

Annual Report

20

23

dare to  
go beyond

stc

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## Theme of the year

### Dare to go beyond

In 2023, Saudi Telecom Company (stc) took significant strides and delivered resounding results as it continued to transform itself and the digital landscape of the Kingdom and beyond. The ambitious goals outlined in its "DARE 2.0" strategy focused and inspired stc's talented and dedicated workforce to dream for more and set out each day to make it a reality, accelerating stc's transformation from a telecommunications leader to a digital powerhouse of the future.

Showcasing stc's global ambitions, the acquisition of a strategic stake in Telefónica marked a bold expansion beyond its core markets. This move, along with other strategic acquisitions and investments throughout the year, is part of a broader vision to grow its footprint, build its value chain and diversify its portfolio – daring to go beyond by investing with purpose for organic and inorganic growth.

Seeking excellence in customer experience and business performance, the year witnessed technological enhancements and groundbreaking innovation. Digitization across every aspect of the organization and operations is enhancing efficiency, productivity and personalization. stc has laid the groundwork for a digital-first society beyond anything that has come before.

As stc's strategic direction and progress catalyze the cultural and economic transformation in the Kingdom, the limits of possibility are being reimagined. stc is leading the charge to transform the Kingdom into the world's most connected and digitized nation, as it dares to go beyond to achieve its vision of becoming a digital and telco leader, enabling the society and economy to thrive, in KSA and beyond.

## At a glance

### Financial Highlights

Revenue	SAR 72.34 billion	+ 7.27% YoY
Gross Profit	SAR 37.80 billion	+ 1.10% YoY
EBITDA	SAR 24.68 billion	- 1.58% YoY
Net Profit	SAR 13.30 billion	+ 9.24% YoY
Comprehensive Income	SAR 13.14 billion	+ 2.33% YoY
EPS	SAR 2.67	

### Operational Highlights

The most preferred ICT operator in KSA	#1 in Mobile, Fixed, and IT
Mobile subscribers in KSA	26.47 million
Fixed subscribers in KSA	5.57 million
stc play subscribers (registered)	3 million
stc tv subscribers (authorized*)	3.6 million
Market share in terms of revenue	73%
Submarine cables	16 cables
Data Centers	25 data centers (operational and under construction)
5G coverage of residential and populated areas	47.5%
Loyalty program (Qitaf)	Reached 15.7 million users
One of largest tower operator in the region	21,000 towers under management in 5 countries
Number of Employees	22,751 (on group level)
Saudization	more than 90% for stc KSA and its local subsidiaries

Ranked 1 <sup>st</sup> as the most valuable brand in the Middle East	SAR 52.1 billion in brand value
Local content score	42.9% - up by 5.3% Vs 2022 and 9.2% Vs. 2021

### ESG Highlights

stc ESG score	MSCI: BB – S&P CSA DJSI: 44
2030 target for scope 1 & 2 (from 2019 baseline)	50% reduction
2030 target for scope 3 (from 2019 baseline)	46.2% reduction
2030 planting target	1 million trees
2050 target	Net Zero Carbon

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

### About stc

Saudi Telecom Company (stc) was established as a Saudi Joint Stock Company pursuant to Royal Decree No. M/35 dated 24 Dhul Hijja 1418H (corresponding to 21 April 1998) that authorized the transfer of the telegraph and telephone division of the Ministry of Post, Telegraph and Telephone (MoPTT) with its various components, technical and administrative facilities to stc in accordance with the Council of Ministers' Resolution No. 213 dated 23 Dhul Hijja 1418H (corresponding to 20 April 1998) that approved stc bylaws (bylaws).

stc commenced its operation in the Kingdom 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 al-Awal 1419H (corresponding to 29 June 1998). stc's head office is located in King Abdulaziz Complex, Imam Mohammed Bin Saud Street, Al Mursalat Area, Riyadh, Kingdom of Saudi Arabia.

stc was wholly owned by the Government of the Kingdom of Saudi Arabia. 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 shareholder of stc through its ownership of 64% after the sale of 6% of stc's shares through a secondary offering during the year 2021. Thus, the percentage of free shares became 36%.

During the year 2022 stc's capital has been increased by 150% via capitalizing SAR 30 billion of retained earnings and granted 1.5 bonus shares for each 1 share owned by shareholders at the eligibility date. Thus, stc's capital increased from SAR 20 billion to SAR 50 billion. The increase in stc's capital will support achieving its growth and expansion strategy, along with maximizing its shareholders' return by increasing and diversifying stc's investments and seizing the expected growth opportunities in the telecommunication and technology sector in the Kingdom of Saudi Arabia and the region.

## Activities of stc

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

- 1- Establish, manage, operate and maintain fixed and mobile telecommunication networks, systems and infrastructure.
- 2- Deliver, provide, maintain and manage diverse telecommunication and information technology (IT) services to customers.
- 3- Prepare the required plans and necessary studies to develop, implement and provide telecommunication and IT services covering all technical, financial and administrative aspects. In addition, prepare and implement training plans in the field of telecommunications and IT, and provide consultancy services.
- 4- Expand and develop telecommunication networks, systems, and infrastructure by utilizing the most current devices and equipment in telecom technology, especially in the fields of providing and managing services, applications and software.
- 5- Provide integrated communication and information technology solutions which include, among other things, telecom, IT services, managed services, cloud services and internet of things, etc.).
- 6- Provide information-based systems and technologies to customers including providing telecommunication means for the transfer of internet services.
- 7- Wholesale and retail trade, import, export, purchase, own, lease, manufacture, promote, sell, develop, design, setup and maintenance of devices, equipment, and components and executing contracting works that are related to different telecom networks including fixed, moving and private networks. In addition, computer programs and 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, stc 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. stc conducts its operational business in the Kingdom and has various investments in associate companies, subsidiaries and joint ventures, collectively known in the financial performance and in the financial statements as the Group.

## **Our Vision and Values**

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

### Dynamism

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

Agile – Collaborative – Fresh

### Devotion

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

Caring – Committed – Trustworthy

### Drive

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

Proactive – Inventive – Inquisitive

## 01 OVERVIEW

### Year in review

During a year of landmark achievements, transformational acquisitions and groundbreaking partnerships, stc dared to go beyond by solidifying its market leading proposition, expanding its diversified footprint and accelerating its remarkable growth journey.

Date	Title	Description
Q1 2023	<b>Most valuable telecommunications brand in the Middle East</b>	stc was ranked the most valuable brand in the Middle East in the telecommunication sector, according to Brand Finance's Global 500 2023 Report.
	<b>Sale of land in Khobar City</b>	stc sold a vacant land plot in Khobar city for SAR 1.378 billion.
	<b>Launch of venture capital fund</b>	stc announced the launch of its corporate investment fund (CIF), which aims to invest in the early stages of startups in various high-growth domains, including fintech, cybersecurity, artificial intelligence, digital games, Internet of Things, blockchain and others.
	<b>Over 40 MoUs at LEAP23</b>	At LEAP23, stc signed more than 40 agreements with major global and local companies, including Huawei, Ericsson, Samsung and Telefónica.
	<b>Partnership with Lucid</b>	stc signed a partnership with Lucid, a leading electric vehicle manufacturer, to provide direct-to-consumer connectivity services, including in-car infotainment and over-the-air functionality to enhance the driving experience for Lucid customers.
Q2 2023	<b>Sustainability Middle East Champion of the Year Award 2023</b>	stc was named the Sustainability Middle East Champion of the Year Award 2023 by the SME Awards – Sustainability Middle East, highlighting its unique sustainability program and achievements.
	<b>center3 collaboration deal with Huawei</b>	center3 signed a strategic commercial deal with Huawei to provide hosting and data services to the technology giant that will expand its cloud footprint in the region and help meet the growing demand for cloud services.
	<b>Acquisition of telecommunications tower assets in Europe</b>	stc signed an agreement to acquire United Group's telecommunications tower assets in Europe "Bulgaria, Croatia and Slovenia", through its infrastructure arm "TAWAL", supporting its ambitious strategy to expand its international footprint in key markets with significant growth potential.
	<b>2Africa subsea cable lands in Jeddah and Yanbu</b>	center3 announced the landing of the longest subsea cable project in the world at two of the four planned landing locations in Saudi



	<b>center3 agreement with Alcatel Submarine Networks</b>	<p>Arabia: Jeddah and Yanbu. The 2Africa cable connects 46 cable landing stations in 33 countries across Africa, Asia and Europe.</p> <p>center3 signed an agreement with Alcatel Submarine Networks to connect Saudi Arabia with Europe by building the EMC West subsea and terrestrial data cables.</p>
	<b>solutions acquires 40% of Devoteam Middle East</b>	solutions, one of stc's subsidiaries, signed a binding offer with Devoteam SAS (France) and ORTILL Investment Limited to acquire 40% of Devoteam Middle East, a leader in the digital consulting business in the region.
Q3 2023	<b>center3 expansion of Riyadh data center</b>	center3 completed a 9.6MW expansion of its hyperscaler-grade data center, Khurais, in Riyadh, which will enhance its hosting capacity for customers and accelerate the development of the MENA region's digital industry.
	<b>iot squared acquisition of Machinestalk</b>	iot squared signed a binding agreement to acquire 100% of Machinestalk, which will accelerate its growth and solidify its position as the leading provider of IoT solutions in the region.
	<b>TAWAL officially begins operations in Europe</b>	As part of stc's expansion and growth strategy, TAWAL completed the acquisition of United Group's telecom tower assets in Bulgaria, Croatia and Slovenia. The total tower portfolio of TAWAL now exceeds 21,000 towers across five countries.
	<b>Acquisition of 9.9% stake in Telefónica</b>	stc acquired a 9.9% interest in Telefónica for SAR 8.5 billion (USD 2.3 billion), representing another milestone in its expansion and growth strategy, and reflecting its confidence in Telefónica's sustainable growth and potential.
Q4 2023	<b>Building digital infrastructure for Saudi Arabia's next 50 years</b>	stc, KT and Hyundai E&C jointly cooperated to take the lead in building digital infrastructure for Saudi Arabia's next 50 years, agreeing to develop internet data centers and smart cities, charting a comprehensive path towards augmenting Saudi Arabia's digital infrastructure.
	<b>Strategic partnership with Diriyah Company</b>	stc and Diriyah Company have signed an agreement to elevate Diriyah's technological landscape, including wired and wireless communication networks and internet services for Diriyah Company's main headquarters, commercial premises and cloud security services, as well as cutting-edge technology for its historical sites while retaining its distinctive heritage.
	<b>Strategic partnership with Red Sea Global</b>	stc signed a strategic partnership with Red Sea Global (RSG) that aims to facilitate digital transformation and empower tourist destinations along the Red Sea coast by adopting state-of-the-art communication technologies and digital services, focusing on seamless and sustained connectivity services.

	<p><b>center3 acquires CMC Networks</b></p> <p><b>Credit rating by Fitch Rating Agency</b></p>	<p>center3 entered into a definitive agreement to acquire CMC Networks, a global service provider offering market leading networking solutions across Africa and the Middle East. It spurred growth by integrating CMC's complementary global footprint, high-value customer base and portfolio of capabilities.</p> <p>stc received its first credit rating from Fitch Rating Agency and was rated (A+) with a stable future outlook, in line with the sovereign rating of the Kingdom of Saudi Arabia. stc's credit rating is the highest among telecommunications companies rated by Fitch. This new rating complements stc's (A1) rating with a positive future outlook from Moody's, A rating with a stable future outlook from S&amp;P, and AAA rating from Simah Rating Agency (Tassnief).</p>
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## Investment case

**As a regional telecommunications and digital powerhouse, stc provides unique proposition to investors looking to capitalize on the dynamism of the telecom sector and the growth of Saudi Arabia and the Middle East. stc stands out strategically, operationally, technologically and financially, with a clear commitment to diversification and growth to create strong and sustainable value for its shareholders.**

- **Strategic partner to KSA and market leader**
  - **Strategic partner to the Kingdom of Saudi Arabia** and service provider of choice for delivering on Vision 2030.
  - **Industry champion with strong government links** as stc considered a national flagship company that is 64% government owned and a key contributor to Saudi non-oil GDP and employment.
  - **Number 1 in ICT segment in Saudi Arabia** where stc leads the ICT sector as the largest provider of ICT services in the Kingdom of Saudi Arabia.
  - **Number 1 in consumer segment in Saudi Arabia** and the market leader in the largest and most dynamic market segment, with comprehensive product suite and superior customer experience.
  - **Number 1 in enterprise segment in Saudi Arabia** where stc holds the top position as the leading provider of connectivity services in the Kingdom of Saudi Arabia.
- **Digital-first investor mindset**
  - **Strategy secured by robust investments** in cutting-edge technology, advanced research and development, and human resources.
- **Growth and total return champion**
  - **Top and bottom-line growth** with a resilient capital structure and healthy cash flows providing financial flexibility.
  - **Stable dividend policy and attractive yield** reaching 3.96% with commitment to a minimum dividend of SAR 0.40/share/quarter for three years (2021-2024).
  - **Diversified revenue generation** with multiple revenue streams within core business and non-core business through stc's subsidiaries in the Kingdom of Saudi Arabia and beyond.
  - **Most valuable telecom brand** in the region for the 4th year in a row with a value of SAR 52.1 billion\* (USD 13.9 billion).
  - **Largest telecom operator in the MENA region** with a market cap of SAR 202 billion\*\* (USD 53.9 billion) and presence in five countries.
  - **Market leadership in Saudi Arabia** with a 73% market share by revenue in the largest market in the region.

- **Strong balance sheet and credit profile**
  - **One of the lowest leveraged telecom companies globally** with a debt capacity that can be utilized for financing new projects/acquisitions.
  - **Healthy balance sheet and cash flow** with a solid financial position and sufficient cash balance.
  - **Strong credit ratings** from several rating agencies: Fitch – A+, S&P – A, Moody’s – A1 and Tasneef – AAA.
  
- **Leader in digital infrastructure**
  - **Commitment to be at the forefront** of technological innovation and deliver best-in-class digital infrastructure that will enhance the customer experience.
  - **Largest digital infrastructure provider and enabler in Saudi Arabia** owing to the strong investment in digital infrastructure, including but not limited to data centers, FTTx, submarine cables and 5G.
  - **Largest towers portfolio** with more than 21,000 towers distributed across the Kingdom of Saudi Arabia, Bulgaria, Croatia, Slovenia and Pakistan.
  
- **Corporate governance role model**
  - **Striving to be a role model** of corporate governance, compliance and control for international and local companies.
  - **Solid governance and ethical excellence** through the promotion of responsible business practices, the upholding of human rights and the cultivation of a culture rooted in trust.
  
- **Socially responsible**
  - **Deeply ingrained culture of social responsibility and sustainability** that is backed by initiatives, which support the UN’s SDG goals.
  - **Community development flagship initiatives** where stc’s broad portfolio of community investments directly supports several UN SDGs and continues to advance progress towards the national visions of all the countries within which stc operates.

\*Brand Finance

\*\* As at 31 December 2023

## Stakeholder engagement

**stc is committed to proactive, tailored and transparent communication and collaboration with its stakeholders. Through a wide range of well-established channels, initiatives and activities, stc seeks to continuously improve engagement with both internal and external parties to enhance shared value and achieve common objectives.**

Stakeholder group	Employees	Customers	Suppliers	Community	Shareholders
How stc engages	<p>Succession planning</p> <p>Performance management and assessment</p> <p>Newsletters</p> <p>Training sessions and workshops</p> <p>stc Academy</p> <p>Website</p> <p>Intranet (stc Hub)</p>	<p>Social media channels, including X and Facebook</p> <p>Customer feedback form: Your opinion matters</p> <p>Complaints handling unit, customer service offices, mystc app</p> <p>stc live chat through: mystc.com.sa</p> <p>Website</p>	<p>Vendor relationship management system (VRMS)</p> <p>Vendor management team</p> <p>Annual meetings and sessions</p> <p>Rawafed program</p>	<p>Social media awareness campaigns</p> <p>Donations and sponsorships, including 'Donating via SMS'</p> <p>Community outreach programs</p> <p>Empowering entrepreneurs and digital innovation through: inspireU</p> <p>Employee volunteering</p> <p>Partnerships and cooperation</p>	<p>stc Annual Report</p> <p>Open transparent channels of communication with shareholders</p> <p>Quarterly presentations Governance, risk and compliance</p> <p>Committee meetings</p> <p>Website</p>
Frequency of engagement	High interaction	High interaction	Twice per year	High interaction	High interaction
How stc creates value for this stakeholder group	stc provides an equal and inclusive work environment that attracts, develops and retains the best individual talent.	stc aspires to be a digital enabler, providing connectivity to break digital divides, serving millions of customers.	stc continuously improves its business practices and operations to manage risk while increasing productivity and efficiency within the supply chain. This is achieved through greater supplier engagement, ongoing supplier recognition and better sustainable procurement practices.	stc's approach to community investment is rooted in developing the communities where it operates through unique services, digital innovation, transformative technologies and meaningful investments that go beyond regular corporate donations.	stc continues to grow shareholder value as well as keeping shareholders well informed on the Company's business by participating in various events, including individual meetings, update calls, conferences and official earnings calls.

## 2023 Conferences:

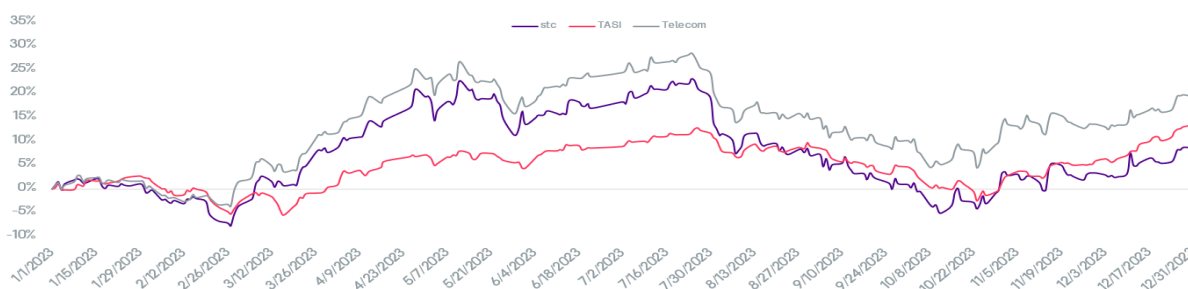
#	Event	Date
1	Citi's Saudi Day in association with Saudi Exchange	11 January 2023
2	Saudi Capital Market Forum	12 February 2023
3	HSBC MENA Investors Forum 2023	15 February 2023
4	Arqaam Capital 10th Annual MENA Investors Conference	28 February 2023
5	Goldman Sachs 6th Annual Saudi Arabia Conference	2 March 2023
6	EFG Hermes – The 17th One on One Conference 2023	8 -9 March 2023
7	Morgan Stanley 14th Saudi Arabia Conference & 3rd MENA Conference	23-24 May 2023
8	EFG Hermes Saudi Forum	11-12 September 2023
9	Goldman Sachs & Saudi Exchange Conference - Singapore Corporate Days	25-26 September 2023
10	J.P Morgan - 2023 Saudi Arabia Investment Forum	9-10 October 2023
11	BofA - Global Research MENA Conference 2023	7 November 2023
12	Morgan Stanley - TMT Conference	15 November 2023

## Shareholders' information

<b>Listing date</b>	2003
<b>Exchange</b>	Tadawul
<b>Symbol</b>	7010
<b>ISIN code</b>	SA0007879543
<b>Currency</b>	SAR
<b>Industry</b>	Telecommunication
<b>Number of shares issued</b>	5 billion
<b>Market cap as of 31 December 2023</b>	SAR 202 billion

Share Price 31 December 2023	Share Price One Year Ago	Change from 2022-2023	52-Week High	52-Week Low
40.40	36.60	10.38%	46.00	33.95

## Stock Performance FY 2023



## Major shareholders

Public Investment Fund (PIF): 64%

## Shareholders' structure

- 64% Public Investment
- 36% Public Float



▪ **Details of shareholders by category**

Category	31 December 2023		
	Number of Shareholders	Number of Shares	% Ownership in stc
Institutions	420	212,310,432	4.24%
Individual	247,621	684,348,927	13.69%
Funds	781	569,446,305	11.39%
Others	181	3,533,894,336	70.68%
<b>Total</b>	<b>249,003</b>	<b>5,000,000,000</b>	<b>100%</b>

▪ **Details of shareholders by nationality**

Country	31 December 2023		
	Number of Shareholders	Number of Shares	% Ownership in stc
Saudi	238,628	4,431,035,438	88.62%
GCC	686	78,885,580	1.58%
Resident	8,941	6,450,204	0.13%
Others	748	483,628,778	9.67%
<b>Total</b>	<b>249,003</b>	<b>5,000,000,000</b>	<b>100%</b>

▪ **Details of shareholders by ownership**

Type	31 December 2023		
	Number of Shareholders	Number of Shares	% Ownership in stc
1 – 50,000	246,807	285,402,023	5.71%
50,000 – 100,000	894	63,368,531	1.27%
100,000 – 500,000	938	199,854,612	4%
500,000 – 1,000,000	170	118,843,355	2.38%
1,000,000 – 5,000,000	153	322,450,141	6.44%
5,000,000 – 10,000,000	13	87,775,930	1.75%
10,000,000 Above	28	3,922,305,408	78.45%
<b>Total</b>	<b>249,003</b>	<b>5,000,000,000</b>	<b>100%</b>

### Shareholders' Register

stc requested the shareholder register from the Securities Depository Center Company, Edaa (15) times during the year 2023 for the following purposes:

- Updating the shareholders' register.
- Quarterly Dividend Distribution.
- General Assembly.

#	Reasons for the request	Date of request of the shareholders' register
1	Updating the shareholders' register	02 February 2023
2	Quarterly Dividend Distribution for Q4 2022	28 February 2023
3	Updating the shareholders' register	03 April 2023
4	Updating the shareholders' register	02 May 2023
5	General Assembly	11 May 2023
6	Quarterly Dividend Distribution for Q1 2023	22 May 2023
7	Updating the shareholders' register	04 June 2023
8	General Assembly	21 June 2023
9	Quarterly Dividend Distribution for Q2 2023	07 August 2023
10	Updating the shareholders' register	04 September 2023
11	Updating the shareholders' register	02 October 2023
12	Quarterly Dividend Distribution for Q3 2023	07 November 2023
13	Updating the shareholders' register	04 December 2023
14	Updating the shareholders' register	12 December 2023
15	Updating the shareholders' register	13 December 2023



## Investor Relations Calendar 2023

#	Event	Date
1	Year End 2022 Financial Results Announcement	20 February 2023
2	Year End 2022 stc's Earnings Conference Call	21 February 2023
3	Q4 2022 Dividend Distribution (0.40 SAR per share)	16 March 2023
4	Q1 2023 Financial Results Announcement	10 May 2023
5	Ordinary General Assembly Meeting	11 May 2023
6	Q1 2023 Dividend Distribution (0.40 SAR per share)	7 June 2023
7	Extraordinary General Assembly Meeting	21 June 2023
8	Q2 2023 Financial Results Announcement	30 July 2023
9	2023 H1 stc's Earnings Conference Call	1 August 2023
10	Q2 2023 Dividend Distribution (SAR 0.40 per share)	23 August 2023
11	Q3 2023 Financial Results Announcement	30 October 2023
12	Q3 2023 Dividend Distribution (SAR 0.40 per share)	23 November 2023

## 02 STRATEGIC REVIEW

### Chairman's Message

#### **Esteemed shareholders,**

The year 2023 was a pivotal point in the leading journey of stc Group, marked by the accelerated implementation of our DARE 2.0 strategy across several pillars. This period reinforced our steadfast commitment to supporting the Kingdom's Vision 2030, characterized by exceptional performance that transcended local boundaries to significantly influence global markets.

The 2023 financial results underscored our leading stance in the telecommunications and technology sectors, with stc achieving record revenues of SAR 72,337 million (USD 19,290 million) and a solid 7% Year-on-Year (YoY) growth. Coupled with a strong EBITDA margin of 34% and progressive net profit growth of 9% YoY, this remarkable growth reflects our continued focus on the group's discipline in strategy execution and commitment to generating incremental value to our shareholders.

As a testament to our financial strength, the stc Board of Directors proposed a special cash dividend of SAR 1 per share in addition to the quarterly cash dividend of SAR 0.40 per share, bringing the full year dividend payout to SAR 2.60 per share and representing 26% of the share's par value.

Furthermore, our efforts to contribute to the national agenda persisted through several initiatives aimed at accelerating digital transformation and fostering sustainable economic and social development, including making strides toward sustainability with the goal of achieving net zero emissions by 2050. This effort was bolstered by securing the approval of the Science Based Targets initiative (SBTi), as consistent with levels required to meet the goals of the Paris Agreement and incorporating a quantitative sustainability metric into the executive management's short-term incentive plan.

These results wouldn't have been possible without the Kingdom's visionary leaders and their unwavering determination to elevate the nation to a leading position in the technology and digital domains and enable the Kingdom to become a global Information Communications and Technology (ICT) hub.

In closing, I extend heartfelt gratitude to my colleagues at stc Group for their relentless efforts to solidify our position as a catalyst for digital transformation. My appreciation also goes to all our shareholders and investors for their trust in our vision. As we move ahead, we remain committed to harnessing all our capabilities to innovate and shape a promising digital future, achieving sustainable growth that aligns with the aspirations and stature of the Kingdom on both regional and global stages.

Please accept my deepest greetings and appreciation,

**Mohammed bin Khalid Al Abdullah Al Faisal**

**Chairman of the stc Group Board**

## GCEO's Message

### **Esteemed shareholders,**

As I reflect on the year 2023, it fills me with immense pride to share the significant milestones that stc Group has achieved on our ambitious path toward becoming a global digital powerhouse. This year has been about not only achieving robust financial results but also making significant advancements on strategic initiatives that have propelled us into new heights of innovation and service excellence, both locally and globally.

Starting with core, we maintained a premium market position, enabled by growth in the consumer telco segment. Secondly, regarding digital infrastructure, the year marked the largest expansion of the 5G network in stc Group's history, reaching more than 90% coverage in major urban areas. Additionally, the expansion of our data center presence across multiple cities in the Kingdom enhanced their capacity to function as continental hubs and enabled seamless data management and communication links across Asia, Africa, and Europe.

Moving to adjacencies, we strengthened stc Group's position in non-core business markets by scaling up existing ventures, pursuing sizable ICT opportunities, and fast-tracking the development of new digital concepts. We also accelerated go-to-market efforts in new consumer verticals, with fast-tracked adoption of new consumer digital services covering 3.6 million registered stc tv users and 3 million registered stc play users; and expedited stc Bank's go-live readiness with the launch of the beta version in preparation for the full commercial launch.

Concurrently, we secured major national projects such as Sawaher, a program aimed at elevating safety across the Kingdom by harnessing artificial intelligence (AI) technologies and smart analytics capabilities. Lastly, we embarked on a wholesale commercial acceleration program to tap into non-conventional wholesale offerings such as platforms and air-to-ground networks.

Over the past year, stc also witnessed notable progress on its inorganic growth agenda, accelerating the group's local, regional, and global expansion efforts in terms of scale and scope. Our strategic investment in Telefonica was a clear translation of our strategy to pursue value accretive opportunities that offer sustainable growth and upside potential to our shareholders. Additionally, the purchase of telecommunications towers assets from United Group, through TAWAL, our subsidiary specializing in telecommunications and IT infrastructure, further exemplifies our global expansion ambitions.

In addition to the acquisitions and strategic investments completed over the course of 2023, stc launched tali ventures with the aim to invest in early-stage startups in various domains, including fintech, cybersecurity, AI, digital games, Internet of Things, blockchain, and other promising areas. Furthermore, we incubated 20 startups in inspireU in 2023, continuing our endeavors in aiding startup ventures and expanding the acceleration program to regional markets. Our focus on partnerships intensified, with tireless efforts to position stc as the preferred partner for Giga projects in digital infrastructure and ICT services, notably with Red Sea Global and Diriyah Company.

Finally, we made remarkable progress in nurturing the national workforce and increased the Saudization rate to more than 90%. Additionally, our efforts to champion sustainability culminated in an upgrade from B to BB status in the MSCI Environmental, Social, and Governance index; spearheaded the Sustainability Innovation Hub as part of the GCC Telco Alliance; and pioneered stc square, a novel real estate concept that is a mega mixed-used project merging the digital world with sustainable real estate development. To top our year-round achievements, we received the Forbes award in sustainability, acknowledging our exemplary efforts to reduce

carbon emissions and promote sustainable practices in four areas related to climate, society, digitalization, and the future of work.

Moving forward, we will continue our ambitious journey to address our set strategic priorities. Our focus remains on cementing our leadership position in the core telco market while broadening adjacencies propositions. Leveraging the momentum gained in 2023, stc Group is committed to expanding scope and scale globally by ramping up our investments. Moreover, in order to underpin our profitable growth targets, we are intensifying our efforts on corporate enablement and organizational excellence to transform stc to be fit, lean, and efficient all while increasing emphasis on sustainability and supporting the national agenda.

In closing, I extend my profound gratitude to stc Group's Board of Directors, major shareholders, investors, and all our colleagues for their trust and steadfast support. Together, we are poised to navigate the exciting opportunities that lie ahead, continuing our journey toward achieving greater accomplishments and fostering the growth and prosperity of the digital economy, in alignment with our aspirations.

Please accept my utmost greetings and appreciation,

**Olayan M. Alwetaid**

**CEO of stc Group**

## Business model

As a regional telecommunications and digital leader, stc has the scale, strategy and strength to lead the digital transformation across the Kingdom and beyond, while creating consistent and sustainable returns for our shareholders and tangible value for all our stakeholders.

### Our strengths

#### Exceptional expertise and experience

Our talented and diverse team of 22,751 employees.

#### Market-leading brand

One of the most valuable brands in the Middle East.

#### Deep ecosystem of stakeholders and partnerships

Our robust and growing network strategic partners and key stakeholders.

#### World-class network and cutting-edge technology

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

#### Strong financial fundamentals and track record

Our outstanding track record of financial performance with record-breaking growth.

### Create value

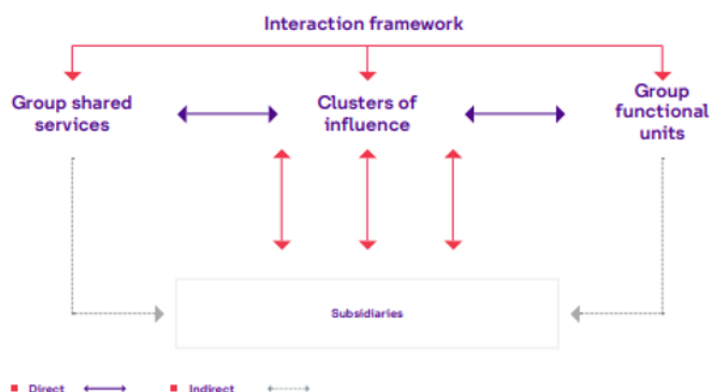
#### Our vision

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

#### Key business activities

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

#### New group operating model:



#### Our Values

Dynamism  
Devotion  
Drive

## **For our stakeholders**

### **Our customers**

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

### **Our people**

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

### **Our planet**

We are committed to realizing our goal of net zero by 2050, playing our part in combating the ICT industry's contributions to global greenhouse emissions.

### **Our society**

We engage and invest in the wellbeing of our communities through unique services, digital innovation, transformative technologies and meaningful investments.

### **Our shareholders**

We continue to grow shareholder value in our journey to be the leading digital enabler in the region.

## Strategy & KPIs

### Our Vision

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

### Our Values

- Dynamism - How we become a company that is continuously looking to improve and adopt new and better ways of doing things, with a fresh and ingenious view.
- Devotion - The desire to become a customer-centric company for our clients and our employees.
- Drive - We are "restless", looking for the best possible solutions for our clients and our employees.

### Our DARE 2.0 strategy

Strategic pillar	Digitize stc	Accelerate performance	Reinvent experience	Expand scale and scope
Description	Developing advanced in-house digital and analytical capabilities and improving our cybersecurity readiness and flexibility.	Developing new digital services, monetizing assets, enhancing business efficiency, maintaining our leadership in technology, improving our sustainability maturity, and fostering a healthy and conducive culture and work environment for our employees.	Providing an exceptional experience for our customers, partners, and employees by improving and digitizing their end-to-end journeys and touchpoints.	Growth engine of our strategy focuses on exploring and expanding to new geographies and in new and emerging adjacencies, such as the cloud, IT services, cybersecurity, IoT-enabled industry verticals and consumer solutions, fintech and the creation of a regional data hub.
Objectives	<p>Instill digital mindset and unlock the potential of digital and analytics capabilities.</p> <p>Transform into an agile technology company and embrace new ways of working.</p>	<p>Maximize shareholder returns by transforming costs and monetizing assets.</p> <p>Connect our market through leading next-gen technology and digital offerings.</p> <p>Be a role model for sustainability and corporate governance.</p> <p>Lead Group-wide culture change and be the employer of choice for top digital talent.</p>	<p>Excite customers with a seamless, personalized and secure experience.</p> <p>Be the trusted partner-of-choice for business in the region.</p>	Multiply by expanding into selected pillars within digital services and core.
Achievements	Accelerated digital capabilities with development of 120+	Achieved highest-ever revenues of SAR 72.34 billion for 2023 with an increase of 7.3% compared to 2022, with	Modernized infrastructure, to enable further innovation and create	stc Bank continues to grow with a 23.2% growth in active users (180 days) in 2023.

