
Financial statements



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INDEPENDENT AUDITOR’S REPORT (CONTINUED)

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.

Key audit matter	How our audit addressed the key audit matter
<p>1. Revenue recognition</p> <p>The Group reported revenue of SAR 12.7 billion for the year ended 31 December 2025.</p> <p>Contract assets are carried in the consolidated statement of financial position at SAR 3.0 billion. Contract assets represents revenue which has been earned but not yet billed to customers. The Group uses IT systems to handle customer billing and to record revenue.</p> <p>The Group’s revenue consists primarily of Core ICT Services, IT Managed and Operational Services and Digital Services. Revenue from the sale of goods is recognized when the goods are delivered to the customer. Revenue from the rendering of services is recognized over the period that the service is rendered.</p> <p>Revenue is a critical performance indicator for the Group and is subject to a heightened risk of management override, particularly through the potential for inappropriate manual journal entries.</p> <p>Management applies the following significant judgements and makes the following significant estimates when measuring and recognising revenue:</p> <ul style="list-style-type: none"> • The identification of performance obligations in a contract; • The allocation of the contract price to each performance obligations; and • The method determined to measure each performance obligation. 	<p>We performed the following procedures, inter alia, in order to address the key audit matter:</p> <ul style="list-style-type: none"> • We obtained an understanding of the significant revenue recognition processes, with the assistance of our IT specialists, and identified the relevant controls, IT systems, interfaces and reports involved in the revenue cycle. • We assessed the abovementioned controls to determine if they were appropriately designed and implemented and tested these controls to determine if they were operating effectively. • We understood the general IT control environment and tested the general IT controls over the main systems and applications involved in the revenue recording process. In doing so, we involved our IT specialists to assist in the audit of IT system controls and testing of information produced by the entities’ IT systems surrounding the revenue process. • We evaluated the Group’s accounting policies over revenue recognition and determined if they were in compliance with IFRS Accounting Standards that are endorsed by SOCPA. • We performed the following procedures on contract assets : <ul style="list-style-type: none"> ○ We agreed the contract assets amount to an analysis prepared by management; and ○ Selected individual amounts, on a sample basis, and recalculated the amounts based on the underlying contract and documentation which indicated the level of revenue earned under that contract at the reporting date. • On a sample basis, we tested the reconciliations between the general ledgers and the relevant IT system reports for significant revenue streams.

INDEPENDENT AUDITOR’S REPORT

To the Shareholders of Arabian Internet and Communication Services Company (A Saudi Joint Stock Company)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Arabian Internet and Communication Services Company (the “Company”) and its subsidiaries (together, the “Group”), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity 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 December 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”) as endorsed in the Kingdom of Saudi Arabia. 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 Code of Ethics for Professional Accountants (including International Independence Standards) as endorsed in the Kingdom of Saudi Arabia (“the Code”), as applicable to audits of consolidated financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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INDEPENDENT AUDITOR’S REPORT (CONTINUED)

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition was considered to be a key audit matter due to the following:</p> <ul style="list-style-type: none"> • The quantitative significance of the amount to the consolidated financial statements; • The level of judgements applied and estimates made by management; • The stipulation in ISAs which require us to presume that revenue is materially misstated as a result of fraud; and • The level of audit effort required. <p>Refer to notes 3,4 and 6 in the consolidated financial statements for the accounting policy related to revenue, the critical accounting judgements and estimates and details about revenue recognized during the year, respectively.</p>	<ul style="list-style-type: none"> • We selected contracts with customers, on a sample basis, for which revenue had been recognized during the year and performed the following procedures: <ul style="list-style-type: none"> ○ We evaluated management’s identification of performance obligations with reference to the terms and conditions in the contracts and recalculated the allocation of the purchase price to each performance obligation; ○ We assessed management’s determination of the method to recognise revenue; ○ We agreed the amount determined for each performance obligation to the amount recorded by the Group; and ○ We recalculated percentage of completion by comparing the actual costs incurred to date against the budgeted total costs. • We tested a sample of manual journal entries posted to revenue accounts to identify any unusual or irregular transactions processed as part of revenue. • We assessed the disclosures in the consolidated financial statements relating to this matter against the requirements of IFRS Accounting Standards that are endorsed by SOCPA.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion on those statements on 25 Sha’ban 1446 H (corresponding to 24 February 2025).



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INDEPENDENT AUDITOR’S REPORT (CONTINUED)

Other Information

Other information consists of the information included in the Group’s annual report. The other information consists of the information included in the Group’s 2025 annual report (“the annual report”), other than the consolidated financial statements and our auditor’s report thereon. Management is responsible for the other information in its annual report.

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

The Group’s 2025 annual report is expected to be made available to us after the date of this auditor’s report.

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.

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 IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, the applicable provisions of the Regulations for Companies and the Company’s bylaws 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.

In preparing the consolidated financial statements, 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, i.e. the Audit Committee, is 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 that are endorsed in the Kingdom of Saudi Arabia 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.

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INDEPENDENT AUDITOR’S REPORT (CONTINUED)

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

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.
- 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 group 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 to 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.

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INDEPENDENT AUDITOR’S REPORT (CONTINUED)

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

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 period 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.

Deloitte and Touche & Co.
Chartered Accountants



Mazen A. Al-Omari
Certified Public Accountant
License No. 480
2 Ramadan 1447 AH
February 19, 2026

Arabian Internet and Communication Services Company (A Saudi Joint Stock Company)

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

(All amounts in Saudi Riyal thousands unless otherwise stated)

	Notes	2025	2024
Revenue	6	12,730,189	12,063,897
Cost of revenue		(10,052,276)	(9,280,923)
GROSS PROFIT		2,677,913	2,782,974
General and administration expenses	7	(730,825)	(720,231)
Selling and distribution expenses	8	(305,657)	(402,188)
Total operating expenses		(1,036,482)	(1,122,419)
OPERATING PROFIT		1,641,431	1,660,555
Finance income		106,365	114,396
Finance cost	10	(88,968)	(73,500)
Share in net results from equity accounted investees	19	11,665	5,818
Other expenses, net	9	(25,732)	(65,495)
TOTAL OTHER INCOME / (EXPENSES)		3,330	(18,781)
PROFIT BEFORE ZAKAT AND INCOME TAX		1,644,761	1,641,774
Zakat and income tax charge, net	11	(132,347)	(38,958)
NET PROFIT		1,512,414	1,602,816
NET PROFIT ATTRIBUTABLE TO:			
Equity holders of the Parent Company		1,502,536	1,596,633
Non-controlling interests		9,878	6,183
		1,512,414	1,602,816
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY:			
Basic	36	12.62	13.42
Diluted	36	12.52	13.31

Arabian Internet and Communication Services Company (A Saudi Joint Stock Company)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

(All amounts in Saudi Riyal thousands unless otherwise stated)

	Notes	2025	2024
NET PROFIT		1,512,414	1,602,816
OTHER COMPREHENSIVE LOSS			
Items that will not be reclassified subsequently to the consolidated statement of profit or loss:			
Net share of other comprehensive loss from equity accounted investee	19	(1,072)	-
Remeasurement of end of service indemnities	30	(58,292)	(53,184)
Total items that will not be reclassified subsequently to the consolidated statement of profit or loss		(59,364)	(53,184)
Item that may be reclassified subsequently to the consolidated statement of profit or loss:			
Foreign currency translation differences	32	17,820	(168,411)
Total item that may be reclassified subsequently to the consolidated statement of profit or loss		17,820	(168,411)
TOTAL OTHER COMPREHENSIVE LOSS		(41,544)	(221,595)
TOTAL COMPREHENSIVE INCOME		1,470,870	1,381,221
TOTAL COMPREHENSIVE INCOME/ (LOSS) ATTRIBUTABLE TO:			
Equity holders of the Parent Company		1,457,710	1,389,043
Non-controlling interests		13,160	(7,822)
		1,470,870	1,381,221



Chief Financial Officer



Chief Executive Officer



Authorized Board Member



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

Arabian Internet and Communication Services Company (A Saudi Joint Stock Company)

Consolidated Statement of Financial Position As at 31 December 2025

(All amounts in Saudi Riyal thousands unless otherwise stated)

	Notes	2025	2024
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	12	1,748,973	1,127,133
Short term murabaha	13	370,000	2,575,000
Trade receivables	14	4,659,777	3,758,610
Prepayments and other assets	15	589,490	436,445
Contract assets	16	2,970,238	2,249,371
Inventories	17	406,241	212,131
TOTAL CURRENT ASSETS		10,744,719	10,358,690
NON-CURRENT ASSETS			
Non-current investments and other assets	18	480,967	268,450
Investment in equity accounted investees	19	347,735	340,686
Intangible assets and goodwill	20	608,483	559,813
Property and equipment	21	363,219	425,263
Right-of-use assets	22	371,823	89,780
TOTAL NON-CURRENT ASSETS		2,172,227	1,683,992
TOTAL ASSETS		12,916,946	12,042,682
LIABILITIES AND EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Trade payables, accruals and other liabilities	24	4,511,601	3,885,729
Deferred revenue	25	1,878,758	2,089,636
Contract liabilities	26	320,145	467,349
Zakat and income tax payable	11	159,174	146,273
Borrowings	27	150,745	93,027
TOTAL CURRENT LIABILITIES		7,020,423	6,682,014
NON-CURRENT LIABILITIES			
Lease and other liabilities	28	235,803	103,603
End of service indemnities	30	701,937	581,700
Borrowings	27	631,633	642,271
TOTAL NON-CURRENT LIABILITIES		1,569,373	1,327,574
TOTAL LIABILITIES		8,589,796	8,009,588
EQUITY			
Share capital	31	1,200,000	1,200,000
Other reserves	32	(299,846)	(261,235)
Treasury shares	33	(144,831)	(151,063)
Retained earnings		3,532,017	3,219,890
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY		4,287,340	4,007,592
Non-controlling interests	35	39,810	25,502
TOTAL EQUITY		4,327,150	4,033,094
TOTAL LIABILITIES AND EQUITY		12,916,946	12,042,682

Chief Financial Officer

Chief Executive Officer

Authorized Board Member

Arabian Internet and Communication Services Company (A Saudi Joint Stock Company)

Consolidated Statement of Changes in Equity For the year ended 31 December 2025

(All amounts in Saudi Riyal thousands unless otherwise stated)

	Total equity attributable to the equity holders of the Parent Company					Non-controlling interest	Total
	Share capital	Other reserves	Treasury shares	Retained earnings	Total		
Balance as at 1 January 2025 (Note 43)	1,200,000	(261,235)	(151,063)	3,219,890	4,007,592	25,502	4,033,094
Net profit for the year	-	-	-	1,502,536	1,502,536	9,878	1,512,414
Other comprehensive (loss) / income	-	(44,826)	-	-	(44,826)	3,282	(41,544)
Total comprehensive (loss) / income	-	(44,826)	-	1,502,536	1,457,710	13,160	1,470,870
Capital contribution from NCI (Note 1)	-	-	-	-	-	1,182	1,182
NCI disposal on liquidation of Subsidiaries (Note 1)	-	-	-	-	-	(34)	(34)
Foreign currency difference reclassified to profit or loss (Note 1)	-	1,840	-	-	1,840	-	1,840
Dividends (Note 34)	-	-	-	(1,190,409)	(1,190,409)	-	(1,190,409)
Share based payment transactions (Note 32)	-	4,375	6,232	-	10,607	-	10,607
Balance as at 31 December 2025	1,200,000	(299,846)	(144,831)	3,532,017	4,287,340	39,810	4,327,150
Balance as at 1 January 2024	1,200,000	(59,863)	(154,444)	2,338,270	3,323,963	28,591	3,352,554
Net profit for the year	-	-	-	1,596,633	1,596,633	6,183	1,602,816
Other comprehensive loss	-	(207,590)	-	-	(207,590)	(14,005)	(221,595)
Total comprehensive income / (loss)	-	(207,590)	-	1,596,633	1,389,043	(7,822)	1,381,221
Acquisition of a subsidiary (Note 1, Note 43)	-	-	-	-	-	4,381	4,381
Acquisition of additional interest in subsidiary (Note 1)	-	-	-	(1,015)	(1,015)	352	(663)
Share-based payments transactions (Note 32)	-	6,218	3,381	-	9,599	-	9,599
Dividends (Note 34)	-	-	-	(713,998)	(713,998)	-	(713,998)
Balance as at 31 December 2024	1,200,000	(261,235)	(151,063)	3,219,890	4,007,592	25,502	4,033,094

Chief Financial Officer

Chief Executive Officer

Authorized Board Member

Arabian Internet and Communication Services Company (A Saudi Joint Stock Company)

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

(All amounts in Saudi Riyal thousands unless otherwise stated)

