 31 December	<b>10,202</b>	13,084

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**24. OTHER RESERVES**

	Foreign currency translation reserve	Actuarial gain (loss)	Changes in shareholding of subsidiaries	Other reserves	Total
<b>As at 1 January 2025</b>	<b>(816,321)</b>	<b>(329,768)</b>	<b>1,834,629</b>	<b>796,081</b>	<b>1,484,621</b>
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
<b>As at 31 December 2025</b>	<b>467,015</b>	<b>(783,373)</b>	<b>1,792,784</b>	<b>18,668</b>	<b>1,495,094</b>
	Foreign currency translation reserve	Actuarial gain (loss)	Changes in shareholding of subsidiaries	Other reserves	Total
<b>As at 1 January 2024</b>	<b>(64,749)</b>	<b>(523,845)</b>	<b>2,266,519</b>	<b>447,267</b>	<b>2,125,192</b>
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
<b>As at 31 December 2024</b>	<b>(816,321)</b>	<b>(329,768)</b>	<b>1,834,629</b>	<b>796,081</b>	<b>1,484,621</b>

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**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
			<b>306,915</b>	<b>227,591</b>	<b>2,972,769</b>	<b>3,068,505</b>

(\*) Includes the Group's investment in STC Bank, iot<sup>2</sup> and SCCC (Note 6).

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
<b>Statement of financial position</b>		
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)
<b>Net assets attributable to the equity owners of the subsidiary</b>	<b>2,917,742</b>	<b>4,287,340</b>
<b>Net assets attributable to non controlling interests</b>	<b>1,405,243</b>	<b>912,841</b>

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**25. NON-CONTROLLING INTERESTS (CONTINUED)**

*Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)*

	<b>For the year ended 31 December 2025</b>	
	<b>stc Kuwait</b>	<b>Solutions</b>
<b>Statement of income and other comprehensive income</b>		
Revenues	<b>4,180,077</b>	<b>12,730,189</b>
Profit (including NCI share amounting to ﷲ9,9 million for solutions)	<b>416,145</b>	<b>1,512,414</b>
Other comprehensive loss	<b>(510)</b>	<b>(41,544)</b>
<b>Total comprehensive income</b>	<b>415,635</b>	<b>1,470,870</b>
Total comprehensive income allocated to non controlling interests	-	<b>13,160</b>
<b>Non controlling interests' share of comprehensive income</b>	<b>200,178</b>	<b>309,993</b>
Dividends paid to non controlling interests	<b>202,954</b>	<b>242,403</b>
<b>For the year ended 31 December 2025</b>		
	<b>stc Kuwait</b>	<b>Solutions</b>
<b>Statement of cash flows</b>		
Operating activities	<b>1,120,455</b>	<b>(100,669)</b>
Investing activities	<b>(634,154)</b>	<b>2,017,956</b>
Financing activities	<b>(677,112)</b>	<b>(1,298,466)</b>
Net (decrease) increase in cash and cash equivalents	<b>(190,811)</b>	<b>618,821</b>
<b>As at 31 December 2024</b>		
	<b>stc Kuwait</b>	<b>Solutions</b>
<b>Statement of financial position</b>		
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)
<b>Net assets attributable to the equity owners of the subsidiary</b>	<b>2,926,461</b>	<b>4,007,592</b>
<b>Net assets attributable to non controlling interests</b>	<b>1,409,442</b>	<b>823,552</b>

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**25. NON-CONTROLLING INTERESTS (CONTINUED)**

*Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)*

	<i>For the year ended 31 December 2024</i>	
	<i>stc Kuwait</i>	<i>Solutions</i>
<b>Statement of income and other comprehensive income</b>		
Revenues	4,105,483	12,063,897
Profit	382,839	1,602,816
Other comprehensive loss	(6,445)	(221,595)
<b>Total comprehensive income</b>	<b>376,394</b>	<b>1,381,221</b>
Total comprehensive loss allocated to non controlling interests	-	(7,822)
<b>Non controlling interests' share of comprehensive income</b>	<b>181,279</b>	<b>269,987</b>
Dividends paid to non controlling interests	204,747	142,784
<b>Statement of cash flows</b>		
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 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:

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
<b>Total</b>					<b>787,160</b>	<b>391,584</b>	<b>14,404,268</b>	<b>14,740,155</b>

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**26. BORROWINGS (CONTINUED)**

- (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 ~~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 ten years.

