

Chief Executive Officer's Message



Eng. Muataz Abdullah Aldharab

Guided by a clear vision and a commitment to excellence, **stc** continues to deliver strategic growth through systemic innovation, customer focus, and a culture that empowers our talented workforce, while strengthening our leadership position and advancing Kuwait's digital landscape for a brighter tomorrow.

Dear Shareholders,

As we reflect on a year of progress and achievement, I am proud of the resilience, innovation, and purpose-driven growth demonstrated by Kuwait Telecommunications Company (**stc**). The strength of our operational and financial performance stands as a testament to our steadfast dedication to fostering innovation and operational excellence.

Throughout the year, we were able to successfully navigate a volatile landscape, seizing opportunities and overcoming challenges to reinforce our leadership. Our achievements reflect a clear focus on advancing our strategic objectives, expanding 5G infrastructure, enhancing the customer experience, and driving digital transformation – each of which strengthens our position amid the rapidly evolving global telecommunications and ICT sectors.

In line with CITRA's recent regulatory guidance, we took decisive steps to accelerate the rollout of 5G-Advanced (5.5G), setting the stage for next-generation connectivity that delivers faster speeds, lower latency, and seamless integration of AI, machine learning, and other emerging technologies. This deployment also enhances energy efficiency and extends our reach to better serve indoor and rural areas, while boosting network security and enhancing the extended frequency bands. The launch of 5.5G represents a critical step toward future innovations in wireless communication, positioning **stc** to meet the demands of new industries and the global connectivity landscape. By empowering industries and users alike with next-generation experiences, we drive technological and economic growth alongside sustainable connectivity.

Aligned with our digital transformation strategy, we have also made customer-centricity a priority, enhancing service offerings and expanding our digital platforms for a more intuitive, personalized engagement. Over the past few years, **stc** has focused on delivering integrated technical and corporate database solutions to strengthen our competitive position and diversify revenue streams. To that end, we have streamlined processes, improved customer support, and made significant investments in data security,

ensuring consistent connectivity and reliability for our valued customers and shareholders.

Through r.e.a.c.h. strategy, we focus on elevating customer experience, expanding our core business through innovation, excelling in business development and seizing strategic growth opportunities

Last but not least, it is worth highlighting **stc's** commitment to cultivating an exceptional work environment that fosters growth, innovation, and well-being for its workforce, represented in signing the contract with the Communications and Information Technology Regulatory Authority (CITRA) for the allocation of a 5,698.5 square meter area to be used as an administrative headquarter for **stc** in Kuwait. This strategic plan which is intended to be implemented over the next four to five years, is also considered a strategic step towards driving long-term cost efficiency.

Leading with Vision

stc's strategic direction is shaped by the dynamic transformation occurring within the telecommunications industry. With regulatory focus on network modernization and spectrum management, **stc's** strategy centers on leading the telecommunications and ICT sectors by expanding coverage and meeting the growing demand for data services in an increasingly digital world.

In line with this evolving market landscape, we refreshed our corporate strategy this year to address the latest economic trends, industry shifts, and evolving consumer demands into our daily operations. Our "r.e.a.c.h." strategy, which we will unveil in this report to be followed over the next three years, represents **stc's** forward-thinking vision aimed at shaping the future, fostering sustainable growth that benefits all stakeholders, and setting the stage for remarkable achievements in the years ahead, God willing.

This strategy reflects our unwavering commitment to excellence, delivering unparalleled value to our customers, fostering an environment where employees can thrive. With a clear vision in place, we are also focused on key priorities that will elevate customer experience and strengthening as well as expanding our core business through innovation and technology, excelling in business development and seizing strategic growth opportunities in adjacent markets.

Through digitization, which is reshaping the telecommunications landscape, we are driving operational efficiency and enhancing customer experiences. Our shift from traditional infrastructure to digital-first models has made **stc** more agile, competitive, and prepared for the future of connectivity. We consistently align Kuwait's future vision 2035 "New Kuwait" with our strategic and business plans, reinforcing our commitment to building the global economy and advancing digital transformation through a strong focus on ICT services.

In 2024, we established the Transformation and Synergies Sector, a key initiative that underscores our commitment to innovation, growth, and responsiveness to the evolving needs of our customers and industry. This Sector is dedicated to driving organizational change, fostering cross-departmental collaboration, and identifying synergies across **stc** Group, strengthening our ability to lead in a rapidly changing market.