	Notes	2025	2024
OPERATING ACTIVITIES			
Net profit before zakat and income tax		1,644,761	1,641,774
Adjustments for:			
Depreciation and amortization	20, 21	254,536	242,657
Depreciation – right of use assets	22	91,444	44,347
Expected credit loss (reversal) / charge on trade receivables and contract assets	14, 16	(45,266)	54,818
End of service indemnities expense	30	134,550	133,334
Share-based payment expense		10,012	9,599
(Reversal)/provision for advances to suppliers and future contract losses		(61,033)	22,510
Reversal of provision for slow moving and obsolete inventories	17	(6,516)	(13,898)
Share in results from equity accounted investees	19	(11,665)	(5,818)
Changes in fair value of investment at FVTPL		(19,828)	(3,177)
Net loss on disposal of property and equipment		1,589	-
Remeasurement of contingent consideration liability	9	3,259	9,774
Finance cost		88,968	73,500
Finance income		(106,365)	(114,396)
		1,978,446	2,095,024
Changes in operating assets and liabilities:			
Trade receivable		(824,052)	329,918
Prepayments and other assets		(306,343)	(216,457)
Contract assets		(733,653)	(685,022)
Inventories		(180,375)	(16,849)
Trade payable, accruals and other liabilities		432,536	652,766
Deferred revenue		(216,418)	(911,435)
Contract liabilities		(166,826)	338,454
Cash flows (used in) / generated from operating activities		(16,685)	1,586,399
Zakat and income taxes paid	11	(131,424)	(129,571)
End of service indemnities paid	30	(73,535)	(55,215)
Finance income received		120,975	107,643
Net cash (used in) / generated from operating activities		(100,669)	1,509,256
INVESTING ACTIVITIES			
Short term murabaha, net		2,205,000	(1,725,000)
Proceeds from disposal of property and equipment		423	-
Purchase of property and equipment and intangible assets	20, 21	(191,092)	(255,196)
Proceeds from disposal of investments in financial assets		-	165,901
Investment in equity accounted investees		(375)	(297,861)
Dividends received from equity accounted investee		4,000	-
Payment for acquisition of subsidiary, net of cash acquired		-	(14,714)
Net cash generated from / (used in) investing activities		2,017,956	(2,126,870)

Arabian Internet and Communication Services Company (A Saudi Joint Stock Company)

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

(All amounts in Saudi Riyal thousands unless otherwise stated)

	Notes	2025	2024
FINANCING ACTIVITIES			
Lease liabilities payments	29	(72,289)	(52,703)
Dividends paid	34	(1,190,409)	(713,998)
Repayment of borrowings		(150,608)	(180,097)
Proceeds from borrowings		180,694	206,102
Proceeds from / (payments for acquisition of) NCI		1,182	(663)
Finance cost paid		(67,036)	(66,111)
Net cash used in financing activities		(1,298,466)	(807,470)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at the beginning of the year	12	1,127,133	2,588,169
Net foreign exchange difference on cash		3,019	(35,952)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	12	1,748,973	1,127,133
Significant non-cash items:			
Additions to right of use assets and lease liabilities		382,787	89,826
Additions to intangible assets		45,997	-



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

Arabian Internet and Communication Services Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(All amounts in Saudi Riyal thousands unless otherwise stated)

1. ACTIVITIES

Arabian Internet and Communication Services Company ("the Company" or the "Group" or "Solutions by stc") is a Saudi Joint Stock Company registered in Saudi Arabia under Unified National Registration number 7001444137 and commercial registration numbered 1010183482 dated 8 Dhul-Qadah 1423H (corresponding to 11 January 2003). The registered office is located at Riyadh, Olaya street, P.O. Box 50, Riyadh 11372, Kingdom of Saudi Arabia ("KSA"). During December 2020, the Company changed its legal status from a limited liability company to a Saudi Closed Joint Stock Company and during September 2021, the Company completed its Initial Public Offering, and its shares were traded on September 30, 2021.

The Company is 79% owned by Saudi Telecom Company ("STC") (31 December 2024: 79%). The parent of STC is Public Investment Fund ("PIF") which owns 62% (31 December 2024: 62%) of its ordinary shares and is based in KSA.

The main activities of the Company and its subsidiaries (collectively referred to as the "Group") comprise of the following:

- Engaged in the extension, installation, managing and monitoring of computer networks, wiring and communications.
- Repair and maintenance of engines, systems, and fixed and portable data storage devices.
- Road repair, maintenance and supplies.
- Security devices installation and maintenance.
- Wholesale and retail of security devices, cyber security and systems analysis.
- Design and programming of special software and applications development.
- Senior management advisory services.
- Environmental activities including advisory, testing, and measuring environmental indicators and operating air laboratories, installation, repair, maintenance and environmental monitoring and control operation of continuous and discontinuous systems including the import and wholesale of environmental monitoring and control systems.

- Carrying out all kinds of manufacturing and assembling works in addition to operating and maintenance works; engineering consultations; designing computer systems and accessories; Xerox machines; graphic machines; automatic control devices; wire and wireless communication devices as well as spare parts, equipment and supplies required for operating and maintaining the devices, machines and equipment.
- Selling and marketing computer software and electronic hardware; electronic devices; spare parts; supplies and necessary accessories of all types as well as leasing and maintaining such devices for the benefit of the Company or operating the said devices for the benefit of third parties.
- Conducting amendment and development operations on the computer software and hardware units and providing integrated solutions.
- Designing, supplying, installing and maintaining security systems in various facilities, alarm systems, automatic firefighting systems, circuit breaker systems and communication devices that enable remote desktop connection or that connect computers networks.
- Designing, supplying, installing and maintaining the Optical Ground Wire (OPGW) grids, electricity transmission lines, power transformation stations, generators and auxiliary plants.
- Supplying, installing and maintenance educational laboratories (electric-electronic-mechanical).
- Designing engineering and scientific systems for computers and providing engineering consultations, implementing integrated projects within the scope of the abovementioned activities.
- Undertaking marketing and trading activities within the purpose of the Company.
- Designing, supplying, installing, operating, establishing and maintaining the grids, stations and booster pumping stations for potable water, wastewater as well as gas and fuel grids.

Arabian Internet and Communication Services Company (A Saudi Joint Stock Company)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

(All amounts in Saudi Riyal thousands unless otherwise stated)

- Carrying out all the electromechanical and electronic work in addition to providing communication networks. Conducting export activities.
- The Group may have an interest or participate in any manner with companies and other entities practicing similar activities or that may assist the Company in achieving its purpose in Egypt or abroad. The Company may also merge into the said entities, purchase them or affiliate them thereto according to the provisions of law and its executive regulations. Providing services related to submission of proposals and technical solutions in the field of telecommunications and information technology support and maintenance, systems development, support, and communications programs and information technology.
- Provision of services including contact center services, integrated administrative services for offices, and services related to re-engineering and restructuring of administrative, financial and operational processes.
- Organization and management of exhibitions and conferences.
- Management of maintenance and operations in buildings and related facilities including exhibition and conference centers.

1.1 Acquisitions in 2024

Finalization of Purchase Price Allocation for LABS acquisition

On 31 May 2024, the Group acquired 70% indirect ownership in the Logical Application for Business Solutions Company ("LABS"), a limited liability company incorporated under the laws of Kingdom of Saudi Arabia, through Giza Arabia Systems ("Purchaser") for net effective purchase consideration amounting to ₪ 22.6 million. The Group concluded the acquisition as a business as per "IFRS 3 - Business Combinations" and accordingly accounted for the transaction using the acquisition method as per IFRS 3 with the Giza Arabia Systems being the acquirer and LABS being the acquiree. As at 31 December 2024, the Group had recognized provisional goodwill of ₪ 214 million resulting from the LABS acquisition pending the completion of the purchase price allocation ("PPA") exercise.

During the current year, the Group finalized the PPA exercise. As a result, intangible assets amounting to ₪ 11.6 million were identified as arising from the acquisition. Consequently, the goodwill amount recognized in the consolidated financial statements was reduced from ₪ 214 million to ₪ 124 million and the value of non-controlling interest was increased from ₪ 0.9 million to ₪ 4.4 million. The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of LABS with those of the Group.

The allocation of purchase consideration following the completion of the PPA exercise is as follows:

	On 31 May 2024
Assets acquired	
Trade receivable	8,289
Intangible assets arising from the acquisition (refer below)	11,561
Cash and cash equivalents	707
Prepayments and other assets	3,452
Property and equipment	197
Total assets	24,206
Liabilities assumed	
Trade payables, accruals and other liabilities	(7,987)
End of service indemnities	(1,140)
Zakat and income tax payable	(476)
Total liabilities	(9,603)

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	On 31 May 2024
Net identifiable assets as at acquisition date	14,603
Non-controlling interests	(4,381)
Goodwill arising from the acquisition	12,409
Total effective purchase consideration	22,631

The net cash flows arising from the acquisition are the same as reported in the consolidated financial statements for the year ended 31 December 2024.

Intangible assets arising from the acquisition

Below are the intangibles assets recognised along with the valuation techniques used for measuring the relevant fair value:

Intangible Assets	Amount recognised on acquisition	Valuation Approach
SAP Partnership	4,917	With and Without method (WWM)
Tradenname	1,808	Relief from royalty
Customer relationships	3,650	Multi period Excess Earnings Method (MEEM)
Customer backlog	1,186	Multi period Excess Earnings Method (MEEM)
	11,561	

The impact of these measurement period adjustments (except for the amortisation expense of identified intangible assets amounting to 1.1 million) was taken retrospectively and is disclosed in Note 43 to these consolidated financial statements.

1.2 Liquidation and deregistration of subsidiaries

During the reporting period, the Group completed the formal liquidation and deregistration of two subsidiaries indirectly owned through Giza Systems Company. These entities were mostly dormant and were not material to the Group's operations, financial position, or performance. No consideration was received, and no significant assets, liabilities, or operations remained in the entities at the time of liquidation. As a result, the liquidations had no material impact on the Group's consolidated financial statements.

A loss on liquidation amounting to 0.6 million has been recognised in the consolidated statement of profit or loss. In addition, the post-acquisition cumulative exchange differences previously recognised in other comprehensive income related to these subsidiaries amounting to 1.84 million have been recycled to the consolidated statement of profit or loss. NCI impact of 34 thousand was also recycled to the consolidated profit or loss.

2. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements are prepared in accordance with IFRS Accounting Standards that are endorsed in KSA and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA").

These consolidated financial statements are prepared based on the following:

- Material accounting policies described in note 3
- Significant accounting estimates, assumptions and judgements described in note 4

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied by the Group in the preparation of consolidated financial statements. The applied accounting policies this year are consistent with the previous year.

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3.1 Basis of measurement and functional currency

The consolidated financial statements have been prepared on a historical cost basis except for financial assets classified as fair value through profit or loss which are measured at fair value.

These consolidated financial statements are presented in Saudi Arabian Riyal (ﷲ), which is the Company's functional currency. All values are rounded to the nearest thousand (SAR'000), except when otherwise indicated.

The consolidated financial statements are prepared under the going concern basis.

3.2 Basis of consolidation

These consolidated financial statements include the assets, liabilities and the results of operations of the Company and its subsidiaries listed in note 5.

Subsidiaries are entities controlled by the group. Control exists 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.

Generally, there is a presumption that a majority of voting rights results 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(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, 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 consolidated statement of profit or loss. Any investment retained is recognised at fair value.

Business combination and Goodwill

Business combinations are accounted for using the acquisition method upon transfer of control to the Group. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in the consolidated statement of profit or loss as incurred.

When the Group acquires a business, it assesses the identifiable 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 of the acquiree.

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At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value with limited exceptions.

Goodwill is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value at the acquisition date of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), 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 recognized 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 a gain on bargain purchase at a differential price is recognized in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing for goodwill acquired from the business combination and from the date of acquisition, it will be allocated to cash-generating units ("CGU") that are expected to benefit from the consolidation regardless of whether the other assets or liabilities acquired have been allocated to those units.

If goodwill is not allocated to designated cash-generating units because of an incomplete initial calculation, the initial impairment loss will not be tested unless impairment indicators are available to enable the Group to distribute the carrying amount of the goodwill to the cash generating units or the group of cash generating units expected to benefit from business combination. Where goodwill is allocated to the cash generating unit and part of the operations of that unit are disposed of, goodwill associated with the discontinued operation will be included

in the carrying amount when determining the gain or loss on disposal of the operation. The goodwill in such circumstances is measured on the basis of the value of a similar disposed operation and the remaining portion of the cash-generating unit.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another relevant IFRS approved in Kingdom.