- (2) Secured.
- (3) Unsecured.
- (4) Include borrowings obtained by indirectly owned subsidiaries.

**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 ~~ﷲ~~ 468 million (2024: actuarial gains amounting to ~~ﷲ~~ 180 million).

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**27. RETIREMENT BENEFITS PLANS (CONTINUED)**

*27.1 End of service benefits provision (continued)*

The net expenses recognized in the consolidated statement of profit or loss are as follows for the year ended 31 December:

	<b>2025</b>	<b>2024</b>
Services cost	<b>471,603</b>	470,618
Interest cost	<b>263,402</b>	240,721
	<b>735,005</b>	711,339

Movements of end of service benefit provision for the year ended 31 December is as follow:

	<b>2025</b>	<b>2024</b>
Balance at 1 January	<b>5,184,542</b>	5,258,413
Expenses recognized in the consolidated statement of profit or loss	<b>735,005</b>	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	<b>314,953</b>	(305,543)
- Experience adjustments	<b>153,207</b>	125,133
	<b>468,160</b>	(180,410)
Paid	<b>(1,231,432)</b>	(585,633)
Effect of disposal of subsidiaries	-	(63,225)
Other adjustments	<b>(4,118)</b>	33,441
Balance at 31 December	<b>5,152,157</b>	5,184,542

The following table shows the maturity profile of the Group's defined benefit obligations as at 31 December:

	<b>2025</b>	<b>2024</b>
One year or less	<b>130,795</b>	27,629
Above one year but less than five years	<b>776,145</b>	785,983
Above five years	<b>7,609,226</b>	7,818,025
	<b>8,516,166</b>	8,631,637

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**27. RETIREMENT BENEFITES PLANS (CONTINUED)**

*27.1 End of service benefits provision (continued)*

The following table shows the change in defined benefit obligation balance based on increase / decrease in the below assumptions:

	2025		Defined benefit obligation	
	Change in Assumption	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

	2024		Defined benefit obligation	
	Change in Assumption	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

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 ~~ﷲ~~ 631 million (2024: ~~ﷲ~~ 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 ~~ﷲ~~ 824 million (2024: ~~ﷲ~~ 2,577 million).

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**28. LEASE LIABILITIES**

Following is the movement on lease liabilities:

	<b>2025</b>	<b>2024</b>
Balance as at 1 January	<b>2,164,085</b>	4,275,229
Additions	<b>1,005,175</b>	1,768,791
Effect of acquisition of new subsidiaries	<b>4,466</b>	1,130
Payments	<b>(857,400)</b>	(1,515,120)
Financing costs	<b>91,883</b>	202,478
Other adjustments	<b>(154,979)</b>	(517,269)
Effect of disposal of subsidiaries	<b>-</b>	(2,051,154)
Balance as at 31 December	<b>2,253,230</b>	2,164,085
Current	<b>538,711</b>	593,447
Non-current	<b>1,714,519</b>	1,570,638
	<b>2,253,230</b>	2,164,085

Table above includes movements related to disposed discontinued operations.

**29. CONTRACT LIABILITIES**

	<b>31 December 2025</b>	<b>31 December 2024</b>
Deferred revenue from services	<b>4,871,857</b>	4,708,962
Material right / Customer loyalty program	<b>487,994</b>	528,458
	<b>5,359,851</b>	5,237,420
Current <sup>(1)</sup>	<b>4,088,197</b>	4,067,079
Non-current <sup>(2)</sup>	<b>1,271,654</b>	1,170,341
	<b>5,359,851</b>	5,237,420

(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 **ﷲ** 4,067 million (2024: **ﷲ** 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 **ﷲ** 591 million (2024: **ﷲ** 591 million) (Note 44.3).

