Moving Forward

Empowering Kuwait's Digital Culture

Annual Report 2024

Amir of the State of Kuwait
H.H. Sheikh Mishal Al-Ahmad Al-Jaber Al-Sabah

The Crown Prince
Sheikh Sabah Khaled Al-Hamad Al-Sabah

Theme of the year

Moving Forward, Empowering Kuwait's Digital Culture

In the rapidly evolving landscape of Kuwait's digital transformation, **stc** stands out amongst the forefront companies in driving progression, innovation and digitization. In 2024, **stc** served as the lifeblood enabling connectivity, bridging the gap between tradition and innovation, and empowering the nation's digital culture.

By expanding high-speed networks and embracing cutting-edge technologies including the ongoing infrastructure preparations in anticipation for launching 5G Advanced in 2025, **stc** is not only connecting people, but it also unlocks arising opportunities in the telecommunications and ICT industry. Throughout 2024, **stc** enriched its portfolio of products and services for the consumer and enterprise segments, the SMEs, large enterprises, oil & Gas and private sectors, in particular. Whereby, **stc**'s stakeholders embodied the government, banking, education, hospitality, retail, healthcare and financial services sectors.

Thus, **stc** was keen to champion digital inclusivity through adopting smart initiatives to ensure that every corner of Kuwait, from its urban centers to its remote communities, enjoys seamless access to the digital world. Therefore, **stc**'s commitment extended beyond infrastructure, flexible and dynamic operating model, fostering partnerships for tech-driven enterprises, as well as innovative apps that celebrate and preserve Kuwait's rich heritage.

As Kuwait moves forward, **stc** has refreshed its corporate strategy to help empowering the nation's digital ambitions and play a pivotal role in shaping a future where Kuwait thrives as a global digital leader.

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01

Overview

About **stc**
FY 2024 Highlights
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About stc

Kuwait's most trusted and innovative telecom operator for over 16 years, **stc** is dedicated to advancing Vision 2035 by powering the nation digital transformation and positioning it as a leading financial and commercial hub in the region.

Over the past decade, we have solidified our position as the fastest-growing and most advanced telecom operator in Kuwait. With the largest 5G network in the country and the first in the region to launch 5G Stand Alone Technology, our commitment to excellence, transparency and proactive service is driving continued growth while connecting and empowering Kuwait, its businesses and its people for a better tomorrow.

Across our 66 branches and digital platforms, we offer a comprehensive portfolio of products and services tailored to meet the diverse needs of both individual and enterprise customers. From telecommunications and entertainment to information, digital solutions and data transfer services, we are committed to delivering exceptional experiences and outstanding support to our 2.3+ million customers – wherever they are, whenever they need it.

64%
employees are Kuwaiti nationals

16
years in operations

391
employees

coverage
100% coverage of residential and populated areas

Our brand

Kuwait Telecommunications Company **(stc)** has a brand name which considered the most expensive and valuable brands in the Middle East in the telecom sector, which is a unified trading brand of the group's companies in KSA, Kuwait, and Bahrain. The Group's brand name was ranked 11th among the world's highest value trademarks in the telecom sector by Brand Finance. **stc**'s strong brand name is one of the key factors that enhanced the company's position in telecom market in the region and the gateway through which Kuwait Telecommunications Company **(stc)** seeks to keep abreast of the latest technical and digital developments in the ICT sector.

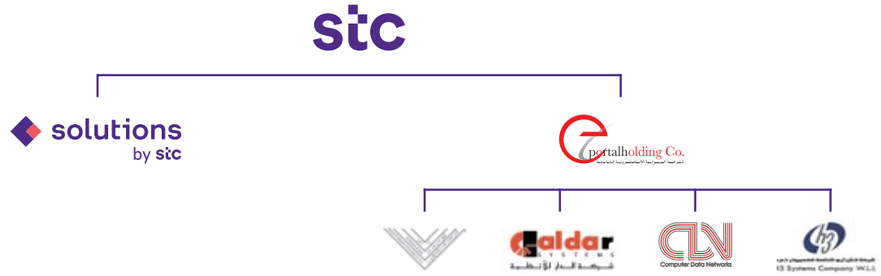
Our subsidiaries

solutions by stc

stc completed the acquisition on May 6, 2019 of the entire capital of Qualitynet (**solutions by stc**), the company's arm specializing in providing integrated business solutions, Internet services and fixed broadband services, this process was one of the crucial steps in our journey to improving the business solutions that **stc** offers to its customers by combining the strengths of two companies with prestigious and strong position in the telecom and ICT sector, as well as paving the way for both individual and enterprise customers to achieve their desired goals.

e-Portal Holding Company and its subsidiaries

On 6 April 2022, **stc** has completed the acquisition of the entire share capital of **e-Portal** Holding Company and its subsidiaries, specializing in communications and ICT in Kuwait, one of the most prominent companies in this field. The acquisition of **e-Portal** is a key step to enhance **stc**'s digital capabilities further through owning a specialized arm in the ICT, IoT and Cloud Services aimed at offering business solutions to the institutional sector in Kuwait.



Purpose, Vision, Mission and Values

Our purpose

stc aspires to a new digital age transforming our nations and economies.

stc creates products and services beyond traditional telecommunications services to enable the digital pillars of the new digital economy. At **stc**, we combine smart technologies with the most advanced systems to harness the digital capabilities and the full power of technologies to better serve our customers, stakeholders, government entities and the local community as a whole.

We develop digital platforms, solutions and services based on the data science, cloud computing, artificial intelligence and advanced digital analytics driven by 5G services. By empowering the leading industries, businesses and governmental entities to thrive by providing the most innovative digital services, **stc** focuses on shaping a sustainable future to the local community with a deeper insight and accelerated growth.

Our vision

A world-class digital leader providing innovative services and platforms to our customers and enabling the digital transformation in Kuwait.

Our mission

Our Strategy outlines the key pillars to expand **stc**'s topline, create value with greater efficiencies, and prepare the company for the future:

- End to end digital experience
- Enhance core performance
- Reinvent customer experience at world-class standards
- Leverage Group synergies

Our values

Dynamism
Outstanding energy to enhance and enrich our performance. We are agile, collaborative and fresh.

Devotion
Determined to be a "customer centric" company for our clients and an inspirational workplace for our employees. We are caring, committed and trustworthy.

Drive
Moving forward and enabling the best possible solutions for our clients and employees. We are proactive, inventive and inquisitive.

FY 2024 Highlights

Key Financial Indicators

Revenues (KD million)

336.5

EBITDA (KD million)

85.3

Net Profit (KD million)

31.4

EBITDA Margin (%)

25.3

Total Equity(KD million)

240.5

Dividends Per Share* (Fils)

35

*This recommendation is subject to the approval of the General Assembly of the company

Operational Highlights

66 branches

2.3 million subscribers

35% market share

24% female employment

2,903 towers

Zero 3G air cells

ESG Highlights

E

Signed a contract with Tadwire

S

Ideal employer of choice for engineers and IT professionals

Doubled the missed minutes for the employees

G

1st Standalone Sustainability report

Awards

stc Ranked as the ideal employer of choice in Kuwait

stc was ranked the number one ideal employer of choice for engineers and IT professionals in Kuwait according to Universum's custom research in comparison with 19 of the strongest brands in Kuwait.

stc wins 'FWA Overall Experience Award'

stc has won the 'FWA Overall Experience Award' at the SAMENA Council's Leadership & Excellence (LEAD) Awards 2024 in Dubai, UAE. The recognition highlights **stc**'s exceptional developments in Fixed Wireless Access (FWA) solutions, further strengthening its position as a pioneer in providing ICT solutions and exceptional customer experience.

stc receives 'ICT - Telecommunications Award - Kuwait'

stc has won the 'ICT -Telecommunications Award – Kuwait' for the entry 5G at the Middle East Technology Excellence Awards – a distinguished platform devoted to acknowledging and celebrating the pioneers of technological innovation.

stc receives "Best Entrepreneurial Landscape CSR Framework - 'weyak' - Kuwait 2024"

stc received the "Best Entrepreneurial Landscape CSR Framework – 'weyak' – Kuwait 2024" award from International Finance ("IF"), a renowned financial publication that recognizes industry talents, leaderships skills, industry net worth and capability on an international platform.

stc wins Innovation and Achievement Award in (FWA 5G) baity 5G Customer Growth and 'Outstanding Network Operations Award'

stc won Innovation and Achievement Award in (FWA 5G) baity 5G Customer Growth and 'Outstanding Network Operations Award' at Huawei's Operations Transformation Forum for its advancements in network management & reliability and setting new industry benchmarks for FWA (baity 5G) services and network solutions in regional markets.

solutions by stc wins top honour in 'Best Use of Digital - Technology/ Telecommunications" category

solutions by stc, the specialized business arm of Kuwait Telecommunications Company – **stc**, won the top honour within the 'Best Use of Digital by Sector – Technology/Telecommunications' category at the MENA Digital Awards, a bespoke awards show promoting digital innovation and media in the MENA region.

3rd place as "Leading Corporate for Investor Relations" in Kuwait.

stc secured 3rd place as "Leading Corporate for Investor Relations" in Kuwait at the MEIRA 2024 Awards ceremony, that was held in Abu Dhabi.

stc and solutions by stc win two distinguished awards

stc won the 'Best Corporate Governance Telecom Company – Kuwait 2024', and its subsidiary, **solutions by stc**, won the 'Best Customer Experience Digital Platform for B2B – My Business – Kuwait 2024' at the Global Business Outlook (GBO) Awards 2024. The awards ceremony was held in Dubai, United Arab Emirates, and aimed at recognizing organizations that have demonstrated outstanding achievements in different categories related to business and innovation.

Year in Review

stc delivered a year of stellar progress and performance, reinforcing its leadership in innovation, operational excellence, and customer-centric solutions. Through strategic initiatives, technological advancements, and a strong focus on talent development, **stc** continued to drive Kuwait's digital transformation while maintaining its commitment to sustainable growth and supporting Kuwait's Vision 2035.

January

Pioneering 10Gbps Trial in Kuwait with 6GHz Spectrum

stc successfully tested 10Gbps using the 6GHz IMT frequency spectrum trial, marking a first in Kuwait. This milestone supports 5G-Advanced innovation, enabling high-bandwidth services and advanced connectivity solutions aligned with Kuwait's Vision 2035.

February

Premier Market Upgrade on Boursa Kuwait

stc upgraded from the Main Market to the Premier Market, reinforcing its commitment to governance and investor confidence.

Strategic MoU with Huawei to Advance 5.5G Technology

stc signed an MoU with Huawei to develop 5.5G intelligent wireless networks and incubate new services for both consumer and business sectors, enhancing network performance, efficiency, and innovation.

March

5G RedCap FWA Launch

stc launched the first 5G RedCap Fixed Wireless Access in the Middle East, showcasing its commitment to technological leadership.

Enhanced B2B Services for SMEs

stc expanded its business solutions with new multi-tenant SIEM services targeting SMEs.

Advancing Connectivity with Long-Range Microwave Technology

stc completed a PoC for a new long-range microwave technology, enabling high-capacity backhauling of up to 5Gbps over 8 kilometers. This innovation enhances connectivity in rural and desert areas, providing reliable, high-speed 5G services to previously underserved regions.

Exclusive Youth Plans Launched

stc introduced 'youth all the way,' exclusive telecom plans tailored for young customers in Kuwait.

April

"WithU" Program

stc initiated the "WithU" Program in April 2024 to enhance employee engagement by fostering awareness of rights and benefits, guiding career paths, and offering a platform for idea-sharing. This ongoing initiative strengthens the connection between employees and the organization, aiming to create a supportive and fulfilling work environment.

Maintaining ISO Certifications

stc successfully maintained its ISO certifications, including ISO 9001:2015, ISO 14001:2015, ISO 27001:2022, ISO 20000-1:2018, ISO 22301:2019, and ISO 31000:2018, reaffirming its commitment to robust quality, environmental, information security, IT service, risk, and business continuity management practices.

May

Smart Home Solutions Partnership

stc partnered with HomeWagon to introduce innovative smart home solutions

July

Strategic Agreement Signing for Smart Electricity Meters

stc signed a strategic contract with the Ministry of Electricity, Water & Renewable Energy (MEW) to supply Smart Electricity Meter solutions. This agreement represents a significant step towards enhancing Kuwait's energy infrastructure as part of its Vision 2035.

Top Employer for Engineers and IT Professionals

stc was named the #1 ideal employer for engineers and IT professionals in Kuwait by Universum's research.

August

Internship - Youth Development Program (YDP)

stc implemented two internship programs under the YDP. The YDP aims to attract and develop young talent by offering practical work experience, fostering skill development, and building a strong talent pipeline of early-career professionals aligned with the company's culture and operations.

September

The Launch of "empower me" Program

stc launched “power me” mentorship program aimed at mentoring future managers. A total of 10 mentees were selected and are currently undergoing a one year mentorship program through which they have been matched with Director, General Managers, and Chiefs. The mentors will provide them with guidance on career paths and trajectory, networking, and recognition.

October

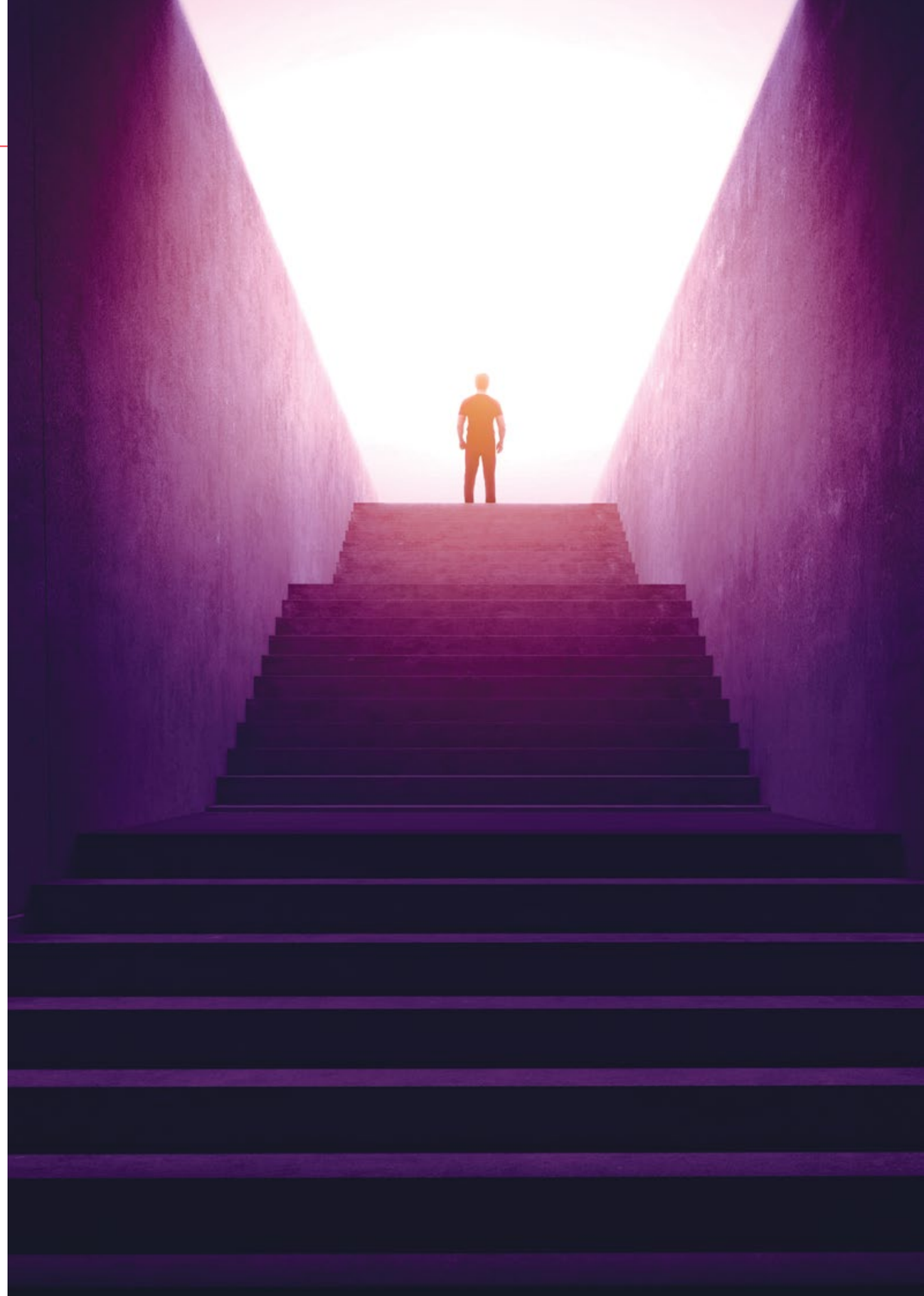
Strategic Contract Signed for New HQ Land Allocation

stc signed a final contract with CITRA for the allocation of a 5,698.5 square meter area to serve as its new administrative headquarters in Kuwait City, Al-Mirqab Area.

November

Talent Incubator Program (TIP)

The TIP is designed to identify, nurture, and develop high-potential employees. It provides intensive learning and growth opportunities, ensuring that top talent is prepared for future leadership roles within the organization.



Our Journey

stc has rapidly established itself as a leading force in Kuwait's telecom and ICT sectors, continuously innovating and raising the bar with industry firsts, strategic partnerships, and cutting-edge advancements. Through strategic growth and diversification, **stc** now plays a pivotal role in empowering Kuwait's digital future and advancing the nation's Vision 2035.

2008
- Launched commercially
- First to abolish incoming calls fees
- Became first operator in the world to have all IP network

2009
- Introduced high speed mobile broadband in Kuwait
- Launched innovative prepaid offerings and acquired 500K customers in one year

2010
- Expanded retail network and launched joint promotions with retailers
- Won Comms MEA 'Best Telecom Finance Deal' Award

2011
- Became first to introduce Apple iPhone
- Launched strategic partnership with Manchester United
- Became first to introduce newest HSPA+ (42.2 Mbps) broadband network

2012
- Launched Elite Program for loyal, VIP and high value customers
- Became profitable during the fourth year of operations
- Began deployment of 4G LTE network

2013
- Won 'Best LTE Deployment' at the v'Telecoms World Awards – Middle East'.
- Introduced number portability and acquired majority of ported numbers between operators

2014
- Launched partnership with Real Madrid
- Listed on Kuwait Stock Exchange
- Ranked second in terms of revenue and subscriber market share

2015
- Became first to introduce the all-new (VoLTE) technology
- Expanded network to 70 branches across Kuwait
- Became first to introduce the LTE Advanced

2016
- Won 'Best Telecom Company' by Arabian Business
- Became Member of the International Telecommunication Union (ITU)

2017
- Won '2017 Speedtest Award' by Ookla
- Won 'Best Operator Network' from Telecom World Middle East

2018
- Won 'Best Network Development Award' at 5G MENA

2019
- Launched new **stc** brand
- Acquired Qualitynet, the leading ISP provider in Kuwait
- Launched 5G services
- signed MOU with Huawei to develop 5G services

2020
- Ranked first in the MENA region on the Forbes "Global 2000" list
- Rebranded Qualitynet to **solutions by stc**
- Established Connect Arabia W.L.L with Mobility Telecom Kuwait Limited (BVI)/ the main partner

2021
- Led consortium with Virgin Mobile Middle East & Africa that received a MVNO license from CITRA

2022
- Acquired e-Portal Holding Company and its subsidiaries, the leading ICT services provider in Kuwait
- Increased share capital to KD 99.9 million through the distribution of 100% bonus shares

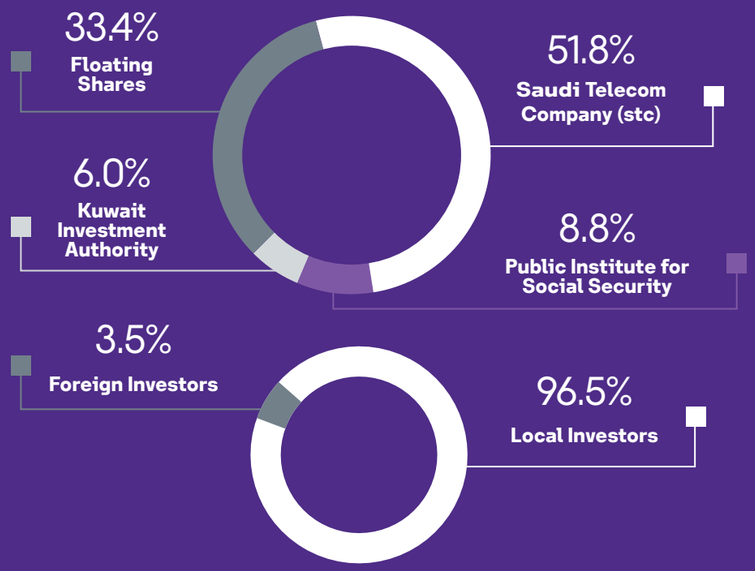
2023
- Launched partnership with Samsung to expand availability of smart solutions
- Singed MoU with Huawei on 5.5G strategic cooperation and digitalization innovation
- Added to a number of the MSCI and FTSE Global Equity Indexes

2024

- **Upgraded from the Main Market to the Premier Market on Boursa Kuwait**
- **Started the preparation to roll out the new spectrum for 5G-Advanced network (5.5G)**
- **Signed land agreement to build stc's new headquarters**

Shareholders Information

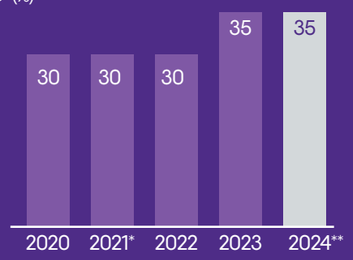
998.7 Number of Shares Issued and Paid
Million Shares



Cash Dividends (2020-2024)

Dividend Payout Ratio (%)

113



Dividend Yield (%)

6.5

*2020 and 2021 cash dividends per share are adjusted based on **stc**'s new number of share resulted from the 100% bonus shares distribution in 2022.
**On 05 February 2025, the Board of Directors has recommended distributing cash dividends of 35 fils per share representing 35% of the share's nominal value for the year ended 2024. This recommendation is subject to the approval of the General Assembly of the company.

stc's Stock Performance

FY 2014- FY 2024 Stock Performance

The stock price prior to the distribution of 100% bonus shares on the 18 April 2022 has been normalized

FY-2024 Share Figures:

Close (KD)	**0.538**
52- Week Maximum (KD)	**0.621**
52- Week minimum (KD)	**0.511**
Market Cap. (KD mn)	**537.3**
Volume Traded (Mn Shares)	**156.2**
Value Traded (Mn Shares)	**87.1**
Number of Deals	**36,130**
Share Turnover (%)	**15.6**
YTD-2024 Total Return (%)*	**+1.8**

*The total return is the stock return during 2024 plus the cash dividends of 35 fils per share.

Index Inclusions & Market Recognition

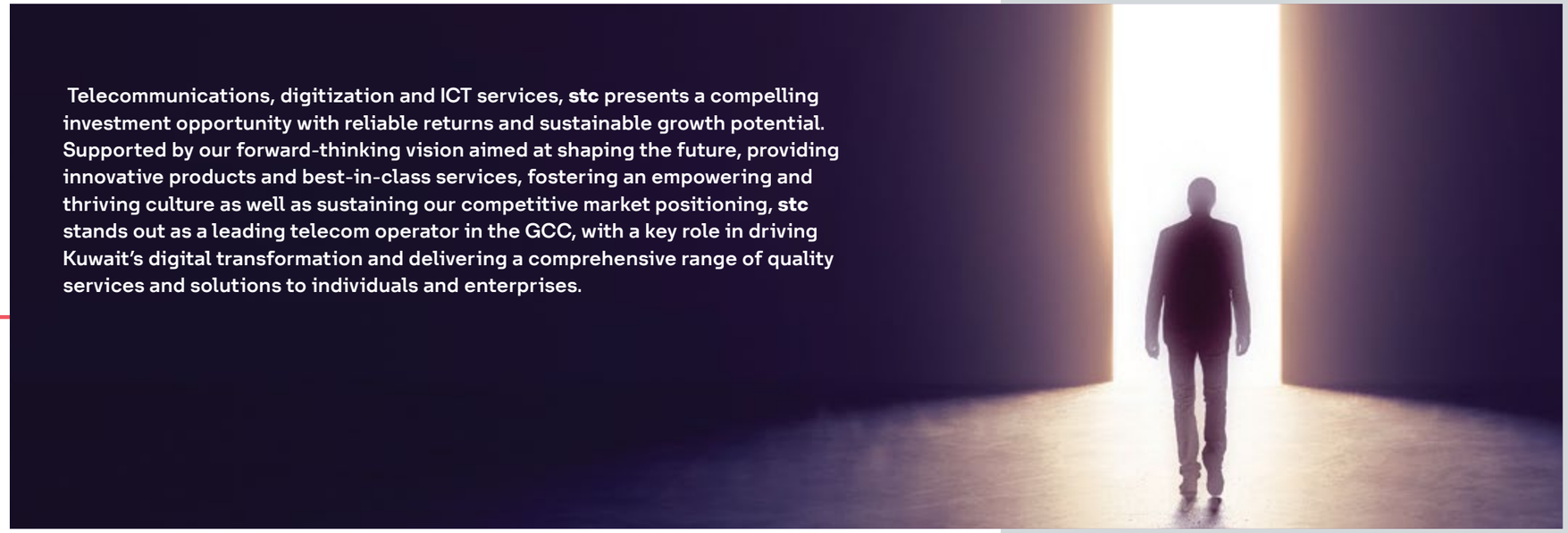
MSCI

- MSCI Kuwait Index
- MSCI GCC Countries Small Cap Indexes
- MSCI GCC Countries Domestic Small Cap Indexs

FTSE

- FTSE Global Equity Shariah Sanded Series
- FTSE Global Equity Middle East & Africa Regional Index

Investment Case



Telecommunications, digitization and ICT services, **stc** presents a compelling investment opportunity with reliable returns and sustainable growth potential. Supported by our forward-thinking vision aimed at shaping the future, providing innovative products and best-in-class services, fostering an empowering and thriving culture as well as sustaining our competitive market positioning, **stc** stands out as a leading telecom operator in the GCC, with a key role in driving Kuwait's digital transformation and delivering a comprehensive range of quality services and solutions to individuals and enterprises.

Investment Pillers

Delivering strategic growth in a competitive market

- **stc**'s ongoing strategy refresh is designed to excel in quality growth
- **stc** revenues grew by 2.8% in FY-2024 to reach KD 336.5 mn compared to KD 327.4 mn in FY-2023.
- EBITDA grew by 0.3% in FY-2024 to reach KD 85.3 mn compared to KD 85.1 mn in FY-2023.
- **stc**'s dividends per share showed a growth trajectory since 2016 as a commitment to create a long-term value to shareholders. In FY-2024, **stc**'s board of directors recommended the distribution of 35 fils per share for shareholders, subject to the AGM's approval.
- **stc**'s upgrade to the Premier Market at Boursa Kuwait in 2024 solidifies its position among Kuwait's top-tier companies, increasing its visibility and attractiveness to institutional investor.

Leading brand name and outstanding technical capabilities

- **stc** Group brand name ranked 1st as the most valuable telecom brand in the Middle East.
- **stc** leverages on its parent company's (**stc** group) digital and technical capabilities through finding synergies between the two companies and their subsidiaries.
- **stc** possesses strong technical capabilities including its solid network and 5G infrastructure, cloud & data services, cybersecurity, IoT, BPO, smart solutions, integrated technical solutions, digital transformation and innovation.
- **stc** continues to support its employees and strengthen loyalty amongst outstanding talent through offering training programs reaching 1,459 training hours in 2024 in addition to adopting the flexible working hours and encouraging employees to work from home by offering 10 working days a year.
- **stc** continues to support its employees and strengthen loyalty amongst outstanding talent through utilizing its treasury shares as stock options that can be exercised by employees
- **stc** ranked 1st as the ideal employer of choice in Kuwait for Information Technology and Engineering professionals, by Universum for Information Technology and Engineering professionals.

Robust financial position and sustainable profitability

- **stc**'s revamped and resilient operating model is a pivotal element in building the company's strong solvency and cash flow position. **stc**'s cash, bank balances and deposits reached KD 56.6 mn at the end of FY-2024.
- **stc** generates stable revenue and sustainable profits was validated throughout the most adverse economic conditions and market turbulence. **stc**'s revenue reached KD 336.5 million in 2024.
- Flexibility to undertake organic and inorganic investments as well as generate strong shareholders returns through offering a sustainable dividend with elevated payout ratio reaching 113% in 2024.

Opportunities in digital, ICT and data services

- 5G coverage of 100% of Kuwait's populated areas
- Growing demand on digitization and technical solutions, especially in the enterprise sector, especially government entities with their automation processes and systems.
- New streams of revenue to include the ISP and ICT sectors in addition to the traditional telecommunication services where the B2B revenues reached 24% of **stc**'s total revenue in 2024.
- **stc** provides non-core services for the Consumer segment such as Insurtech and digital E-vouchers.

Strong sustainability commitment and focus

- Developed and launched comprehensive sustainability framework and program, with 1st standalone sustainability report was published during Q4-2024.
- Strategic Partnerships with government entities, suppliers, and industry leaders to enhance sustainability impact.
- **stc** continues to support the young Kuwaiti professionals and empowers them to play a key role in the country's digital economic future through launching the Talent Incubation Program (TIP) in 2024.
- **stc** maintains various ISO Certifications across various fields, aligning with the company's ongoing commitment to enhancing the quality and level of services it provides to its valued customers. The ISO standards include:
  - ISO 9001:2015 (QMS)
  - ISO 14001:2015 (EMS)
  - ISO 27001:2022 (ISMS)
  - ISO 20000-1:2018 (ITSMS)
  - ISO 22301:2019 (BCMS)
  - ISO 31000:2018 (RM)
  - ISO 37301:2021 (CMS)

Strategic M&A and partnerships to accelerate growth

- **stc** acquired 100% of the share capital of (Qualitynet) **solutions by stc** in 2019
- **stc** acquired 100% of the share capital of e-Portal Holding Company and its subsidiaries in 2022
- **stc** executed a number of strategic partnerships through its B2B specialized arms including to provide cloud, system integration and cybersecurity services to the enterprise segment.

02

Strategic Review

- Chairman's Statement
- CEO's Message
- Our Business Model
- Strategic Framework and Corporate KPIs
- Market Overview
- CFO's Review
- Engaging our Valued Stakeholders
- Enterprise Risk Management

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 31.4 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.

Chief Executive Officer's Message

Eng. Muataz Abdullah Aldharrab

"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 Gratitute

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.

Our Business Model

Our business model is centered on creating long-term value for all stakeholders by focusing on innovation, sustainability, and operational excellence. We prioritize customer satisfaction through high-quality products and services, ensuring their needs are met while driving growth and market leadership. We foster strong relationships with employees by promoting a culture of collaboration, development, and well-being.