	<p>advanced analytics use cases.</p> <p>Enabled new ways of working and agility across the Group with further digitized business and organizational journeys.</p>	<p>improved business efficiency to realize a net profit of SAR 13.30 billion, an increase of 9.2% compared to 2022.</p> <p>Maintained technology leadership in Saudi by reaching 47.5% 5G coverage of KSA population and announcing massive expansion of 5G network across the Kingdom.</p> <p>Connected +3.2 million households with fiber and 4 Gbps FTTH traffic increase.</p> <p>Launched first global operations for Tawal in Pakistan.</p> <p>TAWAL acquired towers in 3 European markets to increase towers portfolio to +21,000 towers across five countries.</p> <p>stc won the 'Forbes Middle East Sustainability Leaders Award' in recognition of efforts to reduce carbon emissions and promote sustainable practices.</p> <p>Transformed organizational cultural with top quartile Organizational Health Index (OHI) score.</p> <p>Provided 250,000+ learning hours through stc Academy and 919+ employees enrolled in special talent programs.</p> <p>Became a leading digital services provider with stc tv having 3.6 million (authorized subscribers)*, in which 945K are (active views)**. In addition, stc play reached 3 million registered users.</p> <p>Continuing to enable Saudi startups with InspireU (+110 startups incubated since launch) with a total valuation</p>	<p>a better customer experience by migrating ~300k copper lines.</p> <p>Continued strategic partnerships to enable advanced connectivity services and drive the digital success of major projects in the Kingdom, including Red Sea Global, NEOM, Diriyah Gate and the Royal Commission of Al Ula.</p> <p>Strengthened Qitaf loyalty program reached 15.7 million users (fixed and mobile lines).</p> <p>Won multiple awards showcasing stc's commitment to offering the best customer experience, including winning "Best 5G Experience" Award during the SAMENA Lead 2023 event and winning the Computing - Telecommunications category at the Middle East Technology Excellence Awards for stc's initiatives in enterprise and business connectivity.</p>	<p>Expanding stc bank services with the launch of beta version and launching the operations of stc pay in Bahrain successfully.</p> <p>Further reinforcing Saudi Arabia as a digital hub, by developing new data traffic routes and by linking Saudi Arabia to Europe through building the EMC West subsea and terrestrial data cables (reaching a total of 16 subsea cables by center3).</p> <p>sirar being ranked first across MENA in Alert's Top 250 Managed Security Service Providers for 2023 list, showcasing stc's commitment to cybersecurity excellence.</p> <p>center3 reached a total of 25 data centers (operational and under construction).</p> <p>Enhancing the ICT bundle through solutions acquisition of Devoteam.</p> <p>Accelerated iot squared growth by acquiring Machinestalk, and through strategic partnerships with Huawei to progress in 5G and IoT innovations and with Hitachi to enrich the smart city landscape.</p> <p>Telco expansion through minority stake acquisition of Telefonica.</p>



		<p>of SAR +12 billion and launch of Corporate Investment Fund to invest in early-stage startups in various domains including fintech, cybersecurity, AI and other fields</p> <p>Further advanced in technology and digital services by development of 19 Emerging technologies POCs.</p>		
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\* **Authorized subscribers:** Customers who have generated their login credentials and logged into stc tv or Jawwy TV at least once in their lifetime.

\*\*Active viewers: Customers who accessed the platform (stc tv or Jawwy TV) within the last 30 days.

## Market Overview

### Challenging global economic landscape

The global economy is recovering slowly from the COVID-19 pandemic, geopolitical challenges and a cost-of-living crisis. Projections indicate a slowdown in growth from 3.5% in 2022 to 3% in 2023 and 2.9% in 2024, below historical averages (Figure 1). Headline inflation is predicted to decrease from 9.2% in 2022 to 5.9% in 2023 and 4.8% in 2024 (Figure 2). As a result, projections align with a soft-landing scenario, reducing inflation without a significant activity downturn [Sources: IMF, October 2023].

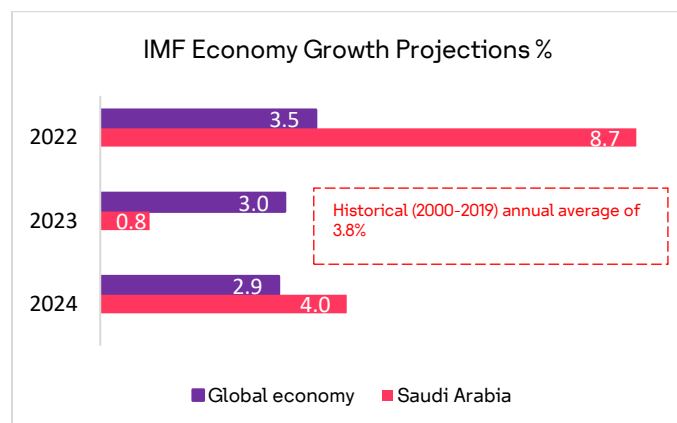


Figure 1. Global economy growth projections compared with Saudi's projections and historical average growth .

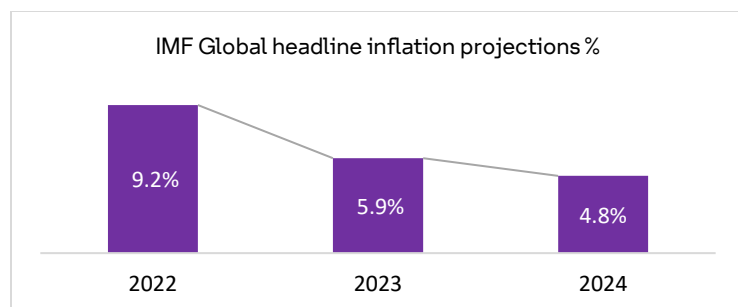


Figure 2. Global headline inflation declining steadily.

### Regional economic growth driven by Saudi Arabia

Saudi Arabia is undergoing an economic transition driven by Vision 2030, aiming to diversify and reduce reliance on oil. Despite a robust performance in 2022, GDP is projected to grow more slowly at 0.8% in 2023 (Figure 1. compared with global growth projections) [Source: IMF]. This is attributed to oil production cuts by OPEC+, along with additional cuts announced by Saudi Arabia in June and October 2023. Moreover, the containment of inflation at 2.5% in 2022 and subsequent low inflation figures in 2023 attests to the stability of the economic environment in the Kingdom. These indicators reinforce the positive economic climate that supported the Kingdom's growth in 2023. The strong non-oil GDP growth surpassing 5% reflects the impact of Vision 2030 and governmental initiatives to reduce oil dependency and achieve economic diversification. In addition, the private sector played a pivotal role in Saudi Arabia's economic growth in 2023, with the Kingdom's government actively promoting private investment.

On the regulatory front, both global and Saudi markets saw a continued emphasis on sustainable practices. Saudi Arabia's Green Initiative garnered attention, reflecting a commitment to environmental responsibility. This initiative, while contributing to global efforts for emissions reduction, also signaled a shift in the Kingdom's economic priorities.

Tourism played a vital role in the economic narrative, with Saudi Arabia ranking second globally in tourist arrivals [Source: UNWTO]. Moreover, the success of World Tourism Day hosted in Riyadh further emphasized the Kingdom's position as a global tourist destination.

The Kingdom's achievements in reducing unemployment underscored the positive impact of labor market reforms. Economic success is underscored by historically low unemployment rates, dropping to 8.3% in Q2 2023. The unemployment rate for Saudi women saw a substantial decline to 15.7%, contributing to the broader economic landscape and aligning with the goals of Vision 2030 to boost workforce participation.

### Resilient Saudi telecom sector

In the dynamic landscape of the Kingdom's telecom sector in 2023, key events and trends have significantly shaped the ICT market trajectory, in line with the Vision 2030 initiative. The industry showcased robust growth, with the ICT market reaching SAR 154 billion in 2022, and 4.1% of GDP [Sources: [CST press release](#), March 2023].

In alignment with Vision 2030, Saudi Arabia has persistently pursued strategic investments in digital infrastructure. This commitment yielded a noteworthy 53% 5G coverage in 2023, positioning Saudi Arabia as the ninth largest 5G mobile market globally and the largest in the Middle East. These advancements have translated into tangible enhancements in service quality, marked by a remarkable 3.4 times improvement in mobile internet download speeds over the past three years. Furthermore, this sustained support resulted in

expanding fiber optics access to 3.7 million Saudi households, contributing to the broader digital connectivity goals<sup>1</sup> [Sources: [CST's Meqyas Q1 2023](#), [CST press release](#), March 2023, Omdia].

Saudi Arabia ranked second in the G20 for digital preparedness in a 2023 report by the ITU, which named the strength of its regulatory framework as a significant success factor. The Saudi Government's National Spectrum Strategy (2020-2025) aligns with Vision 2030, emphasizing spectrum unlocking for 5G and IoT.

Saudi Arabia is actively pursuing digital transformation and space exploration, with a focus on non-terrestrial networks (NTN) for enhanced connectivity and the development of a dynamic space ecosystem. The nation's upcoming strategic vision aims to establish a competitive space ecosystem, increase its share in commercial space markets, and generate broader socio-economic value, anticipating rapid expansion with ambitious initiatives across the space value chain [Source: [CST](#), November 2023].

### **stc driving growth and transformation**

stc plays a pivotal role in the Kingdom's digital evolution and markets are showcasing an overall steady increase in the ICT market.

The telecom consumers market is expected to grow by 3.1% (2023-2024 growth), where stc is a leader in connectivity within the Kingdom by deploying approximately 3.2 million FTTx lines and achieving 47.5% 5G coverage.

The international data and colocation market is expected to grow by 18.4% (2023-2024 growth), a market where stc is increasing its presence with center3, established data centers, and ensuring a highly resilient network for uninterrupted business operations. Progress in network virtualization and proof of concepts in emerging technologies highlight stc's commitment to staying at the forefront of technological advancements. These investments place Saudi Arabia among the top nations with the fastest networks and high digitization rankings.

The fintech market is evolving with government direction as SAMA has issued 100+ fintech licenses and approved the open banking framework. The Group is on track to launch comprehensive digital banking services with stc Bank and has bolstered its digital capabilities.

Digital media and gaming markets have grown by 11% and 8.4% respectively (2023-2024 growth), owing to the young population in the Kingdom, new regional and global market entrants and public sector investment. stc is expanding its footprint in both markets with stc tv and stc play, offering various catalogues of content to their user bases.

Expansion has been a key theme, with stc actively pursuing opportunities in target markets, such as the minority stake acquisition of Telefonica. It has also transformed its cybersecurity maturity across stc, achieving exceptional results in its readiness and ability to confront any threat.

Sustainability efforts have seen improvement, with a higher BB MSCI score and the publication of the third annual Sustainability Report. Additionally, stc has made strides in diversity and the empowerment of women through the launch of development programs.

Economically, stc has fostered strategic partnerships with government entities, global hyperscalers and enterprises, contributing significantly to the Kingdom's local content program. The stc's active participation in venture capital and startup funding has resulted in the incubation of multiple startups, contributing to the Kingdom's innovation ecosystem.

## **Risk management**

The telecommunications sector faces significant challenges, chiefly the diminishing demand for voice services juxtaposed with an exponential increase in data consumption, a trend hastened by the recent pandemic. This rapid digital transition, propelled by disruptive technologies, redefines traditional revenue models and necessitates swift innovation among telecom providers.

In an increasingly saturated market, differentiation through unmatched service offerings becomes paramount. Concurrently, significant investments in infrastructure, rigorous data protection protocols, and adherence to regulatory frameworks are non-negotiable. Telecom enterprises must navigate this transformation by promptly adapting, broadening their service portfolios, and delivering frictionless customer experiences to secure a competitive advantage. stc's risk management is integral to its strategic framework, informing business planning and performance evaluation and embedding risk considerations into critical decision-making processes to maximize impact.

### **Enterprise risk management governance**

The Board of Directors ensures the highest standard of corporate governance is maintained by regularly reviewing governance development best practices and making certain these are duly adopted. As a result, the Board has established the Board Risk Committee, which plays a key role in overseeing the implementation of the enterprise risk management (ERM) framework, risk strategy and related risk management policies, as well as monitoring stc's risk management system, reviewing the top risks, and the management of those risks. The risk management function is independent and separate from stc's business groups and sectors; it has completed its first wave of measures this year as per the Board-approved risk strategy to uplift current practices and maturity.

### **Enterprise risk management framework**

The ERM framework provides guiding principles for proactively managing business risks through a comprehensive and dynamic system designed to identify, assess, prioritize and mitigate risks effectively across stc operations. The ERM process is embedded within stc as this allows us to take a holistic approach and make meaningful comparisons to support the delivery of strategic objectives. Quarterly risk assessment is a core part of this process. The risk framework clearly defines roles and responsibilities and sets out a consistent end-to-end process for identifying and managing risks.

stc's approach is continuously enhanced, enabling more dynamic risk detection, modeling of risk interconnectedness, and the use of data, all of which are improving its risk visibility and responses. A standard risk scoring methodology has been devised to provide context and ensure consistency in reporting and evaluating risks. The output from this process is consolidated to determine the principal risks and uncertainties for stc Group.

Emerging risks are considered part of the risk assessment process and identified through horizon scanning, continual dialogue with the business and keeping abreast of market and industry changes. A summary of identified emerging risks is presented to the Board Risk Committee and Board for assessment, and these risks are consistently monitored as part of our ongoing risk management processes. Some of these emerging risks include ESG regulatory changes, technology innovation and business disruption.

### **Identifying risks**

All stc entities identify and assess their own risks, which could potentially affect our strategy and operations. A consolidated list of these risks is presented to senior leaders and executives, along with the outputs from

an external environment scan and related benchmarks. Applying a Group-wide perspective, these executives evaluate and determine critical risks and which emerging threats warrant further exploration. These are defined and agreed upon by the Risk Management Committee before being submitted to the Board Risk Committee and the Board for final review and approval.

### **Managing risks**

Establishing the context and having a clear understanding of the environment in which it operates is important. Therefore, stc assigns each of its risks to a specific category (i.e. corporate, technology, operational, financial and compliance) and identifies whether the source of the threat is internal or external. This approach enables a better understanding of how it should treat the risk and ensures the right level of oversight and assurance are provided. The assigned executive risk owners are accountable for making sure adequate controls are in place and implementing the necessary treatment plans to bring the risk within an acceptable tolerance. stc continues to monitor the status of risk treatment strategies across the year and hold in-depth reviews of its risks. stc also develops a comprehensive assessment of the related scenarios for each of the top risks, providing additional insight into possible threats and enabling a better risk treatment strategy.

### **Monitoring risks**

stc risk report, which presents the main risks, is prepared for the Board of Management on a quarterly basis. The Board Risk Committee also examines this report at its meetings. Furthermore, the Board of Management informs the Supervisory Board. In addition, the emerging risks are presented once a year as part of the risk report. Among other benefits, stc risk report ensures transparent monitoring of the development of individual risks, as well as the overall risk situation. It informs the Board Risk Committee about all of the latest developments and/or changes in the risk management system. With the aim of managing and supervising risks, stc is enhancing its risk management technology tools, which facilitate the reporting, analysis, assessment and management of risk information. These are continuous improvements developed in risk management tools to improve or expand their functionalities.

### **Risk mindset and culture**

stc engenders a set of behaviors and expectations that drive risk awareness throughout its business activities. It is driven by the tone from the top and supported by its people management systems. It promotes timely and sensible risk interventions and actions that improve operational integrity and help employees make smart choices about risks. It communicates expected behaviors to every colleague to weave risk awareness into the fabric of its culture. It has an ongoing program of training and communication and has defined roles to formalize risk management and continuously integrate risk management procedures into key areas of decision-making.

### **Business continuity**

stc business continuity, data centers, mobile communications network, other network infrastructure and facilities, and the safety of its employees and customers are among stc's most important priorities. stc implements an immediate and appropriate response to disaster and emergency incidences and carries out business continuity plans (BCP) for critical operations, systematically and periodically, according to the business impact analysis (BIA) to ensure the effectiveness of these plans. stc has recently been recertified for the international standard for business continuity management (ISO 22301:2019); this comes as a testament to the diligent approach taken by stc to implement protocols and guidelines to maintain all business-related operations.

### Internal control

stc's 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 stc's ability to continue its activities. The Audit Committee oversees the compliance and internal and external audits, and regularly reviews the adequacy and effectiveness of the internal control system. One of the objectives of the Board is to obtain reasonable assurance about the soundness of the design and the effectiveness of stc's internal control system. In this regard, during the fiscal year 2023, the Audit Committee held 11 meetings and discussed a number of topics falling under its competencies, including reviewing financial statements, investments and business units, as well as strategic and organizational affairs, human resources, procurement and IT systems. This meeting is attended by Executive Management and members of the Internal Audit team.

### Risk management highlights

Throughout the preceding year, stc attained significant milestones within its risk management initiatives, a testament to its unwavering commitment to cultivating a proactive, risk-aware culture, and implementing stringent risk management strategies. Notably, it augmented its risk culture via comprehensive, quarterly training sessions for designated risk champions, equipping them with the requisite knowledge and insight essential for the identification and management of risks pertinent to their domains. Furthermore, specialized training sessions have been conducted under the auspices of the stc Academy, ensuring a universal and thorough grasp of risk management principles and practices across the organization.

A pivotal achievement during this period was the successful deployment of its risk management system. This technological leap forward is designed to automate and streamline the entirety of the risk management process. The system has refined stc's procedures for risk identification, assessment and mitigation. With the aid of advanced automation technology, it are now equipped to swiftly address emerging risks and implement mitigation strategies, significantly bolstering its resilience against risk.

In its relentless quest for excellence, stc has made considerable progress in strengthening its control mechanisms and reinforcing its risk mitigation tactics. Over the past year, its concerted efforts have been directed towards refining its risk management framework, enhancing internal controls, and ensuring the robustness of its mitigation plans. Through meticulous alignment of its controls with the pinnacle of industry best practices and regulatory standards, it has not only fortified the organization, but also empowered it to pursue its strategic objectives with heightened confidence and exactitude.

### Principal risks

As a leading entity in the global telecommunications and information technology arena, stc navigates a landscape rife with uncertainties and rapid change. Success in this dynamic environment is predicated on its proactive anticipation of potential developments and the systematic identification, evaluation and management of the consequent risks and opportunities. stc regards an efficacious risk and opportunity management system as an indispensable component of its value-driven corporate governance. In the risk evaluation phase, it categorizes risks into corporate, technology, operational, financial and compliance domains. This classification enhances its comprehension of each risk's unique characteristics and informs its management approach, allowing it to craft tailored oversight and assurance strategies.

The material risks that could affect stc are outlined below, including any material exposure to environmental or social risks, and how it seeks to manage them. The risk management process reflects the most significant risks identified at the entity level.

Category	Risks	Mitigation measures
Technology	<b>Cybersecurity threats</b> 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 its vendors and suppliers; and downstream, where vulnerabilities in stc may be leveraged by cyber-criminals to attack its customers. Third-party access management is a significant matter as it relies heavily on third-party contractors with multiple incidents reported by stc.	stc 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. stc has established robust cyber assurance practices for information protection and asset management and the Group has established advanced penetration testing and vulnerability management capabilities.
Technology	<b>Data privacy</b> 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 it faces 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.	stc 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.
Technology	<b>Resilience following disaster, crisis or events impacting business continuity</b> Global telcos have experienced significantly higher network demand during the COVID-19 crisis, with the initial lockdowns triggering reported traffic spikes, partial or full-scale non-availability or quality degradation of ICT services owing 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.	stc has established entity-wide written programs that address and validate the continuity of the institution's mission-critical operations. It has recertified the organization against ISO 22301:2019 and taken all required steps to comply with any relevant regulatory requirements. stc 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.
Compliance	<b>Unfavorable regulatory changes impacting its current business model</b> Regulations over its 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.	stc studies the regulatory legislation on an ongoing basis, coordinates efforts with sectors related to it, inside and outside stc, 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 stc's capabilities in the regulatory field.



Operational	<b>Supply chain disruptions</b> 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 its ability to provide essential services and next-generation mobility, and to meet the demands of infrastructure projects upon which it has engaged.	stc diversifies its supply chains so that it does not depend on limited numbers of suppliers, and it 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 stc's requirements, in line with technological development and the integrity of their business plans.
Corporate	<b>Strategy implementation in a dynamic market</b> 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 it operates.	stc's strategy is updated on a 3-yearly basis and refreshed annually to ensure it remains current and relevant. The timing of the annual refresh and 3-yearly updates is flexible in line with context, dynamics and stakeholders' inputs. It has also conducted a 360-degree environmental scan (i.e. competition, industry trends, regulation, socio-economic and stc performance).

## Financial Risk Management

### - 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 investment grade credit ratings issued by international credit rating agencies and limits the exposure to a single counterparty by stipulation that the exposure should not exceed 30% of the counterparty's shareholders' equity. Further, the Group's credit risk is monitored on a quarterly basis.

Other than the concentration of credit risk disclosed in Note 18 in the consolidated 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 telecom industry norms.

Ongoing 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 18 in the consolidated 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 45 in the consolidated annual financial statements).

Cash balances and short term investments were deposited with international banks with credit rating of A and above, while investments made with local banks had an investment grade credit rating of Baa3 and above.

The credit rating of the Company's investments in government sukuk and Binariang GSM Sdn Bhd ("BGSM") sukuk are A and Aa3, respectively as at 31 December 2023 (2022 : A and Aa3, respectively) (for more details, see note 16.1 in the consolidated annual financial statements).



The carrying value of financial assets represent the maximum exposure to credit risk.

- 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 mainly euro. The fluctuation in exchange rates against currencies, which are not pegged with Saudi Riyal, are monitored on a continuous basis and risk is assessed via the Value-at-Risk (VaR) measure. The Group's exposure to foreign currency changes for all other currencies is not material. The sensitivity of the changes of SAR/EUR exchange rates by 1% would have impacted equity by SAR 88 million.

- 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 (for more details, see note 43.6 in the consolidated annual financial statements).

- Profit Rate Risk

The Group's main profit rate risk arises from borrowings with variable profit margin rates.

The sensitivity analyses below have been determined based on the exposure to profit rates for non-derivative instruments at the end of the financial year. These analyses show the effects of changes in market profit rates on profit and loss. For floating rate liabilities, the analysis is prepared assuming the amounts outstanding at the end of the year were outstanding for the whole year. A 100-basis point increase or (decrease) represents management's assessment of the reasonably possible change in profit rates. If profit rates had been 100 basis points higher (lower) and all other variables were held constant, the impact on the profit of the Group would have been lower (higher) by SAR 155 million (2022: the impact on the profit of the Group would have been lower (higher) by SAR 39 million). This hypothetical effect on profit of the Group primarily arises from potential effect of variable profit financial liabilities. The Group periodically monitors the impact of the incremental changes in profit rates and assesses the impact on the Group's profitability.

- Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises different types of risk: interest rate risk, currency risk, and price risk . Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments.

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

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

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

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

#### - Fair Value of Financial Instruments

The Group uses valuation techniques appropriate to current circumstances that provide sufficient data to measure fair value. In addition for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety (for more details, see note 4.20 in the consolidated annual financial statements).

The fair values of financial instruments represented in trade and other receivables, short-term murabaha, cash and cash equivalents, and trade and other credit payables closely approximate their book value due to their short maturity (for more details, see note 43.2 in the consolidated annual financial statements).

#### - 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 2023.

The Group reviews the capital structure on an annual basis to evaluate the cost of capital and the risks associated with capital (for more details, see note 43.1 in the consolidated annual financial statements).

## Compliance

stc seeks to promote an organizational culture that is committed to compliance with all the applicable laws, bylaws, regulations and ethical conduct through supported comprehensive policies, talent development, engagement with all the stakeholders and leveraged cutting-edge technologies.

This year, stc expanded the compliance program to all subsidiaries, and is currently transforming the compliance function to adopt a unified approach towards compliance management. Recently, stc has invested heavily in enhancing the compliance program based on the ISO 37301:2021 standard that will support the Group-wide compliance strategy in guiding the business towards achieving its objectives.

The immediate strategic focus is to enable stc to become world class in compliance by taking into consideration internal and external factors, and monitoring the growth and performance of stc, supported by a robust operating model commensurate with stc's size and operations.

The Compliance sector is independent and constantly engaged with two independent committees: the Board Audit Committee (BAC), chaired by an Independent Board member, and the Risk Management and Compliance Committee (RMCC), chaired by the Group Chief Executive Officer. Both committees are responsible for overseeing the progress of the compliance program and maintaining a strong culture of compliance at Group-level. Direct and independent oversight not only mitigates potential legal and financial risks, but also fosters trust among its stakeholders.

stc places strong emphasis on localizing capabilities and sustaining expertise by leveraging continuous training and awareness programs to promote a culture of compliance within the organization. Additionally, the Compliance unit is actively managing non-compliance risks, driving efficiencies, improving quality and providing business insight through technology-enabled and data-driven practices.

We are dedicated to enhancing the culture of compliance and adherence to laws, bylaws, regulations, internal policies, procedures and standards. It serves as a core principle that governs stc's conduct, guiding its actions and decisions.

## Business Integrity

stc Business Integrity and its program and activities strive to promote a culture of integrity that encourages ethical behavior in stc's work culture.

stc's Business Integrity team reports to stc's GCEO, Business Integrity Committee, Board Audit Committee and Board of Directors on a regular basis on integrity matter updates and the program's progress. stc has currently unified the integrity function under one umbrella by merging the specialized departments – such as combating financial crimes, anti-money laundering, anti-fraud, anti-bribery and corruption and combating terrorist financing – under the Business Integrity general department.

stc is considered one of the pioneer companies to activate such a general department in the telecommunications sector to protect assets and effectively contribute to combating these types of crimes.

stc is keen to activate the preventive role and continuous improvement of a safe and fair work environment and business practices. Understanding the importance of these roles contributes to the ethical culture in stc.

stc has also established a specialized business integrity committee to keep pace with relevant best practices and ensure stc's actions align with best practices in corporate governance. The committee held 6 meetings during the year 2023, in which it discussed the submitted reports, recommendations related to work, statistics pertaining to integrity, and general supervision of awareness and communication plans and corrective actions.

stc communicated with its subsidiaries to confirm the application of the highest standards of professional integrity practices in the work of stc Group and its subsidiaries, ensuring consistency of policies and procedures for business integrity and the existence of channels for receiving reports of violations of various types, including but not limited to administrative, security, behavioral and money-laundering violations, as well as corruption, fraud and bribery.

As part of a strategy that dares to activate digital empowerment and unleash the potential of digital and analytical capabilities, Business Integrity developed and designed a system for managing cases and receiving speak-ups and whistleblowing. The automation of the process raised the level of work completion and assigned tasks and contributed to cooperation with relevant departments, allocating resources, increasing efficiency and improving quality, thereby diversifying the channels used to receive reports and making it easier for those who wish to report integrity concerns.

Among the cooperative initiatives and in cooperation with the Oversight and Anti-Corruption Authority (Nazaha) – within the framework of heightening awareness of combating corruption – the specialized team presented 2 workshops in 2023 through Nazaha's Watanona Amanah program. These workshops targeted leaders and employees and discussed topics of strengthening the values of integrity, combating corruption in the work environment, disclosure, transparency and conflicts of interest. Mandatory training material has been launched and directed at all employees and contractors, specifically pertaining to anti-fraud, which aims to spread awareness of business integrity, combatting corruption and enhancing self-commitment to integrity.

stc sent several Saudi male and female employees who are working in Business Integrity to the United States of America to complete training on the systems used, including the global Nuix system, which is one of the leading systems in investigations in anti-fraud and business integrity cases. The Company seeks to develop the culture of competency qualification and continuous training with the aim of improving the business cycle and its quality in this field, supporting human capital and developing national competencies.

As we progress on our integrity journey, we commit ourselves to constantly improve stc's integrity program and setting an example of ethical leadership.

## 03 BUSINESS REVIEW

### Commercial Unit

**stc's Commercial Unit has, yet again, achieved exceptional growth in 2023, capitalizing on a positive macroeconomic outlook, continued influx of expats, fiber deployment and growing opportunities on adjacent services. The Commercial Unit maintained its growth trajectory, outperforming the market while maintaining a premium value positioning and sustaining market growth by leveraging its ever-improving experience, service quality and analytics-powered go-to-market engine.**

2023 was a landmark year for the Commercial Unit in capturing the benefits of its analytics engine and growing its capabilities' depth and breadth. The Unit's leadership further integrated an agile and empowering management set-up, and data-driven decision-making frameworks. It also evolved its top-tier digital capabilities and journeys, customer experience, and tailoring and targeting capabilities. Amongst other achievements, this resulted in the lowest-ever churn rates, the most active base on mystc app, and the highest-ever qitaf base and NPS scores; all the while, optimizing its spending.

On **mobility services**, the Unit was able to maintain market leadership by leveraging advanced analytics, elevated experience and network-leadership, and value-driven, segment-specific offerings and go-to-market. Indeed, its new go-to-market engine – enabled with next-gen analytics and intelligence across communications, sales, fulfillment, base management and loyalty management – was instrumental to its growth.

For instance, the Unit leveraged its refreshed go-to-market to capture a higher than ever share of the influx of tourists, and Hajj and Umrah visitors. It is noteworthy that it achieved this despite key market pressures, such as new mobile virtual network operators' (MVNO) intensifying competition in some of its key segments. Overall, 2023 was a successful year for mobility services, with growth in the base and uplifted attachment to bundles, setting the stage for another year of solid progress.

In **fixed services**, the Unit was able to maintain its positive momentum this year, through growth in high-speed broadband plans – covering both fiber to the home (FTTH) and flexible working arrangement (FWA) – base management stimulation uplifting average revenue per user (ARPU), and attachment to multi-play, higher-value plans and targeted migration of the legacy copper base to high-speed broadband technologies.

It also leveraged re-enacted fiber deployment, evolving open access models and a refreshed portfolio to uplift its pace of growth. Overall, it recorded impressive growth on FTTH and FWA, despite intensifying competition and regulatory pressure. Indeed, it is growing faster than the market, increasing a readily healthy market share and boosting its base, thus establishing the foundation for continued growth in the future.

With respect to the Unit's **adjacent services**, it delivered a robust performance in 2023, achieving new heights across digital media streaming, gaming and eSports, consumer IoT and smart home, consumer electronics, logistics and distribution. On digital media, it delivered unprecedented growth in its stc tv active base, growing almost 2.3-fold, through a state-of-the-art platform and user experience, solid content portfolio and a repowered go-to-market push through bundling. It also achieved impressive growth on stc play over the last year, with a significant rise in registrations and engagement. In parallel, it has increased its stc play capabilities to better monetize its base and capture its fair share in the expanding gaming and eSports market to establish itself as a key player in the ecosystem.

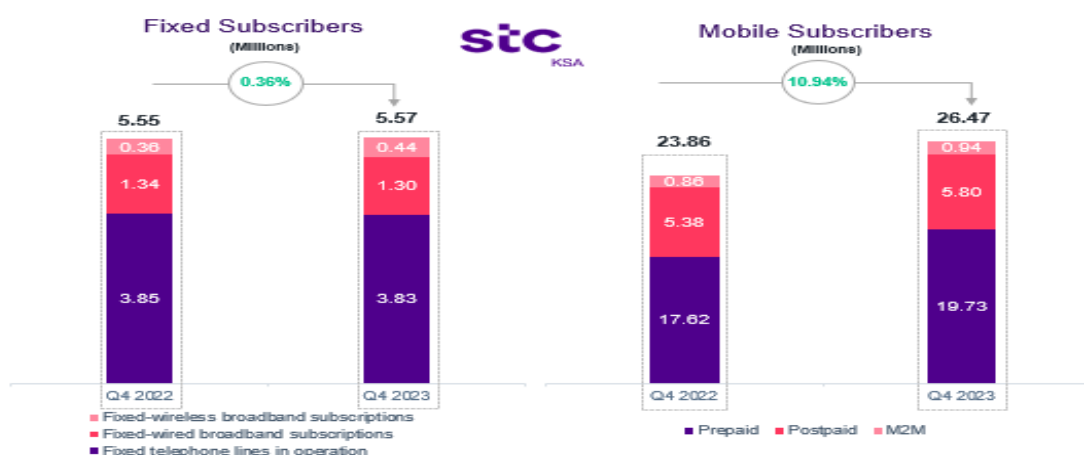
The Unit also expanded its devices portfolio to cover a wide range of consumer electronics, with impressive growth in gaming, IoT and smart home devices. It focused on uplifting consumer electronics after-sales service customer journeys with trade-in, repair, insurance and other value-added services. It was able to mitigate multiple risks on its consumer electronics business, such as supply chain disruptions, through its exceptional relationships with manufacturers and suppliers.

On **logistics**, it substantially expanded its client base and its capabilities, doubling the number of last-mile deliveries for new clients. Lastly, it boosted its local and regional distribution capabilities, and capitalized on the launch of new MVNOs in the Kingdom to grow its distribution business.

## Commercial Unit in 2024

Building on an exceptional performance in 2023, the Commercial Unit has big aspirations for the year ahead. It is on track to become the consumer's go-to digital lifestyle provider. It is already the outright leader in the core telecom market, holding a higher value base, and it is well positioned to maintain its leadership through a best-in-class proposition, experience, analytics and go-to-market.

The Unit will grow its adjacencies to build a resilient future and be the consumer's provider of choice across consumer electronics, media streaming, gaming and eSports. It will continue growing its capabilities and commercializing them in the Kingdom and beyond. It has a solid foundation and a flawless track record to realize stc's DARE 2.0 Strategy objectives and optimize shareholders' returns.



\*Fixed-wireless broadband subscribers includes 4G and 5G subscribers.  
 \*Prepaid subscribers includes mobile voice, standard mobile broadband, and dedicated data mobile broadband subscriptions.  
 \*Postpaid subscribers includes mobile voice, standard mobile broadband, and dedicated data mobile broadband subscriptions.

## Awards and recognitions

Award	Awarded by
Game Mode award for the 5 <sup>th</sup> time	CST

## **Business Unit**

**In a year marked by remarkable achievements, stc's Business Unit successfully expanded its partnerships on both a global and local scale, introducing innovative products and services. These strategic efforts led to the development and implementation of groundbreaking solutions, significantly contributing to the realization of the objectives set forth in Vision 2030 and affirming the Unit's strong commitment to this transformative initiative.**

In line with stc's strategy "DARE 2.0", the Business Unit has successfully positioned itself as the premier digital enabler and the partner of choice for business customers in the region. It has diligently worked to develop world-class offerings, creating a robust ecosystem of capabilities. This has enabled it to serve its customers with advanced digital solutions and verticals, showcasing its commitment to innovation and customer-centric service.