Any contingent consideration to be paid (if any) will be recognized at fair value at the acquisition date and classified as equity or a financial liability. Contingent consideration classified as a financial liability is subsequently remeasured at fair value with the changes in fair value recognized in the consolidated statement of profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in the consolidated statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to the consolidated statement of profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for the business combination is not completed by the end of the reporting period which constitutes the period in which the combination occurred, the Group

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presents the items whose value calculation has not been completed in a temporary manner in the consolidated financial statements. During the measurement period, which is not more than one year from the acquisition date, the temporary value recognized on the acquisition date is retroactively adjusted to reflect the information obtained about the facts and circumstances that existed at the date of acquisition and if it is determined that this will affect the measurement of amounts recognized as of that date.

The Group recognizes additional assets or liabilities during the measurement period if new information becomes available about facts or circumstances that existed at the date of the acquisition and if it will result in recognition of assets or liabilities from that date. The measurement period ends once the group obtains all information that existed at the acquisition date or as soon as it becomes sure of the absence of more information.

Foreign currencies

The financial information and disclosures are presented in Saudi Riyals (the functional currency of the Company). For each subsidiary, the Group determines the functional currency, which is defined as the currency of the primary economic environment in which the entity operates, and items included in the financial statements of each subsidiary are measured using that functional currency.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the

transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item to which it relates. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Gains or losses arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognized in OCI.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Saudi Riyals using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the reporting period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Foreign currency risk management

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 operation and translated at the reporting date exchange rate.

	Closing rate on 31 December 2025	Closing Rate on 31 December 2024	Average rate for the year ended 31 December 2025	Average rate for the year ended 31 December 2024	Rate on acquisition date on 3 October 2022
1 EGP to SAR	0.0787	0.0737	0.0762	0.0829	0.1915

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Investments in associates and joint ventures - equity accounted investees

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Factors to determine significant influence include holding directly or indirectly voting power of the investee, representation on the board of directors or equivalent governing body of the investee, participation in policy-making processes including participation in decisions about dividends or other distributions, material transactions between the entity and the investee, interchange of managerial personnel or provision of essential technical information.

The investment in associates and joint ventures are accounted for in the consolidated financial statements of the Group using the equity method of accounting. The equity accounted investees in the consolidated statement of financial position are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit and loss and other comprehensive income of the investee adjusted for any impairment in the value of the net investment. In addition, when there has been a change recognized directly in the equity of the investee associate or joint ventures, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. When the Group's share of losses in equity accounted investee exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses.

Additional losses are recognized and recorded as liabilities only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the equity accounted investees.

Unrealized gains or losses resulting from transactions between the Group and the equity accounted investees are eliminated to the extent of the interest in the associate or joint venture.

Investments in associates or joint ventures are accounted for using the equity method from the date on which the investee becomes an associate or joint venture.

On acquisition of the investment in an associate or joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in the consolidated statement of profit or loss in the acquisition year.

The requirements of IFRSs approved in the Kingdom are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or joint venture. The carrying amount of the investment in an associates or joint ventures are tested for impairment in accordance with the policy.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, joint venture or when the investment is classified as held for sale.

When the Group reduces its ownership interest in an associate or joint venture, but the Group continues to use the equity method, the Group reclassifies to the consolidated statement of profit or loss the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss includes the disposal of the related assets or liabilities.

When any entity within the Group transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

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Revenue

Core Information and Communication Technology ("ICT") Services

System integration services

System integration revenue represents revenue generated by the installation of new networks (hardware and software) or enhancing the existing customer network together with stand ready right to maintenance and support and training solutions. Hardware, software and installation are bundled into a single performance obligation as the goods and services are not distinct within the context of the contract because they are not separately identifiable from other promises in the contract. The transaction price will be allocated to each performance obligation based on the stand-alone selling price.

Where these are not directly observable, they are estimated based on expected cost-plus margin.

The Group recognizes revenue relating to installed hardware, software along with design and professional services over time using the input method.

Revenue on selling, maintenance and support is recognized over time as the transfer of the right to the service to the customer occurs.

Revenue on training is recognized over time using input method.

Software reselling

Revenue from software reselling is recorded at a point in time at which the revenue is recognized. All third-party software sold to customers are accounted for as an agent on a net basis, except for arrangements where either:

- The software is sold as part of integration to develop a client specific integrated solution or a structure where other solution elements are combined. The integration involves deployment of a skilled team who support clients on-ground in determining the client's business requirements, solution design and perform the implementation.
- The software was subject to customization by the Group beyond the selection and deployment of software or multiple software as per standard specification.

Communication and internet services

Communication and internet services revenue represent revenue generated by selling Dedicated Internet Access (DIA) and data services. If communication and internet services are provided as part of bundled contract, the consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. The Group recognizes revenue of these services as the customer avails the benefit of these services over the period based on time elapsed. (Coinciding with the billing).

IT Managed and Operational Services

Outsourcing services

The Group provides outsourcing services which primarily include manpower service, managed manpower services or solution support. Further, in case of manpower services customer may also request the Group to deliver some hardware equipment.

Hardware is a separately identifiable component in the outsourcing contract (only in case of manpower services) and accounted for as a separate performance obligation and transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. Revenue for manpower services is recognized over a period of time based on input method, and hardware is recognized at a point in time when the hardware is delivered to the extent of cost; and installation revenue is recognized over time using the input method.

Managed services

Revenue from managed service includes managed router service, managed LAN service and managed Wi-Fi service and other similar services.

The Group accounts for individual goods and services separately if they are distinct.

Managed services revenue represent revenue generated by selling routers, managing the routers and providing technical support service and are recognized as per the nature of the service and when the control transferred to the customer (Over the period of time based on time elapsed or at a point in time).

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Hardware: at a point in time to the extent of cost; and installation revenue is recognized over time using the input method. Managed Service and technical support: Over a period of time.

Where managed services are provided as part of a bundled contract, consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices.

Call center services

Revenue from call center services includes setting up, operationalizing and thereafter managing the contact/call center for the customer.

The group derives revenue primarily from contracts with customers to provide call center services.

The group recognizes revenue when it transfers control over a service to a customer.

The group satisfies a performance obligation and recognizes revenue over time.

Digital Services

Digital services

Revenue from digital service includes fleet control services, Enterprise Mobile Mobility (EMM), big data services etc. and other similar services.

The Group accounts for individual goods and services as a separate performance obligation if they are capable of being distinct and distinct in the context of the contract.

Digital services revenue represents revenue generated by selling devices (hardware), application service and value-added service and are recognized as per the nature of the service; Hardware: At a point in time. Application services and Value-added services: Over a period of time based on time elapsed.

Cyber Security services

Cyber security revenue represents revenue generated from providing security products and services to the customers' networks, or any other security services.

Cloud and data center services

Cloud and data center service revenue represents services hosted on the marketplace and falls broadly into two options:

a) The Group's customized cloud products:

Cloud products are the primary responsibility of the Company; The Group is the principal under this arrangement because it controls the specified cloud service before they are transferred to the end customer.

b) Third party CSP cloud products:

The CSP are primarily responsible to render services to the customers for the promises to deliver cloud services, hardware or the bundled solution at the customer's premises. The Group does not obtain control of a right to cloud services before it is delivered to the end customer. The Group is obliged to provide the cloud platform to the third party CSP in a month-to-month hosting service contract with variable consideration that is a separate performance obligation and therefore is an agent in this arrangement.

Revenue is recognized as follows:

- Pre-defined and customized cloud products - Revenue is recognized over a period of time that may be time elapsed or usage-based output method based on packages offered.
- Hardware ("Add-ons") - Revenue from hardware sales are recognized at a point in time when the control of the hardware is transferred to the customer

Where cloud and data center services are provided as part of bundled contract, the consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices.

The Group charges the customers for certain activation activities which are not distinct in nature and therefore revenue is recognized from such activity when the goods or services to which they relate are provided to the customer.

Other considerations

• Contract costs

The Group may incur costs to fulfil a contract before a good or service is provided to a customer. Such costs are capitalized where they relate directly to the contract or anticipated contract, generate resources used in satisfying the contract and are

expected to be recovered. The Group will amortize these costs on a systematic basis, consistent with the transfer to the customer of the goods or services and are periodically reviewed for impairment.

• Work-in-progress

Work-in-progress for an over-time performance obligation is generally expensed as a fulfillment cost when it is incurred because control of the work in progress transfers to the customer as it is produced and not at discrete intervals. However, inventory to support multiple contracts that has an alternative use is recognized as an asset until it is dedicated to a specific contract.

• Contract assets and liabilities

Under IFRS 15, when either party to a contract has performed, an entity shall present the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

• Principal versus agent consideration

The group in an arrangement is a 'principal' if it controls the specified good or service that is promised to the customer before it is transferred to the customer. When another party is involved, the group that is a principal obtains control of:

- A good from another party that it then transfers to the customer;
- A right to a service that will be performed by another party, which gives the group the ability to direct that party to provide the service on the group's behalf; or
- A good or a service from another party that it combines with other goods or services to produce the specified good or service promised to the customer.

The Group has evaluated its arrangements to determine whether it is a principal, and report revenues on a gross basis, or an agent, and report revenues on a net basis.

• Variable consideration

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which the Group is entitled in exchange for transferring the promised goods and services to a customer.

• Contract modification

A contract modification exists when the parties to a contract approve a modification that creates new or changes the existing rights and obligations of the parties to the contract. Revenue recognition under the existing contract is continued until the contract modification is approved.

IFRS 9 "Financial Instruments"

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Classification of financial assets depends on the Group's business model for managing its financial assets and the contractual terms of the cash flows. The Group classifies its financial assets as:

- Financial assets measured at amortised cost; or
- Financial assets measured at fair value

Gains or losses of assets measured at fair value will be recognised either through the consolidated statement of profit or loss or through the consolidated statement of OCI.

Initial measurement

Financial assets are initially measured at their fair value plus transaction costs. Transaction costs of financial assets carried at fair value through income statement are recognised in the consolidated statement of profit or loss, when incurred.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows meet the requirements as solely payments of principal and interest.

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Subsequent measurement

The subsequent measurement of the non-derivative financial assets depends on their classification as follows:

a. Financial assets measured at amortized cost:

Assets that are held to collect contractual cash flows are measured at amortized cost using the effective interest rate ("EIR") method where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income. When the financial asset is derecognized, the gain or loss is recognized in the consolidated statement of profit or loss.

b. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss ("FVTPL") are measured at each reporting date at fair value without the deduction of transaction costs that the Group may incur on sale or disposal of the financial asset in the future. Gains and losses, both on subsequent measurement and derecognition, are recognized in consolidated statement of profit or loss.

c. Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income ("FVOCI") are measured at each reporting date at fair value without the deduction of transaction costs that the Group may incur on sale or disposal of the financial asset in the future. Gains and losses are recognized in the consolidated statement of comprehensive income. The amounts recognized in the consolidated statement of comprehensive income are not reclassified to the consolidated statement of profit or loss under any circumstances.

Dividends from category "b" and "c" are recognised in the consolidated statement of profit or loss as other income when the Group's right to receive payments is established.

De-recognition

A financial asset or a part of a financial asset is de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either:
 - a) The Group has transferred substantially all the risks and rewards of the asset; or
 - b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment

At each reporting date, the Group measures expected credit losses ("ECL") on financial assets accounted for at amortized cost.

Lifetime ECL

The Group shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables and contract assets (unbilled revenue) that result from transactions that are within the scope of IFRS 15, and that do not contain a significant financing component.

The Group recognizes expected credit losses for trade receivables and contract assets based on the simplified approach. The simplified approach to the recognition of expected losses does not require the Group to track the changes in credit risk; rather, the Group recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable. It considers available reasonable and supportive forwarding-looking information.

Objective evidence that financial assets are impaired may include indications that a debtor or a Group of debtors is experiencing significant financial difficulty, default or

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delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganization, legal team is involved to claim outstanding balance, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Group under the contract, and the cash flows that the Group expects to receive. The Group assesses all information available, including past due status, risk of default over the asset life and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified under either of the below two classes:

- Financial liabilities at FVPL; and
- Other financial liabilities are measured at amortised cost using the EIR method.

The category of financial liability at FVPL has two sub-categories:

- Designated: A financial liability that is designated by the entity as a liability at FVPL upon initial recognition; and
- Held for trading: A financial liability classified as held for trading, such as an obligation for securities borrowed in a short sale, which have to be returned in the future. This category also includes derivative financial instruments entered by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments

All financial liabilities are recognised initially when the Group becomes party to contractual provisions and obligations under the financial

instrument. The liabilities are recorded at fair value, and in the case of loans and borrowings and payables, the proceeds received net of directly attributable transaction costs.

The Group classifies financial liabilities that are in the nature of supplier financing arrangement within trade and other payables in the statement of financial position. The supplier finance arrangement is part of the working capital used in the Group's normal operating cycle. Net cash flows related to liabilities arising from supplier finance arrangements are included in operating activities in the consolidated statement of cash flows and are settled within one year.

