

Annual Report 2021



In the name of allah, the most gracious, the most merciful

Saudi Telecom Company (the "Company") was established as a Saudi Joint Stock Company pursuant to Royal Decree No. M/35 dated 24 Dhul Hijja 1418H (corresponding to 21 April 1998) that authorized the transfer of the telegraph and telephone division of the Ministry of Post, Telegraph and Telephone ("MoPTT") with its various components and technical and administrative facilities to the Company, and in accordance with the Council of Ministers' Resolution No. 213 dated 23 Dhul Hijja 1418H (corresponding to 20 April 1998) that approved the Company's by-laws ("By-laws"). The Company was wholly owned by the Government of the Kingdom of Saudi Arabia (the "Government"). The Government sold 30% of its shares pursuant to the Council of Ministers Resolution No. 171 dated 2 Rajab 1423H (corresponding to 9 September 2002). The Public Investment Fund ("PIF") is the ultimate controlling party of the Company through its ownership of 64% as at 31 December 2021 (2020: 70%). During the year 2021, the PIF through a secondary offering sold 6% of the Company's shares.

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) and received its Commercial Registration No. 1010150269 as a Saudi Joint Stock Company on 4 Rabi Awal 1419H (corresponding to 29 June 1998). The Company's head office is located in King Abdulaziz Complex, Imam Mohammed Bin Saud Street Al Mursalat Area, Riyadh, Kingdom of Saudi Arabia.

The Company conducts its operational business in the kingdom and it has various investments in associate companies, subsidiaries, and joint ventures, collectively known in financial statements as the "Group". The following are the details of the subsidiaries, associates, and joint venture:

Subsidiaries:

Name of Subsidiary	Country of incorporation	Shareholding Percentage	
		31-Dec-21	31-Dec-20
Arabian Internet and Communications Services Company ("Solutions")	Kingdom of Saudi Arabia	80%	100%
Telecom Commercial Investment Company Limited ("TCIC")	Kingdom of Saudi Arabia	100%	100%
Aqalat Limited Company ("Aqalat")	Kingdom of Saudi Arabia	100%	100%
Public Telecommunication Company ("Specialized by stc")	Kingdom of Saudi Arabia	100%	100%
Sapphire Company Limited ("Sapphire")	Kingdom of Saudi Arabia	-	100%
Saudi Telecom Channels Company (Channels by stc)	Kingdom of Saudi Arabia	100%	100%
Telecommunications Towers Company ("TAWAL")	Kingdom of Saudi Arabia	100%	100%
stc Bank (previously "Saudi Digital Payments Company" or "stc Pay")	Kingdom of Saudi Arabia	85%	100%
Smart Zone Real Estate Company	Kingdom of Saudi Arabia	100%	100%
Advanced Technology and Cybersecurity Company ("sirar by stc")	Kingdom of Saudi Arabia	100%	100%
Gulf Digital Media Model Company Ltd ("GDMM")	Kingdom of Saudi Arabia	100%	100%
Innovation Fund Investment Company	Kingdom of Saudi Arabia	100%	-
stc Bahrain BSC (c) ("stc Bahrain)	Kingdom of Bahrain	100%	100%
Kuwait Telecommunications Company ("stc Kuwait")	Kuwait	51.8%	51.8%
stc Turkey Holdings Ltd ("stc Turkey")	British Virgin Islands	100%	100%
stc Asia Telecom Holdings Ltd ("stc Asia")	British Virgin Islands	100%	100%
stc Gulf Investment Holding ("stc Gulf")	Kingdom of Bahrain	100%	100%
stc GCC Cables System W.L.L.	Kingdom of Bahrain	100%	-

Associate Companies:

Name of Associate Companies	Country of incorporation	Shareholding Percentage	
		31-Dec-21	31-Dec-20
Arab Satellite Communications Organisation ("Arabsat")	Kingdom of Saudi Arabia	36.66%	36.66%
Virgin Mobile Saudi Consortium ("VMSC")	Kingdom of Saudi Arabia	10%	10%
Oger Telecom Limited ("OTL")	United Arab Emirates	35%	35%
Virgin Mobile Kuwait	Kuwait	10%	-

Joint Ventures:

Name of Joint Ventures	Country of Incorporation	Shareholding Percentage	
		31-Dec-21	31-Dec-20
Arab Submarine Cables Company Limited	Kingdom of Saudi Arabia	50%	50%
Contact Center Company ("CCC")	Kingdom of Saudi Arabia	49%	49%
Binariang GSM Sdn Bhd ("BGSM")	Malaysia	25%	25%

The Company's Board of Directors is pleased to submit to the valued shareholders this annual report on the Group's performance, and its results for the fiscal year 2021, reflecting the continued development of the Group's performance in the various aspects of its activities. The report illustrates the Group's role in the promotion and development of the telecommunications sector in the Kingdom of Saudi Arabia so as to serve Saudi society, achieve national development plans, effectively contribute in strengthening the national economy, and achieve rewarding returns for its shareholders, in line with the objectives of Saudi Vision 2030.

Activities of the Group:

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 telecom 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, and cloud services, 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 maintain 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 the 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.

First: stc Performance and Main Activities during the fiscal year 2021

A – Operational Performance

1- Saudi Telecom Company (stc) – Kingdom of Saudi Arabia

Consumer:

B2C continued its strong performance in 2021 despite lingering COVID-19 disruptions, especially on expats and roaming services engagement. This achievement demonstrates that our strategy is delivering, driven by a continuous focus on customer base management, retention efforts, exceptional customer experience as well as a more targeted sales approach. B2C's performance throughout the year also attests to its ability to maintain market leadership and preserve its value positioning despite dynamic and changing COVID-19 restrictions. B2C preserved its over-performance in the market by closely monitoring market dynamics, and enabling an agile and data-driven decision-making framework across the organization. B2C also maintained its digital evolution through reimagining its customer journeys thus unifying our digital experience and maintaining our competitive edge in digital sales, fulfillment & communications. Worth mentioning that Mystic App were able to reach more than 9 million users acquisition.

Despite market challenges, B2C was able to preserve market leadership in the mobility market and increase its share of gross ads by (1) leveraging digital fulfillment capabilities, (2) capitalizing on 5G-network leadership and providing exceptional offerings, (3) enhancing data analytics and base management capabilities, and (4) launching timely, aggressive promotions to counter competitive and market challenges. On postpaid, we managed to grow on both revenues and base. We also maintained solid prepaid market leadership through innovative offerings and targeted efforts to increase customers' attachment to bundles.

On residential, the market is experiencing a growth spurt; mainly due to (1) work-from-home and eLearning measures, (2) enactment of Open Access and maturing 5G Fixed Wireless Access offerings, and (3) aggressive push by all operators to uplift BB penetration. Competition is intensifying in the residential market as competitors' commercial and operational capabilities mature and regulatory pressure on stc intensifies due to its dominance designation. However, we leveraged our full suite of capabilities and reach to exceed expectations across the whole Kingdom. Overall, we have recorded impressive growth driven by (1) an aggressive sales push on Baity home broadband plans in FTTH-covered areas as well as the ever-growing 5G-covered areas, (2) targeted efforts on base management to increase attachment to higher-end, triple-play and longer commitment plans, and (3) systematic push on copper base cutover to FTTH and Fixed Wireless Access.



Beyond core telco services, B2C has achieved impressive results across a multitude of digital and growth areas covering devices, gaming, digital media, smart home services, financial services, eCommerce and logistics.

Our devices business delivered exceptional performance this year, fully leveraging our digital acquisition and last mile delivery efforts. We were also able to mitigate global supply chain disruptions through our exceptional relationships with top OEMs. On gaming, we successfully launched stc play and surpassed all expectations on customer uptake. We achieved 500K registrations to the platform in less than 6 months with aggressive plans to double that in the next few months. B2C has been pushing the digital media offering through cross-bundling and promotions. Recently, we also revalidated our strategy to provide a superior platform experience by doubling down on content aggregation with a wider portfolio through new partnerships. On smart home and IoT, we recently went to market with packages that bundle broadband, smart home devices and a management platform to provide our customers with a complete smart home experience.

Moving forward, we have an ambitious plan to deliver optimal returns to our shareholders. We aim to sustain our growth on residential services while asserting our market leadership on mobility through superior core offerings and an increasingly digital customer experience. We will also expand our focus on digital services to expand our product offerings & boost uptake across offerings, as well as improve data collection, analytics and monetization at an ecosystem level. This will be key in monetizing 5G and fiber investments, and unlocking the next wave of growth for the B2C ecosystem.

Enterprise:

In 2021, the business sector focused on expanding its partnerships to include many new global and local partners, providing further new products and services, as well as producing and implementing many solutions to contribute to achieving the objectives of Vision 2030. In 2021, over 20 global and local strategic partnerships for the business sector were signed in 2021, including, stc's partnership with Cubic Telecom to accelerate the entry of automotive companies to the Kingdom with the solutions of connected software systems inside the car. A partnership agreement was signed between stc, and PMANetworks to enhance the safety of smart homes at NEOM. Additionally, a partnership agreement was signed between SDAIA, Doyouf Al Rahman and stc to launch the smart Hajj bracelet service (Nusk), also a memorandum of understanding was signed with Orange Business Services, which represents a new stage in our partnership to support digital transformation. stc business sector has been keen on sponsoring many global and local events, and on participating in a number of exhibitions, to display stc's capabilities in many sectors, including education, health, and industry. The most important of these events was stc's participation in and sponsorship of Al Artathon, and its being a partner and digital enabler of the @Hack platform. stc is also proud of its participation in the Dubai 2021 Arab Health Exhibition, of its sponsorship of the KAUST Challenge,

and of its technical support of the cybersecurity virtual dialogue. stc was interested in launching many products and services in 2021 to build and implement many solutions that contribute to accelerating the digital transformation in the Kingdom, the most important of which are the cybersecurity service SOC, the launch of the truck monitoring service, the SF-RX service, and the DIA internet connection service. Customers were also enabled to directly request business products through the company's website.

Wholesale:

stc has made qualitative achievements in the field of wholesale services by providing all the international needs and services of the business units within the company from telephone and Internet services as well as to the company's customers from local, regional and international operators and service providers, in addition to the regional business segment.

In term of the international infrastructure, stc maintained its excellence and asserted its international presence with the most advanced and modern network in the MENA region. This was due to the development and expansion of its land and marine cables, which is considered the most advanced high-tech in the world. In 2021 a number of achievements has been made, mainly including:

- Adding impressive international capacity via multiple subsea upgrades of three Cable systems IMEWE, SMW-5 and EIG, using the most advance subsea technology.
- Acquisition of additional SMW5 capacity ownership equal to 28% for further onward connectivity toward Europe.
- stc investment in multiple subsea fibers extending stc wholesale network reach to East Africa, Arab Gulf countries and India.
- Adding 5 new subsea cable stations in both the Red Sea and the Arab Gulf to enhance the subsea resilience.
- Start the construction of Saudi Vision Cable project as one of stc's initiatives to support the Kingdom's Vision 2030 with 4 landing stations (Jeddah, Yanbu, Duba and Haql).
- Executing binding MOU with Facebook to land IEX in Yanbu with an option to acquire express fiber pair between Singapore and Europe.
- Adding 6 new Egypt routes via multiple subsea cables (2africa, IEX and MENA) to enhance stc wholesale resilience and create unique onward connectivity.

2- Local Subsidiaries

- **Arabian Internet and Communications Services Company ("Solutions") - Kingdom of Saudi Arabia**

Arabian Internet and Communications Services Company ("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. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom. In December 2007, the Group acquired

100% of the share capital of Arabian Internet and Communications Services Company Limited for SR 100 million. During the year 2020, the share capital of Solutions was increased to SR 1,200 million. In September 2021, the Group completed the initial public offering "IPO" for 20% of its shareholding in its subsidiary – Solutions with total proceeds of SR 3,624 million before deducting total IPO costs of SR 63.7 million. As a result of this offering, the non-controlling interests increased by SR 428 million and equity attributable to the shareholders of the parent company (other reserves) increased by SR 3,132 million at the transaction date. In addition, at the completion of the IPO, 1% of the share capital of Solutions was allocated to be granted as part of its own employees' long-term incentive plan. (For more details, see note 45-2 in the annual financial statements).

- **Telecom Commercial Investment Company Limited (TCIC) - Kingdom of Saudi Arabia**

Telecom Commercial Investment Company Limited was established in October 2007 with a capital of SR 1 million 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. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom.

- **Aqalat Limited Company - Kingdom of Saudi Arabia**

Aqalat was established in March 2013 with a capital of SR 70 million fully owned by the Company 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. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom.

- **Public Telecommunications Company (Specialized by stc) - Kingdom of Saudi Arabia**

Public Telecommunications Company (Specialized by stc) was established in February 2002. The Company acquired 100% of the SR 252 million share capital in January 2014. Specialized by stc operates 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. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom.

- **Sapphire Company Limited (Sapphire) - Kingdom of Saudi Arabia**

Sapphire was established in June 2014 with a capital of SR 100 million fully owned by the Company to operate in the retail and wholesale trade of computer systems and devices, fixed and mobile telecommunication, internet equipment, advertising and publicity material, spare parts, electrical

equipment, advance payment devices, point-of-sale devices, telecom operator services, establish telecom sales and service centers, Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom. In November 2017, the Group's Board of Directors decided to wind up Sapphire and integrate its business with Saudi Telecom Company starting from 1 January 2018. During the year 2021, the Group has completed all legal and regulatory procedures of Sapphire liquidation.

- **Saudi Telecom Channels Company (Channels by stc) - Kingdom of Saudi Arabia**

Saudi Telecom Channels Company ("Channels by stc") was established in the Kingdom in January 2008 and operates 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 centers' maintenance and operation. The Company operates in Saudi Market, its head office is located in the Kingdom, and it fulfills its operational activity in the Kingdom, Bahrain, and Oman through its subsidiaries who are working in the same field. Saudi Telecom Company acquired 60% of Channels SR 100 million share capital in December 2011. On January 2017, the Company acquired the remaining shares in Channels by stc by SR 400 million. Accordingly, Channels by stc became a wholly-owned subsidiary of Saudi Telecom Company.

- **Telecommunications Towers Co. (TAWAL) - Kingdom of Saudi Arabia**

During the year 2018, the Company established Telecommunications Towers Company (TAWAL), a closed joint stock company (formerly a "limited liability company") with a share capital of SR 200 million. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom. TAWAL is responsible for owning, constructing, operating, leasing and commercializing telecom towers in the Kingdom. During the year 2019, TAWAL obtained the necessary operating license from the Communications and Information Technology Commission (CITC) and the Group increased the capital of TAWAL by SR 2,300 million, for a total capital of SR 2,500 million.

- **stc Bank (previously "Saudi Digital Payments Company" or "stc Pay") - Kingdom of Saudi Arabia**

During the year 2017, Solutions established Saudi Digital Payments Company (stc Pay) (currently "stc Bank") with a capital of SR 100 million and its main activity is to provide digital payments services. During the year 2019, Saudi Digital Payments Company ownership was transferred from Solutions to the Company. During the same year, the Company increased the capital by SR 300 million, for a total capital of SR 400 million.

In January 2020, The Saudi Central Bank licensed Saudi Digital Payments Company as an electronic wallet company. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom.

During the year 2020, the Group signed an agreement with Western Union ("WU") to sell 15% of the Group's share in the Saudi Digital Payments Company for a total of SR 750 million (equivalent to USD 200 million).

During the year 2021, the Council of Ministers approved granting Saudi Digital Payments Company a digital banking services license to become a digital bank with a share capital of SR 2.5 billion. Accordingly, WU and the Group deposited an amount of SR 750 million and SR 802 million, respectively in a restricted account by the Saudi Central Bank until the final approval is obtained. Therefore, the cash and cash equivalents balance include an amount of SR 1,552 million, which represents cash balances restricted by the Saudi Central Bank (SAMA) until the regulatory requirements are completed to conclude the agreement with WU. The non-controlling interests increased by SR 251 million and shareholders' equity (other reserves) increased by SR 499 million at the transaction date.

- **Smart Zone Real Estate Company - Kingdom of Saudi Arabia**

During the year 2019, the Company established Smart Zone Real Estate Company – a limited liability company with a share capital of approximately SR 107 million and its main activity is the development, financing and management of real estate projects, the establishment of facilities, complexes, commercial, office and residential buildings. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom.

- **Advanced Technology and Cyber Security Company ("sirar by stc") - Kingdom of Saudi Arabia**

During the year 2020, the Company established Advanced Technology and Cyber Security Company - a limited liability company with a cash capital of SR 120 million to provide cybersecurity services, and its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom.

- **Gulf Digital Media Model Company Ltd ("GDMM")- Kingdom of Saudi Arabia**

Gulf Digital Media Model Company Ltd ("GDMM") is a limited liability company with a share capital of SR 811 million with the purpose of providing broadcasting and media production services. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom. During the year

2021, the ownership of GDMM has been transferred to stc through the restructuring of Intigral Holding Company.

- **The Innovation Fund Investment Company - Kingdom of Saudi Arabia**

During the year 2021, the Group has established the Innovation Fund Investment Company - a limited liability company with a total capital of SR 56.2 million wholly owned by the Group, and its main activity includes administrative services and IT and telecommunication support. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom.

3- International Subsidiaries

- **stc Bahrain – Kingdom of Bahrain**

stc Bahrain was established in February 2009 with a capital of BD 75 million which is equivalent to approximately SR 746 million at the exchange rate as of that date. stc Bahrain provides all mobile telecommunication services, international telecommunications, broadband and other related services in the Bahraini market, and commenced its commercial operation on 3 March 2010, and its head office is located in Bahrain and it fulfills its operational activity in Bahrain. During the first quarter of 2018, stc Bahrain fully acquired "MENA Telecom Company Limited" in the Kingdom of Bahrain (as a subsidiary). The main activity is to provide Internet services.

- **Kuwait Telecommunication Company (stc Kuwait) – Kuwait**

During the year 2007, the Company acquired 26% of the share capital of stc Kuwait for an amount of Kuwaiti Dinar ("KD") 50 million, which is equivalent to approximately SR 687 million at the exchange rate as at that date. Kuwait Telecommunication Company (stc Kuwait) head office is located in Kuwait and it fulfills its operational activity in Kuwait, and operates in the field of mobile services in the Kuwaiti market and commenced its commercial operation on 4 December 2008 and was listed as a joint stock company on the Kuwait Stock Exchange on 14 December 2014.

During the year 2015, the Company has submitted a voluntary offer to acquire the issued shares of stc Kuwait not already owned by the Company, which represented 74% of stc Kuwait issued shares. The offer presented by the Company to stc Kuwait's shareholders amounted to KD 1 per share (which is equivalent to approximately SR 12.37 at the exchange rate as at that date). The offer ended on 31 January 2016 and the number of shares accepted under the offer amounted to 128,860,518 shares which represents 25.8% of total issued shares of stc Kuwait. Saudi Telecom Company now owns 51.8% of the total issued shares of stc Kuwait. (For more details, see note 25 in the annual financial statements).

During the year 2019, stc Kuwait acquired 99% of Qualitynet General Trading and Contracting Company W.L.L. (QualityNet), which operates in Kuwait providing internet services.

