

CFO's review

2025 reflects a year where disciplined financial execution, resilient demand, and intelligent investment converged to strengthen performance and reinforce our long-term value creation agenda. By pairing operational rigor with strategic ambition, the Group continued shaping intelligent possibilities while delivering sustainable financial outcomes.

As digital transformation continued to accelerate across the Kingdom and the wider region, 2025 marked another year of solid financial performance for the Group. Demand for advanced ICT, cloud, managed services, business process outsourcing, and AI-enabled solutions remained strong across government and enterprise customers, reinforcing the Group's position as a trusted national digital partner. Against this backdrop, the Group delivered growth supported by disciplined execution, portfolio diversification, and a continued focus on scalable, high-value solutions.

For the year ended 2025, revenue reached ₪ 12,730 million, reflecting year-on-year growth driven primarily by IT Managed services. This growth was achieved while maintaining balance across customer segments and service lines, underscoring the resilience of the Group's diversified business model.

EBITDA for the year stood at ₪ 1,987 million, with an EBITDA margin of approximately 15.6 percent, reflecting the benefits of scale, stronger commercial execution, and ongoing cost discipline. Net profit reached ₪ 1,503 million, a decrease of 5.9% year on year, primarily due to non-recurring items in the prior year, including gains from the sale of a non-core business and the closure of a prior year zakat position resulting in a one-off reversal. Adjusted for these items, net profit would have reflected year on year growth. These results highlight the Group's ability to generate resilient returns while maintaining operational and financial discipline.



another year of solid financial performance

Revenue

₪ 12,730
million
↑ 5.5% YoY

EBITDA margin (%)

15.6%
↓ 53bps YoY

Free cash flow

₪ (364)
million

Gross profit

₪ 2,678
million
↓ 3.8% YoY

Net profit

(attributable to equity holders of the parent company)

₪ 1,503
million
↓ 5.9% YoY

Net cash

₪ 1,337
million
↓ 54.9% YoY

Gross profit margin (%)

21.0%
↓ 203bps YoY

Net profit margin (%)

11.8%
↓ 143bps YoY

ROIC

31.5%
↓ 285bps YoY

EBITDA

₪ 1,987
million
↑ 2.0% YoY

Capex

₪ 191
million
↓ 25.1% YoY

ROAE

36.2%
↓ 723bps YoY



For the year ended 2025, revenue reached **₪ 12,730 million**, reflecting year-on-year growth driven primarily by IT managed services.

Abdulrahman Hamad Alrubaia

Chief Financial Officer

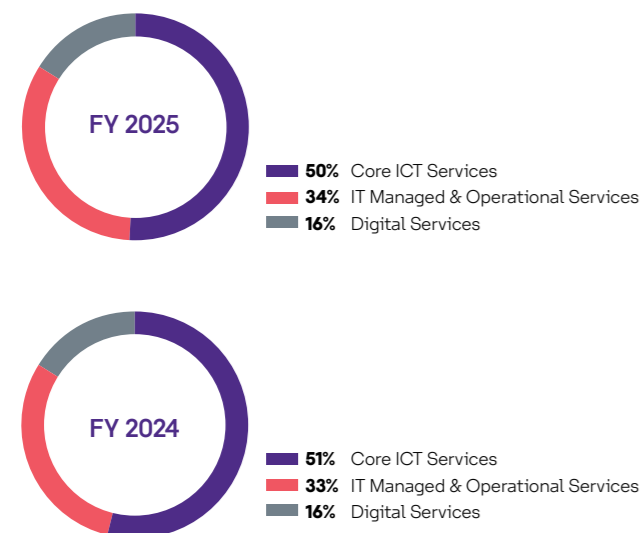
CFO's review continued

Revenue mix and business drivers

Revenue performance in 2025 was underpinned by continued momentum across the Group's core business lines. Core ICT services remained a significant contributor, supported by system integration and connectivity projects across public and private sector clients. IT managed and operational services continued to expand their share of revenue, reflecting increased outsourcing demand, long-term service contracts, and the growing role of managed platforms in customer operating models. Digital services, including cloud, cybersecurity, and digital transformation, maintained their upward trajectory, benefiting from increased adoption of cloud-native architectures and AI-enabled solutions.

