



Saudi Telecom Company
(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS PERIOD ENDED
31 MARCH 2024**

(UNAUDITED)

**First Quarter
2024**

Saudi Telecom Company
A Saudi Joint Stock Company
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

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Independent auditor's review report on the interim condensed consolidated financial statements to the shareholders of Saudi Telecom Company (A Saudi Joint Stock Company)

Introduction:

We have reviewed the accompanying interim condensed consolidated statement of financial position of Saudi Telecom Company - a Saudi Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as "the Group") as at 31 March 2024, and the related interim condensed consolidated statements of profit or loss and comprehensive income, changes in equity and cash flows for the three-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review:

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

Conclusion:

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

For Ernst & Young
Professional Services


Saad M. Al-Khathlan
Certified Public Accountant
License No. (509)



Riyadh: 7 Thul-Qi'dah 1445H
(15 May 2024)

Saudi Telecom Company
A Saudi Joint Stock Company

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	31 March 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property and equipment	5	47,534,315	48,101,333
Investment properties	6	828,333	801,735
Intangible assets and goodwill	7,22	17,763,113	17,282,076
Right of use assets	8	3,861,608	3,802,290
Investments in associates and joint ventures	23	4,764,259	4,525,149
Contract assets and costs		1,513,990	1,444,868
Financial assets and others	10	12,516,254	12,501,194
TOTAL NON-CURRENT ASSETS		88,781,872	88,458,645
CURRENT ASSETS			
Inventories		1,856,080	1,904,971
Contract assets and costs		8,100,944	7,481,936
Trade receivables	11	22,748,240	21,401,271
Financial assets and others	10	11,595,742	12,246,019
Short term murabahas		10,576,495	14,767,349
Cash and cash equivalents		16,189,679	13,371,320
		71,067,180	71,172,866
Assets held for sale	9	21,259	51,259
TOTAL CURRENT ASSETS		71,088,439	71,224,125
TOTAL ASSETS		159,870,311	159,682,770
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	50,000,000	50,000,000
Treasury shares		(612,528)	(612,528)
Other reserves		2,287,772	2,125,192
Retained earnings		28,764,307	27,472,281
Equity attributable to the equity holders of the Parent Company		80,439,551	78,984,945
Non-controlling interests		2,323,942	2,530,221
TOTAL EQUITY		82,763,493	81,515,166
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term borrowings		18,490,310	13,641,768
End of service benefits provision	13	5,015,347	5,258,413
Lease liabilities	14	3,217,615	3,251,538
Contract liabilities		1,114,978	1,110,722
Provisions		779,567	690,677
Financial liabilities and others	15	5,791,407	6,143,696
TOTAL NON-CURRENT LIABILITIES		34,409,224	30,096,814
CURRENT LIABILITIES			
Trade and other payables		20,589,511	22,153,518
Contract liabilities		4,597,917	4,581,371
Provisions		2,325,534	2,221,748
Zakat and income tax	17	2,840,692	2,632,768
Short term borrowings		3,530,320	8,315,728
Lease liabilities	14	988,369	947,703
Financial liabilities and others	15	7,825,251	7,217,954
TOTAL CURRENT LIABILITIES		42,697,594	48,070,790
TOTAL LIABILITIES		77,106,818	78,167,604
TOTAL EQUITY AND LIABILITIES		159,870,311	159,682,770


Group Chief Financial Officer


Group Chief Executive Officer


Authorized Board Member

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

Saudi Telecom Company
A Saudi Joint Stock Company

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three months period ended	
		31 March	
		2024	2023
Revenues	4	19,100,024	18,179,321
Cost of revenues	4	(9,713,847)	(8,945,498)
GROSS PROFIT		9,386,177	9,233,823
OPERATING EXPENSES			
Selling and marketing		(1,232,190)	(1,297,828)
General and administration		(1,679,690)	(1,592,511)
Depreciation and amortization	5,7,8	(2,618,088)	(2,612,503)
TOTAL OPERATING EXPENSES		(5,529,968)	(5,502,842)
OPERATING PROFIT		3,856,209	3,730,981
OTHER INCOME AND EXPENSES			
Cost of early retirement program		(169,795)	(266,517)
Finance income		442,086	359,606
Finance cost		(414,940)	(238,351)
Net other (expense) income		(131,906)	31,388
Net share in results of investments in associates and joint ventures		(56,886)	13,144
Net other gains (losses)		52,416	(118,184)
TOTAL OTHER EXPENSES		(279,025)	(218,914)
NET PROFIT BEFORE ZAKAT AND INCOME TAX		3,577,184	3,512,067
Zakat and income tax	17	(246,296)	(377,224)
NET PROFIT		3,330,888	3,134,843
Net profit attributable to:			
Equity holders of the Parent Company		3,285,893	3,108,671
Non-controlling interests		44,995	26,172
		3,330,888	3,134,843

Earnings per share attributable to equity holders of the Parent Company
(in Saudi Riyals):