- **stc Turkey Holdings Limited (stc Turkey)**

stc Turkey is a limited liability company which was established under the Commercial Companies Law in the British Virgin Islands on 8 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") USD 3.6 billion share capital, which is equivalent to approximately SR 13.5 billion, at the exchange rate as at that date, and its head office is located in Dubai, Arab Emirates Ltd.

During 2016, and due to the continuing losses and the depletion of the Group's entire investment balance in OTL, the Group has stopped recognizing its share in OTL additional losses (For more details, see note 7-1 in the annual financial statements)

- **stc Asia Holdings Ltd (stc Asia)**

stc Asia is a limited liability company which was established under the Commercial Companies Law in the British Virgin Islands on 24 July 2007 and is a special purpose vehicle that invests in companies operating primarily in Malaysia. It holds an investment in stc Malaysia Holdings Ltd ("stc Malaysia"), (a wholly owned subsidiary by stc Asia), 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") and its head office is located in Malaysia. (For more details, see note 7-2 in the annual financial statements). The principal activity of both stc Asia and its subsidiary is to provide services and support required in respect of investment activities of the Group.

- **stc Gulf Investment Holding (stc Gulf) - Kingdom of Bahrain**

stc Gulf was incorporated on 12 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:

- 1- stc Gulf Investment Holding 1 W.L.L.
- 2- stc Gulf Investment Holding 2 W.L.L.
- 3- stc Gulf Investment Holding 3 W.L.L.

stc Gulf Investment Holding 3 W.L.L. and stc Gulf Investment Holding 2 W.L.L. hold 100% (2020: 100%) in Intigral Holding BSC (C) ("Intigral Holding"). Intigral Holding was established on June 2009 with a share capital amounting to BD 28 million which is equivalent to approximately SR 281 million at the exchange rate as at that date. Intigral Holding is a holding company which owns shares in companies operating in the field of content services and digital media in Gulf countries. During 2018, the Group increased its capital to reach BD 101 million which is equivalent to approximately SR 1,008 million at the exchange rate as at 31 December 2018.

During the year 2021, the Group restructured the capital of Intigral to reach BD 20 million (which is equivalent approximately to SR 199.6 million) through transfer of ownership of Gulf Digital Media Model Company to the stc.

- **stc GCC Cable Systems W.L.L. - Kingdom of Bahrain**

During the year 2021, the Group established stc GCC Cable Systems W.L.L. - a limited liability company with a capital of BD 18.9 million (which is equivalent approximately to SR 188.6 million) 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. stc Gulf Cable Systems Company main activities include the sale and installation of telecommunications equipment and the construction of utilities projects, Its head office is located in the Kingdom of Bahrain.

No debt instruments in the form of Sukuk or bonds were issued for the above

4. Investments

a- Investments registered under the Equity Method

▪ Investments in Joint Ventures

- **Arab Submarine Cables Company Limited - Kingdom of Saudi Arabia**

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 SR 75 million share capital in September 2002. In November 2016, the company's capital was reduced to SR 25 million. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom.

- **Contact Center Company (CCC) – Kingdom of Saudi Arabia**

Contact Centres Company was established to provide call centre services and answer directory queries with Aegis Company at the end of December 2010 in the Kingdom, with a share capital of SR 4.5 million. The Company acquired 50% of its share capital. During the fourth quarter of 2015, the Company sold 1% of its stake in CCC to the other partners according to the terms of the partners' agreement, thus making the Company's share 49%. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom.

- **Binariang GSM Holding (BGSM) – Malaysia**

BGSM is an investment holding group registered in Malaysia which owns 62% of Maxis Malaysian Holding Group (“Maxis”), a major telecom operator in Malaysia. BGSM also had indirect investments in India, Aircel Limited (“Aircel”) which were eliminated in 2018.

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, which is equivalent to approximately SR 23 billion at the exchange rate as at that date.

During 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.

▪ **Investments in Associate Companies**

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

Arab Satellite Communications Organisation (“Arabsat”) was established on April 1976 by the members of the League of Arab States, and its head office is located in the Kingdom. Arabsat offers a number of services to these member states, as well as to all public and private sectors within its coverage area, and principally in the Middle East. Current services offered include: Regional telephony (voice, data, fax and telex), television broadcasting, regional radio broadcasting, restoration services and leasing of capacity. In April 1999, Saudi Telecom Company acquired 36.66% of Arabsat’s USD 500 million share capital (which is equivalent to SR 1,875 million at the exchange rate as of that date).

- **Virgin Mobile Saudi Consortium (VMSC) – Kingdom of Saudi Arabia**

Virgin Mobile Saudi Consortium (“VMSC”) was established during 2013 as a mobile virtual network operator and started its operations during the year of 2014. The Company owns 10% of VMSC’s share capital. The Group’s ability to exercise significant influence is evidenced by the reliance of VMSC’s on the Company’s technical network. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom.

- **Oger Telecom Limited – United Arab Emirates**

Oger Telecom Limited (“OTL”) is a holding company registered in Dubai, the United Arab Emirates. In April 2008, Saudi Telecom Company through one of its subsidiaries (stc Turkey Holding Ltd) acquired 35% of OTL’s share capital amounting to approximately USD 3.6 billion, which is equivalent

to approximately SR 13.5 billion at the exchange rate as at that date. As at 31 December 2021, OTL has reached the final stages of liquidation with most of its assets and liabilities disposed of. As a result, the Group has reclassified to the consolidated statement of profit or loss an amount of SR 152 million in relation to its share in other reserves that may be reclassified to profit or loss (Note 7-1-3 in the annual financial statements). Furthermore, an amount of SR 849 million relating to other reserves that may not be reclassified to consolidated statement of profit or loss has been reclassified directly to retained earnings.

- Virgin Mobile Kuwait ("VMK") – Kuwait

Virgin Mobile Kuwait ("VMK") was established in 2021 as a mobile virtual network operator. Its head office is located in Kuwait and it fulfills its operational activity in Kuwait. During the year 2021, stc Kuwait acquired a 10% equity shareholding in VMK. The Group's ability to exercise significant influence is evidenced by VMK's reliance on the stc Kuwait's technical network.

b-Other Investments

- stc Venture Fund

stc Ventures Fund which is a fund investing in emerging, small and medium-sized companies operating in the field of Communications and Information Technology in the Kingdom and other global markets. Investment units were valued at SR 77 million as at 31 December 2021 (2020: SR 186 million).

- STV LP Fund

STV LP Fund which is a fund investing internationally in high-growth pioneer private technology companies with total value of SR 1,875 million (which is equivalent to USD 500 million) financed in five equal instalments of SR 375 million (which is equivalent to USD 100 million) each. Up until 31 December 2021, the Company has contributed SR 1,500 million (which is equivalent to USD 400 million) in relation to the first four instalments. Investment units were valued at SR 2,058 million as at 31 December 2021 (2020: SR 934 million).

- Investments in the Sukuk Issued by the Ministry of Finance

The Group invested in the Sukuk issued by the Ministry of Finance during Q1 2019 as follows:

Item (Thousands of Riyals)	First Tranche	Second Tranche
Nominal Investment Value	1,762,000	2,140,000
Investment Duration	5 years	10 years
Annual Rate of Return	3.17%	3.90%

- Investment in the Sukuk Issued by Binariang GSM Holding (BGSM)

During the year 2007, stc Asia Holding Company Limited (a subsidiary) invested in Sukuk issued by Binariang GSM Sdn Bhd ("BGSM") in the amount of RM 1,508 million (which is equivalent to SR 1,383 million) for a period of 50 years (callable after 10 years) with an annual profit margin of 10.75% up to 28 December 2017 and then a profit margin of 9.25% for subsequent periods. These sukuk are not past due or low in value with a book value of SR 1,360 million as of 31 December 2021 (2020: SR 1,408 million).

B- Financial Performance of the Group

- Revenue for the year 2021 amounted to SR 63,417 million compared to SR 58,953 million for 2020, with an increase of 7.57%.
- Operating profit for the year 2021 amounted to SR 13,128 million compared to SR 12,731 million for 2020, with an increase of 3.12%.
- Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA) for 2021 amounted to SR 22,841 million compared to SR 22,090 million for 2020, with an increase of 3.40%.
- Net profits for the year 2021 amounted to SR 11,311 million compared to SR 10,995 million for the year 2020, with an increase of 2.87%. Earnings per share for 2021 amounted to SR 5.66 compared to SR 5.50 for 2020.
- Total assets amounted to SR 127,779 million at the end of 2021 compared to SR 121,972 million at the end of 2020, with an increase of 4.76%.
- Commitments amounted to SR 56,393 million at the end of 2021 compared to SR 56,705 million at the end of 2020, with a decrease of (0.55%).
- The Group's shareholders' equity amounted to SR 69,271 million at the end of 2021, compared to SR 63,946 million at the end of 2020, with an increase of 8.33%.

The Financial Impact of the Core Activities at the Group's Level

The Group's main activity is the provision of telecommunication services and related goods. The majority of the Group's revenues, assets, and income related to its operations in the Kingdom (stc and channels by stc). The Group operates outside the Kingdom through its subsidiaries, associate companies, and joint ventures in multiple countries.

Revenue is allocated to the operating sector based on the entity that submitted the revenue report. Intersectoral sales are calculated at normal business transaction rates.

The sectors that were independently disclosed exceeded 75% of the total revenues. Therefore, the rest of the operating sectors were grouped under "other operating sectors".

The following is an analysis of the Group's revenues and results on a segments basis for the year ended December 31:

Item (Thousands of Riyals)	μ2021	μ2020
Revenues (1)		
stc	45,445,839	42,898,826
channels by stc	20,629,472	17,527,801
Other operating sectors (2)	17,762,813	15,733,883
Exclusions/Adjustments	(20,421,147)	(17,207,192)
Total revenues	63,416,977	58,953,318
Cost of operations (excluding depreciation and amortization)	(40,576,377)	(36,863,318)
Depreciation and amortization	(9,712,845)	(9,358,875)
Cost of early retirement program	(313,258)	(600,000)
Financing income	377,911	413,873
Financing costs	(618,956)	(623,925)
Net other income (expenses)	49,996	(42,995)
Net Share in the results of investments in associates and joint ventures	(778,028)	52,953
Net Other (losses) gains	789,643	424,612
Zakat and income tax	(1,040,366)	(1,170,446)
Net profit	11,594,697	11,185,197
Net profit attributable to Equity holders of the parent Company	11,311,342	10,994,875
Non-controlling interests	283,355	190,322

The following is an analysis of the gross profit on a segment basis for the year ended December 31:

Item (Thousands of Riyals)	μ2021	μ2020
stc	26,664,945	26,736,799
channels by stc	1,587,953	1,384,058
Other operating sectors (2)	7,271,449	6,401,124
Exclusions/Adjustments	(1,730,318)	(567,586)
Total profit	33,794,029	33,954,395

The following is an analysis of the Group's assets and liabilities on a segment basis:

Item (Thousands of Riyals)	31-Dec-21	31-Dec-20
Assets		
stc	133,034,376	129,915,566
channels by stc	8,146,496	5,527,646
Other operating sectors (2)	41,835,141	37,788,535

Eliminations /Adjustments	(55,236,596)	(51,259,647)
Total assets	127,779,417	121,972,100
Liabilities		
stc	51,024,262	52,654,060
channels by stc	6,603,833	3,943,509
Other operating sectors (2)	25,311,757	24,302,252
Eliminations /Adjustments	(26,546,414)	(24,194,736)
Total liabilities	56,393,438	56,705,085

Following are the additions to Property and equipment and Intangible assets with goodwill based on the segments for the year ended 31 December:

Additions to non-current assets		
Item (Thousands of Riyals)	µ2021	µ2020
stc	6,524,157	10,104,014
stc channels	128,715	185,082
Other operating sectors (2)	2,182,984	1,646,304
Total	8,835,856	11,935,400

1- Segment revenue reported above represents revenue generated from external and internal customers. There were SR 20,421 million for the year ended 31 December 2021 (2020: SR 17,207 million,) inter-segment sales and adjustments (between the Group's Companies) which were eliminated at consolidation.

2- Other operating segments include: Arabian Internet and Communications Services Company "Solutions", Telecommunications Towers Company "TAWAL", stc Bank (previously "Saudi Digital Payments Company or stc pay"), Kuwait Telecom Company "stc Kuwait", stc Bahrain, Public Telecommunications Company "specialized by stc", Advanced Technology and Cybersecurity Company "sirar by stc", Aqalat, Gulf Digital Media Model Company, stc Gulf Investment Holding, stc GCC Cable Systems W.L.L. and Innovation Fund Investment Company. (For more details, see note 6 in the annual financial statements).

For the purpose of monitoring the performance of segments, assets/liabilities are allocated to segments and no assets and liabilities are used mutually between segments.

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

Statement (Thousands of Riyals)	2017 Consolidated Revised	2018 Consolidated Revised	2019 Consolidated Revised	2020* Consolidated Revised	2021 Consolidated
Income statement					
Revenues activity	50,661,335	51,963,243	54,367,531	58,953,318	63,416,977
Costs of revenues activity	(22,105,926)	(21,490,161)	(21,976,306)	(24,998,923)	(29,622,948)
Total profit of the activity	28,555,409	30,473,082	32,391,225	33,954,395	33,794,029
Operating expenses	(17,569,398)	(18,227,857)	(19,910,832)	(21,223,270)	(20,666,274)
Profit from operating activity	10,986,011	12,245,225	12,480,393	12,731,125	13,127,755
Other revenues and expenses - net	3,362	(417,060)	(793,418)	(375,482)	(492,692)
Zakat, taxes, and non-controlling interests	(973,797)	(1,048,394)	(1,022,309)	(1,360,768)	(1,323,721)
Net profit attributable to the Company's shareholders	10,015,576	10,779,771	10,664,666	10,994,875	11,311,342
Other comprehensive income					
Net profit including non-controlling interests	10,268,673	11,080,498	10,924,831	11,185,197	11,594,697
Total items that will not be reclassified subsequently to the consolidated statement of profit or loss	(26,804)	126,957	(710,054)	(562,514)	317,616
Total items that will be reclassified subsequently to the consolidated statement of profit or loss	(23,728)	(257,320)	212,050	31,430	99,789
Total (comprehensive loss) / other comprehensive income	(50,532)	(130,363)	(498,004)	(531,084)	417,405

Total comprehensive income	10,218,141	10,950,135	10,426,827	10,654,113	12,012,102
Total comprehensive income attributable to the Company's shareholders	9,958,319	10,651,283	10,163,477	10,478,455	11,717,489
Total comprehensive income attributable to noncontrolling interests	259,822	298,852	263,350	175,658	294,613

Statement of Financial Position:

Current assets (A)	44,435,991	46,029,525	44,841,492	45,858,916	51,468,074
Current liabilities (B)	33,638,873	29,457,055	32,606,772	32,891,183	33,560,552
Working capital (A-B)	10,797,118	16,572,470	12,234,720	12,967,733	17,907,522
Current assets	44,435,991	46,029,525	44,841,492	45,858,916	51,468,074
Fixed and intangible assets	47,115,191	51,480,528	54,992,030	58,314,031	57,939,836
Other non-current assets	16,930,891	11,860,541	18,492,734	17,799,153	18,371,507
Total assets	108,482,073	109,370,594	118,326,256	121,972,100	127,779,417
Current liabilities	33,638,873	29,457,055	32,606,772	32,891,183	33,560,552
Long term loans	4,005,980	3,965,479	8,923,476	8,637,605	7,846,606
Other non-current liabilities	7,035,639	9,286,462	13,740,962	15,176,297	14,986,280
Total liabilities	44,680,492	42,708,996	55,271,210	56,705,085	56,393,438
Paid Capital	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000

Reserves, retained earnings and exchange differences	42,862,401	45,513,684	41,762,594	43,945,782	49,270,505
Equity attributable to shareholders of the Company	62,862,401	65,513,684	61,762,594	63,945,782	69,270,505
Non-controlling interests	939,180	1,147,914	1,292,452	1,321,233	2,115,474
Total equity	63,801,581	66,661,598	63,055,046	65,267,015	71,385,979
Total liabilities and equity	108,482,073	109,370,594	118,326,256	121,972,100	127,779,417
Cash flow statement:					
Net operating cash flow	15,916,051	19,132,416	9,920,626	28,324,705	11,220,155
Net investment cash flow	(7,005,637)	(5,027,028)	(1,977,126)	(17,429,177)	(1,714,583)
Net financing cash flow	(9,980,182)	(8,516,962)	(8,067,645)	(9,919,218)	(10,235,177)
Net cash flow	(1,069,768)	5,588,426	(124,145)	976,310	(729,605)
Cash and cash equivalents at the beginning of the year	3,631,202	2,567,044	8,153,865	8,031,010	9,004,286
Impact of foreign currency exchange differences	5,610	(1,605)	1,290	(3,034)	6,620
Cash and cash equivalents at the end of the year	2,567,044	8,153,865	8,031,010	9,004,286	8,281,301

**Certain comparative figures for the year ended December 31, 2020, were reclassified to conform with the classification used in the financial statements for the year ended December 31, 2021.*

Geographical analysis of standard service revenues at the Group's level:

During the year 2021, the Group achieved total revenues of SR 63,416,977 thousand . Foreign investments at the Group's level accounted for 8% of this total. The following table shows their geographical distribution:

Revenues of the Kingdom of Saudi Arabia - Local (Thousands of Riyals)	Other revenues - Non-local (Thousands of Riyals)	Total
solutions, TCIC, channels by stc, Specialized by stc, Aqalat, stc Bank, TAWAL, Smart Zone Real Estate Co., sirar by stc, GDMM, and Innovation Fund Investment Co.	stc Bahrain and stc Kuwait	
58,392,134	5,024,843	63,416,977

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

Highlights of the Group's operating results in 2021 compared to 2020:

Statement (Thousands of Riyals)	2021 Consolidated	2020 Consolidated	Difference	%
Income statement:				
Revenues	63,416,977	58,953,318	4,463,659	7.57%
Cost of revenues	(29,622,948)	(24,998,923)	(4,624,025)	18.50%
Total profit	33,794,029	33,954,395	(160,366)	-0.47%
Total operating expenses	(20,666,274)	(21,223,270)	556,996	-2.62%
Operating Profit	13,127,755	12,731,125	396,630	3.12%
Other income and expenses	(492,692)	(375,482)	(117,210)	31.22%
Zakat and income tax	(1,040,366)	(1,170,446)	130,080	-11.11%
Net Income	11,594,697	11,185,197	409,500	3.66%
Net income attributable to the Company's shareholders	11,311,342	10,994,875	316,467	2.88%
Net income attributable to non-controlling interests	283,355	190,322	93,033	48.88%

The increase in the net profit of the year 2021 by SR 316 million compared to the previous year is mainly due to the following reasons:

- The increase in revenues by SR 4,464 million, which was offset by an increase in cost of revenues by SR 4,624 million.
 - The decrease in operating expenses by SR 557 million due to the decreases in selling and marketing expenses by SR 590 million and general and administration expenses by SR 321 million which was offset by an increase in depreciation and amortization by SR 354 million.
 - Zakat and income tax decreased by SR 130 million.
 - SR (493 million) was booked as other income and (expenses) in 2021, as compared to SR (375 million) for last year, mainly as a result of:
 - 1- The booking of net share in results and impairment of investments in associates and joint ventures in an amount of SR (778 million) as compared to SR 53 million.
 - 2- The decrease in finance income in an amount of SR 36 million.
- This is in despite of:
- 1- The booking of net other gains in an amount of SR 790 million as compared to SR 425 million, mainly due to the revaluation of STV LP Fund investment units.
 - 2- The booking of net other income (expenses) in an amount of SR 50 million as compared to SR (43 million).
 - 3- The decrease in cost of early retirement by SR 287 million.
 - 4- The decrease in finance cost by SR 5 million.