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**30. PROVISIONS**

	<b>31 December 2025</b>	<i>31 December 2024</i>
Legal, regulatory, and other provisions <sup>(1)</sup>	<b>1,278,416</b>	1,284,350
Decommissioning provision <sup>(2)</sup>	<b>127,150</b>	143,092
	<b>1,405,566</b>	1,427,442
Current	<b>923,193</b>	915,209
Non-current	<b>482,373</b>	512,233
	<b>1,405,566</b>	1,427,442
	<b>2025</b>	<i>2024</i>
<b>Legal, regulatory, and other provisions <sup>(1)</sup></b>		
Balance as at 1 January	<b>1,284,350</b>	2,593,786
Additions	<b>446,416</b>	603,390
Reversals	<b>(304,887)</b>	(1,790,027)
Payment / settlements	<b>(147,463)</b>	(122,799)
Balance as at 31 December	<b>1,278,416</b>	1,284,350
<b>Decommissioning provision <sup>(2)</sup></b>		
Balance as at 1 January	<b>143,092</b>	312,292
Additions	<b>312</b>	94,771
Unwinding of discount	<b>2,777</b>	4,409
Other adjustments	<b>(19,031)</b>	(268,380)
Balance as at 31 December	<b>127,150</b>	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

	<b>31 December 2025</b>	<b>31 December 2024</b>
Financial liabilities from digital banking operations <sup>(1)</sup>	<b>4,244,331</b>	2,360,035
Financial liabilities related to frequency spectrum licenses	<b>3,803,108</b>	1,954,130
Dividends payable (Note 46)	<b>3,015,050</b>	3,008,990
Government charges	<b>1,057,987</b>	1,102,309
Islamic cross currency profit rate swap <sup>(2)</sup> (Note 16.1)	<b>516,686</b>	-
Other financial liabilities <sup>(3)</sup>	<b>711,257</b>	716,959
	<b>13,348,419</b>	9,142,423
Current	<b>9,189,613</b>	6,969,176
Non-current	<b>4,158,806</b>	2,173,247
	<b>13,348,419</b>	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/ﷲ 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:

	<b>2025</b>		<b>2024</b>	
	<b>Effective portion recognized in other comprehensive income</b>	<b>Ineffective portion recognized in profit or loss</b>	<b>Effective portion recognized in other comprehensive income</b>	<b>Ineffective portion recognized in profit or loss</b>
Net investment hedge	<b>(603,509)</b>	<b>(33,121)</b>	93,055	(9,814)
Cash flow hedge	<b>(124,037)</b>	<b>8,233</b>	92,870	19,568
Total	<b>(727,546)</b>	<b>(24,888)</b>	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 ﷲ228 million as at 31 December 2025 (2024: ﷲ198 million) (Note 42.2).
  - b) Deferred fee with a fair value amounting to ﷲ186 million as at 31 December 2025 (2024: ﷲ160 million) on the options agreement the Group has entered into in relation to its investment in Telefonica.

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**31. FINANCIAL LIABILITIES AND OTHERS (CONTINUED)**

31-2 Other liabilities

	<b>31 December 2025</b>	<i>31 December 2024</i>
Deferred income (*)	<b>3,772,492</b>	3,789,308
Deferred tax liabilities	<b>12,285</b>	12,530
Others	<b>801,724</b>	501,508
	<b>4,586,501</b>	4,303,346
Current	<b>852,524</b>	457,667
Non-current	<b>3,733,977</b>	3,845,679
	<b>4,586,501</b>	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 ~~SR~~ 3,413 million (2024: ~~SR~~ 3,551 million).

**32. TRADE AND OTHER PAYABLES**

	<b>31 December 2025</b>	<i>31 December 2024</i>
Accrued expenses	<b>8,621,235</b>	9,051,610
Trade payables	<b>7,452,911</b>	6,048,267
Employee accruals	<b>2,344,263</b>	3,621,852
Notes payable	<b>2,005,095</b>	2,415,990
Others	<b>1,835,932</b>	1,489,753
	<b>22,259,436</b>	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.