We engage with suppliers and partners to drive mutual success, maintain ethical practices, and uphold environmental responsibility. Our commitment to shareholders is demonstrated through consistent financial performance, transparent governance, and strategic investments. We are dedicated to positively impacting the communities in which we operate, contributing to social and environmental sustainability, adhering to related regulations and aligning with global best practices.

Financial Strength

- Backed by a leading regional telecom group
- Consistent financial growth and stability
- Strategic investor in new ventures

Operational Strength

- Leader in digital services offerings
- Early Adopter of advanced technologies for operational efficiency
- Proactive strategic partner to many local and global entities, driving national transformation

Human Capital Strength

- Culture of innovation and inclusion
- Attraction and retention of top industry talent
- Empowerment of employees with global expertise

Innovation Strength

- Leader in deploying next-generation technologies
- Driver of digital transformation with bold initiatives
- Global collaborations to foster innovation

Strategic Framework and Corporate KPIs

After a successful completion of its LEAD strategy, **stc** Kuwait developed its new REACH strategy, focused on quality growth

	R **Reignite** consumer portfolio	E **Expand** enterprise growth	A **Advance** market evolution
Objectives	**Grow and safeguard B2C core telco business** via optimal market positioning and targeting right customer segments	**Grow and maintain B2B core telco business** while seizing new wholesale growth opportunities and fostering internal synergies	**Establish future-ready capabilities and enhance competitive dynamics** to advance market evolution, reinforcing role as market-maker
	Continue diversification beyond the core telco business by further expanding into adjacencies and non-core	**Expand the B2B ICT portfolio** via new offerings and in-house capabilities	**Focus on strategic projects** to support the overall wellbeing of society while aligning with the cutting-edge goals of Kuwait Vision 2035.
	Enhance B2C commercial engine by leading in digital journeys and streamlining GTM	**Strengthen the B2B commercial engine** by revamping GTM with a segmentation approach	-
KPIs	• Increase revenue from adjacent services • Expand services to underserved segments • Enhance customer digital journey	• Expand wholesale business into regional markets • Introduce new ICT use cases	• Support regulator by conducting market studies to improve investment conditions

	C **Create** differentiated experience	H **Harness** business excellence
Objectives	**Build best-in-class experience for customers and partners**, maximizing value creation	**Implement a comprehensive digital transformation** to optimize processes, drive innovation, and enhance operational efficiency.
	Become employer of choice through talent management, and top-notch corporate culture	**Strengthen org. agility** by adopting an improved operating model and fostering innovative ways of working to drive greater flexibility and responsiveness.
	Strengthen and elevate stc's brand positioning to establish a more prominent and influential presence in the market.	-
KPIs	• Elevate stakeholders' experience by further digitizing channels and redesigning seamless journeys	• Enhance internal operating model and digitize processes for more efficient operations

r.e.a.c.h.

Market Overview

Challenging global economic landscape

The global economy has stagnated in recent years below its historical growth averages, due to rising political tensions across the globe, disruption of supply chains, and rising cost-of-living. Projections indicate a similar level of growth in 2025 (Figure 1), with headline inflation further declining to reach ~4.4% (Figure 2). As a result, projections align with soft-landing scenario, reducing inflation without a significant downturn in economic activity.

[Source: IMF, October 2024]

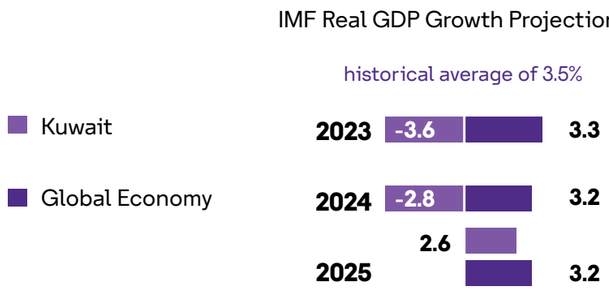


Figure (1)

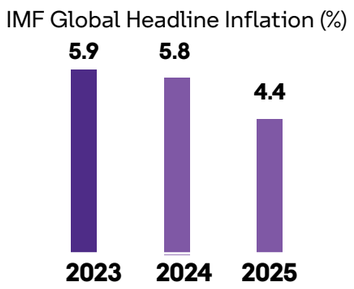


Figure (2)

Recovering market and opportunity for growth in Kuwait

Kuwait stands at a transformative juncture with significant potential for progress. Following post-COVID real GDP contractions of 3.6% and 2.8% in 2023 and 2024, the economy is set to rebound with a projected growth of 2.6% in 2025, signaling a promising recovery. Political developments in 2024 have created opportunities to accelerate vital fiscal and structural reforms, many of which align with Kuwait's Vision 2035. These reforms focus on diversifying the economy away from oil dependency and fostering private sector-driven, inclusive growth. Key initiatives include phased fiscal consolidation of approximately 12% of GDP to ensure intergenerational equity, improving the business climate, and attracting foreign investment to drive sustainable development. [Source: IMF, 2024]

Strong Kuwaiti telecom sector and leading 5G advancement

The Kuwaiti telecommunications market remains a beacon of resilience and innovation, firmly established as one of the most advanced in the region, particularly in mobility. With mobile penetration rates surpassing 100% and widespread adoption of next-generation technologies, the sector plays a pivotal role in driving Kuwait's digital transformation and supporting its broader development agenda.

The industry's robust infrastructure and competitive dynamics drive continuous improvements in service quality and customer experience. Major investments in 5G networks have positioned Kuwait as a regional leader in next-generation connectivity, offering extensive coverage and high-speed internet to both consumers and businesses. This technological leadership lays a solid foundation for emerging industries such as IoT, smart cities, and cloud-based services, supporting Kuwait's broader vision for economic diversification and sustainable growth.

stc driving innovation through telecom and digital enablement

stc Kuwait leads the nation's telecom and digital transformation efforts, seamlessly integrating advanced connectivity with a diverse and expanding portfolio of ICT solutions. As part of **stc** Group, the company leverages global expertise and scale to deliver cutting-edge services, including cloud computing, IoT, and enterprise solutions. Backed by robust infrastructure and a visionary growth strategy, **stc** Kuwait is poised to drive technological innovation and contribute significantly to Kuwait's economic diversification and development goals

Chief Financial Officer's Review

Mr. Khalid Fahad Almayouf

"We are committed to ensuring that every investment we make drives value and supports our long-term growth. We are also keen to foster greater transparency with the investment community and align our financial strategy with the most prominent factors of operational excellence to thrive our operations and ensure long-term success for **stc** and all our stakeholders."

In 2024, Kuwait Telecommunications Company (**stc**) marked another year of resiliency and strength in a rapidly evolving telecommunications landscape. This year's financial performance is a testament to our solid financial infrastructure, prudent decision-making, and commitment to a forward-looking strategy that drives our sustainable growth. **stc** is keen to constantly update its prudent financial plan in line with its corporate strategy as well as short and long term strategic plans in addition to taking into consideration the company's ability to capture investment opportunities.

I am pleased to present the financial and strategic highlights of 2024, a year marked by significant achievements and steady progress towards our long-term objectives. Our ability to innovate, expand, and adapt has enabled us to deliver value in a highly competitive market, all while ensuring operational efficiency and maintaining a strong financial position.

With an eye on the future, we have always seized suitable opportunities to embrace new technologies, optimize costs, and invest in the core as well as key growth areas, particularly in the Consumer sector, digitization as well as the Enterprise and ICT sectors. Our results reflect the success of these initiatives and the relentless dedication of our team to faithfully execute our corporate strategy.

During 2024, **stc** was upgraded from the Main Market to the Premier Market on Boursa Kuwait, representing a key milestone in our journey as a listed company. Underscoring our commitment to governance excellence and transparency, this promotion reflects the increasing confidence of both local and foreign investors in **stc**'s financial strength and future prospects, as we continue to meet the highest standards of corporate governance and investor relations. Not to mention that **stc** was also able to maintain our position in the MSCI and FTSE global stock indexes in 2024, confirming its continued attractiveness to investors internationally.

Driven by the **stc**'s refreshed strategy, "r.e.a.c.h", which was developed during the fourth quarter of 2024 and that focuses on quality growth, we are keen to invest and allocate the Company's capital to best serve its mission, vision, business operations and business expansion. The key pillars of "r.e.a.c.h." strategy is illustrated in strengthening the portfolio of the Consumer sector, expanding our operations in the Enterprise sector, creating an unparalleled experience, promoting market development and achieving business excellence. This, in turn, is aimed at achieving **stc**'s strategic objectives, as well as short and long business plans, positioning the Company for further growth and value creation for all stakeholders.

Revenue growth of 2.8% by strengthening strategic partnerships and providing better services and products to customers

Financial Performance

stc's financial results in 2024 showcase our ability to achieve growth while managing external pressures and competitive dynamics in the telecom sector. Through effective financial planning and disciplined resource allocation, we realized good results across key financial metrics, with total revenues of KD 336.5 mn in 2024, representing a growth rate of 2.8% compared to the previous year. **stc**'s Revenue is comprised of the Consumer Sector which makes up to 76% of the company's total revenue, and the Enterprise Sector revenues which accounts for 24% of total revenue, highlighting a well-balanced revenue mix for the financial year ended December 31, 2024.

stc also achieved good levels of EBITDA, which increased by 0.3% from last year reaching KD 85.3 mn in 2024, with an EBITDA margin of 25.3%, This improvement is driven by the ongoing optimization of our revenue

mix, coupled with the realization of synergies across our subsidiaries.

Net profit reached KD 31.4 million (earnings per share 31 fils) in the financial year ended December 31, 2024, compared with KD 32.7 mn (earnings per share 33 fils) in 2023. This decrease is attributed to our Early Retirement Plan (ERP) of 1.9 mn. Excluding the non-recurring expenses related to the early retirement plan, the net profit for 2024 amounts to approximately KD 33.3 mn, achieving a growth rate of 1.8% compared to 2023.

Efficient investments to enhance 5G infrastructure resulted from its prudent financial strategy

This performance reflects our commitment to sustainable growth and value creation, positioning the Company to continue delivering strong returns to shareholders while reinforcing our operational resilience. In line with our strategic focus on innovation and infrastructure development, **stc**'s capital expenditure reached KWD 39.2 million, representing 11.6% of total revenues for 2024, compared to KWD 28.1 million, representing 8.6% of total revenues for 2023. The rise in capital expenditure is mainly due to the preparation of launching the advanced 5G technology during 2025. These investments have contributed mainly to enhancing 5G service infrastructure and our in-house capabilities, as well as supporting the company's digital transformation goals.

Meanwhile, **stc**'s total assets reached KD 462.2 mn in 2024. Shareholders' equity reached KD 240.5 mn, with a book value of 241 fils per share, reflecting the strength of our financial position. Furthermore, we maintained a low debt-to-equity ratio of 0.07%, underscoring our disciplined approach to capital management and strong solvency position within the telecom industry.

The successful execution of our "LEAD" strategy, introduced in 2023, has been instrumental in driving these results. By focusing on digital transformation, expanding our service offerings, optimizing operations, and targeting high-potential growth and market segments, **stc** has maintained a competitive edge in the market. Our continued focus on cost management and operational efficiency has allowed us to sustain robust margins and ensure the Company's resilience in the face of fluctuating market conditions.

Strategic Progress and Market Leadership

Since inception, **stc** has performed regular reviews and refinements to our financial strategy in order to facilitate the strategic allocation of key resources. This, in turn, served to enhance **stc**'s services, maintain our leading position in the telecom industry, help the Company to cater to customers' needs, and build value for our shareholders.

Throughout 2024, **stc** made significant strides in advancing our 5G network, expanding digital and ICT internal capabilities, redesigning our operating model for enhanced flexibility, executing strategic projects, driving operational efficiency, and enhancing profitability. This was supported by **stc**'s subsidiaries, which played a key role in bolstering our market position, offering comprehensive ICT services and integrated technical solutions to both our enterprise and individual customers.

stc and the Investment Community

stc continues to promote transparency in its engagement with its current and potential investors in order to embrace global best practices in investor relations and apply corporate governance principles throughout its activities. This has reflected positively on its relationship with the investment community over the past years, where it has managed to maintain effective communication with investors despite economic challenges and potential risks. **stc** is also committed to leveraging digital platforms and different communication channels to serve the investor community and the company's shareholders, believing in the importance of maintaining clear and open communication channels that accurately reflect its position in the market, highlighting its competitive advantages and the effectiveness of its corporate strategy. In addition, **stc** is keen to inform investors about its financial and operational performance, as one of the key requirements for its upgrade to the premier market on Boursa Kuwait. Accordingly, **stc** held four earnings calls in 2024 to update investors and analysts on the latest financial and operational developments.

Moving Forward

As we look into the future, **stc** remains firmly committed to driving digital transformation and capitalizing on new opportunities in the telecom and ICT sectors. Our financial strategy will continue to focus on innovation, efficiency, and customer-centricity, ensuring that we remain at the forefront of the industry. In the year ahead, and following CITRA's direction to launch 5G advanced in 2025, **stc** is determined to invest heavily in our 5G infrastructure to accelerate growth and enhance market share.
With a healthy financial position, strong capital allocation, and clear strategic direction, **stc** is well-positioned to navigate the evolving market landscape and explore rising opportunities, execute strategic partnerships, while contributing to the national vision and the digital economy.
It is worth highlighting the crucial role of our sustainability initiatives in strengthening the company's financial performance, enhancing risk management, and improving operational efficiency. These efforts support long-term strategic planning and ensure sustained financial stability.
We are confident that our proactive approach and commitment to sustainable growth will continue to drive positive outcomes for our shareholders and stakeholders, as we build on our efforts of 2024 and beyond.

Engaging our Valued Stakeholders

At **stc**, we are committed to building and maintaining strong, trust-based relationships with our stakeholders. Through open, transparent, and consistent communication, we engage meaningfully with investors, employees, customers, suppliers, government entities, and the local community. By taking a strategic approach, we ensure that stakeholder feedback is integrated into board discussions and business decisions, aligning us with their needs and positioning us to exceed their expectations.

Our Investors and Shareholders

We reinforce our communication with investors through regular engagements, our annual report, our corporate website, and quarterly presentations, supported by a dedicated Investor Relations team. We have also recently launched our first standalone Sustainability Report for the year 2023, enhancing communication on key environmental, social, and governance (ESG) topics and our performance in these areas.

By providing clear insights into our strategic initiatives, latest developments, and financial performance, we keep investors informed of our competitive positioning and sustainability efforts. We deliver these updates through virtual meetings, online channels, and in-person forums, ensuring that investors receive timely, transparent information. Our proactive corporate responses strengthen investor confidence and enhance **stc**'s visibility in the global financial markets.

Our Employees

Our focus on employee well-being and professional growth recognizes their essential role in achieving operational excellence. We empower our workforce through tailored training sessions and initiatives such as the 'With-U' program, which fosters employee support and satisfaction. **stc** is deeply committed to employee development, investing in health, safety, and digital collaboration tools.

Employees are kept engaged in the company's daily operations through corporate newsletters, policy updates, and regular meetings between executive management and staff at all levels. These interactions encourage feedback on both daily operations and departmental outlooks, fostering a responsive and inclusive culture. **stc** supports remote work options to ensure business continuity during global challenges, alongside regular workshops, succession planning, and performance assessments.

Our Suppliers and Business Partners

Our procurement and supplier relationship management teams foster strong connections with local and international suppliers, ensuring efficient management of contracts and procurement processes.

Through regular in-person and virtual meetings, we maintain strong lines of communication with suppliers who align with our standards and meet local and regional demands. Our enhanced digital integration in supplier management has streamlined procurement processes, fostering innovation and cost-efficiency in our operations.

Our Customers

With a customer base of approximately 2.3 million, we are dedicated to delivering cutting-edge products and services that respond to evolving needs. Our customer-centric strategy, bolstered by 5G technology adoption, allows us to introduce tailored services for individual and enterprise clients alike.

Through strategic partnerships and an expanding digital ecosystem, we offer greater convenience and access to advanced solutions, solidifying our leadership in digital transformation. Direct feedback loops from customer interactions inform our service adjustments, while our flexible operating model and business continuity plan keep us agile. Our communication channels include social media, call centers, customer service offices, and the My**stc** app, providing direct, real-time support.

Regulators and Governmental Entities

We proactively comply with regulatory frameworks and maintain strong relationships with government and regulatory bodies in Kuwait. Our enhanced governance protocols, transparency, and thorough disclosures reflect the highest standards of accountability in all company activities.

By collaborating closely with authorities, we support national development goals, particularly in telecommunications infrastructure and the digital economy. Our Annual Report and Board Summary Report further underscore our commitment, detailing our internal audit practices, risk and compliance committee activities, and external audit processes.

Our Community

Expanding our Corporate Social Responsibility (CSR) efforts, we have launched numerous initiatives focused on education, digital literacy, and environmental sustainability. We collaborate with government and non-profit organizations to make a meaningful impact, from supporting local businesses in digital transformation to empowering communities with resources. Our specialized team represents **stc** in local media and public events, keeping stakeholders informed about our latest news, services, and market position.

Through awareness campaigns, our InspireU program, and active partnerships for employee volunteering, we promote entrepreneurship and digital innovation. We also engage with academic institutions by hosting awareness sessions, career fairs, and other relevant events, supporting the educational and professional growth of Kuwait's youth.

Enterprise Risk Management

At **stc**, we recognize that managing risk is a vital part of sustaining long-term growth, protecting shareholders value, and delivering on our commitments to customers and stakeholders. The telecommunications industry operates in a complex, dynamic environment where technological advancements, regulatory changes, cyber threats, and economic fluctuations present both opportunities and challenges. Our Enterprise Risk Management (ERM) framework is designed to proactively identify, assess, and manage risks across our operations to safeguard our strategic objectives and ensure business continuity.

Our Risk Management Priorities

Strategy

Aligning risk management governance, frameworks and activities with **stc** Kuwait and **stc** Group's strategies.

Response

Proactively addressing and mitigating risks, both locally and globally, across all core areas of the business.

Culture

Building a culture of risk management through training and empowering employees to identify and actively mitigate risks.

stc is committed to integrating risk management into its strategic planning, decision-making, and operational processes by systematically identifying, assessing, and mitigating risks that could impact the Company's objectives and operational effectiveness. **stc** employs a structured, Company-wide risk management approach, promoting risk awareness, implementing effective controls, and creating comprehensive departmental risk profiles.

This ensures the aggregation and comparison of risks across the organization, with each business unit proactively managing risks while seizing opportunities within the Company's risk tolerance levels.
The Board Risk Management Committee (BRMC) reviews and updates the ERM framework each quarter to align with changes in the Company's internal and external environments **stc** is a publicly-listed company, governed by the Kuwait Capital Markets Authority (CMA) regulations.

Other applicable regulators include the Kuwait Ministry of Communication and the Communication and Information Technology Regulatory Authority (CITRA). The Company has also applied the guidelines contained in the Committee of Sponsoring Organizations (COSO) and International Standards Organization ISO 31000:2018, improving our ability to anticipate and respond to both current and emerging risks.

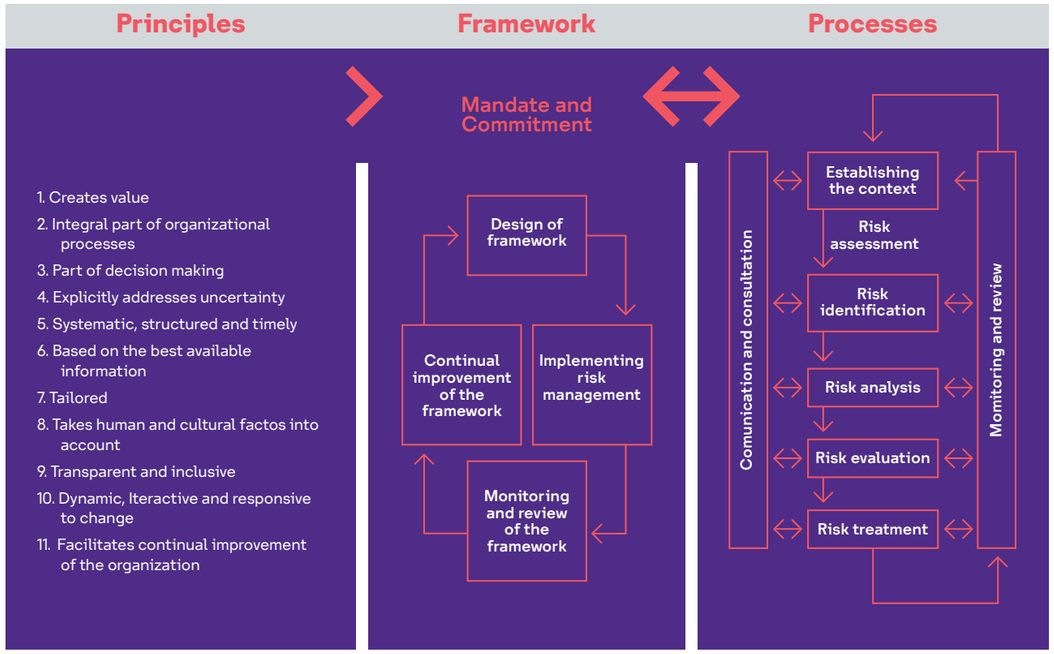
Enterprise Risk Management Governance

stc's management is committed to defining and clearly communicating strategic objectives essential to the Company's success, ensuring alignment with timelines for achievement and long-term sustainability.
The Company has a well-established organizational structure, with the Risk Management Department (RMD) reporting directly to the BRMC, ensuring effective oversight. Recognizing that risks are inherent in business. **stc** implements strong controls to mitigate risks to an acceptable level, supporting the achievement of corporate and functional goals.
The Company adheres to comprehensive governance protocols, establishing clear approval processes, defining responsibilities, and providing a framework for monitoring strategic initiatives. **stc** remains fully compliant with all relevant laws and regulations, reinforcing a culture of accountability and risk awareness across its operations.

Enterprise Risk Management Framework

stc's ERM framework enables the effective implementation of ERM through a structured, consistent approach to identifying, measuring, managing, mitigating, and reporting on risks. This enables more informed decision-making and promotes resilience across the Company and its subsidiaries.

The RMD Context Document is a fundamental part of the Company's risk framework, applying to all operational aspects of **stc**. This includes internal and external contexts such as Internal & External Audit, Key Risk Indicators (KRIs), and the Company's defined Risk Appetite. It ensures that risk management activities are aligned with organizational objectives, stakeholder interests, and the dynamic environments in which the Company operates.



Risk Appetite

The Risk Appetite Statement is a foundational element of **stc**'s ERM framework, outlining the types and levels of risk the Company is willing to accept in pursuit of its strategic goals and long-term value creation. It sets clear boundaries for acceptable and unacceptable risks across all areas of **stc**'s operations, ensuring alignment with the Company's vision and objectives.

The Risk Appetite Statement serves as the foundation for the principles that guide decision-making across the organization. It defines the thresholds for risk acceptance and management, providing a clear framework for evaluating risks in the context of strategic and operational decisions. As such, it acts as a critical reference point for all significant decision-making processes within the Company.

stc's risk appetite is classified as "Open," reflecting the Company's readiness to assume risks in key strategic areas, including Digital Transformation, Customer Satisfaction, Service Sustainability, Employee Growth, and Third-Party Risk Management. While the Company embraces calculated risk-taking in these areas, it ensures that robust risk mitigation controls are in place to manage and contain any potential threats.

The Company's risk appetite is shaped by the evolving telecommunications industry, driven by technological innovation and market shifts, as well as **stc**'s ambition to become a market leader by value. However, the Company maintains a more cautious approach toward risks related to regulatory compliance, legal obligations, and ethical standards.

stc's risk appetite is dynamic and regularly reviewed to ensure its relevance in the face of changing business strategies or external market conditions. The Risk Appetite System is continuously refined through collaboration between the ERM team, the CEO, and C-level executives, with final approval from the Board of Directors. Risk tolerance levels are clearly defined across all key business areas, combining both quantitative and qualitative measures to maintain a proactive and balanced approach to risk management, safeguarding the Company's objectives and minimizing potential threats.

Proactive Risk Management and Mitigation

Risk management at **stc** is a shared responsibility that spans all levels of the organization, including employees, suppliers, and contractors where applicable. The Company is dedicated to nurturing a strong risk culture where proactive risk identification, assessment, and mitigation are integral to daily operations.

The RMD, led by the General Manager of Risk Management and supported by a team of experts and managers, is primarily responsible for driving the risk management process. The RMD oversees the identification, documentation, and validation of significant risks, while working closely with individual managers and leaders to develop and implement effective mitigation strategies aligned with the Company's objectives.

Key Risk Indicators (KRIs) are a vital component of our ERM framework, helping **stc** monitor, measure, and manage the key risks that could impact the achievement of **stc** strategic objectives. By tracking these indicators, we can identify potential issues early, allowing us to take timely and appropriate measures to mitigate risk exposure and protect the long-term value of the Company.

stc's KRIs are closely aligned with the critical areas of our business, including operational performance, cybersecurity, financial stability, compliance, and market competitiveness. **stc** tracks and report on these indicators on quarterly basis to ensure that the risk management processes are effective and that we remain responsive to changes in both the internal and external environment. To strengthen this culture, the RMD has established a network of "Risk Champions" within each function. These champions are tasked with monitoring emerging risks, assessing existing threats, and providing regular updates.

More broadly, **stc** promotes risk management knowledge and best practices to all General Managers, executives and employees through risk awareness material transmitted through various mediums, including reminder emails, announcements of new information and briefing sessions. The Company's orientation program includes risk management training to ensure that new employees and BRMC are properly oriented on the Company's view and methodology towards risk.

This collaborative approach ensures that risk management is comprehensive, dynamic, and fully integrated into all business areas, promoting a unified and proactive stance across the organization.

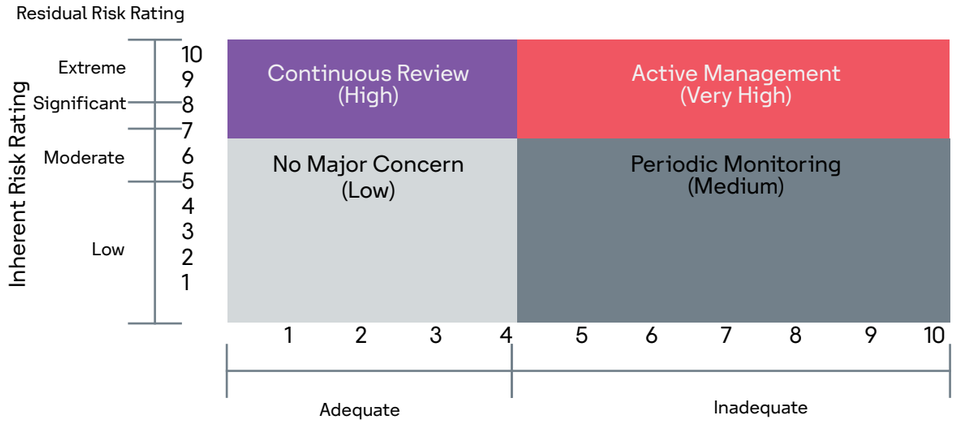
Risk treatment measures include Avoiding, Mitigating, Transferring, or Accepting risks. The selection of the most suitable treatment option requires a careful balance between the costs and efforts of implementation and the benefits gained. This decision-making process also considers legal, regulatory, and other critical factors, such as social responsibility and environmental protection.

Risk Categories and Severity

In order to assist in the understanding of risk and reporting, the risk types are categorized and the potential impact of any risk is assessed on seven dimensions, which are: Financial, Governance, Regulatory and Compliance, Reputation & Community, Network Reliability, Customer Experience & Service Quality, Human Resources, and Health, Safety and Environmental. These risk categories are actively mitigated and managed as follows:

Risk Category	Risk Mitigation & Management Approach
Financial	• Conducting regular financial audits, risk assessments, and process reviews, along with continuous monitoring through Key Risk Indicators and Risk Appetite, to ensure the early detection of potential financial issues • Risk hedging (e.g., insurance, currency hedging) to mitigate unexpected market fluctuations • Cash flow management and contingency planning for economic downturns • Budgeting and forecasting to ensure proper allocation of resources
Governance, Regulatory and Compliance	• Clear organizational structure and policies to ensure proper oversight • Periodic Board Meeting and Board-level risk oversight, and strong internal control frameworks to ensure compliance with corporate governance • Regular reviews of governance practices and the effectiveness of internal audits and Risk assessment/process review • Transparent communication with stakeholders to build trust and ensure compliance with ethical standards • Regular monitoring of regulatory changes and updates • Legal department involvement to stay ahead of new and evolving regulations
Reputation & Community	• Active communication strategies to address potential issues before they escalate • Engagement with communities through corporate communication programs/ campaign • Crisis management plans in place for swift response to reputation-damaging events, natural disasters, cyber-attacks, war, fire and supply chain disruptions etc. • Transparency and accountability in all dealings with customers, media, and stakeholders
Network Reliability	• BCM/ Redundancy planning (e.g., backup systems, failover mechanisms) to prevent service disruptions • 24/7 monitoring network performance and security to quickly identify and resolve issues • Regular maintenance and software updates to ensure systems remain secure and reliable • Disaster recovery plans to recover from potential failures or attacks • Vendor risk management to ensure the reliability of third-party providers and contractors
Customer Experience & Service Quality	• 24/7 call center dedicated to promptly answering customer problems/ inquiries and swiftly identifying and resolving issues • Customer feedback loops (surveys, reviews, focus groups) to understand customer needs and improve offerings • Training programs for customer service representatives to ensure consistent, high-quality service • Investing in CRM systems to personalize customer interactions and streamline communication • Service level agreements (SLAs) to ensure quality standards and performance benchmarks are met • Continuous monitoring and response to customer complaints to improve satisfaction and address concerns quickly
Human Resources	• Employee benefit and social programs designed to support both physical and mental well-being • Talent retention strategies (competitive pay, bonus , career development, work-life balance) • Regular performance reviews and feedback mechanisms to identify and resolve potential HR-related issues • Employee training on critical skills (e.g., leadership, diversity, compliance, technical) • Risk management training for all staff levels, including management and Board members
Health, Safety and Environmental	• Health and safety policies that adhere to local and international standards • Employee training on safety protocols and emergency response procedures • Regular risk assessments to identify hazards and develop safety strategies • Compliance with environmental regulations (e.g. sustainability program waste management, carbon footprint reduction)

Our Risk Heatmap provides a visual representation of **stc**'s key risks, highlighting their potential impact and likelihood. It serves as a critical tool for prioritizing risk treatment actions and making informed decisions regarding risk management strategies.



- Cybersecurity Risks
- Regulations and Compliances
- Geopolitical Risks
- Technological Changes
- Talent Shortage
- Privacy
- Adaption to Changing Customer Demands
- Sustainability
- Credit Risks
- Competition and Market Conditions
- Supply Chain
- Security
- Economic and Political Environment
- Level of Financial Indebtedness
- Compliance with Anti-Corruption, Regulation and Ethics
- Cash Management Risk
- Liquidity Risk

Enhancing Risk Management in 2024

In 2024, **stc** proactively began assessing its Economic, Social and Environmental (ESG) impacts through a risk-focused perspective, aligning these evaluations with established Corporate Sustainability frameworks. This comprehensive approach includes analyzing risks and opportunities associated with climate change, alongside socio-economic challenges.