The Group's loans are as follows:

Statement (Millions of Riyals)	2021 Consolidated	2020 Consolidated
Short term Murabaha	1,457	318
Long term Murabaha	1,174	1,966
Total Murabaha	2,631	2,284
Sukuk	6,673	6,672
Tawarruq	-	-
Total	9,304	8,956

Sukuk details are as follows:

The company issued a sukuk program with a maximum of SR 5,000 million. The first tranche of SR 2,000 million was issued on June 2014 for a period of ten years under the established program. 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 either directly or through special purpose vehicle (SPV) which to be established and used to issue primary or secondary sukuk in one or several parts or one or several stages, or through a series of issues in US dollars, not exceeding

the total amount of USD 5,000 million for the total value of the sukuk issues and parts of sukuk program referred to above at any time. Accordingly, 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) issued first tranche of the sukuk program amounting to USD 1,250 million (which is equivalent to SR 4,688 million), carrying annual profit rate of 3.89% with a maturity profile of 10 years. This international USD program is 144A/Reg-S compliant. Below is the information as of December 31, 2021:

Issuance	Issuance date	Issuance category	Total value of issuance	Interest rate	Due date
National stc Sukuk	June 2014	SR 1 million	SR 2 Billion	3-month SAIBOR + 0.7%	June 2024
International stc Sukuk	May 2019	US \$200,000	SR 4,688 Million	3.89%	May 2029

Borrowing:

Total loans paid during the year ended 31 December 2021 amounted to SR 731 million (2020: SR 402 million). Total loans received during the year ended 31 December 2021 amounted to SR 1,124 million (2020: SR 21 million). A list of the loans are as follows:

Company	All amounts in SR Million								Paid during the year		Balance Outstanding			
	Granting Authority	Type of Financing	Term of Financing	Date of Obtaining Financing	Currency	Value of Financing	Amount Used	ﷲ 2021	ﷲ 2020	Current portion		Non-Current portion		
										ﷲ 2021	ﷲ 2020	ﷲ 2021	ﷲ 2020	
stc - Kingdom Arabia Saudi	Debt Instruments Market	Sukuk	10 years	June 2014	SAR	2,000	2,000	0	0	0	0	2,000	2,000	
	Debt Instruments Market	Sukuk	10 years	May 2019	USD	4,673	4,673	0	0	0	0	4,673	4,672	
	Loan	ECA	8.5 years	Mar 2021	USD	584	426	34	0	61	0	332	0	
Total						7,257	7,099	34	0	61	0	7,005	6,672	
Subsidiaries	& Local International Banks	Murabah & a Tawaruq	year 1 - 10 years	since 2011	Mixed	3,735	3,370	697	402	1,396	318	842	1,966	
Total Group's Murabahas or Loans						10,992	10,469	731	402	1,457	318	7,847	8,638	

The following is a statement on the regulatory amounts due and paid by the Company along with brief descriptions and reasons.

Statement	SR Million	Description	Reason
Government Fees	1,062	The amounts paid or carried forward to the period for licensing granted to the Company for the provision of commercial services and spectrum usage fees.	Regulatory requirement
Dividends	7,617	The amounts paid or carried forward as dividends to governmental and semi-governmental authorities (Public Investment Fund, and General Organization for Social Insurance).	Regulatory requirement
Social insurance	605	The amounts paid or carried forward to the period pursuant to the provisions of the Kingdom's Labor Law.	Regulatory requirement
Zakat, withholding tax, and others	1,085	The amounts paid or carried forward to the period pursuant to the zakat provisions and rules, income tax law, and fees payment laws applicable in the Kingdom.	Regulatory requirement
Total amounts due and paid to governmental and semi-governmental authorities	10,369	This represents the due regulatory amounts or the paid to the Government.	

Sanctions and Reserve Restrictions

GAC and CITC violation committee, as well as others, have issued a number of decisions against stc, and based on the responsibility of stc to defend the rights of the shareholders and the mandate granted to the company under Telecommunication act, stc has grieved these decisions by filing lawsuits before courts. There are various reasons for these decisions, some of them related to prepaid SIMs issuance, national calls transit services through other operator's services, not activating Mobile Number Portability (MNP), providing offers not authorized by CITC, using unlicensed frequencies, and decisions that related to customer's complaints Which CITC find stc's directives implementation and information providing processes to be overdue. This is in addition to decisions of imposing

equivalent fees for studying customer's complaints, whereas, the cases filed by the company against these decisions reached (2,542) cases by the end of fiscal year 2021, with total amount of SR (1,050,873,500) detailed as follows:

- Cases ended with final judgments in favor the company by the end of fiscal year 2021, the total (2,061) with total amount of SR (368,222,500).
- Cases ended with final judgments against the company by the end of fiscal year 2021, the total (354) with total amount of SR (601,159,000).
- Active cases handling in the grievance board by the end fiscal year 2021, (127) cases, with total value of SR (81,492,000).

Enterprise Risk Management

We believe that the telecommunication industry is facing significant headwinds to growth from the structural decline in demand for voice and the saturation in data penetration. The digital marketplace is dynamic and evolving rapidly, an evolution that the pandemic has accelerated in many ways. Other drivers of this dynamism include the ongoing and likely accelerating impact of new disruptive technologies across the entire business ecosystem, threatening both established and potential new revenue streams.

Risk Management Governance: The Board ensures the highest standard of corporate governance is maintained by regularly reviewing governance development best practices and ensuring they are adopted. As a result, the board has established the Board Risk Committee, which plays a key role in overseeing the risk management framework, risk strategy, related risk management policies and monitoring the Group's risk management system, review of the Top risks, and the management of those risks. The risk management function is independent and separate from the company's business groups and sectors; the function has completed its first waves of measures this year as per the risk strategy that the board has approved to uplift its current practices and maturity

Identifying our risks: All Group entities identify and assess risks that could affect the strategy and operations. A consolidated list of these risks is then presented to a selection of Group senior leaders and executives, alongside the outputs from an external environment scan and related benchmarks. Applying a Group-wide perspective, these executives evaluate and determine our top risks and which emerging threats warrant further exploration. The proposed top risks, emerging risks, and risk watchlist are defined and agreed by our Risk Management Committee before being submitted to the Board Risk Committee and the Board for the final challenge and approval.



Managing our risks: During the risk evaluation phase, we assign each of our risks to a category (corporate, technology, operational, financial, and compliance). This approach enables a better understanding of how we should treat the risk and ensure the right level of oversight and assurance is provided. The assigned executive risk owners are accountable for ensuring adequate controls are in place and implementing the necessary treatment plans to bring the risk within an acceptable tolerance. We continue to monitor the status of risk treatment strategies across the year and hold in-depth reviews of our risks. We also develop a comprehensive assessment of the related scenarios for each of the top risks, providing additional insights into possible threats and enabling a better risk treatment strategy.

Business continuity: The company's business continuity, data centers, mobile communications network, and other network infrastructure and facilities, and the safety of its employees and customers are among the most important priorities of the company. It has an immediate and appropriate response to disaster and emergency incidences. The company carries out Business Continuity Plans (BCP) tests for critical operations systematically and periodically according to the business impact analysis (BIA) of all critical systems in order to ensure the effectiveness of the plans developed. The Group has recently obtained the international standard for business continuity management (ISO 2230: 2019); this comes as a testament to the diligent approach taken by the Group to implement protocols and guidelines to maintain all business-related operations.

Covid: We have closely monitored the evolution of COVID-19 as it has continued to impact different countries to varying degrees over time and adapted our risk profile as required. We continue to maintain close contact with local health authorities and government agencies to minimize the risk to stc, our operations, and employees. We do not consider the COVID-19 pandemic as an individual risk but rather monitor how the pandemic amplifies our principal, emerging and operational risks.

As part of stc commitment to the health and safety of its employees, customers, and society in general, the company has taken a comprehensive package of preventive measures in ensuring good preparation and the existence of plans which are flexible enough to deal with developments and changes as needed in line with the company's position as a national operator and the first enabler of digital transformation.

Below we describe the material risks that could affect stc, including any material exposure to environmental or social risks, and how we seek to manage them. These are not listed in

order of significance, nor are they all-encompassing. Our risk management process reflects the most significant risks identified at a whole-of-entity level.

Category	Risks	Mitigation Measures
Technology	<p>Cyber Security Threats: The rise of advanced malware and DDOS botnets is reshaping the threat landscape and forcing enterprises to reassess how they protect themselves. This threat exists not only within stc but upstream through vulnerabilities in stc vendors and suppliers, and downstream, where vulnerabilities in stc may be leveraged by cyber-criminals to attack stc customers. Third-party access management is also a significant matter as we rely heavily on 3rd-party contractors with multiple Incidents reported by stc.</p>	<p>The Group continues to strengthen the cybersecurity unit, internal systems and policies are developed, levels of security procedures are raised, awareness is intensified, and the effectiveness of information security plans is tested.</p> <p>The Group has established robust Cyber Assurance practices adopted for information protection and asset management as well as Established advanced penetration testing and vulnerability management capabilities</p>
Technology	<p>Data Privacy One of the biggest challenges faced by any organization is managing privacy as data volumes continue to grow and regulatory and customer scrutiny increases. It is more important than ever to be clear on the privacy risks we face to handle PII, or an individual's right to determine what kind of data can be collected, stored, protected, and can be shared with third parties.</p>	<p>The Group has established a privacy framework containing policies and procedures relating to the privacy of personal information address data classification, record management, retention, and destruction as well as implemented technical solutions to set different permission levels for employees based on what PII they need to access, such as Public, Private, and Restricted Access.</p>
Technology	<p>Resilience following Disaster, Crisis or events impacting Business Continuity: Telcos have experienced significantly higher network demand globally during the crisis, with the initial lockdowns triggering reported traffic spikes. Partial or full-scale non-availability or quality degradation of ICT services due to telecom network failures or business support systems and other key systems. Key considerations include Disaster Preparedness Planning, Exchange equipment, undersea cable communications, and fibre-optic cable problems.</p>	<p>The Group has established entity-wide written programs that address and validate the continuity of the institution's mission-critical operations. We have certified the organization against ISO 22301:2019 and taken all required steps to comply with any relevant regulatory requirements.</p> <p>The Group has proposed additional projects to strengthen disaster recovery (DR) systems to ensure business and services continuity, taking into account various possibilities. The Emergency Response Team oversees major contingency planning work and periodically conducts virtual experiments.</p>

Compliance	<p>Unfavorable Regulatory Changes Impacting our Current Business Model</p> <p>Regulations over our current obligations are increasing both in number, frequency, and impact and are evolving in their nature. The potential impact of these new regulations could have serious negative implications for stc's profitability, market position and include penalties or financial liabilities.</p>	<p>The Group studies the regulatory legislation on an ongoing basis, coordinates efforts with sectors related to it inside and outside the Group, and applies the best standards to ensure the provision of the best services to its clients in a manner that achieves the objectives of the national plans. A dedicated administrative organization is established for the regulatory affairs sector to contribute to enhancing the Group's capabilities in the regulatory field</p>
Operational	<p>Supply chain disruptions:</p> <p>Material shortages and supply risks to rare earth minerals and other key components for chip manufacturing may have far-reaching consequences for continued stc technology leadership, including our ability to provide essential services and next-generation mobility as well as meet the demands of infrastructure projects upon which we have engaged.</p>	<p>The Group diversifies its supply chains so that it does not depend on limited numbers of suppliers, and it also emphasizes in its contracts that the systems are compatible with each other regardless of the supplier. It also reviews the conditions of contracted companies and sets legislation to ensure their financial and operational suitability for the Group's requirements, in line with technological development and the integrity of their business plans.</p>
Corporate	<p>Strategy Implementation in a Dynamic Market</p> <p>In order to succeed in this highly competitive and dynamic environment, it is essential to have agile strategic development, maintenance, and implementation processes capable of providing stc with a strategy for success, but also one with the agility to meet the demands on the markets in which we operate.</p>	<p>The group Strategy is updated on a 3-yearly basis and refreshed annually to ensure that it remains current and relevant. The timing of the annual refresh and 3-yearly updates is flexible in line with context, dynamics & stakeholders' inputs as well as we have conducted a 360-degree environmental scan (competition, industry trends, regulation, socio-economic and stc performance</p>

Financial Risks:

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 17 in the annual financial statements, 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.

On-going evaluation is performed on the financial condition of trade receivables and management believes there is no further credit risk provision required in excess of the normal provision for impairment loss. (For more details, see note 17 in the annual financial statements).

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. (For more details, see note 44 in the annual financial statements).

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. Thus, the impact of foreign currency risk is minimal on the Group.

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 detail the Group's remaining contractual maturity for financial liabilities with agreed repayment periods. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Undiscounted cash flows				
31 December, 2021 (Thousands of Riyals)	Carrying amount	1 year or less	Above 1 - 5 years	above 5 years
Trade and other payables (Note 32)	17,114,298	17,114,298	-	-
Borrowings (Note 26)	9,303,290	1,688,367	3,876,231	5,288,416
Lease liabilities (Note 28)	3,223,167	984,130	1,847,417	769,576
Dividends payables (Note 31-1)	2,193,995	2,193,995	-	-
Other financial liabilities (Note 31-1)	4,470,715	2,692,254	1,207,232	1,269,814
31 December, 2020 (SR Thousand)				
Trade and other payables (Note 32)	19,711,207	19,711,207	-	-
Borrowings (Note 26)	8,956,090	318,485	3,985,545	5,508,341
Lease liabilities (Note 28)	2,980,038	742,185	2,313,448	940,218
Dividends payables (Note 31-1)	2,151,116	2,151,116	-	-
Other financial liabilities (Note 31-1)	4,009,919	1,729,028	1,839,001	1,269,814

**The above notes are for the annual financial statements*

The Group has unused financing facilities amounting to SR 5,629 million as at 31 December 2021 (2020: SR 6,263 million). The Group expects to meet its obligations from operating cash flows, cash and cash equivalents and proceeds of maturing financial assets.

In accordance with the terms of the agreements with the operators, commercial debtors and creditors 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.

The following table presents the recognized financial instruments that are offset or are subject to enforceable master netting agreements and other similar agreements as at:

31 December, 2021 (Thousands of Riyals)	Gross amounts	Amounts set off	Net Amounts
Financial assets			
Trade and other receivables	25,586,728	(122,573)	25,464,155
Contract assets	13,465,419	(7,196,745)	6,268,674
Financial liabilities			
Trade and other payables	17,124,765	(10,467)	17,114,298

Contract liabilities	11,693,650	(7,329,785)	4,363,865
31 December, 2020 (SR Thousand)			
Financial assets			
Trade and other receivables	15,862,047	(137,322)	15,724,725
Contract assets	12,331,107	(5,814,010)	6,517,097
Financial liabilities			
Trade and other payables	19,725,167	(13,960)	19,711,207
Contract liabilities	8,610,524	(5,937,372)	2,673,152

Changes in liabilities arising from financial activities are as follows:

Item (Thousands of Riyals)	January 1, 2021	Cash flows	Non-monetary changes	December 31, 2021
Short term borrowings	318,485	(631,230)	1,769,429	1,456,684
Lease liabilities current	742,185	(976,719)	(*) 1,104,108	869,574
Long term borrowings	8,637,605	1,023,963	(1,814,962)	7,846,606
Lease liabilities non-current	2,237,853	-	115,740	2,353,593
Total	11,936,128	(583,986)	1,174,315	12,526,457

Item (Thousands of Riyals)	January 1, 2020	Cash flows	Non-monetary changes	December 31, 2020
Short term borrowings	389,339	(402,386)	331,532	318,485
Lease liabilities current	716,762	(831,642)	(*)857,065	742,185
Long term borrowings	8,923,476	21,363	(307,234)	8,637,605
Lease liabilities non-current	2,164,415	-	73,438	2,237,853
Total	12,193,992	(1,212,665)	954,801	11,936,128

*Mainly includes reclassification from non-current to current portion.

Profit Rate Risks

The Group's main profit rate risk arises from borrowings and financial assets with variable profit margin rates. Some of the Group's companies, through the use of profit swap contracts, manage the profit rate risk.

There has been no change to the Group's exposure to profit risks or the manner in which these risks are managed and measured.

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 show the effects of changes in market profit rates on profit and loss. For floating rate assets and liabilities, the analysis is prepared assuming the amounts outstanding at the end of the year were outstanding for the whole year. A 20-basis point increase or (decrease) represents management's assessment of the reasonably possible

change in profit rates. If profit rates had been 20 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 SR 8 million (2020: SR 13 million). This hypothetical effect on profit of the Group primarily arises from potential effect of variable profit financial liabilities.

Fair Value of Financial Instruments

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

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

Financial assets and liabilities measured at fair value:

31 December 2021 (Thousands of Riyals)	Carrying amount	Fair Value		
		Level 1	Level 2	Level 3
Financial assets				
At fair value through profit or loss: stc Ventures Fund and STV LP Fund (Note 15-1)	2,135,246	-	-	2,135,246
Financial liabilities				
At fair value through profit or loss: Other financial liabilities (Note 31-1)	675	-	675	-
31 December 2020				
	Carrying amount	Fair Value		
		Level 1	Level 2	Level 3
Financial assets				
At fair value through profit or loss: stc Ventures Fund and STV LP Fund (Note 15-1)	1,119,413	-	-	1,119,413
Financial liabilities				
At fair value through profit or loss: Other financial liabilities (Note 31-1)	9,882	-	9,882	-

**The above notes are for the annual financial statements*

There were no transfers between levels of the fair value hierarchy during year ended 31 December 2021.

The fair value of the Group's investment in the units of stc Ventures Fund and STV LP Fund (the "Funds") is obtained from the net asset value ("NAV") reports received from the Funds' managers. The Funds' managers

deploy various techniques (such as discounted cash flow models and multiples method) for the valuation of underlying financial instruments classified under level 3 of the respective Fund's fair value hierarchy. Significant unobservable inputs embedded in the models used by the Funds' managers include risk adjusted discount rates, marketability and liquidity discounts and control premiums.

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

Statement (Thousands of Riyals)	2021	2020
Net asset value as at 1 January	1,119,413	1,550,869
Contributions paid to the funds during the year	375,020	375,700
Distributions received from the funds during the year	(172,395)	(723,767)
Net unrealized gain (losses) recognized in the consolidated statement of profit or loss (Note 40 in the annual financials statement)	813,208	(83,389)
Net asset value as at 31 December	2,135,246	1,119,413

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 2021 (Thousands of Riyals)	Carrying amount	Fair Value		
		Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortized cost - Sukuk	3,955,568	-	4,268,749	-
Financial liabilities				
Borrowings - Sukuk	4,673,254	-	5,381,490	-
31 December 2020				
	Carrying amount	Fair Value		
		Level 1	Level 2	Level 3
Financial assets				

Financial assets at amortized cost - Sukuk	3,963,916	-	4,129,629	-
Financial liabilities				
Borrowings - Sukuk	4,671,615	-	5,177,147	-

There are no transfers between levels of the fair value hierarchy during year ended 31 December 2021.