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**33. ZAKAT AND INCOME TAX**

	<b>31 December 2025</b>	<b>31 December 2024</b>
Zakat provision (a)	<b>1,431,562</b>	2,903,646
Income tax provision (b)	<b>102,179</b>	30,981
	<b>1,533,741</b>	2,934,627

**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:

	<b>2025</b>	<b>2024</b>
Additions:		
Share capital	<b>50,000,000</b>	50,000,000
Retained earnings, reserves, provisions and others	<b>62,493,242</b>	56,276,332
Adjusted net profit	<b>15,439,163</b>	26,001,393
Total additions	<b>127,932,405</b>	132,277,725
Deductions:		
Net property and investments	<b>86,846,805</b>	76,665,690
Other deductions	<b>16,125,139</b>	12,663,010
Total deductions	<b>102,971,944</b>	89,328,700
Zakat base	<b>24,960,461</b>	42,949,025
Zakat on wholly owned companies for the year	<b>645,484</b>	1,110,123
Reversal of prior years' zakat provision during the year	<b>(1,324,787)</b>	-
Add: zakat on partially owned companies for the year	<b>125,753</b>	123,737
Total zakat provision (reversed) charged during the year	<b>(553,550)</b>	1,233,860

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**33. ZAKAT AND INCOME TAX (CONTINUED)**

a. Zakat Provision (continued)

The following is the movement of zakat provision:

	<b>2025</b>	<b>2024</b>
Balance at 1 January	<b>2,903,646</b>	2,570,467
Additions	<b>771,237</b>	1,233,860
Reversal of prior years' Zakat provision during the year	<b>(1,324,787)</b>	-
Effect of acquisition of new subsidiaries	-	2,633
Amounts paid	<b>(920,133)</b>	(847,057)
Effect of disposal of subsidiaries	-	(74,323)
Other adjustments	<b>1,599</b>	18,066
Balance at 31 December	<b>1,431,562</b>	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.

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:

	<b>2025</b>	<b>2024</b>
Balance at 1 January	<b>30,981</b>	62,301
Additions	<b>110,580</b>	67,798
Effect of acquisition of new subsidiaries	<b>344</b>	2,681
Amounts paid	<b>(41,304)</b>	(45,051)
Effect of disposal of subsidiaries	-	(18,276)
Other adjustments	<b>1,578</b>	(38,472)
Balance at 31 December	<b>102,179</b>	30,981

Deferred tax balances movements during the year recognized in income tax expenses amounted to  $\text{SAR}$  (23) million for the year ended 31 December 2025 (2024:  $\text{SAR}$  (6) million).

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**34. REVENUES**

	<i>For the year ended 31 December</i>	
	<b>2025</b>	2024
Rendering of services	<b>63,312,089</b>	62,007,494
Sale of devices	<b>12,634,029</b>	12,458,105
Others (*)	<b>1,872,557</b>	1,427,814
	<b>77,818,675</b>	75,893,413
<u>Timing of revenue recognition</u>		
Recognized over time	<b>62,177,233</b>	61,087,301
At a point in time	<b>15,641,442</b>	14,806,112
	<b>77,818,675</b>	75,893,413

(\*) Includes mainly revenues from digital banking

- 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 ~~SR~~5,360 million as at 31 December 2025 (2024: ~~SR~~5,237 million). The Group expects to recognize approximately 76% (2024: 79%) of these obligations as revenues during the following reporting period.

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**35. COST OF REVENUES**

	<i>For the year ended 31 December</i>	
	<b>2025</b>	<b>2024</b>
Cost of devices, equipment and software	<b>14,195,531</b>	14,644,906
Network access charges (*)	<b>10,094,182</b>	8,100,803
Employees costs	<b>5,543,832</b>	5,534,674
Government charges	<b>5,417,576</b>	5,378,203
Repairs and maintenance	<b>1,967,772</b>	1,895,572
Amortization and impairment of contract costs (Note 15.2)	<b>189,743</b>	190,054
Others (**)	<b>2,710,350</b>	2,823,277
	<b>40,118,986</b>	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 ~~SR~~ 1,500 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:

	<i>For the year ended 31 December</i>	
	<b>2025</b>	<b>2024</b>
Commercial service provisioning fees	<b>4,608,632</b>	4,702,782
License fees	<b>468,768</b>	463,948
Frequency spectrum fees	<b>265,470</b>	137,427
Others	<b>74,706</b>	74,046
	<b>5,417,576</b>	5,378,203