Subsequent measurement

Financial liabilities at FVPL continue to be recorded at fair value with changes being recorded in the consolidated statement of profit or loss.

For other financial liabilities, including loans and borrowings, after initial recognition, these are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR method. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss and other comprehensive income.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value adjusted for transaction costs that are directly

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attributable to the issuance of the guarantee. The fair value of financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

De-recognition

A financial liability is de-recognised when the obligation under the liability is settled or discharged. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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 classified as current when it is;

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized 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.

The Group classifies all other assets that do not meet the above criteria as non-current.

A liability is classified as 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.

Fair value measurement

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 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.

Refer to Note 37 for further details on fair value measurements as applied in these consolidated financial statements.

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Expenses

Cost of revenue primarily comprise costs directly related to the provision of goods and services for which the Group recognizes revenue.

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Group's products and services.

General and administration expenses include indirect costs, not specifically part of cost of revenue or selling and distribution expenses as required under IFRSs as endorsed in KSA. Allocations between general and administration expenses, cost of sales and selling & distribution expenses, when required, are made on a consistent basis.

Zakat

Zakat is calculated in accordance with the Regulations of the Zakat, Tax and Customs Authority (the "ZATCA") in the Kingdom of Saudi Arabia and on an accrual basis. Zakat and income tax related to the Company and its subsidiaries is charged to profit or loss. Differences, if any, resulting from final assessments are adjusted in the period of their finalization.

Taxes

Foreign Income tax:

As part of the process of preparing consolidated financial statements, the Group estimates income tax in each of the jurisdictions it operates. This process involves estimating current tax expense and temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the related tax bases. Temporary differences result in deferred tax assets and liabilities, which are included in the consolidated statement of financial position. Deferred tax assets and liabilities are carried at nominal value.

The Group assesses periodically the likelihood whether deferred tax assets will be recovered from future taxable income to the extent these deferred tax assets are recorded. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that the taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax:

Deferred tax is provided for using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax law enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Value Added Tax ("VAT")

Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

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The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Dividends

The Group dividends policy is approved by the General Assembly and the Company recognizes a liability to pay a dividend when the distribution is authorized. A corresponding amount is recognized directly in equity.

Employee benefits

End of service indemnities

The Group primarily has end of service indemnities which qualifies as defined benefit plans.

The pension liability recognized in the consolidated statement of financial position is the present value of the projected Defined Benefit Obligation (DBO) at the reporting date.

The DBO is calculated periodically by qualified actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using yields on high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Due to the lack of liquidity and the deep market constraints of local corporate bonds, reference needs to be made to the Saudi Government Issuance of US dollar denominated bonds rates.

The net interest cost is calculated by applying the discount rate to the net balance of the DBO. This cost is included in employees' related costs in the consolidated statement of profit or loss and other comprehensive income.

Current and past service costs related to end of service indemnities and unwinding of the liability at discount rates used are recognized immediately in the consolidated statement of profit or loss and other comprehensive income. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in OCI.

The actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labour Laws and any other countries applicable laws as well as according to the Group's policy.

Retirement benefits

The Group pays retirement contributions for its national employees to the General Organization for Social Insurance. This represents a defined contribution plan. The payments made are expensed as incurred.

Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and early retirement awards in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Shared-based payments

The Company's employees receive remuneration in the form of share-based payments under the employee long term incentives program, whereby employees render services as consideration for Company's shares (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value of the equity instrument at the grant date. The grant date is the date on which the Company and the employee agree on the share-based agreement, so that a common understanding of the terms and conditions of the agreement exists between the parties. Share-based payment expense is included as part of employees' benefits expense over the period in which the service and the performance conditions are fulfilled (the vesting period), with the corresponding amount recorded under other reserves within equity in accordance with the requirements of the International Financial Reporting Standard 2: Share-based Payment. The cumulative expense recognized for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of shares that will ultimately vest. The expense or credit in the consolidated statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

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Treasury shares

Own equity instruments that are repurchased (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the shares. Any difference between the carrying amount of the shares and the consideration, if reissued, is recognized in other reserves within equity.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Appropriate provision is made for obsolete and slow-moving inventories, if required.

Cash and cash equivalents

Cash and cash equivalents consist of bank balances, cash in hand and investments that are readily convertible into known amounts of cash and have original maturities of three months or less when placed.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at each financial year-end, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Intangible assets, which comprise computer software, are amortized over the period of four to six years. The Company also has intangible assets arising from service concession arrangements which are amortised over a period of 15 years.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the consolidated statement of profit or loss when the asset is derecognized.

Further, the Company completes purchase price allocation exercises for its acquisitions. The below are the intangibles assets recognized in these consolidated financial statements from previous acquisitions along with their estimated useful life:

Intangible	Estimated useful life
Customer relationships	7 to 10 years
Backlog	4 years
Tradename / trademarks	10 years
Technology	5 years

Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognised in income or loss as incurred. Depreciation is recognized on a straight-line basis over their estimated useful lives except for Supercomputer where sum of digits method of depreciation is used, based on the performance and expected usage of the asset.

The Group applies the below estimated useful life to its property and equipment and depreciates accordingly

Computer hardware	3 to 5 years
Furniture	5 to 7 years
Office equipment	5 to 20 years
Buildings	50 years
Leasehold improvements	Lower of the lease period or 3 to 5 years
Motor vehicles	4 to 5 years
Supercomputers	7 years

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial period ended and adjusted prospectively, if appropriate.

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Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit), except for goodwill, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss and other comprehensive income.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually,

or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Leases

The Group assesses whether a contract contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

For all such lease arrangements the Group recognize right of use assets and lease liabilities except for the short-term leases and leases of low value assets as follows:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement 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. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Right-of-use assets comprise of lease of building and land which is amortized over the respective lease period.

Right of use assets are depreciated as follows:

Leasehold lands	15 years
Buildings	4 years
Hardware	4 years
Vehicles	2 to 5 years
Data Center	3 to 5 years

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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 (including in-substance 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 a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if 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 re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

As a lessor:

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

This requires evaluation of each of the indicators provided in IFRS 16 including but not limited whether the discounted value of the lease payments covers significant part of the fair value of the underlying asset and whether the lease term covered major part of the economic life of the underlying asset.

Operating lease income is recognized in the consolidated statement of profit or loss on a straight-line basis over the lease term. Any

benefits granted as an incentive to enter into an operating lease, are distributed in a straight-line basis over the lease term.

If an arrangement contains lease and non-lease components, then the total consideration is allocated using the standalone selling prices based on the principles of IFRS 15.

Where the Group concludes that it is a dealer lessor under a finance lease, then at the commencement date, it recognises the following for each of its finance leases:

- revenue, which is the fair value of the underlying asset, or, if lower, the present value of the lease payments accruing to the lessor, discounted using a market rate of interest;
- the cost of sales, which is the cost (or carrying amount if different) of the underlying asset less the present value of the unguaranteed residual value; and
- selling profit or loss (which is the difference between revenue and the cost of sale) in accordance with the policy for outright sales to which IFRS 15 applies. The selling profit or loss on a finance lease should be recognised at the commencement date, regardless of whether the lessor transfers the underlying asset as described in IFRS 15.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of commercial buildings, vehicles and offices (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 commercial buildings, vehicles and offices 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.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

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An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Provisions

Provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognized as financial charges.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already

incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in the consolidated profit or loss in the period in which they become receivable.

Service Concession arrangements

Revenue related to construction or upgrade services under a service concession arrangement is recognised over time, consistent with the Group's revenue recognition policies. Operation or service revenue is recognised in the period in which the services are provided by the Group. If the service concession arrangement contains more than one performance obligation, then the consideration received is allocated with reference to the relative stand-alone selling prices of the services delivered.

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for use of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalised borrowing costs (if any), less accumulated amortisation and accumulated impairment losses.

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the public for the use of the infrastructure to the end of the concession period.

Earnings per Share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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Segment Information

The specific operating segments of the Group are identified based on internal reports, which are regularly reviewed by the Group's main decision makers (chief operating decision maker) for the purpose of resource allocation among segments and performance assessment.

Amendments to IFRS that applied by the Group

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. One amendment (Amendment to IAS 21: Lack of exchangeability) applies for the first time in 2025 but does not have an impact on the consolidated financial statements of the Group.

OTHER AMENDMENTS OF RELEVANT IFRS'S ISSUED BUT NOT YET EFFECTIVE

The standards and amendments that are issued, but not yet effective, as of 31 December 2025 are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Except as disclosed below in relation to IFRS 18, these standards are not expected to have a material impact on the Group at their effective dates.

New standards, amendments and interpretations issued but not yet effective

- Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments.
- IFRS S1 and IFRS S2: International Sustainability Disclosure Standards (Not yet endorsed by SOCPA).
- Annual improvements to IFRS Accounting Standards Volume 11.
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- Amendment to IFRS 9 and IFRS 7: Contracts referencing Nature-dependent Electricity
- IFRS 19: Subsidiaries without Public Accountability: Disclosures.

- IFRS 18: Presentation and Disclosure in Financial Statements.
- Amendments to IAS 21: Translation to a Hyperinflationary Presentation Currency

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, of which the first three are new.

IFRS 18 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 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 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 related amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

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

4. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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 and assets and liabilities at the reporting date.

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However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

The following critical judgements and estimates have the most significant effect on the amounts recognized in the consolidated financial statements:

Critical Judgment

Principal versus agent

Significant judgement is required in determining whether the Group is acting as principal, reporting revenue on gross basis, or acting as an agent, reporting revenue on net basis. The Group exercises professional judgement when performing this assessment, taking into consideration the details of the contractual terms, the nature of the products and services as defined by IFRS 15 on revenue from contracts with customers.

Key sources of estimation uncertainty

Impairment of non-financial assets (Including goodwill)

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next three years and do not include restructuring activities that the Group is not yet committed to

or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. Further information on impairment of goodwill and related sensitivity is disclosed in note 20.

Expected credit losses ("ECL")

For trade receivables and contract assets excluding government and related parties, the Group applies the simplified approach. To measure the expected credit losses, receivables have been segmented based on shared credit risk characteristics and the days past due. Expected loss rates were derived from historical information of the Group and are adjusted to reflect the expected future outcome which also incorporates forward-looking macroeconomic information. The Group estimates the case-by-case provision on related party balances and government customers based on the internal assessment regarding the collectability of the balances and this assessment is done based on the available information. This is in addition to lifetime expected credit losses recognised using the simplified approach by applying the Credit Default Swap ("CDS") measurement approach on the residual amounts. An estimate of the collectible amount is made when collection of the amount is no longer probable and is assessed on an individual basis.

Change in Expected Credit Loss (ECL) estimation model

During the year, the Company updated its Expected Credit Loss (ECL) provisioning model based on recommendations provided by an independent third-party consultant in prior years. Key enhancements in the revised model include; adoption of a 90-day period as an explicit definition of default, refinement of the flow rate calculation methodology by changing the age bucketing approach from three months to one month and modification in the due date calculation approach (i.e. the due date is calculated from the end of customer credit terms, instead of starting from invoice date as per the best practice). As a result of implementing the updated ECL model, a net reversal of ECL provisions amounting to ₪ 33 million was recognized during the period.

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Additional information regarding ECL including sensitivity and the Company's credit risk management is provided in Note 39 to these financial statements.

Long-term assumptions for employee benefits

Employees' end of service benefits represents obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred. Further information

on the carrying amounts of the group's end of service benefits obligation and the sensitivity of those amounts to changes in inputs are provided in note 30.

Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgement in estimating the expected cash outflows for other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

5. SUBSIDIARIES

The following is the details of the subsidiaries directly owned by the Company and included in these consolidated financial statements:

Subsidiaries	Country of incorporation	Ownership %	
		2025	2024
Saudi Telecom Company Solution for Information Technology (Owned by One Person) (a)	Egypt	100%	100%
Giza Systems Company (b)	Egypt	88.19%	88.19%
Contact Center Company (c)	Saudi Arabia	100%	100%
Amanah Tech Business Solutions Company (d)	Saudi Arabia	70%	-
Nawaf Alittisalat Company (e)	Saudi Arabia	100%	-

- Saudi Telecom Company Solution for Information Technology (Owned by One Person) is a Limited Liability Company registered in Cairo, Egypt under commercial registration numbered 130135 and dated 9 Jumada Awal 1440H (corresponding to 15 January 2019) with a capital of USD 70,000 (₪ 262,500) paid in cash. The subsidiary has 1,000 shares with a nominal value of USD 70 per share and it is fully owned by the Company. The principal activities of the subsidiary are information technology and communication industry including industrial activities in designing including designing in computer systems, electronics development, data centers development, software and e-learning development, data analysis, data management, communication and internet services, production of electronic contents, system integration, trainings and outsourcing services, software production. The entity is currently under the liquidation process.
- Giza System Company (S.A.E) was established on 19 Rabi AL Awwal 1409H (corresponding to 29th October 1988) in pursuance of the law No 159 of 1981, and its executive regulation and law No. 95 of 1992 in Egypt with a fully paid capital of EGP 90 million (₪ 17.2 million). The subsidiary has 9 million shares with a nominal value of EGP 10 per share. The principal activities of the subsidiary are selling and marketing computer software and electronic hardware, conducting amendment and development operations on

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the computer software and hardware units and providing integrated solutions, designing engineering and scientific systems for computers and providing engineering consultations, Supplying, installing and maintaining educational laboratories (electric - electronic - mechanical) and implementing integrated projects within the scope of the abovementioned activities. The Company owns 34% direct interest in Giza Arabia System Company and indirectly through Giza System with effective ownership of Giza Arabia System Company to 92.21% as of reporting date.