Capital Management

The Group manages its capital which includes share capital, statutory reserves, 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 ended 31 December 2021.

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:

Statement (Thousands of Riyals)	2021	2020
Debt (1)	9,303,290	8,956,090
EBITDA (2)	22,840,600	22,090,000
Debt to EBITDA	41%	41%
Debt	9,303,290	8,956,090
Debt + Equity (3)	80,689,269	74,223,105

Debt to (Debt + Equity)

12%

12%

1. Debt is defined as current and non-current borrowings. (For more details, see note 26 in the annual financial statements).
2. EBITDA is defined as operating profit for the year adjusted for depreciation, amortization and impairment.
3. Equity is defined as total equity including share capital, reserves, retained earnings and non-controlling interest.

Transactions with Related Parties

Trading Transactions and Balances with Related Entities (Associate Companies and Joint Ventures– Note 7 in the annual financial statements)

During the year, the Group trading transactions with related parties during the year ended 31 December were as follows:

Statement (Thousands of Riyals)	μ2021	μ2020
Services Provided	329,614	322,058
Services Received	391,028	347,615

The sale and purchase transactions are carried out by the relevant parties in accordance with the normal terms of dealing. 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.

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

Statement (Thousands of Riyals)	<i>Amounts due from related parties</i>		<i>Amounts due to related parties</i>	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Associate companies	292,223	354,554	72,006	63,820
Joint ventures	27,717	47,249	158,634	157,830
Total	319,940	401,803	230,640	221,650

Trade transactions and related parties' balances (government and government related entities)

Revenues related to transactions with government and government entities for the year ended 31 December 2021 amounted to SR 12,194 million (2020: SR 9,646 million) and expenses related to transactions with government and government entities for the year ended 31 December 2021 (including government charges) amounted to SR 6,405 million (2020: SR 3,753 million).

As at 31 December 2021, accounts receivable from government entities totalled SR 21,616 million (2020: SR 13,889 million) (Note 17-2 in the annual financial statements) and as at 31 December 2021, accounts payable to government entities amounted to SR 1,062 million (2020: SR 1,058 million). Among the balances with government entities, the Group invested SR 3,902 million in the Sukuk issued by the Ministry of Finance during the first quarter of 2019. (For more details, see note 15-1 in the annual financial statements).

The total balance of receivables with government related entities as of 31 December 2021 was SR 931 million (2020: SR 657 million). The total balance of accounts payable with government related entities as of 31 December 2021 was SR 120 million (2020: SR 305 million).

No other clients represent more than 10% of the total balance of trade receivables

The following is the receivable aging from government entities and government related entities:

Statement (Thousands of Riyals)	31-Dec-21	31-Dec-20
Less than a year	12,675,429	10,275,707
More than one year to two years	7,626,172	3,153,841
More than two years	1,314,687	459,707
Total	21,616,288	13,889,255

Loans to Related Entities

Statement (Thousands of Riyals)	31-Dec-21	31-Dec-20
Loans to the Group's Senior Executive	4,762	4,598

Employees Long-Term Incentives Program

The Company's Board of Directors has approved the purchase of number of the Company's shares up to a maximum of 5.5 million shares and an amount not to exceed SR 300 million to be allocated for the employees long-term incentives program (the Program). (For more details, see note 41 in the annual financial statements).

The Board raised its recommendation to the extraordinary general assembly ("EGM") to approve the Program and to purchase the shares within a period of (8) months from the EGM's date of approval. The EGM has voted on the approval of this Program during its meeting held on 27 Shaban 1441 H

(corresponding to 20 April 2020). The shares to be purchased will not have the right to vote in the Company's shareholders general assemblies, 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 executive employees responsible for the achievement of the Group's goals and strategy. The Program provides a share-based payment plan for eligible executives 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. However, in certain circumstances, the awards are settled in cash. Shares are granted to employees over three cycles with three tranches each.

As at 31 December 2021, the shares granted by the Group are as follows:

First cycle:	Tranche1	Tranche2
Grant date	1 July 2020	1 July 2021
Total number of shares granted(*)	135 thousand shares	222 thousand shares
Average Fair value per share at grant date (**)	SR 94.4	SR 128.6
Vesting date	1 July 2021	14 May 2022
Total number of shares actually vested	135 thousand shares	To be determined at vesting date

Second cycle:	Tranche1
Grant date	1 July 2021
Total number of shares granted(*)	122 thousand shares
Average Fair value per share at grant date (**)	SR 128.6
Vesting date	14 May 2022
Total number of shares actually vested	To be determined at vesting date

(*) 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.

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

Statement (Thousands of shares)	2021	2020
At the beginning of the year	130	-
Shares granted during the year	349	130
Shares vested during the year (*)	(135)	-
At the end of the year	344	130

(*) The number of equity-settled shares vested during the year amounted to 132 thousand.

Total expenses related to the Program for the year ended 31 December 2021 amounted to SR 33.7 million (31 December 2020: SR 6.1 million), which were included as part of employees benefits expense in the consolidated statement 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. (For more details, see note 23 in the annual financial statements).

Treasury shares allocated to the employee long-term incentives program are not entitled for any dividends during the period while the shares still under the Company's possession. (For more details, see note 23 in the annual financial statements)

The total number of Treasury shares related to the Employees Stock Incentives Plan stood at 2,850,655 shares on 31 December 2021.

Interests of Related Parties (Board of Directors members and Executive Management)

The Company did not conduct any business or conclude any contracts in which there was a substantial interest owned by the Directors, the CEO, the Chief Financial Officer (CFO) or any other related person, other than what was disclosed in the General Assembly meeting dated 21/2/2022, on transactions and contracts between stc and Wala'a Cooperative Insurance Co. (Wala'a). The transactions and contracts have an indirect interest for Mr. Jameel A. Al-Mulhem, a Member of the Boards of Directors of stc and Wala'a. The disclosed indirect interest is regarding the agreement with Wala'a, which includes signing a supplementary contract to provide stc with insurance coverage for six years starting 10/12/2021 for an amount of SR19.3 million and as part of the ordinary businesses that have offered no preferential advantages. And the disclosed in the General Assembly meeting dated 30/11/2021, on the Company's entry and execution of the Book runners Agreement, which the following members of the Board of Directors have indirect interest therein as representatives of the Public Investment Fund ("PIF"): H.E Dr. Khaled H. Biyari, Mr. Yazeed A. AlHumied, Ms. Rania M. Nashar, Mr. Arndt F. Rautenberg, and Mr. Sanjay Kapoor. It is an agreement by virtue of which PIF will sell a portion of its shares in the Company to institutional investors and retail

investors in the Kingdom of Saudi Arabia, as well as international institutional investors in accordance with Rule 144 A and Regulation S under the United States Securities Act, while maintaining its majority stake of more than 50% of the shares of the Company (the “Secondary Offering”). Pursuant to the Book runners, Agreement PIF and the Company will appoint Goldman Sachs Saudi Arabia, Morgan Stanley Saudi Arabia and HSBC Saudi Arabia, as joint global coordinators, and appoint the aforementioned banks and SNB Capital Company and/or any other global coordinators/book runners to be determined by the Company and PIF in connection with the Secondary Offering.

C - stc Strategy Directions

Following the outbreak of COVID-19 and the challenges the world faced in 2020, 2021 has been a transformational year from different trends aspects. The pandemic has irrevocably changed the way people work, the businesses operate and the governments serve their communities and as a result, new global trends have become dominant in people’s daily lives and businesses.

In line with this dynamic context, stc focused to expand its services further into new businesses and reinforced its role as the leading ICT company in the region and the national champion, supporting the Kingdom’s Vision 2030 and government’s initiatives while serving the businesses and the society overall. These efforts served the Kingdom in terms of advanced infrastructure capabilities and enhanced digitization and digital skills.

stc’s operational performance also translated into solid financial results in 2021 as it increased its revenues and secured its global rankings by market capitalization and profitability among the top global telcos.

stc’s dare 2.0 strategy and strategic directions

In 2020, stc had refreshed its strategy to dare 2.0. The themes includes *D – Digitize stc*, *A – Accelerate performance*, *R – Reinvent customer experience*, and *E – Expand scale and scope*. While fundamentally keeping the same strategic direction, dare 2.0 focused on the execution of the prioritized and quantitatively significant growth areas. These areas include:

- **Comprehensive IT services market (ICT)**

In line with its refreshed strategy, stc is partnering with global hyperscalers, such as Alibaba, to deliver Cloud services (IaaS, PaaS, SaaS), building an integrated services portfolio for IT professional services with successfully IPOed solutions by stc, and establishing new entities, sirar by stc, to deliver Cybersecurity services

- Internet of Things (IoT)

Leveraging on existing capabilities, stc focuses on developing use cases for smart city applications, industrial automation, smart logistics and smart home applications.

- Digital Financial Services

Having received an investment from Western Union, stc pay continues to move forward to evolve into a digital bank as the Saudi Council of Ministers had approved the licensing of stc pay to become a digital bank with a paid-up capital of SAR 2.5 billion. The above approval is conditional upon completing the regulatory requirements of the Saudi Central Bank (SAMA) and the relevant Saudi Arabian authorities.

- MENA Data Hub and connectivity market

In line with the strategy, stc is moving forward to become a strong regional hub for international connectivity and related co-location space in data centers for global and local enterprises, government entities, Hyperscalers, OTT players, and content providers. Recently announced wholly owned Saudi Vision Cable is another example of how stc supports Vision 2030

In addition to these key growth areas, stc also made entry to the fast-growing gaming market, with stc play, and is building a customer base in parallel

On the traditional telco business growth, stc remains active for international expansion opportunities that will add value and synergies to the overall Group portfolio.

Execution of dare 2.0 strategy has also seen advancements in the other key pillars:

d – digitize stc → stc is recognized as #1 digital company in MENA and #44 globally, with significant digital capabilities built this year and key internal and external journeys redesigned

a – accelerate performance → further focus in increasing women in senior positions, #2 employer of choice among the fresh graduate students, delivering first and fastest 5G mobile speed with 75+ cities coverage and contributing significantly to Local Content by spend

r – reinvent experience → stc continues to increase its self-service / digital channels and its adoption as the pandemic requires and signs strategic partnerships with the Government and ecosystem players (NEOM, Aramco) to deliver best experience

Future expectations of the Market and telecom industry and its implications on stc

Despite the uncertainty that COVID-19 bring along and the threats on the traditional telecom business growth globally, stc managed to deliver repeatedly solid financial results and in order to continuing do so, it is investing in trending businesses that complement the telecoms business. This is expected to result with a diverse revenue composition in the upcoming years.

In line with its vision of becoming a digital and telco leader enabling the society and economy to thrive, in KSA and beyond, and with its values of Devotion, Dynamism and Drive, stc is fully executing its dare 2.0 strategy under its strong leadership, progressive workforce and support from its stakeholders.

D - People Sector

People sector executed of care 2.0 strategy, where 18 projects were on boarded for execution, which were prioritized to build the foundations for the future state of the HR at stc, which include but are not limited to the following:

- Workforce Segmentation
- Working Remotely
- Competency and Skill based Framework
- Diversity & Inclusion
- People Data Governance

As for the annual workforce practices, the people sector continuously work towards contributing to vision 2030 through various products and services such as promoting diversity & inclusion, women empowerment, training and development and providing fresh graduates with an opportunity to join stc through its talent incubation program (TIP). The efforts listed resulted in the below summarized outcomes:

- Hiring 363 Saudi Nationals
- Hiring 130 fresh graduates
- Saudization rate of 91%
- Increasing the number of roles filled by women by 55% compared to 2020, which include (1) VP, (3) General Managers, (17) Directors and (41) section managers.
- Training and development: (11,681) employees took part in training programs with a total of (336,751) hours through various platforms.
- Training (150) university students through the co-op program for 2021.
- Review existing organization setup to fit with the approved operating model and ensure alignment with our strategic objectives, and to meet daily challenges
- Group wide strategic workforce plan In order to establish stc Group right size in terms of capacity and capability to achieve stc Group's strategic objectives.

As a result of the extensive efforts made throughout 2021 with regards to enhancing stc's brand along with the employee journey, stc has received recognition by Universum as the 2nd ideal employer brand and most attractive employer in the customized report for Saudi fresh graduate students in Engineering & IT areas in 2021. Also, Linked-in has ranked stc as the best 3rd workplaces to grow your career in Saudi Arabia in 2021.

E - stc Academy

Our mission is to provide top Learning and Development services in the ICT industry to our Group and Key customers, utilizing the best tools and methodologies, to enable them to achieve their strategic objectives.

Leadership and Business School:

- DVC labs: launch the DVC “Data Visualizations Cave” lab for leaders that visualize all kind of data in one place to help the leaders making inclusive decisions.
- Established Strategic Partnership with Galvanize.
- Saved SR 1 million – by Identifying and optimizing leadership programs cost.
- Wining 2 Global awards by Brandon Hall in Partnership with the Centre of Creative leadership CCL:
- Gold Award: Excellence in Leadership Development.
- Silver Award: Excellence in Learning.
- Wining the CIPD Middle East Award for Best L&D Program.
- SR 1 Million Saved by Identified and optimizing leadership programs cost

Number of Delivered Courses	Total Participants	Total Learning Hours	Satisfaction Rate
71	3,397	19,314	4.6

Technology School:

- Ramadan Competition: Design and implement online learning competition and implement within less than a month (Ramadan) With 3,424 Completed learning hours and 454 Active Participants.
- Conducted Sectorial Program Workshops for HRBP and sectors SME’s.
- Provided +742 seats for certification program and more than 30 Different certifications offered to stc employees.
- Extend the utilization of SOCPA training and exams under stc MoU to 2022.
- Design and Deliver Customized Programs:
- Conducted Virtual Training 777 seats.
- Online training 1392 completed.

Program	CAD	Alibaba	English Program	VMware	stc Successors	Royal Comm	Nokia	CS	Anti-Fraud	stcOps	WBU Excel&PPT
Num of Trainees	27	260	35	23	+400	22	9	19	33	104	7

- Train 475 fresh graduates.
- Provide 150 licensees for different Nano-degrees tracks.
- Deployment of 5G Training Labs.
- Strategic Partnerships & Collaboration with PWC , PMI and NeLC.

- Extend the utilization of SOCPA training and exams under stc MoU to 2022 .

Learning Business Development

- SR 6.3 million recognized revenue for 2021.
- Strategic partners and alliances with Tabadul, National Security Center, Ministry of Defense.
- Designed group framework for extending academy services to stc subsidiaries through shared services platform. Implementation will start in 2022.
- 384,065 online learning hours completed.
- Facilitated 25+ Hackathon and Mini Jam sessions
- Developed hackathon playbook by utilizing internal capabilities
- Published 41 newsletters and 16 reports for research and innovation
- 1738 assessments delivered by using internal capabilities.
- Prototype of Knowledge Management System completed
- Revamp of Special Interests Group
- Revamp of Knowledge Transfer Program

National projects:

FAKHOOOR Programe: Academy by stc succeeded in launching FAKHOOOR program affiliated to the Ministry of Defense, which aims to attract and train graduates in all fields, as the Academy designed the entire program and worked to operate the project in its sufficient stages. Where more than 125,000 applicants were submitted to the program, and more than 60,000 applicants were selected, the latest technologies were used in selecting candidates, where data analysis and artificial intelligence were used in the screening process, and the duration of the project from concept to launch did not exceed 78 days only. More than 800,000 people visited the platform, where the differentiation took place in three stages, which are the cognitive ability test, personal interviews and group tests. The presence of the Academy is not only to serve the company, but to serve the Kingdom and national projects.

Academy Support Services: The Academy has been awarded 4 ISO Certifications for Assessment, Quality Management System, Learning Outside formal Education and Digital Learning.

F – Social Responsibility

stc continues its path of achievements in social responsibility, being the leading national company in the telecommunications and information technology sector in the Kingdom of Saudi Arabia, and the main enabler of digital transformation, with its keenness to promote growth in new, unconventional paths to enrich the life of society. The transformation journey includes all its business and improving its performance methods in partnership with all relevant parties, to keep pace with global trends, through which opportunities are monitored, risks are reduced and the required change is brought about, while developing the ability to adapt to the renewable business

environment. Where stc sought to adopt the sustainable development goals, and conducted an evaluation of the goals that could contribute to their promotion, and then linked these goals to the sustainability approach at the level of stc, and the culture of social responsibility inherent in stc - since its establishment - helped support and support the march of social responsibility projects and programs.

The most important achievements of the projects and programs achieved by the group in the field of social responsibility:

Technical Enablement:

The program aims to technically empower the non-profit sector organizations, by providing integrated packages of advanced technical solutions that contribute to the digitization of all the work, such as (administrative, financial and operational) of the organization.

Volunteering Program:

The program aims to empower organizations in the non-profit sector by supporting it with specialized human cadres from stc employees.

YANMO Program:

An initiative targeting education and rehabilitation service providers for people with disabilities in the Kingdom of Saudi Arabia. The initiative aims to adapt technology and improve care and education services for people with disabilities in various regions of the Kingdom and provide professional development for practitioners in line with the latest evidence-based methods and methods.

ImpactU Program:

A social incubator that provides training and consultancy in the field of social entrepreneurship and social sustainability for incubators, in order to support entrepreneurial projects and achieve a social, environmental and economic impact that is reflected on the company and society.

Recycling Project:

As part of stc's sustainability initiatives, an agreement was reached in 2018 with the Charitable Society for Rehabilitation of Computers "Irtiqa" on a "computer donation project and its accessories" with the aim of benefiting from computers and their accessories - out of service - for the benefit of the non-profit sector in the Kingdom and to maximize the desired impact.

Jood Eleskan:

A non-profit community initiative done by stc employees to empower the non-profit housing sector, to find sustainable development housing solutions, and to contribute to improving the quality of life for families in the local community.

Homes Renovating:

The project aims to restore and maintain a number of homes for needy families in Riyadh region and its provinces, this initiative existed in continuation of stc efforts to support and empower the less fortunate people in society and supporting the quality of life programs for needy families in those areas.

Deaf Center:

Deaf people are served in stc's sales centers so that all stc branches are connected by providing a QR code that can be read using a smartphone. After reading, the deaf is directed to a page that allows direct communication with a sign language interpreter to serve them through secure visual communication.

Sehhaty App:

A vital and sustainable initiative in promoting electronic health by stc Group, as it contributed to enhancing the management of interactive operations with the beneficiaries in the Sehhaty App, by allocating a unified call center to support the application from the CCC Contact Center Company, which is affiliated with the group and is specialized in customer management experiences.

Virtual Visits:

A community initiative by stc, in cooperation with the Ministry of Health, for hospitalized patients and their companions, to enable them to greet their relatives and friends on the occasion of the blessed Eid Al-Adha in light of the renewed Corona virus pandemic through visual communication by providing free smart devices equipped with data cards.