In 2023, the Business Unit made significant strides in establishing both global and local strategic partnerships. A key highlight was the partnership with ROSHN Group, formalized through a Memorandum of Understanding and an agreement during the "Cityscape Global" exhibition in Riyadh. This collaboration focuses on deploying 5G network towers, implementing smart home and city solutions, and utilizing Big Data and IoT technologies. These efforts aim to enhance communication efficiency and improve the quality of life in ROSHN communities.

Another major development was stc's strategic partnership with "Diriyah Company" to enhance the historical Diriyah project. Under this agreement, stc will deliver a comprehensive suite of modern technological solutions, transforming the "Diriyah Gate" project into a smart heritage area equipped with cutting-edge technologies.

Additionally, a pivotal partnership was formed with Red Sea Global. This agreement is set to drive digital transformation and boost tourist destinations along the Red Sea coast through advanced communication technologies and digital services.

The Business Unit also placed great emphasis on sponsoring various global and local events, participating in several exhibitions to showcase stc's capabilities across different sectors like education, health and industry. Notably, stc's involvement in the Future Investment Initiative Conference was a platform to unveil the latest digital technologies developed by stc, particularly in the education and health sectors, alongside artificial intelligence technologies and sustainability solutions. These initiatives reflect the Business Unit's commitment to innovation and its role in advancing digital transformation.

### **Supporting key industry events**

stc is at the forefront of driving innovation in the digital and cybersecurity landscapes. The Business Unit's commitment to a sustainable digital economy and robust cybersecurity was demonstrated through its active participation in key events throughout the year.

At the "International Cyber Security Forum 2023", stc showcased advanced cyber solutions, contributing to innovation in cybersecurity. The company also played a significant role in the Arab Health 2023 conference, presenting cutting-edge digital solutions for the medical and healthcare sectors to enhance digital integration in healthcare.

Furthermore, stc's involvement in LEAP23 highlighted its focus on fostering future technologies through global investments and partnerships. As a major contributor, stc was the diamond sponsor at "Capacity Middle East", the largest assembly for transport companies in the Middle East.

stc also supported the World Defense Show, the premier event for the security and military industries, as a partner and digital facilitator. In addition, as a strategic partner and digital supporter at the Global AI Summit

organized by SDAIA, stc aided in advancing industry, innovation, infrastructure and the development of smart cities.

This active engagement in various high-profile events underscores stc's pivotal role in shaping a future-oriented digital world.

### **Business Unit in 2024**

In 2024, the Business Unit is dedicated to reinforcing its status as a top-tier telecom provider in the market, leveraging its strong relationships with local customers throughout the Kingdom.

Emphasizing its role as a foremost digital enabler in the region, it is set to sustain its upward trajectory, with a pivotal emphasis on the establishment of mega accounts, tailored specifically to align with Vision 2030. This initiative is a strategic move to aid the Kingdom in achieving its ambitious goals.

These efforts are a testament to the Business Unit's unwavering commitment to delivering premium products, services and experiences to customers nationwide, reflecting its dedication to excellence and customer satisfaction.

### **Carrier & Wholesale Unit**

**stc's Carrier & Wholesale Business Unit (C&W) is the Kingdom's wholesale partner of choice, delivering best-in-class, end-to-end solutions and services to its customers and partners in Saudi Arabia and across the globe. It is differentiated through its high-quality and efficient technology offerings and its commitment to continuous innovation and improvement.**

C&W has transformed into an agile technology unit and adopted new ways of working. The Unit's dedication to staying ahead in the rapidly evolving digital landscape showcases its proactive approach to embracing digital advancements and incorporating them into its operational framework.

Fully aligned with stc's DARE 2.0 strategy, C&W's strategic focus is designed to drive growth and contribute to achieving the stc's strategic objectives. This alignment ensures C&W plays an essential role in driving stc's digital transformation and customer journey, while staying at the forefront of technological innovation within the telecommunications and digital infrastructure industries.

The Unit prioritizes the implementation of leading next-generation technology and digital offerings to explore new revenue streams from unconventional and innovative initiatives. It focuses on expansion to bolster profitability, diversify stc's business and strengthen the Kingdom's position as a regional digital hub.

With the launch of center3 operations, 2023 was a landmark year for C&W. Creating immense new value for stc, its customers and the Kingdom, the new subsidiary provides data center hosting and subsea connectivity in the Kingdom and beyond. This milestone moment for the Kingdom's technology sector is set to forge a new digital path for Saudi Arabia and the region.

Representing a leap forward in establishing Saudi Arabia's ambitions as the preeminent digital hub at the crossroads of three continents, this visionary venture transcends geographic boundaries, connecting Europe, Asia, and Africa through Saudi Arabia's strategic location.

Its robust network acts as a magnet, attracting leading players including hyperscalers, gaming and content providers, cloud giants and international carriers. For them, center3 unlocks a gateway to seamlessly serve regional customers with unparalleled speed and scalability, empowering them to reach new digital heights.



## Strategic partnerships and progress

In 2023, C&W marked a year of significant achievements, establishing itself as a frontrunner in the global communications and digital infrastructure sector. The Unit's accomplishments are characterized by strategic partnerships and technological advancements, aimed at enhancing customer experiences and fostering sustainable digital environments.

One of the key achievements was the signing of an agreement with Qwilt for an open caching solution, a move designed to significantly boost the quality of streaming experiences across the Middle East. This partnership demonstrates stc's commitment to leveraging cutting-edge technology to enhance digital media consumption.

Increasing its global footprint, C&W signed a Memorandum of Understanding (MoU) with China Mobile International (CMI). This collaboration aims to extend their connection blueprint reach and provide comprehensive global IoT connectivity in the MENA region, showcasing stc's dedication to expanding its services and strengthening international ties.

In a strategic partnership with the Royal Commission for AlUla (RCU), C&W committed to building and preparing a digital infrastructure in AlUla. The goal is to transform AlUla into a smart, sustainable city offering unique digital experiences for both visitors and residents, marking a significant step in stc's pursuit of creating smart urban environments.

An important development in enhancing customer roaming experience was the launch of LTE and VoLTE services in partnership with Verizon, the largest telecom provider in the US. This collaboration underscores stc's focus on improving connectivity for its customers, especially in the US, a top tourist destination for them.

C&W also signed a partnership agreement with ROSHN Group, a leading national real estate developer, and an MoU with the National Housing Company. These partnerships are centered on developing neutral-host digital infrastructures for real estate projects, emphasizing stc's role in shaping the digital landscape of the real estate sector.

Lastly, stc and SKYFive Arabia signed an agreement to introduce broadband inflight connectivity in the MENA region. This initiative positions stc at the forefront of enhancing connectivity experiences, even at high altitudes, furthering its reputation as an innovator in telecommunications.

Collectively, these achievements in 2023 reinforce stc's position as a leader in global innovation and excellence. By constantly pushing the boundaries of technology and prioritizing customer needs, stc sets a benchmark for excellence and shapes the future of connectivity in the region.

## Awards and recognitions

C&W received compliance certification (with a score of 98%) from the ITW Global Leaders' Forum (GLF) Code of Conduct, demonstrating stc's commitment to combatting fraud in the international carrier industry.

In addition, C&W won six awards during 2023:

Award	Awarded by
Project of the Year – Terrestrial Cable project	Global Carrier Awards 2023
The Best Social Media Campaign – Launching center3	Global Carrier Awards 2023

Project Delivery Perfection – Open Access – Digitalizing collaboration	2023 Glotel Awards
Best Middle East Wholesale Company – Empowering the MENA region through innovative digital infrastructure	2023 Telecom Review Awards
Achievement in Technology Innovation Revenue Management – Partner invoice management automation	2023 Bronze Stevie Award
Achievement in Product Innovation – stc CWBU Portal (mywholesale)	2023 Bronze Stevie Award

### Carrier & Wholesale in 2024

Looking forward, C&W will accelerate growth and embrace transformation to create value and contribute to the goals of stc's DARE 2.0 strategy. It is focused on reinventing customer experiences, not just digitizing journeys but unlocking the full potential of digital and analytics to become an agile technology juggernaut, redefining operations and pioneering new ways of working.

It will drive diversification and maximize shareholder returns through strategic investments, such as Fibre to the X (FTTX) and in-building solutions (IBS), while innovating to fuel progress as it delves into new digital frontiers, leveraging data centers and submarine cables to explore cutting-edge opportunities, including NIP and Mega.

C&W will continue to be a catalyst of progress for stc, steering digital transformation and securing its place at the forefront of the technological landscape for years to come.

## Supporting units

### Technology Unit

The Technology Unit is a vital component of stc, responsible for managing and leveraging technology to support and enhance various business functions. The Unit plays a pivotal role in driving innovation, improving operational efficiency and ensuring competitiveness.

#### Strategic focus and alignment with DARE 2.0 strategy

The Technology Unit's RAQAMI strategy includes revolutionizing innovation, advancing data analytics, quickening and modernizing infrastructure, aspiring efficiency increase, maturing cybersecurity, and inspiring towards digitalization. These are critical technology imperatives that ensure technology enablement across the full gamut of the DARE 2.0 corporate strategy.

#### Infrastructure

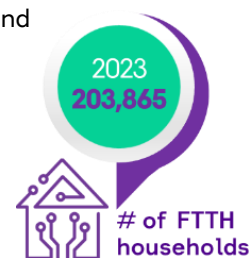
In 2023, stc remained focused on accelerating infrastructure modernization and simplification in a fast-changing environment from a market and addressing emerging technology trends. The major achievements during the year enabled it to improve the customer experience, reaching **47.5% 5G coverage across the Kingdom and 98% for 4G coverage**.



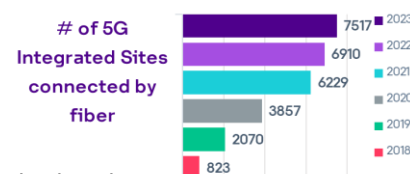
Moreover, it implemented **203,865** households for consumer business through Last Mile and Fiber to the home (FTTH) projects.

Other key achievements of the year 2023 included:

- 3G upgraded to L900 for **+8.9k sites**.
- Exceeded transition target of **55%** for copper consumer customers to fiber.
- Completion of IAM and PRA integrations for Jawwy applications, resolving **9.4k** vulnerabilities.



- Achieved **100% data ownership** for all stc domains/sub-domains.
- **8,470 5G** sites integrated with **7,517 5G** fiber sites as at the end of 2023.
- **3,499** additional second-layer 5G sites integration (N40) in 2023 to reach **4,452 sites**.
- Successfully recovered **1,893.8 m<sup>2</sup>** of floor space by removing legacy retired nodes (**2,686 legacy nodes dismantled**) and achieved a significant power savings of **28.30 GW/Y**.
- **65%** increase in network cloudification compared to the previous year.
- **Successful integration with Saudi mega projects:**
  - **22** new radio access sites and **two** in-building solution sites for the Red Sea Project.
  - Reached **87** radio access sites for NEOM.
  - **34** new radio access sites integrated for MODON project.
- **Growth in mega projects demand:** New customer engagements have increased 10 times, reaching **21** enterprise customers, and the number of issued technical proposals has quintupled, totaling **40** proposals compared to last year.
- Successfully deployed **7,028** households for enterprise business units (EBU) in commercial streets and related projects and completed **469** EBU and WBU key account sites P2P connectivity demands.
- Telco Cloud excelled with **13.5 million** commercial control plane subscribers, surpassing the annual target by **12.5%**.
- The commercial user plans for Telco Cloud achieved **1,909G**, exceeding the annual target by **5.6%**, showcasing robust network capabilities.
- Enhanced **OKLAA** and **5G** throughput by deploying **400** sites and adding **100MHz** on the **3900MHz** to **4000MHz** spectrum range in Al Dammam, Al Dharan and Al Khobar, improving network performance and capacity.
- Updated Deep Packet Inspections (DPI) for fixed and mobile infrastructure, securing **30** legacy Switches "SWs".
- Enhanced data core throughput with **205 GBps** and **1 TBps** by end of 2023.
- Enabled IOT URL barring capability for **400,000** customers.
- Completed planned **600GBps** capacity expansion for FBB core network.
- Transport capacity reached **14.8TBps** for fixed and mobile infrastructure by adding **1.0TBps** in 2023.
- Increase the IMS VoLTE (voice over LTE) license capacity by adding **2 million** users in 2023.
- **9** additional EoS IT MPLS (multiprotocol label switching) core fixed and mobile infra and distribution sites were modernized in 2023 and **28** EoS transport line cards replaced.
- **80** EoS transport nodes replaced and dismantled.
- Completed the **anti-spoofing** integration and Fix Network Implementation "FNI" for UAE operator.
- Successfully installed and integrated **1,275** multi-dwelling units (MDU) as FTTM projects.
- Enhanced roaming firewall (GP FW) capacity, elevating it from **40G** to **100G**, to support increased demand and ensure robust network performance.



- **B2B customers broadband leader:** Successfully improved infrastructure capacity for diverse business needs, establishing stc as a leading B2B broadband market maker. Tailored services for B2B customers and demonstrated 5G as the future technology for industry demand.

## Operations and technology performance

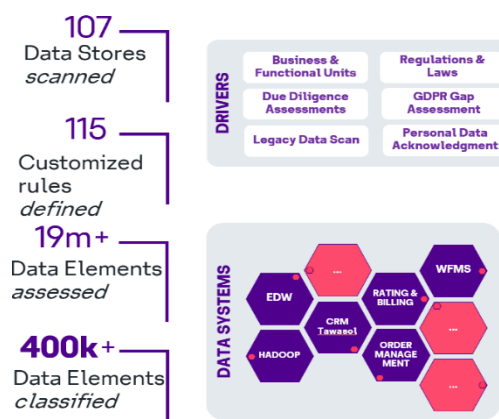
stc's objective is to develop and improve technical operations capabilities by focusing on performance results, operational processes calibration, resources skillset enhancement through trainings, processes reengineering digitization and automation, network risk mitigation, enhancement of network resilience and reliability, and business continuity to reach high efficiency and contain disasters that might threaten stc's services towards the market. All these resulted in huge performance improvements in 2023, including:

- **Disaster recovery "DR"** capabilities built for **additional 15 solutions** completed under DR 2.0 program in 2023.
- **OOKLA speed enhancement:** The Company achieved remarkable Ookla throughput milestones, including a **17%** Kingdom-level speed boost, **8%** latency improvement in Riyadh, and elevating Ookla global ranking **by 5-folds**, from **17 to 12**.
- **Technology's quality assurance:** Successfully elevated infrastructure's technology Quality Index with an impressive 92% in FTTx quality.
- **Passive optical network:** Enhanced PON network efficiency by replacing over **30%** of EoS Optical Line Terminal (OLTs) **(+150)** and more than **40%** of EoS cards **(+1,700)**, achieving annual savings of **SAR 1,578,420** in O&M expenses as well as power costs.
- **CST dual authentication regulation:** Aligned with CST mandate, implemented dual authentication in digital public stores, verifying customer data for enhanced security and compliance.
- **eEPCs expansion:** stc completed the virtual evolved packet core (eEPCs) expansion project by seamlessly integrating and thoroughly testing cloud CUPS vEPCs, along with associated domains and systems, significantly enhanced network capabilities, ensuring superior performance and efficiency.
- **Regional pioneer for autonomous networks:** stc's Telco Cloud shaped KEI standard, published AI-driven network manifesto.
- **Customer survey enhancement:** Developed a new web tool to monitor AI/ML-generated data regarding customer satisfaction surveys, offering a faster and more efficient way to analyze customer satisfaction surveys and enabling stc to follow up with feedback.
- **OpEx savings:** Achieving significant OpEx savings by applying additional operational efficiency initiatives, unified NOC and field projects and optimize and standardize managed services contracts.
- **stc technology knowledge-sharing initiatives:**
  - **White papers:** Developed and published several white papers with key subjects of metaverse introduction and global trends; role of AI in mobile networks; 5G private mobile networks; and 6G wireless technology.
  - **Smart Talks 2023:** Conducted **16** talk sessions with speakers from stc leading organizations. Combined audience of **10,147** attendees with material available for learning through LinkedIn and YouTube.

## Digital transformation and analytics

stc continued to improve and develop capabilities and digital solutions to support business and enable new ways of work inspired by digital transformation, through:

- **Hajj and Umrah 1444** - Advanced AI algorithm introduced at Hajj 1444 for autonomous pilgrimage traffic monitoring, provided head counting, density analysis and capacity management.
- **Data protection enhancement:** Accomplished assessment of **163 systems** containing sensitive data, enhanced rules and enforced robust security measures to protect data.
- Overall, **107** data stores were scanned.



- **Digitizing certification process:** Launched a new website to receive testing requests from **+20** manufacturers, improving certification management online, enhancing tracking, SLA management, visibility through dashboards, with future plans for OEM certification charges.
- **GenAI applications:** Implemented in stc, aiming to empower diverse stakeholders and enable stc to become an AI-driven and innovative organization. Some applications developed include the following:
  - InspireU generative analysis.
  - AI-enabled location intelligence.
  - AI-powered speech recognition model
  - SMART KPI engine.
  - AI cyber news.
- **DC05 revamp:** Achieved a major milestone by transforming Data Centre-5, seamlessly aligning with stc's strategy. This accomplishment includes **reducing** automated configuration time from **10 to three days** and **increasing** network bandwidth from **60G to 160G**.
- **Digitize budget to procure processing time in HUB:** Implemented the monitoring platform in HUB, digitizing the Technology Unit's internal approval processes to reduce budget-to-award processing time, reducing SLA by **30%**.
- **Tech fin BI tool and dashboard:** Developed an executive business intelligence cockpit, offering real-time interactivity for tracking the lifecycle of tech projects and enhancing financial performance monitoring.
- **Expanded SD-WAN capabilities:** End-to-end serial output with application, including Multiprotocol Label Switching extension (MPLS) and upgrade/downgrade underlay process (QoS) for NSG.
- **Mystc app:** Successfully enhanced Mystc app, achieving seamless integration of Enterprise Business Unit (EBU) customer numbers. Empowered EBU customers with comprehensive number management, payment features, device purchases and dedicated widget.
- **Mystc** was also enhanced with live activity notification, firewall enhancement, TAMARA payment type and eWallet management. In addition, Mystc performance has been enhanced through app size optimization (**30% less**).

- **IP portfolio:** Driving innovation nationally by strategically expanding our IP portfolio with **five** additional IP submissions on AI to strengthen stc's competitive edge and ensure continued prominence in analytics and AI. Showcased stc's cutting-edge internal AI capabilities at different events like **LEAP23, MWC, Seamless, Digital Health Conference and Global Health**.
- **GSMA participation:** Continuing stc's presence at global stages, stc participated with selected leading telco operators through GSMA in developing and publishing AI Ethics Playbook. Also presented insight on large language models (LLM) at GSMA Annual AI Industry Forum workshop in London 2023, covering assessment and analysis of open-source and closed-source LLMs, constructed robust verification LLM framework, and highlighted methodologies used in evaluating the code generated by LLMs.
- **NDMO controls:** Completed NDMO controls implementation by proactively and agilely assessing data governance compliance against NDMO data regulations.
- **Innovative analytical solutions:** Developed and implemented a state-of-the-art deal desk and unified P&L analytical tool. This tool has significantly enhanced operational efficiency and bolstered our decision-making capabilities, particularly in application deployment and usage.
- **Technology Customer Experience Index (TCEI):** Launched the TCEI to gain deeper insight into customer issues and pain points. This strategic move enables us to tailor our products and services portfolio more effectively, addressing customer needs comprehensively.
- **Democratization of analytics:** Empowered business users by providing self-service insight and analytics, enhancing real-time capabilities. This initiative elevates the Semantic Modelling Building Block "SMBB" model, enriches customer experience and enables critical campaigns focused on customer retention and mobility.

## Application efficiency

Efforts to reduce customization costs in the digital, cloud-native, modular and open BSS environment have led to a **28%** decrease in time-to-market (now at 4.63 weeks), a **45%** increase in throughput, and a cost growth under **3%**.

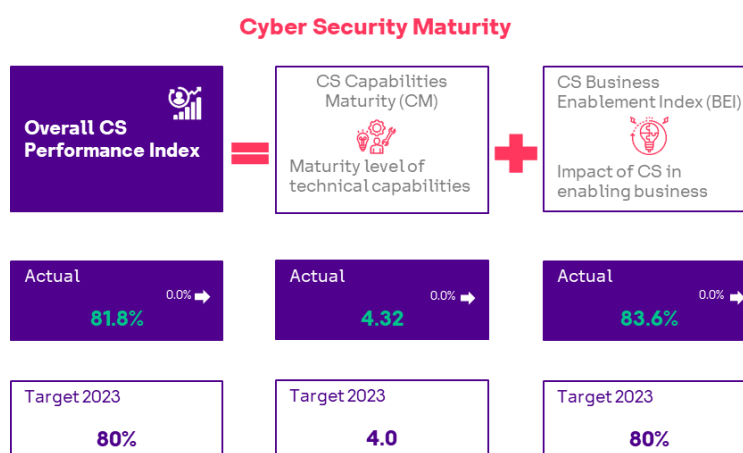
- **Commercial value:** Navigating compliance challenges, with a focus on upselling to SOHO customers, tax management, online charging, and B2C digital services has improved user experience as well as reduced enterprise risk through spam handling and launch of Nafath App 2.0.
- **Enterprise value:** Accelerating automation for key processes and leveraging IoT platform potential with connected cars positions stc competitively, with an expected market reach of **53,000** new cars by **2026**.
- **AI finance "20 Use Case":** The implementation has significantly impacted the finance domain, improving fraud detection accuracy by **62%** and streamlining processes by reducing memoranda of understanding from **+500** to **16**. AI-powered tools have achieved an impressive **85%** accuracy in collection management, supporting audit and compliance efforts.
- **Outsource management app (OMA):** the introduction of OMA proactively monitors over **24,000** contractors, ensures compliance, optimizes resource allocation and provides real-time visibility into the outsourced workforce.
- **Employee Experience Index (EEI):** Launching EEI reflects stc's commitment to employee satisfaction. Through surveys and advanced analytics dashboards, EEI captures employee experiences, allowing informed decision-making and fostering a positive work environment.
- **Reengineering and standardizing shared services:** Implementing Intelligent Process Automation SS-Framework and an e-service engagement portal led to a remarkable **72%** enhancement in shared services efficiency, a **92%** customer satisfaction score, and an **85%** SLA compliance rate.

- **Decision Right Framework (DRF):** The DRF app, covering **10** subsidiaries and **49** decision topics, ensures efficient decision-making processes within a **five-day** SLA. This structured approach empowers stc to improve collaboration and enhance customer satisfaction.
- **Contract lifecycle management (CLM):** Implementing CLM streamlines and automates various stages of stc contract lifecycles, enhancing efficiency, ensuring compliance with contractual obligations, mitigating risks and reducing administrative burdens.

## Cyber security

stc has embarked on various initiatives and implemented innovative solutions to protect its customers' data, and elevated the maturity level of cyber security towards all stc infrastructure and services, through:

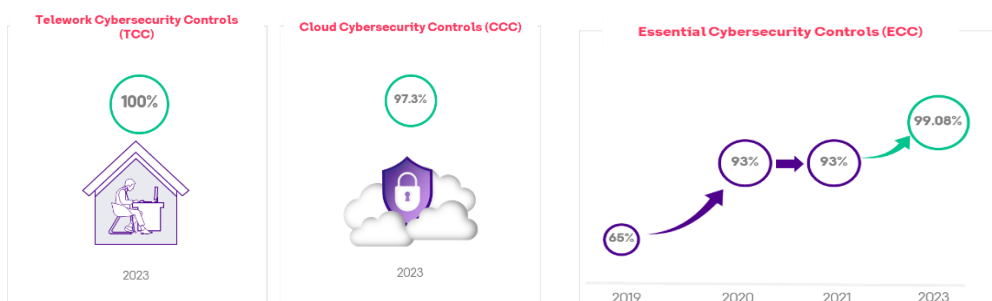
- **Cyber Security (CS) Index:** Attained an overall CS index of **81.80%** (end-of-year target – 80%) and reached a significant capability maturity level of **4.32** ( end-of-year target – 4.0) **surpassing the global telecom average of three** and the Business Enablement Index (BEI), which demonstrates the impact of cyber security capabilities on enabling stc business, has reached **83.60%** (end-of-year target – 80%).



- **User access review:** Strengthened systems access authorization by conducting a user access review for **60k** accounts, ensuring authorization assurance and revoking **5.1k** unnecessary accounts through continuous review on stc systems.
- **1444 Hajj and Umrah operational security:** Secured virtual 4G core expansion for Hajj and Umrah, blocking **91.5 billion** cyber attacks, handling **6,485** cyber cases and doubled firewall capacity for upgraded roaming service during Hajj 2023.
- **CS regulatory compliance:** stc achieved an unprecedented **99.08%** NCA-ECC compliance, being the leading Critical National Infrastructure (CNI) in Saudi Arabia. Based on the NCA-National Cyber Security Authority assessment report, we achieved:



- **100%** complaint score for Telework Translational Cross-Connect (TCC).
- **97.3%** regulatory compliance score for Cloud Control Circuit Cross connect (CCC) Security.



- **Enforcement of Privileged Remote Access:** Completed 100% of this year's target to secure remote access for more than **7.1k** of critical Crown Jewel assets and **1.7k** users.

### Awards and recognitions

stc's commitment to contributing to the goals of Vision 2030, its customers and the Kingdom's citizens is clear and firm. stc's Technological strategy is designed to enhance effectiveness and efficiency while ensuring the sustainability of stc's technology leadership, and smartly over-delivering on its promise to its customers and shareholders' expectations, which can be witnessed through the following recognitions and achievements:

**Glotel Award 2023:** stc won the Telco Cloud Automation Initiative of the Year award at Glotel2023 in London.

- **The Middle East Tech Excellence Award 2023:** stc won the Computing-Telecom category for initiatives in Private MEC and 5G Smart Campus.
- **Telco Cloud Benchmark by 3<sup>rd</sup> party:** stc was benchmarked and ranked among the top leading operators for successful telco cloud deployment.
- **8<sup>th</sup> 5G Core Summit Telco Award:** stc won the Telco Cloud Award at the 8th 5G Core Summit in Turkey, recognizing excellence in telecom cloud technology.
- **Signaling Guidelines Recognition:** stc's Mobile Signaling Protection Guidelines was selected by the NCA as a reference for all national MNOs.
- **MEA Business Award:** stc secured awards for three innovation projects across software, e-commerce and basic sectors.
- **Stevie® Awards:** stc won the 20th Annual IBAs for innovation categories - Partner Invoice Management Automation and stc WBU Portal.
- **ISO 38500 Certification:** stc earned Information Technology Governance of IT for app sector.
- **ISO 22301(BSM) and ISO 20000(ITSMS):** stc successfully conducted ISO annual surveillance audit-app sector maintaining the certifications.
- **ISO 9001 Certification:** stc successfully passed ISO certificate renewal audits to maintain quality compliance certification for the Technology Unit.
- **The Middle East Tech Excellence Award 2023:** stc won the National Business Award for 2023.
- **Embrace Digital Analytics Award:** stc's Corporate Analytics Enablement won the esteemed award.

## Future expectations and plans

**5G expansion:** stc will continue to lead on 5G coverage and speed nationally and aims to keep its market leadership position, in line with Vision 2030.

- Continue network cloudification and enhance automation to achieve efficiencies through agility.
- Continue deployment of 5G sites targeting more cities to increase 5G footprint using N78 band.
- Deployment of 5G in N40/N77 band to enhance speed and capacity in main cities.
- Deployment of 5G in N28 band to cover indoor coverage and services.
- Deployment of 5G (small cells) using mmWave for hotspot locations based on the availability of band after spectrum auction.
- Deploy 5G private networks using existing C-Band.

## Human Resources

**In 2023, stc's Human Resources (HR) Unit continued to support the wellbeing, engagement and productivity of stc's workforce, who are the foundation of the continued success and innovation of stc. This year saw significant achievements across several key areas through the successful execution of the stc's HR excellence strategy, which is integral in establishing a harmonious balance that effectively addressed the needs of three key stakeholder groups: shareholders, business leaders and employees. By effectively maintaining this balance, stc is able to remain innovative and agile, in order to navigate the rapidly evolving landscape and capture opportunities for continued growth and value creation.**

To provide the right focus, capabilities and capacity for the business, stc's HR Unit undertook a thorough review of its strategic direction during 2023, aligning it closely with the stc's overall strategy. The resulting Design, Drive, Deliver HR framework has been translated into an operating model and cascaded to stc's various departments for implementation. This realignment was pivotal in ensuring maximum effectiveness and efficiency at both the organizational and individual levels, thereby reinforcing stc's commitment to strategic congruence.

Simultaneously, stc's HR focused on fostering and spreading the desired organizational culture and values throughout all units of stc. This initiative was key to enhancing the experiences of the stakeholders mentioned above. A critical component of this endeavor was the modernization of the HR function itself. By adopting the latest digital tools and methodologies, the HR department was able to more effectively spread stc's culture and values, ensuring a more integrated and cohesive workforce.

These strategic moves by stc's HR Unit underscored its role in going beyond just the stc's managing human capital to act as a driving force for the organization's broader strategic objectives, maintaining a fine balance between stakeholder needs and the dynamic demands of the business environment.

Another important area of focus is the improvement of the early retirement program. This program aims to offer eligible employees a choice and an attractive route to retire early. The objective is to guarantee the contentment of these employees while generating openings for new talent to join the organization. This approach involves striking a delicate balance between recognizing the valuable contributions of long-serving employees and introducing new talents into the workforce.

stc also launched medical insurance for parents, an initiative aimed at enhancing the satisfaction and loyalty of Group members. Recognizing that employee wellbeing extends beyond the workplace, this benefit will positively impact overall job satisfaction and employee retention. By supporting the health and wellbeing of employees' families, stc demonstrates a deep understanding of the factors that contribute to a loyal and committed workforce.

## 2023 by the Numbers

- 597 employees hired.
- 106 fresh graduates hired.
- more than 90% Saudization rate for stc KSA and its local subsidiaries.
- 343 COOP trainees.
- 1,162 female employees.
- 70 people with disabilities employees.
- 748 early retirement program beneficiaries.
- 1,335 Social Welfare Loan employee beneficiaries.
- 113 Social Welfare Grant employee beneficiaries.

## Workforce profile

### stc Group

		Direct	Contractor
stc Group overall	Male	16,979	2,568
	Female	2,811	393
	<b>Total</b>	<b>19,790</b>	<b>2,961</b>

### stc KSA

Workforce profile	2023
Total number of employees (excluding trainees, students and outsourced staff)	12,643
<b>By type of employment</b>	
Total full-time equivalent (FTE) employees	12,643
Employees on an indefinite or permanent contract	10,857
Employees on an indefinite or permanent contract	86%
Employees on a fixed term or temporary contract	1,786
Employees on a fixed term or temporary contract	14%
<b>By age for permanent contract</b>	
Workforce by age less than 30	1,758
Workforce by age 31-50	8,025
Workforce by age more than 51	1,074
<b>By gender for permanent contract</b>	
Women	1,162
Men	9,695

## Human Resources strategy

### Human Resources vision

**To be recognized as an HR model of excellence in the MENA region through agile, digital and innovative experiences by 2026.**

stc's Human Resources strategy operates on three distinct yet interconnected levels, seamlessly aligning with the Unit's vision and contributing to the accomplishment of the Group's strategic goals.

At the Group view level, the focus is on the strategic program for HR efficiency within stc. This aspect is crucial for increasing shareholder returns, primarily achieved through a detailed analysis of HR costs. The approach here is multi-faceted, involving short, medium, and long-term plans to ensure comprehensive coverage of all temporal aspects of the strategy. Additionally, this level encompasses the Human Resources Transformation program, which aims to refine and develop the core practices of human resources. The ultimate goal is to enhance the efficiency of stc's employees, making certain of both sustainability and effectiveness in their roles and contributions.

Moving to the unit level, the strategy becomes more granular, involving the implementation of several goals through 20 strategic initiatives. These initiatives are distributed across four main pillars: talent flexibility, organizational effectiveness, group culture, and human resources practices efficiency. Each pillar addresses a specific aspect of human resources, creating a well-rounded and holistic approach to managing and developing stc's workforce.

Lastly, the sectorial level takes a more specialized approach, focusing on sector-specific strategies. This involves stc Academy and business partners, and making sure these strategies are perfectly aligned with the overarching HR Unit's strategy of the Group. This level confirms that the unique needs and dynamics of different sectors within stc are adequately addressed, providing tailored HR solutions that support the specific challenges and opportunities in each sector.

### **Measuring strategic progress**

In 2023, stc implemented a comprehensive approach to measure and report the success of its HR activities. This approach employed a combination of strategic key performance indicators (KPI), the stc Group People Index, and monitoring the progress of the HR Transformation program. These tools were instrumental in providing valuable insight into the effectiveness of HR initiatives and tracking performance against established goals.

The results from these metrics in 2023 showcased stc's strong commitment to achieving positive outcomes and continuous improvement in its HR practices. Key achievements included:

- stc achieved a **100% rate in the stc Group People Index**, which comprises various secondary indicators such as stc Group Attrition and Diversity and Inclusion. This perfect score indicated a complete alignment with the set goals, reflecting the effectiveness of stc's strategies in these areas.
- The Group's Talent Incubation program successfully **hired 106 new fresh graduates**. This initiative is a clear indication of stc's commitment to nurturing new talent and investing in the future workforce.
- Over **250,000 learning hours** were provided through the stc Academy's professional and leaders school. This substantial investment in learning and development underscores stc's dedication to continuous employee development and skill enhancement.
- More than **90 employees enrolled in scholarship programs** through elite Saudi universities such as MBSC (Mohammed Bin Salman College) and King Fahd University of Petroleum and Minerals. These programs reflect stc's commitment to higher education and the professional growth of its employees.

Overall, these accomplishments in 2023 display stc's focused efforts and strategic approach in the realm of human resources, highlighting the Company's dedication to workforce development, diversity and organizational excellence.

### **Putting stc's values into action**

stc's values are at the heart of its vibrant corporate culture and business success. In 2023, stc actively promoted and implemented its values with the aim of developing performance efficiency through speed, agility and strong governance.