During the period, the Group received EGP 3.75 million (equivalent to ₪ 282 thousand) from the non-controlling shareholders of ARIA Technologies, a subsidiary, as their proportional contribution (10%) to a capital increase. The transaction did not result in any change to the Group's ownership interest. An increase in NCI amounting to ₪ 282 thousand has been recognized in the consolidated statement of changes in equity and the relevant cashflow is included in proceeds from NCI under cash flows from financing activities.

- c. Contact Centers Company is a Limited Liability Company (the "Company") registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 1010299715 dated 22 Muharram 1432H (corresponding to 28 December 2010). The Company also operates through its branch in Jeddah under commercial registration numbered 4030265387 dated 16 Rabi Al-Thani 1435H (corresponding to 16 February 2014). The subsidiary has 450,000 shares with a nominal value of ₪ 10 per share. The Company is principally engaged in providing services related to submission of proposals and technical solutions in the field of telecommunications and information technology support and maintenance, systems development, support, and communications programs and information technology.
- d. Amanah Tech Business Solutions Company is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration numbered 4030582679 issued in Jeddah on 14 Rabi Al Thani 1446H (corresponding to 17 October 2024) with a capital of ₪ 3 Million. The subsidiary has 300,000 shares with a nominal value of ₪ 10 per share. The Company's activities include installation and maintenance of electrical and communication wiring, computer networks, installation and maintenance of lighting systems, automation of gates, software publishing, analysis of operating systems, user interface design, robotics, 3D printing, virtual reality technologies, and artificial intelligence applications development. The initial capital injection was made in the current period. NCI amounting to ₪ 0.9 million representing 30% of the total capital has been recognised in the consolidated statement of changes in equity.
- e. Nawat Alittisalat Company (a single-member Company) is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration numbered 7051649049 issued in Riyadh on 24 Rabi' Al Awwal 1447H (corresponding to 16 September 2025) with a capital of ₪ 1.0 Million. The subsidiary has 10 shares with a nominal value of ₪ 100,000 per share. The Company's activities include provision of wired internet services, satellite telecom services, short message (SMS) services, data processing, website hosting and related services. No transactions have been recorded in relation to this Company during the period and the initial share capital is yet to be injected as of the reporting date.

6. REVENUE

The following is the analysis of the Group's revenue:

	2025	2024
Core ICT Services	6,388,722	6,187,720
IT Managed and Operational Services	4,358,600	3,947,622
Digital Services	1,982,867	1,928,555
	12,730,189	12,063,897

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	2025	2024
Type of customers		
Sell through STC and sell to direct customers (STC is not the end customer)(*)	8,532,716	7,762,576
Sell to STC & its subsidiaries (STC & its subsidiaries are the end customers)	4,197,473	4,301,321
	12,730,189	12,063,897
Timing of revenue recognition		
Goods or services transferred to customers:		
- over time(*)	11,260,442	10,616,823
- at a point in time	1,469,747	1,447,074
	12,730,189	12,063,897
Principal vs Agent		
Revenue as principal(*)	12,692,040	11,985,628
Revenue as agent	38,149	78,269
	12,730,189	12,063,897
Geographical markets		
Kingdom of Saudi Arabia(*)	11,921,397	11,384,330
Outside the Kingdom of Saudi Arabia	808,792	679,567
	12,730,189	12,063,897

(*)Includes ₪ 109 million (2024: ₪ 113 million) operating lease income (Note 29)

7. GENERAL AND ADMINISTRATION EXPENSES

	2025	2024
Employee related costs	428,947	420,692
Professional services (*)	83,558	82,133
Depreciation and amortization	78,079	76,958
IT expenses	64,592	64,660
Hospitality, corporate gatherings, utilities and office expenses	39,861	46,518
Rent expenses	8,277	12,262
Business travel expenses	4,555	4,014
Provision for advances to suppliers	1,991	73
Other G&A expenses (**)	20,965	12,921
	730,825	720,231

(*) includes the total fees of the Group's primary external auditor and its global members firms for audit and non-audit services amounting to ₪ 4.7 million for the year ended 31 December 2025 (2024: ₪ 1.6 million)

(**) includes research related costs amounting to ₪ 161 thousand (2024: ₪ 280 thousand)

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8. SELLING AND DISTRIBUTION EXPENSES

	2025	2024
Employees related costs	279,432	281,336
ECL (reversal) / charge on trade receivables and contract assets (Notes 4,14 & 16)	(45,266)	50,398
Selling and marketing expenses	48,160	47,862
Depreciation and amortization	13,398	11,756
IT expenses	6,942	6,486
Business travel expenses	2,991	4,350
	305,657	402,188

9. OTHER EXPENSES, NET

	2025	2024
Gain on sale of AVL service channel (9.1)	-	68,300
Early retirement program expense (9.2)	(21,341)	(73,620)
Net foreign exchange loss	(18,625)	(56,205)
Remeasurement of contingent liability (9.3)	(3,259)	(9,774)
Loss on liquidation of subsidiaries (Note 1)	(619)	-
Currency translation differences recycled to profit or loss (Note 1)	(1,840)	-
Gain on investments at FVTPL (Note 18)	19,828	3,177
Other income	124	2,627
	(25,732)	(65,495)

9.1 Gain on sale of AVL service channel

On 22 Ramadhan 1445H (corresponding to 1 April 2024), the Group entered into an agreement with Internet of Things Technologies Company for Information Technology ("the Buyer" or "IoT") related to the sale of Automated Vehicle Locator ("AVL") services channel. The transaction was concluded on 22 Dhul Qa'dah 1445H (corresponding to 30 May 2024) upon completion of closing conditions, including receipt of consideration. The Group recognized a gain of ₪ 68.3 million in the consolidated financial statements.

9.2 Early retirement program

The Group has issued an early retirement program for its employees. During the period, an expense of ₪ 21.3 million was recognized in the consolidated financial statements related to the early retirement program (2024: ₪ 73.6 million).

9.3 Remeasurement of contingent liability

During 2025, the fair value of the contingent consideration liability recognised on the acquisition of an Equity accounted investee was reassessed. An expense of ₪ 3.3 million (2024: ₪ 9.8 million) was recognised in the consolidated statement of profit or loss.

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10. FINANCE COST

	2025	2024
Finance cost on borrowings	68,772	68,004
Finance cost on leases liabilities (Note 29)	17,423	3,752
Finance cost on unwinding of contingent consideration	2,773	1,744
	88,968	73,500

11. ZAKAT AND INCOME TAXES

For the years 2009 to 2020, the Company filed its Zakat through the Parent Company, as part of the consolidated Zakat return of the Parent Company, where the Parent company is liable for any assessments provided by ZATCA for the years from 2009 to 2020.

Effective from 1st January 2021, and based on approval from ZATCA, the Company started filing its Zakat returns separately and submitted all zakat returns until the end of 2024, with payment of zakat due based on those returns, and accordingly the Company received zakat certificates for those years. Further, it calculates, and records zakat provision based on the zakat base of its own financial statements, in accordance with the requirements of ZATCA. The Company completed the final assessment with ZATCA for all previous years including 2021, 2022 and 2023 with no amendments or liabilities.

The Group's zakat provision for the year ended 31 December 2025 amounted to ₪ 98.6 million (2024: ₪ 121.8 million) is charged to the consolidated statement of profit or loss. In 2025, no zakat reversals were recorded in relation to prior periods. During 2024, the zakat reversal of ₪ 103.9 million were recorded following completion of final assessments by ZATCA for all previous years up to 31 December 2023 for Solutions by STC.

The Group's zakat and tax payable are as follows:

	2025	2024
Zakat payable (Note 11.1)	123,284	131,714
Income tax payable (Note 11.2)	35,890	14,559
	159,174	146,273

11.1 The movement in zakat payable is as follows:

	2025	2024
Balance as at 1 January	131,714	218,864
Acquisition of subsidiary (Note 1)	-	476
Charge for the year	98,571	121,796
Reversal related to prior periods	-	(103,984)
Paid during the year	(107,001)	(105,438)
Balance as at 31 December	123,284	131,714

11.2 The movement in income tax payable was as follows:

	2025	2024
Balance as at 1 January	14,559	21,166
Charge for the year	44,130	26,043
Paid during the year	(24,423)	(24,133)
Effect of foreign currency exchange differences	1,624	(8,517)
Balance as at 31 December	35,890	14,559

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11.3 The net zakat and tax charge included in the consolidated statement of profit or loss is as below:

	2025	2024
Zakat charge for the year	98,571	121,796
Zakat reversal related to prior periods	-	(103,984)
Income tax charge	44,130	26,043
Deferred tax reversal	(10,354)	(4,897)
Total amount included in the consolidated statement of profit or loss	132,347	38,958

12. CASH AND CASH EQUIVALENTS

	2025	2024
Murabaha deposits (Note 12.1)	1,564,602	900,271
Bank balances (Note 12.2)	183,594	226,716
Cash in hand	860	295
Expected credit losses on bank balances	(83)	(149)
Balance as at 31 December	1,748,973	1,127,133

12.1 This represent deposits placed with various banks and carry a profit rate of 3.5% to 5.6% (2024: 4.35% to 6.1%) per annum. The original maturity dates for all these deposits are less than three months.

12.2 Bank balances include an amount of ₪ 26.3 million (2024: Nil) that is required to be maintained as a security guarantee against a short term borrowing by one of the Group's subsidiaries. The restriction on these bank balances will end when the related facility is settled.

13. SHORT TERM MURABAHA

These represent the Murabaha deposits placed with various banks and carry a profit rate of 5.25% to 5.38% per annum (2024: 5.60% to 6.10%). The maturity dates for all these deposits are more than three months and less than one year from the date of original placement date.

14. TRADE RECEIVABLES

	2025	2024
Gross trade receivables from government and private entities	3,449,208	2,964,908
Less: allowance for expected credit losses	(381,155)	(416,616)
Net trade receivable from government and private entities	3,068,053	2,548,292
Gross amounts due from Parent Company and its subsidiaries (Note 39)	1,645,105	1,270,479
Less: allowance for expected credit losses	(53,381)	(60,161)
Net amounts due from Parent Company and its subsidiaries	1,591,724	1,210,318
Total trade receivable as at 31 December	4,659,777	3,758,610

The expected average credit period on sales of goods and provision for services is between 30 to 90 days. No finance income is charged on trade receivables.

The Group performs credit-vetting procedures before granting credit to new customers. These procedures are reviewed and updated on an ongoing basis. There have been no changes to these procedures from the previous year.

Customers are grouped according to their credit characteristics, including whether they are private or not and whether sovereign or non-sovereign. The customers grouped in a particular segment such as private, government, Parent Company and its subsidiaries.

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Since the Group considers the homogeneity of economic characteristics of the company/individual for segmentation. Based on the customers' segmentations the allowance for the impairment has been assessed. The Group does not have trade receivable for which no loss allowance is recognized because of collateral.

One of the Group's debtors represents 10% (2024: 9%) of the total trade receivables balance excluding the Parent Company and its subsidiaries' balances.

Movement in the allowance for expected credit losses related to trade receivables from government and private entities:

	2025	2024
Balance as at 1 January	416,616	378,664
Acquisition of subsidiary	-	292
Trade receivables written off	-	(4,420)
Net (reversal)/charge for the year	(34,079)	52,791
Effect of foreign currency exchange differences	(1,382)	(10,711)
Balance as at 31 December	381,155	416,616

Movement in the allowance for expected credit losses related to amounts due from Parent Company and its subsidiaries' balances:

	2025	2024
Balance as at 1 January	60,161	74,165
Net reversal for the year	(6,780)	(14,004)
Balance as at 31 December (*)	53,381	60,161

(*) Includes ₪ 44.1 million (2024: ₪ 45.0 million) pertaining to receivables for which STC is not the end customer.