By conducting in-depth research and engaging extensively with stakeholders, **stc** identifies critical sustainability risks and implements early-stage mitigation strategies. This forward-thinking approach not only equips the Company to adapt to an ever-changing environment but also underscores its active role in contributing to a more sustainable future through robust risk management and strategic planning.

A key milestone in 2024 was the execution of a comprehensive Crisis Simulation Scenario Exercise, a cornerstone of **stc**'s business continuity strategy. Designed to rigorously test preparedness and response capabilities across a range of potential crises, this initiative ensures the Company is well-positioned to handle situations that could disrupt operations.

The simulation explored a variety of realistic and complex scenarios, including natural disasters, cyber-attacks, warfare, fires, and supply chain disruptions. ESG considerations were seamlessly integrated into the exercise, allowing **stc** to evaluate not only the immediate operational impacts but also the broader environmental and social implications for employees and communities.

By simulating these multifaceted scenarios, **stc** thoroughly evaluated its response protocols, identified areas for improvement, and strengthened its overall crisis management capabilities. This initiative was instrumental in enhancing operational resilience and reinforcing the Company's commitment to safeguarding business continuity while maintaining a proactive approach to managing risks effectively.

Looking Forward

In the year ahead, **stc** will continue to enhance its ERM commitment and capabilities by proactively identifying, evaluating, and mitigating risks that may impact the achievement of our strategic objectives.

By implementing a comprehensive and structured ERM framework, we will fortify our risk resilience, enabling us to effectively navigate challenges and capitalize on opportunities within an increasingly complex and dynamic business landscape.

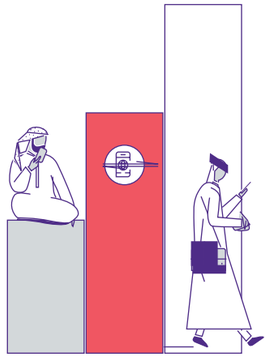
Looking ahead, we are committed to cultivating a culture of risk awareness and continuous improvement, ensuring that risk management serves as a cornerstone of our long-term success and sustainability.

03

Business Review

Consumer Segment (B2C)
Enterprise Segment (B2B)
Technology Sector

Consumer Segment



In 2024, **stc**'s B2C division achieved strong growth, driven by innovative, customer-focused initiatives and advanced digital solutions. These efforts enhanced customer engagement and improved retention, resulting in a solid financial performance and reinforcing **stc**'s standing as a leader and innovator in the consumer segment.

stc's B2C division delivered a robust performance during 2024 by introducing innovative initiatives designed to enhance customer engagement and satisfaction, with a particular focus on delivering value to diverse customer segments. The "Youth from **stc**" program targeted university students aged 18–24, offering customized plans with exclusive discounts and bundles. This initiative reached approximately 45,000 students across Kuwait, strengthening **stc**'s connection with the youth demographic and reinforcing its position as a preferred provider in this segment.

stc also advanced its Smart Home Solutions by launching cutting-edge automation and security systems in collaboration with local providers. These solutions not only enhanced functionality but also aligned with sustainability goals, addressing the growing demand for energy-efficient and secure living spaces. In the digital payments space, **stc** integrated Apple Pay, Samsung Pay, and other methods, streamlining checkout processes and bolstering payment security to meet the evolving needs of tech-savvy customers.

To cater to the burgeoning gaming community, **stc** expanded its gaming-focused products and services, delivering tailored offerings that enriched the gaming experience. Additionally, **stc** upgraded its Digital Service Delivery Platform (DSDP), centralizing the management of value-added services (VAS). This migration not only improved the customer experience but also addressed and reduced third-party complaints, demonstrating a commitment to service excellence.

The division also made significant strides in digital advancements, introducing fully integrated end-to-end customer journeys while enhancing the functionality of its website and mobile app. New features such as eSIMs and e-vouchers offered eco-friendly and flexible solutions, reflecting **stc**'s dedication to sustainability and convenience. Furthermore, the rollout of a new Business Support System (BSS) streamlined operations, improved customer interactions, and unlocked new revenue streams, solidifying **stc**'s ability to innovate and adapt in a competitive marketplace.

Enhancing Customer Experience

Notable milestones in customer experience and performance were achieved throughout the year, reflecting **stc**'s commitment to innovation, accessibility, and satisfaction. By integrating advanced solutions and focusing on customer needs, the division strengthened its market position and exceeded industry benchmarks.

Key Highlights

Customer Feedback Enhancements

- Introduced CSAT surveys within the mobile app, boosting response rates to 3.8% (almost double the 2% industry benchmark).
- Addressed low feedback scores within 24 hours, showcasing a proactive approach to customer care.

Improved Roaming Experience

- Optimized international roaming with dynamic traffic management, ensuring seamless connectivity.
- Expanded coverage to more countries, enhancing convenience for travelers.

Digital Advancements

- Integrated Apple Pay, Samsung Pay, and other payment methods, simplifying transactions and boosting satisfaction.
- Increased revenue from digital sales by enhancing user experiences on digital platforms.

Gaming and Smart Home Initiatives

- Launched gaming-specific products to deepen engagement with youth audiences.
- Introduced smart home solutions, emphasizing eco-friendly, connected living.

Awards and Recognitions

Honor Device Sales Award

- Acknowledged as a top global operator for Honor devices, showcasing excellence in sales strategies.

Huawei OTF Award

- Recognized for exceptional customer growth and advanced digital transformation.

Strategic Outlook for 2025

The B2C division will continue to lead with a strong emphasis on digital transformation and customer satisfaction. Key priorities include for the coming year:

Expanding digital revenue streams through platform optimization.	Enhancing seamless onboarding experiences to improve accessibility.	Strengthening the brand's reputation for trust and innovation.

These initiatives align with **stc**'s vision of exceeding customer expectations and adapting to a rapidly evolving digital landscape.

Enterprise Segment

In 2024, **stc**'s B2B segment - powered by its specialized arms, **solutions by stc** and **e-Portal Holding** Company with its subsidiaries - solidified its position as a critical enabler of Kuwait's digital transformation. Through strategic partnerships, technological innovation, and a customer-centric approach, the B2B division contributed significantly to **stc**'s overall performance and advanced its reputation as a trusted partner for enterprises and government entities.

solutions by stc

In 2024, **solutions by stc**'s Wholesale division demonstrated remarkable growth by expanding its international connectivity offerings, providing businesses with innovative services such as MPLS, IP Transit, and cloud express routes. These solutions have empowered enterprises to efficiently manage data across global networks, enhancing **stc**'s reputation as a leading provider of advanced digital solutions.

A pivotal achievement this year was securing a strategic contract with the Ministry of Electricity, Water & Renewable Energy to deploy smart electricity meters, enhancing Kuwait's digital infrastructure and expanding into municipal utilities.

solutions by stc also leveraged synergies with subsidiaries like **e-Portal** to deliver advanced content delivery network services and managed IT frameworks, driving growth in ICT and connectivity.

To simplify account management and boost customer satisfaction, it launched the 'My Business' portal and enhanced the 'Quick Pay' service. It also introduced an advanced SIEM platform powered by AI/ML, strengthening cybersecurity and real-time threat detection for SMEs.

These milestones underscore **stc**'s comprehensive and forward-thinking approach to driving digital transformation in Kuwait. By combining cutting-edge technologies, integrated solutions, and a customer-centric mindset, **stc** continues to lead the way in enabling Kuwait's Vision 2035.

e-Portal Holding Company and its Subsidiaries

2024 was a notable year for **e-Portal** in which the System Integration services reached the highest level of revenue resulted from winning more projects compared to 2023 through strategic alignments and collaborations.

Through its subsidiaries, **e-Portal** has scored key projects for the B2B services to provide cloud and system integration cyber security services to the enterprise segment, which will be further enhanced over the coming years.

Accordingly, it is worth mentioning that our 2024 strategy served as a strong pipeline for the year 2025, which carries a number of promising opportunities ahead.

Performance Highlights: Sustained Growth and Market Leadership

In 2024, **stc**'s B2B segment demonstrated resilience and steady growth, maintaining its significant contribution of 24% to the company's total revenues, growing by 16.6% compared to that in 2023. Demonstrating a consistent performance that reflects the effectiveness of **stc**'s strategic initiatives and operational excellence.

Key Performance Indicators (KPIs), such as enhanced Average Revenue Per User (ARPU) and reduced customer churn rates, highlighted the segment's ability to retain and grow its enterprise client base while reinforcing its competitive edge in Kuwait's telecom and ICT sectors.

The B2B division also achieved notable market expansion by targeting high-growth verticals, including energy, education, and healthcare. These efforts resulted in increased penetration across enterprise accounts, allowing **stc** to solidify its position as a market leader in providing tailored ICT solutions.

Enhancing Customer Experience

24/7 Support via WhatsApp Chatbot

- Launched a dedicated B2B chatbot to offer real-time support, ensuring faster issue resolution and seamless account management.

Country-Wide Delivery System

- Enhanced logistics ensured timely distribution of routers and SIM cards, promoting uninterrupted business operations for clients.

Integration of Business Support Systems (BSS)

- Advanced BSS platforms enabled agile service deployment and personalized customer interactions, improving overall satisfaction.

Awards & Recognitions

Global Business Outlook

"Best Customer Experience Digital Platform for B2B - My Business" by Global Business Outlook.

Strategic Outlook for 2025

In 2025, **stc**'s B2B segment's strategic roadmap aims to deepen penetration into high-growth verticals, such as healthcare, education, and energy, while enhancing its cloud, IoT, and cybersecurity offerings. The full-scale deployment of 5.5G technologies will strengthen connectivity infrastructure, supporting next-generation business solutions and reinforcing **stc**'s position as a leader in digital innovation.

By fostering strategic partnerships and delivering scalable ICT solutions, **stc** aims to achieve substantial revenue growth while powering Kuwait's evolving digital economy.

Technology Sector

In 2024, **stc** reaffirmed its position as a leader in Kuwait's digital transformation through groundbreaking technological advances and strategic initiatives that enable seamless connectivity, data transmission, and innovative service offerings. As part of the company's commitment to innovation and excellence, **stc** continued to enhance its technological infrastructure and deliver cutting-edge solutions to meet evolving market demands, enabling the next wave of digital transformation.

The technology sector at **stc** is the engine of the digital transformation process that adopts emerging technologies like artificial intelligence, cloud computing, and IoT to enhance operational efficiency and customer experience. The Technology sector has helped **stc** to maintain its competitive position in a fast-paced industry while meeting the growing demands of consumers and businesses for faster, more reliable, and innovative communication services.

Driving 5G Advances

Testing 10Gbps utilizing the 6GHz IMT (6425-7125MHz) spectrum

This breakthrough, conducted in collaboration with the Communication and Information Technology Regulatory Authority (CITRA), positions **stc** at the forefront of 5G-Advanced technology. By leveraging the globally recognized 6GHz band, the company is poised to expand mobile capacity and enable innovative services such as immersive AR/VR/XR experiences, 5G private wireless networks for enterprises, and advanced connectivity solutions for intelligent connected vehicles. This initiative aligns with Kuwait's Vision 2035, reinforcing **stc**'s commitment to fostering a digitally empowered society.

'One Core' Mobile VPN solution

This solution provides secure access to both public and private networks without the need for manual logins or extra authentication, reflects our ongoing efforts to enable digital transformation in Kuwait.

Expanding Connectivity with Innovative Solutions

Finalization of Proof of Concept (PoC) for a new long reach microwave technology

This technology is designed to enhance high-capacity backhauling with speeds of up to 5Gbps over distances of up to 8 kilometers. This technology addresses connectivity challenges in remote and rural areas, providing reliable, high-speed 5G services to underserved communities. By overcoming geographical barriers, **stc** ensures greater inclusivity in its digital transformation journey.

Additionally, **stc** continues to push the boundaries of innovation with its telecom cloud platform, which supports the future evolution of its 5G network. The platform incorporates ARM-based CPU architecture, providing high computing efficiency and reducing power consumption.

Fixed Wireless Access (FWA) solutions and unique quality

This is considered a cornerstone for strengthening its position as a pioneer in providing ICT solutions and exceptional customer experience.

Automation in Network Operations

Automation has become a cornerstone of **stc**'s daily network operations, achieving 99.99% network availability. Key achievements include:

Automated Trouble Ticketing

Alarm systems now automatically create trouble tickets, and the system immediately dispatches teams to resolve the issues, reducing human intervention and expediting problem resolution.

Rapid Resolution for Key Sites

Automation has enabled resolution times to be less than one hour for critical hub and VIP sites, ensuring consistent and reliable service for high-priority locations.

AABD Pro Implementation

stc introduced Auto Alarm Behavior Discovery (AABD) Pro, the first AI-powered tool in the Middle East designed to manage alarms across multiple domain technologies (wireless, IPRAN, and microwave). The introduction of AABD Pro demonstrates **stc**'s commitment to leveraging advanced technologies to drive efficiency and elevate customer experience.

Enhanced Troubleshooting with AI and ML

AABD Pro leverages Artificial Intelligence (AI) and Machine Learning (ML) to identify the root cause of network faults across domains, eliminating the inefficiencies of domain-specific troubleshooting. This innovation drastically reduces resolution times, simplifies troubleshooting, and improves customer satisfaction.

Proactive and Efficient Issue Resolution

AABD Pro ensures the correct teams are dispatched immediately, minimizing downtime and enhancing service reliability. By analyzing network behavior patterns, it predicts and prevents future disruptions, creating a proactive approach to network management.

Optimizing Alarm Management with BOTs

The implementation of BOTs in the fixed network has significantly improved operational efficiency by:

Reducing Workload

BOTs help filter and optimize alarm handling, ensuring that only relevant issues are flagged for action.

Accurate Issue Identification

This optimization minimizes unnecessary interventions and focuses resources on resolving the most critical issues.

Sustainability Initiatives in Energy Management

Lithium Battery Deployment

Since 2017, **stc** has integrated lithium batteries into the network to replace traditional lead-acid batteries, particularly at diesel generator sites, which have been widely adopted across the network due to numerous benefits.

Inverter Air Conditioners

stc has implemented inverter ACs to improve energy efficiency and reduce greenhouse gas emissions. Unlike traditional ACs that frequently turn on and off, inverter ACs adjust compressor speeds to maintain the desired temperature.

On-Grid Conversions

A 10% reduction in diesel generators has been achieved by converting them to on-grid power sources. This transition decreases fuel dependency, reduces emissions, and supports environmental sustainability.

DCIM – Data Center Intelligent Management

stc has implemented Data Center Intelligent Management (DCIM) to enable remote monitoring and management of exchanges, core rooms, and data centers. This enhances operational visibility and ensures real-time insights into critical infrastructure.

In-House Automation Initiatives

Automating Down Sites SMS and Reports

stc developed an in-house system to automate network operations reports and SMS notifications for downed sites, streamlining communication and response times.

Energy Consumption Dashboard

An in-house dashboard was created to monitor energy consumption in data centers, providing actionable insights to optimize energy use and support sustainability goals.

Reduction in Daily Network Trouble Tickets and Enhanced Customer Satisfaction

The Network Operations team achieved a significant milestone by reducing the daily trouble tickets and customer complaints from an average of 35 per day to less than 10 per day.

Achieving Top-Ranked 5G Network Quality in Kuwait

The Network Operations team secured the top rank for 5G radio quality in Kuwait, outperforming competitors, due to Network Optimization and Technology Deployment in addition to undertaking proactive Maintenance and Issue Resolution.

This achievement showcases the in-house efforts to maintain exceptional 5G network quality and reliability, solidifying **stc**'s leadership in telecom services.

Smart Lock Implementation

Over the past two years, network team deployed more than 1,400 smart locks across its network to combat theft, vandalism, and unauthorized access. These locks provide enhanced security for critical assets, ensuring operational integrity and asset protection.

Awards & Recognitions

"ICT – Telecommunications Award – Kuwait", at the Middle East Technology Excellence Awards.

"FWA Overall Experience Award" at the SAMENA Council's Leadership & Excellence (LEAD) Awards."

"The Outstanding Network Operations Award" in the Digital Transformation Innovation category at Huawei's Operations Transformation Forum held in Turkey in November 2024.

Strategic Outlook for 2025

Going forward, **stc** will keep exploring new areas of improvement for its business model that best serves its technological advances including, but not limited to, strategic initiatives and partnerships with major industries. This convergence enables the creation of tailored solutions and next-generation services as well as driving innovation, which will position **stc** as a central player in the digital transformation across various sectors.

04

Sustainability Review

Enviroment, social, and goverance (ESG)

At **stc**, sustainability is a cornerstone of our purpose and strategy, guiding how we operate and innovate. Building on the momentum of last year's landmark achievement — the launch of our inaugural sustainability report — we are now focused on deepening our commitment to environmental, social, and governance (ESG) priorities in meaningful ways. This year represents an opportunity to evolve our initiatives further, from reducing our environmental impact to enhancing employee well-being and contributing to the communities we serve. By maintaining transparency and accountability, we aim to ensure that our sustainability practices align with global standards while addressing the unique needs of our stakeholders. With each step, we reaffirm our dedication to creating shared value and driving sustainable growth across every level of our organization.

ESG from the point of view of stc

Environmental (E)

At **stc**, we understand that environmental stewardship is essential for a sustainable future. We are committed to minimizing our environmental impact by adopting eco-friendly technologies, reducing carbon emissions, and enhancing resource efficiency. This includes efforts such as energy conservation in our operations, reducing waste through recycling programs, and actively seeking sustainable solutions across our products and services. By focusing on environmental sustainability, we not only aim to protect the planet but also contribute to global efforts in combating climate change and promoting responsible consumption.

Social (S)

The social pillar focuses on the well-being and empowerment of our people, customers, and the communities we serve. At **stc**, we are dedicated to fostering an inclusive, diverse, and supportive work environment for our employees. Through initiatives like career development programs, mental health support, and flexible working arrangements, we strive to enhance employee satisfaction and productivity. Beyond the workplace, we are deeply committed to creating positive social impact by engaging in community-building projects, promoting digital literacy, and supporting local social initiatives. We recognize that by empowering people, we can contribute to a more equitable and prosperous society.

Governance (G)

Good governance is the foundation for sustainable business practices. At **stc**, we prioritize transparency, accountability, and ethical decision-making across all levels of the organization. We uphold the highest standards of corporate governance, ensuring that our operations are conducted with integrity and fairness. Our governance practices are designed to build trust with stakeholders, foster long-term relationships, and mitigate risks. We continuously refine our governance practices through annual assessments, measuring our performance against industry best practices and leading local companies. By setting well-defined policies, adhering to regulations, and integrating sustainability into our strategic framework, we establish both short-term and long-term objectives to drive accountability, transparency, and sustainable growth. This strong governance framework ensures that we remain accountable to our stakeholders and are able to effectively drive our sustainability agenda.

Why sustainability

Sustainability is no longer an option; it is a necessity for ensuring the well-being of future generations. As the world faces growing environmental and social challenges, we must recognize that continuing down the path of unsustainable practices threatens the delicate balance of our ecosystems and societies.

Urgency

The traditional models of excessive consumption and resource depletion are no longer viable. Pressing issues such as climate change, ecosystem degradation, and widening social disparities call for bold, systemic changes rather than incremental fixes.

Reimagining Sustainability

True sustainability goes beyond individual efforts; it requires a collective transformation in how we engage with the world and each other. This shift involves reimagining our economic models, promoting social equity, and establishing governance structures that prioritize environmental preservation and future generations.

Challenges and Rewards

Achieving sustainability will be challenging, demanding both personal and collective commitment, creativity, and a readiness to disrupt established norms. Yet the potential rewards are boundless: a healthier planet, thriving ecosystems, stronger communities, and a future of equitable opportunity for all.

The Choice is ours

We can either persist with business as usual or seize the chance to create a more sustainable and equitable future for those who follow. At **stc**, we recognize that true sustainability goes beyond environmental concerns-it's about nurturing social well-being, driving economic growth, and caring for the planet. We're committed to forging a future where progress uplifts all, ensuring no one is excluded.

Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs), also known as the Global Goals, were established by the United Nations in 2015 as a call to action to eliminate poverty, protect the planet, and ensure that by 2030, all people live in peace and prosperity. The 17 SDGs recognize that progress in one area impacts others and that development must balance social, environmental, and governance sustainability. Countries have committed to focusing on the needs of those who are most marginalized. The SDGs aim to be embraced by all industries and sectors to address issues like poverty, inequality, and environmental degradation, while promoting health, justice, and prosperity for everyone. Many organizations set their own sustainability objectives, either aligned with the SDGs or tailored to their industry or operations. As a telecom company, we are committed to connecting people and driving a sustainable future. We believe technology holds the key to creating positive change, and we are applying our expertise to shape a more sustainable world for all.

stc's sustainable contributions to SDGs:

We have aligned our strategic programs with the global Sustainable Development Goals (SDGs), setting ambitious sustainability objectives supported by a long-term plan for achievement. Our key objectives include reducing our environmental impact, investing in our workforce, supporting communities, and enhancing our infrastructure and programs. While **stc** has made significant progress toward these goals, we recognize there is still more work to be done in the years ahead. We remain confident that even small actions can lead to a big impact, and we are dedicated to driving lasting, meaningful change.

At **stc**, we are committed to aligning our sustainability strategy with the United Nations Sustainable Development Goals (SDGs), integrating them into our business operations and long-term objectives. Our sustainability programs - Caring for the Environment, Empowering People, Promoting Digital Innovation & Technologies, Improving Standards of Living, and Operating with Integrity - serve as a foundation for achieving meaningful progress in environmental, social, and governance (ESG) areas.

While we have made significant progress in these areas, we continue to drive forward with innovative initiatives, strategic investments, and collaborative partnerships. Below are key highlights of how our efforts contribute to specific SDGs:

1. Caring for the Environment (Aligned with SDGs: 6, 7, 13, 14, and 15)
Water & Energy Efficiency (SDG 6 & 7): Implemented energy-saving initiatives across operations, reducing water and electricity consumption.
Climate Action (SDG 13): Reduced carbon footprint through digital transformation and operational efficiencies.
Marine & Land Conservation (SDG 14 & 15): Conducted beach and desert cleanup campaigns in collaboration with the Kuwait Municipality.
2. Empowering People (Aligned with SDGs: 3, 4, 5, and 10)
Health & Well-being (SDG 3): Launched employee wellness programs and provided mental health support initiatives.
Education & Training (SDG 4): Youth Development Program (YDP) and continuous learning initiatives for employees.
Diversity & Inclusion (SDG 5 & 10): Focusing our efforts to increase gender diversity and inclusion efforts to ensure equal opportunities.
3. Promoting Digital Innovation & Technologies (Aligned with SDGs: 9, 12)
Technological Advancements (SDG 9): Invested in cutting-edge telecommunications infrastructure and smart solutions.
Sustainable Production & Consumption (SDG 12): Signed a partnership with Tadwire to recycle e-waste as well as other waste generated from our operations in efforts to minimize our waste impact.
4. Improving Standards of Living (Aligned with SDGs: 8, 11, 12, and 10)
Decent Work & Economic Growth (SDG 8): Recognized as the #1 Ideal Employer of Choice in IT & Engineering fields.
Workplace Flexibility (SDG 10 & 12): Introduced 10 annual remote working days for employees, improving work-life balance.
5. Operating with Integrity (Aligned with SDGs: 10, 12, and 17)
Ethical Governance (SDG 10 & 12): Established transparent policies for responsible business conduct.
Strategic Partnerships (SDG 17): Engaged with government entities, suppliers, and industry leaders to enhance sustainability impact.

Looking Ahead

We recognize that sustainability is an ongoing journey, and we remain committed to further advancing our ESG agenda. With a focus on measurable impact, we will continue to refine our programs, collaborate with stakeholders, and drive digital transformation that fosters long-term sustainability.

Sustainability Governance at stc

stc's sustainability governance model is designed to ensure that ESG (environmental, social, and governance) considerations are seamlessly integrated into our decision-making processes and operational structures. The model is built on a multi-layered approach that fosters accountability and collaboration across the organization.

At the top level, strategic oversight is provided by senior leadership provided by our CSO/ GM who respectively oversee the key initiatives and progression, ensuring alignment with **stc**'s long-term vision and global best practices. This is complemented by dedicated sustainability officer and champions, tasked with executing initiatives, monitoring progress, and ensuring compliance with ESG frameworks.

Clear reporting lines and regular assessments enable transparency, allowing **stc** to measure its sustainability performance and adapt strategies as needed. By embedding sustainability into every layer of our governance, we are not only advancing our goals but also ensuring that our operations remain resilient, responsible, and future-ready.

Sustainability Governance Summary (can be better represented in a visual flow chart)

stc Kuwait has established a structured sustainability governance framework to ensure the effective implementation of its sustainability strategy.

- Management Committee (All CXOs): Oversees and approves the strategic sustainability framework, ensuring alignment with **stc**'s commitments. Supports the adoption of sustainable practices and reviews the annual sustainability report.
- Sustainability Department: (General Manager - Corporate Communications): Provides oversight of sustainability initiatives and reports progress to executive management.
- Sustainability Officer: Leads the execution of the sustainability program, annual plan, and key initiatives and implementing the sustainability roadmap.
- Sustainability Champions: Represent various sectors within **stc**, supporting the integration of sustainability goals by tracking performance and engaging with their teams.

This governance model ensures sustainability is embedded across all levels of the organization, driving long-term impact and alignment with strategic objectives.

stc's sustainability framework

The framework is carefully designed to create long-term shared value for all stakeholders, including employees, customers, investors, suppliers, partners, and the communities we serve. It reflects **stc**'s commitment to fostering sustainable growth and addressing key priorities across its operations. At the heart of this framework are three core pillars: environmental, social, and governance (ESG). These pillars guide **stc**'s sustainability journey, ensuring that every initiative is aligned with our broader goals of reducing environmental impact, enhancing social well-being, and maintaining strong governance practices.

Within each pillar, **stc** has developed strategic programs aimed at delivering measurable outcomes. The environmental pillar focuses on initiatives like waste management, resource efficiency, and emissions reduction, while the social pillar prioritizes employee well-being, diversity, and community development. The governance pillar emphasizes transparency, ethical decision-making, and compliance with global standards.

By regularly assessing its performance and refining its efforts, **stc** ensures that its sustainability initiatives remain effective, impactful, and aligned with evolving global challenges and stakeholder expectations. This ongoing evaluation process enables us to drive meaningful progress and create a lasting positive impact for future generations.

Sustainability themes

stc's sustainability themes represent our comprehensive approach to addressing environmental, social, and governance (ESG) priorities while driving meaningful progress across all areas of our operations. These themes embody our commitment to creating value for our stakeholders and fostering a more sustainable future. Each theme aligns with specific ESG pillars, ensuring a balanced and holistic strategy.

Together, these themes define **stc**'s sustainability vision, driving innovation, inclusivity, and accountability while ensuring we remain a responsible corporate citizen contributing to a brighter and more sustainable future.

Pillars	Environment	Social	Governance
Themes	Caring for the environment	Empowering people	Promoting digital innovation and Technologies
	-	Improving standards of living	
		Operating with integrity	
Objectives	Protect the environment and minimize our footprint on earth	Promote fairness and ensure equal opportunities for all people	Adopt corporate governance principles and enforce transparency and accountability

(E) Environment

Caring for the Environment: Caring for the environment is not just a goal but a responsibility we actively embrace. Through continuous enhancement of our products, operations, and practices, we are committed to minimizing our environmental impact and promoting sustainability. This includes adopting energy-efficient technologies, reducing waste through responsible resource management (eg. 2024 resulted in 12.03 tons of e-waste recycled as well as 4.587 tons of non-hazardous waste recycled in collaboration with our recycling partner "Tadwire"), and embedding sustainable practices across all aspects of our value chain. By integrating environmentally conscious solutions into our operations, we aim to reduce emissions, conserve natural resources, and support global efforts to combat climate change. Our initiatives reflect a long-term vision of protecting the planet for future generations while fostering a sustainable business model.

(S) Social

Empowering People: Empowering people is central to our sustainability vision. We believe in enabling individuals to make meaningful and impactful decisions by equipping them with the necessary resources, tools, and training to drive positive change. By fostering a culture of trust and respect, we encourage open dialogue, collaboration, and innovation. We also prioritize recognizing and celebrating the accomplishments of our employees, partners, and stakeholders, ensuring they feel valued and motivated. Through these efforts, we aim to create an environment where people thrive, unlocking their potential to contribute to both organizational success and broader societal progress.

(G) Governance

Promoting Digital Innovation & Technologies

We are committed to driving digital innovation and leveraging cutting-edge technologies to transform our operations and create new market opportunities. By embracing the latest advancements, we aim to enhance efficiency, improve customer experiences, and streamline processes across the organization. Our focus on innovation empowers us to stay ahead in the competitive landscape while fostering sustainable growth. We continuously explore new technological solutions that not only enhance our business capabilities but also support the broader goal of creating a more connected and sustainable future. Through digital transformation, we aim to unlock new possibilities that benefit our customers, employees, and the communities we serve.

(S) Social & (G) Governance

Improving Standard of Living

We are dedicated to enhancing the well-being of our employees by fostering a work environment that promotes sustainable practices and supports their personal and professional growth. By prioritizing initiatives that focus on health, work-life balance, and career development, we aim to elevate the standard of living for our people. Through programs like flexible working arrangements, mental health support, and skill-building opportunities, we empower our employees to thrive both inside and outside the workplace. Our goal is to create a positive, inclusive culture where employees feel valued, motivated, and equipped to make a meaningful impact, ultimately contributing to a higher quality of life for themselves and their families.

Work-Life Balance & Well-being

- Double Middle Minutes
- Flexible Work Models and hybrid arrangements.
- Mental Health Support: employee counseling, wellness workshops, and medical insurance covered consultations for the employees and their direct families (first degree – spouse & children)

Career Growth & Development

- 1459+ hours of training for our employees, access to global certifications, and promotion programs.

Inclusion & Community Engagement

- 33% female senior leadership representation as well as an increase of 9% of women employment rate across the organization.

These efforts create a positive, supportive, and growth-driven workplace for employees and their families.

Operating with Integrity

Operating with integrity is at the core of everything we do. We believe that cultivating trust and respect in our relationships with employees, customers, partners, and the wider community is fundamental to fostering long-term success. By upholding the highest ethical standards in all our interactions, we ensure that our actions are transparent, accountable, and aligned with our values. We also set inspiring goals to drive positive change, aiming not just for business growth but for a broader impact on society and the environment. By embracing high sustainable values, we strive to lead by example, demonstrating that success is best achieved through responsible, ethical practices. Through this approach, we aim to create a better world, where both individuals and organizations contribute to a future that is sustainable, inclusive, and fair for all.