**Values Adoption Competition:** Designed to recognize and celebrate employees who exemplify stc's values in their work. For this initiative, employees were nominated by their Chiefs, who provided tailored descriptions of how these individuals embodied the Group's values in their specific work areas. A jury then evaluated these nominations to identify the most distinguished models of value adoption.

**Leadership Models Reinforcement Initiative:** Focused on cultural engagement, this initiative involved group leaders participating in a variety of activities. These included open meetings with employees, visits to different stc companies and branches across various regions, and an open day event. The initiative aimed to foster a strategic culture aligned with stc's desired organizational values and ethos.

**Employee Awareness Measurement of Values through the Employee Experience Index:** stc integrated its core values into the Employee Experience Index. This tool was used to track and measure employees' awareness and adoption of these values. Insight gained from this index was then used to develop plans for ongoing improvement in value awareness among employees.

These initiatives reflect stc's commitment to embedding its values into the fabric of its corporate culture, ensuring that these principles guide employee behavior and contribute to the organization's overall strategic objectives.

### **Achievements in 2023**

Across all three pillars of stc's Design, Drive, Deliver HR framework, significant progress and achievements were made during 2023 to support the overall strategic progress and priorities of the Group.

### **Design**

#### **HR Strategy Planning and Culture**

In 2023, the general department of HR Strategy Planning and Culture at stc played a pivotal role in bringing the HR Unit's ambitious vision to life. This department's responsibilities are centered on empowering HR sectors and departments, enabling them to make effective decisions, automate processes, execute and monitor projects, and improve the experiences of stakeholders.

- Strategy management from vision to execution

The department's approach to strategy HR management encompassed several key areas: strategy planning and performance, financial management of the unit, project management office, change management, and risk and compliance. Noteworthy achievements included updating the HR strategy to align with stc Group priorities at three different levels: stc Group, HR Unit, and HR sectors. They successfully implemented and monitored a cross-charging project between stc subsidiaries, leading to a significant 22% cost reduction. The department also increased the monitoring of HR project performance through a project management dashboard and the activation of projects review meetings, and launched the Enterprise Change Management (ECM) concept.

- Automation and decision support

The department focused on leveraging technology to boost operational efficiency, divided into two departments: HR Technology and HR Analytics. The team achieved remarkable successes, such as the development of a talent heat map for categorizing employees for decision-making, an employee burnout index to predict burnout levels based on work patterns, and conducting an organizational culture study based on employee engagement survey analysis. These efforts contributed to improving the performance management culture at stc. Furthermore, stc distinguished itself as one of the few global companies to achieve ISO 30414 certification for human capital, underscoring the quality of its efforts in HR analytics. HR systems were also unified across the Group.

- Enhancing stakeholders' experience and corporate culture

Another focal area involved caring for the stakeholder service level to create a distinctive experience throughout their journey, via continuous critique and evaluation of HR products and services using design-thinking methodology, and managing corporate culture by reinforcing desired values from accurate measurement to implementing corrective actions.

Overall, these initiatives and achievements highlight stc's commitment to transforming its HR operations, emphasizing strategic planning, technological integration and a deep focus on stakeholder experiences and corporate culture.

### **Employee Experience Index**

In early 2023, stc officially launched the Employee Experience Index (EEI) at the Group level, marking a significant stride in understanding and enhancing employee experiences within the organization. The EEI is a comprehensive framework specifically designed to gauge and analyze employee feedback across the company. It incorporates two main components: a perception survey and a series of touchpoint surveys.

The perception survey within the EEI focuses on three core areas: work purpose and enablement, work dynamic and culture, and stc's brand and vision. This survey aims to capture a broad understanding of employee attitudes and feelings towards these crucial aspects of their work life.

In addition to the perception survey, the EEI utilizes touchpoint surveys, often referred to as pulse surveys. These are conducted at critical stages of an employee's journey with the Group, including moments like onboarding, post-training sessions, performance evaluations and off-boarding. The purpose of these surveys is to capture real-time feedback from employees, providing insight into their experiences and levels of satisfaction at key moments.

The information gathered from these surveys is invaluable. It offers a deep dive into how employees perceive and experience their work environment, allowing stc to make informed decisions aimed at augmenting specific areas of the employee experience. This approach is designed to foster a more positive and engaging work environment.

The results from the EEI in 2023 have been particularly telling. For instance, the participation rate in the latest perception survey reached an impressive 90% for stc KSA and 88% for other Group companies, which is a significant increase compared to similar surveys in previous years. This high level of participation reflects the employees' trust in the organization and their commitment to improving their work experience.

Furthermore, the EEI has been instrumental in empowering leaders and HR business partners. By providing access to the EEI platform – which includes an interactive dashboard with visualized and actionable insight – the initiative has equipped over 500 leaders and HR professionals with the tools they need to understand and act on employee feedback effectively.

The operation of the EEI involves an effective and ongoing action planning model. This model is governed by the Employee Experience and Culture teams and operated collaboratively by HR business partners and

leaders. This united approach ensures insight gathered from the EEI are acted upon and that targeted action plans are developed to continuously improve the employee experience at stc.

### **Women empowerment**

In 2023, stc has made significant strides in empowering women within the organization. A major focus has been placed on increasing women's representation, especially in recruitment processes. A notable achievement in this area has been the substantial representation of women in the Talent Incubation program (TIP), where they constituted approximately 64% of the total hiring.

Moreover, stc has actively established and implemented various initiatives and programs aimed at nurturing and preparing women for future leadership roles. One such initiative is the High Potential program (HIPO), where women account for 18% of the total participants. This program is particularly significant as it targets high-potential women leaders, preparing them for advanced roles within the organization.

In addition to the HIPO program, stc introduced the Emerging Leaders program, initially designed specifically for women. The aim of this program is to empower women and prepare them for leadership positions within the Group, reinforcing the Company's commitment to gender diversity in leadership roles.

There is a strong focus on making certain women in professional fields are included in training and development opportunities. This is achieved through various programs and training courses tailored to enhance their skills and knowledge.

In terms of numbers, the year 2023 saw a total of 1,162 female employees, which represents a significant increase compared to the previous year. Women have also made notable advancements in leadership roles within stc. This includes filling one vice president position, an increase in general manager roles by 13% (totaling 15 GMs), 40 Director positions, and an 8% increase in section manager roles, (totaling to 62).

These achievements indicate stc's dedication to promoting gender equality and women's empowerment within its workforce, highlighting a progressive and inclusive approach to talent management and leadership development.

### **Empowering people with disabilities**

The engagement of employees with disabilities is a strategic objective of the HR Unit. We have worked on an initiative called the Disability Inspiration project, which addresses various aspects of the employee experience, such as training, development, benefits, compensation, recruitment and more.

### **Center of Excellence**

In 2023, the Center of Excellence at stc took a strategic leap in its human resources initiatives, particularly focusing on improving employee experience and boosting organizational efficiency. This comprehensive approach not only enhanced internal operations, but also garnered several regional awards.

#### **- Improving Employee experience**

stc is committed to elevating and supporting all its employees to enrich their wellbeing and enhance Group productivity. A series of initiatives were launched in 2023 to improve employee experience, which included the completion of a succession plan for senior management across the Group, encompassing 14 units and 12 CEO positions. Additionally, stc introduced shadowing and consulting training programs in collaboration with partners for the Specialist Development program (SDP), which notably contributed to research publications.

The talent program, known as Job Attachment, achieved significant success in 2023, involving over 18 international and local companies and benefiting 75 employees. Further, the launch of a training program for career mentors and coaches, alongside a Career Guide program, provided substantial support to employees.

This program, which benefited over 200 individuals, involved 142 mentors and coaches. The strategic partnership with a prestigious business school to operate the TIP and the support provided to government entities in delivering on-the-job training programs were key highlights.

- Enhancing Organizational efficiency

In terms of enhancing organizational efficiency, several critical steps were taken. A 3-year workforce right-sizing strategic plan was developed for the Group level and is set to commence in 2024. The design and launch of a unified performance management system across stc marked a significant advancement in standardizing performance assessments.

The rollout of a Group rewards framework and the unification of all subsidiaries' bylaws streamlined compensation and benefits across the organization. Additionally, the unification of core and leadership competencies across the Group and the design and launch of the organizational effectiveness heat map empowered leaders to make more informed decisions regarding employees and organizational structures.

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

## **Drive**

In 2023, stc made significant strides in further developing its HR operations, particularly by evolving its HR business partners' operating model. This development was instrumental in offering elevated support across different sectors and aligning leadership capabilities with the needs of business units, effectively contributing to the Group's overall strategy. The Group's accomplishments spanned across various facets of talent development, retention, organization design and workforce solutions.

### **Talent development and retention**

A notable achievement was the implementation of the Elite Sales program, aligned with the DARE 2.0 strategy. This initiative focused on developing digital capabilities and building cutting-edge methodologies through a comprehensive 12-month plan, executed in collaboration with Group subsidiaries. In tandem, stc launched a Data Analytics program in partnership with stc Academy, concentrating on retaining top talent and enhancing data-driven decision-making skills.

The Marketing program, developed in collaboration with the Center of Excellence, marked another significant accomplishment. This program aimed to boost business performance by deepening knowledge and expertise in various sectors, leveraging business intelligence and promoting behavioral excellence. Additionally, stc introduced employee experience improvement plans, designed in conjunction with the general management of HR Strategy Planning and Culture based on the results of the Employee Experience Index.

Further, stc implemented individual development plans addressing employees' developmental needs to increase performance. The restructuring of the operating model also led to the execution of updated succession plans, identifying necessary competencies and leadership capabilities.

### **Organization design and workforce solutions**

On the organization design and workforce solutions front, stc activated its operating model by updating and facilitating appointments to executive positions and ensuring all specified roles were filled.

It also contributed to Vision 2030 programs, including the Diriyah Gate Company and the Red Sea Company, where stc played a pivotal role in recruiting top talents and appointing program leaders for these strategic partnerships.



Additionally, HR collaborated with internal clients on job engineering, developing job title protocols for each unit to attract suitable talent and guarantee functional consistency.

These achievements in 2023 reflect stc's commitment to continual improvement and excellence in HR practices, aligning with its overarching strategic goals and enhancing its operational efficiency.

## **Deliver**

### **stc Academy**

In 2023, stc Academy, a pivotal center for learning and innovation within the Group, continued to significantly contribute to fostering a culture of innovative thinking and strategic progress within the Company. As a central hub for learning and innovation, the Academy's influence is evident through its various key initiatives.

#### **- Workforce skills development**

The Academy's commitment to workforce skills development is closely aligned with stc's strategic goals. It plays a crucial role in equipping the workforce to effectively meet the challenges and opportunities of the digital era. This involves a keen focus on fostering innovation and developing skills, a task undertaken by two main schools within the Academy: the Leadership School and the Professionals School.

#### **- Leadership School**

The Leadership School has been particularly active, implementing the Leadership Signature programs for over 400 leaders in the Group. It also executed the Leadership Climate Effectiveness program, aimed at vice presidents and CEOs, to bolster leadership capabilities and cultivate a stronger organizational culture. A notable achievement of the Leadership School was the implementation of internal and external scholarship programs, with the launch of the first batch marking a significant stride in leadership skills development. Over the year, the school provided more than 100,000 learning hours through upwards of 85 programs, all focused on dynamic leadership and professional development in line with the strategic directions of stc.

#### **- Professionals School**

The Academy's Professionals School concentrated on identifying and addressing competency gaps within the workforce. This was achieved through a variety of specialized programs and courses designed to enhance employee skills and knowledge. The school placed a strong emphasis on professional certification governance, offering a range of certifications to enrich employee skill sets and promote a culture of continuous learning and development. With its diverse educational offerings, the school provided over 150,000 learning hours across more than 500 programs and activities, which included over 450 training courses and exceeding 60 workshops. This variety underscored the school's commitment to a rich and varied learning environment.

#### **- Business enablement**

In addition to these educational initiatives, the business enablement section of stc Academy includes dynamic functions such as research and innovation, knowledge and digitization management, measurement, learning partnerships and facility management. This section has adeptly navigated challenges and facilitated knowledge sharing within the Group. It has done so through strategic partnerships with globally recognized universities and organizations, thereby enriching the learning resources with diverse and high-quality educational content.

Overall, stc Academy's efforts in 2023 emphasize its role as a pivotal entity within the Group, driving forward a culture of innovation and continuous improvement, and aligning its initiatives with the organization's broader strategic objectives.

### stc Academy accreditations

In 2023, the stc Academy distinguished itself by obtaining multiple accreditations, demonstrating its dedication to upholding exceptional standards in quality and excellence in management:

- ETEC: Education and Training Evaluation Commission Full Accreditation.
- TVTC: Technical and Vocational Training Corporation.
- ISO 41001: Accreditation in Facility Management.
- ISO 9001: Quality Management Systems accreditation.
- ISO 29993: Learning Service Outside Formal Education.
- ISO 40180: Guidelines for Quality Assurance, Management and Improvement in IT-enhanced Learning.
- ISO 10667: Assessment Service Delivery – Procedures and Methods to assess people in work and organization settings.

### Employee services

Throughout 2023, stc's HR Unit was focused on delivering essential HR services to its employees in a manner that is both efficient and effective. This commitment has been pivotal in ensuring business operations remain smooth and uninterrupted. A key aspect of this approach has been the continuous improvement in digitizing HR services, coupled with upgrades to employee wellbeing programs and a stringent compliance with all applicable laws and regulations.

In the realm of HR communications, the department has consistently played a vital role. It has been responsible for making certain clear, effective and supportive communications are circulated within stc, fostering an environment of transparency and support.

A significant HR focus in 2023 was on talent acquisition and employee onboarding. The team led various initiatives in talent acquisition, providing guidance to subsidiaries at the Group level. This included a major role in sponsoring one of the largest employment fairs in the Kingdom, which saw the participation of most of the Group's companies and involved prestigious universities such as King Fahd University of Petroleum and Minerals, Princess Noura University, Al-Faisal University and Prince Sultan University.

Additionally, the HR Unit made notable strides in developing the onboarding experience for new employees. This was achieved by involving both the business partner and the line manager in the onboarding process, a strategy focused on optimal performance acceleration for all new joiners. By engaging these key stakeholders, the HR department has been able to create a more integrated and effective onboarding journey, setting up new employees for success from the outset.

### Awards and recognition

In recognition of the HR Unit's efforts to enhance employee experiences and improve the working environment, stc received over a dozen prestigious awards in the field of human resources. These awards recognize stc's commitment to uplifting the work environment, fostering a culture that encourages positive interaction, innovation in human resources, adherence to global best practices and development.

- SHRM's Regional Excellence Award in Talent Management and Development.
- CIPD's awards for Best HR Leadership Development Program and Best HR, L&D & OD Consultancy Award.
- Ministry of Human Resources and Social Development Award for the Best Training Program for Students and Graduates.
- Awards for Excellence in Diversity, Equity and Inclusion and Employer of Choice at the Annual HR Management Conference 2023 in Bahrain.

- Three awards at the Future Workplace Awards 2023 by Informa in Dubai: Best HR Analytics Strategy, Best Women Development and Leadership Program and Best Employee Engagement Strategy.
- Four awards at the GCC GOV HR Awards in its 11th edition in Abu Dhabi, UAE: Seamless Workplace Award, 2nd Runner up on the Best Leadership Development, 1st Runner up on the Most Distinctive Learning and Development, 1st Runner up on the HR Innovation.
- TM Forum's Outstanding Catalyst – Showcase Award for the Knowledge Management POC led by Huawei in collaboration with China Mobile, AIS, MTN, iMocha and Eastcom Software.

## Human Resources in 2024

In 2024, stc is set to embark on a series of strategic initiatives aimed at organizational efficiency and fostering a positive and productive work environment. These initiatives reflect stc's commitment to continuous improvement and adaptability in a rapidly evolving business landscape.

A primary focus for the year is developing a comprehensive plan to determine the optimal workforce size for the Group over the next three years. This initiative is crucial for aligning human resource capacity with the strategic objectives and operational demands of stc. It involves a careful analysis of current and future business needs, making sure that the workforce is not only well sized, but also well equipped to meet the challenges and opportunities ahead.

Another significant focus is the refinement of the early retirement program. This program is designed to provide an optional and incentivizing pathway for eligible employees who wish to retire early. The goal is to ensure satisfaction among these employees while simultaneously creating opportunities for new talent to enter the organization. This strategy is a balancing act between honoring the contributions of long-serving employees and injecting fresh perspectives and skills into the workforce.

Lastly, the development of the desired culture aligns with a flexible performance culture. This is a strategic move to effectively contribute to stc's performance and the adoption of its values. Nurturing a culture that embraces flexibility, innovation and continuous learning will be instrumental in driving stc's growth and maintaining its competitive edge in the industry.

Overall, stc's focus for 2024 revolves around strategic workforce management, employee satisfaction, wellbeing and cultural development, all of which are essential for the long-term success and sustainability of the organization.

## Rawafed Program

stc's Rawafed program is a strategic initiative focused on enhancing and developing local content within the Kingdom's ICT sector. The program was launched as part of stc's commitment to contributing to the development of the local ICT sector, in line with Saudi Arabia's Vision 2030. In 2023, Rawafed continued to deliver on its mandate and boost local content through a range of impactful initiatives and activities.

### Strategic focus

Rawafed plays a critical role in delivering stc's goals for local content and to reach its strategic targets through the following strategic pillars and operating model.

## stc program for local content development

As an essential part of stc's Dare strategy, the Rawafed Program was launched in 2018 as a comprehensive umbrella for leadership, development, and local content development at stc.

The program relies on basic pillars to enhance its leadership role in sustainable development of local content.



### Rawafed's operating model



dare 2.0	Rawafed's Contribution
digitize stc	Instils a digital mindset in ICT sector through capacity buildin.
accelerate performance	Is a key driver of sustainability – developing both stc's people and talent, and stc's supply chain ecosystem.
reinvent experience	Builds a sustainable supply chain to support customers and partners.
expand scale and scope	Directly supports stc's B2B/B2G win-rate, enabling growth.

### Supporting Vision 2030 goals

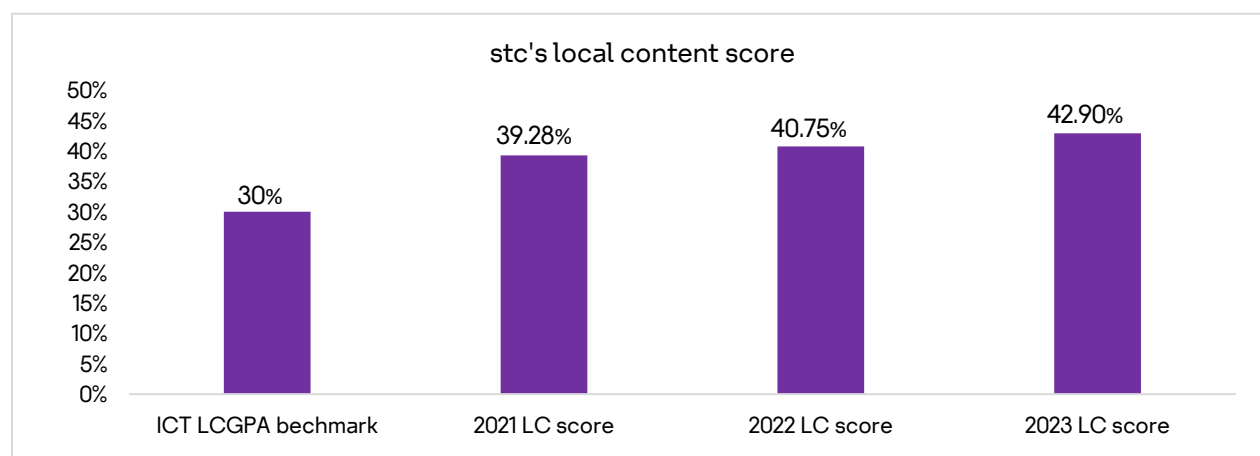
Saudi Vision 2030 is focused on cultivating a dynamic society and a robust economy by fostering an environment conducive to growth, generating employment opportunities for its citizens, nurturing talent, bolstering investments, and leveraging the nation's intrinsic strengths. Rawafed aligns with these objectives through its four foundational pillars. These pillars are meticulously designed to bolster stc's efforts in building a resilient and sustainable economy.

By prioritizing small and medium enterprise development, localizing industry, advocating digitization and innovation, and enhancing workforce development, Rawafed contributes significantly to the realization of the Kingdom's ambitious economic and social goals of Vision 2030.

### Increasing local content in 2023

As a leading player in the ICT industry committed to nurturing local content, stc has revised its internal policies and procedures to incorporate local content into its procurement processes throughout 2023. This strategic move has substantially boosted the local content's steady advancement and significantly contributed to the growth of the GDP within the ICT sector.

Consequently, stc has witnessed a notable increase in its local content score. The percentage of local content has risen by more than 10% since 2020 and has surpassed the benchmark for local content in the ICT sector by over 42%. This notable achievement aligns with the standards and mechanisms set forth by the Local Content and Government Procurement Authority (LCGPA).



Furthermore, as the ICT sector's representative in the Local Content Leadership Council (LCLC), stc contributed to the development of local content via.

- 1. Supporting the national product through:**
  - Applying the mandatory lists of national products mechanism.
  - Applying the price preference for other national products.
  - Supporting local manufacturers.
- 2. Conducting several workshops to develop stc's partners and suppliers, and promoting their local content's knowledge**
- 3. Supporting small and medium enterprises (SMEs) through:**
  - Activating the partnership with the "Jadeer" program.
  - Applying the SMEs' price preference mechanism in purchasing processes.

Throughout 2023, Rawafed played a pivotal role in streamlining both internal and external operations within the Group. This involved collaborative efforts with regulatory bodies, aiming to unify strategies and objectives focused on the development of local content.

Such initiatives were instrumental in advancing the objectives of Saudi Arabia's Vision 2030, significantly contributing to the nation's overarching goals of economic and social development. By aligning business practices and regulatory frameworks towards a common goal, Rawafed effectively bolstered the stc's commitment to reinforcing local content and enhancing its overall impact on the Kingdom's growth and progress.

### **Local workforce development**

stc has significantly invested in its workforce, with spending on local workforce wages surpassing SAR 8 billion. Additionally, the investment in workforce training has also seen an increase, exceeding SAR 150 million. Furthermore, stc has been actively encouraging its partners to focus on localization. This is achieved by promoting awareness of the SME qualification service offered by Monsha'at (Jadeer Service), which involves disseminating a user guide, awareness videos and conducting workshops.

### **SME development**

stc has placed significant emphasis on supporting SMEs through various initiatives and partnerships. This year, stc's efforts are highlighted by several key achievements in the SME development pillar. They have implemented a pricing preference mechanism for SMEs in their projects and integrated the Jadeer certificate into their SME qualification process. Moreover, stc's direct partnerships with SMEs have grown, reaching a total of 134. The cumulative business value from these partnerships is estimated to be around SAR 1 billion.

### **Industry localization**

Industry localization is a crucial aspect of Rawafed's strategy, significantly impacting the national economy by establishing a sustainable foundation of equipment manufacturers and service developers. This year, stc has undertaken 20 initiatives to localize digital media content through Intigral. Additionally, as part of Intigral's headquarters relocation plan, stc collaborated with SCTS to construct the technical infrastructure for the project, a venture valued at over SAR 30 million.

## Digitization and innovation

Rawafed supported stc Academy in launching several key initiatives and partnerships to enhance local skills and transfer knowledge.

This includes a strategic partnership with the Saudi Society for Data Science from King Saud University for the Generative Artificial Intelligence and Entrepreneurship Forum. The event featured dialogue sessions about opportunities in the Saudi market and educational sessions on the application of generative AI in space exploration.

Additionally, stc Academy collaborated with stc Bank, Fintech Saudi and the Capital Market Authority to examine challenges in the fintech sector, focusing on innovative solutions to these challenges.

Furthermore, The Academy has made a significant contribution to research, publishing more than nine international papers in various fields such as satellite technology, cybersecurity, 5G, cloud services and artificial intelligence. These publications have achieved a high rate of public satisfaction and approval.

## Overall impact of Rawafed

Since the inception of the Rawafed program, stc's local spending has surged, exceeding SAR 34 billion by year-end 2023. stc has seen a significant rise in workforce localization, reaching more than 90% overall, with an even higher rate of 97.7% in higher management. Moreover, stc has invested over SAR 6 billion in the Saudi economy through the establishment of subsidiaries within the Kingdom, fostering job creation and economic support.

Rawafed has been instrumental in forging collaborations across various entities and sectors, facilitating an integrated environment for local content development. This has been achieved through numerous initiatives and the signing of over 10 cooperation agreements and memorandums of understanding. In alignment with Vision 2030, Rawafed introduced an investment opportunities catalog featuring 27 opportunities aimed at localizing the ICT industry, potentially boosting the GDP by approximately SAR 6.68 billion.

Emphasizing the dissemination of knowledge about local content, Rawafed has actively participated in over 10 national conferences and forums. Additionally, it has conducted over 54 workshops on local content and published 13 reports both internally and externally. The program also launched various media campaigns, yielding around 1 million impressions and interactions from the target audience on social media.

Rawafed's efforts extended to the production of eight promotional videos, including podcasts, television interviews and educational content, in collaboration with partner entities. The program has successfully expanded stc's network of local partners to 1,787. Furthermore, Rawafed guided these partners in obtaining local content certificates, resulting in the issuance of 582 certificates.

## Key Rawafed partnerships

Founding member of Local Content Leadership Council (LCLC) and a representative of the ICT sector since 2019, alongside company leaders for each sector.

Strategic partnership and ongoing agreement with the General Authority for Small and Medium Enterprises, Monsha'at, to facilitate the SME sector's access to purchasing opportunities at stc through the Jadeer service.

Partnership with Saudi Industrial Development Fund (Tawteen program) and stc's partners to provide the necessary financial facilities and solutions for the suppliers.

## Rawafed in 2024

In 2024, Rawafed will continue to drive forward its strategy in line with the goals set for the next five years. Its focus will remain on progressing along its four core strategic pillars: workforce development, SME development, digitization and innovation, and industry localization.

These strategic efforts are directed towards bolstering the stc's mission of fostering a robust and sustainable economy, reflecting the Group's commitment to long-term strategic growth and development in line with its organizational goals.

## Internal Audit

stc's internal audit is an independent, objective reasonable assurance and consulting activity designed to add value and improve stc's operations. It helps stc accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

stc's internal audit has conducted several assurance audit reviews as per the annual audit plan, approved by stc's Audit Committee, to provide the reasonable assurance regarding the effectiveness and efficiency of risk management, control, and governance processes in stc focusing on high-risk functions and processes. In addition, stc's internal audit has provided independent consulting services, in cooperation with executive management, with the aim to contribute to enhancing the effectiveness and efficiency of stc's operations, reducing costs and minimizing revenue leakage, review the interim and annual financial statements, and coordinating with external regulatory authorities and supervisory bodies.

The results of stc internal audit's assurance and consulting reviews did not reveal any significant observations that affect stc's ability in continuing its operations.

## Legal Disclosure

### Sanctions and reserve restrictions

The committees of regulatory bodies of the telecommunications sector have issued a number of decisions against stc. Based on the responsibility of stc to defend the rights of the shareholders and the mandate granted to stc under Telecommunication act, stc has grieved these decisions by filing lawsuits at courts.

There are various reasons for these decisions: some of them related to the committees sees lack of documentation for SIMs issuance; failure to complete mobile number portability (MNP); providing offers or discounts, which is illegal based on these committees' point of view; or using unlicensed frequencies. In addition, there are some decisions that relate to customers' complaints, which the regulatory authorities see that stc delay in implementation and follow the instruction or providing the required information.

There were 76 cases filed by stc against these decisions for the fiscal year 2023, amounting to a total of SAR 122,327,000, detailed as follows:

- Cases ended with final judgments in favor of stc: 6 cases amounting to SAR 2,923,000.
- Active cases handled by the grievance board: 50 cases amounting to SAR 107,751,000.
- Cases ended with final judgments against stc: 20 cases amounting to SAR 11,653,000, including decisions where stc could not find legal standing against the grievances.

stc has taken the necessary internal measures to ensure compliance with CST regulations.



## Subsidiaries and investments

### Subsidiaries (Local and International)

Name of Subsidiary	Country of Incorporation	Shareholding Percentage	
		31 December 2023	31 December 2022
Arabian Internet and Communications Services Company (solutions)	Kingdom of Saudi Arabia	80%	80%
Telecommunications Towers Company (TAWAL)	Kingdom of Saudi Arabia	100%	100%
Saudi Telecom Channels Company (Channels)	Kingdom of Saudi Arabia	100%	100%
Saudi Digital Payments Company (stc Bank)	Kingdom of Saudi Arabia	85%	85%
Digital Centers for Data and Telecommunications Company (center3)	Kingdom of Saudi Arabia	100%	100%
Advanced Technology and Cybersecurity Company (sirar)	Kingdom of Saudi Arabia	100%	100%
Internet of Things Information Technology Company (IoT squared)	Kingdom of Saudi Arabia	50%	50%
General Cloud Computing Company for Information Technology (SCCC)	Kingdom of Saudi Arabia	55%	55%
Public Telecommunications Company (Specialized)	Kingdom of Saudi Arabia	100%	100%
Gulf Digital Media Model Company Ltd (Intigral)	Kingdom of Saudi Arabia	100%	100%
Aqalat Limited Company (Aqalat)	Kingdom of Saudi Arabia	100%	100%
Telecom Commercial Investment Company Limited (TCIC)	Kingdom of Saudi Arabia	100%	100%
Smart Zone Real Estate Company	Kingdom of Saudi Arabia	100%	100%
Sendouk Al-Abatakar for Investment Company	Kingdom of Saudi Arabia	100%	100%
Digital Infrastructure Company	Kingdom of Saudi Arabia	100%	-
stc Bahrain Company (stc Bahrain)	Kingdom of Bahrain	100%	100%
Kuwait Telecommunication Company (stc Kuwait)	Kuwait	51.8%	51.8%
stc Asia Holding Ltd (stc Asia)	British Virgin Islands	100%	100%
stc Turkey Holding Ltd (stc Turkey)	British Virgin Islands	100%	100%

stc Gulf Investment Holding (stc Gulf)	Kingdom of Bahrain	100%	100%
stc GCC Cables System W.L.L. (stc GCC)	Kingdom of Bahrain	100%	100%
Green Bridge Investment Company (GBI)	Luxembourg	100%	-
Green Bridge Management Company (GBM)	Luxembourg	100%	-

## Local subsidiaries

### Arabian Internet and Communications Services Company (solutions)

#### solutions strategy

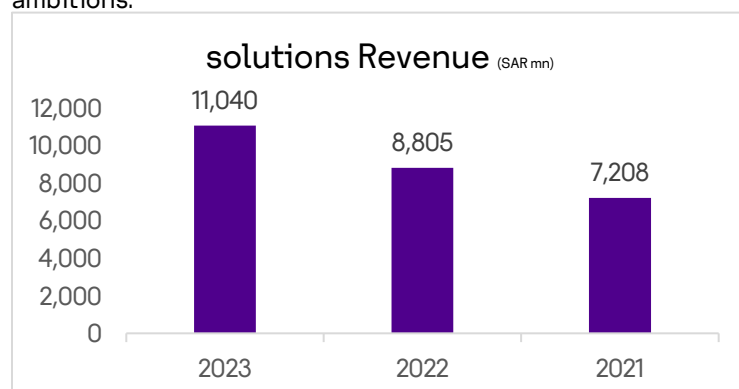
As a trailblazer in the ICT industry, solutions is focused on continuous growth. This includes expanding and integrating its service offerings, as well as building new capabilities to stay ahead in the fast-evolving technology landscape.

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

Its strategic pillars are:

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

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



#### 2023 Achievements

In 2023, solutions marked a year of remarkable achievements, characterized by significant partnerships, strategic acquisitions and notable progress in digital transformation. The company saw an impressive increase in revenue and a notable surge in its share price, reflecting its strong performance in the market.

The expansion of its partner network was a key focus, with the addition of several major technology giants. This expansion was complemented by strategic acquisitions, such as Giza Systems and Devoteam Middle East, which have been instrumental in strengthening the company's market position. The acquisition of Giza

#### About solutions

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

A key milestone in the company's journey was the initial public offering (IPO) in 2021. stc offered 20% of its shareholding in solutions on the Saudi Exchange, with an additional 1% of solutions' share capital earmarked for an employee long term incentive plan, underscoring the company's commitment to its workforce. As at 31 December 2023, solutions' share capital is SAR 1,200 million.

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

Systems, a leading system integrator in the Middle East, and the 40% stake in Devoteam Middle East, a major player in digital strategy consulting, signified solutions' commitment to enhancing its technological capabilities and service offerings.

A significant achievement in the company's digital transformation journey was the introduction of the "Takyah" mobile app, specifically designed for employees. This app represents a milestone in enhancing employee engagement and operational efficiency through digital means.

Employee development was another area of focus for the company. solutions invested in upskilling its workforce, recognizing the importance of human capital in driving innovation and growth. The robust implementation of robotic process automation (RPA) and the deployment of advanced security measures further demonstrated the company's commitment to technological advancement and cybersecurity.

Moreover, solutions broadened its service offerings to include the healthcare and education sectors, emphasizing its role in driving innovation and accessibility in these vital areas. This expansion aligns with the company's strategy to diversify its portfolio and tap into new market segments.

The company also completed the acquisition of the Contact Center Company (CCC), a provider of end-to-end services from technical support to data analytics. This acquisition further matured its capabilities in customer service and data analysis.

Additionally, the company's investment in Nile Company, aimed at providing enterprise network technology, is set to accelerate digital transformation in the Kingdom of Saudi Arabia, Kuwait, Bahrain, Oman and Egypt.