Basic	18	0.66	0.62
Diluted	18	0.66	0.62



Group Chief Financial Officer



Group Chief Executive Officer



Authorized Board Member

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

Saudi Telecom Company
A Saudi Joint Stock Company

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Note	For the three months period ended	
		31 March	
		2024	2023
NET PROFIT		3,330,888	3,134,843
OTHER COMPREHENSIVE INCOME :			
<i>Item that will not be reclassified subsequently to consolidated statement of profit or loss:</i>			
Remeasurement of end of service benefit provision	13	277,007	57,103
Changes in fair value for hedging instruments and equity investments through other comprehensive income		155,287	-
Net share of other comprehensive income of associates and joint ventures		107	2,184
Total items that will not be reclassified subsequently to consolidated statement of profit or loss		432,401	59,287
<i>Items that may be reclassified subsequently to consolidated statement of profit or loss:</i>			
Foreign currency translation differences		(393,790)	(78,357)
Net share of other comprehensive loss of associates and joint ventures		(632)	(916)
Total items that may be reclassified subsequently to consolidated statement of profit or loss		(394,422)	(79,273)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		37,979	(19,986)
TOTAL COMPREHENSIVE INCOME		3,368,867	3,114,857
Total comprehensive income attributable to:			
Equity holders of the Parent Company		3,370,399	3,113,262
Non-controlling interests		(1,532)	1,595
		3,368,867	3,114,857



Group Chief Financial Officer



Group Chief Executive Officer



Authorized Board Member

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Saudi Telecom Company
A Saudi Joint Stock Company

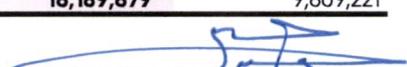
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

		For the three months period ended	
		31 March	
Note		2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
	Net profit before zakat and income tax	3,577,184	3,512,067
Adjustments for:			
	Depreciation and amortization	2,618,088	2,612,503
5,7,8	Impairment loss and amortization of contract assets and costs	93,422	92,756
	Reversal of impairment on trade receivables	(8,236)	(97,334)
	(Reversal) allowance for slow moving inventories	(11,932)	2,415
	Finance income	(442,086)	(359,606)
	Finance costs	414,940	238,351
	Provision for end of service benefits and other provisions and expenses	380,727	109,992
	Net share in results of investments in associates and joint ventures	56,886	(13,144)
	Share-based payment expenses	34,307	26,447
	Net other (gains) losses	(52,416)	118,184
Changes in :			
	Trade receivables	(1,062,712)	(337,222)
	Contract assets and costs, inventory and others	(1,083,934)	(1,516,651)
	Trade payables and others	(1,891,511)	(1,873,215)
	Contract liabilities and others	(1,026,330)	1,003,795
	Cash generated from operations	1,596,397	3,519,338
	Less: Zakat and income tax paid	(24,078)	(22,625)
17	Less: Provision for end of service benefits paid	(154,632)	(210,345)
	Net cash generated from operating activities	1,417,687	3,286,368
CASH FLOWS FROM INVESTING ACTIVITIES			
	Purchase of property and equipment	(1,238,476)	(933,358)
5	Purchase of intangible assets	(424,439)	(251,978)
7	Additions to investment properties	(14,625)	(49,882)
	Proceeds from sale of property and equipment	2,434	14,944
	Subsidiary's acquisition of a new subsidiary	(528,341)	(14,205)
22	Subsidiary's acquisition of a new associate	(297,861)	-
23	Proceeds from finance income	397,628	262,555
	Proceeds and payments related to financial assets and others, net	6,025,900	(8,530,463)
	Net cash generated from (used in) investing activities	3,922,220	(9,502,387)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Dividends paid to the equity holders of the Parent Company	(1,978,466)	(1,965,402)
	Dividends paid to non-controlling interests	(3,718)	(3,112)
	Payment of lease liabilities	(335,513)	(220,298)
	Repayment of borrowings	(24,257)	(807)
	Proceeds from borrowings	67,812	269,703
	Finance costs paid	(193,299)	(45,901)
	Net cash used in financing activities	(2,467,441)	(1,965,817)
	NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,872,466	(8,181,836)
	CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	13,371,320	17,794,393
	Net foreign exchange difference	(54,107)	(3,336)
	CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	16,189,679	9,609,221


Group Chief Financial Officer


Group Chief Executive Officer


Authorized Board Member

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

Saudi Telecom Company
A Saudi Joint Stock Company

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

		Total equity attributable to the equity holders of the Parent Company						Non-	
Note	Share capital	Statutory reserve	Treasury shares	Other reserves	Retained earnings	Total	controlling interests	Total equity	
Balance as at 1 January 2023	50,000,000	11,217,054	(703,838)	2,032,239	10,954,070	73,499,525	2,526,067	76,025,592	
Net profit	-	-	-	-	3,108,671	3,108,671	26,172	3,134,843	
Other comprehensive income (loss)	-	-	-	4,591	-	4,591	(24,577)	(19,986)	
Total comprehensive income	-	-	-	4,591	3,108,671	3,113,262	1,595	3,114,857	
Dividends to the equity holders of the Parent Company	24	-	-	-	(1,992,871)	(1,992,871)	-	(1,992,871)	
Dividends to non-controlling interests		-	-	-	-	-	(176,518)	(176,518)	
Share-based payment transactions		-	-	26,074	-	26,074	34	26,108	
Transactions with non-controlling interests	15.1	-	-	(16,032)	-	(16,032)	-	(16,032)	
Net share of other reserves of a joint venture		-	-	957	-	957	-	957	
Balance as at 31 March 2023	50,000,000	11,217,054	(703,838)	2,047,829	12,069,870	74,630,915	2,351,178	76,982,093	
Balance as at 1 January 2024	50,000,000	-	(612,528)	2,125,192	27,472,281	78,984,945	2,530,221	81,515,166	
Net profit	-	-	-	-	3,285,893	3,285,893	44,995	3,330,888	
Other comprehensive income (loss)	-	-	-	84,506	-	84,506	(46,527)	37,979	
Total comprehensive income	-	-	-	84,506	3,285,893	3,370,399	(1,532)	3,368,867	
Dividends to the equity holders of the Parent Company	24	-	-	-	(1,993,867)	(1,993,867)	-	(1,993,867)	
Dividends to non-controlling interests		-	-	-	-	-	(204,747)	(204,747)	
Share-based payment transactions		-	-	28,931	-	28,931	-	28,931	
Transactions with non-controlling interests	15.1	-	-	50,364	-	50,364	-	50,364	
Net share of other reserves of a joint venture		-	-	(1,221)	-	(1,221)	-	(1,221)	
Balance as at 31 March 2024	50,000,000	-	(612,528)	2,287,772	28,764,307	80,439,551	2,323,942	82,763,493	