Materiality Assessment

Building on the foundation of the initial phase, we are actively working to deepen our understanding and address the 14 key factors identified. Our efforts are now focused on refining these priorities and integrating them into actionable strategies that align with our long-term sustainability goals.

By continuing to leverage advanced technology and fostering collaboration with our stakeholders, we aim to transform these findings into impactful initiatives that drive measurable progress. This ongoing work ensures that our sustainability reporting remains robust, transparent, and aligned with the expectations of our stakeholders. Updates on these developments will be shared in due course as we move closer to achieving our shared vision for a sustainable future.

Category	Material topic	Importance for success	Aspiration plan
Effective	Data privacy and protection	Extremely High	Continue regular audits, provide employee training, maintain a robust incident response plan, and continuously monitor and enhance data privacy measures.
Effective	Board governance	High	Conduct regular board evaluations, promote diversity and inclusion at the board level, update governance policies, and ensure compliance with relevant frameworks and best practices.
Effective	Cybersecurity and IT security	Extremely High	Implement advanced cybersecurity measures, conduct regular security audits, provide employee training on cyber threats, and establish an incident response plan.
Effective	Product and service quality	High	Establish robust quality control processes, invest in R&D for continuous improvement, and conduct regular customer satisfaction surveys.
Partially effective	Process of reporting	Medium/High	Adopt new reporting standards, integrate advanced reporting technologies, streamline reporting workflows, and incorporate stakeholder feedback into reporting processes.
Partially effective	Process of determining materials	Medium/High	Engage stakeholders to identify material issues, develop a comprehensive Sustainability Roadmap and strategy, conduct periodic reviews, and ensure alignment with industry standards.
Partially effective	Energy management and climate change	High	Invest in energy-efficient technologies, explore renewable energy options, and establish energy-saving initiatives to reduce overall consumption, and improve Environmental Management Systems (EMS).
Partially effective	Responsible procurement and supply chain	High	Conduct supplier reviews, integrate sustainability criteria into procurement processes, collaborate with suppliers on responsible sourcing practices, provide supplier support and strengthen supply chain transparency
Partially effective	Diversity and inclusion	High	Conduct diversity training, and set measurable diversity goals.
Partially effective	Economic performance and market presence	High	Monitor the economic performance metrics, engage with stakeholders to communicate financial health, and explore new market opportunities.
To be improved	Stakeholder engagement process	High	Develop a formal Stakeholder Engagement Policy, conduct workshops and surveys, establish regular engagement channels, and create a feedback loop to continuously address stakeholder concerns.
To be improved	Customer health and safety	High	Obtain ISO 45001 international standard for occupational health and safety (OH&S).
To be improved	Waste management	Medium	Develop waste reduction initiatives, implement recycling programs, and set waste reduction targets.
To be improved	Innovation and digital inclusion	High	Foster a culture of innovation, invest in emerging technologies, and ensure access to digital services for underserved communities.

ESG Achievements at stc

stc's Sustainability Report

stc is proud to announce the launch of its first-ever standalone sustainability report in 2024, marking a significant milestone in our commitment to transparency and accountability. This comprehensive report showcases our progress in sustainability, highlighting key initiatives, goals, and achievements across environmental, social, and governance (ESG) dimensions. The report reflects our dedication to aligning with global sustainability standards while fostering positive change within our organization and the broader community. By making this report publicly available on both the Boursa website and our own, **stc** Kuwait reaffirms its commitment to sustainability and invites all stakeholders to join us in shaping a more sustainable future.

2024 ESG Achievements: As we look to 2024, **stc** is building on the momentum of last year, deepening our commitment to sustainability with even greater ambition. Our journey continues to be driven by purpose, as we expand on the environmental, social, and governance (ESG) initiatives that began in 2023. In 2024, we are taking bold steps to advance our sustainability goals, from reducing our environmental footprint to further investing in our people and enhancing our community outreach. Our actions are already making a difference, but we know that true change requires consistent effort. As we continue to weave ESG values into everything we do, we are confident that the impact of our efforts will grow exponentially, shaping a sustainable future for all. Let's dive into **stc**'s ongoing and new ESG milestones in 2024.

Initiatives	Scope	ESG Impact (Environmental, Social & Governance)	Sustainability Themes
Environmental focus			
Signing contract with Tadwire	In line with our sustainability goals, **stc** has signed an MOU and contract with the local recycling company, Tadwire, to responsibly manage and recycle e-waste and other waste generated by our operations. This partnership represents a significant step in reducing our environmental impact and embracing circular economy practices. By ensuring that electronic and operational waste is properly processed and repurposed, we are not only minimizing landfill contributions but also supporting local recycling initiatives. This collaboration underscores our commitment to sustainable operations and environmental stewardship in Kuwait.	Governance/ Environmental	Caring for the environment / Operating with integrity
e-sim	Traditional plastic SIM cards come with a hidden environmental cost. From manufacturing and transportation to plastic waste generation, they burden the planet. The eSIM is a revolutionary chip embedded directly into your device, eliminating the need for physical cards. This seemingly small step translates to a significant impact.	Governance/ Environmental	Promoting Digital innovation & Technologies / Caring for the environment
Desert & Beach Cleanup	As part of our commitment to environmental sustainability, **stc** launched a desert and beach cleanup initiative in collaboration with the Municipality of Kuwait. This initiative reflects our dedication to preserving the natural beauty of our country and protecting its ecosystems for future generations. Bringing together employees, volunteers, and community members, the cleanup drives aim to reduce waste, raise environmental awareness, and promote responsible practices. Through this collective effort, **stc** is not only contributing to a cleaner environment but also fostering a culture of sustainability and shared responsibility across Kuwait.	Environmental	Caring for the environment
stc's 2025 calendars	Sustainability remains at the heart of our journey as we step into 2025. Building on the progress of previous years, we are maintaining our focus on minimizing environmental impact and inspiring collective action. This year, we continue our commitment by encouraging the recycling of old 2024 calendars, ensuring they are given a second life and reducing waste in the process. By staying true to the circular model, we're reinforcing our dedication to sustainable practices while inviting our customers, stakeholders, and suppliers to join us in shaping a greener, more responsible future. Together, small move, Big Impact.	Environmental	Caring for the environment
Digital Billing	At **stc**, we are embracing a digital transformation that extends beyond convenience and efficiency. We see it as a crucial step towards a greener future, paving the way for a more sustainable ecosystem. Today, we are proud to announce our commitment to digital billing as a transformative change on this journey	Governance/ Environmental	Promoting Digital innovation & Technologies / Caring for the environment
Digital contract/ receipt	At **stc**, we believe innovation starts with a commitment to the environment. We're taking a pivotal step forward by embracing digital contracts and receipts across our operations. This isn't just about convenience; it's about charting a course towards a greener, more sustainable future.	Governance/ Environmental	Promoting Digital innovation & Technologies / Caring for the environment
Lithium Battery Deployment	Since 2017, **stc** has integrated lithium batteries into the network to replace traditional lead-acid batteries, particularly at diesel generator sites, which have been widely adopted across the network due to numerous benefits.	Governance/ Environmental	Promoting Digital innovation & Technologies / Caring for the environment
Inverter Air Conditioners	**stc** has implemented inverter ACs to improve energy efficiency and reduce greenhouse gas emissions. Unlike traditional ACs that frequently turn on and off, inverter ACs adjust compressor speeds to maintain the desired temperature.	Governance/ Environmental	Promoting Digital innovation & Technologies / Caring for the environment
On-Grid Conversions	A 10% reduction in diesel generators has been achieved by converting them to on-grid power sources. This transition decreases fuel dependency, reduces emissions, and supports environmental sustainability.	Governance/ Environmental	Promoting Digital innovation & Technologies / Caring for the environment

Social Focus			
Establishing Employee experience Unit	**stc** has established the Employee Experience Unit to serve as a direct line to employees, addressing their needs and supporting areas like career development, time management, mental health, and more. This initiative underscores **stc**'s dedication to creating a supportive workplace where employees can thrive personally and professionally.	Social/Governance	Empowering People
withU initiative	The "withU" initiative is a collaborative effort between the Employee Experience team and the CXOs, designed to empower **stc** employees by giving them a voice and a platform to drive positive change. This initiative encourages open discussions, allowing employees to freely share suggestions and propose improvements to their work environment. By fostering transparency, collaboration, and mutual respect, "withU" reflects **stc**'s commitment to creating a workplace where every individual feels heard and has the opportunity to shape a better and more inclusive organizational culture.	Social/Governance	Empowering People
HR counseling Unit	We believe that our success hinges not just on technology and innovation, but also on the well-being and happiness of our most valuable asset – our people. Today, we are proud to announce the launch of our HR Counseling Unit, a transformative initiative to prioritize social impact and create a work environment that champions holistic well-being.	Social	Empowering People
Work from home policy	**stc** has introduced a work-from-home policy, allowing employees up to 10 remote working days per year. This flexibility boosts morale, enhances productivity, and supports work-life balance, reflecting **stc**'s commitment to fostering a supportive and innovative work environment.	Social/Governance	Empowering People
Doubling the middle minutes	**stc** has doubled the middle minutes allowance for employees, providing them with increased flexibility during their working day. This initiative enhances work-life balance and empowers employees with greater freedom to manage their time effectively.	Social/Governance	Empowering People
stc Kuwait have achieved Rank#1 as Ideal Employer of choice	**stc** Kuwait proudly achieved Rank #1 as the Ideal Employer of Choice in the Universum survey for Information Technology and Engineering professionals. This recognition reflects our commitment to fostering a dynamic and supportive workplace that attracts top talent.	Social	Empowering people / Improving standards of living
Youth Development Program (YDP)	**stc** launched the Youth Development Program (YDP) to empower and nurture young talent, providing them with valuable skills, hands-on experience, and opportunities to grow. This initiative reflects **stc**'s commitment to investing in the next generation of leaders.	Social	Empowering people / Improving standards of living
Future Leader's program	In collaboration with Youth public authority, **stc** sponsored future leaders program to empower the youth and support local educational initiatives.	Social	Empowering people / Improving standards of living

Governance Focus			
Launching our first ever standalone sustainability report	**stc** Kuwait proudly launched its first-ever standalone sustainability report, marking a significant milestone in our commitment to transparency and environmental responsibility. The report highlights our ESG initiatives, progress, and goals, reinforcing our dedication to sustainable practices across all aspects of our operations.	Governance	Operating with integrity
Purple code	100% of **stc** employees acknowledged the code of ethics officially and aligned on its principles.	Governance	Operating with integrity
2024 awards	• **stc** wins 'FWA Overall Experience Award' at SAMENA Council's LEAD Awards • 'ICT – Telecommunications Award - Kuwait' at the Middle East Technology Excellence Awards. • Innovation and Achievement Award in (FWA 5G) baity 5G Customer Growth and 'Outstanding Network Operations Award' at Huawei's Operations Transformation Forum • 'Best Use of Digital – Technology/ Telecommunications" category at MENA Digital Awards	Social/Governance	-

05

Governance Report

Corporate Goverance Report
Shariah Supervisory Board Report
Audit Committee Report

Corporate Governance Report

Introduction

Based on the methodology adopted by Kuwait Telecommunications Company **stc** over the past years, which represents the best practice in applying corporate governance rules and related practices in accordance with the provisions of Book Fifteen of the Executive Bylaws of Law No. 7 of the year 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activity and subsequent amendments thereto.

The Board of Directors believes in the importance of applying the best governance practices and providing the principle of transparency, which has enabled **stc** to achieve outstanding business results in addition to continuous successes in the long term that are in line with the strategic objectives, which enhances the confidence of shareholders and investors and maintains business continuity.

stc always looks forward to reflecting the level of innovation, efficiency, and ability to achieve the vision related to enabling digital transformation in the State of Kuwait, in addition to adopting an integrated governance framework that complies with the instructions and guidelines of the Capital Markets Authority and international best practices, and focusing on shaping a sustainable future for the local community through a deeper vision and growth. Accelerating and making contributions to society on a permanent basis.

Since the governance process is considered a dynamic process that always requires development, we are constantly monitoring and following up the latest developments in the field of governance, which is consequently reflected in the updating of work policies, procedures and charters.

In addition, the culture of professional behavior and ethical values is promoted inside and outside **stc**, which reflects positively on its reputation, as it is one of the basic pillars of strengthening its leadership position and distinguishing its identity from others. Accordingly, **stc** has adopted three clear basic ethical principles titled "Integrity Takes Us Forward" in line with its values are "Drive, Devotion and Dynamism".
the company emphasizes its strong commitment to raising employee awareness about the importance of governance and disclosure through continuous awareness bulletins. These bulletins aim to foster a culture of compliance within the company and ensure that all employees understand the principles of governance and their significance in achieving transparency and credibility. Through these efforts, the company strives to promote a work environment rooted in responsibility and adherence to the highest standards of professional performance, contributing to the achievement of its strategic objectives and the establishment of a distinguished market reputation.
In this context, **stc** has achieved numerous milestones in governance, including receiving prestigious awards such as the Capital Finance International (CFI.co) award for Corporate Governance and Stakeholder Protection in 2021, the Best Corporate Governance Telecom Company award from the International Finance Awards, and the 10th Annual GBO Awards 2024 for Best Corporate Governance Telecom Company – Kuwait 2024, representing a new achievement that reflects the company's commitment to excellence in corporate governance.

From this standpoint, the rules and principles of governance applied at **stc** include a set of principles and standards that constitute the general framework of governance, which are presented in detail as follows:

Rule (1): Construct a Balanced Board Composition

The Board of Director's role represents the point of balance that works to achieve Shareholder's objectives and follow-up with the Executive Management. The Board of Directors seek to achieve the strategic goals by ensuring that the Executive Management performs all the entrusted tasks. It also seeks to include aspects of sustainability represented by environmental, social, and governance issues into its operations (where needed).
Since the Board of Directors' decisions have a significant impact on the company's performance and the soundness of its financial position, **stc** is keen on to form a balanced, qualified board of directors with diverse experiences to have a positive impact on it, thereby improving its performance, financial situation, and market share. Therefore, **stc** has ensured that the majority of board members are non-executive directors, including two independent members. It also ensured that the Board of Directors included members with diverse and extensive experience in the fields of communications and networks, as well as accounting and finance, which contributes to the expertise required when discussing the topics presented to the Board.
In accordance with the CMA resolution No. 108 of 2022 and the resolution of the Extraordinary General Assembly held on 27 November, 2023, The article regarding the number of members of the Board of Directors in the statute was amended to include the total composition of the Board of Director's composition become 9, including two independent members.

The Board of Directors is composed of 9 members

The following is a statement of the classification, qualifications, and experiences of the Board of Directors Members:

Board of Directors

Dr. Mahmoud Ahmad Abdulrahman

Chairman

Independent member

Dr. Mahmoud Ahmad Abdulrahman is the president of the Board of Directors at the Kuwait Telecommunications Company **stc** and has held the post since the end of March 2015.

Dr. Abdulrahman combines large experience in administration, legal affairs and communication sector. He assumed several Academic leadership positions in the Ministry of Higher Education beside his career in legal work serving many governmental and public entities and was appointed as an arbitrator to settle several disputes. He had served as a board member in Wataniya Mobile Telecommunication Company, Warba Bank, Kuwait Cement Company, and National Offset Company.

Dr. Abdulrahman joined as teaching staff in the College of Law once he graduated from Kuwait University. In 1995, he was appointed as Legal Affairs Director in Kuwait University for one year. From 1997 to 2005, he served as Head of Legal Office of Kuwait Civil Aviation Directorate. From 2002 to 2004, He served as Assistant Dean of College of Law at Kuwait University.

From 2005 to 2023, Dr. Abdulrahman served as Legal Department Director in Kuwait Investment Authority.

Moreover, Dr. Abdulrahman has published several legal theses in the Law Magazine and other scientific magazines as well as executed two projects related to consumer protection law as well as the monopoly and merger law, which were submitted in the Kuwait National Assembly.

Dr. Abdulrahman holds a PhD in Commercial Law from Exeter University, UK, completed in 1994, and a bachelor's degree from Kuwait University completed in 1988.

Eng. Moaeed Huwaij Alsaloom

Vice Chairman

Representative of Saudi Telecom Company stc

Eng. Moaeed Huwaij Alsaloom is currently the Vice Chairman of the Board of Directors at the Kuwait Telecommunications Company **stc**, representing **stc** group.

Eng. Moaeed Huwaij Alsaloom is the Group Chief New Market Officer from May 2022; also, he was the CEO of MATARAT Holding Company from 2019 to 2021, the Vice President of Investment Operations in **stc** Group from 2015 to 2019, the General Manager of Operations and Performance at **stc** Group from 2010 to 2015, and Senior Advisor to the Board of Directors from 2005 to 2008. In addition, Eng. Moeed is a member of the Board of Directors of **stc** Bahrain since 2015,whereby he has been appointed as a Chairman from 18 June 2023 up until now, and Vice Chairman of the Board of Directors of **stc** Bank from November 2022 up to date; also, he was a member of the Board of Directors of OGER Telecom from 2018 to 2019, and Kuwait Telecommunications Company (**stc**), and the Commercial Head in the same company from 2008 to 2010. Eng. Moaeed is an executive with more than 25 years of progressive experience in the field of institutional and digital transformation, governance, and company establishment, as he has worked in several industry, including the telecom sector and aviation sector, through which he chaired committees and participated in the membership of boards of directors. Throughout his career in **stc** Group, Eng.

Moeed has shown consistent success in maximizing corporate performance, driving growth, ensuring adherence to good governance practices, and enhancing value especially for the portfolio of companies and VC Funds in both local and international. Mr. Moaeed holds a Master's Degree in Business administration from Prince Sultan University in Riyadh, KSA.

In addition, he has a bachelor degree in Systems Engineering from King Fahd University of Petroleum and Minerals in Dhahran, KSA.

Mr. Abdulaziz Abdullah Al Ghamdi

Board Member

Representative of Saudi Telecom Company (stc)

Mr. Abdulaziz Abdullah Al-Ghamdi is a board member in Kuwait Telecommunications Company **stc** representing **stc** group.

Currently, Mr. Abdulaziz has been appointed as Vice President of Portfolio Management in the New Market Unit at **stc** Group; also, he was the General Manager of Investment Operations in **stc** Group until June 2022. He is an executive with more than 15 years of progressive experience in the telecom industry. Throughout his career in **stc** Group, one of the largest telecom company in Middle East, Mr. Abdulaziz has shown consistent success in maximizing corporate performance, driving growth, ensuring adherence to the best governance practices, and enhancing value especially for the portfolio of companies and VC Funds in both local and international markets where **stc** group is a significant player.

Mr. Abdulaziz has a rich experience in Strategic Business interventions and transformation programs in addition to building high-impact PMO teams for start-ups and green field projects. He is a board member in a number of companies including **stc** Bahrain and Maxis Berhad- the largest Telecom Company in Malaysia.

Mr. Abdulaziz holds a Master's Degree in Human Resources Management from University of Westminster in London, UK.

In addition, he has a bachelor degree in Computer Information Systems from King Saud University in Riyadh, KSA. Further, he has attended a number of courses with global executive education institutes such as Harvard, INSEAD and London Business School.

Eng. Bader Saleh Al-Anazi

Board Member

Representative of stc Gulf Holding

Eng. Bader Al-Anazi is currently the Vice President of Financial Operations and Excellence in **stc** group Finance Unit. Prior to that, he held several leadership and managerial positions including General Manager of Financial Planning and Budgeting and General Manager of Commercial Finance in **stc** group Finance Unit.

Eng. Bader has more than 20 years of experience in the telecom industry across Technology, Commercial, Finance, and Strategy domains.

In addition to being a Board Member at Kuwait Telecommunications Company **stc** since 2024, Al-Anazi was also a Board Member at **stc** specialized from 2020 to 2024 where he was a member of the audit committee, as well as being a Board Member in **stc** GCC Cable Systems from 2022 to 2025.

well as Al-Anazi was enrolled in **stc**'s High Potential Executive Program where he completed several Leadership Programs from leading business schools.

Eng. Bader holds an MBA degree from Yarmouk University, and a Bachelor's degree in Electrical Engineering from King Fahad University of Petroleum & Minerals.

Mr. Turki Abdulaziz Al Naim

Board Member

Representative of stc Gulf Holding 1

Mr. Turki Abdulaziz Al Naim has been a board member at Kuwait Telecommunications Company **stc**, representing **stc** Gulf Holding 1, since April 2024. Currently serving as the Vice President of Commercial Growth Services at **stc** KSA, and as an ExCom Board Member of Intigral — a subsidiary of **stc** focusing on digital entertainment and sports solutions — Mr. Al Naim brings a wealth of strategic insight and leadership, and commitment to driving growth and value creation.

In his current roles, Mr. Al Naim is instrumental in spearheading the development and execution of **stc**'s Commercial Growth Strategy, which aims to diversify the company's product portfolio and expand revenue streams beyond core services. In the past, Mr. Al Naim has spearheaded initiatives aimed at digital transformation, including the establishment of a digital governance framework across **stc** consumer business and subsidiaries, and the introduction of self-service and digital channels.

Turki A. Al Naim is an alumnus of Missouri State University, where he earned his Master of Business Administration in 2008. Prior to this, he obtained a Bachelor of Science in Accounting from King Faisal University in 2005.

Eng. Ziad Ben Hamad AlHasson

Board Member

Representative of stc Gulf Holding 3

Eng. Ziad Hamad A. AlHasson is a board member in Kuwait Telecommunications Company **stc** representing **stc** Gulf Holding 3 since April 2024.

Eng. Ziad Hamad A. AlHasson is currently, a Vice President of Sales Carrier and Whoelsales at Saudi Telecom **stc** since June 2022,

Eng. Ziad Hamad A. AlHasson has 19 Years of experience in Telecom Wholesale business. He has accumulated extensive experience and expertise in the telecommunications industry, his career journey began as Project Manager at Advanced Electronics Company's in Air force Avionics Business Unit in Riyadh, Transitioning to Mobily in mid-2005, as International Roaming Manager in 2005. and afte career advancements later in 2009, AlHasson was appointed as GM of International Traffic Management and Services in contributing significantly on expanding Mobily's international services footprint.

Alhasson was active in international telecommunication standardization organizations, and he was elected by 45 Arab Operators to be chairman GSMA Arab region 2013.

In 2016, Eng. Ziad Hamad A. AlHasson joined **stc** Ksa and he consequently managed multiple General departments in Wholesale Business Units (mobility wholesale, National Wholesale) to restructure the business and build sales growth strategy. In 2022 Eng. Alhasson has been appointed as Vice President sales – Carrie & Wholesale Business.
Eng. Ziad Hamad A. AlHasson obtained a Master of Business Administration (MBA) - Project Management in 2003 Colorado Technical University in USA. He earned his Bachelor's degree in Industrial Engineering from King Saud University in Saudi Arabia in 2000.

Sheikh Mohammed Salman Hamoud Al-Sabah

Board Member

Representative of Kuwait Investment Authority

Sheikh Mohammed Salman Hamoud Al-Sabah is a board member at Kuwait Telecommunications Company **stc**, representing Kuwait Investment Authority, since September 2024.

He is currently the Director of the Follow-up Unit - Asset Management at Kuwait Investment Authority. Sheikh Mohammed Al-Sabah is also the Chairman of the Board of Directors at The Touristic Enterprises Company since 2023, the Vice Chairman of the Board of Directors at Al-Ajial Holding Company (Morocco) since 2021, and a member of the Investment Committee at Al-Ajial Holding Company (Morocco) since 2018.

Sheikh Mohamed Al-Sabah began his career at Kuwait Investment Authority as an Investment Analyst in 2012 before holding managerial positions in the Asset and Liability Management starting 2021.

Over the past years, Sheikh Mohamed Salman Hamoud Al-Sabah has been also a member in the Founding Committee of the Health Assurance Hospitals Company (Dhaman) in 2012, the Founding Committee of Al-Durra Company in 2015, the Founding Committee of Jaber Al-Ahmad Hospital from 2017 to 2019, and the Board of Directors at Al-Ajial Holding Company (Morocco) from 2018 to 2021.

Sheikh Mohammed Al-Sabah Holds a bachelor's degree in Administrative Sciences with Business Administration specialization from the American University of Kuwait (2011), and has completed several training courses in the United States, Singapore, and Kuwait.

Dr. Mithqal Sartawi

Board Member

Independent member

Dr. Mithqal Sartawi is a member of the Board of Directors at Kuwait Telecommunication Company **stc**, a position he has held since the end of March 2024.

With extensive experience in management, consulting, project management and development, Dr. Sartawi has assumed various roles in both the public and private sectors in Kuwait.

Previously, he served as the Chief Operating Officer of Privatizing Holding Co. and worked for seven years as the Chief Consultant at the Kuwait Investment Authority (KIA). Additionally, he has held positions as a Board Member and Chairman of Tri International Consulting Group (TICG), a joint venture between Oliver Wayman and the Kuwait Investment Authority. Currently, and since 2017, he serves as a Board Member and now Chairman of Kuwait Care for Hospital Management, known as "Enaya," which is wholly owned by the Kuwait Investment Authority.

Dr. Sartawi began his career in 1978 at the Kuwait Institute for Scientific Research (KISR) after completing his Ph.D. He spent six years focusing on conventional and renewable energy while also lecturing at Kuwait University's Electrical Engineering Department. During his tenure at KISR, Dr. Sartawi published several papers in refereed journals and authored numerous technical reports in the areas of power generation and solar systems.

Dr. Sartawi holds a Ph.D. in Electrical Engineering from McGill University in Montreal, Canada, obtained in 1978. He also holds a Master of Engineering (M. Engineering) from Sheffield University in the UK, earned in 1974, and a B.Sc. in Electrical Engineering from Iraq, received in 1972.

The Board of Directors held (8) meetings in 2024, detailes as follows:

Name	1/ 8/2/2024	2/ 15/2/2024	3/ 6/3/2024	4/ 1/4/2024	5/ 2/5/2024	6/ 22/7/2024	7/ 28/10/2024	8/ 27/11/2024	Attendance	**Absence %**
Dr. Mahmoud Ahmad Abdulrahman (Chairman- Independent)	✓	✓	✓	✓	✓	✓	✓	✓	100%	-
Mr. Ameen Ben Fahad AL Shiddi* (Former Vice Chairman)	✓	✓	✓	--*	--*	--*	--*	--*	100%	-
Eng. Moeed Ben Huweij Al Saloom (Vice Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	100%	-
Mr. Abdulaziz Abdullah Al Ghamdi (Board member)	✓	✓	✓	✓	✓	✓	✓	✓	100%	-
Mr.Faisal Saeed AL Homali (Former board member)	✓	✓	✓	--*	--*	--*	--*	--*	100%	-
Mr. Bader Ben Saleh Al Anazi (Board member)	--*	--*	--*	✓	✓	✓	✓	✓	100%	-
Mr. Turki Ben Abdulaziz Al Naim (Board member)	--*	--*	--*	✓	✓	✓	✓	✓	100%	-
Mr.Ziad Ben Hamad AL Hasson (Board member)	--*	--*	--*	✓	✓	✓	✓	✓	100%	-
Sh/ Mohammad Salman AL Sabah (Board member)	--**	--**	--**	--**	--**	--**	✓	✓	100%	-
Public Institution for Social Security (Board member)	--***	--***	--***	--***	--***	--***	--***	--***	--***	--***
Dr.Methqal Mohammad Sartawi (Board member) Independent)	--*	--*	--*	✓	✓	✓	✓	✓	100%	-
Mr.Salah Ahmad AL Fouzan (Board member) Independent)	✓	✓	✓	--*	--*	--*	--*	--*	100%	-

(*) General Assembly meeting was held and a new Board of Directors was elected on Wednesday 27 March 2024

(**) Kuwait Investment Authority did not nominate any representative for their seat, only on 4 December 2024

(***) The Public Institution for Social Security did not nominate any representatives for their seat in 2024.

Board Secretary

Mr. Ahmed Meshari Al-Faris holds the position of the Board of Directors Secretary, He was appointed during the Board of Directors meeting dated 24 December 2018.

Al-Faris obtained a Master's degree in Business Administration (MBA) from Maastricht School of Management in Netherlands in 2009 and a Bachelor's Degree in Accounting from Kuwait University in 2000. He has extensive banking experience through his work at the Central Bank of Kuwait and in the Islamic banking field at Kuwait Finance House from 2002 until 2014, then he joined Kuwait Telecom Company (**stc**) from 2014 until 2017 to work as Director of the Regulatory Compliance Department, after which he held the position Deputy Undersecretary of the Ministry of Commerce and Industry for Corporate Affairs and Commercial Licenses from 2017 until 2018.

Mr. Ahmed Al-Faris was also appointed as Board of Directors Member of the Public Authority for Industry for the year 2017-2018 and the Central Bank of Kuwait in 2018, in addition to his membership in advisory boards, such as the Permanent Committee for Improving the Business Environment and Enhancing Competitiveness, the Higher Committee for the Study of Demographic Imbalances in the State of Kuwait, and the Advisory Council College of Administrative Sciences at Kuwait University. In 2020, He was also elected as a member of the Board of Directors of Kuwait Finance House.

A summary of how to apply the requirements of registration and coordination and keeping the minutes of meetings of the Board of Directors of the company

The Board of Directors Secretary assists the members of the Board on an ongoing basis to ensure that they obtain any required information in accordance with the Board of Directors Resolutions or in consultation with the Chairman of the Board of Directors, in addition to assisting the Chairman of the Board of Directors in all matters related to preparing the agenda of the Board's meetings and issuing invitations to the Board Members. The Board Secretary records all the decisions and discussions of the members of the board of directors, records the results of the voting operations that take place in the meetings of the board of directors, and works to preserve the documents of the board of directors.

The Independent Member's Acknowledgement that meets the independence criteria:

The independent member acknowledged that his independency is still valid as stated in Article (2-3) of Chapter Three of Book Fifteen (Corporate Governance) of the Executive Regulations of Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activity and their amendments, as well as the independent member has the qualifications, experience and technical skills that are appropriate with **stc**'s activity.

Rule (2): Establish Appropriate Roles and Responsibilities

Brief on how the company defines the policy of tasks, responsibilities, and duties of each of the Board of Directors Members and the Executive Management Members, as well as the powers and authorities delegated to the Executive Management.

Duties and Responsibilities of the Board of Directors:

stc has a Board of Directors' Charter, that is fully compatible with the requirements of the Corporate Governance rules which includes defining the tasks and responsibilities of the Board of Directors, including but not limited to:

- Adopting the strategic goals, plans and policies.
- Approving the annual budget estimates as well as the interim and annual financial statements.
- Overseeing major capital expenditure of the company, assets' owning and disposal.
- Ensuring company's commitment to policies and procedures, which ensure **stc**'s respect for applicable internal systems and regulations.
- Ensuring the accuracy and integrity of the data and information that must be disclosed, in accordance with the applicable policies and procedures of disclosure and transparency process.
- Develop a plan/policy to include sustainability factors in the company's overall strategy, main business plans, risk measurement and management process, if necessary.

stc also has job descriptions for the Board Members, which include a clear definition of the tasks and responsibilities of each Board Member, as well as the authority matrix, which clarifies the authorities of the Board of Directors, Executive Management and Committees.

