

# GCEO's Message

Esteemed shareholders,

As I reflect on the year 2023, it fills me with immense pride to share the significant milestones that stc Group has achieved on our ambitious path toward becoming a global digital powerhouse. This year has been about not only achieving robust financial results but also making significant advancements on strategic initiatives that have propelled us into new heights of innovation and service excellence, both locally and globally.

Starting with core, we maintained a premium market position, enabled by growth in the consumer telco segment. Secondly, regarding digital infrastructure, the year marked the largest expansion of the 5G network in stc Group's history, reaching more than 90% coverage in major urban areas. Additionally, the expansion of our data center presence across multiple cities in the Kingdom enhanced their capacity to function as continental hubs and enabled seamless data management and communication links across Asia, Africa, and Europe.



**Our strategic investment in Telefonica was a clear translation of our strategy to pursue value accretive opportunities that offer sustainable growth and upside potential to our shareholders.**

**3.6** million registered stc tv users  
**3** million registered stc play users

Upgrade from B to **BB** status in MSCI ESG Index

Moving to adjacencies, we strengthened stc Group's position in non-core business markets by scaling up existing ventures, pursuing sizable ICT opportunities, and fast-tracking the development of new digital concepts. We also accelerated go-to-market efforts in new consumer verticals, with fast-tracked adoption of new consumer digital services covering 3.6 million registered stc tv users and 3 million registered stc play users; and expedited stc Bank's go-live readiness with the launch of the beta version in preparation for the full commercial launch.

Concurrently, we secured major national projects such as Sawaher, a program aimed at elevating safety across the Kingdom by harnessing artificial intelligence (AI) technologies and smart analytics capabilities. Lastly, we embarked on a wholesale commercial acceleration program to tap into non-conventional wholesale offerings such as platforms and air-to-ground networks.

Over the past year, stc also witnessed notable progress on its inorganic growth agenda, accelerating the group's local, regional, and global expansion efforts in terms of scale and scope. Our strategic investment in Telefonica was a clear translation of our strategy to pursue value accretive opportunities that offer sustainable growth and upside potential to our shareholders. Additionally, the purchase of telecommunications towers assets from United Group, through TAWAL, our subsidiary specializing in telecommunications and IT infrastructure, further exemplifies our global expansion ambitions.

In addition to the acquisitions and strategic investments completed over the course of 2023, stc launched tali ventures with the aim to invest in early-stage startups in various domains, including fintech, cybersecurity, AI, digital games, Internet of Things, blockchain, and other promising areas. Furthermore, we incubated 20 startups in inspireU in 2023, continuing our endeavors in aiding startup ventures and expanding the acceleration program to regional markets. Our focus on partnerships intensified, with tireless efforts to position stc as the preferred partner for Giga projects in digital infrastructure and ICT services, notably with Red Sea Global and Diriyah Company.

Finally, we made remarkable progress in nurturing the national workforce and increased the Saudization rate to more than 90%. Additionally, our efforts to champion sustainability culminated in an upgrade from B to BB status in the MSCI Environmental, Social, and Governance index; spearheaded the Sustainability Innovation Hub as part of the GCC Telco Alliance; and pioneered stc square, a novel real estate concept that is a mega mixed-used project merging the digital world with sustainable real estate development. To top our year-round achievements, we received the Forbes award in sustainability, acknowledging our exemplary efforts to reduce carbon emissions and promote sustainable practices in 4 areas related to climate, society, digitalization, and the future of work.

Moving forward, we will continue our ambitious journey to address our set strategic priorities. Our focus remains on cementing our leadership position in the core telco market while broadening adjacencies propositions. Leveraging the momentum gained in 2023, stc Group is committed to expanding scope and scale globally by ramping up our investments. Moreover, in order to underpin our profitable growth targets, we are intensifying our efforts on corporate enablement and organizational excellence to transform stc to be fit, lean, and efficient all while increasing emphasis on sustainability and supporting the national agenda.

In closing, I extend my profound gratitude to stc Group's Board of Directors, major shareholders, investors, and all our colleagues for their trust and steadfast support. Together, we are poised to navigate the exciting opportunities that lie ahead, continuing our journey toward achieving greater accomplishments and fostering the growth and prosperity of the digital economy, in alignment with our aspirations.

Please accept my utmost greetings and appreciation,

**Olayan M. Alwetaid**  
 CEO of stc Group