Innovation at the Core

Innovation is embedded in every aspect of our products, services, and internal operations, reflecting our commitment to leading the transformation of the telecommunications industry. Recognizing the power of cutting-edge technology to enhance connectivity, improve customer experiences, and unlock new business opportunities, our teams have worked relentlessly to bring forward new, innovative solutions that drive digital transformation across Kuwait.

To meet evolving customer demands and position **stc** as a leader in the digital era, we have made significant investments in next-generation technologies, including:

- 5G & 5.5G services
- Internet of Things (IoT)
- Smart services
- Metaverse applications
- Digital ecosystems
- Artificial intelligence (AI)
- Cloud computing
- Data analytics and cybersecurity
- Digital workforce transformation

The success of these strategic investments contributes to our financial performance. This year, **stc** achieved total revenue of KD 336.5 million, marking an increase of 2.8% from the previous year. EBITDA rose by 0.3% to reach KD 85.3 million, with net profit reaching KD 31.4 million in the financial year ended December 31, 2024, compared with KD 32.7 mn in 2023. The decline in Net Profit reflects the financial impact of Early Retirement Plan (ERP) of KD 1.9 mn, this strategic initiative highlights our commitment to optimizing operations while honoring the valuable contributions of our workforce. Accordingly, the Normalized Net Profit would be KD 33.3 mn, representing a growth of 1.8% compared with 2023. These strong financial results demonstrate our ability to translate innovation into tangible outcomes. Our success is further supported by smart packages tailored for the individual sector, robust technical solutions from our ICT, ISP, and business solutions subsidiaries, the high demand for integrated business solutions, and sustained growth in traditional telecommunications services within Kuwait.

Deep Commitment to Sustainability

As we drive innovation, our commitment to sustainability and corporate responsibility remains unwavering. We believe that true success is measured not only by financial achievements but also by our positive impact on the environment and society. **stc** has strengthened its focus on integrating environmental, social, and governance (ESG) principles across all operations.

We have launched a range of initiatives aimed at reducing our environmental footprint, promoting sustainable resource management,

and enhancing transparency. Our dedication to sustainability extends to supporting the community, whether through corporate social responsibility programs or by contributing to Kuwait's new vision for a sustainable future.

Developing and Empowering our Talent

Our achievements in 2024 are a testament to the dedication and expertise of our talented and dedicated people across **stc**. We view our employees as the driving force behind our success, and we are committed to fostering a work environment that inspires growth, creativity, and collaboration.

This year, our commitment to workforce development reached new heights with the launch of the 'With-U' program, a comprehensive initiative designed to enhance the skills and knowledge needed to thrive in today's rapidly evolving digital landscape while also prioritizing employee satisfaction. Through 'With-U', we have actively listened to our employees' concerns, implemented meaningful solutions, and continually work on improvements that create a supportive and rewarding work environment. Additionally, this program raises awareness among our team about both the strategic direction of their individual sectors and the company as a whole, ensuring alignment and engagement across all levels.

We are equally proud of our commitment to the national workforce program, 'Kuwaitization', which aims to increase citizen employment within the private sector. We have embraced this initiative as a fundamental pillar of its human resources strategy, achieving a Kuwaiti workforce representation of 64% by the end of 2024. We have also made significant strides in gender diversity, with women now comprising 24% of our team - an increase of 13.2% from last year, reflecting our dedication to developing local talent, empowering women in the workforce, and contributing to Kuwait's social progress.

Looking Forward with Confidence

Our refined business model and pragmatic strategic approach have not only strengthened our market presence but have also driven operational excellence across all segments. Our proactive ability to anticipate market trends and respond swiftly is essential to maintaining our competitive edge, ensuring we stay ahead in delivering innovative solutions that meet our customers' evolving needs.

As we look toward 2025 and beyond, we are committed to building on this strong foundation, further advancing our leadership in the ICT and telecom sectors. Our focus will remain on fostering innovation, expanding our digital service offerings, and reinforcing our commitment to sustainability and responsible business practices. We will also leverage the strengths of our subsidiaries to capture new opportunities and generate additional revenue streams. Our journey is guided by a clear vision to exceed stakeholder expectations and contribute meaningfully to Kuwait's digital future.

Appreciation and Gratitude

I would like to take this opportunity to extend my heartfelt gratitude to our valued customers for their loyalty and trust in **stc**, which has been instrumental in enabling us to achieve the results of this year. My sincere appreciation also goes to the Board of Directors, the executive management, every member of the **stc** family, and our partners for their dedication and contributions, which have driven this exceptional operational performance and success. Their teamwork, enthusiasm, commitment, and unwavering support inspire us to build on our achievements and shape the future of telecommunications across the region.