The Board of Directors Achievements

Based on the Board of Director's responsibilities of achieving the optimal financial and operational results and implementing company's strategic plan at its best. In its current session, the Board has achieved many achievements for the fiscal year ended 31 December 2024. Which includes the harvest of the journey of achievements and successes achieved by **stc** during this year with its tangible positive indicators in various financial, marketing and technical fields. In its Sixteen year of operation, **stc** was able to compete against the intense competition and gain subscribers' satisfaction by offering promotions, competitive prices, new services and enhancing customers' loyalty. This was reflected positively in the level of operating revenues and profitability, which, results in strengthening the role of **stc** and developing the telecommunications sector in the State of Kuwait in a way that serves the Kuwaiti society and contributes effectively in promoting the national economy and achieving attractive returns to its shareholders.
The Board of Directors has continued to apply the best International standards and local regulatory requirements in the Corporate Governance System through the work of the Board committees with the Executive Management.

A summary of how to apply the requirements that allow the Board of Directors' Members to obtain accurate and timely information and data:

The Board of Directors has adopted the procedures guide that ensures that the Board Members obtain information accurately and in a timely manner and in accordance with relevant laws and legislation. The guide specifies the mechanism for requesting information and presenting it to the Board of Directors, in addition, the procedures and obligations of the members to maintain the confidentiality of the information that has passed on to them by virtue of their work.

The Board of Directors':

The Board of Directors has formed a number of independent committees, and the instructions and rules of governance issued by the Capital Markets Authority have been taken into account when forming these committees. The Board has formed 4 committees emanating from it, which are the Audit Committee, the Risk Management Committee, the Nominations and Remunerations Committee, and the Executive Committee.

Committee: Audit Committee	Formation Date: 10 July 2023 Re-formation Date: 1 April 2024	Committee Term: 3 years	Number of Members: 4
Committee Members:	Name	Position	Classification
	Eng. Bader Ben Saleh Al-Anazi	Chairman	Non-executive
	Public Institute for Social Security	Member	Non-executive
	Mr. Abdulaziz Ben Abdullah Al-Ghamdi	Member	Non-executive
	Dr. Methqal Mohammad Sartawi	Member	Independent

The Committee performs several duties including:	▪ Review the interim financial statements before presenting them to the Board of Directors and expressing an opinion and recommendation to the Board of Directors in order to ensure the fairness and transparency of financial data and reports. ▪ Examine accounting topics and understand their impact on financial statements. ▪ Evaluate the adequacy and effectiveness of the Internal Control Systems applied within the company and prepare a report that includes the Committee's opinion and recommendations in this regard. ▪ Appointing an independent external auditor to examine and evaluate the internal control systems and submit an annual report to the Committee stating its opinion and recommendations prior to presenting the same to the Board of Directors and sending it to the Capital Markets Authority. ▪ Evaluate the efficiency of the information security procedures and the internal control system applied in this regard. ▪ Technical supervision of the Internal Audit Department activities and reviewing the results of internal audit reports and regulatory authorities. ▪ Monitoring the External Auditor's work, and discussing any obstacles or difficulties encountered the external auditor that may include any scope activities limitations of the independent external auditor or difficulties in obtaining required information, or any significant disagreements with the management. ▪ Review the reports submitted by the Sharia Supervisory Board, ensure compliance with the provisions of Islamic Sharia, and submit its recommendations to the Board. ▪ Ensuring that the company is in compliance with laws, policies, regulations, instructions, and provisions of Islamic Sharia.

In 2024, the Audit Committee held (9) meetings, detailed as follows:

Name	1/ 31/01/2024	2/ 13/02/2024	3/ 03/03/2024	4/ 01/05/2024	5/ 21/07/2024	6/ 24/10/2024	7/ 10/11/2024	8/ 19/11/2024	9/ 15/12/2024
Mr. Ameen Ben Fahad Al-Shiddi	✓	✓	✓	-*	-*	-*	-*	-*	-*
Eng. Bader Ben Saleh Al-Anazi	-*	-*	-*	✓	✓	✓	✓	✓	✓
Public Institute for Social Security	-**	-**	-**	-**	-**	-**	-**	-**	-**
Mr. Abdulaziz Ben Abdullah Al-Ghamdi	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Salah Ahmad Al-Fouzan	✓	✓	✓	-*	-*	-*	-*	-*	-*
Dr. Methqal Mohammad Sartawi	-*	-*	-*	✓	✓	✓	✓	✓	✓

(*) General Assembly meeting was held and a new Board of Directors was elected on Wednesday, 27 March 2024

(**) The Public Institution for Social Security did not nominate any representatives for their seat in 2024.

Committee's Achievements:	**The Committee has accomplished many achievements, including:** ▪ Reviewing the financial statements (quarterly and annually) before submitting them to the Board of Directors. ▪ Discussing the reports submitted by the Internal Audit Department related to results of the audit outcome on the company's departments and activities and approve the Annual Internal Audit plan. ▪ Discussing the quarterly & annual reports of the Internal Shari'a Audit and the reports of the Shari'a Supervisory Board in the presence of the Shari'a Audit Team and the Sharia Supervisory Board. ▪ Discussing the Compliance Reports. ▪ Approving the objectives of the Key Performance Indicators (KPIs) of the Internal Audit Department.

Committee: Risk Management Committee	Date of formation: 1 April 2024	Committee Term: 3 years	Number of Members: 4
Committee Members	**Name**	**Position**	**Classification**
	Mr. Abdulaziz Abdullah Al Ghamdi	Chairman	Non-executive
	Eng. Bader Saleh Al-Anazi	Member	Non-executive
	Dr. Mithqal Mohammad Al Sartawi	Member	Independent
	Sh. Mohammed bin Salman Al Sabah	Member	Non-executive

The Committee performs several duties including	▪ Preparing and reviewing the Risk Management strategies and policies, as well as the tendency of the risks before being approved by the Board of Directors. Ensuring the implementation of these strategies and policies, and that they commensurate with the nature and size of the company's activities. ▪ Ensuring the availability of adequate resources and systems to manage the risks. ▪ Ensuring that Risk Management personnel have a full understanding of the risks surrounding the company and increasing employees' awareness of the risk culture.

In 2024, the Risk Management Committee held (5) meetings, detailed as follows:

Member Name	1/ 4/2/2024	2/ 1/5/2024	3/ 21/7/2024	4/ 16/10/2024	5/ 15/12/2024
Mr. Salah Ahmed Al-Fawzan	✓	-*	-*	-*	-*
Mr. Ameen Bin Fahad Al-Shiddi	✓	-*	-*	-*	-*
Mr. Faisal Saeed Al-Homali	✓	-*	-*	-*	-*
Public Institution for Social Security	-***	-***	-***	-***	-***
Mr. Abdulaziz Al Ghamdi	-*	✓	✓	✓	✓
Eng. Bader Saleh Al-Anazi	-*	✓	✓	✓	✓
Sh. Mohammed bin Salman Al Sabah	-**	-	-	✓	✓
Dr. Mithqal Al Sartawi	-*	✓	✓	✓	✓

(*) General Assembly meeting was held and a new Board of Directors was elected on Wednesday, 27 March 2024
(**) Kuwait Investment Authority did not nominate any representative for their seat, only on 4 September 2024
(***) The Public Institution for Social Security did not nominate any representatives for their seat in 2024.

Committee's Achievements	**The Committee has accomplished many achievements, including:** ▪ Maintaining the ISO 31000 Certification for Risk Management. ▪ Review of Legal Cases Status and action plans. ▪ Review of the Business Continuity Crisis Plan ▪ Enhancing the (Top Risk) reporting dashboard to reflect the status of risks for all **stc** Kuwait subsidiaries ▪ Discussing the Quarterly reports submitted by Risk Management Department ▪ Enhancing the number of Key Risk Indicators from 30 to 32. ▪ Discussed and Reviewed Cyber Security related risks on a quarterly basis ▪ Approval of objective, plan and KPIs for Risk Management Department for 2025.

Committee: The Nomination and Remuneration Committee	Formation Date: 1 April 2024	Committee Term: (3) years	No. of Members: (4)
Committee Members:	**Name**	**Position**	**Classification**
	Dr. Mahmoud Ahmad Abdulrahman	Chairman	Independent
	Eng. Moeed bin Howeij Al-Salloum	Member	Non-executive
	Mr. Turki Abdulaziz AL Naim	Member	Non-executive
	Eng. Ziad Ben Hamad Al Hasson	Member	Non-executive

The committee performs several tasks including	▪ Recommending the acceptance of the nomination and re-nomination of the Board Members and Executive Management. ▪ Developing a clear policy for Board Members' and Executive Management's remunerations ▪ Determine the appropriate skills required for Board of Directors membership in the Board of Directors and review these requirements on an annual basis. ▪ Determine the mechanism for evaluating the performance of the Board as a whole and the performance of each member of the Board and the executive management.

In 2024, the Nomination and Remuneration Committee held (7) meetings, detailed as follows:

Name	Statement of Meeting						
	1/ 30/1/2024	2/ 6/3/2024	3/ 24/3/2024	4/ 29/4/2024	5/ 17/7/2024	6/ 17/10/2024	7/ 16/12/2024
Dr. Mahmoud Ahmad Abdulrahman	✓	✓	✓	✓	✓	✓	✓
Mr. Ameen Ben Fahad Ben Abdulaziz AL Shiddi	✓	✓	✓	--	--	--	--
Eng. Moeed Bin Howeij AL- Salloum	✓	✓	✓	✓	✓	✓	✓
Mr. Salah Ahmad AL Fouzan	✓	✓	✓	--	--	--	--
Mr. Turki Ben Abdulaziz AL Naim	--	--	--	✓	✓	✓	✓
Eng. Ziad Ben Hamad AL- Hasson	--	--	--	✓	✓	✓	✓

(*)General Assembly meeting was held and a new Board of Directors was elected on Wednesday, 27 March 2024

Committee's Achievements:	**During the year 2024, the committee achieved several achievements, including:** ▪ Development of human resources programs in the company. ▪ Reviewing the authority matrix in addition to the policies and procedures. ▪ Recommending the Board of Directors holding a workshop on the opportunities and challenges of digital financial services in the telecommunications sector. ▪ Launching the Board of Directors Performance and Effectiveness Assessment Program for the year 2024.

Committee: Executive Committee	Formation Date: 1 April 2024	Committee Term: (3) years	No. of Members: (4)
Committee Members	Name	Position	Classification
	Eng. Moeed bin Howeij Al-Salloum	Chairman	Non-executive
	Dr. Mahmoud Ahmad Abdulrahman	Member	Independent
	Mr. Turki Ben Abdulaziz Al Naim	Member	Non-executive
	Eng. Ziad Ben Hamad AL Hasson	Member	Non-executive

The committee performs several tasks including	▪ Discussing the Strategy, Action Plan and estimated budget before presenting it to the Board of Directors. ▪ Follow up on the implementation of the strategic plan and performance indicators periodically. ▪ Reviewing company's performance in general, the performance of all company's sectors in detail, and discussing deviations from the work plan and the estimated budget.

In 2024, the Executive Committee held (4) meetings, detailed as follows:

Name	Statement of meetings			
	1/ 6/2/2024	2/ 2/5/2024	3/ 22/7/2024	4/ 28/10/2024
Eng. Moeed bin Howeij Al-Salloum	✓	✓	✓	✓
Dr. Mahmoud Ahmad Abdulrahman	-	✓	✓	✓
Eng. Faisal Saeed Al-Homali	✓	-*	-*	-*
Mr. Abdulaziz Abdullah Al-Ghamdi	✓	-*	-*	-*
Mr. Turki Ben Abdulaziz Al Naim	-*	✓	✓	✓
Eng. Ziad Ben Hamad AL Hasson	-*	✓	✓	✓

(*) General Assembly meeting was held and a new Board of Directors was elected on Wednesday, 27 March 2024

Committee's Achievements:	**The committee achieved several achievements, including:** ▪ Reviewing the strategy and work plan for the next three years ▪ Studying the estimated budget. ▪ Follow up the operational performance of the company periodically. ▪ Studying the investment opportunities.

Executive Management

stc has job descriptions that clearly define the tasks and responsibilities of each position, and an approved Authority Matrix is available to delegate powers to all sectors within **stc**. Executive Management Tasks include, for example (but are not limited to):

- Work to implement all internal policies, regulations and systems approved by the Board of Directors.
- Executing the strategy and annual plan which approved by the Board of Directors.
- Preparing periodic reports (financial and non-financial) regarding the progress achieved in the company's activity in light of the strategic plans and objectives, and presenting those reports to the Board of Directors.
- Managing the daily work and activity management.
- Active participation in building and developing a culture of ethical values.

Developing an internal control and Risk Management systems, ensuring the effectiveness and adequacy of these systems, and adhering with the risk appetite approved by the Board of Directors.

stc has a qualified Executive Management Teams, who are as follows:

Eng. Muataz Abdullah Aldharrab	Chief Executive Officer
Mr. Khalid Fahad Almayouf	Chief Financial Officer
Mr. Khalid Fahad AlSudairy	Chief Strategy Officer
Mr. Issam Issa Al Asousi	Chief Corporate Affairs Officer
Eng. Amer Issam Atoui	Chief Consumer Officer
Eng. Fahad AbdulRahman Al Ali	Chief Technology Officer & e-Portal CEO
Mr. Abdulaziz Saud Al-Mathkoor	Chief Human Resources Officer
Mr. Mohammad Fadhel Al-Sabea	Chief Audit Executive
Eng. Anowd Hammad Muthaib	Chief Transformation and Synergies Officer

Executive Management

Chief Executive Officer

Eng. Muataz Abdullah Aldharrab

Eng. Muataz Abdullah Aldharrab was appointed as the Chief Executive Officer of Kuwait Telecommunications Company **(stc)** effective in March 2024, with over 19 years of proven executive management experience across the telecommunication, information and technology industries. In addition to serving as a Board Member in (CCC), Eng. Muataz currently serves as the Chairman for **solutions by stc** Kuwait and e-portal holding Board of Directors. Eng. Muataz Aldharrab also held several senior executive positions at local and multinational companies where he acquired a well-versed and diversified leadership, managerial, as well as technical expertise and capabilities in several areas.

Prior to joining Kuwait Telecommunications Company **stc**, Eng. Muataz Aldharrab served as the Chief Strategy Officer at **solutions by stc** KSA since 2020, where he played a major role in building a distinct strategy that contributed to the company's transformative growth in the ever-evolving digital world. Eng. Muataz Aldharrab also played a pivotal role in leading the IPO team in 2021, successfully taking **solutions by stc** KSA public in the Main Market of the Saudi Exchange. He also contributed to positioning **solutions by stc** KSA as the digital enabler and leading ICT solutions provider for Saudi Arabia while expanding the Company's strategic mergers and acquisitions. Eng. Muataz joined **solutions by stc** KSA in 2015 where he climbed the ladder from being the Director of Govt. and Enterprise Solutions Engineering to the position of General Manager of Corporate Governance and Customer Success in 2019.

Eng. Muataz Aldharrab started his career path as an Associate Consulting Engineer at CISCO Systems before joining Saudi Business Machines LTD (SBM) where he led several telecommunication infrastructure and international peering projects with global telecom providers. Rejoining CISCO Systems, Eng. Muataz's efforts was recognized where he received the Sales Achiever Award.

Eng. Muataz holds a bachelor's degree in systems engineering from King Fahad University of Petroleum and Minerals. He earned an MBA from Prince Sultan University, a Master's in Change from INSEAD France, and completed the Senior Executive Leadership Program from Harvard.

Chief Financial Officer

Mr. Khalid Fahad Almayouf

Mr. Khalid Fahad Almayouf was appointed as the Chief Financial Officer of Kuwait Telecommunications Company (**stc**) in 2023. He is also the Head of the Audit and Risk Committee of **solutions by stc** and e-Portal Holding Company - **stc**'s subsidiaries.

Almayouf held various executive positions throughout his career and gained an in-depth financial and accounting expertise in several industries including financial services, shipping, logistics, as well as health and information technology.

Almayouf worked in government and international companies where he was a part of the assessment of organic growth and the acquisition expansion opportunities.

Prior to joining Kuwait Telecommunications Company (**stc**), Almayouf served as the Chief Financial Officer (CFO) at Sehati for Information Technology, in KSA, since 2021, where he significantly contributed towards Saudi Vision 2030 of digitalization of healthcare services and successfully establish the finance sector to support the transformation of the healthcare landscape in the kingdom of Saudi Arabia and aligned all the financial related transactions between the healthcare providers and the insurance companies in the Saudi market.

He has contributed in providing a strategic vision for the company and achieving remarkable growth and success in the National Platform for Health and Insurance Exchange Services (NPHIES). He also served as a member in multiples executive committees to ensure the establishment of the new platform in addition to aiding the company in reaching its operational and financial efficiency.

Mr. Khalid Fahad Almayouf started his career in the accounting field in Saudi Central Bank before joining Bahri - The National Shipping Company of Saudi Arabia – as Budgeting & Financial Reporting in November 2017 where he rose through the ranks to take on the position of the Head of Budgeting & Management Reporting department in March 2020 prior to serving as the Acting Chief Financial Officer (CFO) at Bahri America. Throughout his time in Bahri Group, he played a pivotal role in restructuring the finance department, implementing new processes, centralizing the group financial reporting and ensuring alignment between the parent company and its subsidiaries.

Almayouf received his bachelor's degree in finance with a Minor in Marketing in 2015 from Boise State University (USA) and attained a Master of Business Administration (MBA Finance) from King Saud University (KSA) in 2022.

Chief Strategy Officer

Mr. Khalid AlSudairy

Khalid AlSudairy joins **stc** Kuwait as Chief Strategy Officer on June 2024. AlSudairy is a visionary and results-oriented strategy executive with leadership experience and proven track record of developing as well as implementing robust business strategies that drive revenue growth, operational efficiency, and market expansion.

He is a proactive and innovative leader who excels at leading high-performing teams and fostering a culture of continuous improvement, with a strong background in Consulting, Telecommunications and Banking industries for B2B and B2C segments.

Before joining **stc**, AlSudairy was the General Manager of the Corporate Strategy Department at **solutions by stc** for more than 8 years. He also has experience working in international organizations such as Accenture Middle East.

Alsudairy has a master's degree in politics and international Relations from Royal Holloway University - UK, a bachelor's degree in management and Organization from Lancaster University - UK, and multiple professional certifications from institutions such as Stanford University, London Business School, and the Wharton School.

Chief Corporate Affairs Officer

Mr. Issam Issa Al Asousi

Mr. Issam Al Asousi was appointed as the Chief Corporate Affairs Officer of **stc** in October 2011. He is also a member of the Audit and Risk Committee of **solutions by stc** and e-Portal Holding Company - **stc**'s subsidiaires.

Mr. Issam Al Asousi first started his career in the banking, where He took up his first position in 1980 at the Bank of Kuwait and Middle East as Head of the Banking Services Group, which includes several departments the most important of which are: VIP Private Banking Department, Marketing Department, Branch Management, Product Development, and Credit Cards Management, Which includes the provision of services to both customers and those with high purchasing power through Kuwait.

In 2003, Mr. Issam joined Al Dar Investment Company, where he played a key role in driving the institution's investment strategies, including the establishment of a Consumer Finance Company called "Wared". Furthermore, in 2008, Mr. Issam moved on to Al Dowalliah Investment Group as the Deputy Managing Director, where he was responsible for defining, implementing, and executing the organization's domestic and international strategies.

Mr. Issam graduated from Kuwait University in 1975 with a Degree in Commerce. After that, he received a one-year training program at Chase Manhattan Bank in Washington - United States of America in 1981. He also received a diploma in banking from the Kuwait Institute of Banking Studies in 1982, in addition to several courses from accredited foreign institutes.

Chief Consumer Officer

Eng. Amer Atoui

Eng. Amer Atoui has been appointed as Chief Consumer Officer of Kuwait Telecommunications Company (**stc**) in April 2021.

Eng. Amer Atoui is a seasoned executive in the telecommunications industry with a proven track record of driving performance improvements and implementing turnaround strategies for multinational telecom companies.

Before joining stc, Eng. Atoui served as the B2C Managing Director at LAMI Insurance Technologies from July 2020 to March 2021, where he played a key role in structuring the company's startup B2C vertical and defining its strategy.

Eng. Atoui's career began at LibanCell (a Lebanese mobile operator), where he held various technical and commercial roles from 1999 to 2004. He then joined Comium Group as International Business Development Manager until 2006. His most notable achievement came as CEO of COMIUM Gambia (2006-2015), where he led the establishment of a greenfield mobile operation, implementing effective commercial strategies and cost-saving initiatives that resulted in strong financial performance.

From 2016 to 2019, Eng. Atoui served as the Managing Director of the Consumer Business Unit at Telkom Kenya (formerly Orange Kenya), where he spearheaded the company's rebranding, transformation, and performance turnaround. Additionally, he was an Advisor for the Orange Kenya Acquisition Project at Helios Investment Partners in early 2016.

Eng. Atoui holds an Executive MBA (dual degree) from ESCP (France) and Ecole Supérieure des Affaires (Lebanon), and a Bachelor's in Engineering (Computers and Communications) from the American University of Beirut, which he earned in 1999.

Chief Technology Officer & e-Portal Acting CEO

Eng. Fahad Abdul Rahman Al Ali

Eng. Fahad Abdul Rahman Al Ali has been appointed as Chief Technology Officer (CTO) at Kuwait Telecommunications Company (**stc**) in August 2019. He was also appointed as Acting CEO for e-Portal Holding Company – a subsidiary of **stc** in June 2024. He has also been appointed as the Vice Chairman of e-Portal Holding Company and the Vice Chairman of **solutions by stc**.

Eng. Fahad joined **stc** in 2016 as a Network Implementation and Operations Director in the Technology Sector.

before taking on the role of General Manager in 2019. He held several executive positions in the telecommunications sector and had a number of achievements across preparing strategies in addition to building and implementing the development of telecommunication technologies in several companies.

Prior to joining Kuwait Telecommunications Company (**stc**), Eng. Fahad Al Ali has taken over several positions at Zain Telecommunications Company since 2000. Eng. Fahad Al Ali holds an Executive MBA in 2013-2014, from Harvard Business School - Boston. He also received his bachelor's degree in communications & Electronics Engineering from Northumbria University - Newcastle UK in 1999.

Chief Human Resources Officer

Mr. Abdulaziz Saud Al-Mathkoor

Abdulaziz Saud Al-Mathkoor has been appointed as Chief Human Resources Officer (CHRO) of Kuwait Telecommunications Company (**stc**) in December 2024 after he joined the Company in August 2021 as Director - Performance Management & OD.

Prior to joining Kuwait Telecommunications Company **stc**, Mr. Al-Mathkoor has taken over several positions at Kuwait Finance House (KFH) and Kuwait Investment Authority (KIA).

From 2014 until 2021, he worked in Kuwait Finance House Group in both Corporate Strategy and Human Resources sectors.

He took part in the creation of KFH Group Strategy Plan for KFH and its subsidiaries including Strategic Initiatives, Key Financial and Non-Financial Targets, Product & Services Development. In addition, Al-Mathkoor worked in HR as Manager of Performance Management, where he was able to adapt and implement best practices and transform the performance culture in KFH. In addition, he was part of the "Integration Management Office" and HR team responsible for planning, budgeting, and implementing KFH acquisition over AUB.

Prior to joining KFH, Mr. Al-Mathkoor was a trainee at KIA (Kuwait Investment Authority) for 13 months, during which he worked as intern in State Street London and then went through intensive on job coaching at fixed income department at KIA.

Mr. Al-Mathkoor holds a bachelor's degree in finance & financial Institutions from Kuwait University in (2011). He then earned an MBA degree from Kuwait University in (2015).

Chief Audit Executive

Mr. Mohammad Fadhel Al-Sabea

Mr. Mohammad Al-Sabea has been appointed as Chief Audit Executive of Kuwait Telecommunications Company (**stc**) in July 2022. He is also a member of the Audit and Risk Committee of **solutions by stc** and e-Portal Holding Company - **stc**'s subsidiaries. Prior to joining **stc**, Mr. Mohamed held the position of Head of Internal Audit at Health Assurance Hospitals Company (DHAMAN).

Mr. Mohamed Al-Sabea has more than 25 years of experience in internal auditing, where he has extensive experience in the field of governance and risk management in addition to holding several leadership positions in various industries. Mr. Al-Sabea started his professional career at the Central Bank of Kuwait and Kuwait Petroleum Corporation (KPC) in 1996 before moving to the investment sector to occupy the position of Vice President of the Internal Audit at Aayan Leasing and Investment Company. He later joined Al-Imtiaz Investment Group as an Executive Manager of Risk Management.
Mr. Al-Sabea also held the position of Head of Internal Audit at Kuwait Telecom Company (**stc**) between 2014 and 2019 before joining Boubyan Bank as Assistant General Manager for Internal Audit.
Mr. Mohammad Al-Sabea obtained his bachelor's degree in accounting and Auditing in 1996. He also obtains several recognized professional certificates including the Certified Public Accountant USA (CPA), Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA), Certified Fraud Examiner (CFE), Internal Controls Certificate (COSO), Certified Risk Manager (ISO 31000) and Certified Corporate Governance Officer (CCGO).

Chief Transformation and Synergies Officer

Eng. Anowd Hamad Muthaib

Eng. Anowd Muthaib was appointed as Chief Transformation and Synergies Officer in (CTSO) at Kuwait Telecommunications Company **(stc)** in March 2024. She was Acting Chief Strategy Officer (CSO) from January to June 2024. A distinguished Strategy and Marketing professional, she has over two decades of in-depth experience in commercial, planning, strategy, marketing and customer value management across Telecom and Banking.

Eng. Anowd joined **stc** as a Managing Director for the Consumer Segment in 2010. In a mere three years, she propelled the company to the second-highest revenue position, fueled by her strategic acumen and the establishment of a groundbreaking B2C digital strategy. Appointed as the General Manager - Enterprise Strategy & Marketing at **stc** from 2019, Eng. Anowd has been at the forefront of B2B strategy, overseeing planning, budgeting and marketing initiatives. Spearheading the development and establishment of the ICT portfolio, she played a pivotal role in **stc**'s successful integration plans with Qualitynet (ISP) and E-portal (ICT Group of companies), as well as in launching **solutions by stc**, the brand representing **stc** Kuwait's B2B solutions.

Eng. Anowd Muthaib's started her professional path as a Simulation and Acquisition Analyst and Product Development in the Consumer Marketing Department at Zain Kuwait (MTC) from 2001 to 2009, followed by the role of Premier Segment Marketing Manager at Burgan Bank from 2009 to 2010.

Her academic foundation includes a degree in Electrical & Electronic Engineering from Heriot-Watt University (Scotland), complemented by executive courses at Harvard and INSEAD in Decision-Making, Negotiation, Leadership Strategies and Strategic Marketing

Rule (3): Recruit Highly Qualified Candidates for the Board of Directors Members and the Executive Management

Nominations and Remunerations:
The Board of Directors formed the Nominations and Remunerations Committee in accordance with the corporate governance rules as set out in Article 4-1 of Book Fifteen Corporate Governance. The committee's composition includes an independent member, and the committee's charter is available, which includes its duties and responsibilities of the committee. The committee is responsible for (but not limited to) the following:

- Recommending acceptance of nomination and re-nomination of the members of the Board and Executive Management.
- Developing a clear policy for the remuneration of the Board of Directors and Executive Management.
- Determine the required skills for membership in the Board of Directors and review those needs on an annual basis.
- Review the organizational structure and provide recommendations to the Board of Directors regarding any proposed amendments to the organization structure.
- Attracting applications of those willing to occupy Executive positions as needed, studying and reviewing those applications.
- Determine the different segments of remunerations that will be granted to employees, such as fixed bonuses segment, the performance related bonus segment, the bonus segment in the form of shares, and the end-of-service bonus segment.
- Preparing a job description for the Executive and Non-Executive members as well as the Independent Members.
- Ensures the independency criteria of independent members.
- Preparing a report of the total remunerations granted to Members of the Board of Directors, the executive body and the managers; whether cash or benefits or privileges, of whatever nature and title, directly or indirectly through the company or Subsidiaries.
- Determine the mechanisms for evaluating the performance of the Board as a whole and evaluating the performance of each member of the Board and Executive Management.
- Review the salary Scale and job grades periodically.
- Ensure the rewards are granted in accordance to the approved Remuneration Policy.
- Reviewing Human Resource Policies and any amendments thereto and presenting them to the Board of Directors.

In adherence to the highest standards of transparency as stipulated in the leading practices and in the Corporate Governance Rules, **stc** has committed to preparing a detailed report on all the remuneration granted to the Board of Directors Members and the Executive Management. Noting that during 2024 there are no material deviations from the approved remuneration policy by Board of Directors.

The following is a statement of all the benefits and rewards received by the Board of Directors Members and Executive Management for the year 2024, since the Board of Directors of Kuwait Telecommunication Company (**stc**) is consists of (9) members, including the Chairman of the Board of Directors:

Remunerations and benefits of Members of Board of Directors							
Total number of members	Remunerations and benefits through the parent company			Remunerations and benefits through the subsidiaries			
	Fixed remuneration and benefits (Kuwaiti Dinar)	Variable remuneration and benefits (Kuwaiti Dinar)		Fixed remuneration and benefits (Kuwaiti Dinar)		Variable remuneration and benefits (Kuwaiti Dinar)	
	Health insurance	Annual remuneration	Remuneration (Committees' / Benefits)	Health insurance	Monthly salaries total of the year	Annual remuneration	Remuneration (Committees' / Benefits)
8	-	*255,750	163,000	---	---	---	---

* Details of the segments and types of remuneration and benefits mentioned are examples without limitation.
*Subject to AGM Approval

Total remunerations and benefits granted to five senior executives who have received the highest remunerations. This is in addition to the Chief Executive Officer and the financial manager or their deputy, if not included *													
Total executive positions	Remunerations and Benefits through the parent company							Remunerations and Benefits through the subsidiaries					
	Fixed remuneration and benefits (Kuwaiti Dinar)						Variable remuneration and benefits Kuwaiti Dinar	Fixed remuneration and benefits Kuwaiti Dinar					Variable remuneration and benefits Kuwaiti Dinar
	Monthly salaries total of the year	Health insurance	Annual tickets	Housing allowance	Transportations allowance	Children's Education allowance	Annual remuneration	Monthly salaries (total of the year)	Health insurance	Annual tickets	Housing allowance	Transportation allowance	Childreneducation allowance	Annual remuneration
5	502,968	9,984	41,879	110,727	51,685	19,100	788,086	116,946	2,304	-	-	8,400	18,000	115,776

* Details of the segments and types of remuneration and benefits mentioned are examples without limitation.