Group Chief Financial Officer


Group Chief Executive Officer


Authorized Board Member

The accompanying notes from 1 to 27 form an integral part of these interim condensed consolidated financial statements.

Saudi Telecom Company
A Saudi Joint Stock Company

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

1- GENERAL INFORMATION

A) ESTABLISHMENT OF THE COMPANY

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

The Company commenced its operation as the provider of telecommunications services throughout the Kingdom of Saudi Arabia ("the Kingdom") on 6 Muharram 1419H (corresponding to 2 May 1998) and received its Commercial Registration No. 1010150269 as a Saudi Joint Stock Company on 4 Rabi al-Awal 1419H (corresponding to 29 June 1998). The Company's head office is located in King Abdulaziz Complex, Imam Mohammed Bin Saud Street Al Mursalat Area, Riyadh, Kingdom of Saudi Arabia.

B) GROUP ACTIVITIES

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

- 1) Establish, manage, operate and maintain fixed and mobile telecommunication networks, systems and infrastructure.
- 2) Deliver, provide, maintain and manage diverse telecommunication and information technology (IT) services to customers.
- 3) Prepare the required plans and necessary studies to develop, implement and provide telecommunication and IT services covering all technical, financial and administrative aspects. In addition, prepare and implement training plans in the field of telecommunications and IT, and provide consultancy services.
- 4) Expand and develop telecommunication networks, systems, and infrastructure by utilizing the most current devices and equipment in telecom technology, especially in the fields of providing and managing services, applications and software.
- 5) Provide integrated communication and information technology solutions which include, among other things, telecom, IT services, managed services, cloud services, and internet of things, etc.
- 6) Provide information-based systems and technologies to customers including providing telecommunication means for the transfer of internet services.
- 7) Wholesale and retail trade, import, export, purchase, own, lease, manufacture, promote, sell, develop, design, setup and maintenance of devices, equipment, and components and executing contracting works that are related to different telecom networks including fixed, moving and private networks. In addition, computer programs and other intellectual properties.
- 8) Real estate investment and the resulting activities, such as selling, buying, leasing, managing, developing and maintenance.
- 9) Acquire loans and own fixed and movable assets for intended use.
- 10) Provide financial and managerial support and other services to Group companies.
- 11) Provide development, training, asset management and other related services.
- 12) Provide solutions for decision support, business intelligence and data investment.
- 13) Provide supply chain and other related services.
- 14) Provide digital banking services.
- 15) Provide cybersecurity services.
- 16) Construction, maintenance and repair of telecommunication and radar stations and towers.

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

Saudi Telecom Company
A Saudi Joint Stock Company

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024 (CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

2- BASIS OF PREPARATION

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

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements in accordance with International Financial Reporting Standards and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants. Therefore, these interim condensed consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

3- THE GROUP'S ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023.

There are amendments to the standards that come into effect as of 1 January 2024, but they do not have any material impact on the Group interim condensed consolidated financial statements.

New amendments
Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements.
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback.
Amendments to IAS 1: Classification of Liabilities as Current or Non-current.
Amendments to IAS 1: Non-current Liabilities with Covenants.
Amendments to IFRS 16: Lease Liability in a Sale and Leaseback.

4- SEGMENT INFORMATION

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

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

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

Saudi Telecom Company
A Saudi Joint Stock Company

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024 (CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

4- SEGMENT INFORMATION (CONTINUED)

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

	For the three months period ended 31	
	March	
	2024	2023
Revenues ⁽¹⁾		
stc	12,332,515	12,188,994
Saudi Telecom Channels Company ("Channels")	4,151,800	3,765,579
Arabian Internet and Communications Services Company ("Solutions")	2,808,647	2,676,272
Kuwait Telecommunications Company ("stc Kuwait")	1,065,016	1,061,010
Telecommunications Towers Company ("TAWAL")	931,390	739,291
stc Bahrain BSC (c) ("stc Bahrain")	491,283	473,419
stc Bank	300,038	223,643
Gulf Digital Media Model Company Ltd ("Intigral")	176,441	157,410
Advanced Technology and Cybersecurity Company ("sirar")	120,497	100,675
Public Telecommunications Company ("Specialized")	73,275	60,218
Other operating segments ⁽²⁾	510,431	145,259
Eliminations / adjustments	(3,861,309)	(3,412,449)
Total revenues	19,100,024	18,179,321
Cost of operations (excluding depreciation and amortization)	(12,625,727)	(11,835,837)
Depreciation and amortization	(2,618,088)	(2,612,503)
Cost of early retirement program	(169,795)	(266,517)
Finance income	442,086	359,606
Finance cost	(414,940)	(238,351)
Net other (expenses) income	(131,906)	31,388
Net share in results of investments in associates and joint ventures	(56,886)	13,144
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Zakat and income tax	(246,296)	(377,224)
Net profit	3,330,888	3,134,843
Net profit attributable to:		
Equity holders of the Parent Company	3,285,893	3,108,671
Non-controlling interests	44,995	26,172
	3,330,888	3,134,843