The Group's customer mix remained well balanced. Government sector revenue continued to provide stability and scale, reflecting the Group's role in enabling national digital initiatives and critical infrastructure programs. At the same time, private sector revenue growth reflected increasing enterprise demand for scalable, secure, and outcome-driven digital solutions. Revenue from stc Group also remained an important topline contributor, reinforcing the strength of ecosystem collaboration and integrated value creation.

Revenue composition (by business segment)



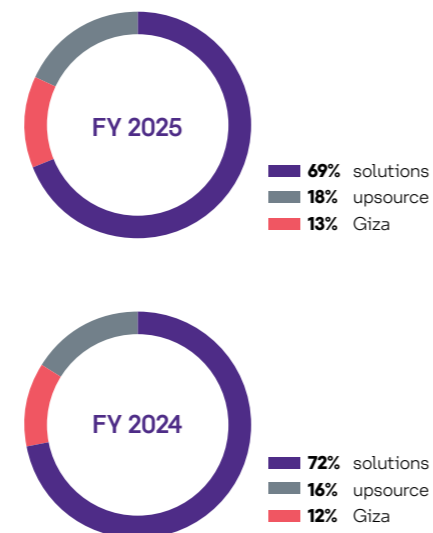
Cost efficiency and operational discipline

Cost efficiency remained a central pillar of financial performance in 2025. The Group continued to apply a structured, data-driven approach to managing costs while protecting service quality and delivery excellence. Clear budgeting frameworks, robust financial oversight, and continuous monitoring enabled management to identify efficiencies across operations and reinvest savings into strategic growth areas.

Operating expenses were optimized through process simplification, automation, and improved resource allocation. Increased use of digital tools and analytics enhanced visibility into cost drivers, supported faster decision-making, and reduced administrative complexity. These initiatives strengthened margin resilience and supported profitability, even as the Group continued to scale its operations and invest in new technologies.

This disciplined approach to cost efficiency did not focus solely on reduction, but on value optimization. By aligning spending with strategic priorities and focusing on productivity, the Group enhanced its ability to deliver complex programs efficiently, improve return on invested capital, and sustain competitive advantage in a rapidly evolving market.

Revenue composition (by entity)



Cash flow, capital allocation, and financial position

The Group continued to benefit from an asset-light business model and disciplined capital allocation in 2025. Capital expenditure remained focused on high-return investments that support growth in cloud infrastructure, digital platforms, and service scalability, with capex intensity maintained within targeted levels.

Operating cash flow for the year amounted to ₪ -101 million, reflecting the working capital impact in 2025, driven by temporary timing differences around year-end cut-off with higher not due receivables, contract assets due to accelerated project delivery getting

ahead of billing and project inventories. The financial position remained robust, with a strong net cash position supporting financial flexibility and resilience. This strength enables the Group to pursue selective acquisitions, strategic partnerships, and public-private partnership opportunities that align with its long-term growth strategy.

Capital allocation decisions continued to balance reinvestment in the business with shareholder value creation. High-return organic investments and long-term partnership models remained central to the Group's approach, ensuring that growth initiatives are both strategic and financially disciplined.

Financial highlights

Net profit

(attributable to equity holders of the parent company)

₪ 1,503

million

2024: ₪ 1,597 million

Gross profit

₪ 2,678

million

2024: ₪ 2,783 million

EBITDA

₪ 1,987

million

2024: ₪ 1,948 million

Total assets

₪ 12,917

million

2024: ₪ 12,042 million

Shareholder's equity

₪ 4,287

million

2024: ₪ 4,008 million

Real GDP growth (%)



Source: MoF

KSA IT growth (%)



Source: IDC

CFO's review continued

The Group's income statement (5-year summary)

	2025 (S 000)	2024 (S 000)	2023 (S 000)	2022 (S 000)	2021 (S 000)
Revenue	12,730,189	12,063,897	11,040,493	8,805,091	7,208,337
Cost of revenue	(10,052,276)	(9,280,923)	(8,442,875)	(6,793,845)	(5,500,370)
Gross profit	2,677,913	2,782,974	2,597,618	2,011,246	1,707,967
Total operating expenses	(1,036,482)	(1,122,419)	(1,210,729)	(851,015)	(808,863)
Operating profit	1,641,431	1,660,555	1,386,889	1,160,231	899,104
Other income and (expenses)	3,330	(18,781)	17,837	11,268	4,921
Zakat and income tax	(132,347)	(38,958)	(209,581)	(117,786)	(71,107)
*Net profit	1,502,536	1,596,633	1,192,148	1,052,869	832,919
Gross profit margin	21.0%	23.1%	23.5%	22.8%	23.7%
Net profit margin	11.8%	13.2%	10.8%	12%	11.6%