Ageing of the trade receivables are as follows:

	2025	2024
Age of Gross trade receivables (government and private entities)		
Private		
Not due	713,662	856,602
1 to 90 days	321,294	243,605
91 to 180 days	149,508	131,391
181 to 365 days	187,325	122,342
Over 365 days	128,365	124,298
	1,500,154	1,478,238
Government		
Not due	837,558	506,965
1 to 90 days	446,242	320,356
91 to 180 days	132,046	161,544
181 to 365 days	152,832	208,274
Over 365 days	380,376	289,531
	1,949,054	1,486,670
Total Gross trade receivables	3,449,208	2,964,908

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	2025	2024
Aging of related ECL on trade receivables (government and private entities) *		
Private		
Not due	47,871	75,368
1 to 90 days	50,211	13,920
91 to 180 days	24,338	39,793
181 to 365 days	65,330	62,131
Over 365 days	58,205	103,686
	245,955	294,898
Governmental		
Not due	2,880	1,688
1 to 90 days	3,735	4,711
91 to 180 days	453	1,807
181 to 365 days	17,422	3,603
Over 365 days	110,710	109,909
	135,200	121,718
Total allowance for expected credit losses	381,155	416,616

(*) Refer to note 38 for exposures to credit risk and ECLs for trade receivables and contract assets from private customers.

Age of unimpaired amounts due from Parent Company and its subsidiaries

	Total	Not due	Past due but not impaired			
			1 – 90 days	91 – 180 days	181 – 365 days	Over 365 days
2025	1,591,724	1,067,922	420,587	73,700	21,965	7,480
2024	1,210,318	790,570	230,307	142,261	18,016	29,164

15. PREPAYMENTS AND OTHER ASSETS

	Notes	2025	2024
Other receivables	15.1	178,840	145,035
Advances to suppliers, net	15.2	148,544	85,947
Cost to fulfil contracts	15.3	113,592	80,321
Prepaid expenses		90,849	96,737
Net investment in finance lease – Current	29	52,470	22,784
Deposits, net		5,195	5,621
Balance as at 31 December		589,490	436,445

15.1 Other receivables include an amount of ₪ 3.0 million (2024: ₪ 3.0 million) due from related parties (note 39).

15.2 This represents the advances paid to the suppliers in relation to certain projects. The balance includes a provision amounting to ₪ 8.24 million (2024: ₪ 8.24 million).

15.3 This represents the current portion of costs to fulfil contract capitalized under IFRS 15 which will be subsequently amortized to the consolidated statement of profit or loss.

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16. CONTRACT ASSETS

Contract assets represent the value of work executed by the Group during the year, which has not been billed to customers as at the reporting date. Upon completion of the billing cycle, the amounts recognized as contract assets are reclassified to trade receivables.

	2025	2024
Gross contract assets	3,013,887	2,297,064
Less: allowance for expected credit losses	(43,649)	(47,693)
Balance as at 31 December	2,970,238	2,249,371

During the year ended 31 December 2025, expected credit losses reversal amounting to ₪ 4.4 million (2024: charge of ₪ 11.6 million) has been recorded against the contract assets and is included in the consolidated statement of profit or loss. Other changes in the balances of contract assets during the year are arising from normal business operations.

The movement in the allowance for expected credit losses related to contract assets for the year ended 31 December is as follows:

	2025	2024
Balance as at 1 January	47,693	39,816
(Reversal)/charge for the year	(4,407)	11,611
Effect of foreign currency exchange differences	363	(3,734)
Balance as at 31 December	43,649	47,693

17. INVENTORIES

	2025	2024
Materials and supplies	444,189	256,439
Less: allowance for slow moving and obsolete inventory	(37,948)	(44,308)
Balance as at 31 December	406,241	212,131

The Group has charged inventories amounting to ₪ 2,521 million for the year ended 31 December 2025 (2024: ₪ 1,703 million) to the consolidated statement of profit or loss under cost of revenue.

The movement in the allowance for slow moving and obsolete inventories was as follows:

	2025	2024
Balance as at 1 January	44,308	58,573
Net reversal for the year	(6,516)	(13,898)
Effect of foreign currency exchange differences	156	(367)
Balance as at 31 December	37,948	44,308

The reversal of provision arises from utilization of slow moving inventory for which a provision has been previously recorded.

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18. NON-CURRENT INVESTMENTS AND OTHER ASSETS

	Notes	2025	2024
Net investment in finance lease – non current	29	182,321	40,789
Financial assets measured at FVTPL	18.1	144,880	125,052
Cost to fulfil contracts	18.2	100,336	58,631
Deferred tax assets		41,532	32,633
Employees loans receivable		11,898	11,345
Balance as at 31 December		480,967	268,450

18.1 During 2023, the Group invested ₪ 121.9 million in an equity instrument and the investment was classified as fair value through profit or loss. The Group does not have significant influence over the investee. During the year ended 31 December 2025, the Group has recognized an unrealized gain of ₪ 19.8 million (2024: ₪ 3.2 million) for the change in fair value of the investment in the consolidated statement of profit or loss.

18.2 This represents the cost to fulfil a contract capitalized under IFRS 15 which will be subsequently amortized to the consolidated statement of profit or loss.

19. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

19.1 Investment in Associates

The carrying amount of the Group's investment in associates is as below:

	2025	2024
Individually material associate (Note 19.1.2)	346,081	339,399
Not individually material associates (Note 19.1.3)	978	1,287
Total carrying amount of Group's investment in associates	347,059	340,686

19.1.1 Details of the associates

Name of associate	Country of incorporation	Ownership %	
		2025	2024
Devoteam Middle East – (a, 19.1.2)	United Arab Emirates	40.00%	40.00%
Giza Systems Company for Electromechanical Contracting – (b)	Egypt	50.01%	50.01%
InFact LLC – (c)	Saudi Arabia	25.00%	-

- a) Devoteam Middle East ("DME") is a leading IT consulting company in the Middle East, specializing in digital transformation, cyber and cloud solutions, and business process optimization. This investment was acquired in 2024 (Refer to Note 19.1.2) below.
- b) Giza Systems Company for Electromechanical Contracting ("GSEC") was established in 2011 to execute operation works, engineering consultancy, evaluations of systems and electronic devices and computers. The investment is indirectly owned through GIZA systems with 50.01% ownership and was acquired in 2022 as part of the GIZA Group.
- c) InFact LLC is a Limited Liability Company incorporated in the KSA and is registered under Commercial Registration number 1009184064 issued in Riyadh on 26 Rajab 1446H (corresponding to 26 January 2025). This investment is indirectly owned through GIZA Arabia Systems Company with 25% ownership. The Company has had no transactions since incorporation and is not individually material to the Group as of 31 December 2025.

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The Group does not have any contingent liabilities related to the equity accounted investees except as may have been disclosed elsewhere in these financial statements. (2024: Nil).

19.1.2 Individually material associate – Devoteam Middle East

On 1 February 2024, the Group completed the acquisition of 40% stake in Devoteam Middle East the ("DME") for cash consideration of ₪ 297.86 million and contingent consideration of ₪ 34.9 million at acquisition date related to the earn-out payment that is expected to be settled upon achieving certain profitability parameters as per the sale and purchase agreement. The carrying amount of the investment at the end of the year includes embedded goodwill amounting to ₪ 188 million (31 December 2024: ₪ 188 million) and identified intangible assets (Customer relationships and Backlog) with a total carrying amount of ₪ 72 million (31 December 2024: ₪ 84 million). The identified intangible assets (Customer relationships and Backlog) are amortized over the periods of 11 and 3 years, respectively.

During the year, the Group received dividends amounting to ₪ 4.0 million (2024: Nil) from DME.

Contingent consideration

Refer to Note 24 for details regarding the contingent consideration liability arising from the acquisition of DME.

Financial information on individually material associate

The tables below provide summarized financial information of the individually material associate of the Group. The information disclosed prior to the reconciliation to the Group's carrying amount reflects the amounts presented in the latest available financial statements of the relevant investee and not the Group's share of those amounts.

Statement of Financial position

	2025	2024*
Current assets	573,508	444,367
Non-current assets	10,783	10,656
Current liabilities	(242,040)	(218,198)
Non-current liabilities	(126,160)	(68,433)
Net assets as at 31 December	216,091	168,392

Statement of profit / loss and other comprehensive income

	2025	2024*
Revenue	581,985	461,139
Net income	59,407	45,543
Other comprehensive loss	(856)	-
Total comprehensive income	58,551	45,543

* 2024 figures are from the date of acquisition of the associate

	2025	2024
Share in net income (**)	24,361	18,217
Adjustment to reflect effect of PPA intangible asset amortisation	(12,606)	(11,556)
Share of profit recognised in profit and loss (adjusted equity method income)	11,755	6,661
Share of other comprehensive loss (**)	(1,072)	-

** includes the share of prior year profit amounting to ₪ 0.5 million and share of other comprehensive loss of ₪ 0.7 million from DME recognised in the current period upon finalization of the associate's financial statements.

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The following is the reconciliation of the above information to the carrying amount of the Group's interest in DME.

	2025	2024
Reconciliation:		
Group's share in equity accounted investee	40%	40%
Share in net assets of the equity accounted investee	86,436	67,357
Embedded Goodwill	187,882	187,882
Other adjustments (includes carrying amount of identified intangible assets)	71,763	84,160
Carrying amount of Investment	346,081	339,399

19.1.3 Financial information on not individually material associates

	2025	2024
Group's share in net loss	(391)	(843)
Carrying amount of investment in associate	978	1,287

19.2 Investment in Joint Venture

The Company has an investment in Nile Middle East Limited Company (Nile ME) (A Joint Venture). The entity is registered under Commercial Registration number 1009197932 issued in Riyadh on 17 Sha'ban 1446H (corresponding to 13 February 2025). The initial capital injection of 0.375 million was made in the current year. The Company has had no significant transactions since incorporation and is therefore not individually material to the Group as of 31 December 2025.

The financial information of this joint venture for the year ended 31 December 2025 is as below:

	2025
Group's share in net profit	301
Carrying amount of investment in joint venture	676

20. INTANGIBLE ASSETS AND GOODWILL

	Goodwill (note 20.1)*	Software	Others (note 1)*	Capital work- in-progress	Total
COST:					
As at 1 January 2024	311,337	311,545	259,626	6,620	889,128
Additions	-	36,466	-	11,155	47,621
Acquisition of subsidiary (Note 1)	12,409	-	11,561	-	23,970
Transfer	-	4,683	-	(4,683)	-
Disposal	-	(60)	-	-	(60)
Effect of foreign currency exchange differences	(34,089)	-	(31,559)	-	(65,648)
As at 1 January 2025	289,657	352,634	239,628	13,092	895,011
Additions	-	48,853	-	31,179	80,032
Additions under IFRIC 12 (Note 23)	-	-	45,997	-	45,997
Transfer	-	24,836	-	(24,836)	-
Effect of foreign currency exchange differences	3,630	-	3,265	-	6,895
As at 31 December 2025	293,287	426,323	288,890	19,435	1,027,935

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	Goodwill (note 20.1)*	Software	Others (note 1)*	Capital work- in-progress	Total
ACCUMULATED AMORTIZATION:					
As at 1 January 2024	-	225,192	38,435	-	263,627
Amortization	-	44,385	34,262	-	78,647
Disposal	-	(60)	-	-	(60)
Effect of foreign currency exchange differences	-	-	(7,016)	-	(7,016)
As at 1 January 2025	-	269,517	65,681	-	335,198
Amortization	-	43,855	39,020	-	82,875
Effect of foreign currency exchange differences	-	-	1,379	-	1,379
As at 31 December 2025	-	313,372	106,080	-	419,452
Net book value as at 31 December 2024	289,657	83,117	173,947	13,092	559,813
Net book value as at 31 December 2025	293,287	112,951	182,810	19,435	608,483

* Others includes intangible assets recognised from purchase price allocation exercises completed by the Group on acquisition of businesses, as well as intangible assets arising from Service concession arrangements.

* Prior period figures adjusted following completion of the Purchase Price Allocation exercise for LABS (Note 1)

The amortization charge for the year, as reported in the consolidated statement of profit or loss is allocated as follows:

	Notes	2025	2024
Cost of revenue		43,209	43,607
General and administration expenses	7	26,323	23,351
Selling and distribution expenses	8	13,343	11,689
		82,875	78,647

20.1 Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. This goodwill arose on acquisition of equity stake in Giza Group, Contact Center Company and LABS in October 2022, April 2023 and May 2024 respectively. The carrying amount of goodwill as of reporting date is as follows:

	Notes	2025	2024
Giza Group	20.1.1	136,986	133,356
Contact Center Company	20.1.2	143,892	143,892
LABS*	20.1.3, 1	12,409	12,409
Balance as at 31 December*		293,287	289,657

* Prior period figure adjusted following completion of the Purchase Price Allocation exercise for LABS (Note 1 and 43)

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20.1.1 The goodwill arose on acquisition of equity interest in Giza Systems and Giza Arabia (together referred as "Giza Group"). Goodwill on Giza Group is allocated to following CGUs, such as Giza Systems, Giza Arabia and VAS for the purpose of impairment testing. As of 31 December 2025, the carrying amounts of these CGUs are Giza Systems: ₪ 344 million (2024: ₪ 32.2 million), Giza Arabia: ₪ 79.1 million (2024: ₪ 79.1 million) and VAS: ₪ 23.5 million, (2024: ₪ 22.0 million).