Saudi Telecom Company
A Saudi Joint Stock Company

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024 (CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

4- SEGMENT INFORMATION (CONTINUED)

Following is the gross profit analysis on a segment basis:

	<i>For the three months period ended 31</i>	
	<i>March</i>	
	2024	2023
stc	7,179,874	7,416,365
Saudi Telecom Channels Company ("Channels")	823,698	767,595
Arabian Internet and Communications Services Company ("Solutions")	667,879	647,498
Kuwait Telecommunications Company ("stc Kuwait")	524,703	515,920
Telecommunications Towers Company ("TAWAL")	751,659	584,831
stc Bahrain BSC (c) ("stc Bahrain")	227,530	205,122
stc Bank	53,383	47,123
Gulf Digital Media Model Company Ltd ("Intigral")	124,707	115,004
Advanced Technology and Cybersecurity Company ("sirar")	46,795	38,500
Public Telecommunications Company ("Specialized")	38,275	35,788
Other operating segments ⁽²⁾	209,208	49,598
Eliminations / adjustments	(1,261,534)	(1,189,521)
Gross profit	9,386,177	9,233,823

Information about geographical segmentation:

Following is the geographical segmentation of revenues:

	<i>For the three months period ended 31</i>	
	<i>March</i>	
	2024	2023
Kingdom of Saudi Arabia	16,773,707	16,126,584
Outside the Kingdom of Saudi Arabia	2,326,317	2,052,737
	19,100,024	18,179,321

Saudi Telecom Company
A Saudi Joint Stock Company

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2024 (CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

4- SEGMENT INFORMATION (CONTINUED)

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

	31 March 2024	31 December 2023
Assets		
stc	150,089,984	151,346,881
Saudi Telecom Channels Company ("Channels")	11,787,122	11,148,734
Arabian Internet and Communications Services Company ("Solutions")	11,101,431	11,516,244
Kuwait Telecommunications Company ("stc Kuwait")	5,693,311	5,462,864
Telecommunications Towers Company ("TAWAL")	18,564,636	18,490,654
stc Bahrain BSC (c) ("stc Bahrain")	5,370,970	5,629,610
stc Bank	5,357,042	5,028,908
Gulf Digital Media Model Company Ltd ("Intigral")	992,119	958,351
Advanced Technology and Cybersecurity Company ("sirar")	605,773	598,762
Public Telecommunications Company ("Specialized")	711,336	780,705
Other operating segments ⁽²⁾	23,693,443	23,213,588
Eliminations / adjustments	(74,096,856)	(74,492,531)
Total assets	159,870,311	159,682,770
Liabilities		
stc	55,769,863	58,068,759
Saudi Telecom Channels Company ("Channels")	10,339,099	9,789,528
Arabian Internet and Communications Services Company ("Solutions")	7,585,010	8,163,690
Kuwait Telecommunications Company ("stc Kuwait")	3,039,108	2,486,943
Telecommunications Towers Company ("TAWAL")	14,224,645	14,341,336
stc Bahrain BSC (c) ("stc Bahrain")	3,827,288	4,112,396
stc Bank	4,688,081	4,116,537
Gulf Digital Media Model Company Ltd ("Intigral")	907,822	920,837
Advanced Technology and Cybersecurity Company ("sirar")	340,557	338,872
Public Telecommunications Company ("Specialized")	678,888	746,836
Other operating segments ⁽²⁾	15,787,981	17,591,430
Eliminations / adjustments	(40,081,524)	(42,509,560)
Total liabilities	77,106,818	78,167,604

- (1) Segment revenue reported above represents revenue generated from external and internal customers. There were SR 3,861 million of inter-segment sales and adjustments (between the Group's Companies) for the three months period ended 31 March 2024 (for the three months period ended 31 March 2023: SR 3,412 million) which were eliminated at consolidation.
- (2) Other operating segments include the following subsidiaries: Aqalat Limited ("Aqalat"), Smart Zone Real Estate, stc Gulf Investment Holding ("stc Gulf"), stc GCC Cable Systems W.L.L., Company Sendouk Al-Abatakar for Investment, Digital Centers for Data and Telecommunications ("Center3"), Internet of Things Information Technology ("IoT²"), and General Cloud Computing Company for Information Technology ("SCCC"), stc Asia Holding, stc Turkey Limited Holding, Green Bridge Investment ("GBI"), Green Bridge Management ("GBM"), and Digital Infrastructure for Investment Company.

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5- PROPERTY AND EQUIPMENT

During the three months period ended 31 March 2024, the Group acquired property and equipment with total cost of SR 1,331 million, including non-cash additions with an amount of SR 92 million (31 March 2023: SR 1,075 million, including non-cash additions with an amount of SR 142 million).

During the three months period ended 31 March 2024, the Group disposed of property and equipment with a net book value of SR 28 million (31 March 2023: SR 41 million) resulting in a loss on sale of property and equipment for the three months period ended 31 March 2024 with an amount of SR 25 million (for the three months period ended 31 March 2023: SR 26 million).