* Net profit attributable to equity holders of the parent company

The Group's revenue by business segment

	2025 (S 000)	2024 (S 000)	Growth YoY	Share of total revenue
Core ICT services	6,388,722	6,187,720	3.2%	50.2%
IT managed and operational services	4,358,600	3,947,622	10.4%	34.2%
Digital services	1,982,867	1,928,555	2.8%	15.6%

The Group's revenue by customer segment

	2025 (S 000)	2024 (S 000)	Growth YoY	Share of total revenue
stc and its subsidiaries	4,197,473	4,301,321	(24%)	33.0%
B2B	8,532,716	7,762,576	99%	67.0%

Geographic analysis of the Group's revenue

	2025 (S 000)	2024 (S 000)	Growth YoY	Share of total revenue
KSA	11,921,397	11,384,330	4.7%	93.6%
GCC	19,413	13,709	41.6%	0.2%
WECA (West, East, and Central Africa)	786,526	659,894	19.2%	6.2%
Europe	2,853	5,964	(52.2%)	0.02%

The Group's assets, liabilities, and equity (5-year summary)

	2025 (S 000)	2024 (S 000)	2023 (S 000)	2022 (S 000)	2021 (S 000)
Total current assets	10,744,719	10,358,690	10,296,333	9,374,468	6,446,295
Total non-current assets	2,172,227	1,683,992	1,219,911	950,616	726,453
Total assets	12,916,946	12,042,682	11,516,244	10,325,084	7,172,748
Total current liabilities	7,020,423	6,682,014	7,195,438	6,706,846	4,634,258
Total non-current liabilities	1,569,373	1,327,574	968,252	778,682	267,922
Total liabilities	8,589,796	8,009,588	8,163,690	7,485,528	4,902,180
*Total equity	4,287,340	4,007,592	3,323,963	2,809,880	2,270,568
Total liabilities and equity	12,916,946	12,042,682	11,516,244	10,325,084	7,172,748

*After Deducting the Minority Equity

Material differences in the operational results compared to the previous year's results

	2025 (S 000)	2024 (S 000)	Changes (+) (-)	Change rate
Sales/ revenues	12,730,189	12,063,897	666,292	5.5%
Sales/ revenues costs	(10,052,276)	(9,280,923)	771,353	8.3%
Total profit	2,677,913	2,782,974	(105,061)	(3.8%)
Other operational revenues	118,030	120,214	(2,184)	(1.8%)
Other operational expenses	(114,700)	(138,995)	(24,295)	(17.5%)
Operational profit (loss)	1,641,431	1,660,555	(19,124)	(1.2%)

Partnerships and long-term value creation

Partnerships and associates continued to play a meaningful role in strengthening the Group's financial and strategic position. Public-private partnership models delivered recurring revenue streams and long-term visibility, supporting predictable cash flows and sustainable returns. Strategic alliances expanded solution capabilities, accelerated market entry, and reduced time to value for customers.

Investments in consulting, digital platforms, and ecosystem partnerships enhanced the Group's one-stop-shop proposition, allowing it to capture a greater share of customer value while maintaining margin discipline. These initiatives reinforced the Group's role as a national digital enabler and strengthened its ability to deliver integrated, end-to-end solutions at scale.

Outlook and financial priorities

Looking ahead, the Group enters 2026 with a strong financial foundation and clear priorities. The Group remains focused on sustaining profitable growth by deepening its

presence in high-growth digital segments, expanding AI-enabled services, and strengthening cloud and managed service capabilities. Continued emphasis will be placed on operational excellence, cost efficiency, and disciplined capital deployment to ensure resilience across market cycles.

Artificial intelligence and advanced analytics will increasingly shape both customer solutions and internal operations, enhancing productivity, improving decision quality, and supporting margin expansion. At the same time, ongoing investment in people, platforms, and partnerships will ensure the Group remains well positioned to support Saudi Vision 2030 and the Kingdom's evolving digital economy.

With a resilient financial position, diversified revenue base, and a disciplined approach to growth, the Group is well equipped to navigate uncertainty, capture emerging opportunities, and deliver long-term value for shareholders. Financial stewardship will remain focused on aligning performance with purpose, ensuring that growth, efficiency, and innovation continue to reinforce one another as the Group shapes intelligent possibilities.