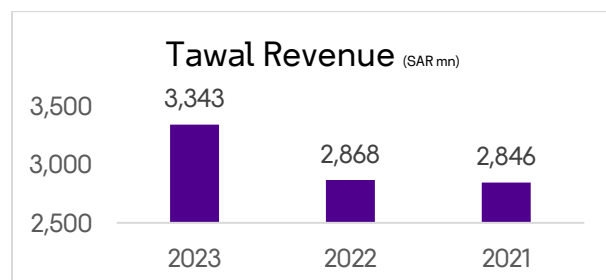
Lastly, a memorandum of understanding (MoU) signed with Samsung to drive digital transformation in KSA was another highlight. This partnership aims to deliver secure, fast and reliable communications solutions, meeting the emerging needs of the market.

These strategic moves underscore solutions' commitment to innovation, market expansion and digital transformation, setting the stage for continued growth and success in the dynamic ICT sector.

## Telecommunications Towers Company (TAWAL)

### TAWAL's strategy

TAWAL's strategy is focused on strengthening its core proposition while commercializing adjacent products to become a one-stop-shop. It aims to expand beyond its home market and become a regional infra services provider while enriching customer experience.



### 2023 Achievements

In 2023, TAWAL achieved significant milestones in its operations. The company constructed over 500 new towers and implemented more than 6,000 upgrades for 5G technology. Furthermore, TAWAL facilitated colocations for various licensed operators, achieving a tower tenancy ratio of 1.19

The company also successfully deployed around 30 in-building solutions (IBS) sites for non-MNO clients such as ARAMCO and projects like Boulevard. Additionally, TAWAL introduced innovative camouflage tower designs tailored for major project developers, including Alula.

By expanding its international footprint, TAWAL completed the acquisition of AWAL in Pakistan, leading to the establishment of TAWAL Pakistan. The company is now strategically focusing on signing master service agreements (MSA) with key players in the Pakistani market.

Moreover, TAWAL marked its entry into the European market by acquiring 4,821 existing towers and a plan to roll out 2,054 new towers from the United Group across three countries – Bulgaria, Croatia and Slovenia – for a total of SAR 5 billion (USD 1.3 billion). This led to the formation of TAWAL Europe, which aims to drive further growth in the Central and Eastern European region.

In terms of operational excellence, TAWAL maintained a remarkable 99.9% Power Network Interface (PNI) availability across all locations for all operators throughout 2023. Particularly during the peak of the 2023 Hajj season, TAWAL played a crucial role in ensuring uninterrupted connectivity for end-users by maintaining an infrastructure services availability of 99.9%.

In October 2022, stc received a non-binding offer from the Public Investment Fund (PIF) to acquire 51% of the shares of TAWAL, valuing the company at SAR 21.94 billion. The offer does not represent any binding commitment on both parties and it remains subject to completing the due diligence and reaching final and binding agreement which will be conditional upon obtaining all regulatory approvals from relevant authorities including the approval from the General Authority for Competition, internal approvals of the respective parties, and any other conditions that may be agreed between the parties.

### About TAWAL

Telecommunications Towers Company (TAWAL) was established by stc in January 2018, with a share capital of SAR 2,500 million wholly owned by stc, and its responsible for owning, constructing, operating, leasing and commercializing telecom towers. Its head office is located in the Kingdom of Saudi Arabia.

TAWAL started its commercial operation in 2019 to provide ICT infrastructure services. Moreover, TAWAL is licensed by the Communications, Space & Technology Commission (CST) to provide Class A (towers and masts, FTTT releasing) and Class B (indoor solution – IBS, small cells) ICT infrastructure services.

TAWAL has grown to become MENA's largest telecommunication tower company, with a portfolio of more than 21,000 telecom towers distributed across the Kingdom of Saudi Arabia, Bulgaria, Croatia, Slovenia and Pakistan.

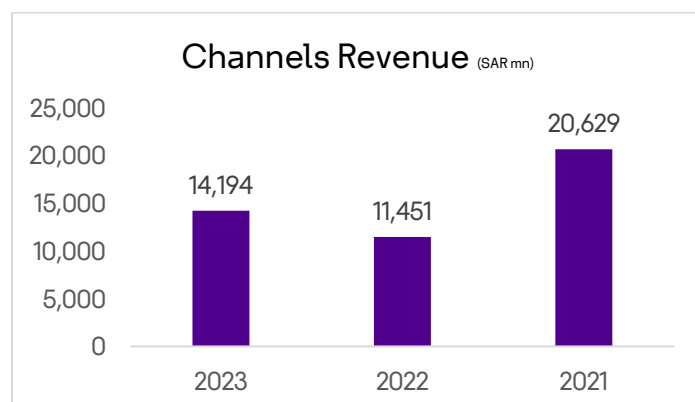
TAWAL also provides a range of adjacent ICT infrastructure services, including in-building solutions, fiber-to-the-tower re-selling, small cells, and coverage as a service.

## Saudi Telecom Channels Company (Channels)

### Channels' strategy

Channels' strategic vision is to excel by:

- 1) Boosting its profitability by sustaining revenue growth with a healthy margin.
- 2) Enabling the advancement of stc core services to realize stc strategic ambitions in Saudi Arabia and beyond.
- 3) Developing the required capabilities to achieve expansion objectives.



### 2023 Achievements

Channels has built solid capabilities across all its operations, for instance, sales channels' capabilities include:

**Retail:** Channels is a pioneer in offering sales experience with global standards, starting from channels role as the main operator of all retail outlets through branches spread across the region, amounting to more than 230 branches.

**Distribution:** channels is the leading distributor in the telecom sector. Channels is a pioneer in the field and always strives to meet the needs of its customers in all markets through effective presence in traditional trade and providing services through a huge distribution network of more than 70,000 points of sale.

**Field Sales:** Direct sales channels across the kingdom that enable channels to reach B2C & SME customers offering various products and services through experienced sales agents equipped with advanced technical tools.

**Last Mile Delivery:** dal the last mile service is channels logistic arm for delivering stc group orders in addition to 25 successful partners, with more than 10 million successful deliveries completed by the efforts of 16,000 Saudi delivery agents.

In 2023, Channels and its subsidiaries realized significant achievements, setting a solid foundation for expedited growth across its product and services, including:

- **+28%** Consumer electronics.

### About Channels

Saudi Telecom Channels Company (Channels) is the sales and distribution arm of stc. Established in January 2008 with the purpose of operating in the wholesale and retail trade of recharge card services, telecommunication equipment and devices, computer services, sale and re-sale of all fixed and mobile telecommunication services, and commercial centres' maintenance and operation.

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

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

stc owns 100% of Channels share capital, amounting to SAR 100 million.

- **+17%** International business.
- **+57%** Last mile deliveries.

### Awards and recognitions

Award	Awarded by
Operational Efficiency	PIF
Last Mile Leader of The Year	Logistics Middle East Awards
Regional Excellence Award for Supporting CX	Customer Experience Live
Regional Excellence Award for Digital Technologies	Digital Experience Awards
Digital – Telecommunications Award	Middle East Technology Excellence Awards
ICT – Technology Award	Middle East Technology Excellence Awards
Strategic Partner Appreciation Award	Supply Chain and Logistics Conference
Platinum Partner Appreciation Award	Retail Leaders Circle MENA
CEO of the Year – Telecom Award	CEO Middle East

## Saudi Digital Payments Company (stc Bank)

### stc Bank's strategy

stc Bank is undergoing a strategic transformation to establish itself as the premier digital bank in the Kingdom. It has already achieved several critical milestones in its transformation program and is approaching its commercial launch to customers. This next phase is contingent upon meeting the remaining regulatory requirements set by the Saudi Central Bank (SAMA).

In January 2023, Saudi Central Bank lifted the restrictions on the deposited capital of stc Bank for the amount of SR 1,552 million, which was deposited for the conversion of the Bank from a limited liability company to a closed joint stock company.

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

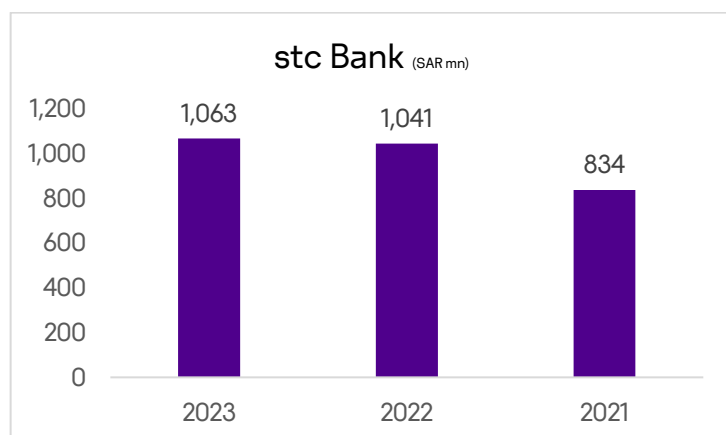
### About stc Bank

Saudi Digital Payments Company (stc Bank) was established in November 2017 to offer digital payment services in the Kingdom of Saudi Arabia.

In 2020, it was officially licensed as an electronic wallet company and a payment service provider, and Western Union acquired 15% of the company in the same year.

stc Bank received its digital banking services license from the Council of Ministers in 2021, with a share capital of SAR 2.5 billion.

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



### 2023 Achievements

In 2023, stc Bank delivered notable growth in its key operational metrics, indicating a strong year-on-year performance, reflecting its rising prominence and success in the digital banking sector.

- +11.5% App downloads.
- +23.2% Active users (180 days).
- +33.8% Customer deposits.
- +62.2% Transactions.
- +60.6% Cards spending.
- +68.5% Peer-to-peer transactions.
- +9.3% International remittance.



## Awards and recognitions

Award	Awarded by
Silver Award for Eidya Campaign	Dubai MENA Effie Awards 2023
Best Project Implementation Award for Treasury Implementation	IBSi Global FinTech Innovation Awards 2023
Regional Winner in the Middle East	IBSi NeoChallenger Banks Awards 2023

## Digital Centers for Data and Telecommunications Company (center3)

### center3 strategy

center3's PRIME strategy is focused on key strategic themes to solidify customer engagement models and commercial value propositions, building long-term partnerships and reimagining the data hub paradigm into a one-stop-shop integrated service platform that provides customers with a world-class experience. In addition, center3 will invest in the enlargement of its asset portfolio in Saudi Arabia and internationally.

### 2023 Achievements

In 2023, center3 launched several new data centers across Saudi Arabia, in Jeddah, Dammam and Riyadh, increasing its leadership in data hosting. Each center contributes to center3's network growth by offering advanced services to its clients.

It also progressed preparations for the launch of the Saudi Vision Cable, which is set to revolutionize data communication services across Red Sea cities and existing landing stations. Additionally, center3's new internet exchange in Riyadh, RIVix, following JED-IX's success, marks another milestone in center3's digital hub expansion, promising faster and more reliable internet connectivity.

The company delivered an outstanding performance during its first full year of operations, highlighted by:

- 99.13% overall services availability (up from 98.12% in 2022).
- 36.27% increase in traffic (16.7 TB) over its subsea network.
- 100% uptime for all the submarine cable systems during Ramadan and Hajj network freeze periods.
- 97.96% compliance to customer service complaints/incident response times.

Additionally, center3 launched the Riyadh Internet Exchange, a major step forward in enhancing internet connectivity in the region. Another notable achievement was the successful landing of the 2Africa subsea cable in Jeddah and Yanbu, significantly boosting the company's connectivity infrastructure.

center3 also entered into an agreement with Huawei to deliver cutting-edge solutions, marking a pivotal development in its technological offerings. Complementing this, center3 signed a substantial deal with Oracle to host Oracle services in its data centers, extending its range of high-profile collaborations.

Moreover, center3 will bolster the localization of digital content and services in Saudi Arabia and MENA region through stc's investments in its data centers and subsea cable assets. The data centers currently possess a capacity of up to 125 MW, with plans to increase this to 300 MW as per the strategy developed by stc.

### About center3

Digital Centers for Data and Telecommunications Company (center3) was established in February 2022 with a share capital of SAR 100 million, with the purpose of providing services related to big data, data analytics and cloud computing in the Kingdom.

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

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

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

In recognition of these developments, center3 received an A credit rating with a stable outlook from Tassnief Agency. This rating reflects the company's strong position in the connectivity and data center business, supported by its robust corporate governance framework and a favorable operating environment. These milestones collectively underscore center3's growing prominence in the industry.

#### Awards and recognitions

Award	Awarded by
Best Project of the Year 2023 – Subsea Category	Global Carrier Awards in London

## Advanced Technology and Cybersecurity Company (sirar)

### sirar's strategy

With the vision of becoming a leading enabler in cybersecurity for the digital economy, sirar's mission is to develop cyber solutions and capabilities that adhere to the highest global standards. This mission supports its clients, both in the Kingdom and internationally, in safely navigating their digital transformation journeys.

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

Sirar's STORM strategic approach, which stands for Shape, Transform, Occupy, Retain and Model, is a comprehensive plan aimed at solidifying its position in the cybersecurity market. This strategy is centered on expanding sirar's range of products and services to assert leadership in the cyber market.

A crucial part of this plan is the development of a vast partner system, which is expected to facilitate sirar's growth beyond the Kingdom's borders, establishing it as a regional cybersecurity provider. Integral to this strategy is the focus on delivering an enriching and distinctive customer experience, a factor that sirar believes will be key to its success in the competitive cybersecurity landscape.

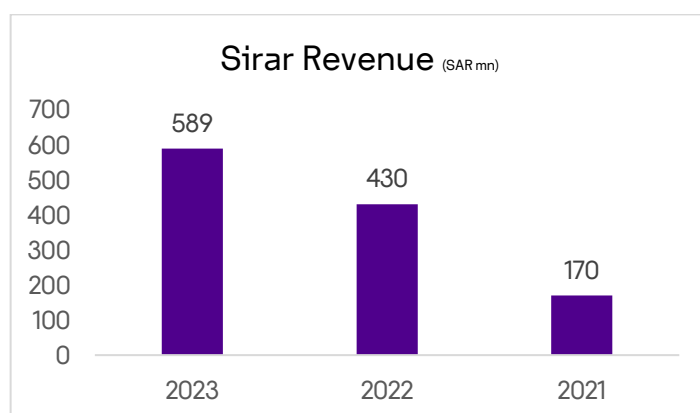
### About sirar

Established in November 2020, the Advanced Technology and Cybersecurity Company (sirar) is a wholly owned subsidiary of stc with a share capital of SAR 250 million.

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

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

The company's tools are specifically tailored to detect, monitor and prevent cyberattacks, providing robust protection and security.



## 2023 Achievements

In 2023, sirar continued its robust trajectory, significantly contributing to the success of its business unit and stc. The year was marked by several strategic moves and initiatives, positioning sirar as a leader in cybersecurity solutions.

One of the key highlights of the year was the launch of new products and services, showcasing sirar's commitment to innovation and customer-centric solutions. These included a security enhancement and employee development product, designed to educate organizational members about protecting themselves and their organization's assets from potential loss or harm. Another notable product was Athar, a watermark solution for device protection, preventing unauthorized screen capture. This product was launched in a soft-launch phase. Additionally, the upskilling cyber capabilities (UCC) product was introduced to facilitate cyber upskilling across the organization for various levels of experience, in a soft-launch phase.

sirar also launched the managed detection and response (MDR) service, which elevates security operations center as a service (SOCaaS) with managed end-point detection and response (EDR), in a soft-launch phase. The digital risk protection (DRP) service, an AI-powered brand protection online solution, and the attack surface management (ASM) solution – for continuous assessments and monitoring to identify technological flaws, leaked information and outdated legacy systems – were part of the soft-launch phase. Moreover, sirar expanded its service offerings to include a configuration review service, API penetration testing service and source code review service.

In addition to product launches, sirar's security operations center (SOC) achieved the Managed Security Services Provider certification from CREST, an international organization recognized for cyber excellence. Sirar obtained four certifications from the International Organization for Standardization (ISO) in various fields, underlining its dedication to managing services according to the highest international standards.

Furthermore, sirar established a significant memorandum of understanding with Cognizant and stc, marking the launch of the first data privacy center of excellence. The company formed multiple agreements and key partnerships, including collaborations with Red Sea Global, Diriyah Company, and Saudi Arabia Railways (SAR), thereby strengthening its position in the market through these collaborative ventures.

In terms of customer experience, sirar implemented the voice of customer (VOC) framework initiative. This initiative focused on adopting proper sampling techniques and measurement scales to create performance indicators that accurately measure customer experience, including those related to internal operational processes. Additionally, the launch of the customer journey mapping tool initiative marked a significant step in enhancing customer experience. This tool provides a powerful means to create visual representations of customers' journeys, offering a holistic overview of their emotions, behaviors and interactions throughout the process of requesting a product or service. By leveraging this tool, sirar aimed to refine and optimize the customer experience, ensuring a more intuitive and customer-centric journey.

These initiatives and achievements in 2023 highlight sirar's dedication to innovation, customer satisfaction and market leadership in the cybersecurity domain.

## Awards and recognitions

Award	Awarded by
Number 1 Best Managed Security Services Provider in the MENA region and number 11 globally	MSSP Alert 2023
Top 10 best small and medium workplaces in Asia for the year 2023	Great Place to Work

Best Cybersecurity Advisory Service Provider and Best Digital Signature Product Provider awards in Saudi Arabia for the year 2022	International Finance Magazine
Strategic Partner of the Year Award	StarLink
Best Managed Services Provider of the Year Award	Splunk
Strategic Check Champion Award	Gulf IT
Security Operation Partner of the Year Award	Fortinet

## Internet of Things Information Technology Company (IoT squared)

### IoT squared's strategy

IoT squared's BOLD strategy contributes to enabling the company's ambition towards regional growth, creating added value and strengthening its position in the region as an integrated provider of all IoT services.

BOLD's strategy is based on the following four strategic pillars:

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

### 2023 Achievements

In 2023, IoT squared embarked on a significant expansion, aligning itself as a key contributor to stc's digital offerings. The year was marked by the launch of several unique products and platforms, effectively positioning IoT squared as an innovative force in the IoT sector, especially in logistics, industrial and smart city sectors. Notably, the company launched three distinct products – Intelligent Operations, Connected Fleet and Video Surveillance – each designed to meet specific market needs and optimize various aspects of operations for clients.

The company's growth was further accelerated by the strategic recruitment of over 110 top professionals in the IoT industry, highlighting its commitment to talent and expertise. IoT squared also initiated over 10 key projects with strategic clients, demonstrating its ability to foster and maintain significant business relationships. Its partnership network saw a substantial increase, collaborating with more than 120 local and global partners, which brought in best market practices and expertise.

Additionally, IoT squared developed a strategic partnership with General Cloud Computing Company for Information Technology (SCCC), focusing on local data sovereignty and security. This partnership involves deploying IoT squared's platform on SCCC's local cloud infrastructure, ensuring a robust and secure digital environment.

The company's expansion journey included the acquisition of Machinestalk, a strategic move that augmented its capabilities and market presence. The company's effective conversion of key customer relationships into profitable partnerships was evident in the success of its pilot and demo projects. Furthermore, IoT squared's presence in both local and international markets was reinforced through its participation in key industry events such as LEAP, Cityscape, MWC, GIITS and Digital Saudi.

Recognition of IoT squared's workplace environment and practices was also a highlight, with certifications from Great Place to Work in the MENA region and Saudi Arabia. The company achieved a class 2 vendor classification, enabling it to participate directly in large government tenders, and received local content certification from the Local Content and Government Procurement Authority. Additionally, it was certified in Quality Management System ISO 9001 and Information Security Management System ISO 27001, underscoring its commitment to quality and security standards.

### About IoT squared

Internet of Things Information Technology Company (IoT squared) was established in May 2022 as a limited liability company by signing a partnership agreement between stc and the Public Investment Fund (PIF), with each party holding a 50% share and a share capital of SAR 900 million.

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

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

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

## General Cloud Computing Company for Information Technology (SCCC)

### SCCC's strategy

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

### 2023 Achievements

In 2023, SCCC secured numerous of projects throughout the year, laying a solid foundation for the company's operational longevity and a clear pathway to profitability. These projects are expected to sustain the company's growth and financial health in the years to come.

Another notable accomplishment for SCCC in 2023 was its significant progress in product launches. The company successfully introduced over 66 products to the market since its establishment. This milestone highlights SCCC's commitment to innovation and reflects its dedication to meeting the evolving needs of its customers. The diverse range of products launched by SCCC indicates its ability to keep pace with the rapidly changing technological landscape and its commitment to remaining at the forefront of the industry.

### About SCCC

The General Cloud Computing Company for Information Technology (SCCC) was established in May 2022 specializing in cloud computing services with a share capital of SAR 894 million.

SCCC represents a collaborative venture between eWTP Arabia Technology Innovation Limited Company (eWTPA), Alibaba (Singapore) Private Limited (Alibaba Cloud), the Saudi Company for Artificial Intelligence (SCAI), and the Saudi Information Technology Company (SITE). stc holds a 55% majority stake in SCCC.

SCCC is the first major hyperscaler in both the Kingdom and the broader region. It offers an extensive array of cloud computing services that cater to a variety of needs. These services include servers, databases, storage, networks and applications, all available on demand.

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



## Public Telecommunications Company (Specialized)

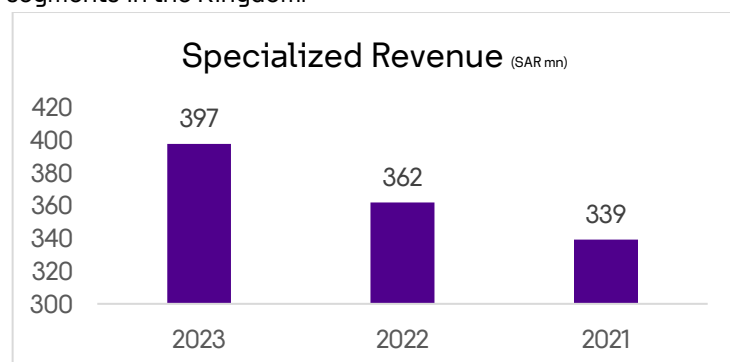
### Specialized's strategy

Specialized's vision is to be the trusted partner of critical communications, services and innovative solutions. Its strategy is to focus on the following four dimensions:

- Broad critical communications offering.
- Emerging technologies.
- Integrated critical communications services.
- Secured services and solutions.

Specialized has embraced GROW's strategy by adopting strategic goals that support the growth of the company and achieving the goals of stc.

The company is actively aligned with the goals of the Kingdom's Vision 2030, aiming to contribute significantly through the provision of advanced, differentiated and specialized services. Specialized has a particular focus on key sectors such as health, transportation, education, security and defense, positioning itself as an essential player in driving technological advancements and supporting various critical industry segments in the Kingdom.



### 2023 Achievements

In 2023, Specialized made significant strides in its transformation journey that began in 2019. The focus on optimal resource utilization and a shift in the business model to leverage integration with stc resulted in an improvement in profitability and stable revenue growth over the past three years. This transformation represents a strategic shift in the company's operations and approach to the market.

A key part of Specialized's success in 2023 was the signing of strategic partnerships, which included agreements with Airbus and Motorola. These partnerships are indicative of Specialized's commitment to expanding its capabilities and enhancing its service offerings.

On the operational and business front, Specialized made considerable improvements. The company updated policies and procedures to align with the Group's new operating model, and signed a revenue sharing agreement with Business for All PTT services. In addition, Specialized focused on improving its business platforms, notably the development of the PTT services platform (Kodiak from Motorola Global).

The company also made significant progress in integration and preparation, including the transfer and opening of a hardware maintenance center in Riyadh city, conforming to international supplier

### About Specialized

Public Telecommunications Company (Specialized) was established in February 2002 with the purpose of operating in the electrical business and communication networks, wholesale and retail trade in fixed telecommunications equipment, electrical appliances, import, marketing, installation and maintenance of fixed and mobile telecommunications and information technology licensed devices with share capital of SAR 252 million fully acquired by stc in 2014.

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

Catering to the needs of all types of businesses, especially those requiring critical and mission-critical communications within Saudi Arabia, Specialized provides wholesale and retail trade in fixed telecommunications equipment and electrical appliances, as well as the import, marketing, installation and maintenance of both fixed and mobile telecommunications and information technology licensed devices.

specifications. The Hajj season was another area of success, with high revenues from PTT products and services and the provision of unique and dedicated services for pilgrims.

Moreover, Specialized launched two new service-related offerings: Dispatcher and Control. Dispatcher is an advanced browser that enables organizations to manage daily transmissions effectively, allowing senders to operate from central facilities centers. The control service offers a range of features, including PTT user management, call and conversation management, and the ability to manage users outside the organization while providing multimedia services.

In addition to these services, Specialized launched EMP, a digital platform designed to streamline daily operations and incident management. This platform enhances efficiency in planning and response, offering greater visibility into operations through an integrated control panel. These innovations by Specialized are geared towards facilitating and improving enterprise transmission and communication management, thus contributing to overall organizational efficiency and effectiveness.

### Awards and recognitions

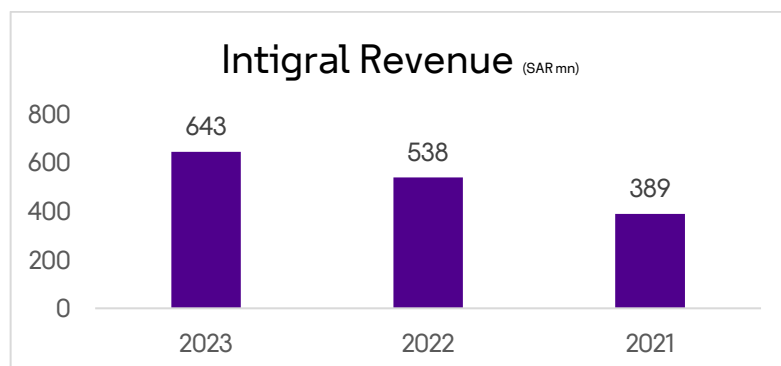
Award	Awarded by
Best Use of Critical Communications in Telecom Saudi Arabia 2023	Global Business Outlook
Most Innovative Mission Critical PTT Solution in Telecom Saudi Arabia 2023	Global Business Outlook
Vertical Pioneer Award	Hytera
Most Innovative Critical Communication Service Provider	International Finance Award
Best Critical Telecom Infrastructure Solutions Provider	International Finance Award

## Gulf Digital Media Model Company Ltd (Intigral)

### Intigral's strategy

Intigral's strategic vision is to become MENA's largest media aggregator, distributor and entertainment hub by bringing content from regional and global third-party content providers onto the one platform via:

- 1) Providing a single sign-on, single-bill platform.
- 2) Leveraging cross-platform analytics and a recommendation engine to deliver a state-of-the-art viewing experience.



### About Intigral

Gulf Digital Media Model (Intigral) is stc's digital media and entertainment aggregation arm, headquartered in Saudi Arabia.

Established in March 2002 with a share capital of SAR 811 million, it provides over-the-top broadcasting and media services, and manages the stc tv and Jawwy TV brands.

stc tv is available across stc's operating footprint in Saudi Arabia, Bahrain and Kuwait, while Jawwy TV is available across all other MENA markets.

### 2023 Achievements

In 2023, Intigral achieved unprecedented growth in terms of its active base, expanding 2.3-fold through a best-in-class platform and user experience, a solid and diverse content portfolio, and a repowered go-to-market push through bundling with telco operators. This landmark success was the result of successfully leveraging stc's go-to-market engine to boost the growth of adjacent digital services.

Intigral delivered a number of impressive achievements during the year, including:

- **+124%** Total registered subscribers.
- **+45%** International subscriber base.
- **+135%** Viewership.
- **37** Record Net Promoter Score (NPS).

Moreover, Intigral has built a solid foundation across its value chain to position itself as the largest Media aggregator, namely:

- **16** MENA markets penetrated.
- **29K** On-demand content assets.
- **50+** Partnerships with content providers and aggregators.
- **19** Regional telecom distribution partnerships.

## Awards and recognitions

Award	Awarded by
Most Trusted OTT Platform in Saudi Arabia for stc tv	Intlbm
Leading Digital Entertainment Solutions Brand, MENA for Intigral	Intlbm
Fastest Growing Digital Entertainment Solutions Brand, MENA for Intigral	Global Brand Magazine
MENA's Leading OTT Platform for Jawwy TV	Global Brand Magazine

## Aqalat Limited Company (Aqalat)

### Aqalat's strategy

Aqalat's strategic approach focuses on enhancing the returns of stc. This is achieved through the development of real estate projects utilizing stc's assets, alongside the leasing and sale of non-essential real estate assets. A key part of this strategy involves converting the land use of these properties from service facilities to mixed-use investment lands.

### 2023 Achievements

In 2023, Aqalat achieved considerable success in accelerating investments to optimize returns from its real estate assets. It made significant progress on the stc Square project in Riyadh, reaching 60% completion in phase I of the project, with construction slated for completion in 2024.

Aqalat established a joint venture with DUR, forming the Smart Zone Hospitality Company, to construct a technologically advanced hotel within the stc Square project. The company also launched the detailed design stage for phase II of the stc Square project.

At Cityscape, Aqalat showcased its strengths by establishing four major partnerships with iot squard, stc, Al Fanar and Al Mohandis Holding Group. It achieved recognition from the Ministry of Municipal and Rural Affairs and Housing, meeting the standards for a comprehensive license and qualifying as a real estate development company.

Another major accomplishment in 2023 was the successful investment of a land parcel in Al-Khobar. Aqalat sold this asset in a public auction for a value of SAR 1.378 billion, marking a significant milestone in its investment strategy.

In terms of workforce advancement, Aqalat made significant progress in localization, exceeding 94%. The company demonstrated a strong commitment to women's empowerment, with women constituting over 32% of the workforce and 20% in leadership roles.

### About Aqalat

Aqalat Limited Company (Aqalat) was founded in March 2013.

Aqalat is a wholly owned subsidiary of stc, with a share capital of SAR 70 million.

Its primary objective is owning, investing, managing of real estate and contracting, and providing consulting services, and importing and exporting services to the benefit of stc, aiming to maximize shareholder returns in alignment with stc's strategic goals.

Aqalat is headquartered and operates within the Kingdom.

**Telecom Commercial Investment Company Limited (TCIC)**

Telecom Commercial Investment Company Limited (TCIC) was established in October 2007 with the purpose of operating and maintaining telecommunication networks, organizing computer systems' networks and internet networks, maintenance, operation and installation of telecommunication and information technology systems and programs in the Saudi market with share capital of SR 1 million as at 31 December 2023, wholly owned by stc. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom.

**Smart Zone Real Estate Company**

Smart Zone Real Estate, a limited liability company, was established in September 2019 and its main activity is the development, financing and management of real estate projects, the establishment of facilities, complexes, commercial, office and residential buildings with share capital of SR 417 million as at 31 December 2023. Headquartered in Saudi Arabia, it carries out its operations in the Kingdom.

**Sendouk Al-Abatakar for Investment Company**

Sendouk Al-Abatakar for Investment Company, a limited liability company, was established in August 2021 with the purpose of providing administrative services and IT and telecommunication support and with share capital of SAR 187.5 million as at 31 December 2023. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom.

**Digital Infrastructure Company**

Digital Infrastructure Company, was established during the fourth quarter of the year 2023 in Kingdom of Saudi Arabia. It is a simplified closed joint stock company, established to provide services and necessary support for the Group's investing activities. Its head office is located in the Kingdom and it fulfills its operational activity in the Kingdom.

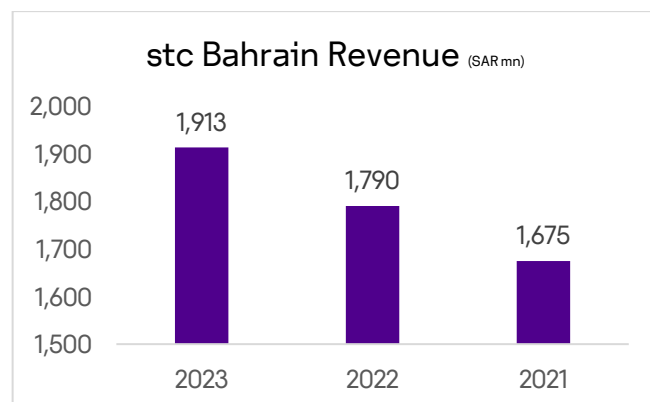
## International subsidiaries

### stc Bahrain Company (stc Bahrain) – Kingdom of Bahrain

#### stc Bahrain's strategy

stc Bahrain's LEAD strategy is aimed at expanding its digital offerings and new services, based on four key pillars:

- **Leadership** in core markets, emphasizing its dominant position in its primary business areas.
- **Experience** as a key factor of differentiation, focusing on delivering a unique and superior customer experience.
- **Acceleration** in specific approach areas, targeting rapid growth and innovation in chosen segments.
- **Distinctive** and sustainable performance, ensuring long term success through unique and enduring operational excellence.



#### About stc Bahrain

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

Since entering Bahrain's telecom market, stc Bahrain has become the market leader. stc Bahrain has been at the forefront of innovation by launching the latest high-tech devices first, along with having introduced a comprehensive Wholesale and Enterprise portfolio with national and international services.

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

#### 2023 Achievements

In 2023, stc Bahrain made notable progress across all its strategic pillars, delivering a range of achievements for enhanced value creation, innovation and sustainable growth.

stc Bahrain significantly escalated its 5G network, focusing on enhancing both coverage and capacity. This development was pivotal in maintaining stc Bahrain's leadership in the postpaid mobile voice and wireless broadband segments. The company's commitment to delivering a superior network experience was recognized in the TRA Mobile Quality of Service Audit Report, where stc Bahrain ranked highest in most indicators, particularly excelling in 5G network coverage and speed. Additionally, stc Bahrain became a pioneer in the MENA region by achieving 10Gbps speeds during live 5G-advanced trials in 2023.

Regarding digital channels, stc Bahrain boasts one of Bahrain's most extensive and diverse sales and payment networks. This includes a comprehensive retail network, a user-friendly web portal, and a distribution channel with over 3,700 outlets nationwide. The company's focus on digital transformation has led to

significant growth and usage of the mystc app. This app offers connectivity-related transactions as well as exclusive lifestyle and entertainment benefits to customers.