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

	For the three months period ended	
	31 March	
	2024	2023
Cost of revenues	1,415,263	1,341,854
Selling and marketing expenses	2,081	2,068
General and administration expenses	280,799	355,678
	1,698,143	1,699,600

6- INVESTMENT PROPERTIES

	31 March 2024	31 December 2023
Lands	348,647	348,647
Work in-progress	479,686	453,088
	828,333	801,735

The fair value of lands as at 31 December 2023 amounting to SR 1,626 million valued by RAWAJ Real Estate Valuation license no. 1210000062 and First Valuator license no. 1210000221 appointed as an independent, professionally qualified valuers accredited by the Saudi Authority for Accredited Valuers (Taqeem). The fair value measurement is classified within level 3 based on valuation techniques applied (residual value method, comparables method, and discounted cash flow method).

7- INTANGIBLE ASSETS AND GOODWILL

During the three months period ended 31 March 2024, the net additions in intangible assets amounted to SR 706 million, including non-cash additions with an amount of SR 281 million (31 March 2023: SR 782 million, including non-cash additions with an amount of SR 530 million).

During the three months period ended 31 March 2024, a provisional goodwill of SR 461 million resulted from Internet of Things acquisition of 100% shareholding in Machines Talk, a company registered in the Kingdom of Saudi Arabia, until the completion of the reports on the fair value allocation of net assets (Note 22).

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7- INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

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

	<i>For the three months period ended</i>	
	31 March	
	2024	2023
Cost of revenues	163,145	185,265
Selling and marketing expenses	3,204	8,657
General and administration expenses	482,524	446,577
	648,873	640,499

8- RIGHT OF USE ASSETS

During the three months period ended 31 March 2024, the net additions in right of use assets amounted to SR 345 million (31 March 2023: SR 308 million) all of which are non-cash additions.

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

	<i>For the three months period ended</i>	
	31 March	
	2024	2023
Cost of revenues	212,199	212,552
Selling and marketing expenses	3,640	511
General and administration expenses	55,233	59,341
	271,072	272,404

9- ASSETS HELD FOR SALE

Property and equipment have been reclassified as held for sale measured at the lower of carrying amount and fair value less costs to sell as at:

	31 March 2024	31 December 2023
Lands at carrying amount	21,259	21,259
Telecom towers at fair value less costs to sell	-	30,000
	21,259	51,259

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10- FINANCIAL ASSETS AND OTHERS

10-1 Financial assets

	31 March 2024	31 December 2023
Financial assets measured at FVTOCI		
Listed equity investments	4,663,052	4,130,284
Financial assets measured at FVTPL		
Investment funds and unlisted equity investments	3,527,319	3,532,376
Advance cash collateral against purchase of a listed equity investment	4,369,553	4,468,557
	7,896,872	8,000,933
Financial assets at amortized cost:		
Sukuk	3,515,513	5,313,050
Customers' trust accounts of stc Bank (Note 15.1)	3,023,166	2,532,874
Loans to employees	409,632	410,679
Investment accounts of stc Bank	500,000	500,000
Others	1,661,038	1,532,209
	9,109,349	10,288,812
Financial derivatives- forward contract	388,662	-
Financial derivatives- options	-	662,073
	22,057,935	23,082,102
Current	9,744,576	10,767,322
Non-current	12,313,359	12,314,780
	22,057,935	23,082,102

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10- FINANCIAL ASSETS AND OTHERS (CONTINUED)

10-2 Other assets

	31 March 2024	31 December 2023
Prepaid expenses	659,245	421,598
Advances	512,538	612,612
Deferred expenses	333,077	317,376
Others	549,201	313,525
	2,054,061	1,665,111
Current	1,851,166	1,478,697
Non-current	202,895	186,414
	2,054,061	1,665,111

11- TRADE RECEIVABLES

	31 March 2024	31 December 2023
Trade receivables	25,228,752	23,786,025
Less: allowance for impairment loss	(2,480,512)	(2,384,754)
	22,748,240	21,401,271

12- RELATED PARTY TRANSACTIONS

12-1 Trading transactions and balances with related parties (Associates and Joint Ventures)

The Group trading transactions with related parties were as the following:

	For the three months period ended	
	31 March	
	2024	2023
Services provided		
Associates	124,521	87,075
Joint ventures	1,324	1,879
	125,845	88,954
Services received		
Associates	18,450	16,740
Joint ventures	757	94,654
	19,207	111,394

The following balances are outstanding with related parties:

	Amounts due from related parties		Amounts due to related parties	
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
Associates	356,910	320,247	42,729	28,011
Joint ventures	1,751	2,414	6,665	5,960
	358,661	322,661	49,394	33,971

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12- RELATED PARTY TRANSACTIONS (CONTINUED)

12-1 Trading transactions and balances with related parties (Associates and Joint Ventures) (continued)

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 to or from the related parties.

In addition, the Group has an investment in sukuk issued by a joint venture entity (BGSM) amounting to RM 1,508 million (equivalent to SR 1,383 million at the exchange rate as at investment date) with a book value of SR 1,197 million as of 31 March 2024 (31 December 2023: SR 1,230 million).

12-2 Trade transactions and related parties' balances (government and government related entities)

Revenues from transactions with government and government related entities for the three months period ended 31 March 2024 amounted to SR 2,994 million (31 March 2023: SR 3,207 million) and expenses related to transactions with government and government related entities for the three months period ended 31 March 2024 (including government charges) amounted to SR 1,710 million (31 March 2023: SR 1,529 million).

