

Viability Statement

As part of its continuous commitment to create value for shareholders and maintain its leading position in the ICT market, **stc** conducts a yearly assessment of its long-term prospects, ability to meet future commitments and upcoming operational plans. Covering **stc**'s corporate strategy, strategic business plans and financial position, the assessment is done on a group level (**stc** and its subsidiaries) over the medium and long-term horizons to ensure the viability of the Company and its subsidiaries under different scenarios and prevailing market conditions.

In conjunction with the risk assessment process that takes place twice a year, the viability assessment is conducted on a yearly basis through a combination of stress testing and sensitivity analysis scenarios to assess the resiliency of **stc**'s projected plans, cash flows, commitments, funding requirements and profitability under stressful events.

stc acknowledges the vital significance of business continuity and business impact analysis in fortifying the organization's resilience. These strategies are in direct alignment with **stc**'s strategic imperative to bolster organizational resilience, guaranteeing the uninterrupted provision of services and the fulfillment of customer requirements, even in the face of adverse circumstances. **stc** meticulously maintains a thoroughly documented Business Continuity Plan, underscoring its unwavering dedication to the efficient management of disruptions. The existence of well-defined governance structures and the assignment of distinct roles ensures the seamless integration of business continuity into the organization's strategic decision-making processes. By systematically conducting Business Impact Analysis, **stc** identifies and addresses potential risks and vulnerabilities within its operations. This risk mitigation directly supports the strategic goal

of reducing operational risks. Furthermore, **stc** has implemented geographically dispersed data centers equipped with redundant systems, thereby safeguarding data integrity, and minimizing downtime. Redundant network infrastructure is in place to provide uninterrupted services to customers, even in the event of equipment failures or cyberattacks. Regular drills and exercises are conducted to test the effectiveness of the BC plan, ensuring employees understand their roles and responsibilities during disruptions. The uninterrupted provision of services during disruptions bolsters customer satisfaction and trust, aligning with **stc**'s strategic goal of enhancing the customer experience and building loyalty.

stc diligently adheres to international business continuity standards as a foundational element of its resilience strategy. In addition to compliance with these recognized standards, **stc** proactively assesses its maturity level in business continuity, further strengthening its organizational resilience. This two-fold approach underscores the company's commitment to best practices and its dedication to continuous improvement in ensuring business continuity and preparedness for disruptions.

Accordingly, continuous evaluation, monitoring and review for **stc**'s strategic business plan, yearly budget and planning process lies on the responsibility of the Company's executive management and SBU's heads. The performance of the group alongside the feasibility of those operational and financial projections are executed against clear industrial benchmarks; whereby, periodic business reviews of each unit are usually conducted over the medium-term horizon.

In line with Company's vision towards leading the digital market, **stc**'s assessment of its long-term prospects covers its long-term CAPEX investments in addition to its investments aimed at expanding its presence and creating partnerships in the local market. Both our medium and long-term assessments reflect the changing global and local economic, technological, regulatory and geopolitical environments through constantly updating the projected exchange rates, market demand, governing rules and political views.

In this regard and in collaboration with the risk management department, **stc** has adopted different tools and mechanisms for identifying the principal risks that might hamper company's operations or impede any arising opportunities. The complete risk management process and holistic strategic planning act as a platform that enables **stc**'s executive management to assess company's viability in line with all the encountered risks and uncertainties reflected in the business environment.

Accordingly, **stc** estimates the impact of severe but plausible scenarios through identifying the risk categories that might face Company's medium and long-term plans, defining different scenarios, and stress testing Company's plans and projections against those scenarios. In pursuit of maintaining Company's viability and resiliency in times of crisis and unprecedented events, **stc**'s executive management utilize the results of the viability assessment to draw Company's mitigation plans in line with its strategic framework and business plan. This would help **stc** to keep its liquidity within a threshold level in addition to enhancing its operational efficiency for the coming periods. Not to mention **stc**'s ability to reduce the impact of the underlying risks and ensure its survival in the medium and long-term horizons. The tested risk models take into account the principal risks that would threaten **stc**'s business model, future performance and solvency. Those risks include, but not limited to, cyber threats, supply chain disruption, adverse changes in macroeconomic conditions, technological changes and change in consumer demand. Last but not least, this is supported by conducting

periodic liquidity assessment to better serve **stc**'s customers, stakeholders and shareholders.

Following are the key factors behind **stc**'s success in executing its operational and strategic frameworks, which enabled the company to sustain its strong market position and achieve good results during the difficult economic conditions:

- Experienced, well-established and efficient management
- **stc**'s compliance with industry standards and regulations
- **stc** takes proactive measures to assess its maturity in the domain of risk management, business continuity, information security, crisis management, emergency management, disaster recovery, and incident management.
- The dedication, professionalism and sincerity of its working teams
- Strong, dynamic and efficient operating model
- Strong reputation with established market products
- **stc**'s capitalization on the 5G products and services
- The diversification in its stream of revenues
- ISP and ICT acquisitions – **stc**'s specialized arms for the B2B products and services
- **stc**'s continuous investment in the ICT field
- **stc**'s constant focus on the consumer segment as its core business
- A strong cost optimization program
- Market segmentation
- **stc**'s determination to create partnerships with non-telco partners
- Strong financial position
- Sustainable CAPEX and reduced OPEX
- Solid cash balance