**36. SELLING AND MARKETING EXPENSES**

	<i>For the year ended 31 December</i>	
	<b>2025</b>	<b>2024</b>
Employee costs	<b>2,862,473</b>	2,905,142
Advertising, publicity and sales commissions	<b>2,368,067</b>	1,763,681
Impairment loss on trade receivables	<b>301,871</b>	1,257,976
Amortization and impairment of contract costs (Note 15.2)	<b>110,461</b>	92,817
Impairment loss on contract assets (Note 15.1)	<b>104,399</b>	113,839
Call centre expenses	<b>39,579</b>	43,781
Others	<b>584,726</b>	384,584
	<b>6,371,576</b>	6,561,820

"Others" comprises mainly: sadad service fees, consultancy and content service fees.

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**37. GENERAL AND ADMINISTRATIVE EXPENSES**

	<i>For the year ended 31 December</i>	
	<b>2025</b>	<b>2024</b>
Employees costs	<b>4,774,730</b>	4,596,844
Consultancy and other contracted services (*)	<b>614,096</b>	646,645
Repairs and maintenance	<b>542,082</b>	644,871
Utilities and cleaning	<b>156,100</b>	160,792
Subscription Expenses	<b>112,337</b>	93,514
Rent	<b>42,263</b>	38,866
Others	<b>617,070</b>	631,457
	<b>6,858,678</b>	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 ₪ 42.6 million and ₪ 3.3 million; respectively, for the year ended 31 December 2025 (2024: ₪ 30.7 million and ₪ 2.3 million; respectively).

"Others" comprises mainly: insurance premiums and security and safety expenses.

**38. FINANCE INCOME**

	<i>For the year ended 31 December</i>	
	<b>2025</b>	<b>2024</b>
Income from Murabaha	<b>937,021</b>	1,400,785
Income from sukuk	<b>322,165</b>	295,525
Other finance income (*)	<b>17,256</b>	21,541
	<b>1,276,442</b>	1,717,851

(\*) Mainly Shariah based except for ₪ 330 thousand for the year ended 31 December 2025 (2024: ₪ 147 thousand) from one of Center3 subsidiaries based outside of the Kingdom.

**39. FINANCE COST**

	<i>For the year ended 31 December</i>	
	<b>2025</b>	<b>2024</b>
Unwinding of discounts on provisions and financial liabilities	<b>442,514</b>	365,816
Finance cost relating to murabaha	<b>399,420</b>	536,964
Finance cost relating to sukuk	<b>191,544</b>	253,774
Finance cost relating to lease liabilities	<b>91,883</b>	77,125
	<b>1,125,361</b>	1,233,679

**40. NET OTHER GAINS**

	<i>For the year ended 31 December</i>	
	<b>2025</b>	<b>2024</b>
Net gains arising on financial assets measured at FVTPL (Note 42)	<b>730,013</b>	383,367
Gain on sale/disposal of property and equipment & assets held for sale	<b>205,104</b>	15,535
Net (losses) gains from derivatives	<b>(266,134)</b>	189,044
Net foreign exchange losses and others	<b>(14,087)</b>	(58,877)
	<b>654,896</b>	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:

	<b>2025</b>	<b>2024</b>
Net profit from continuing operations attributable to equity holders of the Parent Company	<b>14,882,163</b>	10,715,292
Net (loss) profit from discontinued operations	<b>(54,133)</b>	13,973,360
Net profit attributable to equity holders of the Parent Company	<b>14,828,030</b>	24,688,652
<b>Number of shares "in thousands":</b>		
Weighted average number of ordinary shares for the purposes of calculating basic earnings per share	<b>4,988,738</b>	4,986,034
Weighted average number of repurchased ordinary shares	<b>11,262</b>	13,966
Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share	<b>5,000,000</b>	5,000,000
<b>Earnings per share from net profit from continuing operations attributable to equity holders of the Parent Company (in Saudi Riyals):</b>		
- Basic	<b>2.98</b>	2.15
- Diluted	<b>2.98</b>	2.14
<b>(Loss) Earnings per share from discontinued operations (in Saudi Riyals):</b>		
- Basic	<b>(0.01)</b>	2.80
- Diluted	<b>(0.01)</b>	2.79
<b>Earnings per share from net profit attributable to equity holders of the Parent Company (in Saudi Riyals):</b>		
- Basic	<b>2.97</b>	4.95
- Diluted	<b>2.97</b>	4.94
The following is the number of outstanding shares (in thousands) as at:		
	<b>2025</b>	<b>2024</b>
Outstanding shares as at 1 January	<b>4,986,916</b>	4,984,506
Outstanding shares re-issued	<b>2,882</b>	2,410
Outstanding shares as at 31 December	<b>4,989,798</b>	4,986,916