As at 31 March 2024, accounts receivable from government entities totaled SR 18,054 million (31 December 2023: SR 17,129 million) and as at 31 March 2024, accounts payable due to government entities totaled SR 1,523 million (31 December 2023: SR 1,503 million). Among the balances with government entities, the Group invested SR 3,902 million in the Sukuk issued by the Ministry of Finance during the first quarter of 2019. During the first quarter of 2024, Tranche I amounting to SR 1,762 million has matured.

The total balance of accounts receivable with government related entities as at 31 March 2024 was SR 1,086 million (31 December 2023: SR 1,526 million). Total balance of accounts payable with government related entities as at 31 March 2024 was SR 1,872 million (31 December 2023: SR 1,884 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.

Receivable aging from government entities is as follows:

	31 March 2024	31 December 2023
Less than a year	10,113,105	10,323,282
More than one year to two years	4,618,923	4,243,442
More than two years	3,321,628	2,562,511
	18,053,656	17,129,235

12.3 Loans to related parties

	31 March 2024	31 December 2023
Loans to senior executives	14,184	10,765

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12- RELATED PARTY TRANSACTIONS (CONTINUED)

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

The remuneration and compensation of board members and senior executives:

	For the three months period ended	
	31 March	
	2024	2023
Short-term benefits and remuneration	327,416	313,696
End of service benefits	137,026	123,729
Share-based payments	34,307	32,438
Vacations and others	29,128	23,542
	527,877	493,405

13- END OF SERVICE BENEFIT PROVISION

Calculation of end of service benefit provision was performed using the most recent actuarial valuation as at 31 March 2024. Net actuarial gains included in the interim condensed consolidated statement of comprehensive income for the three months period ended 31 March 2024 amounted to SR 277 million (31 March 2023: SR 57 million) as a result of experience adjustments and update of actuarial assumptions relating mainly to the discount rate (5.00% - 5.40%) (31 March 2023: discount rate (4.40% - 6.25%)).

14- LEASE LIABILITIES

	31 March 2024	<i>31 December 2023</i>
Current	988,369	947,703
Non-current	3,217,615	3,251,538
	4,205,984	4,199,241

The interest expense on lease liabilities for the three months period ended 31 March 2024 amounted to SR 39 million which was included in finance costs (31 March 2023: SR 30 million).

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15- FINANCIAL LIABILITIES AND OTHERS

15-1 Financial liabilities

	31 March 2024	31 December 2023
Customers' deposits – stc Bank (Note 10.1)	3,023,166	2,532,874
Dividends payable (Note 24)	2,453,370	2,246,738
Government charges	1,631,488	1,552,086
Financial liabilities related to frequency spectrum licenses	1,481,554	1,792,926
Financial derivatives – options	296,873	-
Financial derivatives - forward contract	-	262,998
Other financial liabilities ^(*)	510,684	547,534
	9,397,135	8,935,156
Current	7,263,481	6,734,287
Non-current	2,133,654	2,200,869
	9,397,135	8,935,156

(*) Mainly includes the fair value amounting to SR 193 million as at 31 March 2024 (31 December 2023: SR 243 million) of a put option to non-controlling interest shareholders in SCCC granted by the Group in which the Group commits to purchase 27% shareholding in the subsidiary at fair value at the exercise date of the option. As at 31 March 2024, the decrease in the fair value of the non-current liability resulting from the put option is recognized in equity amounting to SR 50 million (31 March 2023: increase in the fair value amounting to SR 16 million).

15-2 Other liabilities

	31 March 2024	31 December 2023
Deferred income	3,639,461	3,954,147
Others	580,062	472,347
	4,219,523	4,426,494
Current	561,770	483,667
Non-current	3,657,753	3,942,827
	4,219,523	4,426,494

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16- FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

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

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

Financial assets and liabilities measured at fair value:

31 March 2024

	Carrying amount	Fair value levels		
		Level 1	Level 2	Level 3
Financial assets				
Listed equity investments (Note 10.1)	4,663,052	4,663,052 ⁽¹⁾	-	-
Investment funds and unlisted equity investments (Note 10.1)	3,527,319	-	-	3,527,319 ⁽⁶⁾
Cash collateral against purchase of a listed equity investment (Note 10.1)	4,369,553	-	4,369,553 ⁽²⁾	-
Financial derivatives- forward contract (Note 10.1)	388,662	-	388,662 ⁽³⁾	-
Financial liabilities				
Put option to non-controlling interest shareholders (Note 15.1)	192,636	-	-	192,636 ⁽⁵⁾
Financial derivatives - options (Note 15.1)	296,873	-	296,873 ⁽⁴⁾	-

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16- FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets and liabilities measured at fair value (continued):

31 December 2023	Carrying amount	Fair value levels		
		Level 1	Level 2	Level 3
<i>Financial assets</i>				
Listed equity investments (Note 10.1)	4,130,284	4,130,284 ⁽¹⁾	-	-
Investment funds and unlisted equity investments (Note 10.1)	3,532,376	-	-	3,532,376 ⁽⁶⁾
Cash collateral against purchase of a listed equity investment (note 10.1)	4,468,557	-	4,468,557 ⁽²⁾	-
Financial derivatives- options (Note 10.1)	662,073	-	662,073 ⁽³⁾	-
<i>Financial liabilities</i>				
Put option to non-controlling interest shareholders (Note 15.1)	243,000	-	-	243,000 ⁽⁵⁾
Financial derivatives -forward contract (Note 15.1)	262,998	-	262,998 ⁽⁴⁾	-