Rule (4): Safeguard the Integrity of Financial Reporting

Financial Reports and the External Auditor:

The Board of Directors and Executive Management provide a written pledge to confirm the validity and integrity of prepared financial reports. The Board of Directors also formed the Audit Committee in accordance with the Corporate Governance Rules, according to Article 5-6 of the Book fifteen "Corporate Governance" of the Executive Regulations of the Capital Market of Authority.
Details of the formation and achievements of the committee were presented in the previous section.

During the year 2024, there were no cases of conflict between the Audit Committee's recommendations and the Board of Directors' resolutions.

Financial Reporting and External Auditor:

stc issues a set of financial reports on periodic basis that includes:

- Interim financial statements.
- Profits announcements.
- Annual Reports.

With regard to the External Auditor, the Audit Committee is responsible for:

- Review the scope of work, methodology and work plan of the proposed external auditor, including coordination of external audit efforts with internal audit.
- Monitoring the external auditor's performance to ensure to ensure that he does not provide services other than those required by the external auditing profession.
- Recommending to the Board of Directors to appoint and re-appoint the external auditor, or proposing to change him proposing his fees, and reviewing his appointment letter, provided his registration in the special register with the Capital Markets Authority, so that he fulfills all the conditions stipulated in the requirements of the CMA's decision regarding the system of registering auditors and verifying the independence of The external auditor periodically and before his appointment or reappointment, and to verify that the external auditor does not perform any additional tasks that do not fall within the tasks assigned to him, before assigning him, and which may affect his independence in accordance with what the auditing profession requires.
- Discussing any obstacles or difficulties encountered by the external auditor. These obstacles include scope limitations on the external auditor's activities or obtaining the required information and any fundamental disagreements that may result with the management.

Rule (5): Apply sound systems of Risk Management and Internal Audit

Risk Management:

Risk Management is responsible for implementing the risk strategy and policy, which include sustainability risks represented by environmental, social, and governance issues, and prepares periodic reports on the nature of the risks to which **stc** is exposed and submits them to the Risk Committee for approval before presenting them to the board of directors. Risk Management employees have the requisite experience to accomplish the function that has been allocated to them. The Risk Management Department has independence since it reports directly to the Risk Committee, which is appointed by the Board of Directors, in accordance with the established organizational structure and governance regulations.

Summary of the internal control systems:

- Approved policies and procedures that cover all key activities and processes of the company.
- A comprehensive and detailed Organizational Structure approved by the Board of Directors and covers all the sectors and departments within the company.
- Approved job descriptions covering all the company's employees.
- Approved regulations by the Board of Directors, which cover all board committees, according to the Corporate Governance rules.
- Approved policies by the Board of Directors that cover all the requirements under the Corporate Governance Rules.
- Approved financial and administrative authority matrices by the Board of Directors, to determine all the powers of various parties and covers all key processes.
- Integrated mechanism that cover all major operations.
- Monitoring and controlling the several independent parties, including internal parties (Internal Audit, Quality Control, and Compliance) and external parties (External Audit, And the ISO Audit Team, Sharia'a Audit).

Internal Audit:

stc has an effective Internal Audit Department has full technical and administrative independence, through its direct reporting to the Audit Committee emanating from Board of Directors. The Internal Audit department performs several tasks, including:

- Conducting out Risk Assessment facing **stc** with the aim of preparing a risk based audit plan and presenting the same to the Audit Committee for approval.
- Conducting out audit reviews covering all **stc**'s operations and activities in accordance with the Audit Plan, approved by the Audit Committee in order to evaluate the effectiveness and efficiency of internal controls.
- Conduct quarterly reviews to verify whether the Executive Management has taken the corrective actions agreed upon the internal audit reports.
- Submitting reports on all the audit findings to the Audit Committee and discussing them with the presence of Executive Management's representatives.
- Carry out any special tasks assigned by the Audit Committee.

Rule (6): Promote Code of Conducts and Ethical Standards

Code of Conducts and Ethics Rules:

Summary of the Code of Ethics and Business Conduct Standards:

stc, represented by its Board of Directors, executive management, and all employees, believes that integrity is one of the key pillars underpinning its operations in all dealings with stakeholders. From this standpoint, the Compliance Department, in collaboration with relevant departments, has updated the Code of Ethics and Business Conduct to make it more comprehensive and aligned with best practices in this regard. The Code clearly outlines **stc**'s policy on common areas and includes practical guidance and advice for all employees and other stakeholders. Reflecting the Code's slogan, " integrity takes us forward", it embodies **stc**'s values of Drive, Devotion and Dynamism. These values form the foundation of **stc**'s Ethics and Integrity Program, which also represents its commitment to integrity and transparency towards its customers, communities, markets, investors, and work environment.

All leaders at **stc** are committed to fostering a culture and work environment characterized by integrity by providing everyone with the opportunity to report potential violations of the Code of Ethics and Business Conduct.

stc continuously develop awareness campaigns to enhance understanding among its employees and stakeholders regarding the Code of Ethics and business Conduct. Additionally, the company encourages employees to participate in dedicated training courses aimed at deepening their understanding of the ethical and behavioral principles to be followed in the workplace. Through these initiatives, **stc** seeks to ensure that everyone adheres to the values of integrity and transparency, thereby promoting a culture of ethics across all levels of the company.

Summary of policies and mechanisms to reduce conflicts of interest:
stc has a specific policy on conflicts of interest aimed at ensuring appropriate measures are in place to identify and effectively manage material conflicts of interest. The Board of Directors handles existing and potential conflicts of interest, ensuring all decisions are made in the best interests of **stc** and its shareholders.

stc identifies and manages conflicts of interest cases in accordance with its policies and procedures, taking appropriate measures in this regard. The auditors' report includes a statement about balances and transactions with related parties. Related parties are considered those with the ability, directly or indirectly through one or more intermediaries, to control or significantly influence another party when making financial and operational decisions.

Related parties primarily include major shareholders of **stc**, Board members, senior management, and entities over which they can exercise significant influence. Furthermore, **stc** has entered into other transactions within the normal course of business with its parent company, which are included under operating expenses. The balance due to the parent company as of the financial position statement dated 31 December 2024 is disclosed.

In its efforts to enhance governance, **stc** continuously develops its conflict-of-interest policy to align with international best practices. The company has also updated its conflict-of-interest disclosure forms to ensure transparency and ease of use, enhancing its ability to accurately identify and manage such cases. Additionally, **stc** is committed to raising awareness among all related parties about the importance of disclosing any potential or existing conflicts of interest.

	2024	2023
	Thousand Kuwaiti Dinars	Thousand Kuwaiti Dinars
Management Fees	12,400	12,298
Revenue	12,925	16,022
Other Operational Expenses	25,487	23,287

Rule (7): Disclosure and transparency accurately and in a timely manner

Disclosure and transparency

A summary of the application of mechanisms for presentation and accurate and transparent disclosure that define aspects, areas, and characteristics of disclosure:
Commitment to the principle of transparency in the workplace is one of the most essential components to promote shareholder. Therefore, **stc** is committed following the highest levels of accuracy and transparency in publishing its information, as it has a significant impact on enhancing shareholder confidence, in order to activate a work environment that enjoys the highest levels of integrity and transparency, and to follow all laws, regulations, and instructions related to disclosure

issued by various regulatory authorities at the appropriate time, which helps in achieving sustainability and building a positive reputation for the company.

out of its belief in the importance of transparency and enhancing the confidence of shareholders and stakeholders and maintaining **stc**'s reputation in the labor market.

In compliance with the regulations and laws regulating the disclosure and transparency process issued by the relevant regulatory bodies, **stc** shall disclose accurately and appropriately the financial statements, earning reports, audit reports and other information accurately, transparently and clearly, as well as the essential & material information related to them, while adhering to maintaining their strict confidentiality and taking the necessary measures to ensure that that dealing with documents and data related to that information remains regulated to a minimum, in addition to providing more effective communication tools with all relevant stakeholders for the purpose of submitting comprehensive reports, which in turn is consistent with one of the **stc**'s goals, which is commitment to the Disclosures & Transparency policy.

The Compliance Department is responsible for the disclosing information process in accordance with the Capital Markets Authority's requirements, as well as providing the clarifications and guidance related to the disclosure requirements., the Compliance Department is responsible for communicating and responding to inquires of the Capital Markets Authority and other regulatory bodies.

stc's management confirms that all data provided in this regard is accurate, correct and not misleading information. All the company's annual financial reports are in compliance with International Accounting Standards for Financial Reporting and its requirements.

Through the Compliance Department, **stc** maintains a special record that includes all the disclosures made to Kuwait Stock Exchange and the Capital Markets Authority during the previous five years. The total number of disclosures made during the year 2024 is 63 disclosures, as **stc** believes in promoting the principle of transparency, the material information disclosures are also available on the company's official website, in compliance with the requirements of the Capital Markets Authority

Brief about the application of the requirements of the Board of Directors' disclosure and executive management disclosures and the managers' disclosures:
stc has a special register of the disclosures made by the Board of Directors Members and Executive Management, this register is available for review by all the shareholders. **stc** also confirms that company's shareholders have the right to review this record without any fee or charge, with its commitment to update the data of this register periodically reflecting the reality of the situations of the relevant parties.

A brief statement on the application of the formation requirements of a unit of investors' affairs:
stc has established the Investor Relations Department, which is responsible for the communicating process with current and potential shareholders in addition to providing the necessary data, information and financial reports. The Investor Relations Department has an appropriate independence reporting line that allows to provide data, information and reports in a timely and accurate manner through the recognized means of disclosure including the company's website.

Brief on how to develop the information technology's infrastructure on which it shall significantly rely on in the disclosure processes:
stc has a policy of adopting and expanding the use of information technology to engage with shareholders, investors and stakeholders, including the establishment of a section dedicated to corporate governance on its website. The current corporate governance page includes all the updated information and data that enable shareholders, current and potential investors to exercise their rights and assess the performance. In addition to the investor relations page, which is also available on the company's website and the investor relations mobile application.

In this context, the Capital Markets Authority launched the electronic disclosure system, aimed at unifying all disclosure platforms and channels into a single, integrated system. Kuwait Telecommunications Company (**stc**) was among the first companies to disclose using the new electronic disclosure system even before the mandatory implementation phase began. This reflects **stc**'s commitment to keeping pace with technological advancements and digital transformation in all areas of its operations, as well as its adherence to laws and regulations issued by regulatory authorities.

Rule (8): Respect the Right of Shareholders

Protecting Shareholders' Equity

Summary of the application of the requirements for identification and protection of general rights of shareholders, in order to ensure fairness and equality amongst all shareholders:

Through the Investor Relations Department, **stc** is committed to fulfilling its commitment to shareholders by maintaining the highest standards of transparency and fairness. **stc** believes that the effective Corporate Governance enhances the value for its shareholders and offers appropriate guidelines for the Board of Directors, and its committees, and Executive Management to carry out their duties in a manner that benefits **stc** and its shareholders. Therefore, **stc** seeks to achieve the highest levels of transparency, accountability and effective management through adopting, and monitoring the execution of strategies, goals and policies to ensure compliance with its regulatory and ethical responsibilities.

It is worth noting that after the company's listing on Kuwait Stock Exchange, we developed and maintained the contact channels with investors and financial experts. **stc** is also committed to transparency and presenting financial information via various communication channels in accordance with best professional practices for disclosure and transparency. Furthermore, **stc** delighted to interact with domestic and international investors as well as financial experts in order to meet with them and answer their queries. **stc** also participated in investor conferences to enhance the communication with all levels of shareholders and the financial community.

Furthermore, the website and the Investor Relations mobile app provide a range of information about the company's stock, financial data and performance reports. As well as adopting Shareholders' Protection Rights Policy.

Furthermore, **stc** guarantees all shareholders the right to view all relevant information and disclosures through publishing them on the website and in the annual reports that are available to all shareholders, as well as to enabling them to obtain all information about the Board of Directors, their qualifications, the shares they own, their chairmanship or membership in the boards of other companies, as well as the information of the executives management within the company. It is also possible for all stakeholders to obtain all relevant information.

Summary on the creation of a special records at the Clearing Agency, as part of the requirements for ongoing monitoring of shareholders' data:
Since the establishment, **stc** has maintained a special register with the Clearing Agency that contains the shareholders names, their information, and the amount of shares owned by each of them. The shareholders register is updated on a daily basis and any changes to the data recorded are modified according to the data received by **stc** or clearing agency in this regard.

Brief on how to encourage shareholders to participate and vote in the company's general assembly meetings:
- **stc** initially, discloses the date of the General Assembly Meeting once the Board of Directors decides on it.
- A public invitation is made to shareholders to attend and participate in the General Assembly Meeting, (regardless of their capacity), and includes the agenda. The invitation is delivered through the announcement at least, two daily newspapers published in Arabic. The first announcement published two weeks prior to the General Assembly Meeting while the second announcement published one week prior to the General Assembly Meeting. The second announcement must be published in the official Newspaper.
- **stc** announces the date of its General Assembly Meeting through the web page of Boursa Kuwait in addition to the Investor Relations web page on the official website.
- Recently, **stc** launched a mobile application for Investor Relations, providing access to company's news, financial reports, invitations, disclosures, as well as shares performance data.

Rule (9): Recognizing the Role of Stakeholders

Recognizing the role of stakeholders

Brief about conditions and policies that ensure protection and recognition of the rights of stakeholders:
stc strives to respect and protects stakeholder's rights in all its internal and external dealing, as their contributions are a critical resource for increasing the company's competitiveness and profitability levels. In order that the stakeholders' transactions, whether contracts or deals with the company, do not conflict with the interests of the shareholders, the following factors have been considered:
None of the stakeholders shall obtain any advantage through his dealings in contracts and transactions that are included in the company's normal activities.
Establishing internal policies and regulations that identify a clear mechanism for documenting contracts and deals of various types.

The company also adopted a set of policies, including, but not limited to:
- Stakeholder Protections Rights Policy.
- Conflict of Interest Policy.
- Whistleblowing Policy.
- Related Parties Transaction Policy.
- Code of Ethics and Business Conduct Policy.
- Supplier Code of Conduct.

Brief on how to encourage stakeholders to keep track on company's various activities:
stc is committed to dealing with the Board of Directors Members and stakeholders on the same conditions as it does with other stakeholders without any discrimination or preferential terms, in addition to reviewing proposed deals and transactions with the relevant parties and making appropriate recommendations in this regard to the Board of Directors.

stc is also committed to providing stakeholders with information and data related to their activities on a regular basis in accordance with the contracts concluded with them and in a manner that does not violate the confidentiality of applicable information confidentiality guidelines. All contracts concluded with stakeholders have contractual clauses that protect the confidentiality of the information entrusted to them in order to fulfill the tasks assigned to them.
On the other hand, **stc** is committed to ensuring the protection of stakeholders rights in accordance with the laws of State of Kuwait that govern the relationship between the company and its stakeholders, such as the Kuwaiti National Labor Law, the Companies Law and its Executive Regulations, the Commercial Law, and instructions issued by the Capital Markets of Authority and other regulatory authorities.

Rule (10): Encourage and Enhance the Performance

Performance Enhancement

A Summary on the application of the requirements for the development of mechanisms that allow Board of Directors Members and Executive Management to attend training programs and courses regularly:
stc is committed to continuous training and qualification, which provides the board of directors members and the executive management with the appropriate understanding and knowledge of all topics related to the company's activities, as well as familiarity with the most recent developments in the relevant administrative, financial and economic fields, in addition to the ability to strategically plan based on **stc**'s needs and then achieve its goals.

Brief on the evaluation performance methods of the Board as a whole and the performance of each member of each member of the Board of Directors and the Executive Management:
stc has developed systems and mechanisms to periodically evaluate the performance of each Board of Directors Members and the Executive Management. Including a set of performance indicators linked to the extent of achieving the strategic goals are met, the quality of the Risk Management and the efficiency of the internal control systems. The Board of Directors has also adopted the performance indicators to measure the performance of both the Board of Directors and the Executive Management.

An overview of the Board of Directors' efforts in asserting the importance of corporate value creation with the employees at the company through achieving the company's strategic goals and improving key performance indicators.
The Board of Directors and the Executive Management are keen to create corporate values within **stc** by following the highest standards of the Code of Ethics and Business Conduct, in addition to applying the Employee Guide, which works to achieve highest levels associated with applying business ethics, achieving the strategic goals, and improving performance rates, which contributes effectively to creating institutional values among employees and motivates them.

Rule (11): Focus on the Importance of Corporate Social Responsibility

Corporate Social Responsibility

A summary of the development of a policy to ensure a balance between each of the company goals and society goals:
Kuwait Telecommunications Company (**stc**) always aspires to be one of Kuwait's leading and dedicated companies to play an active and fundamental role in establishing and applying its corporate social responsibility (CSR) sustainable program, which covers several basic and vital pillars. **stc** continues to launch numerous community-based campaigns and initiatives within the CSR key pillars that add value to the local community, while spreading a positive and lasting impact in addition to increasing community awareness and promoting a culture of social responsibility. **stc** seeks an integrated and sustainable approach in implementing its CSR initiatives, with the participation of members of the **stc** family as well as the collaboration with governmental entities, non-profit organizations, and institutions within the private sector. The main objective behind these initiatives is to create a friendly, healthy, cooperative and result-oriented atmosphere that yields to the development of the society and pours into the benefit of the State of Kuwait as a whole. As a digital sustainable leading telecom brand in Kuwait, **stc** invests in the synergetic relationships that focus on giving back to our society, as we believe that giving is the essence of success.

stc also holds responsibility towards the local community which lies at the top of its priorities. Ever since its establishment more than 15 years ago, **stc** has made every effort to highlight and affirm its commitment to society, playing an active role in supporting the Kuwaiti community in its various sectors and categories with a primary focus across our main pillars which include: education, health, sports, environment, entrepreneurship and youth empowerment. It also aims to invest in sustainable initiatives that support and benefit the local community, backed by ethical values and principles of governance, non-biased approach and transparency.

Brief about the programs and mechanisms helping to highlight the company's efforts exerted in the field of social work.
For further details on **stc**'s most recent CSR initiatives, please refer to the CSR section published on the Company's website and the latest Annual Report.

The Shariah Report of Kuwait Telecommunications Company (stc) Shariah Supervisory Board

Shariah Supervisory Board Report
As of 01/01/2024 to 31/12/2024AD

Praise be to Allah, Lord of the worlds, and prayers and peace be upon our Prophet Mohammad, his family and all his companions Pursuant to an appointment by the Members of General Assembly, according to the instructions of the supervisory authorities, and what is included in the Company's Memorandum of Association, the Shariah Supervisory Board submits the following report:

The Shariah Supervisory Board has examined the company's activities, the principles used and the contracts related to the transactions and applications offered by the company during the period, as well as expressing an opinion on if the company complies with the provisions and principles of Islamic Shariah, and in accordance with fatwas, resolutions and instructions issued by the Shariah Supervisory Board and the Shariah standards approved by the Company.

The Shariah Supervisory Board has also reviewed the policies and procedures for the company's products and activities to work in accordance with the provisions of Islamic Shariah (None).

Response to all the company's inquiries that may arise from the work and related to the interpretation or application of Shariah standards.

It becomes clear that the company's management is held responsible in accordance with the provisions of Islamic Shariah.

Noting that:

- The resolutions issued by the Shariah Supervisory Board for contracts, operations and transactions concluded by the company during the period amounted to (14) on the following figure:-

The resolutions	(01/2024), (02/2024), (03/2024), (04/2024) (05/2024), (06/2024), (07/2024), (08/2024) (09/2024), (10/2024), (11/2024), (12/2024) (13/2024), (14/2024)

- The shareholders are responsible for paying Zakat, so the shareholder shall pay Zakat on its shares if the conditions and legal controls for Zakat are fulfilled.
- Contracts and transactions concluded by the company during the period are in accordance with the provisions of Islamic Shariah.

Best Regards,

Dr. Ali Al-Rashid
Chairman of the Sharia Committee

Dr. Mohammed Al-Fuzai
Sharia Committee Member

Mr. Abdullah Saif Al-Saif
Sharia Committee Member

Committee Chairman Speech

Eng. Bader Ben Saleh Al-Anazi

Audit Committee Chairman

Peace, Mercy and Blessings of God be upon all of you

Dear Shareholders,

On behalf of myself and my fellow Audit Committee of Kuwait Telecommunications Company (**stc**) members, it is my pleasure to welcome you to this Annual Audit Committee Report for 2024. We are delighted to share with you the key activities and achievements of the Committee during the year, which build upon the diligent efforts of previous years to enhance governance and ensure the sustainability of the company's operations.

the Audit Committee is one of the fundamental pillars of corporate governance, continually strives to support the Board of Directors in its oversight role, while promoting transparency and integrity across the company's operational and financial processes. In 2024, our focus remained on strengthening the internal control system and evaluating its effectiveness and efficiency to safeguard the company's assets, ensure business continuity, and achieve its strategic objectives. Among the Committee's key accomplishments this year was a comprehensive and meticulous review of financial reports to ensure compliance with international accounting standards and regulatory requirements. The Committee also prioritized enhancing the independence of internal and external auditors, enabling them to perform their roles effectively and objectively, resulting in reports that accurately and transparently reflect the company's financial position.

Furthermore, the Committee placed significant emphasis on addressing challenges related to cybersecurity. It reviewed the policies and procedures concerning data protection and confidentiality, particularly considering the accelerating pace of digital transformation. The Committee also monitored the implementation of the company's digital transformation strategies to ensure their alignment with our strategic objectives and to enhance the company's readiness for the future.

Commitment to governance and fostering trust between the company and its shareholders remain key priorities for the Committee. We have ensured that the company adheres to all relevant laws and regulations, thereby strengthening its reputation as an organization committed to the highest professional standards.

In conclusion, I would like to extend my sincere appreciation to the members of the Audit Committee for their dedication and efforts in fulfilling their responsibilities, and to the company's management for their continuous cooperation and support. We remain committed to working tirelessly to achieve the company's goals and ensure the sustainability of its performance, serving the interests of the shareholders and contributing to its long-term success.

Yours sincerely,

Eng. Bader Bin Saleh Al-Enezi
Chairman of the Audit Committee

Objective

To strengthen the culture of compliance within the company by ensuring the validity and integrity of the company's financial reports, in addition to verifying the efficiency of the internal control systems implemented in the company.

Members

Eng. Bader Ben Saleh Al-Anazi Committee Chairman - (Non-Executive) and Board Member - (Non-Executive)	**Mr. Representative of General Organization for Social Insurance** Committee Member- (Non-Executive) and Board Member - (Non-Executive)	**Mr. Abdulaziz Al-Ghamdi** Committee Member- (Non-Executive) and Board Member - (Non-Executive)	**Dr. Methqal Mohammad Sartawi** Committee Member- (Independent) and Board Member - (Independent)

On 1 April 2024 the Audit Committee was reconstituted, and Eng. Bader Ben Saleh Al Anazi was appointed to succeed Mr. Ameen Ben Fahad Ben Abdulaziz Al-Shiddi.
On 1 April 2024 the Audit Committee was reconstituted, and Dr. Methqal Mohammad Sartawi was appointed to succeed Mr. Salah Ahmad Al Fouzan.

Committee features:

1. Al members are non-executives
2. Includes an independent member
3. Includes a member with experience and academic qualifications in the field of accounting and finance
4. Convened 9 meetings during 2024 as per the Governance regulations (4) - Meetings

Roles and responsibilities:

Roles and responsibilities assigned to the committee as per the committee charter and governance regulations are as follows:

2024 - Snapshot

Financial Statements

- Periodic review of FS (Quarterly & Year-end) before presenting it to the board.
- Discussing external auditor's opinion on the FS and insure its independency.
- Discussing significant changes in IFRS and its impact on the FS.
- Ensuring the Financial statements are correctly Consolidated.

Internal Control

- Reviewing the ICR report that is conducted by independent external auditor.
- Discussing the quarterly and annual internal Shari'a audit reports and Shari'a Supervisory Board reports before submitting its recommendation to the board of directors.
- Assigning the ICR project to an independent and approved firm to review the internal control system and then send it to CMA.
- Enforce the whistle blowing policy and insure the compliance of it laws.

Internal Audit

- Approving the internal audit charter and the risk-based plan.
- Discussing IA reports and follow-up reports submitted by IA department to close the raised points.
- Ensuring the independency of the Chief Internal Audit.
- Discussing and reviewing IAD's objectives and KPIs.
- Assess the Chief Internal Audit's performance.

External Audit

- Reviewing the scope of work and objectives of external auditor.
- Presenting proposals and recommendations related to assigning the external auditor by the board and General Assembly.
- Presenting proposals and recommendations related to assigning the Shari'a Supervisory by the Board.

Compliance

- Follow-up with the management on the periodical reports sent to the regulators.
- Reviewing the compliance reports that reflect the company's compliance with external regulatory requirements and following up on the implementing the recommendations.
- Ensuring compliance with corporate governance to enhance regulatory compliance.

06

Financial Statements

Financial Statement Integrity Declaration by Board of Directors

Auditor's Report

Statement of Financial Position

Statement of Income

Statement of Comprehensive Income

Statement of Changes in Equity

Statement of Cash Flows

Notes to the Financial Statements

Financial Statements Integrity for the Board of Directors' Declaration

For the Fiscal Period Ended on 31 December 2024

I, undersigned, certify that we have reviewed the Company's financial statements for the fiscal period ended on 31 December 2024. Based on information available for us, we acknowledge that the present statements do not contain inaccurate information. No material information is omitted or withheld that could render these financial statements misleading in respect of the coverage period.

Therefore, the enclosed financial statements and other material information contained therein are fairly presented in all significant aspects such as the balance sheet, cash flows and operation outcomes of the reporting period.

In addition, we declare that we are responsible for developing the internal controls procedures of preparing the company's financial statements to reflect integrity and creditability in accordance with the related international financial standards.

Dr. Mahmoud Ahmad Abdulrahman
Chairman of the Board

Kuwait Telecommunications Company K.S.C.P. and its Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS

31 December 2024

Consolidated Financial Statements

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT TELECOMMUNICATIONS COMPANY K.S.C.P.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Kuwait Telecommunications Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the key audit matters below, our description of how our audit addressed the matters is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT TELECOMMUNICATIONS COMPANY K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

a) Recognition and measurement of revenue

The Group has recognized operating revenue amounting to KD 336,515 thousand for the year ended 31 December 2024.

There is an inherent risk around the accuracy of revenue recognised due to the complexity of Information Technology ("IT") environment in which billing, rating and other relevant support systems reside; changing tariff plans and multiple element contracts with customers, which may affect the timing and recognition of revenue. In addition, the revenue recognition under "IFRS 15 – *Revenue from Contracts with Customers"* ("IFRS 15") requires considerable judgment from management in determining the transaction price of contracts, stand-alone selling prices and their allocation to performance obligations under the contracts with customers.

Further, there are risks associated with registration and subscription of telecommunication services and the difficulty of verifying the existence of such operations, in addition to the materiality of the amounts and volume of transactions involved. Due to the complexities and judgments required in the revenue recognition process, we have considered this as a key audit matter.

Our audit procedures, among others, included assessment and testing of design and implementation of internal control systems related to revenue recognition. These audit procedures were particularly related to subscription fees for telecom and data packages, network usage and billing to customers, with the involvement of our IT specialists to assist us in the assessment of the Group's IT environment.

Further, we have assessed the appropriateness of management's processes and judgments relating to determination of transaction price of contracts, stand-alone selling prices and their allocation to performance obligations under IFRS 15. We have also tested the revenue reconciliation, prepared by the management, between the primary billing systems and the general ledger. Further, we performed substantive analytical procedures that included a detailed comparison of revenue with the previous year and the budgets, as well as category wise detailed analysis carried out on a monthly basis. We have also assessed the adequacy of the Group's disclosures regarding accounting policies for revenue recognition.

The accounting policy and the related disclosures for revenue recognition are set out in Notes 2.3 and 14 to the consolidated financial statements, respectively.

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

b) Capitalisation and useful lives of property and equipment

The Group has property and equipment with carrying value of KD 166,309 thousand as at 31 December 2024, which represents both infrastructure, as well as the assets in relation to network and related equipment. The capital projects often contain a combination of enhancement and maintenance activities that are difficult to separate, and therefore, determining the eligibility of the costs for capitalization depends on the management's judgments and estimates. Further, the timing of capitalisation of these assets, as well as the assessment of useful lives depends significantly on the judgement of the management. Due to this subjectivity and the materiality of the amounts involved, we have considered this as a key audit matter.

Our audit procedures, among others, included evaluating the Group's capitalisation policy for compliance with relevant accounting standards, as well as, testing the key controls in place over the capitalisation of property and equipment. Further, on a sample basis, we have verified the capitalisation of project expenses against the Group's capitalisation policy and the relevant accounting framework.

We have also carried out an assessment of useful lives of property and equipment as compared to the guidelines in the Group's policies and procedures with respect to the assessment of useful lives of property and equipment. We have also assessed the adequacy of the Group's disclosures regarding accounting policies for property and equipment.

The accounting policy and related disclosures for property and equipment are set out in Note 2.3 and 4 to the consolidated financial statements, respectively.

c) Impairment of goodwill

The Group has goodwill with a carrying value of KD 11,876 thousand as at 31 December 2024. The impairment tests of goodwill performed by the management are significant to our audit because the assessment of the recoverable amount of goodwill under the value-in-use basis is complex and requires considerable judgment on part of management. Estimates of future cash flows are based on management's views of variable such as growth in the telecom sector, economic conditions such economic growth and expected inflation rates and yield. Therefore, we identified the impairment testing of goodwill as a key audit matter.

As part of our audit procedures, we have obtained management's impairment calculations and tested the reasonableness of key assumptions, including profit forecasts and the selection of growth rates and discount rates. We also involved our valuation specialists and challenged the management to substantiate the assumptions, including the comparison of relevant assumptions to industry benchmarks and economic forecasts. We tested the integrity of supporting calculations and corroborated certain information with third party sources.

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

c) Impairment of goodwill (continued)

We agreed the underlying cash flows to approved budgets and assessed growth rates and discount rates by comparison with third party information, the Group's cost of capital and relevant risk factors. Future cash flow assumptions were also assessed through comparison of current period performance against budget and forecasts, considering the historical accuracy of budgeting and forecasting and the understanding of the reasons for growth profiles used. We further evaluated the management's sensitivity analysis to ascertain the impact of reasonably possible changes to key assumptions.

We also assessed the adequacy of the Group's disclosures regarding those assumptions, which are disclosed in Note 5 to the consolidated financial statements.