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**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

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 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

The ratios as at the year ended 31 December were as follows:

	<b>2025</b>	<b>2024</b>
Debt (a)	<b>15,191,428</b>	15,131,739
EBITDA (b)	<b>24,469,435</b>	23,951,115
Debt to EBITDA	<b>62%</b>	63%
Debt	<b>15,191,428</b>	15,131,739
Debt + Equity (c)	<b>101,577,768</b>	107,616,786
Debt to (Debt + Equity)	<b>15%</b>	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.

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**42. FINANCIAL INSTRUMENTS (CONTINUED)**

*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 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.

Financial assets and liabilities measured at fair value:

<b>31 December 2025</b>	<b>Carrying amount</b>	<b>Fair value</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b><u>Financial assets</u></b>				
Listed equity investments (Note 16.1)	<b>8,706,529</b>	<b>8,706,529 <sup>(1)</sup></b>	-	-
Investment funds and unlisted equity investments (Note 16.1)	<b>5,137,979</b>	-	-	<b>5,137,979 <sup>(7)</sup></b>
Financial derivatives - options (Note 16.1)	<b>562,725</b>	-	<b>562,725 <sup>(3)</sup></b>	-
<b><u>Financial liabilities</u></b>				
Put option to non-controlling interest shareholders (Note 31.1)	<b>228,318</b>	-	-	<b>228,318 <sup>(5)</sup></b>
Islamic cross currency profit rate swap (Note 31.1)	<b>516,686</b>	-	<b>516,686 <sup>(6)</sup></b>	-

<b>31 December 2024</b>	<b>Carrying amount</b>	<b>Fair value</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b><u>Financial assets</u></b>				
Listed equity investments (note 16.1)	4,318,321	4,318,321 <sup>(1)</sup>	-	-
Cash collateral against purchase of a listed equity investment (Note 16.1)	4,144,063	-	4,144,063 <sup>(2)</sup>	-
Investment funds and unlisted equity investments (Note 16.1)	4,063,687	-	-	4,063,687 <sup>(7)</sup>
Financial derivatives - forward contract (Note 16.1)	200,857	-	200,857 <sup>(4)</sup>	-
Financial derivatives - Options (Note 16.1)	23,391	-	23,391 <sup>(3)</sup>	-
Islamic cross currency profit rate swap (Note 16.1)	238,829	-	238,829 <sup>(6)</sup>	-
<b><u>Financial liabilities</u></b>				
Put option to non-controlling interest shareholders (Note 31.1)	198,166	-	-	198,166 <sup>(5)</sup>

There are no transfers between levels of the fair value hierarchy during the year 2025 and comparative year.

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**42. FINANCIAL INSTRUMENTS (CONTINUED)**

*42.2 Fair value of financial instruments (continued)*

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 ~~SR~~ 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:

	<b>Change in fair value due to increase of 10% in significant unobservable inputs</b>		<b>Change in fair value due to decrease of 10% in significant unobservable inputs</b>	
	<b>2025</b>	2024	<b>2025</b>	2024
Multiples	<b>113,103</b>	78,855	<b>(113,103)</b>	(78,855)
WACC	<b>(57,194)</b>	(96,424)	<b>67,207</b>	111,488
Exit multiple	<b>58,213</b>	111,203	<b>(58,213)</b>	(113,775)
Lack of marketability	<b>(26,552)</b>	(11,926)	<b>26,552</b>	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:

	<b>2025</b>	2024
Net assets value as at 1 January	<b>4,063,687</b>	3,532,376
Contributions paid	<b>364,222</b>	337,720
Proceeds from investments liquidation	<b>(19,943)</b>	(189,776)
Net unrealized gains recognised in profit or loss (Note 40)	<b>730,013</b>	383,367
Net asset value as at 31 December	<b>5,137,979</b>	4,063,687