In adjacent services, 2023 saw the Saudi Digital Payments Company (stc Bank) and InsurTech scaling up, marked by increased usage and value delivery to customers. stc Bank was relaunched in March, attracting over 100,000 customers in the first 10 months. The bank's positive trajectory is expected to continue with the introduction of new features addressing customer digital payment needs. Similarly, stc Bahrain's device insurance proposition gained popularity among customers seeking to protect their smartphones.

stc Bahrain has significantly enhanced its market presence through the introduction of adjacent digital services. A key development in this area was the establishment of stc pay Bahrain, a wholly owned subsidiary designed to offer digital wallet services in the Bahrain market.

Furthermore, customer experience remained a focal point for stc Bahrain. The company concentrated on enhancing digital touchpoints and streamlining customer journeys, actively investing in new infrastructure to support this digital transformation. It also established a dedicated team responsible for addressing customer inquiries and complaints. This approach is in line with the company's goal of enhancing customer satisfaction and fostering a more responsive and efficient customer service environment. These efforts translated into a sustainable improvement in customer satisfaction scores in 2023, and the company plans to maintain this focus moving forward.

#### Awards and recognitions

Award	Awarded by
InsureTech proportion	Middle East Technology Excellence Awards
InsureTech proportion	MEA Business Technology Achievements Awards
Outstanding Customer Experience in the Middle East	SAMENA LEAD Awards



## Kuwait Telecommunication Company (stc Kuwait) – Kuwait

### stc Kuwait's strategy

stc Kuwait's LEAD strategy is aimed at steering the company towards market leadership in the Kuwaiti telecommunications and ICT sector. It is underpinned by an aspiration to lead the market through the introduction of innovative services, expansion in priority segments, and the implementation of an efficient and digital operating model. The LEAD strategy consists of four key strategic pillars:

- Lead the core markets, focused on dominating the primary market segments where stc Kuwait operates.
- Increase ICT business, aiming to broaden its footprint in the ICT sector.
- Accelerate innovation by fostering a culture of innovation that drives the development of new and unique services and solutions.
- Deploy an efficient and digital operating model, which emphasizes the importance of operational efficiency and the adoption of a digital-first approach.

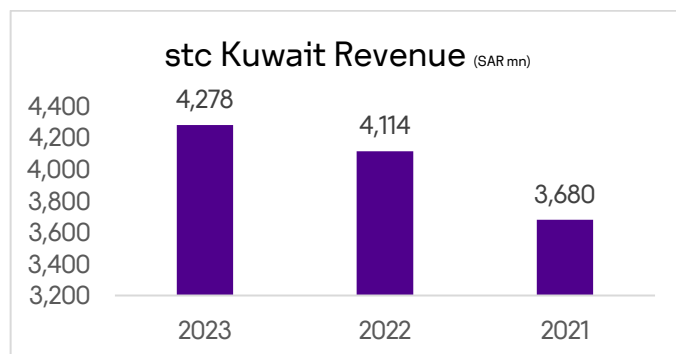
### About stc Kuwait

Kuwait Telecommunication Company (stc Kuwait) was established in July 2008 with the purpose of operating in the field of mobile services in the Kuwaiti market.

The company was publicly listed as a joint stock company on the Kuwait Stock Exchange in December 2014.

As at 31 December 2023, stc owns a 51.8% stake in stc Kuwait, with a share capital of KD 100 million.

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



### 2023 Achievements

stc Kuwait has achieved a high rate of annual progress across key operating measures since the beginning of 2023:

- Kuwaitization rate: 63.4%.
- Number of branches: 107.
- Total subscribers: 2.3 million.
- Market share of revenue: 37%.

In 2023, stc Kuwait sustained its growth and innovation, achieving noteworthy progress in digital transformation and operational expansion. The company recorded strong financial and operational results, significantly enhancing its digital solutions and infrastructure, underscoring its commitment to excellence and innovation in the telecom and ICT sectors.

stc Kuwait's focus on digital transformation and operational optimization – coupled with investments in future technologies – has established it as a leading force in the telecom industry. This year, the company successfully navigated multiple milestones in its digital transformation journey, enhancing customer experiences and streamlining operational efficiency. stc Kuwait's advanced network infrastructure has enabled it to offer a wide range of services, meeting the diverse needs of individual and enterprise customers and reinforcing its position as a pioneer in telecom solutions.

Internally, stc Kuwait has made considerable advances in enhancing its capabilities and integrated systems, aligning with its corporate strategy. The digitization of internal processes has optimized operations, leading to more efficient workflows and improved overall efficiency, supporting the company's business and service delivery standards.

Electronic Portal Holding Company (e-Portal), stc Kuwait's specialized ICT arm, has played a crucial role in providing comprehensive ICT solutions to the enterprise sector. In 2023, stc Kuwait intensified its focus on expanding its ICT solutions, introducing new concepts and a wider range of solutions through e-Portal. The company's investment in emerging technologies such as 5G services, IoT, cloud services and artificial intelligence reflects its dedication to staying at the forefront of technology and shaping the future of ICT services in Kuwait.

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

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

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

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

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

In April 2008, stc Turkey acquired 35% of Oger Telecom Limited's (OTL). During the year 2023, OTL liquidation has been completed with most of its assets and liabilities disposed of (for more details, see note 8-1 in the consolidated annual financial statements).

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

stc Gulf was incorporated in March 2008, which is a special purpose vehicle in the Kingdom of Bahrain, The primary objective of this company is to provide services and support required in respect of investment activities of stc.

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

stc GCC Cable Systems W.L.L., a limited liability company, was established in April 2021 with the purpose of the sale and installation of telecommunications equipment and the construction of utilities projects. stc GCC Cable Systems W.L.L. is wholly owned by stc as part of the agreement to invest in a fund aimed to drive innovation in the communications and information technology sector in the Kingdom of Bahrain and other GCC countries with share capital of BD 32 million as at 31 December 2023.

### Green Bridge Investment Company (GBI) – Luxembourg

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

### Green Bridge Management Company (GBM) – Luxembourg

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

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

## Investments

### Investments in Associate

Name of associate companies	Country of incorporation	Shareholding percentage	
		31 December 2023	31 December 2022
Arab Satellite Communications Organization (Arabsat)	KSA	36.66%	36.66%
Virgin Mobile Saudi Consortium (VMSC)	KSA	10%	10%
Oger Telecom Limited (OTL)	UAE	Liquidated	35%
Virgin Mobile Kuwait (VMK)	Kuwait	10%	10%
Giza Systems Company for Electromechanical Contracting	Egypt	50.01%	50.01%
Edu Apps Company	Egypt	40%	40%

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

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

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

In April 1999, stc acquired 36.66% of Arabsat's USD 500 million share capital.

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

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

### **Oger Telecom Limited (OTL) – United Arab Emirates**

Oger Telecom Limited (OTL) is a holding company registered in Dubai, the United Arab Emirates. In April 2008, through one of its subsidiaries (stc Turkey Holding Ltd) stc acquired 35% of OTL's share capital. During the year 2023, OTL liquidation has been completed.

### **Virgin Mobile Kuwait (VMK) – Kuwait**

Virgin Mobile Kuwait (VMK) is indirectly owned through stc Kuwait with 10% ownership. stc's ability to exercise significant influence is evidenced by the reliance of Virgin Mobiles Kuwait on stc Kuwait's technical network.

### **Giza Systems Company for Electromechanical Contracting – Egypt**

Giza Systems Company for Electromechanical Contracting was established in 2011 to execute operation works, engineering consultancy, evaluations of systems, electronic devices and computers. The company is indirectly owned through solutions with 50.01% ownership. solutions accounts for this investment as an associate as it has significant influence without having control and rights that enable solutions to direct decisions and relevant activities of this company.

### **Edu Apps Company – Egypt**

Edu Apps Company is indirectly owned through solutions with 40% ownership. Edu Apps, a private limited company, was established in 2016 to execute software designing and development services.

## Investments in Joint Ventures

Name of joint ventures	Country of incorporation	Shareholding percentage	
		31 December 2023	31 December 2022
Arab Submarine Cables Company Limited	KSA	50%	50%
Contact Center Company (CCC)	KSA	-	49%
Binariang GSM Holding (BGSM)	Malaysia	25%	25%
Integrated Data Company for Information and Technology	KSA	39%	-

### Arab Submarine Cables Company Limited – Kingdom of Saudi Arabia

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

### Contact Center Company (CCC) – Kingdom of Saudi Arabia

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

On 3 April 2023, solutions completed the acquisition of CCC by acquiring all shares of stc (49%) and ESM Holding Company (51%) for a full cash consideration for the entire acquisition amounting to SAR 513.7 million. CCC is engaged in providing services related to the submission of proposals and technical solutions in the field of telecommunications and IT support and maintenance, systems development, support, and communications programs and information technology.

The acquisition was considered, at the Group level, as a step acquisition with change in control in accordance with IFRS 3 Business Combinations and the Group started consolidating CCC from the acquisition completion date (for more details, see note 7 in the consolidated annual financial statements). A gain was recognized from remeasuring the previously held equity interest in CCC amounting to SAR 133 million within net other gains item in the consolidated statement of profit or loss.

## Binariang GSM Holding (BGSM) – Malaysia

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

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

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

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

## Other investments

### Investment in Telefónica

During 2023, stc invested in Telefónica by acquiring a 99% interest in the company for a total consideration of EUR 2.1 billion (which is equivalent to SAR 8.5 billion), making stc Telefónica's largest shareholder. Telefónica is one of the largest telecommunications companies in the world with significant presence in Spain, Germany, the UK and Brazil.

This acquisition represents another milestone in stc's expansion and growth strategy, and reflects stc's confidence in Telefónica's sustainable growth and upside potential. Telefónica benefits from a unique portfolio of best-in-class infrastructure assets and cutting-edge technology platforms, where it is developing state-of-the-art capabilities in adjacent areas such as cognitive intelligence, edge computing and IoT.

During the third quarter of the year 2023, stc completed the purchase of 4.9% direct shareholding in Telefonica. Telefonica is a leading European telecommunications operator through its significant presence in 3 of the largest European markets, namely Spain, Germany and the UK, in addition to Brazil which is the largest market in Latin America. These investments are irrevocably designated at fair value through OCI. stc has received dividends during the fourth quarter of 2023 amounting to SAR 173 million, which is included as other income in the consolidated statement of profit or loss. For more details, see notes 16.1 – 32.1 in the consolidated annual financial statements.

## Investments in the Sukuk issued by the Ministry of Finance

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

Item	First Tranche (Thousands of Riyals)	Second Tranche (Thousands of Riyals)
<b>Nominal investment value</b>	1,762,000	2,140,000
<b>Investment duration</b>	5 years	10 years
<b>Yield</b>	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 SAR 1,383 million) for a period of 50 years (callable after 10 years) with an annual profit margin of 6 months KLIBOR +8.51%. These sukuk are not past due or low in value with a book value of SAR 1,230 million as at 31 December 2023.

### stc invests in various venture funds

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

During 2022, the Company signed an agreement with STV LP Fund and allocated an additional SAR 1,125 million (equivalent to USD 300 million) investment in the fund, out of which SAR 221 million (equivalent to USD 59 million) was injected.

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 recent round of finance, discounted cash flow models and multiples method) for the valuation of underlying financial instruments classified under level 3 of the respective Fund's fair value hierarchy. Significant unobservable inputs embedded in the models used by the Funds' managers include risk-adjusted discount rates and lack of marketability discount. An increase/(decrease) of 10% in the discount rate would lead to a (decrease)/increase of (SAR 41 million)/SAR 45 million in fair value (2022: an increase/(decrease) of 10% in the discount rate would lead to a (decrease)/increase of (SAR 152 million)/SAR 255 million in fair value). An increase/(decrease) of 10% in the lack of marketability discount would lead to a (decrease)/increase of (SAR 61 million)/ SAR 41 million in fair value (2022: An increase/(decrease) of 10% in the the lack of marketability discount would lead to a (decrease)/increase of (SAR 56 million)/ SAR 28 million in fair value). for more details, see note 43.2 in the consolidated annual financial statements.

## 04 SUSTAINABILITY

**Our commitment to sustainability is embedded in our core business practices, our purpose, and our corporate strategy. Integrating sustainability into our business helps us deliver on our vision of enabling the society and economy to thrive in Saudi Arabia and beyond.**

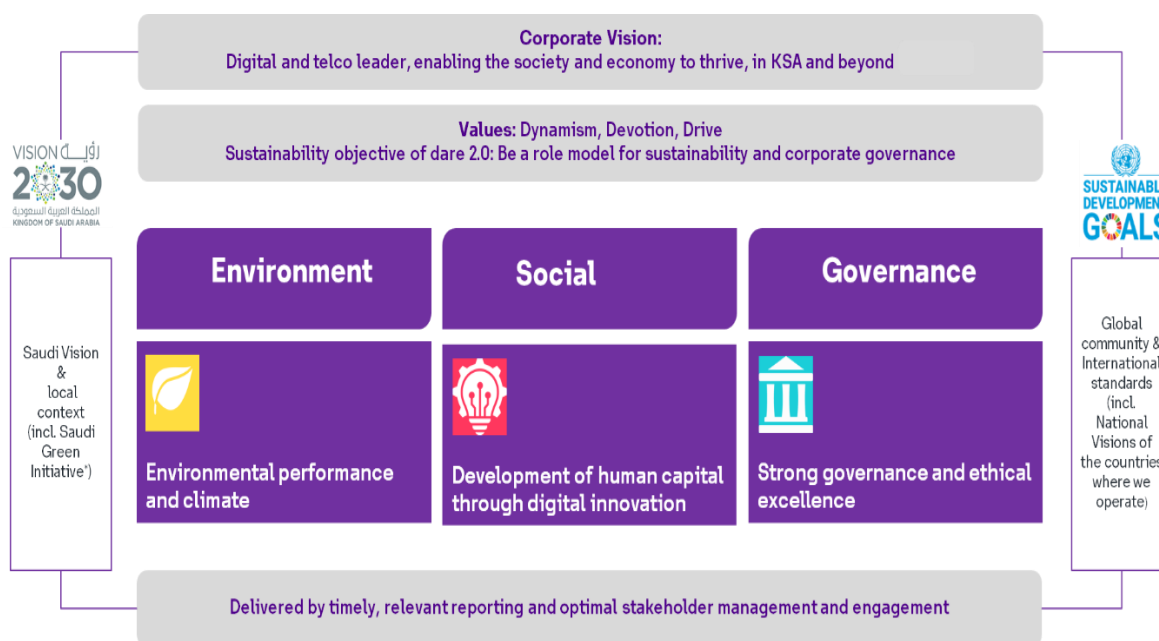
**We strongly believe that addressing sustainability-related current and emerging risks and opportunities allow us to be a consistent and innovative partner, able to respond to the needs of our customers, people and communities where we operate.**

### 1. Our sustainability strategy

Upon conducting rigorous materiality assessments and external benchmarking, stc refreshed its sustainability strategy which has three core sustainability pillars, all of which are vital for the success of our business and for sustainable value creation for our stakeholders.

Our refreshed sustainability strategy embodies our ambition to go further to minimize our environmental impacts and to maximize our positive, sustainable impacts wherever we work.

In developing this strategy, we considered the interests of our key stakeholders, national and regional strategic visions, and the United Nations Sustainable Development Goals (UN SDG). We use this framework to guide our decision-making process and improve our operational performance.

























### 1.1 Material Topics and Alignment with National and International Priorities



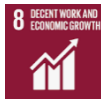

















The telecom and ICT sector has an impact on society and the environment. To ensure we focus our sustainability efforts where they are most relevant, we regularly conduct materiality assessments and continue meaningful dialogues with our stakeholders. The most material topics and high impact actions are addressed in our sustainability strategy, framework, and reporting.

We aim to ensure that our sustainability efforts drive positive change and transition at the local, national, and international level. To that end, we have ensured that our corporate strategy is aligned with the national and international context by aligning to key components of the Saudi Vision 2030, principles of the UN Global



Compact, and goals and targets within the Sustainable Development Goals and other sustainability standards.

Pillar	Material Topic	SDGs	UNGC	Saudi Vision 2030
Environment: Environmental performance and climate	Energy and climate change	 	Principle 7  Principle 9 	 A Vibrant Society  Ensure environmental sustainability
	Waste, e-waste, and water management	 	Principle 8 	 A Vibrant Society  Ensure environmental sustainability
Social: Development of human capital through digital innovation	Data privacy, security and protection	 	Principles 1 and 2	 An Ambitious Nation  Enable social contribution of businesses
	Accessibility and digital inclusion	 	Principle 6 	 An Ambitious Nation  Enable social contribution of businesses
	Health, safety and wellness	 	Principles 3 and 4	 A Vibrant Society  Promote a healthy lifestyle
	Diversity, equality and inclusivity	 	Principle 6 	 A Thriving economy  Ensuring equal access to job opportunities

	Digital innovation and transformation		Principles 9 and 10	 A Thriving economy Unlock potential of non-oil sector
	Customer relations and satisfaction		Principle 1  HUMAN RIGHTS	 A Thriving economy Grow contribution of the Private Sector to the economy
	Talent management		Principle 6  LABOUR	 A Thriving economy Develop Human Capital in line with labor market needs
	Community contribution and development		Principle 1  HUMAN RIGHTS	 An Ambitious Nation Enable social contribution of businesses
Governance: Strong governance and ethical excellence	Business ethics and governance		Principle 10	 An Ambitious Nation
	Human rights		Principle 1  HUMAN RIGHTS	 An Ambitious Nation Enable social contribution of businesses
	Supply chain management		Principle 2  LABOUR Principle 8  ENVIRONMENT	 An Ambitious Nation Enable social contribution of businesses

## 1.2 Our Sustainability Pillars

### 1.2.1 Environmental performance and climate

As a responsible corporate entity, we aim to assume a pioneering role in environmental stewardship by embracing sustainable technologies, conserving natural resources, and contributing to a positive ecological impact. Our active transition to a low-carbon economy is aligned with our commitment to achieving Net Zero emissions by 2050.

Additionally, our commitment to planting one million trees aligns with Saudi Green Initiative (SGI) and encompasses educational and training efforts in field of Environmental performance with benchmarking as essential components.

Our efforts encompass thorough process evaluations, improvement initiatives and the implementation of solar pilot project. Further initiatives include reduced water intensity, a robust take-back program, and comprehensive recycling efforts – inclusive of our vendors and suppliers – will be central to our approach for the upcoming years.

#### Upholding our Environmental Responsibility

stc is dedicated to environmental stewardship. In line with this commitment, we work to reduce both the direct environmental effects of our operational activities and the indirect impacts associated with our products and services. Our goal is to assist our customers in lowering their environmental footprint and to establish policies that will enable us to attain net-zero carbon emissions before the middle of this century.

We have developed a climate strategy, which establishes a clear, ambitious vision and objectives to direct all departments and subsidiaries towards our shared goal. stc recognizes the unique opportunity our reputation, technologies and market position provides to enable wider sustainable leadership in the ICT sector. stc's ambition is not only to drive climate action through operational optimization and efficiencies but to influence, support and collaborate with companies within our value chain and our customers and communities.

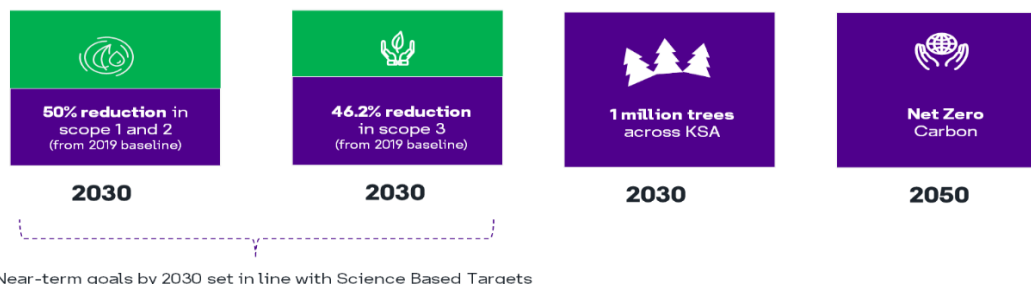
stc's climate strategy has four priority pillars for climate action:

- **Optimizing stc's performance** – to promote continuity and quality of information, ensure that carbon reduction commitments are achieved, and provide a foundation for improvement & system analysis.
- **Developing eco-friendly products and solutions** – to reduce the climate impact from materials, products & services used by stc and its value chain.
- **Managing climate-related risks & financial impacts** – to assess and manage stc's climate-related risks in a manner that future-proofs the company's operations and ensures alignment with stakeholder expectations.
- **Demonstrating climate leadership** – to empower stc's peers and supply chain to influence climate action at the local and global scale.

We have also committed to carbon neutrality in line with the goals of the Paris Agreement by 2050. In addition to this, we have set ambitious climate targets against our 2019 baseline, which have been approved and validated by the Science Based Targets Initiative (SBTi) in September of 2023.

Finally, stc has made strides to mobilize efforts towards environmental responsibility and climate action such as committing to planting 1 million trees by 2030 and deploying the first solar pilot integrating solar energy to various stc infrastructure types across the kingdom such as data centers, warehouses, office buildings, etc.

### Long-term targets and commitments



## 1.2.2 Development of human capital through technological innovation

We continue to deliver on Advancement of human capital by empowering individuals and communities through inclusive practices, diversity and inclusion initiatives, and strategic social investment programs. Our mission is to create opportunities for growth, bridge societal divides through technological innovation, and nurture a sense of belonging and well-being.

Advancements in human capital development through technological innovation continues to be realized through a focused approach on flagship programs, Initiatives like the Smart Truck, online safety, and digital literacy programs, coupled with employee development programs and a heightened focus on Health and Safety and Gender Gap performance and disclosures, are central to our strategy.

### Contributing to a Thriving Society

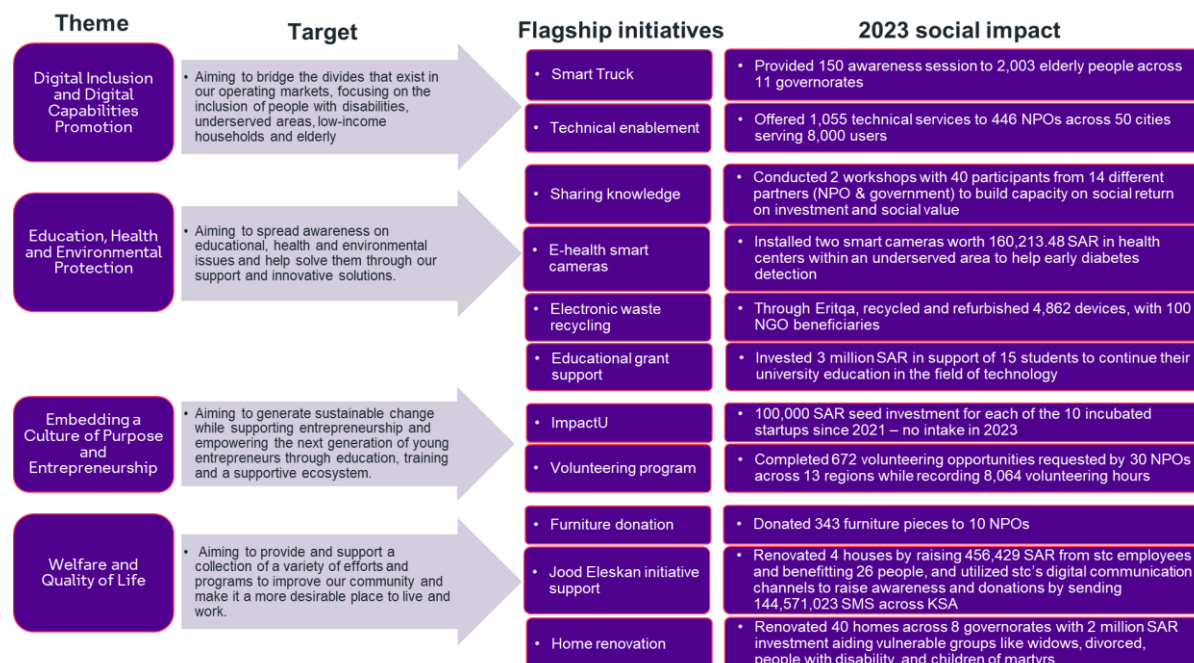
We constantly strive to keep our commitment of making the greatest possible positive impact by leveraging our key strengths as a leading telecom and ICT service provider, along with our incredible people and financial resources, to bolster support throughout the Gulf and MENA regions. We also aim to continue to create innovative digital opportunities, increase accessibility and digital inclusion through our social contributions making sure that no one is left behind.

We also believe that the best way to complement our strengths in achieving positive impacts is to join hands and leverage the strengths of dedicated, specialized partners in key areas. Community engagement is one of the ways in which we apply these collective efforts. Through our community engagement approach, we aim to support initiatives that address some of society's greatest challenges and opportunities. In the process, we also aim to enhance the capacity and success of the third sector.

### Our flagship community development initiatives

Our broad portfolio of community investments directly supports several UN SDGs and continues to advance progress towards the national visions of all the countries that stc operates within.

Our community investment initiatives span various developmental areas such as education, healthcare, digital inclusion, technological innovations, caring for the environment, entrepreneurship, volunteering, welfare and quality of life.



### 1.2.3 Solid governance and ethical excellence

We are dedicated to embodying a standard of ethical governance that upholds the utmost levels of integrity, transparency, and accountability. Through the promotion of responsible business practices, the upholding of human rights, and the cultivation of a culture rooted in trust, our goal is to establish a benchmark for ethical conduct within our industry.

In reinforcing strong governance and ethical excellence, we adhere to rigorous Board performance standards, ethical audits, and increased disclosures and reporting to MSCI, CDP, Sustainalytics, S&P Global Corporate Sustainability Assessment (CSA) and other relevant entities. Our impact assessments and due diligence processes, alongside the enforcement of policies governing child safety and overall cyber protection, are underpinned by a commitment to implementing responsible procurement practices, including ISO:20400.

As part of our commitment to ethical standards, in 2023, we have extended Employee Training on Ethical Standards programs to encompass all employees, including part-time staff and contractors. We have also expanded the scope of employee training on data security and/or privacy-related risks & procedures. As of 2023, the training on data security and/or privacy related risks and procedures is provided to all employees, including contractors.

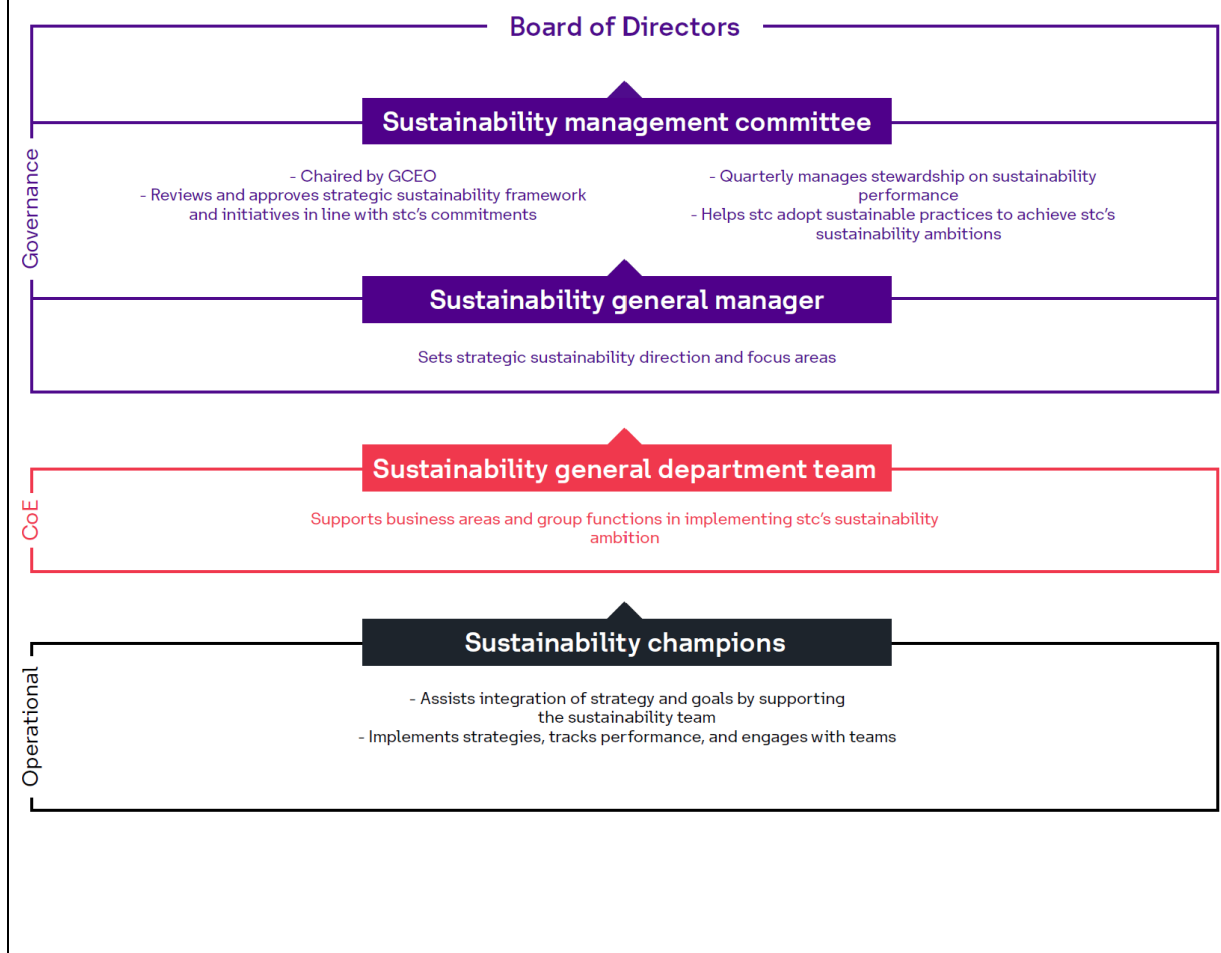
#### Our ESG Governance Model

Our overarching objective is to seamlessly embed sustainability within our operational framework and long-term business strategy, dare 2.0. This concerted strategy, having secured alignment with the Board, is designed to optimize decision-making processes, delineate clear responsibilities, and articulate decisive actions on pivotal issues.

The Board of Directors assumes the vital oversight role for sustainability within the Company through the dedicated Sustainability Committee. The Sustainability Committee receives regular and comprehensive updates from management concerning the Company's sustainability framework and performance across a wide spectrum of Key Performance Indicators (KPIs) and goals. Quantitative ESG

and Sustainability metric in Short-Term Incentive Plan have been introduced in 2023 with Sustainability metrics representing 5% of the total performance score.

The Sustainability Committee delivers strategic guidance on commitments, ESG performance scorecards, and key focal areas, subsequently reporting its findings to the Board. In tandem, at the managerial level, the Sustainability Committee consolidates all our sustainability-related initiatives under the guidance and supervision of a unified body. Vice presidents and executives representing various business segments and administrative functions constitute the Sustainability Committee, which is chaired by our GCEO.



Our [annual sustainability reports](#) outline our detailed sustainability performance for the year and initiatives that are underway in our areas of focus.

## 2. Rising ESG Rating

In 2023, our commitment to sustainable practices and transparency resulted in significant progress in our ESG investor ratings. We have actively worked to increase the number of disclosures to provide a comprehensive overview of our sustainability efforts. Our focus on employee well-being is evident through detailed disclosures on the training hours our employees receive, furthering our dedication to personal and professional development. Additionally, our commitment to the health and safety of our workforce is reflected in the comprehensive reporting of health and safety numbers across our entire Group, which we are continuing to do.

We have also expanded our efforts in data security and privacy by enhancing our data protection and/or privacy programs, policies and extending these requirements to our suppliers, mandating third-party audited certifications. We have also achieved approval of the Science Based Targets as the first Saudi company to achieve this status in 2023. All these improvements have culminated in MSCI rating of BB by December 2023, reflecting our diligent efforts and tangible progress in sustainability initiatives. Quarterly updates and results are presented to the Sustainability Committee and the Board, demonstrating our ongoing commitment to transparency and accountability in our sustainability practices.

ESG Data for Year End 2023 can be found here: <https://sustainability.stc.com.sa/cdn/2023-Year-End-ESG-Supplement.pdf>

### 3. 2023 Sustainability Awards and Recognition

 <p>جائزة الملك خالد KING KHALID AWARD</p>	 <p>Forbes THE MIDDLE EAST'S SUSTAINABLE 100 SUSTAINABILITY LEADERS</p>	 <p>SUSTAINABILITY EXCELLENCE AWARDS 2023</p>	 <p>stc sustainable employment award stc received the sustainable employment award as part of the Global Good Governance Summit 2023</p>
<p>King Khalid Sustainability Award - Economic Dimension</p>	<p>Ranked #1 'Sustainability Leader' in the Middle East by Forbes in 100 sustainability leaders list</p>	<p>Sustainability Champion of the Year – Sustainability Excellence Awards 2023 by Sustainability Middle East</p>	<p>Sustainable Employment Award at Global Good Governance (3G) 2023</p>

## 05 FINANCIAL PERFORMANCE

### Highlights of the Group's operating results in 2023 compared to 2022

Statement (Thousands of Riyals)	2023 Consolidated	2022 Consolidated	Difference	%
<b>Income statement:</b>				
Revenues	72,336,611	67,431,546	4,905,065	7.3%
Cost of revenues	(34,532,921)	(30,038,291)	(4,494,630)	15.0%
Gross profit	37,803,690	37,393,255	410,435	1.1%
Total operating expenses	(23,603,256)	(22,304,814)	(1,298,442)	5.8%
EBITDA	24,683,011	25,078,667	(395,656)	(1.6%)
Other income and expenses	594,543	(1,618,344)	2,212,887	136.7%
Zakat and income tax	(1,375,498)	(1,083,175)	(292,323)	27.0%
Net Profit attributable to stc's Equity holders of the Parent Company	13,295,381	12,170,537	1,124,844	9.2%
Net Profit attributable to non-controlling interests	124,098	216,385	(92,287)	(42.6%)
Net Profit	13,419,479	12,386,922	1,032,557	8.3%

stc achieved the highest revenues in its history, increasing by SAR 4,905m as compared to the last year, mainly attributed to the increase in commercial unit revenues by 5.1%, carriers and wholesale unit revenues by 14% in stc KSA, and the subsidiaries revenues also increased by 23.9%.