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

1. Fair value of equity instruments at level 1 is based on quoted market price at the reporting date.
2. The fair value of advance cash collateral against purchase of a listed equity investment approximates its carrying amount largely due to the short-term maturity of this instrument.
3. The fair value of financial derivatives- options were estimated by using Black Sholes Model. The significant observable inputs are the volatility of share prices and interest rate.
4. The fair value of the financial derivatives -forward contract was estimated by subtracting the quoted market price at the reporting date from the agreed price multiplied with forward number of shares.
5. The fair value of the non-current liability resulting from the put option to non-controlling interest shareholders has been determined within level 3 utilizing discounted cash flow method (Note 15-1).
6. 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.

There were no transfers between levels of the fair value hierarchy during the three months period ended 31 March 2024.

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16- FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

	31 March 2024	31 December 2023
Net asset value as at beginning of the period/year	3,532,376	2,929,065
Contributions paid to the funds	202,779	572,808
Proceeds received from funds liquidation	(165,822)	-
Net unrealised (losses) gains recognised in profit or loss*	(42,014)	30,503
Net assets value as at ending of the period/year	3,527,319	3,532,376

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

Financial assets and liabilities measured at amortized cost:

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

31 March 2024	Carrying amount	Fair value levels		
		Level 1	Level 2	Level 3
<u>Financial assets</u>				
Financial assets at amortized cost - Sukuk	2,174,970	-	2,034,284	-
<u>Financial liabilities</u>				
Borrowings - Sukuk	4,677,112	-	4,464,923	-
31 December 2023	Carrying amount	Fair value levels		
		Level 1	Level 2	Level 3
<u>Financial assets</u>				
Financial assets at amortized cost - Sukuk	3,938,871	-	3,839,694	-
<u>Financial liabilities</u>				
Borrowings - Sukuk	4,676,733	-	4,473,771	-

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

There are no transfers between levels of the fair value hierarchy during the three months period ended 31 March 2024.

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17- ZAKAT AND INCOME TAX

The Group submitted all zakat returns until the end of 2022, with payment of zakat due based on those returns, and accordingly the Group received zakat certificates for those years. Effective from year 2009, the Group started the submission of a consolidated zakat return for the Company and its wholly owned subsidiaries whether directly or indirectly in accordance with the executive regulations for collecting zakat.

The Group received from Zakat, Tax, and Customs Authority ("ZATCA") the final zakat assessments up to 2011 and the years ended 31 December 2014 and 2018. The Group did not receive the zakat assessments of the years 2012 and 2013 in addition to the years from 2019 up to 2022.

The Group received a decision from the Tax Committee for Resolution of Tax Violations and Disputes rejecting the objections on zakat assessments for the years from 2015 to 2017 amounting to SR 134 million. The Group submitted its appeal to the Appeal Committee for Tax Violations and Disputes. ZATCA has communicated with the Group to settle the dispute for the mentioned years and the discussions remain in progress. The Group believes in the merit of its zakat position and therefore it will not result in any material additional provisions.

The not wholly owned subsidiaries submit their zakat declarations separately in which they have submitted all zakat returns until the end of 2022, and have paid the zakat dues based on those returns without receiving the zakat assessments.

18- SHARE CAPITAL

Authorized, issued and fully paid capital comprises:

5 billion fully paid ordinary shares at SR 10 each share

Number of outstanding shares "in thousands"

Number of treasury shares "in thousands"

	31 March 2024	31 December 2023
	50,000,000	50,000,000
	4,984,506	4,984,506
	15,494	15,494
	5,000,000	5,000,000

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19- CAPITAL COMMITMENTS

1. One of the Group's subsidiaries has an agreement to invest in a fund aiming to improve the telecommunication and information technology sector in the Kingdom of Bahrain and other GCC Countries with an amount of SR 644 million (equivalent to USD 172 million) as at 31 March 2024 (31 December 2023: SR 806 million (equivalent to USD 215 million)).
2. The Group has contractual commitments for the acquisition of property and equipment and intangible assets amounting to SR 6,568 million as at 31 March 2024 (31 December 2023: SR 5,814 million).
3. During 2022, the Company signed an agreement with STV LP Fund to allocate SR 1,125 million (equivalent to USD 300 million) additional investment in the fund out of which SR 409 million up to date (equivalent to USD 109 million) was injected.

20- CONTINGENT LIABILITIES

1. The Group has outstanding letters of guarantee on behalf of the Company and its subsidiaries amounting to SR 5,502 million as at 31 March 2024 (31 December 2023 : SR 5,466 million).
2. The Group has outstanding letters of credit as at 31 March 2024 amounting to SR 1,693 million (31 December 2023: SR 1,634 million).
3. On 21 March 2016, the Company received a letter from a key customer requesting a refund for paid balances amounting to SR 742 million related to construction of a fiber optic network. Based on independent legal opinions obtained, the management believes that the customer's claim has no merit and therefore this claim has no material impact on the financial results of the Group.
4. The Group, in its ordinary course of business, is subject to proceedings, lawsuits and other claims. However, these matters are not expected to have any material impact on the Group's financial position or on the results of its operations as reflected in these interim condensed 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 SR 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 September 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 significant 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 SR 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 SR 724 million. A preliminary court ruling was issued in favor of the Group in regards to the remaining claims amounting to SR 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 at 31 March 2024.