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**42. FINANCIAL INSTRUMENTS (CONTINUED)**

*42.2 Fair value 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 consolidated financial statements approximate their fair value except for the following:

**31 December 2025**

	<b>Carrying amount</b>	<b>Fair value levels</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets</b>				
Financial assets at amortized cost - Government Sukuk	<b>4,498,591</b>	-	<b>4,437,621</b>	-
<b>Financial liabilities</b>				
Borrowings – Sukuk	<b>4,680,493</b>	-	<b>4,656,108</b>	-

**31 December 2024**

	<b>Carrying amount</b>	<b>Fair value</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Financial assets</b>				
Financial assets at amortized cost - Government Sukuk	3,944,113	-	3,790,937	-
<b>Financial liabilities</b>				
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.

**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 ~~ﷲ~~ 29 million (2024: the impact on the profit of the Group would have been (lower) higher by ~~ﷲ~~ 26 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 ~~ﷲ~~ 22 million (2024: ~~ﷲ~~ 25 million).

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**42. FINANCIAL INSTRUMENTS (CONTINUED)**

**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.

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.

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**42. FINANCIAL INSTRUMENTS (CONTINUED)**

42.6 Liquidity risk management (continued)

	<b>Undiscounted Cash Flows</b>			
	<b>Carrying amount</b>	<b>One year or less</b>	<b>Above one year but less than five years</b>	<b>Above five years</b>
<b>31 December 2025</b>				
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	-
<b>31 December 2024</b>				
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 ~~SR~~15,467 million as at 31 December 2025 (2024: ~~SR~~4,809 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:

	<b>Gross amounts</b>	<b>Amounts set off</b>	<b>Net amounts</b>
<b>31 December 2025</b>			
<b>Financial assets subject to set off</b>	<b>16,143,268</b>	<b>(8,965,413)</b>	<b>7,177,855</b>
<b>Financial liabilities subject to set off</b>	<b>21,706,227</b>	<b>(8,965,413)</b>	<b>12,740,814</b>
<b>31 December 2024</b>			
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

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**42. FINANCIAL INSTRUMENTS (CONTINUED)**

42.7 Changes in liabilities arising from financial activities

Changes in liabilities arising from financial activities are as follows:

	<b>1 January 2025</b>	<b>Cash flows</b>	<b>Non-monetary changes(*)</b>	<b>31 December 2025</b>
Short-term borrowings	<b>391,584</b>	<b>(441,692)</b>	<b>837,268</b>	<b>787,160</b>
Lease liabilities current	<b>593,447</b>	<b>(857,400)</b>	<b>802,664</b>	<b>538,711</b>
Long-term borrowings	<b>14,740,155</b>	<b>376,118</b>	<b>(712,005)</b>	<b>14,404,268</b>
Lease liabilities - non-current	<b>1,570,638</b>	<b>-</b>	<b>143,881</b>	<b>1,714,519</b>
	<b>17,295,824</b>	<b>(922,974)</b>	<b>1,071,808</b>	<b>17,444,658</b>

	<b>1 January 2024</b>	<b>Cash flows</b>	<b>Non-monetary changes(*)</b>	<b>31 December 2024</b>
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**

1. One of the Group's subsidiaries has an agreement to invest in a fund aiming to improve the telecommunication and internet environment for ~~ﷲ~~ 553 million (equivalent to USD 147.5 million) as at 31 December 2025 (31 December 2024: ~~ﷲ~~ 553 million (equivalent to USD 147.5 million) ) (Note 6.15).
2. During the year 2022, the Company signed an agreement with STV LP Fund to allocate an additional ~~ﷲ~~ 1,125 million (equivalent to USD 300 million) additional investment in the fund out of which ~~ﷲ~~ 866 million (equivalent to USD 231 million) was injected as at 31 December 2025 (31 December 2024: ~~ﷲ~~ 555 million - equivalent to USD 148 million).
3. The Group has contractual commitments amounting to ~~ﷲ~~ 9,488 million as at 31 December 2025 (31 December 2024: ~~ﷲ~~ 7,322 million).

