

## Chairman's Statement



Dr. Mahmoud Ahmed Abdulrahman

At **stc**, we envision a future where innovation drives transformation, collaboration fuels progress, and sustainability secures long-term success for our stakeholders and community.

### Dear Shareholders,

I am pleased to present the Annual Report of Kuwait Telecommunications Company (**stc**) for the fiscal year ending 31 December 2024. This report highlights our ongoing commitment and wide-ranging efforts to reinforce **stc**'s leadership position in the telecommunications sector by refining our operating model, optimizing our internal processes, and advancing our corporate strategy.

In a year marked by global economic challenges and market volatility, we were able to show **stc**'s unique proposition and resilience, focusing on our operations and technological progress. We have made substantial strides in our strategic objectives, fulfilling our critical role in accelerating digital transformation across Kuwait's telecommunications and ICT sectors while diligently engaging and supporting all our customers, partners and shareholders. Our dedication to innovation and operational excellence has allowed us not only to adapt to an evolving digital landscape but to set new industry standards, positioning **stc** for continued success and value creation moving forward.

### Strategic Vision and Market Leadership

Throughout 2024, **stc** made meaningful progress towards our vision of leading the digital revolution in Kuwait, with a focus on transformation and synergies as we continue to deliver the core telecom and ICT services across the country. Therefore, after the successful completion of **stc**'s "LEAD" strategy over the past couple of years, we refreshed the company's corporate strategy "r.e.a.c.h." by the end of 2024, to be adopted for the next three years, to cope with the dynamic telecommunications and ICT market in Kuwait and support Kuwait 2035 vision which aims on transforming Kuwait into a financial and trade hub regionally and internationally, and becoming more attractive to investors. Hence, our refreshed strategy focuses on quality growth; thus, differentiating **stc** in the

Kuwaiti telecom market through elevating our core services for the B2C and B2B sectors in addition to enriching our ICT portfolio, enhancing our internal capabilities, and focusing on **stc**'s contribution to the market evolution. Furthermore, we are committed to harnessing our digital capabilities to drive business excellence and building a dynamic and agile operating model. Finally, we are optimistic about the operational excellence, financial performance and elevated services that would be achieved by adopting "r.e.a.c.h." strategy.

**r.e.a.c.h. corporate strategy is designed to cope with the dynamic telecommunications and ICT market in Kuwait and support Kuwait 2035 vision "New Kuwait", which aims at transforming Kuwait into a financial and trade hub regionally and internationally, and becoming more attractive to investors.**

Responding to the strong demand for digital solutions, we concentrated on enhancing our core services, expanding our digital offerings, and leveraging synergies across business units to deliver unmatched value. Our expansion into advanced ICT services – including cloud computing, cybersecurity, and artificial intelligence (AI) – has further cemented our role as a leader in digital transformation. We are proud to be at the forefront of delivering next-generation telecom services tailored to the evolving needs of both individual and enterprise sectors.

Looking ahead, I am confident that **stc** is well-positioned to continue leading the digital transformation in line with Kuwait's new vision. Our strategic focus on synergy, innovation, and sustainability will empower

us to navigate future challenges and seize emerging opportunities in the ICT and telecommunications sectors. Together, we will build on our success, steering **stc** toward a future of sustained growth and industry leadership.

### Industry Challenges and Seizing Opportunities

The telecommunications sector continues to face significant challenges, from increasing competition and regulatory shifts to the rapid pace of technological change. At **stc**, we see these challenges as catalysts for innovation and growth. Our agility in adapting to market dynamics and embracing new technologies has been essential to sustaining our leadership.

**We have launched our first standalone sustainability report**

Throughout this year, we made strategic investments in enhancing our digital infrastructure, equipping us to deliver advanced solutions that meet the rising demand for integrated ICT services. Our emphasis on building strong partnerships has opened new paths for growth, allowing us to expand our presence in key segments. By fostering collaboration and leveraging synergies, we have not only strengthened our service offerings but also created meaningful opportunities for sustainable development.