At the reporting date, management has determined that the recoverable amount of this goodwill is higher than the carrying amount of goodwill. The recoverable amount was determined on the basis of value in use calculations. These calculations use cash flow projections based on a business plan approved by the management. Cash flows are estimated over the three-year periods for each CGUs and cash flows beyond the estimated period are based on assumption of terminal growth rate.

The discount rate was an estimate of the weighted average cost of capital as of 31 December 2025 based on market rates adjusted to reflect management's estimate of the specific risks relating to each CGUs of Giza Group.

The cash flows related to each CGUs are discounted using discount rates of Giza Systems 19.0%, Giza Arabia 10.4% and VAS 16.6%.

The terminal growth rates are based on management best estimation specific to the industry in which the CGUs operate. Cash flows are estimated to grow at a rate of 5% for Giza Systems and VAS and 2% for Giza Arabia from terminal year.

The value in use calculation is sensitive to the discount rate and the terminal growth rate. As of 31 December 2025, a reasonably possible change in discount rate (+1%) and terminal growth rate (-1%) is not expected to result in impairment.

20.1.2 The goodwill arose on acquisition of equity interest in CCC is treated as single CGU for the purpose of impairment testing. As of 31 December 2025, the carrying amount of CCC goodwill is ₪ 143.9 million (2024: ₪ 143.9 million).

At the reporting date, management has determined that the recoverable amount of this goodwill is higher than the carrying amount of goodwill. The recoverable amount was determined on the basis of value in use calculations. These calculations use cash flow projections based on the business plan approved by the management. Cash flows are estimated over a three-year period and cash flows beyond the estimated period are based on assumption of terminal growth rate.

The discount rate was an estimate of the weighted average cost of capital as of 31 December 2025 based on market rates adjusted to reflect management's estimate of the specific risks relating to CCC CGU. The cash flows related to CCC CGU are discounted using a discount rate of 10.8%.

The terminal growth rate is based on management's best estimation specific to the industry in which the CGU operates. Cash flows are estimated to grow at a rate of 2% from the terminal year.

The value in use calculation is sensitive to the discount rate and the terminal growth rate. As of 31 December 2025, a reasonably possible change in discount rate (+1%) and terminal growth rate (-1%) is not expected to result in impairment.

20.1.3 The goodwill arose on acquisition of equity interest in LABS is treated as single CGU for the purpose of impairment testing. As of 31 December 2025, the carrying amount of LABS goodwill is ₪ 12.4 million (2024: ₪ 12.4 million).

At the reporting date, management has determined that the recoverable amount of this goodwill is higher than the carrying amount of goodwill. The recoverable amount was determined on the basis of value in use calculations. These calculations use cash flow projections based on the business plan approved by the management. Cash flows are estimated over a three-year period and cash flows beyond the estimated period are based on assumption of terminal growth rate.

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The discount rate was an estimate of the weighted average cost of capital as of 31 December 2025 based on market rates adjusted to reflect management's estimate of the specific risks relating to LABS CGU. The cash flows related to LABS CGU are discounted using a discount rate of 16.2%.

The terminal growth rate is based on management's best estimation specific to the industry in which the CGU operates. Cash flows are estimated to grow at a rate of 2% from the terminal year.

The value in use calculation is sensitive to the discount rate and the terminal growth rate. As of 31 December 2025, a reasonably possible change in discount rate (+1%) and terminal growth rate (-1%) is not expected to result in impairment.

21. PROPERTY AND EQUIPMENT

31 December 2025	Computer hardware	Furniture and office equipment	Land and Building	Leasehold improvements	Motor vehicles	Super-computers	Capital work-in-progress	Total
COST:								
Balance as at 1 January 2025	539,609	117,227	9,124	165,060	5,881	466,695	12,678	1,316,274
Additions	58,990	8,407	-	20,608	407	-	22,648	111,060
Transfer	18,651	-	-	13,532	-	-	(32,183)	-
Disposal	(16,748)	(16,192)	-	(26,799)	(366)	-	-	(60,105)
Effect of foreign currency exchange differences	479	260	468	-	26	-	46	1,279
Balance as at 31 December 2025	600,981	109,702	9,592	172,401	5,948	466,695	3,189	1,368,508
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
Balance as at 1 January 2025	382,404	90,774	1,886	132,373	5,325	278,249	-	891,011
Depreciation	72,401	8,235	172	21,076	477	69,300	-	171,661
Disposal	(16,748)	(14,811)	-	(26,168)	(366)	-	-	(58,093)
Effect of foreign currency exchange differences	378	209	100	-	23	-	-	710
Balance as at 31 December 2025	438,435	84,407	2,158	127,281	5,459	347,549	-	1,005,289
NET BOOK VALUE	162,546	25,295	7,434	45,120	489	119,146	3,189	363,219

31 December 2024	Computer hardware	Furniture and office equipment	Land and Building	Leasehold improvements	Motor vehicles	Super-computers	Capital work-in-progress	Total
COST:								
Balance as at 1 January 2024	519,913	126,374	12,794	155,930	5,603	339,979	2,754	1,163,347
Acquisition of subsidiary (Note 1)	-	422	-	-	-	-	-	422
Additions	8,407	2,740	953	9,080	1,589	-	184,806	207,575
Transfer	46,866	360	-	510	-	126,716	(174,452)	-
Disposal	(30,461)	(10,820)	-	(460)	-	-	(404)	(42,145)
Effect of foreign currency exchange differences	(5,116)	(1,849)	(4,623)	-	(1,311)	-	(26)	(12,925)
Balance as at 31 December 2024	539,609	117,227	9,124	165,060	5,881	466,695	12,678	1,316,274

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31 December 2024	Computer hardware	Furniture and office equipment	Land and Building	Leasehold improvements	Motor vehicles	Super-computers	Capital work-in-progress	Total
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
Balance as at 1 January 2024	339,572	92,701	3,012	114,231	4,925	218,557	-	772,998
Acquisition of subsidiary (Note 1)	-	225	-	-	-	-	-	225
Depreciation	75,088	9,997	169	18,602	462	59,692	-	164,010
Disposal	(30,461)	(10,661)	-	(460)	-	-	-	(41,582)
Effect of foreign currency exchange differences	(1,795)	(1,488)	(1,295)	-	(62)	-	-	(4,640)
Balance as at 31 December 2024	382,404	90,774	1,886	132,373	5,325	278,249	-	891,011
NET BOOK VALUE	157,205	26,453	7,238	32,687	556	188,446	12,678	425,263

The depreciation charge for the year, as reported in the consolidated statement of profit or loss is allocated as follows:

	Notes	2025	2024
Cost of revenue		145,620	134,383
General and administration expenses	7	25,986	29,560
Selling and distribution expenses	8	55	67
		171,661	164,010

22. RIGHT-OF-USE ASSETS

Below is the movement of the right-of-use assets under the application of IFRS 16, Leases:

	Land, Buildings and Vehicles	Hardware	Data Center	Total
Balance as at 1 January 2024	47,780	2,520	-	50,300
Additions	55,975	-	33,851	89,826
Disposals	(4,700)	-	-	(4,700)
Effect of foreign currency exchange differences	(1,299)	-	-	(1,299)
Depreciation charge for the year	(41,858)	(796)	(1,693)	(44,347)
Balance as at 31 December 2024	55,898	1,724	32,158	89,780
Additions	149,543	-	233,244	382,787
Disposals	(8,960)	-	-	(8,960)
Effect of foreign currency exchange differences	(340)	-	-	(340)
Depreciation charge for the year	(47,028)	(796)	(43,620)	(91,444)
Balance as at 31 December 2025	149,113	928	221,782	371,823

The Group has applied the practical expedient in IFRS 16 which allows a lessee not to separate non-lease components and instead account for any lease and associated non lease components as a single arrangement for some of the contracts entered during the year.

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The depreciation charge for the year, as reported in the consolidated statement of profit or loss is allocated as follows:

	Notes	2025	2024
General and administration expenses	7	25,770	24,047
Cost of revenue		65,674	20,300
		91,444	44,347

The Group has not recognized short-term and low-value leases as a right of use assets, and therefore lease payments associated with these contracts were recognized as expenses. For the year ended 31 December 2025, ₪ 8.2 million (2024: ₪ 12.2 million) were recognized as expenses in the consolidated statement of profit or loss.

23. SERVICE CONCESSION ARRANGEMENTS

During the year 2024, the Company entered into an agreement with REMAT Al-Riyadh Development Company ("REMAT") for building and managing public parking infrastructure across the city of Riyadh in the Kingdom of Saudi Arabia (herein referred to as "Project"). Under the initial agreement, the Company shall build the infrastructure for parking, operate and maintain it for a period 10 years and whereas in return, REMAT granted the Company a right to charge the public ("customers") for using the public parking facilities. During the year ended 31 December 2025, an addendum to the above agreement was signed and accordingly the contract period has been extended by 5 years bringing the total concession period to 15 years.

Revenue generated from parking charges from the customers is to be shared between the Company and REMAT as per the agreement and all the costs related to the project are to be borne by the Company. At the expiry of the contract, the Company shall transfer the ownership of all the infrastructure/assets related to the project to REMAT.

As of 31 December 2025, the Company partially completed the construction of the infrastructure facilities and commenced operation of the completed parking spaces. Accordingly, the Company has recognized intangible assets amounting to ₪ 46 million (31 December 2024: Nil) in the consolidated financial statements. The Company expects to complete the remaining activities of the infrastructure during the year 2026.

During the year 2025, the Company recognized ₪ 25.6 million (2024: ₪ 28 million) and ₪ 6.1 million (2024: ₪ 0.1 million) as revenue from construction and operation activities of the project, respectively.

As of 31 December 2025, out of the total issued purchase orders, ₪ 19.9 million (2024: 31.93 million) of the construction scope has not been delivered and is expected to be completed during the next year.

24. TRADE PAYABLES, ACCRUALS AND OTHER LIABILITIES

	Notes	2025	2024
Trade payables	24.1	1,466,849	1,375,771
Accrued expenses	24.1	1,342,861	1,149,063
Accrued project costs		1,239,876	973,207
Lease liabilities	29	180,460	38,970
Amounts due to related parties	39	178,547	251,444
Accrued connectivity charges	24.2	42,215	88,891
Contingent consideration liability	24.3	52,425	-
Value added tax	24.4	8,368	8,383
Balance as at 31 December		4,511,601	3,885,729

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24.1 Accrued expenses include an amount of 299 million (2024: 168 million) due to STC (Note 39). Trade payables are normally settled within 90 days of the invoice dates.

24.2 Accrued connectivity charges relate to accrued amounts due to the regulator.

24.3 At the acquisition date, the fair value of the contingent consideration liability was estimated to be 34.9 million. As of 31 December 2025, the fair value of the contingent consideration liability is 52.4 million (2024: 46.4 million). The contingent consideration is due in 2026; and accordingly, the balance has been reclassified from non-current liabilities (Note 28) to current liabilities as of 31 December 2025.

24.4 Value added tax includes an amount of 3 million receivable from STC (2024: receivable of 18 million) - (Note 39).

25. DEFERRED REVENUE

This represents billings issued to customers in excess of the value of work executed by the Group, as per the terms of billings in the contract agreement with the customers as of the reporting date. Revenue recognised during the year that was included in the Deferred Revenue balance at the beginning of the year amounted to 1,453 million (2024: 1,821 million).

26. CONTRACT LIABILITIES

Contract liabilities represent amounts received from the Group's customers which will be applied against future billings.

27. BORROWINGS

	Notes	2025	2024
Short term			
Short term Murabaha Facilities – Giza Group	27.1	89,474	31,003
Other short-term facilities	27.2	61,271	62,024
Balance as at 31 December		150,745	93,027
Long term			
Long term Murabaha Facility – Solutions by stc	27.3	499,626	499,377
Long term Murabaha Facilities – Giza Group	27.1	132,007	142,894
Balance as at 31 December		631,633	642,271

27.1 On January 31, 2024, the Group executed a joint financing agreement compliant with Islamic Sharia principles with multiple banks in Egypt, for the benefit of Giza Systems and its subsidiary ("GS"), VAS Integrated Solutions ("VAS"), amounting to EGP 2.82 billion or USD 84.0 million (equivalent to 315 million). This agreement is guaranteed by Solutions by stc and aims to refinance the existing facilities of the Company under better terms and at lower financing costs, to support the growth, expansion, and development of the Group and its subsidiaries in Egypt. During the period, Giza and VAS completed drawdowns of remaining amounts from these Murabaha facilities and balances are shown as at reporting date.