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21- SUBSIDIARIES

1. On 10 January 2024, IoT² has completed the acquisition of 100% of Machines Talk which specializes in internet of things solutions for cash consideration assuming 100% Enterprise Value of SR 565 million (Note 22).
2. During October 2022, the Company received a non-binding offer from the Public Investment Fund (PIF) (a related party: the ultimate controlling party- note 1-A) to acquire 51% of the shares of Telecommunications Towers Company (Tawal), while stc will maintain 49% of the shares of Tawal. Tawal was valued at SR 21,940 million (100% enterprise value on cash free and debt free basis).The offer did not represent any binding commitment on both parties and it was subject to completing the due diligence. On 21 April 2024, a sale and purchase agreement was signed which contains certain conditions precedent, which must be satisfied prior to completion, including -but not limited to- obtaining the approval from the general assembly of stc, the approval of the Communications, Space and Technology Commission, as well as any other regulatory and commercial conditions (Note 25).

22- BUSINESS COMBINATIONS

During the first quarter of 2024, IoT² acquired a 100% equity shareholding of Machines Talk, which specializes in Internet of Things solutions. The purpose of the acquisition is to expand in internet of things operations and related activities as part of Its of business strategy.

	IoT² acquisition of Machines Talk
ASSETS	
Property and equipment	12,726
Intangible assets	17,250
Right of use assets	1,067
Trade receivables	56,726
Cash and cash equivalents	36,297
Inventories	18,522
Financial assets and others	6,249
TOTAL ASSETS	148,837
LIABILITIES	
Trade and other payables	20,918
Lease liabilities	1,130
Borrowings	14,404
Provisions	9,188
TOTAL LIABILITIES	45,640
Total identifiable net assets at fair value	103,197
Provisional goodwill arising on acquisition (Note 7)	461,441
Purchase consideration	564,638

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(All amounts in Saudi Riyals thousands unless otherwise stated)

22- BUSINESS COMBINATIONS (CONTINUED)

- From the date of acquisition, business combination of Machines Talk has contributed SR 27 million of revenue and SR 5 million of net profit. If the business combination had taken place at the beginning of the year, revenue would have been SR 29 million and net profit would have been SR 5 million.

Acquisition related costs of SR 10.3 million is expensed to the interim condensed consolidated statement of profit or loss and classified under general and administration expenses.

23- INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

On 1 February 2024, Solutions has completed the acquisition of 40% of Devoteam Middle East for cash consideration assuming 100% Enterprise Value of AED 726.3 million (equivalent to SR 741.7 million).

24- DIVIDENDS

The Group has dividends policy based on maintaining a minimum dividend of SR 0.40 per share on a quarterly basis. The Company will consider and pay additional dividends subject to the Board of Directors recommendation to the General Assembly ("GA") after assessment and determination of the Company's financial situation, outlook and capital expenditure requirements.

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

The dividends policy will remain subject to:

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

In line with this policy, the Company distributed cash dividends to the shareholders for the fourth quarter of 2023 at a rate of SR 0.40 per share. On 19 February 2024, the board of directors recommended to distribute additional cash dividends for the year 2023 at the rate of SR 1 per share and to be presented for approval to the General Assembly at its next meeting scheduled to be held on 25 April 2024 (Note 25).

In line with this policy, the Company will also distribute cash dividends to the shareholders of the Company for the first quarter of 2024 at a rate of SR 0.40 per share.

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

25- SUBSEQUENT EVENTS

1. On 21 April 2024, stc signed a sale and purchase agreement (SPA) with the Public Investment Fund (PIF) to sell 51% of TAWAL's shares for a cash consideration estimated to be SAR 8.7 billion, noting that the final cash consideration will be based on the final accounts of debt, cash, and working capital at completion of the transaction. Agreements also were signed to transfer the ownership of both TAWAL and GLIC (owns and manages 8,069 telecommunications towers in the Kingdom of Saudi Arabia, and owned by PIF and other shareholders) under a new entity through exchange of shares between the new entity, the owners of GLIC, and TAWAL. GLIC was valued at SAR 3.03 billion (USD 807 million), representing 100% of Enterprise Value on a cash free and debt free basis.
stc ownership in the new entity will be 43.06% (Note 21).
2. On 25 April 2024, General Assembly approved the board of directors' recommendation to distribute additional cash dividends for the year 2023 at the rate of SR 1 per share (Note 24).

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26- COMPARATIVE FIGURES

Certain figures have been reclassified as listed below to conform with the classification used for the three months period ended 31 March 2024. These reclassifications listed below have no impact on previously reported net income, retained earnings or net assets:

	As previously reported	Amount of reclassification	Amounts after reclassification
Consolidated statement of financial position as 31 December 2023			
Cash and cash equivalents	13,414,125	(42,805)	13,371,320
Financial assets and others (current)	12,203,214	42,805	12,246,019
Interim Condensed Consolidated statement of profit or loss for the three months period ended 31 March 2023			
Cost of revenues	(8,824,816)	(120,682)	(8,945,498)
General and administration	(1,713,193)	120,682	(1,592,511)

27- APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee (delegated by the Board of Directors) approved the interim condensed consolidated financial statements for the three months period ended 31 March 2024 on 28 Shawwal 1445 H (corresponding to 7 May 2024).