SRIO Training:

Workshops designed to increase trainees' understanding and awareness of the concept of social impact measurement and to introduce them to the mechanism of impact measurement and the process of calculating the overall value and return on investment (SROI) for social investment projects.

G –Hajj and Umrah guest service

During the Hajj of 1442 AH, stc has made a remarkable presence in the service of pilgrims and government and private sectors related to the contribution to the Hajj. It also provided all its services digitally through the company's Mystc platform.

As part of its active role as a digital enabler, the company contributed during the year to the success of the smart Hajj bracelet service (Nusk), which was launched in cooperation with the Saudi Authority for Data and Artificial Intelligence (SDAIA), the Ministry of Hajj and Umrah, the Hajj and Umrah guest service program, and the Royal Commission for Makkah and the Holy Sites.

The company increased the coverage of the 5G network in Makkah and the Holy Sites by 48% compared to last year. Data traffic on Arafat Day also increased during the year by 220% compared to the previous year, while the volume of voice traffic grew by 350%. This rise was 97% transferred through the 5G and 4G networks.

The latest technologies have also been used to serve pilgrims by providing two types of "personal" and "security" robots to help pilgrims, and monitor compliance with precautionary and preventive measures in order to develop services provided to pilgrims and supply innovative digital solutions for government sectors involved in serving the Hajj.

The 5G network supported hundreds of sites in different regions of the Holy Places, including the sites of the Two Holy Mosques, and other vital sites to be visited by pilgrims and visitors to the House of God. This reflects the Kingdom's civilized manners and its global technical development.

The number of international voice channels increased by 33% spread over 8 international distributors. Voice traffic recorded a growth of more than 737% compared to last year. More than 65% of these channels were transmitted through the 4G, while both the 4G and 5G networks carried more than 96% of internet traffic in Mina.

During the 1442 AH Hajj season, the company adopted the latest technologies and solutions in the telecommunications and information technology industry.

Second: Board of Directors

Forming the Board of Directors, its committees, the classification of its Members, and the Executive Management

The Board of Directors shall be composed of eleven Directors as per stc Articles of Association, which is in line with the Corporate Governance Regulations issued by the Capital Market Authority. A new Board of Directors was elected on 28/4/2021 for the 8th term for a period of three years. The following tables includes the Directors of the Board during its 8th term, and their memberships in the Boards of Directors of joint-stock companies listed or non-listed in the Saudi capital market or abroad, along with a description of their portfolios.

Board and Committees members and their membership classification

No	Name	Membership	Academic Qualifications	Vocational Experience	Current Occupation	Previous Occupation	Membership
1	HRH Prince Mohammed K. A. Al-Faisal	Chairs the Board of Directors, the Executive Committee, and the Investment Committee.	MBA	Banking and administrative experience.	Chairman, Al Faisaliah Holding Group	Vice President, Al Faisaliah Holding Group	Independent
2	H.E. Dr. Khaled H. Biyari	Member of the Board of Directors and the Executive Committee	PhD. Electrical Engineering	Associate Professor, King Fahd University of Petroleum and Minerals for 13 years. Experience in business.	Assistant Secretary of Defense for Executive Affairs - Ministry of Defense	stc CEO	Non-executive / non-independent
3	H.E. Mr. Mohammed T. Al-Nahas	Member of the Board of Directors and the Executive Committee	Bachelor of Accounting	Banking, business development, and administration experience.	Governor of the General Organization for Social Insurance	Governor of the Public Pension Agency	Non-executive / non-independent

4	Mr. Yazeed A. AL-Humied	Vice Chairman of the Board of Directors and a Member of the Executive Committee	MBA	Experience in finance and administration.	PIF, Deputy Governor, Head of MENA Investments	Chief of Staff and Advisor to PIF Governor	Non-executive / non-independent
5	Ms. Rania M. Nashar	Member of the Board of Directors and Chairs the Risk Committee	Master of Science in Information Technology	Experience in banking and administration.	PIF, Head of Compliance and Governance Division	Advisor to PIF Governor	Non-executive / non-independent
6	Mr. Arndt Rautenberg	Member of the Board of Directors and the Investment Committee	MBA	Administrative experience.	Founder and Managing partner of several companies	Managing Partner, OC&C Strategy Consultants.	Non-executive / non-independent
7	Mr. Sanjay Kapoor	Member of the Board of Directors and the Executive Committee	MBA	Administrative experience.	Consultant	Executive President of Micromax	Non-executive / non-independent
8	Ms. Sarah J. AL-Suhaimi	Member of the Board of Directors and the Investment Committee	Bachelor of Accounting	Finance and Investment experience.	Chairperson of Tadawul	CEO NCB Capital	Independent
9	Mr. Jameel A. AlMulhem	Member of the Board of Directors and Chairs the Nomination and Remuneration Committee	Bachelor in science marketing	Administrative experience.	Managing Director of Takween Group	Board Member, Shaker Group	Independent
10	Mr. Walid Ibrahim Shukri	Member of the Board of Directors and the Risk Committee and Chairs the Audit Committee	Bachelor of Accounting	Administrative experience.	Member of several Boards and Committees	Principal Partner in Price Waterhouse, Saudi Arabia	Independent
11	Mr. Ahmed M. Al Omran	Member of the Board of Directors and the Risk Committee	Master of Computer Science	Administrative and information technology experience.	GOSI Governor Assistant for IT Affairs	GM, IT Infrastructure, GOSI	Non-executive / non-independent

External Members of the Board Committees

No	Name	Membership	Academic Qualifications	Vocational Experience	Current Occupation	Previous Occupation	Membership
1	Mr. Khalid bin Abdullah Al Ankari	Audit Committee	Bachelor of Accounting	Technical and managerial experience in auditing	General Manager, Babel Al Khair Trading & Real Estate Est	Head of Private Banking and Lending Products, Samba Financial Group	External Member
2	Mr. Medhat F. Tawfik	Audit Committee	Master Program Citibank Asia Pacific	Professional and managerial experience in auditing, risk management	Founder of IRSAA, Business Solutions an outsourcing company of Responsible for risk management and internal audit	Account Manager, Samba Financial Group	External Member

3	Dr. Ammr K. Kurdi	Audit Committee	PhD. in Accounting	Accounting experience	CFO, Tawuniya	Executive Vice President of Business for DUSSUR	External Member
4	Eng. Tarek Abdulaziz Alrikhaimi	Risk Committee	Master of Science	Experience in financial, banking services, risks management, operations, strategic planning and projects management.	Independent Financial Advisor, Investment and Risk Management Advisor	CEO, Saudi Kuwaiti Finance House	External Member
5	Mr. Rashid I. Sharif	Investment Committee	MBA	Experience in finance and a member in several listed companies	CEO, SNB Capital and an Executive Member of the Board	Head of the General Administration, Saudi Investments - Public Investment Fund	External Member
6	Mr. Johan Brand	Nomination and Remuneration Committee	Master of Business Economics Master of Business Law Master of Private Law	Experience in leadership advisory	Independent consultant in a leadership advisory company	Key Partner, Egon Zehnder	External Member
7	Ms. Hoda M. Al-Ghosen	Nomination and Remuneration Committee	MBA	Experience in Human Resources	Executive Director of Human Staff Resources and Training, Aramco	General manager of Training and Development, Aramco	External Member

Executive Management Members

No	Name	Academic Qualifications	Current Occupation (STC)	Previous Occupation	Company
1	Eng. Ulayan Mohammed H. Bin Wetaid	Bachelor of Electrical Engineering	stc GCEO	CEO	stc Bahrain
2	Mr. Ameen Fahad Alshiddi	Master of Accounting	Chief Financial Officer (CFO)	VP Finance	stc
3	Mr. Riyadh Saeed Muawad	Bachelor of Computer Science	Chief Business Officer (CBO)	VP, Government & Corporate Sales	stc
4	Eng. Haithem M. Alfaraj	Bachelor of Computer Engineering	Chief Technology Officer (CTO)	VP, Technology & Operations	stc
5	Eng. Abdullah Abdulrahman Alkanhl	MBA	Chief Corporate Affairs Officer	Deputy Minister for Communications and Digital Infrastructure	MCIT
6	Mr. Faisal S. Alsaber	MBA	Chief Commercial Officer	CEO	Channels by stc
7	Mr. Jose Del Valle	MBA	Chief Strategy Officer	CEO	Telefonica
8	Eng. Mohammed Abdullah Alabbadi	MBA	Chief Wholesales Officer	CEO CISCO	CISCO
9	Mr. Mathad Faisal Alajmi	MBA	Chief Legal Officer and General Counsel	GM, Legal and Senior Counsel	SABIC
10	Mr. Abdullah S. Alanizi	Master of Executive Management	Chief Executive Audit (CEA)	Chief Audit	stc

11	Eng. Ahmad M. Alghamdi	Bachelor Ind. Engineering	Chief People Officer (CPO)	GM, HR Planning and Organization Design	stc
12	Dr. Moudhi M. ALJamea	PhD. Information Security	VP and stc Academy Dean	Ass. Prof. Cybersecurity	Imam Abdulrahman Bin Faisal University
13	Mr. Markus M. Golder	MBA	VP, Customer Value Management and Analytics	VP, Marketing	stc
14	Dr. Sultan Hassan Bin Saeed	PhD of Industrial Engineering	VP, B2B Strategy & Performance	CEO	Solutions by stc
15	Eng. Abdullah Mohsen. Alowini	Master of Computer Engineering	VP, Technology & Strategy Architecture	VP, Technology Sector	stc
16	Mr. Mohammed A. Alassaf	Bachelor of Accounting	VP, Business Finance	CFO	stc Kuwait
17	Mr. Yasser Najeeb Alswailem	Bachelor of Information Systems	VP, Cybersecurity	GM, Information Security	stc
18	Eng. Bader A. Allhieb	Bachelor of Electrical Engineering	VP, Infrastructure Sector	GM, Customer Service Operation	stc
19	Mr. Jamal A. Alshahri	MBA	VP, Corporate Analytics & Data	GM, Services Planning	stc
20	Eng. Khaled Ibrahim Aldharrab	Bachelor Industrial Engineering	VP, Operations Sector	GM, Infrastructure Design	stc
21	Mr. Yazeed Abdulaziz Alfaris	Master of Computer Science	VP, Applications	GM, Applications	stc
22	Mr. Othman Dahash Aldahash	MBA	VP, Corporate Development	VP, Research & Development	Solutions by stc
23	Mr. Omar A. Alshabibi	Bachelor of Accounting	VP, Financial Reporting & Control	GM, Accounting	stc
24	Mr. Munif Nayef Bin Darwish	MBA	VP, Residential Services	VP, Distribution Services	Channels by stc
25	Mr. Wijnand Ernst Van Till	MBA	VP, Corporate Strategy	Vice President Strategy pricing & Incentives	Etisalat, UAE
26	Mr. Mohammed Rashid Aba Alkheel	MBA	VP, Corporate Communication	GM, Corporate Communication	stc
27	Mr. Faisal Abdulaziz Albakri	Bachelor in Int'l Business Management	VP, Government Accounts	GM, Government Accounts	stc
28	Eng. Emad Aoudah Alaoudah	Bachelor of Information Systems	VP, Procurement and Support Services	CEO	NUPCO
29	Eng. Saud A. Alsherahi	Bachelor of Electrical Engineering	VP, Products and Solutions	GM, Business Development	stc
30	Mr. Riyadh Hamdan Alonazi	BSc Information Systems	VP, Customer Experience & Operations	GM, Customer Care	stc
31	Mr. Bandar Mosalm Allehyani	MBA	VP, Mobility Services	GM, Mobility Services	stc

32	Mr. Abdul Aziz Abdullah Alqatie	Bachelor of Accounting	VP, Investment Operations	VP, Financial Reporting & Control	stc
33	Mr. Ali Abdullah Alharbi	Master of Accounting	VP, Corporate Finance	CFO	Bahri
34	Mr. Amir Abdulaziz Algibreen	Master of Advanced Management	VP, Regulatory Affairs	Regulatory Transformation Program Manager	stc
35	Eng. Yasser Zaben AlOtaibi	Bachelor of Electrical Engineering	VP, Business Operations	GM, Business Development	stc
36	Eng. Abdulaziz Mohammed Alhaider	Bachelor of Electrical Engineering	VP, Enterprise Accounts	GM, Government Accounts	stc

Companies where stc Board Members are or were Board Members or Executives in

No	Companies where stc Board Members are currently Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)	Companies where stc Board Members were previously Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)
		KSA	Abroad			KSA	Abroad	
1	HRH Prince Mohammed K. A. Al-Faisal Chairman of the Board of Directors Chairman of the Executive Committee Chairman of the Investment Committee	1	stc	✓	Listed joint stock	-	-	-
		2	Al Faisaliah Group	✓	Closed joint stock			
		3	Al khozama	✓	Closed joint stock			
		4	JP Morgan Saudi Arabia	✓	Closed joint stock			

No	Companies where stc Board Members are currently Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)	Companies where stc Board Members were previously Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)
		KSA	Abroad			KSA	Abroad	
2	H.E. Dr. Khaled H. Biyari Member of the Board of Directors and the Executive Committee.	1	stc	✓	Listed joint stock			
		2	Saudi Information Technology Company (SITE)	✓	Closed Joint-stock			
		3	Saudi Arabian Military Industries (SAMI)	✓	Closed Joint-stock			

No	Companies where stc Board Members are currently Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)	Companies where stc Board Members were previously Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)
		KSA	Abroad			KSA	Abroad	
1	stc	✓		Listed joint stock	Taiba Holding Company	✓		Listed joint stock
2	Riyad Bank	✓		Listed joint stock	Saudi Travel Cheque Company	✓		Unlisted joint stock
3	Sabic	✓		Listed joint stock	National Center for Privatization	✓		Unlisted joint stock
4	Spimaco	✓		Listed joint stock	Acwa Power	✓		Unlisted joint stock
5	Acwa Power	✓		Unlisted joint stock				
6	Tawuniyah Real Estate Invest. Co.	✓		Unlisted joint stock				
7	Raidah Invest. Co.	✓		Unlisted joint stock				
8	Raza Real Estate Co	✓		Unlisted joint stock				
9	ASMA Capital		✓	Unlisted joint stock				
10	Dammam Pharma	✓		Unlisted joint stock				

No	Companies where stc Board Members are currently Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)	Companies where stc Board Members were previously Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)
		KSA	Abroad			KSA	Abroad	
1	stc	✓		Listed joint stock	Samba Financial Group	✓		Listed joint stock
2	Saudi National Bank (SNB)	✓		Listed joint stock				
3	National Security Services Co. (SAFE)	✓		Closed Joint-stock				
4	Saudi Arabian Airlines General Organization	✓		State-owned enterprise				
5	Flyadeal	✓		Closed Joint-stock				

	6	Saudi Civil Aviation Holding Co.	✓		Closed Joint-stock				
	7	Saudi Tadawul Group Holding	✓		Listed joint stock				
	8	Richard Attias & Associates	✓		Closed joint stock				
	9	Saudi Egyptian Invest. Co.	✓		Closed joint stock				
	10	Savvy Gaming Group (SGG)	✓		Closed joint stock				

No	Companies where stc Board Members are currently Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)	Companies where stc Board Members were previously Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)
		KSA	Abroad			KSA	Abroad	
1	stc	✓		Listed joint stock	Samba Financial Group	✓		Listed joint stock
2	Saudi Tadawul Group Holding	✓		Listed joint stock	Samba Capital	✓		Closed joint stock
3	Saudi Space Commission	✓		Government Entity	Samba Bank Ltd.		✓	Listed joint stock
4	National Center for Performance Measurement (Aada)	✓		Government Entity	Samba Bank Limited Global Markets Ltd.		✓	LLC.

No	Companies where stc Board Members are currently Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)	Companies where stc Board Members were previously Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)
		KSA	Abroad			KSA	Abroad	
1	stc	✓		Listed joint stock	Protection One GmbH		✓	Unlisted joint stock
2	B Capital Partners AG		✓	Unlisted joint stock	d&b audiotechnik GmbH		✓	Unlisted joint stock
3	Arcus Infrastructure Partners LLP		✓	LLP.	Materna SE		✓	Unlisted joint stock
4	Push Technologies SL		✓	Unlisted joint stock				

	No	Companies where stc Board Members are currently Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)	Companies where stc Board Members were previously Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)	
			KSA	Abroad			KSA	Abroad		
7	Mr. Sanjay Kapoor Member of the Board of Directors and the Executive Committee	1	stc	✓		Listed joint stock	Bennett Coleman Co. Ltd.		✓	Unlisted joint stock
		2	VLCC Healthcare Ltd.		✓	Listed joint stock	PVR, Ltd.		✓	Listed joint stock
		3	ObMobile Global Ltd.		✓	Listed joint stock	MicroMax Informatics Ltd.		✓	Unlisted joint stock
		4	Tanla Platforms Ltd.		✓	Listed joint stock	Indus Towers Ltd.		✓	Listed joint stock
		5	Tech-Connect Retail Pvt. Ltd.		✓	Unlisted joint stock	IFFCO Kisan Sancher Ltd.		✓	Unlisted joint stock
		6	Napino Auto and Electronics Ltd.		✓	Unlisted joint stock	Bharti Cellular Ltd.		✓	Unlisted joint stock
		7	Z-Axis Management, Consultants, and Strategic Advisors LLP		✓	LLP.	GSMA		✓	Unlisted joint stock
		8					IBus Network & Infrastructure Pvt. Ltd		✓	Unlisted joint stock

	No	Companies where stc Board Members are currently Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)	Companies where stc Board Members were previously Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)	
			KSA	Abroad			KSA	Abroad		
8	Ms. Sarah J. Al-Suhaimi Member of the Board of Directors and the Investment Committee	1	stc	✓		Listed joint stock	SNB Capital	✓		Joint stock company
		2	Saudi Tadawul Group Holding	✓		Listed joint stock				
		3	Saudi Arabian Airlines General Organization	✓		State-owned enterprise				
		4	Culture Development Fund	✓		State-owned Fund				

	No	Companies where stc Board Members are currently Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)	Companies where stc Board Members were previously Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)
			KSA	Abroad			KSA	Abroad	
9 Mr. Jameel A. AlMulhem Member of the Board of Directors Chairman of the Nomination and Remuneration Committee	1	stc	✓		Listed joint stock	New Vision Co.		✓	LLC
	2	Takween Advanced Ind.	✓		Listed joint stock	Energy Service Co.		✓	LLC
	3	Wala'a Cooperative Insurance Co.	✓		Listed joint stock	Al Hassan Ghazi Ibrahim Shaker Co.	✓		Listed joint stock
	4	Electrical Ind. Co.	✓		Listed joint stock	Selco Co.	✓		LLC
	5	Alessa Ind. Co.	✓		Closed joint stock	Contact Center Co.	✓		LLC
	6	New Marina for Plastic Industries		✓	Closed joint stock	Viva Kuwait		✓	Listed joint stock
	7					Viva Bahrain		✓	LLC
	8					Cell- C		✓	LLC
	9					Avea		✓	LLC
	10					Turk Telekom		✓	LLC
	11					Intigral		✓	LLC