The increase in net profit for the year 2023 by SAR 1,124m as compared to the last year was mainly attributed to the following:

- The increase in revenues by SAR 4,905m, that was offset by an increase in cost of revenues by SAR 4,495m, which led to an increase in gross profit by SAR 410m, noting that cost of revenues last year was positively impacted by the reversal of contingent liability provision in an amount of SAR 1,079m.
- The increase in revenues in addition to stc's continued investment in new domains in accordance with stc's strategy, and what these investments expansion entails in terms of increasing operating expenses especially in the start-up phase for the companies associated with these investments, resulted operating expenses to increase by SAR 1,298m.
- The booking of total other income (expenses) in an amount of SAR 595m as compared to SAR (1,618m), mainly due to:
  1. The increase in finance income by SAR 910m.
  2. The booking of net share in results and impairment of investments in associates and joint ventures in an amount of SAR 53m as compared to an amount of SAR (1,212m) mainly as a result of booking an impairment provision related to BGSM investment in an amount of SAR (1,259m) in the last year.
  3. The increase in net other gains by SAR 1,084m mainly as a result of booking gains from AlKhobar land sold with an amount of SAR 1,296m.
  4. This is despite of: (a) The increase in finance cost by SAR 574m. (b) The increase in cost of early retirement program by SAR 497m.
- Zakat and income tax expense increased by SAR 292m.



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

<b>Statement (Thousands of Riyals)</b>	<b>2019 Consolidated Revised</b>	<b>2020 Consolidated Revised</b>	<b>2021 Consolidated Revised</b>	<b>2022* Consolidated Revised</b>	<b>2023 Consolidated</b>
<b>Income statement</b>					
Revenues activity	54,367,531	58,953,318	63,007,986	67,431,546	<b>72,336,611</b>
Costs of activity revenues	(21,976,306)	(24,998,923)	(29,213,957)	(30,038,291)	<b>(34,532,921)</b>
Total profit of the activity	32,391,225	33,954,395	33,794,029	37,393,255	<b>37,803,690</b>
Operating expenses	(19,910,832)	(21,223,270)	(20,666,274)	(22,304,814)	<b>(23,603,256)</b>
Profit from operating activity	12,480,393	12,731,125	13,127,755	15,088,441	<b>14,200,434</b>
Other revenues and expenses - net	(793,418)	(375,482)	(492,692)	(1,618,344)	<b>594,543</b>
Zakat, taxes, and non-controlling interests	(1,022,309)	(1,360,768)	(1,323,721)	(1,299,560)	<b>(1,499,596)</b>
Net profit attributable to stc's shareholders	10,664,666	10,994,875	11,311,342	12,170,537	<b>13,295,381</b>
<b>Other comprehensive income</b>					
Net profit including non-controlling interests	10,924,831	11,185,197	11,594,697	12,386,922	<b>13,419,479</b>
Total items that may not be reclassified subsequently to the consolidated statement of profit or loss	(710,054)	(562,514)	317,616	818,534	<b>(205,380)</b>
Total items that may be reclassified subsequently to the consolidated statement of profit or loss	212,050	31,430	99,789	(174,583)	<b>19,466</b>
Total (comprehensive loss)/other comprehensive income	(498,004)	(531,084)	417,405	643,951	<b>(185,914)</b>
Total comprehensive income	10,426,827	10,654,113	12,012,102	13,030,873	<b>13,233,565</b>
Total comprehensive income attributable to stc's shareholders	10,163,477	10,478,455	11,717,489	12,840,311	<b>13,138,635</b>
Total comprehensive income attributable to non-controlling interests	263,350	175,658	294,613	190,562	<b>94,930</b>
<b>Statement of financial position</b>					
Current assets (A)	44,841,492	45,858,916	51,468,074	60,790,447	<b>71,224,125</b>
Fixed and intangible assets	54,992,030	58,314,031	57,939,836	58,420,288	<b>65,383,409</b>

Other non-current assets	18,492,734	17,799,153	18,371,507	18,009,251	<b>23,075,236</b>
Total assets	118,326,256	121,972,100	127,779,417	137,219,986	<b>159,682,770</b>
Current liabilities (B)	32,606,772	32,891,183	33,560,552	36,400,164	<b>48,070,790</b>
Long-term loans	8,923,476	8,637,605	7,846,606	10,213,750	<b>13,641,768</b>
Other non-current liabilities	13,740,962	15,176,297	14,986,280	14,580,480	<b>16,455,046</b>
Total liabilities	55,271,210	56,705,085	56,393,438	61,194,394	<b>78,167,604</b>
Paid capital	20,000,000	20,000,000	20,000,000	50,000,000	<b>50,000,000</b>
Reserves, retained earnings and treasury shares	41,762,594	43,945,782	49,270,505	23,499,525	<b>28,984,945</b>
Equity attributable to shareholders of stc	61,762,594	63,945,782	69,270,505	73,499,525	<b>78,984,945</b>
Non-controlling interests	1,292,452	1,321,233	2,115,474	2,526,067	<b>2,530,221</b>
Total equity	63,055,046	65,267,015	71,385,979	76,025,592	<b>81,515,166</b>
Total liabilities and equity	118,326,256	121,972,100	127,779,417	137,219,986	<b>159,682,770</b>
Working capital (A-B)	12,234,720	12,967,733	17,907,522	24,390,283	<b>23,153,335</b>
<b>Cash flow statement</b>					
Net operating cash flow	9,920,626	28,324,705	11,220,155	26,354,390	<b>22,417,558</b>
Net investment cash flow	(1,977,126)	(17,429,177)	(1,714,583)	(8,578,939)	<b>(28,383,342)</b>
Net financing cash flow	(8,067,645)	(9,919,218)	(10,235,177)	(8,255,503)	<b>1,590,929</b>
Net cash flow	(124,145)	976,310	(729,605)	9,519,948	<b>(4,374,855)</b>
Cash and cash equivalents at the beginning of the year	8,153,865	8,031,010	9,004,286	8,281,301	<b>17,794,393</b>
Impact of foreign currency exchange differences	1,290	(3,034)	6,620	(6,856)	<b>(5,413)</b>
Cash and cash equivalents at the end of the year	8,031,010	9,004,286	8,281,301	17,794,393	<b>13,414,125</b>

\*Certain comparative figures for the year ended December 31, 2022, were reclassified to conform with the classification used in the financial statements for the year ended December 31, 2023.

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

During the year 2023, the Group achieved total revenues of SAR 72,336,611 thousand. Foreign investments at the Group's level accounted for 12% of this total. The following table shows their geographical distribution:

Revenues inside the Kingdom of Saudi Arabia (Thousands of Riyals)	Revenues outside the Kingdom of Saudi Arabia (Thousands of Riyals)	Total
63,798,268	8,538,343	72,336,611

As for the local distribution of revenues, a geographical analysis of the stc'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.

### The Group's loans are as follows

Statement (Millions of Riyals)	2023 Consolidated	2022 Consolidated
Short-term Murabaha	6,102	79
Long-term Murabaha	8,959	3,525
Total Murabaha	15,061	3,604
Sukuk	6,677	6,675
Mudarabha	10	14
Others	211	198
<b>Total</b>	<b>21,959</b>	<b>10,491</b>

## Borrowing

Total loans paid during the year ended 31 December 2023 amounted to SAR 433 million (2022: SAR 133 million). Total loans received during the year ended 31 December 2023 amounted to SAR 11,834 million (2022: SAR 1,277 million). A list of the loans are as follows:

	All amounts in SAR Million							Paid during the year		Balance Outstanding			
Company	Granting Authority	Type of Financing	Term of Financing	Date of Obtaining Financing	Currency	Value of Financing (3)	Amount Used	2023	2022	Current portion		Non-Current portion	
										2023	2022	2023	2022
stc - Kingdom Saudi Arabia	Debt Instruments Market	Sukuk (1)	10Years	June 2014	SAR	2,000	2,000	0	0	2,000	0	0	2,000
	Debt Instruments Market	Sukuk (2)	10Years	May 2019	USD	4,687	4,687	0	0	0	0	4,677	4,675
	Loan	ECA	8.5 Years	2021 March	USD	581	581	69	69	69	79	343	401
	Loan	Bank financing	3 Month	Sep 2023	SAR	350	350	350	0	0	0	0	0
	Loan	Bank financing	1 Year	Sep 2023	USD	6,000	6,000	0	0	5,963	0	0	0
<b>Total</b>						<b>13,618</b>	<b>13,618</b>	<b>419</b>	<b>69</b>	<b>8,032</b>	<b>79</b>	<b>5,020</b>	<b>7,076</b>
<b>Subsidiaries</b>	Local and International Banks	Murabaha and Credit Facilities	From 1 to 10 Years	Since 2018	Mixed	13,907	8,712	14	64	284	198	8,622	3,138
<b>Total Group's Loans</b>						<b>27,525</b>	<b>22,330</b>	<b>433</b>	<b>133</b>	<b>8,316</b>	<b>277</b>	<b>13,642</b>	<b>10,214</b>

(1) stc issued a sukuk program with a maximum of SAR 5 billion. Sukuk certificates have a nominal value of SAR 1 million each, and they were issued with a nominal value for a period of 10 years.

(2) At the General Assembly meeting on 19 Shaaban of 1440 H (corresponding to April 24, 2019), stc approved the establishment of an international sukuk program and the issuance of sukuk either directly or by establishing special purpose vehicles that are established and used to issue primary or secondary sukuk in one or several parts or one or several stages, or through a series of issues in US dollars, not exceeding the amount of USD 5,000 million for the total value of the sukuk issues and parts of the sukuk program referred to above at any time.

Based on the above, the Saudi Telecom Sukuk Company Limited during the second quarter of 2019 (a company established for the purpose of issuing sukuk under the sukuk program referred to above in US dollar) launched the first issue of the sukuk program in the amount of SAR 4,688 million (equivalent to USD 1,250 million) for 10 years. This program is an international sukuk in US dollar, with a total number of 6,250 sukuk and a nominal value of USD 200 thousand per sukuk having an annual return of 3.89% and a maturity of ten years.

(3) The value of financing may differ due to FX and amortization effects.

**The following is a statement on the regulatory amounts recorded as expenses (whether paid or outstanding statutory payment) by stc along with brief descriptions and reasons**

Statement	SAR Million	Description	Reason
Government Fees	4,663	The amounts recorded as an expense to the period for licensing granted to stc for the provision of commercial services and spectrum usage fees	Regulatory requirement
Dividends	5,446	The amounts recorded as an expense to the period as dividends to governmental and semi-governmental authorities (Public Investment Fund, Public Pension Agency (PPA), and General Organization for Social Insurance)	Regulatory requirement
Social insurance	645	The amounts recorded as an expense to the period pursuant to the provisions of the Kingdom's Labor Law.	Regulatory requirement
Zakat, withholding tax, and others	1,355	The amounts recorded as an expense 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 recorded as expenses to governmental and semi-governmental authorities	12,109	This represents the regulatory expenses amounts to the Government	

## Employees Long-Term Incentives Program

The Board of Directors approved on 17 March 2020 (corresponding to 22 Rajab 1441H) to repurchase a number of the Company's shares for an amount not to exceed SAR 300 million to be allocated for the employees long-term incentives program (the Program). The Board raised its recommendation to the EGA to approve the Program and to repurchase the shares. The EGA has voted on the approval of this Program during its meeting held on 20 April 2020 (corresponding to 27 Shaban 1441 H) .

The Board of Directors approved on 28 June 2022 (corresponding to 29 Thul-Qi'dah 1443H) to repurchase a number of the Company's shares for an amount not to exceed SAR 453 million to be allocated for the Program and to raise its recommendation to the EGA for voting. Further, the shares shall be repurchased within 12 months from EGA's approval date. The EGA has voted on the approval during its meeting held on 30 August 2022 (corresponding to 3 Safar 1444H).

The shares repurchased will not have the right to vote in the Company's shareholders General Assembly ("GA"), and will not be entitled to any dividends while the shares still under the Company's possession.

The Program intends to attract, motivate and retain employees responsible for the achievement of the Group's goals and strategy.

The Program provides a share-based payment plan for eligible employees participating in the Program by granting them shares in the Company upon completing the duration of service and performance requirements and achieving the targets determined by the Group. The program is generally equity-settled.

### The grant and vesting dates, respectively are as follows

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

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

Item (Thousands Shares)	2023	2022
As at 1 January	2,498	344
Shares granted (*)	2,808	1,012
Shares vested	(2,328)	(357)
Effect of bonus shares issuance	-	1,499
As at 31 December	2,978	2,498

(\*) 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 average fair value of shares at grant date amounted to SAR 43.4 per share (taken into consideration the effect of bonus shares issuance) (2022: SAR 42.8 per share). Total expenses related to the Program for the year ended 31 December 2023 amounted to SAR 112 million (31 December 2022: SAR 85 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 24 in the consolidated annual financial statements).

## Capital Commitments

1. One of the Group's subsidiaries has an agreement to invest in a fund aiming to improve the telecommunication and internet environment sector in the Kingdom of Bahrain and other GCC Countries with an amount of SAR 806 million (equivalent to USD 215 million) as at 31 December 2023 (31 December 2022: SAR 806 million, equivalent to USD 215 million) (For more details, see Note 6.16 in the consolidated annual financial statements).
2. The Group has contractual commitments for the acquisition of property and equipment and intangible assets amounting to SAR 5,814 million as at 31 December 2023 (31 December 2022: SAR 4,709 million).
3. During 2022, the Company signed an agreement with STV LP Fund allocated an additional SAR 1,125 million (equivalent to USD 300 million) additional investment in the fund out of which SAR 221 million (equivalent to USD 59 million) was injected.

## Contingent Assets and Liabilities

1. The Group has outstanding letters of guarantee on behalf of the parent and its subsidiaries amounting to SAR 5,466 million as at 31 December 2023 (2022: SAR 5,181 million).
2. The Group has outstanding letters of credit as at 31 December 2023 amounting to SAR 1,634 million (2022: SAR 1,544 million).
3. On 21 March 2016, the Company received a letter from a key customer requesting a refund for paid balances amounting to SAR 742 million related to construction of a fibre optic network. Based on independent legal opinions obtained, the management believes that the customer's claim has no merit and therefore this claim has no material impact on the financial results of the Group.
4. The Group, in its ordinary course of business, is subject to proceedings, lawsuits and other claims. However, these matters are not expected to have any material impact on the Company's financial position or on the results of its operations as reflected in these consolidated financial statements.
5. The Group received the Appeal Committee for Tax and Disputes' decision with respect to the withholding tax assessment on international operators' networks rentals for the years from 2004 to 2015, rejecting its appeal with an amount of SAR 1,500 million. The Group submitted a petition for reconsideration, as it believes that Saudi tax regulations do not impose withholding tax on international interconnection services since the source of income does not occur inside the Kingdom, and therefore these services should not be subject to withholding tax. During the year 2022, the Group received the minutes of meeting of the Appeal Committee for Tax Violations and Disputes' regarding the petition for reconsideration which included the rejection of the petition by the Group. The Group submitted a petition for reconsideration based on new development on this matter. Based on the opinions of relevant consultants, the nature of the technical dispute, and new development on this matter, the Group believes that this assessment will not result into additional provisions.
6. The Group received claims from Communications, Space & Technology Commission ("CST") related to imposing government fees on devices sold in instalments for the period from 2018 until the end of the first quarter of 2021, totalling SAR 782 million. The Group has objected to these claims within the statutory deadline and a Supreme Court ruling was issued in favour of the Group in regards to two of the claims amounting to SAR 724 million. A preliminary court ruling was issued in favor of the Group in regards to the remaining claims amounting to SAR 58 million which CST has objected to before appeal court and a ruling was issued in favour of CST for the claims which the Group has objected to before the Supreme Court which is still pending with the Supreme Court as 31 December 2023.

## 06 CORPORATE GOVERNANCE

### Corporate Governance

stc's Board of Directors has been keen to establish an effective governance system as an integral part of its 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. This includes organizing external businesses, transactions and relationships with various government and legislative bodies, suppliers and contractors to increase efficiency and effectiveness in realizing stc strategic and operational objectives, in a manner consistent with the Companies Law, issued by the Ministry of Commerce; the Corporate Governance Regulation, issued by the Board of Directors of the Capital Market Authority; and other relevant applicable laws and regulations. In addition, this system should be consistent with the aspirations of the Saudi Vision 2030 and 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 transparency, disclosures and sustainability, some of the main pillars of the stc strategy, which includes approving, amending and documenting stc businesses and activities as per pertinent regulatory and legislative authorities. These items include, but are not limited to:

- Amending stc Articles of Association to comply with the New Companies Law issued by the Ministry of Commerce and Capital Market Authority's relevant implementing regulations, and in alignment with best practices.
- Updating Board Audit Committee and Board Nomination & Remuneration Committee charters to comply with the New Companies Law issued by the Ministry of Commerce and Capital Market Authority's relevant implementing regulations, and in alignment with the best practices.
- Updating Nomination and Remuneration of Board members and the members of its standing Committees and Remuneration of the Executive Management Policy to comply with the New Companies Law issued by the Ministry of Commerce and Capital Market Authority's relevant implementing regulations, and in alignment with the best practices.

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](http://www.stc.com.sa)) as listed below:

- stc Articles of Association.
- stc Governance Document.
- The Charters of the Board of Directors and its Committees.
- Governance and compliance policies (Nomination and Remuneration of Board members and the members of its standing Committees and Remuneration of the Executive Management Policy, Conflict of Interest Policy, Whistleblowing Policy and the stc code of ethics and business conduct).

Financial information and investor reports were also published on stc's 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, latest stc's announcements, library contains all stc's financial statements & annual reports since the establishment and other financial information concern the investors & the analysts. The purpose of the app is to build trust and enhance communication with investors and financial analysts.

The Corporate Governance Regulations requirements issued by the Board of Directors of the Capital Market Authority in Article No 87 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 with the exception of the provisions listed below:

Article No.	Article's Statement	Reasons for not applying
84	The Ordinary General Assembly, based on the Board of Directors recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community. (Guiding Article)	stc gives the social responsibility subject a special importance, and based on that, stc developed a policy related to social responsibility. Since the article is not mandatory, the approval authority for the policy has been delegated to the Group CEO.
92	Formation of a Corporate Governance Committee: If the Board forms a Corporate Governance Committee, it shall assign to it the competencies stipulated in Article (91) of these Regulations. The committee shall oversee any matters relating to the implementation of governance and shall provide the Board with its reports and recommendations at least annually. (Guiding Article)	Article No. 47 "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. 92 "Formation of a Corporate Governance Committee" of the Corporate Governance Regulations is a guiding article, stc's Board of Directors is cognizant of the importance of the aforementioned committee's responsibilities and tasks, which are taken care of by the Nomination and Remuneration Committee as per its Charter, approved by the General Assembly on 21 June 2023.

## Transactions with related parties

### **1- Transactions with government and government related entities**

Revenues from transactions with government and government related entities for the year ended 31 December 2023 amounted to SAR 13,168 million (2022: SAR 13,847 million) and expenses related to transactions with government and government related entities for the year ended 31 December 2023 (including government charges) amounted to SAR 5,806 million (2022: SAR 6,098 million).

As at 31 December 2023, accounts receivable from government entities totalled SAR 17,129 million (2022: SAR 19,311 million) (For more details, see Note 18 in the consolidated annual financial statements) and as at 31 December 2023, accounts payable to government entities totalled SAR 1,503 million (2022: SAR 1,142 million). Among the balances with government entities, the Group invested SAR 3,902 million in the Sukuk issued by the Ministry of Finance during the first quarter of 2019. (For more details, see note 16.1 in the consolidated annual financial statements).

The total balance of accounts receivable with government related entities as of 31 December 2023 was SAR 1,526 million (2022: SAR 1,451 million). Total balance of accounts payable with government related entities as of 31 December 2023 was SAR 1,884 million (2022: SAR 1,621 million).

The transactions with government/government related entities are conducted during the ordinary course of the Group's business based on terms comparable to the terms of transactions enacted with other entities that are not government-related. The Group has also established its procurement policies and approval

processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

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

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

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

Statement (Thousands of Riyals)	31 December 2023	31 December 2022
Less than a year	10,323,282	11,695,931
More than one year but less than two years	4,243,442	4,631,346
More than two years	2,562,511	2,983,376
<b>Total</b>	<b>17,129,235</b>	<b>19,310,653</b>

## 2- Transactions with board of directors members, executive management, and major shareholders

stc did not conduct any business or conclude any contracts in which there was a substantial interest owned by the Board of Directors, the Group CEO, the Group CFO or any other related person, other than what was disclosed below:

- The transactions and contracts between Telecommunications Towers Company (Tawal), a stc Subsidiary, and the Saudi National Bank (SNB). The transactions and contracts have an indirect interest for Mr. Yazeed A. AL-Humied, a Vice Chairman of stc & SNB Boards of Directors. The disclosed indirect interest is regarding the Sharia-compliant loan, amounted to USD 1.02 Billion (USD 0.3 Billion out of the total loan amount is a bridge loan), provided by SNB to Tawal. Furthermore, the Public Investment Fund is considered a major shareholder in both stc and SNB. The transaction is part of the ordinary businesses that have offered no preferential advantages. This transaction shall be subject to a vote to authorize it from stc's general assembly (which will be scheduled at a later date) in accordance with the relevant laws and regulations.

- The transactions and contracts between Saudi Telecom Company (stc) and the Saudi National Bank (SNB). The transactions and contracts have an indirect interest for Mr. Yazeed A. AL-Humied, a Vice Chairman of stc & SNB Boards of Directors. The disclosed indirect interest is regarding the Sharia-compliant loan, amounted to SAR 350 million provided by SNB to stc. Furthermore, the Public Investment Fund is considered a major shareholder in both stc and SNB. The transaction is part of the ordinary businesses that have offered no preferential advantages. This transaction shall be subject to a vote to authorize it from stc's general assembly (which will be scheduled at a later date) in accordance with the relevant laws and regulations.

- The transactions and contracts between Telecommunications Towers Company (Tawal), a stc Subsidiary, and the Saudi National Bank (SNB). The transactions and contracts have an indirect interest for Mr. Yazeed A. AL-Humied, a Vice Chairman of stc & SNB Boards of Directors. The disclosed indirect interest is regarding Murabaha financing amounted to SAR 2 billion, provided by SNB to Tawal. Furthermore, the Public Investment Fund is considered a major shareholder in both stc and SNB. The transaction is part of the ordinary businesses that have offered no preferential advantages. This transaction shall be subject to a vote to authorize it from stc's general assembly (which will be scheduled at a later date) in accordance with the relevant laws and regulations.

## Loans to Related Parties

Statement (Thousands of Riyals)	December 31, 2023	December 31, 2022
Loans to senior executives	26,377	5,355

### 3- Transactions with subsidiaries

#	Name of Related Party	Type of Related Party	Contract/Agreement	Duration	Value (Thousands of Riyals)
1	solutions	stc subsidiary	Provide comprehensive managed services through building and expanding cloud infrastructure platforms in datacenters, and managing & operating the infrastructure of applications under stc.	2 years	300,012
2	solutions	stc subsidiary	Execute the project of establishing and developing the internet and communications networks for stc.	2 years	381,865
3	solutions	stc subsidiary	To provide and manage software licenses for stc.	3 years	112,046

In addition to the above, stc and its subsidiaries are engaged in establish, manage, operate and maintain fixed and mobile telecommunication networks, systems and infrastructure, provide integrated communication and information technology solutions which include, among other things, (telecom, IT services, managed services, and cloud services), real estate investment such as selling, buying, leasing, managing, developing and maintenance, provide financial and managerial support and other services to subsidiaries, provide development, training, asset management, provide digital banking services, provide cybersecurity services, and construction, maintenance and repair of telecommunication and radar stations and towers, in addition to other business as mentioned in activities of stc through joint contracts and agreements, which considered businesses and services within stc Group.

### 4- Transactions with Associate companies and joint ventures

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

Statement (Thousands of Riyals)	2023	2022
<b>Services provided</b>		
Associates	369,852	336,571
Joint ventures	6,655	7,659
<b>Total</b>	<b>376,507</b>	<b>344,230</b>
<b>Services received</b>		
Associates	36,069	13,331
Joint ventures	115,018	427,745
<b>Total</b>	<b>151,087</b>	<b>441,076</b>

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

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

Statement (Thousands of Riyals)	Amounts Due from related parties		Amounts due to related parties	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Associate companies	320,247	254,377	28,011	44,532
Joint ventures	2,414	13,185	5,960	178,872
<b>Total</b>	<b>322,661</b>	<b>267,562</b>	<b>33,971</b>	<b>223,404</b>

## Board of Directors

The Board of Directors shall be composed of 11 Directors as per stc's 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 April 2021 for the 8th term for a period of 3 years. The following tables include 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 Members and their membership classification

Name	Date of Birth	Academic Qualifications	Vocational Experience	Current Occupation	Previous Occupation	Membership
HRH Prince Mohammed Khalid Al-Faisal	1967	MBA	Banking and administrative experience	Chairman, Al Faisaliah Holding Group	Vice President, Al Faisaliah Holding Group	Independent
H.E. Dr. Khaled Hussain Biyari	1963	PhD. Electrical Engineering	Associate Professor, King Fahd University of Petroleum and Minerals. Experience in business	Assistant Secretary of Defense for Executive Affairs – Ministry of Defense	stc CEO	Non-executive/non-independent
H.E. Mr. Mohammed Talal Al-Nahas	1962	Bachelor of Accounting	Banking, business development and administration experience	Member of several boards and committees	Governor of the General Organization for Social Insurance	Non-executive/non-independent
Mr. Yazeed Abdulrahman AL-Humied	1983	Bachelor in Business and Accounting	Experience in finance and administration	PIF, Deputy Governor, Head of MENA Investments	Chief of Staff and Adviser to PIF Governor	Non-executive/non-independent
Ms. Rania Mahmoud Nashar	1974	Bachelor in Computer Science and Information Technology	Experience in banking and administration	PIF, Head of Compliance and Governance Division	Adviser to PIF Governor	Non-executive/non-independent
Mr. Arndt Rautenberg	1967	MBA	Telecom and technology leadership and administrative experience	Founding Partner of Rautenberg & Company GmbH, entrepreneur and investor	Chief Strategy Officer, Deutsche Telekom AG	Non-executive/non-independent

Mr. Sanjay Kapoor	1962	MBA	Telecom, media and technology leadership and administrative experience	Entrepreneur, Senior Adviser and Investor	Executive Chairman of Micromax and CEO (India and South Asia) of Bharti Airtel	Non-executive/non-independent
Ms. Sarah Jammaz AL-Suhaimi	1979	Bachelor of Accounting	Finance and investment experience	Chairperson of Tadawul	CEO NCB Capital	Independent
Mr. Jameel Abdullah AlMulhem	1971	Bachelor's in science marketing	Administrative experience	Managing Director of Sinad Holding Group	Managing Director of Takween Group	Independent
Mr. Walid Ibrahim Shukri	1966	Bachelor of Accounting	Administrative experience	Member of several Boards and Committees	Principal Partner in PricewaterhouseCoopers, Saudi Arabia	Independent
Mr. Ahmed Mohammed Al Omran	1973	Master of Computer Science	Administrative and information technology experience	GOSI Governor Assistant for IT Affairs	GM, IT Infrastructure, GOSI	Non-executive/non-independent

#### Membership of Board members in the Board committees

No	Name	Board	Audit Committee	Nomination and Remuneration Committee	Risk Committee	Executive Committee	Investment Committee	Membership
1	HRH Prince Mohammed Khalid Al-Faisal	C				C	C	Independent
2	H.E. Dr. Khaled Hussain Biyari	✓				✓		Non-executive/non-independent
3	H.E. Mr. Mohammed Talal Al-Nahhas	✓				✓		Non-executive/non-independent
4	Mr. Yazeed Abdulrahman AL-Humied	D				✓		Non-executive/non-independent
5	Ms. Rania Mahmoud Nashar	✓		✓	C			Non-executive/non-independent
6	Mr. Arndt Rautenberg	✓					✓	Non-executive/non-independent
7	Mr. Sanjay Kapoor	✓				✓		Non-executive/non-independent
8	Ms. Sarah Jammaz AL-Suhaimi	✓					✓	Independent

9	Mr. Jameel Abdullah AlMulhem	✓		C				Independent
10	Mr. Walid Ibrahim Shukri	✓	C		✓			Independent
11	Mr. Ahmed Mohammed Al Omran	✓			✓			Non-executive/non-independent

C: Chairman

D: Deputy Chairman

#### External members of the Board committees

No	Name	Membership	Academic Qualifications	Vocational Experience	Current Occupation	Previous Occupation	Membership Type
1	Dr. Ammr K. Kurdi	Audit Committee	PhD. in Accounting	Accounting experience	GOSI Governor Assistant for Financial Sustainability and Risk Management	CFO, Tawuniya	External member
2	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
3	Mr. Medhat F. Tawfik	Audit Committee	Master Program Citibank Asia Pacific	Professional and managerial experience in auditing, risk management	Founder of IRSAA Business Solutions for risk management and internal audit	Account Manager, Samba Financial Group	External member
4	Eng. Tarek A. Alrikhaimi	Risk Committee	Master of Science	Experience in the financial services field including experiences in banking and investment banking management, risk management, operations management, strategic planning, product development,	Independent financial adviser, Investment and risk management adviser	CEO, Saudi Kuwaiti Finance House	External member

				and project management			
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 Local Investments Division at the PIF	External member
6	Mr. Johan Brand	Nomination and Remuneration Committee	Master of Economy, Master of Business Law and 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

#	Name	Academic Qualifications	Current Occupation (stc)	Previous Occupation	Company
1	Olayan Mohammed Alwetaid	Bachelor of Electrical Engineering	stc Group CEO	Senior VP, Consumer Business Unit	stc
2	Ameen Fahad Alshiddi	Master of Accounting	Group Chief Financial Officer	VP Finance	stc
3	Faisal S. Alsaber	MBA	Group Chief Commercial Officer	CEO	Channels
4	Riyadh Saeed Muawad	Bachelor of Computer Science	Group Chief Business Officer	VP, Government & Corporate Sales	stc
5	Mohammed Abdullah Alabbadi	MBA	Group Chief Carrier & Wholesale Officer	Wholesale VP	stc
6	Moaeed Huwajj Alsloom	MBA	Group Chief New Markets Officer	CEO	Matarat Holding
7	Haithem M. Alfaraj	Bachelor of Computer Engineering	Group Chief Technology Officer	VP, Technology & Operations	stc
8	Abdullah Abdulrahman Alkanhl	MBA	Group Chief Strategy Officer	Deputy Minister for Communications and Information Technology	MCIT
9	Ahmad M. Alghamdi	Bachelor Ind. Engineering	Group Chief Human Resources Officer	Human Resources VP	stc

10	Motaz Ali Alanagri	Bachelor of Business Administration	Group Chief Investment Officer	Managing Director Head of Investment Banking	Saudi Fransi Capital
11	Abdullah S. Alanizi	Master of Executive Management	Group Chief Internal Audit Officer	Chief Audit	stc
12	Mathad Faisal Alajmi	MBA	Group Chief Legal and Risk Officer and General Counsel	VP and General Counsel of Legal Affairs	stc
13	Emad Aoudah Alaoudah	Bachelor of Information Systems	Group Shared Services Officer	Procurement & Support Services Sector VP	stc
14	Amir Abdulaziz Algibreen	Master of Advanced Management	Group Regulatory and Compliance Officer	Regulatory Affairs VP	stc
15	Ibrahim Saleh Alsuwail	MBA	Group Chief of Staff	Deputy Minister, Investor Services & Advisory	The Ministry of Investment

#### Companies where stc Board members are or were Board members or Executives

1	HRH Prince Mohammed Khalid Al-Faisal	No	Current Board or Executive memberships	Location		Legal Entity (listed, unlisted joint JSC, LLC, etc.)	Previous Board or Executive memberships	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ....)
				KSA	Abroad			KSA	Abroad	
	Chairman of the Board of Directors	1	stc	✓		Listed joint stock	JP Morgan Saudi Arabia	✓		Closed joint stock
	Chairman of the Executive Committee	2	Al Faisaliah Holding Group	✓		Closed joint stock				
	Chairman of the Investment Committee	3	Al Khozama Company	✓		Closed joint stock				

2	H.E. Dr. Khaled Hussain Biyari	No	Current Board or Executive memberships	Location		Legal Entity (listed, unlisted joint JSC, LLC, etc.)	Previous Board or Executive memberships	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ....)
				KSA	Abroad			KSA	Abroad	
	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	Current Board or Executive memberships	Location		Legal Entity (listed, unlisted joint JSC, LLC, etc.)	Previous Board or Executive memberships	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ....)
				KSA	Abroad			KSA	Abroad	
3	<b>H.E. Mr. Mohammed Talal Al-Nahhas</b> Member of the Board of Directors and the Executive Committee	1	stc	✓		Listed joint stock	Public Pension Agency	✓		Public Owned Enterprise
		2	Sabic	✓		Listed joint stock	GOSI	✓		Public Owned Enterprise
		3	Future Work	✓		Takamol Holding	National Center for Privatization	✓		Public Owned Enterprise
		4	ASMA Capital		✓	Unlisted joint stock	Riyad Bank	✓		Listed joint stock
		5	Dammam Pharma	✓		Unlisted joint stock	Acwa Power	✓		Listed joint stock
		6	Tawuniyah Real Estate Invest. Co.	✓		Unlisted joint stock	Raidah Invest. Co.	✓		Unlisted joint stock
		7					Raza Real Estate Co.	✓		Unlisted joint stock
		8					Taiba Holding Company	✓		Listed joint stock
		9					Saudi Travel Cheque Company	✓		Unlisted joint stock
		10					SPIMACO	✓		Listed joint stock