**44. CONTINGENT ASSETS AND LIABILITIES**

1. The Group has outstanding letters of guarantee on behalf of the parent and its subsidiaries amounting to ~~ﷲ~~ 4,828 million as at 31 December 2025 (2024: ~~ﷲ~~ 4,993 million).
2. The Group has outstanding letters of credit as at 31 December 2025 amounting to ~~ﷲ~~ 1,948 million (2024: ~~ﷲ~~ 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 ~~ﷲ~~ 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.
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 Group's 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 ~~ﷲ~~ 221 million (equivalent to KD 18 Million) , which was received by stc Kuwait in previous years.

On 22 December 2024, the Ministry of Communications ("MOC") and the Communications and Information Technology Regulatory Authority ("CITRA") (collectively, the "Plaintiff") filed a lawsuit before the First Court of Instance against stc Kuwait ("Defendant"), seeking the reimbursement of the amounts previously adjudicated in the aforementioned case, asserting a claim for unjust enrichment where the plaintiff overpaid the claim amount.

On 24 March 2025, the Court of First Instance issued a favorable judgment in stc Kuwait favor. The matter is currently under review before the Court of Appeal.

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.

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**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 ~~SR~~ 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 1441H). 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.

The Board of Directors approved on 28 June 2022 (corresponding to 29 Thu'l-Qi'dah 1443H) to repurchase a number of the Company's shares for an amount not to exceed ~~SR~~ 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 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 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.

The grant and vesting dates, respectively are as follows:

	<b>Tranche 1</b>	<b>Tranche 2</b>	<b>Tranche 3</b>
<b>Cycle 1</b>	July 2020 / July 2021	July 2021/ May 2022	May 2022/ May 2023
<b>Cycle 2</b>	July 2021/ May 2022	May 2022/ May 2023	May 2023/ May 2024
<b>Cycle 3</b>	May 2022/ May 2023	May 2023/ May 2024	May 2024/ May 2025
<b>Cycle 4</b>	May 2023/ May 2024	May 2024/ May 2025	May 2025/ May 2026
<b>Cycle 5</b>	May 2024/ May 2025	May 2025/ May 2026	May 2026/ May 2027
<b>Cycle 6</b>	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:

	<b>2025</b>	<b>2024</b>
At the beginning of the year	<b>3,918</b>	2,978
Shares granted during the year <sup>(*)</sup>	<b>3,184</b>	3,350
Shares vested during the year	<b>(2,882)</b>	(2,410)
At the end of the year	<b>4,220</b>	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 ~~SR~~ 41.05 per share (2024: ~~SR~~ 36.3 per share). Total expenses related to the Program for the year ended 31 December 2025 amounted to ~~SR~~ 133.5 million (2024: ~~SR~~ 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.

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**45. EMPLOYEES LONG-TERM INCENTIVES PROGRAM (CONTINUED)**

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 ~~ﷲ~~10 million (2024: ~~ﷲ~~9.1 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 ~~ﷲ~~0.40 per share on a quarterly basis.

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

The Company's dividends policy is based on maintaining a minimum dividend of ~~ﷲ~~0.55 per share per quarter for the next three years starting from the dividends distribution of the 4th quarter of 2024 until the 3rd quarter of 2027. Further, the Company may consider paying special dividends after the assessment of the Company's financial position, future outlook, strategic investments and capital expenditure requirements subject to the General Assembly's recommendation.

In line with this policy, the Company distributed cash dividends to the shareholders of the Company for the fourth quarter of 2024, first quarter of 2025, 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.

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 ~~ﷲ~~0.55 per share.

The dividends distribution policy remains subject to change based on any material changes in stc's strategy and business or regulatory requirements applicable to the Company, or banking agreements.

Treasury shares allocated to the employee long-term incentives program are not entitled for any dividends during the period while the shares are still under the Company's possession.

**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 ~~ﷲ~~3,000 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::

	<u>As previously reported</u>	<u>Amount of reclassification</u>	<u>Amount after reclassification</u>
<b>Consolidated statement of financial position as at 31 December 2024</b>			
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
<b>Consolidated statement of profit or loss for the year ended 31 December 2024</b>			
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).