	No	Companies where stc Board Members are currently Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)	Companies where stc Board Members were previously Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)
			KSA	Abroad			KSA	Abroad	
10 Mr. Waleed I. Shukri Member of the Board of Directors and the Risk Committee Chairman of the Audit Committee	1	stc	✓		Listed joint stock				
	2	Saudi Agricultural and Livestock Investment Company (SALIC)	✓		Closed joint stock				
	3	Saudi Electricity Co. (SEC)	✓		Listed joint stock				
	4	Middle East Paper Co. (Mepco)	✓		Listed joint stock				

		5	Kanoo Group		✓	LLC			
--	--	---	-------------	--	---	-----	--	--	--

		No	Companies where stc Board Members are currently Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)	Companies where stc Board Members were previously Board Members or Executives in	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)
				KSA	Abroad			KSA	Abroad	
11	Mr. Ahmed M. Al Omran Member of the Board of Directors and the Risk Committee	1	stc	✓		Listed joint stock	Saudi Industrial Investment Group	✓		Listed joint stock
		2	Takamul Holding Company	✓		LLC	Saudi Cement	✓		
		3	Arab National Bank	✓		Listed joint stock	Samba Financial	✓		
		4	Madad IT Services	✓		LLC	-	-	-	-
		5	Masdr Data Solutions	✓		LLC				
		6	Hassana Investment Company	✓		LLC				
		7	Ra'idah Investment Company	✓		Closed joint stock				

Participation of Members in Board and Committees' Meetings

First: The following tables show the meetings of the Board of Directors and Committees during the 7th term, ending on 27/04/2021, as well as members' attendance of these meetings in 2021:

Meetings of the Board of Directors (7th term ended on 27/04/2021):

No	Name	Membership	Board	Total
			15 th meeting 25 March	
1	HRH Prince Mohammed K. A. Al-Faisal	Chairman of the Board of Directors	✓	1
2	H.E. Dr. Khaled H. Biyari	Vice Chairman of the Board of Directors	✓	1
3	H.E. Mr. Mohammed T. Al-Nahhas	Member	✓	1
4	Mr. Rashid I. Sharif	Member	✓	1

5	Mr. Sanjay Kapoor	Member	✓	1
6	Mr. Roy Chestnutt	Member	✓	1
7	Dr. Ibrahim A. Kadi	Member	✓	1
8	Mr. Osama Y. Al-Khiary	Member	✓	1
9	Mr. Ahmed M. Al Omran	Member	✓	1

- Meetings of Board Committees (7th term ended on 27/04/2021):
- Executive Committee:

No	Name	Membership	ExCom	Total
			14 th meeting	
			9 March	
1	HRH Prince Mohammed K. A. Al-Faisal	Chairman	✓	1
2	H.E. Dr. Khaled H. Biyari	Member	✓	1
3	Mr. Sanjay Kapoor	Member	✓	1
4	Dr. Ibrahim A. Kadi	Member	✓	1
5	Mr. Sultan Bin Abdul Malik Al-Sheikh	Member	✓	1
6	Eng. Nasser bin Sulaiman Al Nasser	Member	✓	1

- Nomination and Remuneration Committee:

No	Name	Membership	NRC	Total
			14 th meeting	
			17 March	
1	Mr. Osama Y. Al-Khiary	Chairman	✓	1
2	Mr. Ahmed M. Al Omran	Member	✓	1
3	Mr. Johan Brand	Member	✓	1
4	Ms. Hoda M. Al-Ghosen	Member	✓	1

- Audit Committee:

No	Name	Membership	IC Meetings					Total
			22 nd	23 rd	24 th	25 th	26 th	
			20 January	21 January	3 March	20 April	22 April	
1	Dr. Ibrahim A. Kadi	Chairman	✓	✓	✓	✓	✓	5
2	Mr. Khalid Bin Abdullah Al Ankari	Member	✓	✓	✓	✓	✓	5
3	Mr. Medhat F. Tawfik	Member	✓	✓	✓	✓	✓	5
4	Dr. Ammr K. Kurdi	Member	✓	✓	✓	✓	✓	5
5	Eng. Tarek Abdulaziz Alrikhaimi	Member	✓	✓	✓	✓	✓	5

▪ **Investment Committee:**

No	Name	Membership	IC Meetings			Total
			14 th	15 th	16 th	
			2 February	10 March	7 April	
1	HRH Prince Mohammed K. A. Al-Faisal	Chairman	✓	✓	✓	3
2	H.E. Mr. Mohammed T. Al-Nahas	Member	✓	✓	✓	3
3	Mr. Rashid I. Sharif	Member	✓	✓	✓	3
4	Mr. Roy Chestnutt	Member	x	✓	✓	2
5	Mr. Mazen Ahmed Al-Jubeir	Member	✓	✓	✓	3

Second: The following tables show the meetings of the Board of Directors and Committees during the eighth term, started on 28/4/2021, as well as members' attendance of these meetings in 2021:

▪ **Meetings of the Board of Directors (8th term started on 28/04/2021):**

The Board of Directors convened five meetings. The following table illustrate these meetings convened in 2021 and members' attendance.

No	Name	Membership	Board Meetings					Total
			1 st	2 nd	3 rd	4 th	5 th	
			29 April	17 June	27 September	19 December	20 December	
1	HRH Prince Mohammed K. A. Al-Faisal	Chairman of the Board of Directors	✓	✓	✓	✓	✓	5
2	H.E. Dr. Khaled H. Biyari	Member	✓	✓	✓	✓	✓	5
3	H.E. Mr. Mohammed T. Al-Nahas	Member	✓	✓	✓	✓	✓	5
4	Mr. Yazeed A. AL-Humied	Vice Chairman of the Board of Directors	✓	✓	✓	✓	✓	5
5	Ms. Rania M. Nashar	Member	✓	✓	✓	✓	✓	5
6	Mr. Arndt Rautenberg	Member	✓	✓	✓	✓	✓	5
7	Mr. Sanjay Kapoor	Member	✓	✓	✓	✓	✓	5
8	Ms. Sarah J. AL-Suhaimi	Member	✓	✓	✓	✓	✓	5
9	Mr. Jameel A. AlMulhem	Member	✓	✓	✓	✓	✓	5
10	Mr. Walid I. Shukri	Member	✓	✓	✓	✓	✓	5

11	Mr. Ahmed M. Al Omran	Member	✓	✓	✓	✓	✓	5
----	-----------------------	--------	---	---	---	---	---	---

- **Meetings of Board Committees (8th Term)**

In accordance with stc Corporate Governance Charter, and regulations of relevant authorities, the Board forms committees to perform its work in a manner that achieves the efficiency and effectiveness of the Board. During the formation process, the Board should identify and document the committees' responsibilities and work procedures and issue the required resolutions for this purpose. Relevant parties shall be notified in an appropriate manner. Board committees were formed for the current 8th term as follows:

- **Executive Committee:**

The Executive Committee (ExCom) consists of Five Board Directors. ExCom reviews and approves strategies, estimated annual budgets, and local and international organic and inorganic businesses within board-approved authorities. ExCom held three meetings in 2021:

No	Name	Membership	ExCom Meetings			Total
			1 st	2 nd	3 rd	
			31 May	7 September	7 December	
1	HRH Prince Mohammed K. A. Al-Faisal	Chairman	✓	✓	✓	3
2	H.E. Dr. Khaled H. Biyari	Member	✓	✓	✓	3
3	H.E. Mr. Mohammed T. Al-Nahas	Member	✓	✓	✓	3
4	Mr. Yazeed A. AL-Humied	Member	✓	✓	✓	3
5	Mr. Sanjay Kapoor	Member	✓	✓	✓	3

- **Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee (NRC) consists of two Board Directors and two external Members. The NRC reviews and approves the process of designing an appropriate operating model and fair incentives of salary scales in conformity with market standards and requirements and best governance practices. The NRC also reviews the structure of the Board and recommends appropriate amendments; ensures annually the independence of external members; ensures Board Directors have no conflict of interest, especially if they are Board members of other companies; and reviews and approves Board

and Committees remunerations and incentives prior to submission before the Board for ratification. The NRC held four meetings in 2021:

No	Name	Membership	NRC Meetings				Total
			1 st	2 nd	3 rd	4 th	
			8 June	17 August	9 September	9 December	
1	Mr. Jameel A. AlMulhem	Chairman	✓	✓	✓	✓	4
2	Ms. Rania M. Nashar	Member	✓	✓	✓	✓	4
3	Ms. Hoda M. Al Ghoson	Member	✓	✓	✓	✓	4
4	Mr. Johan Brand	Member	✓	✓	✓	✓	4

▪ Audit Committee:

The General Assembly approved the formation of the Audit Committee (AC) for the 8th term of the Board of Directors. AC started on 1/6/2021. The General Assembly approved AC tasks, controls and the remuneration of its Members. AC consists of one Board Director and three external Members specialized in financial affairs, accounting and auditing. AC is responsible for reviewing the financial and administrative policies and procedures of stc, and the procedures for preparing financial reports and their deliverables. AC also reviews internal audit reports and comments, and issue recommendations to the Board of directors on the appointment, dismissal, remuneration and independence of legal accountants.

AC examines preliminary and annual financial statements before being submitted to the Board of Directors and provides opinions and guidance thereon. AC reviews the legal accountant's observations on the statements and reviews the audit plan with the legal accountant, making its observations thereon. AC fulfills other works periodically and regularly in order to assess the efficiency and effectiveness of stc control activities and risk management. AC held four meetings in 2021:

No	Name	Membership	AC Meetings				Total
			1 st	2 nd	3 rd	4 th	
			10 June	2 August	21 October	26 October	
1	Mr. Walid I. Shukri	Chairman	✓	✓	✓	✓	4
2	Dr. Ammr K. Kurdi	Deputy Chairman	✓	✓	✓	✓	4
3	Mr. Khalid Bin Abdullah Al Ankari	Member	✓	✓	✓	✓	4
4	Mr. Medhat F. Tawfik	Member	✓	✓	✓	✓	4

- **Investment Committee:**

The Investment Committee (IC) consists of three Board Directors and an external Member. IC is responsible for reviewing the investments policy as per stc strategies. IC also reviews and examines strategic investment opportunities and recommends feasible investments. IC held six meetings in 2021:

No	Name	Membership	IC Meetings						Total
			1 st 2 June	2 nd 9 June	3 rd 15 July	4 th 8 September	5 th 31 October	6 th 8 December	
1	HRH Prince Mohammed K. A. Al-Faisal	Chairman	✓	✓	✗	✓	✓	✓	5
2	Mr. Arndt Rautenberg	Member	✓	✓	✓	✓	✓	✓	6
3	Ms. Sarah J. AL-Suhaimi	Member	✓	✓	✓	✓	✓	✓	6
4	Mr. Rashid I. Sharif	Member	✓	✓	✓	✓	✓	✓	6

- **Risk Committee:**

The Risk Committee (RC) consists of three Board Directors and an external Member. RC is responsible for reviewing risk policies in accordance with stc strategies. RC ensures applying best practice of risk management and internal control systems. RC also ensures the appropriateness of plans to carry out tasks and responsibilities, risk strategy, and business continuity. RC also reviews top risks that stc faces and the corrective measures to mitigate these risks. RC held three meetings in 2021:

No	Name	Membership	RC Meetings			Total
			1 st 6 June	2 nd 13 September	3 rd 5 December	
1	Ms. Rania M. Nashar	Chairperson	✓	✓	✓	3
2	Mr. Walid I. Shukri	Member	✓	✓	✓	3
3	Mr. Ahmed M. Al Omran	Member	✓	✓	✓	3
4	M Eng. Tarek Abdulaziz Alrikhaimi	Member	✓	✓	✓	3

Dates of the shareholders' General Assembly meetings held during the fiscal year 2021, and the names of the present board members:

First: The Extraordinary General Assembly on 26/04/2021 Corresponding to 14/09/1442:

The Extraordinary General Assembly's meeting held remotely through modern technology via Tadawulaty services on 26/04/2021 corresponding to 14/09/1442 based on the Capital Market Authority circular, which stipulates that listed companies conduct their general assemblies through modern technology, and suspend the presence until further notice. The meeting's results were published on Tadawul's website on the next day 27/04/2021. Voting results in the General Assembly's agenda were as follows:

1. Approve the Board of Director's report for the fiscal year ending on 31-12-2020.
2. Approve the report of stc auditor for the fiscal year ending on 31-12-2020.
3. Approve stc consolidated financial statements for the year ending on 31-12-2020.
4. Approve the amendment of Article No. (17) of stc Incorporation document relating to the company board of directors.
5. Approve the election of members of the board of directors from among the candidates for the next term through cumulative voting process which starts on 28-04-2021 and lasts for three years, ending on 27-04-2024, and their names are as follows:

1. HRH Prince Mohammed K. A. Al-Faisal.
2. H.E. Dr. Khaled H. Biyari
3. H.E. Mr. Mohammed T. Al-Nahas
4. Mr. Yazeed A. AlHumied
5. Ms. Rania M. Nashar
6. Mr. Sanjay Kapoor
7. Mr. Arndt F. Rautenberg
8. Ms. Sarah J. Al-Suhaimi
9. Mr. Ahmed M. Alomran
10. Mr. Jameel A. AlMulhem
11. Mr. Waleed I. Shukri

6. Approve appointing the auditor Ernest & Young (EY) for the Company from among the candidates based on the Audit Committee's recommendation. The appointed auditor shall examine, review and audit the (second, third, and fourth) quarter and annual financial statements of the fiscal year 2021, and the first quarter of the fiscal year 2022, and the determination of the auditor's remuneration (SR 12,359,200).

7. Approve the Board of Directors recommendation for the additional one-time distributions for the year 2020, of SR (1) per share which represents 10% of the share's par value with a total amount of SR

2,000 million, the eligibility for dividend will be to Shareholders who own the shares on the day of Company's general assembly and registered in the company's shareholders register at Securities Depository Center by the end of the second trading day following the day of general assembly, thus the total dividends distributed and proposed to be distributed for the year 2020 is SR (5) per share which represents 50% of the share's par value with a total amount of SR 10,000 million, the Dividends distribution for 2,000 million eligible shares shall be in 24/05/2021, as previously announced.

8. Approve delegating the authority of the General Assembly to the Board of Directors with the license mentioned in Paragraph (1) of Article 71 of the Companies Bylaw for a period of one year from the date of approval of the General Assembly or until the end of the term of the delegated Board of Directors, whichever is earlier, and in accordance with the conditions mentioned in the related regulations.

9. Approve the business and contracts that have been signed between the Company and Masdr Data Solutions, "a subsidiary of the General Organization for Social Insurance (GOSI)", In which Mr. Ahmed M. Al Omran "a member of the Board of Directors" has an indirect interest within the ordinary course of business and did not grant any preferential benefits, with an amount of (215,000) Saudi riyals in 2020.

10. Approve paying (4,425,000) Saudi riyals as remunerations for the board of directors members for the fiscal year ending on 31/12/2020.

Below are the names of the members who attended the Assembly's meeting:

No.	Name	Attendance
1	HRH Prince Mohammed K. A. Al-Faisal (Chairman of the Board)	✓
2	H.E. Dr. Khaled H. Biyari (Vice Chairman)	✓
3	H.E. Mr. Mohammed T. Al-Nahhas	✓
4	Mr. Rashid I. Sharif	✓
5	Mr. Sanjay Kapoor*	✗
6	Mr. Roy Chestnutt	✓
7	Dr. Ibrahim A. Kadi	✓
8	Mr. Osama Y. Al-Khiary	✓
9	Mr. Ahmed M. Al Omran	✓

* Due to emergency circumstances, Mr. Kapoor apologized for not attending the EGM.

* Minutes of meetings can be found on stc's website www.stc.com.sa

- **Second: The Ordinary General Assembly on 01/06/2021 Corresponding to 20/10/1442 :**

The Ordinary General Assembly's meeting held remotely through modern technology via Tadawulaty services on 01/06/2021 corresponding to 20/10/1442 H based on the Capital Market Authority circular, which stipulates that listed companies conduct their general assemblies through modern technology, and suspend the presence until further notice. The meeting's results were published on Tadawul's website on the next day 02/06/2021. Voting results in the General Assembly's agenda were as follows:

1. Approve the forming of the Audit Committee (AC), Controls and Procedures of its work, and remunerations, starting 1-6-2021 and until the end of the Board term on 27-4-2024. The Audit Committee Members are:

1. Mr. Waleed I. Shukri.
2. Mr. Khaled A. AlAnkari.
3. Mr. Medhat F. Tawfik.
4. Dr. Ammr K. Kurdi.

2. Approve amending the Audit Committee Charter.

Below are the names of the members who attended the Assembly's meeting:

No.	Name	Attendance
1	HRH Prince Mohammed K. A. Al-Faisal (Chairman of the Board)	✓
2	H.E. Dr. Khaled H. Biyari	✓
3	H.E. Mr. Mohammed T. Al-Nahas	✓
4	Mr. Yazeed A. AlHumied (Vice Chairman)	✓
5	Ms. Rania M. Nashar	✓
6	Mr. Sanjay Kapoor*	x
7	Mr. Arndt F. Rautenberg *	x
8	Ms. Sarah J. Al-Suhaimi	✓
9	Mr. Jameel A. AlMulhem	✓
10	Mr. Ahmed M. Al Omran	✓
11	Mr. Waleed I. Shukri	✓

* Due to emergency circumstances, Mr. Kapoor and Mr. Rautenberg apologized for not attending the AGM.

* Minutes of meetings can be found on stc's website www.stc.com.sa

- **Third: The Ordinary General Assembly on 30/11/2021 Corresponding to 25/04/1443:**

The Ordinary General Assembly's meeting held remotely through modern technology via Tadawulaty services on 30/11/2021 corresponding to 25/04/1443 H based on the Capital Market Authority circular, which stipulates that listed companies conduct their general assemblies through modern technology, and suspend the presence until further notice. The meeting's results were published on Tadawul's website on the next day 01/12/2021. Voting results in the General Assembly's agenda were as follows:

1. Approve stc dividends policy for the next three years starting from the fourth quarter of 2021.
2. Approve the Company's entry and execution of the Bookrunners Agreement.
3. Approve authorizing the Company's Board of Directors, or any person delegated by the Board of Directors to approve the terms and conditions of the Bookrunners Agreement and any other related agreements, applications, documents and instruments relating to the Secondary Offering, including the offering document (prospectus); and execute such agreements and documentation and negotiate the same; and to carry out all other actions to execute the Secondary Offering.
4. Approve ratifying all previous actions carried out by the Company's Board of Directors in relation to the Secondary Offering including preparatory work carried out with the Public Investment Fund in relation to the Secondary Offering and appointment of the relevant advisors.

Below are the names of the members who attended the Assembly's meeting

No.	Name	Attendance
1	HRH Prince Mohammed K. A. Al-Faisal (Chairman of the Board)	✓
2	H.E. Dr. Khaled H. Biyari	✓
3	H.E. Mr. Mohammed T. Al-Nahas	✓
4	Mr. Yazeed A. AlHumied (Vice Chairman)	✓
5	Ms. Rania M. Nashar	✓
6	Mr. Sanjay Kapoor*	✗
7	Mr. Arndt F. Rautenberg *	✗
8	Ms. Sarah J. Al-Suhaimi	✓
9	Mr. Jameel A. AlMulhem	✓
10	Mr. Ahmed M. Al Omran	✓
11	Mr. Waleed I. Shukri	✓

* Mr. Kapoor and Mr. Rautenberg apologized for not attending the AGM.