		No	Current Board or Executive memberships	Location		Legal Entity (listed, unlisted joint JSC, LLC, etc.)	Previous Board or Executive memberships	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ....)
				KSA	Abroad			KSA	Abroad	
4	<b>Mr. Yazeed Abdulrahman AL-Humied</b>  Vice Chairman of the Board of Directors  Member of the Executive Committee	1	stc	✓		Listed joint stock	Samba Financial Group	✓		Listed joint stock
		2	Saudi National Bank (SNB)	✓		Listed joint stock	Water Solutions	✓		Closed joint stock
		3	National Security Services Co. (SAFE)	✓		Closed joint stock				
		4	Saudi Arabian Airlines General Organization	✓		Public-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				
		11	Saudi Information Technology Company (SITE)	✓		Closed joint stock				
		12	Red Sea Global	✓		Closed joint stock				
		13	Dessert Resort Development Company	✓		Closed joint stock				

		No	Current Board or Executive memberships	Location		Legal Entity (listed, unlisted joint JSC, LLC, etc.)	Previous Board or Executive memberships	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)
				KSA	Abroad			KSA	Abroad	
5	<b>Ms. Rania Mahmoud Nashar</b>  Member of the Board of Directors and the Nomination and Remuneration Committee  Chairperson of the Risk Committee	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	Adaa, Nat'l Center for Performance Measurement	✓		Government Entity	Samba Bank Ltd.		✓	Listed joint stock
		4	Co. of Regional Voluntary Carbon Market.	✓		Closed joint stock	Samba Global Markets Ltd.		✓	LLC
		5	SME Bank	✓		Government entity	Saudi Space Commission	✓		Government entity
		6	Almabani Bldg	✓		LLC				
		7	Muwakabah Investment	✓		LLC				
		8	Water Solutions	✓		Closed joint stock				

		No	Current Board or Executive memberships	Location		Legal Entity (listed, unlisted joint JSC, LLC, etc.)	Previous Board or Executive memberships	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ...)
				KSA	Abroad			KSA	Abroad	
6	<b>Mr. Arndt Rautenberg</b>  Member of the Board of Directors and the Investment Committee	1	stc	✓		Listed joint stock	Protection One GmbH		✓	Unlisted private limited
		2	Metrofibre GmbH		✓	LLC.	d&b audioteknik GmbH		✓	Unlisted private limited
		3	Ruhrfibre Essen GmbH		✓	Unlisted private limited	Materna SE		✓	Unlisted joint stock
		4	Acernis S.L.		✓	Unlisted private limited	Push Technologies S.L		✓	Unlisted private limited
		5					B Capital Partners		✓	Unlisted joint stock
		6					Arcus Infrastructure Partners LLP		✓	Unlisted joint stock

		No	Current Board or Executive memberships	Location		Legal Entity (listed, unlisted joint JSC, LLC, etc.)	Previous Board or Executive memberships	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ....)
				KSA	Abroad			KSA	Abroad	
7	<b>Mr. Sanjay Kapoor</b> Member of the Board of Directors and the Executive Committee	1	stc	✓		Listed joint stock	Bennett Coleman Co. Ltd.		✓	Unlisted joint stock
		2	OnMobile Global Ltd.		✓	Listed joint stock	PVR, Ltd.		✓	Listed joint stock
		3	Tanla Platforms Ltd.		✓	Listed joint stock	MicroMax Informatics Ltd.		✓	Unlisted joint stock
		4	Tech-Connect Retail Ltd.		✓	Unlisted joint stock	Indus Towers Ltd.		✓	Listed joint stock
		5	Z-Axis Management Consultants & Strategic Advisors LLP		✓	LLP	IFFCO Kisan Sanchar Ltd.		✓	Unlisted joint stock
		6					Bharti Cellular Ltd.		✓	Unlisted joint stock
		7					GSMA		✓	Unlisted joint stock
		8					IBus Network & Infrastructure Pvt. Ltd.		✓	Unlisted joint stock
		9					VLCC Healthcare Ltd		✓	Unlisted joint stock
		10					Napino Auto & Electronics Ltd.		✓	Unlisted joint stock

		No	Current Board or Executive memberships	Location		Legal Entity (listed, unlisted joint JSC, LLC, etc.)	Previous Board or Executive memberships	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ....)
				KSA	Abroad			KSA	Abroad	
8	<b>Ms. Sarah Jammaz AL-Suhaimi</b> Member of the Board of Directors and the Investment Committee	1	stc	✓		Listed joint stock	SNB Capital	✓		Closed joint stock
		2	Saudi Tadawul Group Holding	✓		Listed joint stock				
		3	Saudi Arabian Airlines General Organization	✓		Public-owned enterprise				

	4	Culture Development Fund	✓		Government-owned Fund				
	5	Lazard Saudi Arabia		✓	Foreign joint stock				
	6	Child Care Association	✓		National association				
	7	International Financial Reporting Standards		✓	Independent non-profit organization				
	8	Regional Voluntary Carbon Market Co.	✓		Closed joint stock				

	No	Current Board or Executive memberships	Location		Legal Entity (listed, unlisted joint JSC, LLC, etc.)	Previous Board or Executive memberships	Location		Legal Entity (Listed, unlisted joint stock company, LLC/....)
			KS A	Abroad			KS A	Abroad	
9		<b>Mr. Jameel Abdullah AlMulhem</b>							
		Member of the Board of Directors							
		Chairman of the Nomination and Remuneration Committee							
	1	stc	✓		Listed joint stock	Takween Advanced Ind.	✓		Listed joint stock
	2	Wala'a Cooperative Insurance Co.	✓		Listed joint stock	New Vision Co.		✓	LLC
	3	Electrical Ind. Co.	✓		Listed joint stock	Energy Service Co.		✓	LLC
	4	Alessa Ind. Co.	✓		Closed joint stock	Shaker Group.	✓		Listed joint stock
	5	New Marina Plastics for Plastic Industries		✓	Closed joint stock	Selco Co.	✓		LLC
	6	SPL	✓		Governmental Institution	Contact Center Co.	✓		LLC
	7	Sinad Holding Company	✓		Public joint stock	stc Kuwait		✓	Listed joint stock
	8	AMLAK International Finance Company	✓		Listed joint stock	stc Bahrain		✓	LLC
	9	Halwani Bros	✓		Listed joint stock	Cell-C		✓	LLC
	10					Avea		✓	LLC
	11					Turk Telekom		✓	LLC
	12					Intigral		✓	LLC

		No	Current Board or Executive memberships	Location		Legal Entity (listed, unlisted joint JSC, LLC, etc.)	Previous Board or Executive memberships	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ....)
				KSA	Abroad			KSA	Abroad	
10	<b>Mr. Walid Ibrahim Shukri</b>  Member of the Board of Directors and the Risk Committee  Chairman of the Audit Committee	1	stc	✓		Listed joint stock	Ma'aden	✓		Listed joint stock
		2	Saudi Electricity Co. (SEC)	✓		Listed joint stock	TAQA	✓		Closed joint stock
		3	General Authority for Military Industries	✓		Governmental body				
		4	Saudi Agricultural & Livestock Investment Co. (SALIC)	✓		Closed joint stock				
		5	Middle East Paper Co. (MEPCO)	✓		Listed joint stock				
		6	Diriyah Gate Development Authority	✓		Governmental body				
		7	Tatweer Education Holding Co.	✓		Closed joint stock				

		No	Current Board or Executive memberships	Location		Legal Entity (listed, unlisted joint JSC, LLC, etc.)	Previous Board or Executive memberships	Location		Legal Entity (Listed, unlisted joint stock company, LLC/ ....)
				KSA	Abroad			KSA	Abroad	
11	<b>Mr. Ahmed Mohammed Al Omran</b>  Member of the Board of Directors and the Risk Committee	1	stc	✓		Listed joint stock	Saudi Cement Co.	✓		Listed joint stock
		2	Madad IT Services	✓		LLC	Saudi Industrial Investment Group	✓		Listed joint stock
		3	Takamul Holding Company	✓		LLC	Samba Financial Group	✓		Listed joint stock
		4	Masdr Data Solutions	✓		LLC	Hassana Investment Co.	✓		Closed joint stock

		5	Future Work	✓		One of Takamol Holding Company	Ra'idah Investment Co.	✓		Closed joint stock
		6					Arab National Bank	✓		Listed joint stock

## Meetings of the Board of Directors

The Board of Directors convened 5 meetings. The following table illustrates these meetings convened in 2023 and members' attendance.

No	Name	Membership	Number and date of meetings					Total
			10th 22 Mar	11th 30 Mar	12th 22 Jun	13th 3 Oct	14th 21 Dec	
1	HRH Prince Mohammed Khalid Al-Faisal	Chairman of the Board of Directors	✓	✓	✓	✓	✓	5
2	H.E. Dr. Khaled Hussain Biyari	Member	✓	✓	✓	✓	✓	5
3	H.E. Mr. Mohammed Talal Al-Nahhas	Member	✓	✓	✓	✓	✓	5
4	Mr. Yazeed Abdulrahman AL-Humied	Vice Chairman of the Board of Directors	✓	✓	x	x	✓	3
5	Ms. Rania Mahmoud Nashar	Member	✓	✓	✓	✓	✓	5
6	Mr. Arndt Rautenberg	Member	✓	✓	✓	✓	✓	5
7	Mr. Sanjay Kapoor	Member	✓	✓	✓	✓	✓	5
8	Ms. Sarah Jammaz AL-Suhaimi	Member	✓	✓	✓	✓	✓	5
9	Mr. Jameel Abdullah AlMulhem	Member	✓	✓	✓	✓	✓	5
10	Mr. Walid Ibrahim Shukri	Member	✓	✓	✓	✓	✓	5
11	Mr. Ahmed Mohammed Al Omran	Member	✓	✓	✓	✓	✓	5

## Meetings of Board committees

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

#### ▪ Executive Committee

The Executive Committee (ExCom) consists of 5 Board Directors. ExCom reviews and approves strategies, estimated annual budgets, local and international organic and inorganic businesses and social initiatives within the Board-approved authorities. ExCom held 4 meetings in 2023, as shown in the following table.

No	Name	Membership	Number and date of meetings				Total
			9th	10th	11th	12th	
			14 Mar	4 Jun	3 Sep	3 Dec	
1	HRH Prince Mohammed Khalid AL-Faisal	Chairman	✓	✓	✓	✓	4
2	H.E. Dr. Khaled Hussain Biyari	Member	✓	✓	✓	✓	4
3	H.E. Mr. Mohammed Talal AL-Nahas	Member	✓	✓	✓	✓	4
4	Mr. Yazeed Abdulrahman AL-Humied	Member	✓	✓	✓	✓	4
5	Mr. Sanjay Kapoor	Member	✓	✓	✓	✓	4

#### ▪ Investment Committee

The Investment Committee (IC) consists of 3 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 and following up on stc's investments internally and externally and submitting periodic reports to the Board Directors. IC held 7 meetings in 2023, as shown in the following table.

No	Name	Membership	Number and date of meetings							Total
			13th	14th	15th	16th	17th	18th	19th	
			6 Mar	15 Mar	5 Jun	4 Sep	9 Nov	4 Dec	20 Dec	
1	HRH Prince Mohammed Khalid AL-Faisal	Chairman	✓	✓	✓	✓	✓	✓	✓	7
2	Mr. Arndt Rautenberg	Member	✓	✓	✓	✓	✓	✓	✓	7
3	Ms. Sarah Jammaz AL-Suhaimi	Member	✓	✓	✓	✓	✓	✓	✓	7
4	Mr. Rashid I. Sharif	Member	✓	✓	✓	✓	✓	✓	✓	7

#### ▪ Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) consists of 2 non-executive Board Directors (1 independent) and 2 external members. The NRC reviews and approves the process of designing an appropriate operating model and fair incentives of salary scales to conform with market standards, requirements and best governance practices. The NRC also reviews the structure of the Board and recommends appropriate amendments; ensures the independence of external members annually; ensures Board Directors have no conflict of interest, especially if they are Board members of other companies; and reviews and approves Board and committee remunerations and incentives prior to submission before the Board for ratification and ensure that stc's business is in line with best practices in the field of governance. The NRC held 4 meetings in 2023, as shown in the following table.



No	Name	Membership	Number and date of meetings				Total
			11th	12th	13th	14th	
			12 Mar	6 Jun	6 Sep	6 Dec	
1	Mr. Jameel Abdullah AlMulhem	Chairman	✓	✓	✓	✓	4
2	Ms. Rania Mahmoud 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 June 2021. The General Assembly approved AC tasks, controls and the remuneration of its members. AC consists of 1 independent Board Director and 3 external members who are 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 issues recommendations to the Board of Directors on the appointment, dismissal, remuneration and independence of legal accountants. AC examines preliminary and annual financial statements before submitting these 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. AC fulfills other works periodically and regularly in order to assess the efficiency and effectiveness of stc control activities and ensuring compliance, and combating fraud and corruption. AC held 11 meetings in 2023, as shown in the following table.

No	Name	Membership	Number and date of meetings											Total
			14th	15th	16th	17th	18th	19th	20th	21st	22nd	23rd	24th	
			12 Jan	16 Feb	16 Mar	23 Mar	9 May	1 Jun	30 Jul	10 Sep	29 Oct	6 Nov	7 Dec	
1	Mr. Walid Ibrahim Shukri	Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
2	Dr. Ammr K. Kurdi	Deputy Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
3	Mr. Khalid Bin Abdullah Al Ankari	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
4	Mr. Medhat F. Tawfik	Member	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11

#### ▪ Risk Committee

The Risk Committee (RC) consists of 3 Board Directors and an external member. RC is responsible for reviewing risk policies in accordance with stc strategies. RC ensures risk management and internal control systems follow best practice, as well as the appropriateness of plans to carry out tasks and responsibilities, risk strategy and business continuity. RC also reviews top risks that stc faces and the corrective measures to mitigate these risks. RC held 4 meetings in 2023, as shown in the following table.

No	Name	Membership	Number and date of meetings				Total
			8th	9th	10th	11th	
			13 Mar	7 Jun	5 Sep	5 Dec	
1	Ms. Rania Mahmoud Nashar	Chairperson	✓	✓	✓	✓	4
2	Mr. Walid Ibrahim Shukri	Member	✓	✓	✓	✓	4
3	Mr. Ahmed Mohammed Al Omran	Member	✓	✓	✓	✓	4
4	Eng. Tarek A. Alrikhaimi	Member	✓	✓	✓	✓	4

### Annual assessment of the Board of Directors

The Board of Directors resolved on 21 March 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 practices, and strengthen the Board of Director's effectiveness. The Board of Directors stressed conducting annual performance assessments as per the relevant rules and regulations, based on the delegation of the Board of Directors to the Chairman. The Chairman followed up on the project implementation and development plans of the assessment recommendations that have had an impact on the performance of the Board of Directors and the executive management and their collective efforts. The Board of Directors determined their expectations from the executive management. The latter determined their expectations from the Board, too. Implementing these expectations contributed to the effectiveness of the Board of Directors and the committee's performance, which was reflected in stc's performance.

#### 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 (8th session)

#	Member name	Beginning of 2023		Ending of 2023		Net difference
		No. of shares	Debt instruments	No. of shares	Debt instruments	
1	HRH Prince Mohammed Khalid Al-Faisal	2,500	0	2500	0	0
2	H.E. Dr. Khaled Hussain Biyari	5,185	0	5,185	0	0
3	H.E. Mr. Mohammed Talal Al-Nahhas	750	0	750	0	0
4	Mr. Yazeed Abdulrahman AL-Humied	23,372	0	23,372	0	0
5	Ms. Rania Mahmoud Nashar	0	0	0	0	0
6	Mr. Arndt Rautenberg	0	0	0	0	0
7	Mr. Sanjay Kapoor	0	0	0	0	0

8	Ms. Sarah Jammaz AL-Suhaimi	100,000	0	0	0	(100,000)
9	Mr. Jameel Abdullah AlMulhem	23,750	0	23,750	0	0
10	Mr. Walid Ibrahim Shukri	0	0	0	0	0
11	Mr. Ahmed Mohammed Al Omran	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's subsidiaries shares or debt instruments (8th session)**

#	Member name	Subsidiary	Beginning of 2023		Ending of 2023		Net difference
			No. of shares	Debt instruments	No. of shares	Debt instruments	
1	HRH Prince Mohammed Khalid Al-Faisal		0	0	0	0	0
2	H.E. Dr. Khaled Hussain Biyari		0	0	0	0	0
3	H.E. Mr. Mohammed Talal Al-Nahhas		0	0	0	0	0
4	Mr. Yazeed Abdulrahman AL-Humied	solutions	20	0	20	0	0
5	Ms. Rania Mahmoud Nashar		0	0	0	0	0
6	Mr. Arndt Rautenberg		0	0	0	0	0
7	Mr. Sanjay Kapoor		0	0	0	0	0
8	Ms. Sarah Jammaz AL-Suhaimi		0	0	0	0	0
9	Mr. Jameel Abdullah AlMulhem		0	0	0	0	0
10	Mr. Walid Ibrahim Shukri		0	0	0	0	0
11	Mr. Ahmed Mohammed Al Omran		0	0	0	0	0

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

#	Member Name	Beginning of 2023		Ending of 2023		Net Difference
		No. of Shares	Debt Instruments	No. of Shares	Debt Instruments	
1	Olayan Mohammed Alwetaid	38,947	0	2,000	0	(36,947)
2	Ameen Fahad Alshiddi	29,450	0	82,141	0	52,691
3	Faisal S. Alsaber	8,845	0	7,265	0	(1,580)
4	Riyadh Saeed Muawad	29,450	0	82,141	0	52,691

5	Mohammed Abdullah Alabbadi	15,535	0	44,034	0	28,499
6	Moaeed Huwajj Alsloom	0	0	7,457	0	7,457
7	Haithem M. Alfaraj	29,450	0	82,141	0	52,691
8	Abdullah Abdulrahman Alkanhl	20,780	0	73,471	0	52,691
9	Ahmad M. Alghamdi	11,237	0	37,359	0	26,122
10	Motaz A. Alangari	332	0	7,457	0	7,125
11	Abdullah S. Alanizi	15,925	0	45,000	0	29,075
12	Mathad Faisal Alajmi	15,535	0	44,034	0	28,499
13	Emad Aoudah Alaoudah	15,925	0	44,424	0	28,499
14	Amir Abdulaziz Algibreen	15,925	0	27,374	0	11,449
15	Ibrahim Saleh Alsuwail	0	0	4,032	0	4,032

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

#	Name	Subsidiary	Beginning of 2023		Ending of 2023		Net Difference
			No. of Shares	Debt Instruments	No. of Shares	Debt Instruments	
1	Olayan Mohammed Alwetaid		0	0	0	0	0
2	Ameen Fahad Alshiddi		0	0	0	0	0
3	Faisal S. Alsaber		0	0	0	0	0
4	Riy Riyadh Saeed Muawad		0	0	0	0	0
5	Mohammed Abdullah Alabbadi		0	0	0	0	0
6	Moaeed Huwajj Alsloom		0	0	0	0	0
7	Haithem M. Alfaraj		0	0	0	0	0
8	Abdullah Abdulrahman Alkanhl		0	0	0	0	0
9	Ahmad M. Alghamdi		0	0	0	0	0
10	Motaz A. Alangari		0	0	0	0	0
11	Abdullah S. Alanizi		0	0	0	0	0
12	Mathad Faisal Alajmi		0	0	0	0	0
13	Emad Aoudah Alaoudah		0	0	0	0	0

14	Amir Abdulaziz Algibreen		0	0	0	0	0
15	Ibrahim Saleh Alsuwail		0	0	0	0	0

## Remuneration and compensation of the Board of Directors and top 5 senior executives

On 21 June 2023, stc's Extraordinary General Assembly resolved to approve amending the nomination and remuneration of board members and the members of its standing committees and remuneration of the executive management Policy (published on stc's website). The remunerations of the members of the Board of Directors and the members of the Board committees in 2023, in addition to stc's top 5 executives, including the GCEO and the GCFO, are as follows.

### Remuneration and compensation of the Directors of the Board for the 8th term during 2023

(All amounts mentioned below are in Saudi Riyals)

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 Khalid Al-Faisal	200,000	25,000				225,000								225,000	
Ms. Sarah Jammaz AL-Suhaimi	200,000	25,000				225,000								225,000	
Mr. Jameel Abdullah AlMulhem	200,000	25,000				225,000								225,000	
Mr. Walid Ibrahim Shukri	200,000	25,000				225,000								225,000	
Total	800,000	100,000				900,000								900,000	
Second: Non-executive members															
H.E. Dr. Khaled Hussain Biyari *	200,000	25,000				225,000								225,000	
H.E. Mr. Mohammed Talal Al-Nahhas	200,000	25,000				225,000								225,000	

Mr. Yazeed Abdulrahman AL-Humied **	200,000	15,000				215,000									215,000	
Ms. Rania Mahmoud Nashar **	200,000	25,000				225,000									225,000	
Mr. Arndt Rautenberg *	200,000	25,000				225,000									225,000	
Mr. Sanjay Kapoor *	200,000	25,000				225,000									225,000	
Mr. Ahmed Mohammed Al Omran	200,000	25,000				225,000									225,000	
<b>Total</b>	<b>1,400,000</b>	<b>165,000</b>				<b>1,565,000</b>									<b>1,565,000</b>	
<b>Third: Executive members</b>																
None		-				-									-	
<b>Total</b>	<b>2,200,000</b>	<b>265,000</b>				<b>2,465,000</b>									<b>2,465,000</b>	

On 13 March 2017, the Board of Directors resolved to approve amending the remuneration of the Chairman of the Board to be SAR 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 the PIF.
- \*\* Remunerations and allowances of attending stc Board and committee meetings by PIF representatives and employees shall be transferred directly to the PIF.

### Remuneration of committee members for the 8th term during 2023

(All amounts mentioned below are in Saudi Riyals)

Name	Committee	Fixed remunerations (without meetings attendance allowance)	Meeting attendance allowance	Total
HRH Prince Mohammed Khalid Al-Faisal	ExCom Investment	250,000	55,000	305,000
H.E. Dr. Khaled Hussain Biyari	ExCom	200,000	20,000	220,000
H.E. Mr. Mohammed Talal Al-Nahhas	ExCom	200,000	20,000	220,000
Mr. Yazeed Abdulrahman AL-Humied *	ExCom	200,000	20,000	220,000
Ms. Rania Mahmoud Nashar *	NRC Risk	250,000	40,000	290,000
Mr. Arndt Rautenberg	Investment	200,000	35,000	235,000
Mr. Sanjay Kapoor	ExCom	200,000	20,000	220,000
Ms. Sarah Jammaz AL-Suhaimi	Investment	200,000	35,000	235,000
Mr. Jameel Abdullah AlMulhem	NRC	250,000	20,000	270,000
Mr. Walid Ibrahim Shukri	Audit Risk	437,500	75,000	512,500
Mr. Ahmed Mohammed Al Omran	Risk	200,000	20,000	220,000

Mr. Khalid A. Al-Ankari	Audit (external member)	337,500	55,000	392,500
Mr. Medhat F. Tawfik	Audit (external member)	337,500	55,000	392,500
Dr. Ammr K. Kurdi	Audit (external member)	337,500	55,000	392,500
Eng. Tarek A. Alrikhaimi	Risk (external member)	250,000	20,000	270,000
Mr. Rashid I. Sharif	Investment (external member)	250,000	35,000	285,000
Mr. Johan Brand	NRC (external member)	250,000	20,000	270,000
Ms. Hoda M. Al-Ghason	NRC (external member)	250,000	20,000	270,000
<b>Total</b>		<b>4,600,000</b>	<b>620,000</b>	<b>5,220,000</b>

\* Remunerations and allowances of attending committees meetings by PIF representatives and employees shall be transferred directly to the PIF.

### Remunerations of the top 5 senior executives

(Including the GCEO and the GCFO in 2023)

(All amounts mentioned below are in Saudi Riyals)

Fixed remunerations				Variable remunerations						Indemnity	Board remuneration 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			
15,972,377.33	5,071,260.08	-	21,043,637.41	-	-	32,868,463.20	-	12,089,900	44,958,363.20	-	2,102,534.25	68,104,534.86

## Shareholders General Assemblies

### First: The Ordinary General Assembly on 11 May 2023

The Ordinary General Assembly meeting was held remotely through modern technology via Tadawulaty services on 11 May 2023. The meeting's results were published on Tadawul's website on 14 May 2023. Voting results in the General Assembly's agenda were as follows:

1. The Board of Directors report for the fiscal year ending on 31 December 2022 was viewed and discussed.
2. The financial statements for the fiscal year ending on 31 December 2022 were viewed and discussed.
3. Approve stc's Auditor Report after discussing it for the fiscal year ending on 31 December 2022.
4. Approve appointing the auditor Ernst & Young (EY) as auditor of the Company from the selected candidates based on the Audit Committee's recommendation. The appointed auditor shall examine, review and audit the (second and third) quarters and annual financial statements of the fiscal year 2023, and the (first, second and third) quarters and annual financial statements of the fiscal year 2024. In addition to, the determination of the auditor's remuneration.
5. Approve authorizing the Board of Directors with the General Assembly authority with the rights mentioned in paragraph (1) of Article (27) of the Companies Law for 1 year from the date of approval of the General Assembly or until the end of the session of the authorized Board of Directors, whichever is earlier, in accordance with the conditions mentioned in the Implementing Regulation of the Companies Law for Listed Joint Stock Companies.
6. Approve paying SAR 6,345,000 as remunerations for the members of Board of Directors for the fiscal year ending on 31 December 2022.

### Members who attended the Assembly Meeting

#	Name	Attendance
1	HRH Prince Mohammed Khalid Al-Faisal (Chairman of the Board)	✓
2	H.E. Dr. Khaled Hussain Biyari	✓
3	H.E. Mr. Mohammed Talal Al-Nahas*	×
4	Mr. Yazeed Abdulrahman AL-Humied (Vice Chairman of the Board)	✓
5	Ms. Rania Mahmoud Nashar	✓
6	Mr. Jameel Abdullah AlMulhem	✓
7	Mr. Walid Ibrahim Shukri	✓
8	Mr. Arndt Rautenberg*	×
9	Mr. Sanjay Kapoor*	×
10	Ms. Sarah Jammaz AL-Suhaimi	✓
11	Mr. Ahmed Mohammed Al Omran*	×

\* Members of the Board of Directors H.E. Mr. Mohammed Talal Al-Nahas, Mr. Arndt Rautenberg, Mr. Sanjay Kapoor and Mr. Ahmed Mohammed Al Omran apologized for not being able to attend. Minutes of meetings can be found on stc's website: [www.stc.com.sa](http://www.stc.com.sa)



## Second: The Extraordinary General Assembly on 21 June 2023

The Extraordinary General Assembly's meeting held remotely through modern technology via Tadawulaty services on 21 June 2023. The meeting's results were published on Tadawul's website on 22 June 2023. Voting results in the General Assembly's agenda were as follows:

1. Approve the amendment of the Company's bylaws in accordance with the new Companies Law.
2. Approve the amendment of Board Audit Committee Charter.
3. Approve the amendment of Board Nomination and Remuneration Committee Charter.
4. Approve the amendment of Nomination and Remuneration of stc Board members and the members of its standing committees and remuneration of the executive management policy.
5. Approve transferring the balance of the statutory reserve amounting to SAR (11,217,053,716) as shown in the financial statements for the year ended 31 December 2022 to the retained earnings.

## Members who attended the Assembly Meeting

#	Name	Attendance
1	HRH Prince Mohammed Khalid Al-Faisal (Chairman of the Board)	✓
2	H.E. Dr. Khaled Hussain Biyari	✓
3	H.E. Mr. Mohammed Talal Al-Nahas	✓
4	Mr. Yazeed Abdulrahman AL-Humied (Vice Chairman of the Board)	✓
5	Ms. Rania Mahmoud Nashar	✓
6	Mr. Jameel Abdullah AlMulhem	✓
7	Mr. Walid Ibrahim Shukri	✓
8	Mr. Arndt Rautenberg*	x
9	Mr. Sanjay Kapoor*	x
10	Ms. Sarah Jammaz AL-Suhaimi*	x
11	Mr. Ahmed Mohammed Al Omran	✓

\* Members of the Board of Directors Mr. Arndt Rautenberg, Mr. Sanjay Kapoor and Ms. Sarah Jammaz AL-Suhaimi apologized for not being able to attend.

Minutes of meetings can be found on stc's website: [www.stc.com.sa](http://www.stc.com.sa)

## **stc's Dividend distribution policy**

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

1. The Ordinary General Assembly may, upon the request of the Board of Directors, set aside a specific percentage of the annual net profits to form a consensual reserve to be allocated for the purpose or purposes decided by the General Assembly.
2. Ordinary General Assembly may form other reserves to the extent that would serve stc's best interest or would ensure distributing constant profits, as much as possible, among shareholders. Besides, the Ordinary General Assembly may allocate from the net profits amounts to establish social institutions for stc's employees or to support existing social institutions.
3. Out of the balance of the profits, if any, there shall be paid to the shareholders an initial payment of 5% (five percent) of stc's paid-up capital.
4. Subject to provisions in Article (21) hereof, and Article (76) of the Companies Law, the Ordinary General Assembly may allocate a portion of the remaining amount to be paid as compensation to the Board of Directors provided that entitlement of such remuneration shall be in proportion to the number of sessions the member has attended.
5. The Ordinary General Assembly may, upon proposal from the Board of Directors, distribute the remaining balance (if any) among shareholders in the form of an additional dividend.

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

Article 46 Article of stc's Articles of Association stipulates that a shareholder shall be paid his dividend share subject to a resolution by the General Assembly, and such resolution shall state the date of maturity and distribution. Eligibility for dividends shall be for shareholders registered in the shareholders' register at the end of the day specified for maturity. The Board must implement the General Assembly resolution with respect to dividend distribution to the registered shareholders within 15 (fifteen) business days from the date they become entitled to such dividends as determined in such resolution, or the Board's resolution for the distribution of interim dividends.

On 27 September 2021, the Board of Directors approved stc's dividends policy for the next 3 years starting from the fourth quarter of 2021, which was approved by the General Assembly held on 30 November 2021. The objective of the dividends policy is based on maintaining a minimum level of dividend of SAR 1 per share on a quarterly basis. stc will consider and pay additional dividend subject to the Board of Directors' recommendation to the General Assembly after assessment and determination of stc's financial situation, outlook and capital expenditure requirements. It is probable that additional dividends are likely to vary on a quarterly basis depending on stc's performance.

The dividends policy will remain subject to:

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

On 11 June 2022, the Board of Directors recommended to the General Assembly to amend the dividends policy to reflect the stc's capital increase.

The objective of the policy is based on maintaining a minimum dividend of SAR 0.40 per share on a quarterly basis, for the same period covered by the current policy. The Board of Director's recommendation was

approved by the Extraordinary General Assembly on 30 August 2022. stc will consider and pay additional dividend subject to the Board of Directors' recommendation to the General Assembly after assessment and determination of stc's financial situation, outlook and capital expenditure requirements. It is probable that additional dividends are likely to vary on a quarterly basis depending on stc's performance.

#### ▪ **Distribution of Dividends**

stc announced the distribution of cash dividends amounting to SAR 2,000 million to shareholders for Q4 2023, with SAR 0.40 per share. This is in accordance with the dividend distribution policy for three years approved by the Ordinary General Assembly held on 30 November 2021. In addition to the amendment to the dividend policy approved by the Extraordinary General Assembly held on 30 August 2022. In addition to special cash dividends amounting to SAR 5,000 million to shareholders for the year 2023, with SAR 1 per share.

stc also distributed cash dividends amounting to SAR 2,000 million per quarter to shareholders for Q1, Q2 and Q3 2023 with SAR 0.40 per share.

In addition to, 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 stc's possession.

#### **The following is a breakdown of the 2023 distributions**

Statement	Total Distribution (SAR Million)	Earnings per share (SAR)	Date of announcement	Due date	Payment Date
Cash dividends for Q1 2023	2,000	0.40	10/05/2023	18/05/2023	07/06/2023
Cash dividends for Q2 2023	2,000	0.40	30/07/2023	03/08/2023	23/08/2023
Cash dividends for Q3 2023	2,000	0.40	30/10/2023	05/11/2023	23/11/2023
Cash dividends for Q4 2023	2,000	0.40	19/02/2024	25/02/2024	14/03/2024
Special dividends for the year 2023*	5,000	1	19/02/2024	To be determined	To be determined
<b>Total Distributions</b>	<b>13,000</b>	<b>2.60</b>			

\* The Board of Directors has recommended in its meeting held on 19 February 2024 to distribute a special cash dividend of SAR (1) for the year 2023 to stc shareholders, and it will be presented to stc's General Assembly at its next meeting for voting.

#### ▪ **Subsequent Events**

- 1- On 10 January 2024, IoT (a subsidiary) has completed the acquisition of 100% of Machines Talk for Contracting Company for cash consideration assuming 100% Enterprise Value of SAR 560 million.
- 2- On 1 February 2024, solutions (a subsidiary) has completed the acquisition of 40% of Devoteam Middle East for cash consideration assuming 100% Enterprise Value of AED 726.3 million (equivalent to SAR 741.7 million).

## **Board of Directors' acknowledgment**

The Board of Directors of the Saudi Telecom Company (stc) acknowledges the following:

- The accounting records have been duly prepared.
- The internal control system is well established and effectively implemented.
- The Board of Directors has no doubt about stc's ability to continue its activities.
- The consolidated financial statements for the year ending on 31 December 2023 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 2023.
- No debt instruments were convertible into shares or option rights, warrants or similar rights issued or granted by stc in 2023.
- There were no refunds, purchases or cancellations by stc in 2023 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 about the 2023 consolidated financial statements.
- There are no recommendations from the Audit Committee that there is a conflict between the committee and the resolutions of the Board of Directors or its refusal to take them into account regarding the appointment of the stc External Auditor, dismissing the firm, determining their fees and evaluating their performance or appointing the Internal Audit.
- There was no competing business with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses.

## **Conclusion**

After thanking Allah, the Almighty, the Board of Directors would like to thank the Custodian of the Two Holy Mosques King Salman Bin Abdulaziz Al Saud, HRH Crown Prince Mohammed Bin Salman Bin Abdulaziz Al Saud, and our wise government for the support, care and encouragement they have given stc 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 sustain the leadership position of stc in the region's telecommunications sector in the Kingdom of Saudi Arabia.