Other Information included in the Group's 2024 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Group's 2024 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Group's Annual Report after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Shape the future with confidence

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT TELECOMMUNICATIONS COMPANY K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements (continued)

In preparing the consolidated financial statements, the management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Building a better working world

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT TELECOMMUNICATIONS COMPANY K.S.C.P. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Building a better working world

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF KUWAIT TELECOMMUNICATIONS COMPANY K.S.C.P. (continued)

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of accounts have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, as amended, and its executive regulation, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as amended, and its executive regulation, as amended, nor of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

We further report that, during the course of our audit, we have not become aware of any material violations of the provisions of Law No. 7 of 2010 concerning establishment of Capital Markets Authority "CMA" and organisation of security activity and its executed regulations, as amended, during the year ended 31 December 2024 that might have had a material effect on the business of the Parent Company or on its financial position.

ABDULKARIM ALSAMDAN
LICENCE NO. 208 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

5 February 2025
Kuwait

Kuwait Telecommunications Company K.S.C.P. and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 KD'000	2023 KD'000
ASSETS			
Non-current assets			
Property and equipment	4	**166,309**	161,864
Goodwill and intangible assets	5	**41,694**	40,694
Trade and other receivables	6	**615**	380
Contract assets	8	**20,227**	18,720
		228,845	221,658
Current assets			
Inventories	7	**14,743**	12,836
Prepayments and other current assets		**10,486**	9,538
Trade and other receivables	6	**54,129**	56,887
Contract assets	8	**48,255**	45,300
Cash, bank balances and deposits	9	**105,779**	101,443
		233,392	226,004
TOTAL ASSETS		**462,237**	447,662
EQUITY AND LIABILITIES			
Equity			
Share capital	10	**99,874**	99,874
Statutory reserve	10	**52,483**	52,483
Other reserves		**130**	(57)
Retained earnings		**87,990**	91,566
Total equity		**240,477**	243,866
Non-current liabilities			
Employees' end of service benefits	11	**12,925**	13,557
Islamic financing facilities	12	**11,500**	17,250
Trade and other payables	13	**16,896**	8,689
		41,321	39,496
Current liabilities			
Islamic financing facilities	12	**5,750**	5,750
Trade and other payables	13	**174,689**	158,550
		180,439	164,300
Total liabilities		**221,760**	203,796
TOTAL EQUITY AND LIABILITIES		**462,237**	447,662

Dr. Mahmoud Ahmad Abdulrahman
Chairman

شركة الاتصالات الكويتية

The attached notes 1 to 27 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2024

	Notes	2024 KD'000	2023 KD'000
Revenue	14	**336,515**	327,371
Operating expenses	15	**(183,920)**	(170,572)
Staff costs		**(25,609)**	(27,197)
Expected credit losses on trade and other receivables and contract assets	6,8	**(12,866)**	(14,875)
Depreciation, amortization and write-offs		**(50,574)**	(50,134)
General and administrative expenses	16	**(29,092)**	(30,405)
Finance costs		**(2,574)**	(2,023)
Other income (net of expense)	17	**1,476**	2,393
PROFIT BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR ADVANCEMENT OF SCIENCES ("KFAS"), NATIONAL LABOR SUPPORT TAX ("NLST"), ZAKAT AND BOARD OF DIRECTORS' REMUNERATION		**33,356**	34,558
KFAS	18	**(334)**	(348)
NLST	18	**(996)**	(956)
Zakat	18	**(390)**	(384)
Board of Directors' remuneration		**(256)**	(192)
NET PROFIT FOR THE YEAR		**31,380**	32,678
BASIC AND DILUTED EARNINGS PER SHARE (FILS)	19	**31**	33

The attached notes 1 to 27 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2024

	Note	2024 KD'000	2023 KD'000
Net profit for the year		**31,380**	32,678
Other comprehensive income (loss):			
Items that will not be reclassified subsequently to the consolidated statement of income:			
Re-measurement income (loss) on employees' end of service benefits	11	**136**	(355)
Other comprehensive income (loss) for the year		**136**	(355)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**31,516**	32,323

The attached notes 1 to 27 form part of these consolidated financial statements.

Kuwait Telecommunications Company K.S.C.P. and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital KD'000	*Statutory reserve KD'000*	*Other reserves KD'000*	*Retained earnings KD'000*	*Total KD'000*
As at 1 January 2024	99,874	52,483	(57)	91,566	243,866
Profit for the year	-	-	-	31,380	31,380
Other comprehensive income for the year	-	-	136	-	136
Total comprehensive (loss) income for the year	-	-	136	31,380	31,516
Share-based payment transaction (note 10)	-	-	51	-	51
Cash dividends (note 10)	-	-	-	(34,956)	(34,956)
At 31 December 2024	**99,874**	**52,483**	**130**	**87,990**	**240,477**
As at 1 January 2023	99,874	52,483	210	88,850	241,417
Profit for the year	-	-	-	32,678	32,678
Other comprehensive loss for the year	-	-	(355)	-	(355)
Total comprehensive (loss) income for the year	-	-	(355)	32,678	32,323
Share-based payment transaction (note 10)	-	-	88	-	88
Cash dividends (note 10)	-	-	-	(29,962)	(29,962)
At 31 December 2023	99,874	52,483	(57)	91,566	243,866

The attached notes 1 to 27 form part of these consolidated financial statements.

Kuwait Telecommunications Company K.S.C.P. and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	***2024 KD'000***	*2023 KD'000*
OPERATING ACTIVITIES			
Profit before contribution to KFAS, provision for NLST, Zakat and Board of Directors' remuneration		**33,356**	34,558
Non-cash adjustments to reconcile profit for the year to net cash flows:			
Depreciation, amortization & write offs		**50,574**	50,134
Finance costs		**2,574**	2,023
Expected credit loss - trade and other receivables	6	**5,397**	5,459
Expected credit loss - contract assets	8	**7,469**	9,416
Provision for employees' end of service benefits	11	**1,862**	1,584
Provision (reversal) for slow moving inventories	7	**96**	(893)
Operating profit before working capital change:		**101,328**	102,281
Inventories		**(2,003)**	(4,053)
Prepayments and other assets		**(948)**	(452)
Trade and other receivables		**(2,874)**	(10,384)
Contract assets		**(11,931)**	(10,658)
Trade and other payables		**15,037**	16,629
Cash flows from operating activities		**98,609**	93,363
Employees' end of service benefits paid	11	**(3,079)**	(1,053)
Net cash flows from operating activities		**95,530**	92,310
INVESTING ACTIVITIES			
Acquisition of property and equipment	4	**(27,781)**	(19,916)
Acquisition of intangible assets	5	**(11,383)**	(8,144)
Net cash outflow on business combination		**-**	(2,300)
Proceeds from write-off of property and equipment		**96**	130
Net movement in islamic deposits		**(34,689)**	1,520
Net cash flows used in investing activities		**(73,757)**	(28,710)
FINANCING ACTIVITIES			
Cash dividends paid		**(34,723)**	(28,660)
Payment of lease obligations	13	**(10,454)**	(9,998)
Repayments of Islamic financing facilities		**(5,750)**	-
Finance costs paid		**(1,199)**	(982)
Net cash flows used in financing activities		**(52,126)**	(39,640)
NET (DECREASE) INCREASE IN CASH, BANK BALANCES AND DEPOSITS		**(30,353)**	23,960
Cash, banks balances and deposits at the beginning of the year		**86,963**	63,003
CASH, BANK BALANCES AND DEPOSITS AT THE END OF THE YEAR	9	**56,610**	86,963
NON-CASH ITEMS			
Adjustment to trade and other payables on adoption of IFRS 16	13	**17,701**	11,487
Adjustment to property and equipment on adoption of IFRS 16	4	**(17,701)**	(11,487)
Adjustment to trade and other payables on cancellation of leases	13	**(750)**	-
Adjustment to property and equipment on cancellation of leases	4	**750**	-

The attached notes 1 to 27 form part of these consolidated financial statements.

1 CORPORATION INFORMATION

Kuwait Telecommunications Company K.S.C.P. (the "Parent Company") is a Kuwaiti Shareholding Company incorporated pursuant to Amiri decree No. 187 on 22 July 2008 to operate and manage the third GSM mobile network in Kuwait as per Law No. 2 of 2007. The shares of the Parent Company were listed on Boursa Kuwait on 14 December 2014 and it is a subsidiary of Saudi Telecommunications Company ("STC" or the "Ultimate Parent Company"), which is listed on the Saudi Stock Exchange.

The Parent Company was registered in the commercial register on 9 November 2008 under registration number 329673 and commenced its commercial operations branded as VIVA on 3 December 2008. The Parent Company has changed its brand name on 19 December 2019 from VIVA to STC.

The objectives for which the Parent Company is incorporated are the provision of all cellular mobile telecommunication and calling system services in State of Kuwait in accordance with the provisions of Islamic Shari'a and as per the criteria set by Ministry of Communications. In this regard, the Parent Company shall carry on the following business activities:

a. Purchase, supply, install, operate and maintain wireless telecommunications devices and equipment (mobile telecommunications, calling system and other wireless services);

b. Import and export the necessary devices, equipment and tools for the purpose of its objectives;

c. Purchase or lease telecommunication lines and necessary facilities for providing the services in coordination with and with no overlap or conflict with the services provided by the State;

d. Buy the manufacturing concessions that are directly related to the services from manufacturers or manufacture the same in State of Kuwait (following the approval of Public Authority for Industry in connection with the manufacturing);

e. Introduce or manage other services of similar or supplementary nature to the wireless telecommunication services with a view to developing or integrating such services;

f. Conduct technical research related to the business in order to improve and develop the services in cooperation with the relevant authorities inside State of Kuwait and abroad;

g. Construct, buy, build and acquire the necessary lands and facilities for achieving the objectives (to the extent permitted by law);

h. Purchase all necessary materials and machines to carry on its objectives and conduct maintenance for the same using all possible up-to-date techniques; and

i. Utilize the monetary surpluses available with the Parent Company through investing the same in portfolios managed by specialized companies and entities and authorize the Board of Directors to undertake the same.

j. Provide wireless data transfer service.

k. International telephone calling service via special cards.

l. Marketing, leasing and purchasing electronic communication devices and internal communication networks.

m. Development of computer systems and systems for the localization of computers and their accessories.

n. Buying, Selling, renting, installing computer systems and software, electronic communication devices and internal communication networks, marketing them and providing services for their operation and maintenance.

o. Building and operating computer communication networks connected to databases.

p. Design and equipping electronic computer centers and information systems for the benefit of the company.

q. Manufacture, production and operation of smart cards to cover the demand in the field of communication and prepayment.

r. Provide and implement all works and networks in the field of wireless communications.

1 CORPORATION INFORMATION (continued)

s. Providing technical consultation, design, supervision, operation and maintenance of wireless communications and representing the companies carrying out these works.

t. Bring, importing, selling and leasing devices and equipment related to communications and their spare parts.

u. Buying and selling shares, papers and financial instruments for the company's account only.

v. Manage, operate and provide public telecommunications services on:

   i. Landline broadcasting facilities.

   ii. Terrestrial radio broadcasting facilities.

   iii. Mobile base station facilities.

   iv. Submarine cable facilities.

   v. International gateway service facilities.

   vi. Facilities of the space ground station.

   vii. Other satellite facilities located in the State of Kuwait that provide broadcasting capabilities for public telecommunication services.

w. Establish, manage and lease internet infrastructure for the public telecommunications network.

x. Operation and leasing of data centers, information centers and the cloud.

y. Providing and developing digital payment systems, payment services and electronic transfer of funds.

The Company may have an interest or participate in any way with the bodies that carry out business similar to its business or that may help to achieve its purposes in Kuwait and abroad and may purchase or attach such bodies to them.

The Parent Company owns 100% shares of Quality Net General Trading & Contracting Company W.L.L. and E-Portal Holding Company K.S.C. (Closed) (hereinafter, the Parent Company and its subsidiaries are referred to as the "Group").

The Parent Company is domiciled in the State of Kuwait and its registered address is Olympia Building, P.O. Box. 181, Salmiya 22002, State of Kuwait.

The consolidated financial statements of the Group were authorized for issue by the Board of Directors of the Parent Company on 5 February 2025. The shareholders of the Parent Company have the power to amend these consolidated financial statements at the Annual General Assembly meeting after issuance.

Details of the subsidiaries are given in Note 2.3.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements are prepared under the historical cost convention.

The consolidated financial statements have been presented in Kuwaiti Dinars ("KD"), which is also the Parent Company's functional and presentation currency, and all values are rounded to the nearest KD thousand except when otherwise stated.

The consolidated financial statements provide comparative information in respect of the previous year. Certain comparative information has been reclassified and re-presented to conform to the classification in the current year. Such reclassification has been made to improve the quality of information presented.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations
The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback
The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's consolidated financial statements.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current
The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's consolidated financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Group's consolidated financial statements.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation
The consolidated financial statements comprise the financial statement of the Parent Company and its subsidiaries (investee which is controlled by the Parent Company). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses at each reporting date whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation (continued)
Consolidation of a subsidiary begins when the Group obtains control over the subsidiaries and ceases when the Group loses control of the subsidiaries. Assets, liabilities, income and expenses of a subsidiaries acquired during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiaries.

A change in the ownership interest of a subsidiaries, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in the consolidated statement of income. Any investment retained is recognised at fair value.

The details of the subsidiaries are as follows: -

	Equity interest as at			
Name of subsidiaries	***31 December 2024***	*31 December 2023*	***Principal activities***	***Country of incorporation***
Qualitynet General Trading and Contracting Company W.L.L. (Solutions by STC) *	**100%**	100%	Internet and Data communication Services IT systems license installation and its related services	Kuwait
E-Portal Holding Company K.S.C. (Closed)	**100%**	100%		Kuwait

* The remaining equity interest in these subsidiaries is held by related parties on behalf of the Parent Company. Therefore, the effective holding of the Group in these subsidiaries is 100% and there are letters of renunciation in favour of the Group confirming that it is ultimate beneficiary of the remaining equity interest.

The financial statements of the subsidiaries are prepared for the same reporting dates as of the Parent Company using consistent accounting policies. All inter-group balances and transactions, including inter-group profits and unrealised profits and losses and dividends are eliminated on consolidation.

Business combination and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Business combination and goodwill (continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Revenue Recognition

The Group principally earns revenue from providing cellular mobile telecommunication and data services comprising access charges, airtime usage, messaging, data services, interconnect fees, connection fees and device sales. The services are rendered both on their own in separate identified contracts with customers and together as a bundled package of goods and services. The Group recognizes revenue when it transfers control over a product or services to a customer.

Under IFRS 15, the Group has concluded that performance obligations in contract are typically identified as for devices (mobile handsets and any other equipment) and for services provided to customers (data and voice) and revenue from these performance obligations are recognized either at a point in time or over time when the respective performance obligations in a contract are delivered to the customer.

The Group determines the stand-alone selling prices to be allocated to the performance obligations under the contracts based on observable sale prices. The Group performs an assessment of whether a contract meets the criteria under IFRS 15; and when the criteria is not met, the revenue is recognized when the consideration is received, and it is non-refundable based on the contractual terms.

Telecommunication Services

Telecommunication services include voice, data and text services. The Group recognizes revenues as and when these services are provided (i.e. actual usage by the customer).

Bundled packages

For bundled contracts, the revenue is allocated to the sale of devices and services separately if they are distinct, that is, if a product or service is separately identifiable from other items in the bundled contract and if a customer can benefit from it. The Group recognizes the amount allocated for the sale of the device as revenue when it transfers control of the device and correspondingly creation of contract asset. The Group recognizes the allocated revenue to service as revenue over time when the services are rendered.

Sale of Devices

The Group recognizes revenues when the control of the device is transferred to the customer. This usually occurs at the contract inception when the customer takes the possession of the device.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue Recognition (continued)

Contract costs

Under IFRS 15, incremental cost incurred in acquiring a contract with a customer are deferred and amortized over the life of the related contract. Such deferred costs are classified as an asset in the consolidated statement of financial position.

Value added services - Principal vs. agent

The Group provides certain value-added services to its customers which are of direct carrier billing in nature. The Group determines whether it will be acting as a principal or an agent on these types of services and accordingly recognizes gross revenue if it is a principal, and net revenue if it is an agent.

Significant financing component

If a customer can pay for purchased equipment or services over a period of time, IFRS 15 requires judgement. to determine if the contract includes a significant financing component. If it does, then the transaction price is adjusted to reflect the time value of money.

Customer loyalty program

Credit awards resulting from sale proceeds is deferred until the customer redeems or the obligation in respect of the credit award is fulfilled.

Deferred revenue is released to consolidated statement of income when it is no longer considered probable that the credit awards will be redeemed.

Contract assets and liabilities

The Group records a contract asset when the goods and services have been provided to the customer however, the Group's right related to consideration for the performance obligation is conditional on satisfying other performance obligations within the contract. Contract assets primarily relate to the Group's rights to consideration for provision of goods and services in the future.

The Group records a contract liability when the payments have been receded from the customer in advance of providing goods and services. The Group accounts for contract assets and liabilities on a contract-by-contract basis, with each contract presented as either a net contract asset or a net contract liability accordingly.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For financial instruments carried at amortised cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments.

Property and equipment

Recognition and measurement

Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour.
- any other costs directly attributable to bringing the assets to a working condition for their intended use; and
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software, that is integral to the functionality of the related equipment, is capitalized as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in the consolidated statement of income.

Capital work in progress is stated at cost less impairment losses, if any. Depreciation of these assets commences when the assets are ready for their intended use in accordance with the Group's policies.

Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Items of property and equipment are depreciated from the date they are ready for use. Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using straight-line basis over their estimated useful lives.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property and equipment (continued)

Depreciation (continued)

Depreciation is recognized in the consolidated statement of income. The estimated useful lives of significant items of property and equipment are as follows:

Network equipment and infrastructure	5 – 25 years
IT related assets	3 – 8 years
Furniture and fixtures	3 – 6 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The useful lives are reviewed periodically and are reassessed and adjusted, if appropriate, at each reporting date to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items of property and equipment. A change in the estimated useful life of property and equipment is applied at the beginning of the period of change with no retrospective effect.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses if any. Cost includes the purchase cost and directly associated costs of being the asset for its intended use.

The useful lives of the intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised to their residual values over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of income when the asset is derecognised.

The summary of the policies applied to the Group's intangible assets are as follows:

	Telecommunication License	*Customer relationships*	*Software licenses*	*Others*
Useful lives	20 years	7 – 11 years	5 years	1-20 years
Amortisation method used	Straight line	Straight line	Straight line	Straight line
Internally generated or acquired	Acquired	Acquired	Acquired	Acquired

Inventories

Inventories consist of goods held for resale and work-in-progress mainly materials on site for various projects which will be subsequently expensed to operating expenses on completion of the projects. Inventories are measured at the lower of cost and net realizable value.

The cost of inventories is based on the weighted-average principle and includes expenditure incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments

Classification and measurement of financial assets and financial liabilities

Financial assets

Under IFRS 9, the Group determines the classification of financial assets based on the business model it uses to manage the financial assets and the contractual cashflow characteristics of the financial assets.

Business model assessment

The Group determines its business model at the level that best reflects how it manages financial assets to achieve its business objective. The information considered includes:

- The stated policies and objectives for the financial assets and the operation of those policies in practice;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI test)

The Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test. 'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. Interest is defined as consideration for time value of money and for the credit risk associated with the principal and for other basic lending risks and costs, as well as, a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

The Group has determined the classification of its financial assets, being contract assets, trade and other receivables and cash, bank balances and deposits and has concluded that these are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analyzed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for measurement under the amortized cost method.

The subsequent measurement of contract assets and trade receivables will be at undiscounted original invoiced amount less any expected credit losses.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expires, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability. Any gain or loss upon derecognition is recognized in the consolidated statement of income.

Financial liabilities

All financial liabilities are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liability category. Such financial liabilities are recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective profit method.

Financial liabilities comprise of Islamic financing facilities and trade and other payables.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Impairment

Non-derivative financial assets

For contract assets and trade and other receivables, the Group has applied the simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the Group's economic environment. The management has considered the segmentations in respect to the trade receivables and contract assets based on demographic factors of the underlying portfolios.

The management considers a financial asset in default when the contractual payments are 90 days past due. However, in certain cases, the management may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

Further, the Group writes off trade receivables when there is relevant information to assess that the customer is in severe financial difficulty and there is no realistic prospect of recovery.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment. An impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill acquired in a business combination is allocated to groups at CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in consolidated statement of income. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized immediately in the consolidated statement of income.

Impairment of inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, both of the following conditions are satisfied:

- The Group has a legal enforceable right to offset the recognised amounts of the assets and liabilities; and
- The Group intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Employee benefits

Pensions and other social benefits for Kuwaiti employees are covered by the Public Institution for Social Security Scheme, to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. The Group's share of contributions to this scheme is charged to the consolidated statement of income in the year to which they relate.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employee benefits (continued)
The employees are entitled to an end of service indemnity payable under the Kuwait Labor Law and the Group's by-laws based on the employees' accumulated periods of service and latest entitlements of salaries and allowances. The present value of end of service indemnity payable, which is unfunded, is determined annually by actuarial valuations using the projected unit credit method. An actuarial valuation involves making various assumptions such as determination of the discount rate, future salary increases and mortality rates. These assumptions are reviewed at each reporting date.

Finance cost
Finance costs comprise of expense on Islamic financing facilities, lease liabilities and employees' end of service benefits. The expense is recognized on the effective yield method in the consolidated statement of income.

Provisions
A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Leases
At inception of a contract, the Group assesses whether the contract is a lease. A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. If the contract is identified as a lease, the Group recognises a right-of-use asset representing right to use the underlying assets and a lease-liabilities to make the lease payments at the lease commencement date.

Right-of-use assets
The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the period of lease. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment- *Non-financial assets*.

Lease Liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Segment reporting
Operating segments of the Group are identified based on the internal reports, which are regularly reviewed by the Chief Executive Officer ("CEO") for the purpose of resource allocation among the segment and performance assessment.

Contingencies
Contingent liabilities are not recognised in the consolidated statement of financial position, but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated statement of financial position, but are disclosed when an inflow of economic benefits is probable.

Foreign currency transactions
The consolidated financial statements are presented in Kuwaiti Dinars, which is the Parent Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at closing rate.

International Tax Reform – Pillar Two Model Rules
Income taxes arising from tax law enacted or substantively enacted to implement the Pillar II (Minimum tax) model rules published by the OECD Base Erosion and Profit Shifting sets out a top-up tax liability calculation based on the principles in the Pillar II model rules which describes tax law that implements qualified domestic minimum top-up taxes. IASB have issued a series of amendments to IAS 12 "Income Taxes". In periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, the group shall disclose known or reasonably estimable information that helps users of financial statements understand the entity's exposure to Pillar Two income taxes arising from that legislation. In accordance with the provisions of these amendments, the Group applies the mandatory and temporary exception not to recognise deferred taxes associated with this additional taxation. Refer note 18 for further information.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Lack of exchangeability – Amendments to IAS 21
In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 18 Presentation and Disclosure in Financial Statements
In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the consolidated financial statements and notes to the consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures
In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Significant judgements
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Classification of financial assets
The Group determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and profit on the principal amount outstanding.

Determining the lease term of contracts with renewal and termination options – Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Significant judgements (continued)

Legal proceedings
In accordance with IFRSs, the Group recognises a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the consolidated financial statements.

Obligations arising in respect of contingent liabilities that have been disclosed, or those which are not currently recognised or disclosed in the consolidated financial statements, could have a material effect on the Group's consolidated financial position. Application of these accounting principles to legal cases requires the Group's management to make determinations about various factual and legal matters beyond its control. The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its consolidated financial statements.

Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation has been brought, the progress of the case (including the progress after the date of the consolidated financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of inventories
Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. This estimation is performed on an individual basis for items of inventory.

Impairment of property and equipment and intangible assets
The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication or objective evidence of impairment or when annual impairment testing for an asset is required. If any such indication or evidence exists, the asset's recoverable amount is estimated and an impairment loss is recognised in the consolidated statement of income whenever the carrying amount of an asset exceeds its recoverable amount.

Useful lives of property and equipment and intangible assets
The Group's management determines the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation and amortisation respectively. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation and amortisation charge would be adjusted when the management believes the useful lives differ from previous estimates. The useful lives are reviewed periodically and are reassessed and adjusted, if appropriate, at each reporting date to ensure that the period of depreciation is consistent with the expected pattern of economic benefits from items of property and equipment. A change in the estimated useful life of property and equipment is applied at the beginning of the period of change with no retrospective effect.

Impairment of goodwill
The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use or fair value less cost to sell of the CGU to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Allowance for expected credit losses of trade and other receivables and contract assets

The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the Group's economic environment. The management has considered the segmentations in respect to the trade receivables and contract assets based on demographic factors of the underlying portfolios. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in a particular sector, the historical default rates are adjusted. The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions.

Revenue recognition

The process of recognizing revenue requires the following judgments and estimates:

- Determining the transaction price of contracts requires estimating the amount or revenue which the Group expects to be entitled to for delivering the performance obligations within a contract; and
- Determining the stand-alone selling price of performance obligations and the allocation of the transaction price between performance obligations.

i. Determining the transaction price

The transaction price is the amount of consideration that is enforceable and to which the management expects to be entitled in exchange for goods and services promised to the customer. The management determines the transaction price by considering the terms of the contract and business practices that are customary. Discounts, rebates, refunds, credits, price concessions, incentives, penalties, and other similar items are reflected in the transaction price at contract inception.

ii. Determining stand-alone selling price and the allocation of transaction price

The transaction price is allocated to performance obligations based on the relative stand-alone selling prices of the distinct goods or services in the contract. The best evidence of a stand-alone selling price is the observable price of a good or service when the entity sells that good or service separately in similar circumstances and to similar customers. If a stand-alone selling price is not directly observable, we estimate the stand-alone selling price taking into account the reasonably available information relating to the market conditions, entity-specific factors and class of customer.

In determining the stand-alone selling price, we allocate revenue between performance obligations based on expected minimum enforceable amounts to which the Group is entitled.

iii. Distinct goods and services

The management makes judgment in determining whether a promise to deliver goods or services is considered distinct. The management accounts for individual products and services separately if they are distinct (i.e. if a product or service is separately identifiable from other items in the bundled package and if the customer can benefit from it). The consideration is allocated between separate products and services in a bundle based on their stand-along selling prices. For items that are not sold separately, the management estimates the stand-alone selling prices using the adjusted market assessment approach.

Effect of Climate risk

The Group makes use of reasonable and supportable information to make accounting judgments and estimates, this includes information about the observable effects of the physical and transition risks of climate change. Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty, and have limited effect on accounting judgments and estimates.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiaries functional currency).The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiaries stand-alone credit rating).

4 PROPERTY AND EQUIPMENT

	Network equipment and infrastructure KD'000	*IT related assets KD'000*	*Furniture and fixtures KD'000*	*Capital work in progress* KD'000*	*Right-of-use Sites, exchange and network assets KD'000*	*Right-of-use land & buildings KD'000*	*Total KD'000*
Cost:							
At 1 January 2024	393,477	55,164	5,505	7,312	17,631	9,716	488,805
Additions	-	12	54	27,715	9,297	8,404	45,482
Transfers	18,237	5,730	184	(24,151)	-	-	-
Write-offs and cancellations	(250)	-	(314)	-	(7,249)	(1,472)	(9,285)
At 31 December 2024	**411,464**	**60,906**	**5,429**	**10,876**	**19,679**	**16,648**	**525,002**
Depreciation and impairment:							
At 1 January 2024	(267,925)	(43,412)	(2,822)	-	(9,340)	(3,442)	(326,941)
Charge for the year	(22,700)	(5,039)	(930)	-	(8,578)	(2,986)	(40,233)
Write-offs and cancellations	237	-	291	-	7,249	704	8,481
At 31 December 2024	**(290,388)**	**(48,451)**	**(3,461)**	**-**	**(10,669)**	**(5,724)**	**(358,693)**
Carrying amount							
At 31 December 2024	**121,076**	**12,455**	**1,968**	**10,876**	**9,010**	**10,924**	**166,309**

4 PROPERTY AND EQUIPMENT (continued)

	Network equipment and infrastructure KD'000	*IT related assets KD'000*	*Furniture and fixtures KD'000*	*Capital work in progress* KD'000*	*Right-of-use Sites, exchanges and network assets KD'000*	*Right-of-use Buildings KD'000*	*Total KD'000*
Cost:							
At 1 January 2023	385,112	48,006	4,889	6,574	17,278	12,082	473,941
Additions	-	4	51	19,861	8,679	2,808	31,403
Transfers	16,207	2,562	354	(19,123)	-	-	-
Write-offs and cancellations	(3,039)	-	-	-	(8,326)	(5,174)	(16,539)
Reclassification	(4,803)	4,592	211	-	-	-	-
At 31 December 2023	393,477	55,164	5,505	7,312	17,631	9,716	488,805
Depreciation and impairment:							
At 1 January 2023	(249,404)	(35,543)	(1,878)	-	(10,122)	(5,795)	(302,742)
Charge for the year	(23,988)	(5,290)	(948)	-	(7,544)	(2,821)	(40,591)
Write-offs and cancellations	2,892	-	-	-	8,326	5,174	16,392
Reclassification	2,575	(2,579)	4	-	-	-	-
At 31 December 2023	(267,925)	(43,412)	(2,822)	-	(9,340)	(3,442)	(326,941)
Carrying amount							
At 31 December 2023	125,552	11,752	2,683	7,312	8,291	6,274	161,864

*Capital work in progress comprise of cellular and other equipment. Such assets are not subject to depreciation until the network is tested and is ready for use.

5 GOODWILL AND INTANGIBLE ASSETS

2024	*Goodwill KD'000*	*License KD'000*	*Customer relationships KD'000*	*Software license KD'000*	*Others* KD'000*	*Total KD'000*
Cost						
At 1 January	11,876	19,235	3,126	5,780	22,478	62,495
Additions	-	-	-	4,909	6,474	11,383
Disposals	-	-	-	-	(6,474)	(6,474)
At 31 December	**11,876**	**19,235**	**3,126**	**10,689**	**22,478**	**67,404**
Amortization charge						
At 1 January	-	(4,489)	(991)	(2,968)	(13,353)	(21,801)
Charge for the year	-	(962)	(294)	(2,045)	(7,082)	(10,383)
Disposals	-	-	-	-	6,474	6,474
At 31 December	**-**	**(5,451)**	**(1,285)**	**(5,013)**	**(13,961)**	**(25,710)**
Net carrying amount: At 31 December	**11,876**	**13,784**	**1,841**	**5,676**	**8,517**	**41,694**
2023						
Cost						
At 1 January	11,876	19,235	3,126	4,110	25,754	64,101
Additions	-	-	-	1,670	6,474	8,144
Disposals	-	-	-	-	(9,750)	(9,750)
At 31 December	11,876	19,235	3,126	5,780	22,478	62,495
Amortization charge						
At 1 January	-	(3,527)	(598)	(2,096)	(15,804)	(22,025)
Charge for the year	-	(962)	(393)	(872)	(7,299)	(9,526)
Disposals	-	-	-	-	9,750	9,750
At 31 December	-	(4,489)	(991)	(2,968)	(13,353)	(21,801)
Net carrying amount: At 31 December	11,876	14,746	2,135	2,812	9,125	40,694

*Others represents a contract with the Parent Company for indefeasible right to use asset ("IRU"), Spectrum licenses and other contractual intangible assets.

