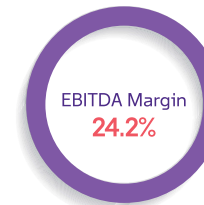


# Chief Financial Officer Statement

“ Strong financial and operational performance achieved by **stc** with the support of its solid financial infrastructure and prudent strategy focusing on innovation, strategic expansion, and maintaining the Company’s resiliency”

Mr. Khalid Fahad Almayouf



## Overview,

The strong financial results of Kuwait Telecommunications Company (**stc**) for the financial year 2023 demonstrated the Company’s competency to achieve its strategic objectives, in the light of the intense competition in the telecommunications sector in the State of Kuwait, supported by wise financial plans. This was also a result of **stc**’s commitment to periodically update its prudent financial plans in line with the Company’s prominent investments, in accordance to both the local and international trends in the sector. I am, therefore; pleased to announce the growth in profits and cash flows, in addition to shedding the light on the Company’s continuous direction to reach operational efficiency through its adherence to the cost optimization program.

In light of these achievements, **stc** has an unwavering commitment to implement its new corporate strategy “LEAD”, which was developed in 2023 revolving around leading the telecom and ICT markets in Kuwait by offering innovative services, growing priority segments and deploying an effective and digital operating model. This vision is seamlessly aligned with the Company’s strategic achievements, in which the focus was on enabling digital transformation and expansion of the ICT sector through **stc**’s subsidiaries specialized in providing corporate solutions and ICT services in Kuwait. Throughout the past years, **stc**’s recent acquisitions have succeeded in strengthening our operational framework, delivering comprehensive services and integrated solutions in the ICT field, as well as developing technical capabilities and digital solutions the has been designed for the enterprise sector.

**stc**’s success during the year resulted in the inclusion of the Company’s shares in a number of global indexes, according to the periodic review of those indexes. Wereby, **stc** shares were listed in various FTSE global stock indexes in March 2023, in addition to their inclusion in several MSCI indexes in November of the same year.

MSCI
MSCI Kuwait Index
MSCI GCC Countries Small CAP Indexes
MSCI GCC Countries Domestic Small CAP Indexes
FTSE
FTSE Global Equity Shariah Index Series
FTSE Global Equity Middle East & Africa Regional Index

## Robust Financial Performance

During the year 2023, Kuwait Telecommunications Company (**stc**) was able to achieve the desired results and strengthened its financial position. The company realized significant growth in both net profit, EBITDA, and EBITDA margin. It’s also important to note the crucial role of “LEAD” strategy in achieving these results by capturing growth opportunities in the Company’s core operations, which has resulted in growth of the customer base. **stc** also focused on expanding its operations and providing the latest integrated innovative solutions and technical offerings by leveraging the expertise of its subsidiaries specialized in providing services to the enterprise sector. Furthermore, **stc** achieved these results with the significant support from its digital transformation strategy, utilizing the capabilities of its 5G network and offering a diverse range of smart

packages specially designed for the consumer sector. The thing that has led to a significantly increased demand for traditional and digital communication services.

In the fiscal year ended December 2023, **stc** achieved good financial results, spurred by high demand for digital platforms and data services, notably from the enterprise segment and integrated business solutions. Whereby, **stc** recorded revenues growth of 4.5% reaching KD 3514 million at the year ended 31 December 2023. **stc** also achieved good levels of EBITDA reaching KWD 85.1 million in 2023 with a growth rate of 3.7% compared to 2022, despite the high marketing and sales charges brought on by the market. Accordingly, **stc**'s EBITDA margin reached 24.2% in 2023, with a net profit of KD 32.7 million (earnings per share 33 fils) in 2023.

**stc**'s robust financial strategy is reflected by the Company's clear and accurate investment capital decisions that have been taken since launching the 5G network in 2019. Whereby, **stc**'s total capex spending reached KD 199 million, representing 5.7% of **stc**'s total revenues in 2023, compared to KD 18.5 million representing 5.5% of **stc**'s total revenues in 2022. On the other hand, **stc**'s total assets reached KD 4477 million in 2023. In addition, Company's total shareholders' equity grew by 1% to reach KD 243.9 million, with a book value of 244 Kuwaiti fils per share. Furthermore, **stc**'s low debt to equity ratio of 94% as of 31 December 2023 compared to its peers in the telecom industry demonstrates the Company's strong solvency position within the telecom industry in MENA region.

## Financial Strategy

In response to the global and regional economic conditions, market competition, and prevailing trends in the telecommunications sector, **stc** is committed to the periodic review and update for its financial strategy. The overarching objective is to strategically allocate resources for the continual enhancement of its services to stay at the forefront in the telecommunications

sector in addition to meeting customers' needs and adding value to its shareholders. **stc**'s investments in developing its internal capabilities expanding its operations are fundamental to enable the Company to grow and lead the telecommunications market. Whereby, through the implementation of its corporate strategy "LEAD", **stc** has been able to strengthen its financial position, demonstrate its resiliency and ensure its continuity in various circumstances.

As part of its commitment, **stc** has successfully executed numerous strategic projects supported by the digital solutions aligned with the company's strategic and financial objectives. These initiatives are designed to enhance operational efficiency, process control practice, and achieve excellence in treasury management operations. The flexible operating model of **stc** and its subsidiaries has contributed to enhancing profitability and improving the Company's internal capabilities through effective cost restructuring measures.

## stc and the Investment Society

Driven by its adherence to the global best practices of investor relations and corporate governance principles across all the Company's activities, **stc** maintains the highest level of transparency in dealing with both current and potential investors. This commitment has made a positive impact on **stc**'s engagement with the investment community over the past years. Accordingly, the company has been successful in maintaining effective communication with its current and potential investors during economic challenges and potential risks. **stc** is also committed to utilizing digital platforms and various communication channels to serve the investment community and the Company's shareholders. We believe in the importance of preserving open and clear communication channels that accurately reflect **stc**'s position in the market, highlight its competitive advantages, and showcase the effectiveness of its corporate strategy. Additionally, keeping

investors informed about our financial and operational performance is one of the key requirements for upgrading the company to the premier market in Boursa Kuwait.

It is noteworthy that **stc** has been added to the Premier Market Watch list – eligible companies for promotion to the premier market at Boursa Kuwait during the year 2023. **stc** is set to officially join the Premier market companies starting from 11 February 2024, once it meets the necessary listing requirements according to the regulations of the Kuwait Stock Exchange.

## Moving forward

Driven by the paramount importance of innovation in delivering cutting-edge services and integrated technical solutions in the telecommunications and ICT sector, **stc** takes pride in the notable achievements attained through the first year of executing "LEAD" strategy. Where the preliminary results have demonstrated the effectiveness of the key pillars of our corporate strategy aimed at achieving market leadership through the expansion of digital services and leveraging an efficient digital operational model. **stc** has also taken precise measures to ensure the continuity of the "LEAD" strategy, preparing and implementing action plans that align with the Company's strong financial position.

This success has also contributed to raising the Company's ambition to lead the market, reinforcing its position as a leader in the ICT sector in Kuwait. **stc** is committed to identifying and pursuing valuable digital opportunities that enhance its market position in the telecommunications and ICT sector. These efforts align with Kuwait's vision for a new digital economy, with enabling the integration of the digital agenda into the Company's daily operations.