### Driving Shareholders Value through Sustainable Growth

Our commitment to creating long-term value for shareholders remains the driving force behind all our strategic decisions and future business plans. This year, we implemented a range of strategic initiatives aimed at optimizing our operational efficiency and

strengthening our financial performance starting by the revamp of our business model and undertaking strategic partnerships. Evident in our solid financial results, with total revenue reaching KD 336.5 million as of year-end 2024. Additionally, EBITDA totaled KD 85.3 million, achieving an EBITDA margin of 25.3%. Consequently, we recorded a net profit of KD 314 million, underscoring our strong financial foundation and our capacity to deliver consistent returns for our shareholders.

Shareholders' equity reached KD 240.5 million by the end of 2024, with a book value of 241 fils per share.

Our subsidiaries, e-Portal and solutions by **stc**, have played a pivotal role in driving our success, delivering innovative solutions tailored to the diverse needs of the enterprise sector. Their contributions have been instrumental in expanding our market share and reinforcing our position as a trusted partner in the digital economy.

The Board of Directors has recommended a cash dividend of 35 fils per share, representing 35% of the share's nominal value for the year ended 2024, pending approval by the Ordinary General Assembly. This recommendation reflects our confidence in **stc**'s long-term viability, solid financial standing, and ability to generate cash flow in the periods ahead. In this regard, we are committed to a long-term financial policy that balances operational and financial performance, ultimately strengthening our solvency and enhancing our leadership position in the telecom industry as we pioneer digital transformation.

### Corporate Governance and Social Responsibility

As we navigate this transformative period, we remain fully committed to upholding the corporate governance rules and regulations set by the Capital Markets Authority in Kuwait, which strengthen transparency, protect shareholders' rights, and enhance the work environment within **stc**.

In line with recent regulatory changes from supervisory authorities, we have diligently implemented laws, regulations, and systems that align with our values and professional principles, all for the benefit of our shareholders. A comprehensive Corporate Governance report, included later in this document, will provide further insight into our operational framework and our unwavering commitment to governance excellence.

We are committed to adhering to the best practices in investor communications and reporting, recognizing their critical role in driving continuous improvement and long-term success. In this context, we are pleased to announce that we have made great progress in our sustainability program during the year which witnessed the launch of our first standalone sustainability report for the year 2023, representing a significant milestone in our corporate responsibility journey. We are also in the process of finalizing our 2024 sustainability report which will be published later this year. Following our parent company **stc** Group in publishing standalone sustainability reports reflects our commitment to enhance transparency, accountability, maintain brand reputation, build confidence, drive operational efficiency and strengthen our stakeholders engagement.

We are also focused on integrating environmental, social, and governance (ESG) factors throughout our operations, allowing us to better serve our customers, employees, suppliers, community, and all other stakeholders. In 2024, we expanded our CSR initiatives with programs that address pressing social and environmental challenges, while promoting digital skills and entrepreneurship within the community. Our dedication to making a positive impact on society and our strong sense of responsibility toward our stakeholders guide every step of our efforts.

### Appreciation

On behalf of the Board of Directors, I would like to thank His Highness the Amir Sheikh

Meshaal Al Ahmed Al Jaber Al Sabah, H.H. the Crown Prince Sheikh Sabah Al Khalid Al Sabah, H.H. the Prime Minister Sheikh Ahmad Al-Abdullah Al-Sabah, and his distinguished government for their continued support for the telecommunications and ICT sector in Kuwait, which puts our precious country on the map of the advanced and developed countries in the field of telecommunications.

I would like to express my sincere gratitude to all members of the **stc** family for their dedication, hard work, and significant sacrifices throughout the year, particularly in the face of the diverse challenges we have encountered. I wish to highlight their continuous enthusiasm and commitment in ensuring the success of **stc** during times when the global economy has been significantly affected. A special thanks goes to our loyal customers for their unwavering trust in **stc**, motivating us to deliver the highest-quality services. Finally, I extend my deepest appreciation to our valued shareholders for their continuous support and trust.

With the continued support of all our stakeholders, we are confident that we can sustain **stc**'s successful growth trajectory and lead the way into a prosperous and connected future for Kuwait and its people.