* Minutes of meetings can be found on stc's website www.stc.com.sa

▪ Annual Assessment of the Board of Directors

The Board of Directors resolved on 21/3/2018 to approve the Performance Assessment Policy of the Board of Directors and Committees. The policy aims to define rules and regulations of assessing performance for follow up and enhancement objectives, fulfill requirements, apply best governance practice, and strengthen the Board's effectiveness.

The Chairman of the Board of Directors directed the Nomination and Remuneration Committee to write to specialized advisory firms and request them to submit their Board assessment proposals for the first year of the 8TH term during the second quarter of 2022, provided that the consultant is highly qualified and experienced to assess the effectiveness and performance of the Board and committees in several aspects including their structure, role, interaction, governance, challenges and risk management. The advisory firm should also pinpoint strength points and build upon them to enhance the Board and the Committees performance, which will be reflected positively on stc.

▪ The Company's Dividend Distribution Policy

Article 45 of the Company's Articles of Association provides for the distribution of the Company's annual net profits as follows:

1. Spare 10% of net profit to be used for the statutory reserve of the Company. The Ordinary General Assembly may approve the suspension of such a reserve when the said reserve reaches 30% of the paid-up share capital.
2. The Ordinary General Assembly may, on the proposal of the board, put aside a percentage of the annual profits to form an agreed reserve for a purpose or purposes decided upon by the General Assembly.
3. The Ordinary General Assembly may decide to put aside other reserves, to the extent that serves the interests of the Company or ensures the distribution of fixed profits to the shareholders as much as possible. It can also deduct funds from the net profits to create social institutions for the Company's employees or support existing ones.
4. The remainder, representing 5% of the paid-up capital of the Company, shall be distributed to the shareholders.
5. Subject to the provisions of Article 21 of stc's Articles of Association and Article 76 of the Companies Law, the General Assembly may allocate, after the aforementioned, remuneration to members of the Board of Directors, provided that the remuneration is commensurate with the number of meetings attended by the member.
6. Upon the proposal of the Board of Directors, the Ordinary General Assembly may decide to distribute the remainder (if any) to the shareholders as an additional share of the profits. The Company may also distribute interim profits to its shareholders semiannually or quarterly in

accordance with the regulations issued by the competent authority, on the basis of a mandate issued by the Ordinary General Assembly of the Board of Directors to distribute interim profits.

The Company may also distribute interim profits to its shareholders semiannually or quarterly in accordance with the regulations issued by the competent authority, on the basis of a mandate issued by the Ordinary General Assembly of the Board of Directors to distribute interim profits. Article 46 of stc's Articles of Association stipulates that shareholders shall be entitled to their share of the profits "in accordance with a General Assembly resolution issued in this regard. The resolution shall specify the maturity and distribution dates, for which shareholders registered up until the specified last day will be eligible. The profits to be distributed to the shareholders shall be paid on the place and date, and through the mechanisms determined by the Board of Directors in accordance with the instructions issued by the competent authorities."

On 9 Rabi Thani 1440H (corresponding to 16 December 2018) the Board of Directors have approved the Company's dividends policy for the next three years starting from the fourth quarter of 2018, which was approved by the General Assembly on 19 Sha`ban 1440H (corresponding to 24 April 2019). The objective of the dividends policy is based on maintaining a minimum level of dividend of SR 1 per share on a quarterly basis. The Company will consider and pay additional dividend subject to the Board of Directors recommendation after assessment and determination of the Company's financial situation, outlook and capital expenditure requirements.

It is probable that additional dividends are likely to vary on a quarterly basis depending on the Company's performance.

The dividends policy will remain subject to:

- Any material changes in the Company's strategy and business (including the commercial environment in which the Company operates).
- Laws, regulations and legislation governing the sector in which the Company operates.
- Any banking, other funding or credit rating covenants or commitments that the Company may be bound to follow from time to time.

On April 26, 2021, the General Assembly approved, during its meeting, the recommendation of the Board of Directors to distribute additional cash dividends for the year 2020 at the rate of SR 1 per share.

In accordance with dividends policy, the Company distributed cash dividends to the shareholders of the Company for the first, second and third quarters of the year 2021 at a rate of SR 1 per share, respectively.

The Board of Directors, in their meeting held on 20 Safar 1443H (corresponding to 27 September 2021) have approved the Company's dividends policy for the next three years starting from the fourth quarter of 2021 at a rate of SR 1 per share, which was approved by the General Assembly on 25 Rabi

Thani 1443H (corresponding to 30 November 2021). In addition, in line with the same policy, the Company will distribute cash dividends to the shareholders of the Company for the fourth quarter of 2021 at a rate of SR 1 per share.

Description of any interest, contractual papers, and subscription rights belonging to members of the Board of Directors and their relatives in stc shares or debt instruments in stc (7th term).

No.	Board Director	Start of 2021		On 27/04/2021		Net difference	Change percentage
		Shares	Debt instrument	Shares	Debt instrument		
1	HRH Prince Mohammed K. A. Al-Faisal	1,000	0	1,000	0	0	0%
2	H.E. Dr. Khaled H. Biyari	2,000	0	2,000	0	0	0%
3	H.E. Mr. Mohammed T. Al-Nahas	0	0	0	0	0	0%
4	Mr. Rashid I. Sharif	0	0	0	0	0	0%
5	Mr. Sanjay Kapoor	0	0	0	0	0	0%
6	Mr. Roy Chestnutt	0	0	0	0	0	0%
7	Dr. Ibrahim A. Kadi	2,666	0	2,666	0	0	0%
8	Mr. Osama Y. Al-Khiary	0	0	0	0	0	0%
9	Mr. Ahmed M. Al Omran	0	0	0	0	0	0%

Description of any interest, contractual papers, and subscription rights belonging to members of the Board of Directors and their relatives in stc shares or debt instruments in stc (8th term).

No.	Board Director	On 28/04/2021		On 31/12/2021		Net difference	Change percentage
		Shares	Debt instrument	Shares	Debt instrument		
1	HRH Prince Mohammed K. A. Al-Faisal	1,000	0	1,000	0	0	0%
2	H.E. Dr. Khaled H. Biyari	2,000	0	2,000	0	0	0%
3	H.E. Mr. Mohammed T. Al-Nahas	0	0	0	0	0	0%
4	Mr. Yazeed A. AlHumied	0	0	9,349	0	9,349	100%
5	Ms. Rania M. Nashar	0	0	0	0	0	0%
6	Mr. Sanjay Kapoor	0	0	0	0	0	0%
7	Mr. Arndt F. Rautenberg	0	0	0	0	0	0%
8	Ms. Sarah J. Al-Suhaimi	0	0	0	0	0	0%

9	Mr. Jameel A. AlMulhem	0	0	0	0	0	0%
10	Mr. Waleed I. Shukri	0	0	0	0	0	0%
11	Mr. Ahmed M. Al Omran	0	0	0	0	0	0%

Description of any interest, contractual papers, and subscription rights belonging to members of the Board of Directors and their relatives in the form of shares or debt instruments in stc Subsidiaries (8th term).

No.	Board Member	Start of 28/04/2021		End of 31/12/2021		Net difference	Change percentage
		Shares	Debt instrument	Shares	Debt instrument		
1	HRH Prince Mohammed K. A. Al-Faisal	0	0	0	0	0	0%
2	H.E. Dr. Khaled H. Biyari	0	0	0	0	0	0%
3	H.E. Mr. Mohammed T. Al-Nahas	0	0	0	0	0	0%
4	Mr. Yazeed A. AlHumied	0	0	0	0	0	0%
5	Ms. Rania M. Nashar	0	0	0	0	0	0%
6	Mr. Sanjay Kapoor	0	0	0	0	0	0%
7	Mr. Arndt F. Rautenberg	0	0	0	0	0	0%
8	Ms. Sarah J. Al-Suhaimi	0	0	0	0	0	0%
9	Mr. Jameel A. AlMulhem	0	0	0	0	0	0%
10	Mr. Waleed I. Shukri	0	0	0	0	0	0%
11	Mr. Ahmed M. Al Omran	0	0	0	0	0	0%

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

No.	Executive name	Start of 2021		End of 2021		Net difference	Change percentage
		Shares	Debt instrument	Shares	Debt instrument		
1	Eng. Ulayan Mohammed H. Bin Wetaid	0	0	3,468	0	3,468	100%
2	Mr. Ameen Fahad Alshiddi	0	0	3,468	0	3,468	100%
3	Mr. Riyadh Saeed Muawad	0	0	3,468	0	3,468	100%
4	Eng. Haithem M. Alfaraj	0	0	3,468	0	3,468	100%
5	Eng. Abdullah Abdulrahman Alkanhl	0	0	0	0	0	0%
6	Mr. Faisal S. Alsaber	0	0	1,719	0	1,719	100%
7	Mr. Jose Del Valle	0	0	0	0	0	0%
8	Eng. Mohammed Abdullah Alabbadi	0	0	1,719	0	1,719	100%
9	Mr. Mathad Faisal Alajmi	0	0	1,719	0	1,719	100%

10	Mr. Abdullah S. Alanizi	0	0	1,875	0	1,875	100%
11	Eng. Ahmad M. Alghamdi	0	0	0	0	0	0%
12	Dr. Moudhi M. ALJamea	0	0	952	0	952	0%
13	Mr. Markus M. Golder	0	0	1,719	0	1,719	100%
14	Dr. Sultan Hassan Bin Saeed	0	0	1,875	0	1,875	100%
15	Eng. Abdullah Mohsen. Alowini	0	0	1,875	0	1,875	100%
16	Mr. Mohammed A. Alassaf	0	0	0	0	0	0%
17	Mr. Yasser Najeeb Alswailem	0	0	1,719	0	1,719	100%
18	Eng. Bader A. Alhieb	0	0	1,875	0	1,875	100%
19	Mr. Jamal A. Alshahri	0	0	1,038	0	1,038	100%
20	Eng. Khaled Ibrahim Aldharrab	0	0	1,875	0	1,875	100%
21	Mr. Yazeed Abdulaziz Alfaris	1,200	0	3,075	0	1,875	156.25%
22	Mr. Othman Dahash Aldahash	0	0	1,719	0	1,719	100%
23	Mr. Omar A. Alshabibi	50	0	1,002	0	952	1,904%
24	Mr. Munif Nayef Bin Darwish	0	0	1,719	0	1,719	100%
25	Mr. Wijnand Ernst Van Till	0	0	1,875	0	1,875	100%
26	Mr. Mohammed Rashid Aba Alkheel	0	0	952	0	952	100%
27	Mr. Faisal Abdulaziz Albakri	0	0	0	0	0	0%
28	Eng. Emad Aoudah Alaoudah	0	0	1,875	0	1,875	100%
29	Eng. Saud A. Alsheraih	0	0	1,038	0	1,038	100%
30	Mr. Riyadh Hamdan Alonazi	0	0	1,719	0	1,719	100%
31	Mr. Bandar Mosalm Allehyani	0	0	1,719	0	1,719	100%
32	Mr. Abdul Aziz Abdullah Alqatie	7,243	0	8,000	0	757	10.45%
33	Mr. Ali Abdullah Alharbi	0	0	1,875	0	1,875	100%
34	Mr. Amir Abdulaziz Algibreen	0	0	1,875	0	1,875	100%
35	Eng. Yasser Zaben AlOtaibi	0	0	1,719	0	1,719	100%
36	Eng. Abdulaziz Mohammed Alhaider	0	0	1,918	0	1,918	100%

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

No.	Executive name	Start of 2021		End of 2021		Net difference	Change percentage
		Shares	Debt instrument	Shares	Debt instrument		
1	Eng. Ulayan Mohammed H. Bin Wetaid	0	0	0	0	0	0%
2	Mr. Ameen Fahad Alshiddi	0	0	0	0	0	0%
3	Mr. Riyadh Saeed Muawad	0	0	0	0	0	0%
4	Eng. Haithem M. Alfaraj	0	0	0	0	0	0%
5	Eng. Abdullah Abdulrahman Alkanhl	0	0	0	0	0	0%
6	Mr. Faisal S. Alsaber	0	0	0	0	0	0%
7	Mr. Jose Del Valle	0	0	0	0	0	0%

8	Eng. Mohammed Abdullah Alabbadi	0	0	0	0	0	0%
9	Mr. Mathad Faisal Alajmi	0	0	0	0	0	0%
10	Mr. Abdullah S. Alanizi	0	0	0	0	0	0%
11	Eng. Ahmad M. Alghamdi	0	0	0	0	0	0%
12	Dr. Moudhi M. ALJamea	0	0	0	0	0	0%
13	Mr. Markus M. Golder	0	0	0	0	0	0%
14	Dr. Sultan Hassan Bin Saeed	0	0	0	0	0	0%
15	Eng. Abdullah Mohsen. Alowini	0	0	0	0	0	0%
16	Mr. Mohammed A. Alassaf	0	0	0	0	0	0%
17	Mr. Yasser Najeeb Alswailem	0	0	0	0	0	0%
18	Eng. Bader A. AllhieB	0	0	0	0	0	0%
19	Mr. Jamal A. Alshahri	0	0	0	0	0	0%
20	Eng. Khaled Ibrahim Aldharrab	0	0	0	0	0	0%
21	Mr. Yazeed Abdulaziz Alfaris	0	0	0	0	0	0%
22	Mr. Othman Dahash Aldahash	0	0	0	0	0	0%
23	Mr. Omar A. Alshabibi	0	0	0	0	0	0%
24	Mr. Munif Nayef Bin Darwish	0	0	0	0	0	0%
25	Mr. Wijnand Ernst Van Till	0	0	0	0	0	0%
26	Mr. Mohammed Rashid Aba Alkheel	0	0	0	0	0	0%
27	Mr. Faisal Abdulaziz Albakri	0	0	0	0	0	0%
28	Eng. Emad Aoudah Alaoudah	0	0	0	0	0	0%
29	Eng. Saud A. Alsheraih	0	0	0	0	0	0%
30	Mr. Riyadh Hamdan Alonazi	0	0	0	0	0	0%
31	Mr. Bandar MosaIm Allehyani	0	0	0	0	0	0%
32	Mr. Abdul Aziz Abdullah Alqatie	0	0	0	0	0	0%
33	Mr. Ali Abdullah Alharbi	0	0	0	0	0	0%
34	Mr. Amir Abdulaziz Algibreen	0	0	0	0	0	0%
35	Eng. Yasser Zaben AlOtaibi	0	0	0	0	0	0%
36	Eng. Abdulaziz Mohammed Alhaider	0	0	0	0	0	0%

■ Corporate Governance

stc Board of Directors has been keen to establish an effective governance system as an integral part of stc administrative and financial systems responsible for regulating internal businesses by identifying the relationship between the Board of Directors and the General Assembly and between the Board of Directors and the Executive Management. stc governance regulates businesses, transactions & relationships with various Government and legislative bodies, suppliers, and contractors to increase efficiency and effectiveness in realizing stc strategic and operational objectives, in manner consistent with the Companies Law, issued by the Ministry of Commerce, the Corporate Governance Regulations, issued by the Board of Directors of the Capital Market

Authority, and other pertinent local regulations and legislation. stc governance was designed to be aligned with the aspirations of the Saudi Vision 2030. stc governance is also aligned with stc Strategy DARE 2.0, where the latter contains strategic plans and initiatives to enable stc governance to manage and implement stc decisions. stc governance leverages local and international best practices in the best interest of stc. stc governance strives for the highest levels of sustainability, one of the main pillars of stc Strategy, which includes documenting stc businesses and activities as per pertinent regulatory and legislative authorities. These items include, but are not limited to:

- stc Articles of Association was recently amended and approved by the Ministry of Commerce. The amendment increased the number of Board Directors from nine to eleven Directors to enhance and diversify the Board's experiences, qualifications, capabilities, and for more effective participation in the Board Committees.
- Stc General Assembly approved stc Dividend Policy.
- Formation of the Risk Committee and drafting its Charter.
- Updating the Charters of the Board of Directors, the Investment Committee, and the Executive Committee.
- stc General Assembly approved updating the Audit Committee Charter.

stc has developed the delegation of the strategic and financial authorities matrix to govern strategic and financial decision-making mechanisms at all levels, including the General Assembly, the Board of Directors, its Committees, and the Executive Management represented by stc CEO or whom he may delegate.

To ensure the highest levels of transparency, stc is committed to publishing all legally required Corporate Governance documents on its website (www.stc.com.sa) which are listed below:

- stc Articles of Association.
- stc Corporate Governance Charter.
- The Charters of the Board of Directors and its Committees.
- Strategic Policies (Nomination and Remuneration Policy, Code of Conduct Policy, Conflict of Interest Policy, and Whistleblowing Policy).

Financial information and Investor reports are also published on stc website, including the financial statements, quarterly and annual financial performance reports, and minutes of the General Assembly meetings. In an effort to enhance digital communication, an Investor Relations application (stc IR) was launched to provide information on stc shares, financial information and various publications related to investor relations. The purpose of the app is to build trust and enhance communication with investors and financial analysts.

In terms of excellence, stc has received an 'Excellence in Governance' 2020 Award for the fourth time, presented by the Corporate Governance Center, which is supervised by the Capital Market Authority and the General Investment Authority, and managed by Al-Faisal University. stc strives to promote the implementation of the highest standards in corporate governance practices and with

this in mind has partnered with the Pearl Initiative (PI), the region’s leading business-led non-profit organization promoting a culture of corporate transparency and accountability across the Gulf Region. In 2019, stc became a member of the World Economic Forum – Partnering against Corruption Initiative (PACI) forum that undertakes initiatives to address industry, regional, country or global issues tied to anti-corruption and compliance. In 2020, stc joined Ethisphere’s Business Ethics Leadership Alliance (BELA); a 300+ member strong globally recognized organization of leading companies collaborating to share best practices in governance, risk management, compliance and ethics.

The Corporate Governance Regulations requirements issued by the Capital Market Authority in Article No. 70 and 90 under Paragraph No. 1, clearly stipulate the need to implement the provisions of the Company Governance Regulations and to provide the reasons in case of a non-implementation. The Company acknowledges the application of all the provisions mentioned in the Corporate Governance Regulations issued by the Capital Market Authority (CMA) with the exception of the provisions listed below:

Article No.	Article’s Statement	Reasons for not applying
87	The Ordinary General Assembly, based on the Board of Directors recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community. (Guiding Article).	stc has developed a Social Responsibility Policy to ensure business continuity and flexibility. The policy is the prerogative of the Board of Directors, which delegated the policy to the stc CEO.
95	Formation of a Corporate Governance Committee (Guiding Article)	Article No. 50 “Forming the Committees” of the Corporate Governance Regulations stipulates that the Board of Directors shall form specialized Committees as may be needed depending on the Company’s circumstances in order to enable it to effectively perform its duties. Despite the fact that Article No. 95 “Formation of a Corporate Governance Committee” of the Corporate Governance Regulations is a guiding article, stc Board of Directors is cognizant of the importance of the aforementioned committee's responsibilities

Article No.	Article's Statement	Reasons for not applying
		and tasks, which are taken care of by the Nomination and Remuneration Committee as per its Charter, approved by the General Assembly on 24/4/2019.