The intangible assets are having finite life and is amortized on a straight-line basis over its useful life.

Goodwill
The carrying value of the goodwill amounting to KD 3,400 thousand (2023: KD 3,400 thousand) pertains to investment in Qualitynet General Trading and Contracting Company W.L.L. ("Qualitynet") and KD 8,476 thousand (2023: KD 8,476 thousand) pertains to investment in E-Portal.

5 GOODWILL AND INTANGIBLE ASSETS (continued)

Impairment testing for goodwill
The carrying value of goodwill is tested for impairment on an annual basis (or more frequently if evidence exists that goodwill might be impaired) by estimating the recoverable amount of the cash generating unit (CGU) to which these items are allocated using value-in-use calculations unless fair value based on an active market price is higher than the carrying value of the CGU. The value in use calculations use pre-tax cash flow projections based on financial budgets approved by management over a three years' period and a relevant terminal growth rate. These cash flows are then discounted to derive a net present value which is compared to the carrying value. The discount rate used is pre-tax and reflects specific risks relating to the relevant cash generating unit.

Recoverable amount of goodwill calculated using value-in-use method based on following inputs.The goodwill in respect of Qualitynet and E-portal is allocated to individual CGU's which consists of identifiable net assets. Based on goodwill impairment assessment performed by the management, the recoverable amount of goodwill is higher than the carrying value as at the reporting date. Accordingly, no impairment provisions is recognised in the consolidated statement of income (2023: Nil).

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

Discount rate
Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). A discount rate of 14.21% (2023: 12.18%) for Qualitynet and 12.17% (2023: 14.70%) for E-portal is used to estimate the recoverable amount.

Terminal growth rate
Terminal growth rate is based on the long-term inflation forecast for the State of Kuwait. A terminal growth rate of 3.42% for Qualitynet (2023: 3.21%) and 2.72% for E-portal (2023: 2.99%) is used to estimate the recoverable amount of these cash generating units.

The Group has also performed a sensitivity analysis by varying these inputs factors by a reasonable margin (1% for discount rate, 1% for terminal growth rates and 2% for Gross margins). Based on such analysis, there are no indications that goodwill is impaired.

6 TRADE AND OTHER RECEIVABLES

	2024 KD'000	*2023 KD'000*
Gross trade receivables	**65,548**	68,118
Allowance for expected credit losses	**(23,979)**	(20,915)
	41,569	47,203
Other receivables	**4,183**	4,222
Allowance for expected credit losses	**(970)**	(970)
	3,213	3,252
Due from related parties (note 21)	**5,372**	3,262
Allowance for expected credit losses	**(1,200)**	-
	4,172	3,262
Unbilled receivables	**5,790**	3,550
	54,744	57,267
Represented by:		
Non-current portion	**615**	380
Current portion	**54,129**	56,887
	54,744	57,267

6 TRADE AND OTHER RECEIVABLES (continued)

Set out below is the movement in the allowance for expected credit losses on trade and other receivables:

	2024 KD'000	*2023 KD'000*
At 1 January	**21,885**	16,426
Charge for the year	**5,397**	5,459
Write-offs	**(1,133)**	-
At 31 December	**26,149**	21,885

The maximum exposure to credit risk at the reporting date is the carrying value of receivables mentioned above as disclosed in note 23.

7 INVENTORIES

	2024 KD'000	*2023 KD'000*
Work-in-progress	**2,386**	3,525
Goods held for sale*	**13,512**	10,370
Less: provision for old and obsolete inventories	**(1,155)**	(1,059)
	14,743	12,836

*The Group inventories mainly consist of telecom devices.

Movements in the impairment of work-in-progress and provision for obsolete inventories were as follows:

	2024 KD'000	*2023 KD'000*
At 1 January	**1,059**	2,109
Charge (reversal) for the year (included under operating expenses)	**96**	(893)
Write-offs	**-**	(157)
At 31 December	**1,155**	1,059

8 CONTRACT ASSETS

	2024 KD'000	*2023 KD'000*
Unbilled revenue	**71,428**	67,739
Less: allowance for expected credit losses	**(2,946)**	(3,719)
	68,482	64,020
Represented by:		
Non-current portion	**20,227**	18,720
Current portion	**48,255**	45,300
	68,482	64,020

Contract assets are initially recognized for revenue earned from rendering of telecom services, sale of devices, and construction contracts unbilled yet. Upon completion of billing cycle, the amounts recognized as contract assets are reclassified to trade receivables.

8 CONTRACT ASSETS (continued)

Contract assets represents balances related to unbilled receivables on sold devices. The term of contracts for the sold devices ranges between 12 and 24 months.

Set out below is the movement in the allowance for expected credit losses of contract assets:

	2024 KD'000	*2023 KD'000*
At 1 January	**3,719**	5,874
Charge for the year	**7,469**	9,416
Write-offs during the year	**(8,242)**	(11,571)
At 31 December	**2,946**	3,719

9 CASH, BANK BALANCES AND DEPOSITS

	2024 KD'000	*2023 KD'000*
Cash at banks	**15,387**	15,808
Cash in hand	**2**	3
Islamic deposits*	**90,390**	85,632
Cash, bank balances and deposits as per consolidated statement of financial position	**105,779**	101,443
Less: Islamic deposits with original maturity exceeding 3 months but less than 12 months	**(49,169)**	(14,480)
Cash, bank balances and deposits in the consolidated statement of cash flows	**56,610**	86,963

*Islamic deposits are placed with local Islamic financial institutions and carry an effective profit rate of 3.9% - 5.4% (2023: 4.7% - 5%) per annum and have an original maturity of less than one year.

10 EQUITY

Share capital
The Parent Company's authorized, issued and fully paid-up share capital is KD 99,874 thousand (2023: KD 99,874 thousand) comprising of 998,733,704 (2023: 998,733,704) shares of 100 fils each and is fully paid in cash.

Statutory reserve
In accordance with the Companies Law No. 1 of 2016, as amended and its Executive Regulation, as amended, and the Parent Company's Articles of Association, 10% of the profit before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration for the year is transferred to statutory reserve until the reserve totals 50% of the paid up share capital, after which such transfers can be discontinued by a resolution of the shareholders in the Annual General Assembly meeting upon recommendation by the Board of Directors.

Distribution of the reserve is limited to the amount required to enable the payment of a dividend of 5% of paid up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount. The Parent Company has discontinued such annual transfers as the it has exceeded 50% of the authorized, issued and fully paid-up share capital.

Voluntary reserve
In accordance with the Parent Company's Articles of Association, a percentage of profit before contribution to KFAS, NLST, Zakat and Board of Directors' remuneration for the year, as recommended by the Board of Directors and approved by the shareholders, must be deducted and transferred to a voluntary reserve. Such transfers may be discontinued by a resolution of the shareholders in the Annual General Assembly meeting upon recommendation by the Board of Directors. There are no restrictions on the distribution of this reserve. During the previous years, the shareholders have approved to discontinue transfers to voluntary reserve.

10 EQUITY (continued)

Share Based Payments
The Group has recognized the value of equity-settled share-based payment reserve as part of employee benefit expense amounting to KD 51 thousand (31 December 2023: KD 88 thousand).

Recommended cash dividends for the year 2024
The Parent Company's Board of Directors recommended to distribute cash dividends to the shareholders of the Parent Company of 35 fils per share amounting to KD 34,956 thousand for the year ended 31 December 2024.

The recommended cash dividends are only due when its approved by the shareholders' Annual General Assembly meeting, and to be distributed to shareholders after obtaining the necessary approvals from the regulatory authorities.

Annual General Meeting ("AGM")
The Annual General Assembly meeting of the shareholders held on 27 March 2024 approved distribution of cash dividends of 35 fils per share (31 December 2022: 30 fils per share) amounting to KD 34,956 thousand (31 December 2022: KD 29,962 thousand) for the year ended 31 December 2023.

11 EMPLOYEES' END OF SERVICE BENEFITS

The Group provides end of service benefits to its employees. The entitlement is based upon the employees' final salary and length of service, subject to the completion of a minimum service period, calculated under the provisions of the Labour Law applicable in the State of Kuwait, and is payable upon resignation or termination of the employee. The expected costs of these benefits are accrued over the period of employment.

The plan typically exposes the Group to actuarial risks such as: discount rate, salary risk and withdrawal risk.

Discount rate	A decrease in the discount rate will increase the plan liability.
Salary risk	The present value of the end of service benefit plan liability is calculated by reference to the estimated future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.
Withdrawal risk	Benefits are paid when an employee leaves employment either through resignation or retirement. The rate of withdrawal therefore affects the timing of the payment and consequently the liability at the reporting date.

The most recent actuarial valuation of the present value of the defined benefit obligation was carried out at 31 December 2024. The present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions in determining the end of service provisions are discount rate 4.50% (2023: 4.75%) and expected rate of salary increase in range of 3% to 4% (2023: 3% to 4%).

Movements in the present value of the end of service benefit obligation in the current year were as follows:

	2024 KD'000	*2023 KD'000*
At 1 January	**13,557**	12,108
Interest on end of service benefits	**721**	563
Expenses recognized	**1,862**	1,584
Re-measurement (gain) loss*	**(136)**	355
Benefits paid during the year	**(3,079)**	(1,053)
At 31 December	**12,925**	13,557

* Re-measurement (gain) loss is comprised of actuarial changes arising from financial assumption and experience adjustments.

Sensitivity analysis:
The sensitivity analyses below have been determined based on reasonably possible changes of the below mentioned assumptions as at the reporting period, while holding all other assumptions constant.

11 EMPLOYEES' END OF SERVICE BENEFITS (continued)

Sensitivity analysis(continued):

- If discount rate is 25 basis point higher (lower), the end of service benefit obligation would decrease by KD 345 thousand (increase by KD 333 thousand).
- If the expected salary growth increases (decreases) by 25 basis points, the end of service benefit obligation would increase by KD 347 thousand (decrease by KD 335 thousand).

The sensitivity analysis presented above may not be representative of the actual change in the end of service benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Early retirement plan
During the year, the Group has introduced an early retirement plan for its employees. The amount recognized as an expense for the year ended 31 December 2024 is KD 1,893 thousand (2023: KD Nil) included under "other income (net of expense)" in consolidated statement of income (Note 17).

12 ISLAMIC FINANCING FACILITIES

The Group has Islamic financing arrangements amounting to KD 120,000 thousand out of which KD 23,000 thousand was utilized, which is repayable over 4 years starting from March 2024 in equal quarterly installments. As at 31 December 2024, KD 17,250 thousand (31 December 2023: KD 23,000 thousand) is outstanding against these facilities.

	2024 KD'000	*2023 KD'000*
Represented by:		
Non-current portion	**11,500**	17,250
Current portion	**5,750**	5,750
At 31 December	**17,250**	23,000

Islamic financing facilities are unsecured and carries profit rate in the range of 4.55%-4.80% (31 December 2023: 4.05% - 4.80%) per annum.

The maturity analysis and changes in liabilities arising from Islamic financing facilities is disclosed in Note 23.

13 TRADE AND OTHER PAYABLES

	2024 KD'000	*2023 KD'000*
Trade and other payables	**17,689**	13,262
Accruals and provisions	**59,365**	61,831
Other payables	**16,827**	16,195
Contract liabilities*	**25,573**	27,059
Lease liabilities**	**20,269**	13,118
Due to related parties (note 21)	**51,862**	35,774
	191,585	167,239
Represented by:		
Non-current portion	**16,896**	8,689
Current portion	**174,689**	158,550
	191,585	167,239

13 TRADE AND OTHER PAYABLES (continued)

*The contract liabilities as at 31 December 2024: KD 25,573 thousand (31 December 2023: KD 27,059 thousand) relates to unearned revenue pertaining to unutilized prepaid card units sold, the value of customer loyalty program points not yet redeemed and advance amounts received from customers to provide telecommunications and data communication services.

Revenue recognized during the year that was included in the contract liability balance at the beginning of the year amounted to KD 27,059 thousand (2023: KD 24,286 thousand) (note 14).

**The movement of lease liabilities is as follows: -

	2024 KD'000	*2023 KD'000*
At 1 January	**13,118**	11,150
Additions	**17,701**	11,487
Derecognition	**(750)**	-
Accretion of interest	**654**	479
Payments	**(10,454)**	(9,998)
At 31 December	**20,269**	13,118
Represented by:		
Non-current portion	**14,619**	8,689
Current portion	**5,650**	4,429
	20,269	13,118

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 23.

Included within accruals and provisions capital expenditure accruals (net of advances) amounting to KD 2,618 thousand (2023: KD 207 thousand) representing capital expenditure which have been incurred by the Group, but not yet invoiced by the suppliers. Due to related parties mainly includes network related charges and management fees with the Ultimate Parent Company.

14 REVENUE

The Group has disaggregated the revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

The following table disaggregates revenue by major sources and timing of revenue recognition.

	2024 KD'000	*2023 KD'000*
Sources of revenue		
Sale of goods	**96,967**	95,430
Rendering of services	**239,548**	231,941
	336,515	327,371
Timing of revenue recognition		
Products transferred at a point in time	**96,967**	95,430
Products and services transferred over time	**239,548**	231,941
	336,515	327,371

The aggregate amount of unsatisfied or partially unsatisfied performance obligations related to contracts with customers as at 31 December 2024 of KD 25,573 thousand (31 December 2023: KD 27,059 thousand) which the Group expects to recognize as revenues during the following reporting period (note 13).

15 OPERATING EXPENSES

	2024 **KD'000**	*2023* KD'000
Cost of inventory consumption	**79,961**	79,610
Access charges	**59,325**	54,297
Roaming & interconnect expenses	**15,021**	15,413
Repair & maintenance expenses	**12,979**	12,498
Others	**16,634**	8,754
	183,920	170,572

16 GENERAL AND ADMINISTRATIVE EXPENSES

	2024 **KD'000**	*2023* KD'000
Rent and utilities	**650**	1,633
Sales and marketing expenses	**11,457**	11,072
Consultancy fees	**1,947**	3,058
Other administrative expenses	**15,038**	14,642
	29,092	30,405

17 OTHER INCOME (EXPENSES)

	2024 **KD'000**	*2023* KD'000
Interest income	**3,668**	3,143
Foreign exchange losses	**(193)**	(404)
Early retirement plan (Note 11)	**(1,893)**	-
Others	**(106)**	(346)
	1,476	2,393

18 TAXES

Kuwait Foundation for Advancement of Sciences ("KFAS")
The contribution to KFAS is calculated at 1% of the profit for the year attributable to the Parent Company in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries and transfer to statutory reserve until the reserve reaches 50% of share capital should be excluded from the profit base when determining the contribution. The contribution to KFAS is payable in full before the AGM is held in accordance with the Ministerial Resolution (184/2022). As at 31 December 2024, the Group has KFAS payables of KD 334 thousand (2023: KD 348 thousand). During the year, the Group have paid KFAS of KD 346 thousand (2023: KD 349 thousand).

Zakat
Contribution towards Zakat is computed at 1% of the net profit in accordance with the requirements of Law No. 46 of 2006 and Ministry of Finance resolution No. 58 of 2007 and charged to the consolidated statement of income.

National Labour Support Tax ("NLST")
Contribution towards NLST is computed at 2.5% of the net profit in accordance with the requirements of Law No. 19 of 2000 and Minister of Finance resolution No. 24 of 2006 and recognised in the consolidated statement of income.

Pillar 2 Income Taxes
In 2021, OECD's Inclusive Framework (IF) on Base Erosion and Profit Sharing (BEPS) had agreed to a two-pillar solution in order to address the challenges arising from digitalization of the economy. Under Pillar 2, multinational entities whose revenues exceeds EUR 750 million are liable to pay corporate income tax at a minimum effective rate of 15%.

18 TAXES (continued)

Pillar 2 Income Taxes (continued)
The jurisdictions in which the Group operates including State of Kuwait have joined IF. The Groups expects to be liable for the Global Minium Tax under Pillar 2 of the BEPS regulations starting from the year 2025.

The Group is currently assessing its exposure to the additional income taxes under Pillar 2 regulations. The Group's effective tax rate is expected to increase significantly in 2025 due to applicability of the Pillar 2 legislation in low tax jurisdiction such as Kuwait. In the absence of Executive regulations in Kuwait, the expected impact in 2025 cannot be reasonably estimated at this time.

19 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the year.

	2024	*2023*
Net profit for the year (KD'000)	**31,380**	32,678
Weighted average number of shares	**998,733,704**	998,733,704
Basic and diluted earnings per share (fils)	**31**	33

20 INVESTMENT IN AN ASSOCIATE

Details of associate are as follows:

Name of associate	***Country of incorporation***	***% equity interest as at 31 December 2024***	*2023*	***Principal activities***
Connect Arabia W.L.L.	Kuwait	**10%**	10%	*Provision of prepaid telecommunication services*

Connect Arabia W.L.L. ("Virgin Mobile Kuwait" or "VMK") was established in 2021 as a mobile virtual network operator. As at 31 December 2024, the carrying value of investment is Nil (31 December 2023: Nil)

21 RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party, directly or indirectly through one or more intermediaries, has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related parties primarily comprise of major shareholders of the Group, its Directors, key management personnel and entities over which they exercise significant influence.

In addition to the above, the Parent Company also has entered in certain other transactions in the normal course of business with Ultimate Parent Company, associate and affiliates.

Significant transactions with related parties included in the consolidated statement of income are as follows:

	2024 **KD'000**	*2023* KD'000
Management fees*	**12,400**	12,298
Revenues - Ultimate Parent Company	**8,967**	9,421
Revenues – associate	**2,661**	1,312
Revenues – affiliate	**1,297**	5,289
Operating expenses – Ultimate Parent Company	**639**	1,523
Operating expenses – affiliate	**24,848**	21,764

* Management fees represents fees charged by the Ultimate Parent Company which is based on certain percentage of revenues and is included under other expenses.

21 RELATED PARTY BALANCES AND TRANSACTIONS (continued)

Balances due from related parties amounting to KD 4,172 thousand (2023: 3,262 thousand) (note 6) are included in trade and other receivables in the consolidated statement of financial position. Balance with related parties do not carry any profit and are receivables on demand.

Balances with related parties amounting to KD 51,862 thousand (2023: KD 35,774 thousand) (note 13) are included in trade and other payables in the consolidated statement of financial position. Balance with related parties do not carry any profit and are repayable on demand.

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The key management personnel compensation is as follows:

Key management compensation	***2024 KD'000***	*2023 KD'000*
Salaries, allowances and other benefits	**3,300**	2,846
Share-based payment transaction	**51**	88
End of service benefits	**89**	83
	3,440	3,017

Board of Directors' remuneration for the financial year 2024 is subject to approval of shareholders in the Annual General Assembly. The AGM of the shareholders held on 27 March 2024 approved the Board of Directors' remuneration for the financial year 2023.

22 COMMITMENTS AND CONTINGENTIES

	2024 KD'000	*2023 KD'000*
Commitments		
Capital commitments	**21,173**	15,509
Contingent liabilities		
Letters of guarantee and letters of credit*	**26,505**	19,263

* The Group has contingent liabilities in respect of bank guarantee and letters of credit arising in the ordinary course of business from which it is anticipated that no material liabilities will arise.

Legal claims

In April 2017, Kuwait's Cassation Court invalidated a portion of the regulatory tariff decree levied on mobile telecommunication companies in Kuwait since 26 July 2011 by Kuwait's Ministry of Communications. Accordingly, the Parent Company had filed a claim for the recovery of the excess amount paid from change in regulation date till date.

The Parent Company initiated legal proceedings against the Ministry of Communications ("MOC") and the Communications and Information Technology Regulatory Authority ("CITRA") in connection with the aforementioned matter. The dispute was resolved upon the issuance of a final judgment by the Court of Cassation in favor of the Parent Company, ordering the authorities to pay a sum of KD 18,292 thousand, which was received by the Parent Company in previous years.

On 22 December 2024, the Ministry of Communications ("MOC") and the Communications and Information Technology Regulatory Authority ("CITRA") (collectively, the "Plaintiff") filed a lawsuit before the First Court of Instance against the Parent Company ("Defendant"), seeking the reimbursement of the amounts previously adjudicated in the aforementioned case, asserting a claim for unjust enrichment where the plaintiff overpaid the claim amount.

As of 31 December 2024, the matter is still pending under the "First Court of Instance", and no final determination has been made.

22 COMMITMENTS AND CONTINGENTIES (continued)

Contingent assets

In 2018, the Group had filed a legal case with Court of First Instance against Kuwait's Ministry of Communications and Communications and Information Technology Regulatory Authority ("the defendants) for the International private leased circuit ("IPLC") charges paid by the Group for the disconnected period for an estimated claim of KD 1,438 thousand plus interest.

On 19 March 2023, the First Court of Instance has issued a verdict in favour of the Group obliging defendants to pay the claim. Against this judgment, the defendants had filed an appeal against the First Instance's primary judgment and on 5 July 2023, the Court of appeal has issued a verdict in favour of the Group obliging defendants to pay claim of KD 1,034 thousand plus interest.

On 8th August 2023, the Group filed an appeal by cassation requesting the court to firstly adhere to the first instance court judgment and secondly to calculate the 7% interest beginning from the date of filing the case on the 2 January 2019, the defendants have also appealed by cassation requesting its annulment.

As at 31 December 2024, there is no financial impact till the above judgement under court of cassation is executed.

23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group has an exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital are given below.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from the customers, balances with banks and Islamic deposits.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2024 KD'000	*2023 KD'000*
Trade and other receivables	**54,744**	57,267
Contract assets	**68,482**	64,020
Cash at banks	**15,387**	15,808
Islamic deposits	**90,390**	85,632
	229,003	222,727

23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)

Trade and other receivables and contract assets
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk.

The Group has established a credit policy under which each new customer is analyzed for creditworthiness before the Group's standard terms and conditions are offered. Credit exposure is controlled by counterparty limits that are annually reviewed and approved by the management. The Group does not have an internal credit rating of counter parties and considers all counter parties with which the Group deals to be having an equivalent credit rating. The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group does not require collateral in respect of trade and other receivables.

The Group establishes a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by nationality, geographical region and customer type). The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions.

The table below provides information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

31 December 2024	***Trade receivables***						
		Days past due					
	Contract assets KD'000	***Current KD'000***	***1-30 days KD'000***	***31-60 days KD'000***	***61-90 days KD'000***	***>91 days KD'000***	***Total KD'000***
Estimated total gross carrying amount at default	**71,428**	**24,830**	**4,662**	**2,410**	**1,801**	**31,845**	**136,976**
Estimated credit loss							**26,925**
Expected credit loss rate							**20%**

31 December 2023	*Trade receivables*						
		Days past due					
	Contract assets KD'000	*Current KD'000*	*1-30 days KD'000*	*31-60 days KD'000*	*61-90 days KD'000*	*>91 days KD'000*	*Total KD'000*
Estimated total gross carrying amount at default	67,739	27,716	4,679	3,333	2,616	29,774	135,857
Estimated credit loss							24,634
Expected credit loss rate							18%

Cash, bank balances and deposits
The Group limits its exposure to credit risk by only placing funds with counterparties with appropriate credit ratings. Given these credit ratings, management does not expect any counterparty to fail to meet its obligations.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk (continued)

The following are the contractual maturities of financial liabilities:

31 December 2024	***Carrying amount KD'000***	***Contractual undiscounted cash flows***			
		1 year or less KD'000	***1-2 Years KD'000***	***More than 2 years KD'000***	***Total KD'000***
Islamic financing facilities	**17,250**	**6,012**	**6,285**	**6,571**	**18,868**
Lease liabilities	**20,269**	**5,986**	**4,672**	**13,620**	**24,278**
Trade and other payables*	**145,743**	**143,466**	**2,277**	-	**145,743**
	183,262	**155,464**	**13,234**	**20,191**	**188,889**
Commitments					
Acquisition of property and equipment	**21,173**	**21,173**	-	-	**21,173**
31 December 2023					
Islamic financing facilities	23,000	5,983	5,983	12,955	24,921
Lease liabilities	13,118	5,336	3,852	4,385	13,573
Trade and other payables*	127,062	127,062	-	-	127,062
	163,180	138,381	9,835	17,340	165,556
Commitments					
Acquisition of property and equipment	15,509	15,509	-	-	15,509

**Trade and other payables above exclude contracts liabilities.*

The following table presents the recognized financial assets and liabilities that are offset as at 31 December 2024 and 31 December 2023:

31 December 2024	***Gross amounts KD'000***	***Amounts set off KD'000***	***Net Amounts KD'000***
Financial assets			
Trade and other receivables -Current	**78,777**	**(24,648)**	**54,129**
Financial liabilities			
Trade and other payables -Current	**199,337**	**(24,648)**	**174,689**
31 December 2023			
Financial assets			
Trade and other receivables -Current	77,518	(20,631)	56,887
Financial liabilities			
Trade and other payables -Current	179,181	(20,631)	158,550

23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk (continued)

Changes in liabilities arising from financial activities
Changes in liabilities arising from financials activities are as follows:-

31 December 2024	***1 January KD'000***	***Cashflows KD'000***	***Non-monetary changes* KD'000***	***31 December KD'000***
Islamic financing facilities-current	**5,750**	**(5,750)**	**5,750**	**5,750**
Islamic financing facilities- non-current	**17,250**	**-**	**(5,750)**	**11,500**
Lease liabilities – current	**4,429**	**(10,454)**	**11,675**	**5,650**
Lease liabilities – non-current	**8,689**	**-**	**5,930**	**14,619**
	36,118	**(16,204)**	**17,605**	**37,519**
31 December 2023				
Islamic financing facilities-current	-	-	5,750	5,750
Islamic financing facilities- non-current	23,000	-	(5,750)	17,250
Lease liabilities – current	4,713	(9,998)	9,714	4,429
Lease liabilities – non-current	6,437	-	2,252	8,689
	34,150	(9,998)	11,966	36,118

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

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, profit rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group's exposure to market risk arises from:
- Currency risk
- Profit rate risk

Currency risk
Currency risk is a risk that the fair values or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group is exposed to currency risks on trade and other payables, Islamic financing facilities and Islamic deposits that are denominated in a currency other than the KD, which is the functional currency of the Group. The currencies in which these transactions are primarily denominated in US Dollars ("US$"). The Group's currency risk is managed by monitoring significant foreign currency exposures on a regular basis.

Exposure to currency risk
The Group's net exposure to foreign currency risk is as follows:

	2024 KD'000	*2023 KD'000*
US Dollars (short)	**45,121**	10,426

23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk (continued)

Currency risk (continued)

Exposure to currency risk (continued)
The following significant exchange rates applied during the year:

	2024		*2023*	
	Average rate	***Reporting date Spot rate***	*Average Rate*	*Reporting date Spot rate*
US$	**0.30568**	**0.30810**	0.30500	0.30675

Sensitivity analysis
A strengthening (weakening) of the KD, as indicated below, against US$ at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and increased (decreased) the equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant.

	2024 KD'000	*2023 KD'000*
3% movement	**1,354**	313

Profit rate risk
Profit rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market profit rates.

Financial instruments, which potentially subject the Group to profit rate risk, consist principally of cash, bank balances and deposits and Islamic financing facilities.

The Group's Islamic deposits are for a short-term period and are set at fixed rates and therefore management believes there is minimal risk of significant losses due to profit rate fluctuations.

The Group's Islamic financing facilities are obtained at a floating rate. The following table demonstrates the sensitivity of the consolidated statement of income to reasonably possible changes in interest rates, with all other variables held constant.

	Change in interest rates by 50 basis points Effect on profit	
	2024 KD'000	*2023 KD'000*
Kuwaiti Dinars	**86**	115

24 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash, bank balances and deposits, trade and other receivables and contract assets. Financial liabilities consist of trade and other payables and Islamic financing facilities.

The fair values of the financial assets and liabilities are not significantly different from their carrying value as at the reporting date. For financial assets and financial liabilities that are liquid or having short-term maturity (less than twelve months) it is assumed that the carrying amounts approximate to their fair valuation as these are re-priced immediately upon maturity.

25 CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the Group performance in relation to its long range business plan and its long-term profitability objectives.

The Group's objectives for managing capital are:

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurate with the level of risk.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 2023.

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity. The Parent Company includes within net debt, payables under Islamic financing facilities, trade and other payables, less cash, bank balances and deposits.

	2024 ***KD'000***	*2023* *KD'000*
Islamic financing facilities	**17,250**	23,000
Trade and other payables	**191,585**	167,239
Less: Cash, bank balances and deposits.	**(105,779)**	(101,443)
Net debt	**103,056**	88,796
Total equity	**240,477**	243,866
Gearing ratio	**43%**	36%

26 OPERATING SEGMENTS

Information regarding the Group's operating segments is set out below in accordance with the IFRS 8 "Operating Segments" which requires the identification of operating segments based on the internal reports that are regularly reviewed by the Group's Chief Executive Officer ("CEO") and used to allocate the resources to the segments and to evaluate their performance. The Group has identified Consumer (i.e., Individual customers) and Enterprise (i.e., Corporates & others) as major operating segments.

The Group's total costs, assets and liabilities have not been identified to any of the operating segments as the majority of the total costs, operating assets and liabilities are fully integrated between consumer and enterprise & others segments. The Group believes that it is not practicable to segregate and provide segment allocation related to total costs, operating assets and liabilities.

26 OPERATING SEGMENTS (continued)

The Group only operates in State of Kuwait and is therefore viewed to operate in one geographical area. The operating segments that are regularly reported to CEO are Consumer segment and Enterprise & others.

	31 December 2024 ***KD'000***	*31 December 2023* *KD'000*
Consumer revenues- Point in time	**84,547**	83,117
Consumer revenues- Over time	**170,260**	172,048
Enterprise & others revenues- Point in time	**12,420**	12,313
Enterprise & others revenues- Over time	**69,288**	59,893
Total revenues	**336,515**	327,371
Operating expenses	**(183,920)**	(170,572)
Staff costs	**(25,609)**	(27,197)
Expected credit losses on trade and other receivables and contract assets	**(12,866)**	(14,875)
Depreciation and amortization and write offs	**(50,574)**	(50,134)
General and administrative expenses	**(29,092)**	(30,405)
Finance costs	**(2,574)**	(2,023)
Other income	**1,476**	2,393
Board of Directors' remuneration	**(256)**	(192)
Profit before tax	**33,100**	34,366

27 COMPARATIVE FIGURES

Certain comparative figures have been reclassified as listed below to conform with the classification used for the year ended 31 December 2024. These reclassifications listed below has no impact on previously disclosed net income, financial position or cash flow:

	31 December 2023 as previously reported KD'000	***Reclassification KD'000***	***31 December 2023 KD'000***
Revenue	**351,372**	**(24,001)**	**327,371**
Operating expenses	**(194,573)**	**24,001**	**(170,572)**

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