- **Corporate Compliance**

stc is of the firm belief that ethical leadership is the building block for culture, and it is culture that drives positive compliant behaviors. Therefore, to ensure the Compliance Program's effectiveness, stc is developing its Ethics and Compliance Program as per international best practices and in conformity with local regulations and guidelines. The stc Code of Ethics, *Integrity takes us forward*, covers 16 integrity risk areas. The stc Code of Ethics can be found at:

https://www.stc.com.sa/wps/wcm/connect/english/stc/corporategovernance/code_of_ethics

stc's Corporate Ethics and Compliance (CEC) General Manager is responsible for the Compliance Program and this role reports directly to the Company's Chief Legal Officer. The CEC Management report to the stc Board of Directors and the stc Board Audit Committee on a regular basis to update them on the Program's progress. The Board Audit Committee oversees the Program and works with CEC to ensure the necessary programs and policies are in place to prevent Integrity violations. These are violations of the stc Code of Ethics, which may include allegations of fraud and corruption as well as any other violations of applicable law, regulations or other legal obligations. With the intention to identify and mitigate integrity risks, the Corporate Ethics and Compliance Management conducts compliance reviews across stc by engaging with the respective general departments. Based on the risks identified through these reviews, mitigation plans are developed for each sector and tracked to closure. stc employees and stakeholders, who are aware of a violation of the stc Code of Ethics (referred to as Integrity concerns), are required to report these integrity concerns through the designated Speak Up channels. Whistleblowers are not required to disclose their identities or personal information. stc takes every integrity concern seriously, and each case is reviewed and investigated carefully and professionally. As training and awareness ensures appropriate ethical behavior and is helpful in setting the right ethical expectations, stc has developed a series of comprehensive Integrity related training courses. Employees and contractors are introduced to stc commitment to Integrity through an Ethics and Compliance training sessions. All stc employees, are required to complete a mandatory basic online integrity training that introduces them to all the risk

areas in the stc Code of Ethics and increase their awareness. Employees and contractors are required to fill out a mandatory Conflict of Interest disclosure annually as well as throughout the year whenever they come across an actual or apparent Conflict of Interest.

- **Internal Control**

The Board of Directors declares that the accounting records have been prepared correctly and that the internal control system and procedures have been properly prepared and effectively implemented without material observations, and that there is little doubt as to the Company's ability to continue its activities. The Audit Committee oversees the compliance, internal audit, and the external audit, which regularly reviews the adequacy and effectiveness of the internal control system and procedures to provide a continuous assessment of the system and its effectiveness. This is part of the objectives of the Board to obtain reasonable assurance about the soundness of the design of stc internal control system and its effectiveness. In this regard, during the fiscal year 2021, the Audit Committee held Nine meetings and discussed a number of topics falling under its competencies, such as reviewing financial statements, investments, and business units, as well as strategic and organizational affairs, human resources, procurement, and IT systems, among other issues relevant to stc businesses. This is during the presence of the Executive Management and the Internal Audit.

- **The Internal Audit**

The Internal Audit provides independent objective assertions and advisory services for value-adding purposes, improving operations, and achieving stc main objectives. The Internal Audit supports stc in adopting methods to improve the Risk Management and the Internal Control. The Internal Audit conducted periodical audits as per its annual plan, approved by the Audit Committee. This aims to give assertions about the effectiveness and efficiency of the Internal Controls and the Risk Management, with emphasis on high-risk activities and functions. The Internal Audit also provides consulting services to contribute, alongside the Executive Management, to more efficient and effective operations, higher revenue, and cost reductions. The Internal Audit also contributes to the review of annual financial statements and the coordination of the work done by external auditors. The executed internal audits have resulted in no substantial observations that may affect stc ability to continue carrying out business.

▪ Shareholders' Register

The company requested the shareholder register from the Securities Depository Center Company –Edaa- (15) times during the year 2021 for the following purposes:

- Updating the shareholders register monthly.
- Quarterly dividend distribution.
- Holding the General Assembly.

No	Date of request of the shareholders register	Reasons for the request
1	31/01/2021	Updating the shareholders register monthly
2	28/02/2021	Updating the shareholders register monthly
3	31/03/2021	Updating the shareholders register monthly
4	26/04/2021	General Assembly
5	26/04/2021	Quarterly Dividend Distribution Q4 2020
6	04/05/2021	Quarterly Dividend Distribution Q1 2021
7	01/06/2021	General Assembly
8	30/06/2021	Updating the shareholders register monthly
9	06/07/2021	Updating the shareholders register monthly
10	05/08/2021	Quarterly Dividend Distribution Q2 2021
11	31/08/2021	Updating the shareholders register monthly
12	30/09/2021	Updating the shareholders register monthly
13	28/10/2021	Quarterly Dividend Distribution Q3 2021
14	30/11/2021	General Assembly
15	31/12/2021	Updating the shareholders register monthly

Third: Dividends and Board Recommendations

▪ Distribution of Dividends

The Company announced the distribution of cash dividends amounting to SR 2,000 million to shareholders for Q4 2021, with SR 1 per share. This is in accordance with the dividend distribution policy approved by stc's Board of Directors of stc on September 27, 2021 and by the General Assembly held on November 30, 2021. The Company also distributed cash dividends amounting to SR 2,000 million to shareholders for Q1, Q2, and Q3 2021, with SR 1 per share. This is in accordance with the dividend distribution policy approved by stc's Board of Directors of stc on December 16, 2018 and by the General Assembly held on April 24, 2019.

Accordingly, the total distributed dividends for the year 2021, amounts to SR 4 per share (2020: SR 5 per share).

The following is a breakdown of the 2021 distributions:

Statement	Total Distribution (SR Million)	Earnings per share (SR)	Date of announcement	Due date	Payment Date
Cash dividends for Q1 2021	2,000	1	22/04/2021	04/05/2021	31/05/2021
Cash dividends for Q2 2021	2,000	1	02/08/2021	05/08/2021	26/08/2021
Cash dividends for Q3 2021	2,000	1	21/10/2021	28/10/2021	18/11/2021
Cash dividends for Q4 2021	2,000	1	21/02/2022	27/02/2022	17/03/2022
Total Distributions	8,000	4			

- **Remuneration and Compensation of the Board of Directors and Top Five Senior Executives:**

On 24/4/2019 the General Assembly resolved to approve amending the remuneration policy of the Board of Directors, the Committees, and the Executives Management. The General Assembly also approved amending the Audit Committee Charter, tasks, roles, responsibilities, and remunerations (published on stc website). Each Director of the Board receives an amount of SR 200,000 for his/her Membership in the Board and a remuneration of SR 200,000 for being a Committee Member. Each Member of the Audit Committee receives an amount of SR 150,000 for being a Member. Each external Member in the other committees receives an amount of SR 100,000. Members are paid SR 5,000 for each meeting they attend. The remuneration of attending the meeting by the Directors of the Board and the Members of the Committees in 2021, in addition to stc top five Executives, including the CEO and the CFO, are as follows:

Remuneration and Compensation of the Directors of the Board for the 7th term ending on
27/04/2021

Names	Fixed Remunerations					Variable Remunerations						Indemnity	Total	Expense Allowance
	Fixed remunerations	Allowance for attending Board meetings	In-kind benefits	Remuneration for technical	Remuneration of the Chairman of the Board, the Managing Director or the Secretary, if a member	Total	Percentage of profits	Periodic bonus	Short-term incentives plan	Long-term incentives plan	Shares granted			
First: Independent Directors														
HRH Prince Mohammed K. A. Al-Faisal	200,000	5,000	-	-	-	205,000	-	-	-	-	-	-	205,000	-
Dr. Ibrahim A. Kadi	200,000	5,000	-	-	-	205,000	-	-	-	-	-	-	205,000	-
Mr. Osama Y. Al-Khairy	200,000	5,000	-	-	-	205,000	-	-	-	-	-	-	205,000	-
Total	600,000	15,000	-	-	-	615,000	-	-	-	-	-	-	615,000	-
Second: Non-executive Directors														
H.E. Dr. Khaled H. Biyari *	200,000	5,000	-	-	-	205,000	-	-	-	-	-	-	205,000	-
H.E. Mr. Mohammed T. Al-Nahas	200,000	5,000	-	-	-	205,000	-	-	-	-	-	-	205,000	-
Mr. Rashid I. Sharif **	200,000	5,000	-	-	-	205,000	-	-	-	-	-	-	205,000	-
Mr. Sanjay Kapoor *	200,000	5,000	-	-	-	205,000	-	-	-	-	-	-	205,000	-
Mr. Roy Chestnutt *	200,000	5,000	-	-	-	205,000	-	-	-	-	-	-	205,000	-
Mr. Ahmed M. Al Omran	200,000	5,000	-	-	-	205,000	-	-	-	-	-	-	205,000	-
Total	1,200,000	30,000	-	-	-	1,230,000	-	-	-	-	-	-	1,230,000	-
Third: Executive Directors														
None	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net total	1,800,000	45,000	-	-	-	1,845,000	-	-	-	-	-	-	1,845,000	-

On 13/3/2017 the Board of Directors resolved to approve amending the remuneration of the Chairman of the Board to be SR 100,000 per month. On 8/5/2018 the Board of Directors resolved to approve amending the remuneration of the Deputy Chairman of the Board to be SR 100,000 per month.

* stc Board membership annual remuneration and the attendance allowance of stc Board meetings of PIF representatives shall be transferred directly to PIF.

** Remunerations and allowances of attending stc Board and Committees' meetings by PIF representatives and employees shall be transferred directly to PIF.

Remuneration of Committees' Members for the 7th term ending on 27/04/2021

Committee Member	The Committee	Fixed remunerations (without meetings' attendance allowance)	meetings attendance allowance	Total
HRH Prince Mohammed K. A. Al-Faisal	• ExCom • Investment	64,835.16	20,000	84,835.16
H.E. Dr. Khaled H. Biyari	• ExCom	64,835.16	5,000	69,835.16
H.E. Mr. Mohammed T. Al-Nahas	• Investment	64,835.16	15,000	79,835.16
Mr. Rashid I. Sharif *	• Investment	64,835.16	15,000	79,835.16
Mr. Sanjay Kapoor	• ExCom	64,835.16	5,000	69,835.16
Mr. Roy Chestnutt	• Investment	64,835.16	10,000	74,835.16
Dr. Ibrahim A. Kadi	• ExCom • Audit	214,835.16	30,000	244,835.16
Mr. Osama Y. Al-Khiary	• NRC	64,835.16	5,000	69,835.16
Mr. Ahmed M. Al Omran	• NRC	64,835.16	5,000	69,835.16
Mr. Khalid bin Abdullah Al Ankari	• Audit (External Member)	150,000	25,000	175,000
Mr. Medhat F. Tawfik	• Audit (External Member)	150,000	25,000	175,000
Dr. Ammr K. Kurdi	• Audit (External Member)	150,000	25,000	175,000
Eng. Tarek Abdulaziz Alrikhaimi	• Audit (External Member)	150,000	25,000	175,000
Mr. Sultan bin Abdulmalek Al Sheikh *	• ExCom (External Member)	100,000	5,000	105,000
Eng. Nasser bin Suleiman AlNasser	• ExCom (Executive Member)	100,000	5,000	105,000
Mr. Johan Brand	• NRC (External Member)	100,000	5,000	105,000
Ms. Hoda M. Al-Ghosen	• NRC (External Member)	100,000	5,000	105,000
Mr. Mazen Bin Ahmed Al-Jubair	• Investment (External Member)	100,000	15,000	115,000
Total		1,833,516.44	245,000	2,078,516.44

* Remunerations and allowances of attending stc Board and Committees' meetings by PIF representatives and employees shall be transferred directly to PIF.

Remuneration and Compensation of the Directors of the Board for the 8th term
Started in 28/04/2021

Names	Fixed Remunerations						Variable Remunerations						Indemnity	Total	Expense Allowance
	Fixed remunerations	Allowance for attending Board meetings	In-kind benefits	Remuneration for technical, administrative and consulting work	Remuneration of the Chairman of the Board, the Managing Director or the Secretary if a member	Total	Percentage of profits	Periodic bonus	Short-term incentives plan	Long-term incentives plan	Shares granted	Total			
First: Independent Directors															
HRH Prince Mohammed K. A. Al-Faisal	-	25,000	-	-	-	25,000	-	-	-	-	-	-	-	25,000	-
Ms. Sarah J. AL-Suhaimi	-	25,000	-	-	-	25,000	-	-	-	-	-	-	-	25,000	-
Mr. Jameel A. AIMulhem	-	25,000	-	-	-	25,000	-	-	-	-	-	-	-	25,000	-
Mr. Walid Ibrahim Shukri	-	25,000	-	-	-	25,000	-	-	-	-	-	-	-	25,000	-
Total	-	100,000	-	-	-	100,000	-	-	-	-	-	-	-	100,000	-
Second: Non-executive Directors															
H.E. Dr. Khaled H. Biyari *	-	25,000	-	-	-	25,000	-	-	-	-	-	-	-	25,000	-
H.E. Mr. Mohammed T. Al-Nahas	-	25,000	-	-	-	25,000	-	-	-	-	-	-	-	25,000	-
Mr. Yazeed A. AL-Humied **	-	25,000	-	-	-	25,000	-	-	-	-	-	-	-	25,000	-
Ms. Rania M. Nashar **	-	25,000	-	-	-	25,000	-	-	-	-	-	-	-	25,000	-
Mr. Roy Chestnutt	-	25,000	-	-	-	25,000	-	-	-	-	-	-	-	25,000	-
Mr. Sanjay Kapoor *	-	25,000	-	-	-	25,000	-	-	-	-	-	-	-	25,000	-
Mr. Ahmed M. Al Omran	-	25,000	-	-	-	25,000	-	-	-	-	-	-	-	25,000	-
Total	-	175,000	-	-	-	175,000	-	-	-	-	-	-	-	175,000	-
Third: Executive Members															
None	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net total	-	275,000	-	-	-	275,000	-	-	-	-	-	-	-	275,000	-

On 13/3/2017 the Board of Directors resolved to approve amending the remuneration of the Chairman of the Board to be SR 100,000 per month.

- * stc Board membership annual remuneration and the attendance allowance of stc Board meetings of PIF representatives shall be transferred directly to PIF.
- ** Remunerations and allowances of attending stc Board and Committees' meetings by PIF representatives and employees shall be transferred directly to PIF.

Remuneration of Committees' Members for the 8th term started in 28/04/2021

Committee Member	The Committee	Fixed remunerations (without meetings' attendance allowance)	meetings attendance allowance	Total
HRH Prince Mohammed K. A. Al-Faisal	<ul style="list-style-type: none"> • ExCom • Investment 	135,164.84	40,000	175,164.84
H.E. Dr. Khaled H. Biyari	<ul style="list-style-type: none"> • ExCom 	135,164.84	15,000	150,164.84
H.E. Mr. Mohammed T. Al-Nahas	<ul style="list-style-type: none"> • ExCom 	135,164.84	15,000	150,164.84
Mr. Yazeed A. AL-Humied *	<ul style="list-style-type: none"> • ExCom 	135,164.84	15,000	150,164.84
Ms. Rania M. Nashar *	<ul style="list-style-type: none"> • NRC • Risk 	135,164.84	35,000	170,164.84
Mr. Arndt Rautenberg	<ul style="list-style-type: none"> • Investment 	135,164.84	30,000	165,164.84
Mr. Sanjay Kapoor	<ul style="list-style-type: none"> • ExCom 	135,164.84	15,000	150,164.84
Ms. Sarah J. AL-Suhaimi	<ul style="list-style-type: none"> • Investment 	135,164.84	30,000	165,164.84
Mr. Jameel A. AlMulhem	<ul style="list-style-type: none"> • NRC 	135,164.84	20,000	155,164.84
Mr. Walid Ibrahim Shukri	<ul style="list-style-type: none"> • Audit • Risk 	135,164.84	35,000	170,164.84
Mr. Ahmed M. Al Omran	<ul style="list-style-type: none"> • Risk 	135,164.84	15,000	150,164.84
Mr. Khalid bin Abdullah Al Ankari	<ul style="list-style-type: none"> • Audit (External Member) 	-	20,000	20,000
Mr. Medhat F. Tawfik	<ul style="list-style-type: none"> • Audit (External Member) 	-	20,000	20,000
Dr. Ammr K. Kurdi	<ul style="list-style-type: none"> • Audit (External Member) 	-	20,000	20,000
Eng. Tarek Abdulaziz Alrikhaimi	<ul style="list-style-type: none"> • Risk (External Member) 	-	15,000	15,000
Mr. Rashid I. Sharif	<ul style="list-style-type: none"> • Investment (External Member) 	-	30,000	30,000
Mr. Johan Brand	<ul style="list-style-type: none"> • NRC (External Member) 	-	20,000	20,000
Ms. Hoda M. Al-Ghpson	<ul style="list-style-type: none"> • NRC (External Member) 	-	20,000	20,000
Total		1,486,813.24	410,000	1,896,813.24

* Remunerations and allowances of attending Committees' meetings by PIF representatives and employees shall be transferred directly to PIF.

**Remunerations of the Top Five Senior Executives
(Including the CEO and the CFO in 2021)**

(SAR)	Fixed Remunerations				Variable Remunerations						Indemnity	Board remunerations for executives if applicable	Net total
	Salaries	Allowances	In-kind benefits	Total	Periodic remunerations	Revenues	Short-term incentive plans	Long-term incentive plans	Shares granted (value entered)	Total			
Total	13,118,844.99	4,169,067.01	-	17,287,912	-	-	25,595,734	-	2,275,008	27,870,742	-	1,905,150.27	47,063,804.27

▪ **Board of Directors' Acknowledgment:**

- The accounting records have been duly prepared.
- The Internal Control System is well established and effectively implemented.
- The Board of Directors has no doubt about stc's ability to continue its activities.
- The consolidated financial statements for the year ending on 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia and other standards and regulations approved by the Saudi Organization for Certified Public Accountants.
- stc did not report any natural or legal person owning 5% or more of the shares issued in 2021.
- No debt instruments were convertible into shares or option rights, warrants or similar rights issued or granted by stc in 2021.
- There were no refunds, purchases or cancellations by stc in 2021 for any redeemable debt instrument.
- There was no arrangement or agreement whereby a Board Director or a Senior Executive waived any salary or compensation.
- There was no arrangement or agreement whereby a shareholder waived any rights to profits.
- There was no contract to which stc was a party in which there was a substantial interest by a member of the Board, CEO, CFO, or any person linked to any one of them, other than what was disclosed in the General Assembly Meeting.
- stc did not provide cash loans of any kind to Board Directors and did not guarantee any loan that one of them had borrowed from others.
- There were no option rights or subscription rights exercised by Board Directors, Senior Executives, their spouses or their minor children.
- stc External Audit has expressed their opinion without any reservations in 2021 consolidated financial statements.

- There are no recommendations from the Audit Committee that there is a conflict between the Committee and the Resolutions of the Board of Directors, or the Board's refusal to take them into account regarding the appointment of stc External Auditor, dismissing the firm, determining their fees and evaluating their performance or appointing the Internal Audit.

- **Conclusion:**

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