27.2 This represents the short-term loans held by the Group's subsidiary.

27.3 As of 31 December 2025, the Group has Islamic Sharia compliant banking facilities arrangement with local banks amounting to 2.0 billion. The facilities consist of a medium-term financing amounting to 500 million which was already withdrawn in June 2022. The principal on this facility is repayable in one instalment due in June 2027 and interest is payable on a semi-annual basis. The Group also has short-term banking facilities amounting to 1.5 billion (including a facility with a limit of 500 million obtained in September 2025) to be utilized for issuing LC/LG and available as working capital financing. The facility is secured against a promissory notes signed by the Group.

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27.4 On 25 November 2024, the Group's subsidiary (CCC) executed a short-term financing agreement compliant with Shariah principles with a bank in KSA with a facility limit amounting to 500 million. The facility is secured by a promissory note signed by Contact Centre Company (CCC). The facility has been only utilized for issuance of Letters of Credit, and there has been no cash drawdown as at 31 December 2025.

Some of the Group's borrowings contain covenants which the Group has duly complied with during the reporting period.

28. LEASE AND OTHER LIABILITIES

	Notes	2025	2024
Lease liabilities	29	235,803	57,210
Contingent consideration liability	19, 24	-	46,393
Balance as at 31 December		235,803	103,603

29. LEASES

As a lessee:

	2025	2024
Balance as at 1 January	96,180	61,196
Additions to lease liabilities	382,787	89,826
Finance cost (Note 10)	17,423	3,752
Payments	(72,289)	(52,703)
Disposals	(9,763)	(4,728)
Effect of foreign currency exchange differences	1,925	(1,163)
Balance as at 31 December	416,263	96,180

The maturity analysis of undiscounted cash flows relating to leases payments are as follows:

	2025	2024
Less than 1 year	196,942	42,694
More than 1 year	271,452	62,114
Total undiscounted lease liabilities as at 31 December	468,394	104,808

Following is the presentation of the discounted lease liabilities in the consolidated statement of financial position:

	2025	2024
Current portion (included in Trade payable, accruals and other liabilities – Note 24)	180,460	38,970
Non-current portion	235,803	57,210
Total	416,263	96,180

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As a lessor

Operating leases

The Group has entered into an operating lease arrangement for the lease of a remote computing facility for a customer that will be managed by the Group. The facility includes mainly supercomputers in addition to certain other tangible assets leased under this arrangement. The net carrying value of all such leased assets included in Notes 21 are as follows:

	2025	2024
Property and Equipment - Supercomputers	119,146	188,446
	119,146	188,446

The net carrying value of other tangible assets included in the arrangement as of 31 December 2025 is ₪ 22.7 million (2024: ₪ 43.4 million).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

	2025	2024
Within one year	78,562	144,621
1 to 2 years	46,228	59,291
2 to 3 years	42,225	42,225
3 to 4 years	31,669	42,225
4 to 5 years	-	31,669
Total	198,684	320,031

Finance leases

The Group entered into a framework computing device lease and services agreement with one of its customers during the period. The Group has determined that orders arising from this agreement may contain both lease and non-lease components. The lease components have been classified as finance leases as these have been determined to transfer substantially all of the risks and rewards incidental to the underlying assets to the customer.

These leases have terms of between 3 and 5 years.

The net investment in finance leases consists of the below:

	2025	2024
Gross undiscounted lease receivable	264,190	74,266
Less: Unearned finance income	(29,399)	(10,693)
Net investment in finance leases	234,791	63,573
Analysed as:		
Current portion (Note 15)	52,470	22,784
Non-current portion (Note 18)	182,321	40,789
Total	234,791	63,573

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The undiscounted amounts receivable under the finance leases are as below.

	2025	2024
Year 1	64,241	25,399
Year 2	64,241	13,919
Year 3	64,241	13,919
Year 4	58,610	13,919
Year 5	12,857	7,110
Total	264,190	74,266

The maturity of unearned finance income is as below:

	2025	2024
Year 1	9,337	2,613
Year 2	9,901	2,020
Year 3	6,544	2,020
Year 4	2,936	2,020
Year 5	681	2,020
Total	29,399	10,693

The following amounts are included in the consolidated statement of profit or loss:

	2025	2024
Finance income on the net investment in finance leases	14,790	278

The Group's finance lease arrangements do not include variable payments.

30. END OF SERVICE INDEMNITIES

	2025	2024
End of service indemnities	701,937	581,700

The Group grants end of service indemnities (DBO) to its employees taking into consideration the local labor law requirements in the Kingdom of Saudi Arabia. The benefit provided by this plan is a lump sum based on the employees' final salaries and allowance and their cumulative years of service at the date of the termination of employment. Subsidiaries located outside the Kingdom calculate end of service indemnities in accordance with applicable laws in those countries.

The benefit liability recognized in the consolidated statement of financial position in respect of defined benefit end of service plan is the present value of the DBO at the reporting date.

The DBO is calculated periodically by qualified actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using yields on high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Due to the lack of liquidity and the deep market constraints of local corporate bonds, reference needs to be made to the Saudi Government Issuance of US dollar denominated bonds rates.

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Re-measurement amounts of actuarial gains and losses on the DBO, if any, are recognized and reported within the statement of consolidated other comprehensive income in the consolidated statement of changes in equity.

The following table represents the movement of the end of service indemnities:

	2025	2024
Balance as at 1 January	581,700	450,189
Acquisition from subsidiary (Note 1)	-	1,140
Total employee benefits expense recognized in profit or loss	134,550	133,334
Actuarial loss recognized in the other comprehensive income	58,292	53,184
Effect of foreign currency exchange differences	930	(932)
Payments	(73,535)	(55,215)
Balance as at 31 December	701,937	581,700

Significant actuarial assumptions

The most recent actuarial valuation was performed by the Actuarial Consultant and was performed using the projected unit credit method.

Sensitivity analysis

The principal assumptions used for the purposes of the actuarial valuation for significant entities were as follows:

	2025	2024
Attrition rates	4% to 46%	15% to 82%
Salary increment rate	1.6% to 5.0%	1.6% to 5.0%
Discount rate	4.2% to 5.0%	4.7% to 5.5%
Retirement age	58 to 65 years	58 to 65 years

The end of service indemnities balance is sensitive to the assumptions used and the sensitivity analysis of material assumptions is as follows:

2025	Change in Assumption	Base value	End of service indemnities	
			Increase in assumption	Decrease in assumption
Discount rate	1%	701,937	670,119	736,066
Salary increment rate	1%	701,937	735,796	669,949

2024	Change in Assumption	Base value	End of service indemnities	
			Increase in assumption	Decrease in assumption
Discount rate	1%	581,700	566,175	598,539
Salary increment rate	1%	581,700	598,554	565,918

Cost of revenue includes employees' costs amounting to ₪ 3,448 million (2024: ₪ 3,150 million).

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31. SHARE CAPITAL

During the year 2020, the shareholder of the Company in the meeting held on 12 Safar, 1442H (corresponding to 29 September 2020) resolved to increase the share capital of the Company from ₪ 100 Million to ₪ 1,200 Million (divided into 120 Million shares of ₪ 10 each) and to change the legal form of the Company from a limited liability company to a closed joint stock company. The legal formalities for the increase in share capital and change of legal structure including approval by the Ministry of Commerce which were obtained on 8 Jumada al-ula, 1442H (corresponding to 23 December 2020) and issuance of ministerial resolution were completed on 16 Jumada al-ula, 1442H (corresponding to 31 December 2020).

	2025	2024
Authorized, issued and fully paid capital comprises:		
120 million fully paid ordinary shares at ₪ 10 each	1,200,000	1,200,000

The following are the number of outstanding shares during the year:

	2025	2024
Outstanding shares as at 1 January	118,999,585	118,977,193
Outstanding shares re-issued (Note 33)	41,267	22,392
The number of outstanding shares as at 31 December	119,040,852	118,999,585

32. OTHER RESERVES

	Foreign currency translation reserve	Re-measurement of end of service indemnities	Share based payments reserve	Share of OCI - EAI	Total
Balance as at 1 January 2024	(114,077)	32,663	21,551	-	(59,863)
Re-measurement of the end of service benefit provision (Note 30)	-	(53,184)	-	-	(53,184)
Share-based payment transactions (Note 32.1)	-	-	6,218	-	6,218
Foreign currency translations	(154,406)	-	-	-	(154,406)
Balance as at 31 December 2024	(268,483)	(20,521)	27,769	-	(261,235)
Re-measurement of the end of service benefit provision (Note 30)	-	(58,292)	-	-	(58,292)
Share-based payment transactions (Note 32.1)	-	-	4,375	-	4,375
Foreign currency translations	14,538	-	-	-	14,538
Reclassification to profit or loss on liquidation of subsidiaries (Note 1)	1,840	-	-	-	1,840
Share of Other comprehensive income from Equity Accounted Investee	-	-	-	(1,072)	(1,072)
Balance as at 31 December 2025	(252,105)	(78,813)	32,144	(1,072)	(299,846)

32.1 Share-based payment transactions

Certain employees of the Group receive remuneration in the form of equity settled share-based payments under the incentive rewarding program, whereby employees render services as consideration to receive fixed number of Company's shares.

During the year ended 2025, the Group recorded ₪ 10.01 million (2024: ₪ 9.1 million) as an expense in the consolidated statement of profit or loss, together with a corresponding increase in other reserves, in equity, over the period during which the vesting conditions are fulfilled.

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Up to the end of the year 2025, the granting and vesting dates, respectively, are as follows:

	Tranche 1	Tranche 2	Tranche 3
First cycle (Part 1)	May 2022 / May 2022	May 2022 / May 2023	May 2022 / May 2024
First cycle (Part 2)	May 2022 / May 2023	May 2022 / May 2024	May 2022 / May 2025
Second cycle	May 2023 / May 2024	May 2023 / May 2025	May 2023 / May 2026
Third cycle	May 2024 / May 2025	May 2024 / May 2026	May 2024 / May 2027
Fourth cycle	May 2025 / May 2026	May 2025 / May 2027	May 2025 / May 2028

During year 2025, the average fair value of shares granted during the year amounted to ₪ 264 per share (2024: ₪ 286 per share). The fair value was calculated based on the market price after deducting the expected dividends per share on the grant date.

The following table shows the number of shares granted and outstanding at the beginning and ending of the reporting period;

	2025	2024
At the beginning of the year	99,018	90,082
Shares granted during the year*	49,183	31,381
Shares vested or lapsed during the year	(45,870)	(22,445)
At the end of the year	102,331	99,018

* The number of shares granted has been updated to reflect the number of shares actually granted to eligible executives participating in the program who met all the conditions of granting.

33. TREASURY SHARES

On 29 September 2021, the Company purchased 1.2 million of its own shares from the Parent Company at cost of ₪ 151 per share, for cash consideration of ₪ 181 million. These shares are held by the Company as treasury shares in order to support its future employees' long-term incentive plans (see Note 32.1).

The following is the movement in the number of treasury shares during the year:

	2025	2024
Outstanding shares as at 1 January	1,000,415	1,022,807
Treasury shares re-issued	(41,267)	(22,392)
Treasury shares as at 31 December	959,148	1,000,415

34. DIVIDENDS DISTRIBUTION

The General Assembly, in its ordinary general meeting held on 06 May 2025, approved the Board of Directors' recommendation to distribute ordinary cash dividend of ₪ 8 per share and additional special cash dividend of ₪ 2 per share, totaling to ₪ 1,190 million (2024: ₪ 6 per share, amounting to ₪ 714 million). The dividends were paid on 27 May 2025.

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35. NON-CONTROLLING INTEREST

The table below shows details of significant non-controlling interests as at the reporting date.

Name of Subsidiary	Proportion of ownership and voting rights acquired by non-controlling interests		Non-controlling share of profit (loss) for the year ended 31 December		Non-controlling interests as of 31 December	
	2025	2024	2025	2024	2025	2024*
Giza Systems Company	11.81%	11.81%	9,878	6,183	39,810	25,502

* Amount was adjusted following completion of LABS PPA (Refer to notes 1 and 43)

Below is summarized financial information for Giza Group located in Egypt that has significant non-controlling interests to the Group. The amounts disclosed are before inter-company eliminations and translation impact.

Summarized balance sheet	2025	2024
Current assets	1,964,965	1,542,805
Current liabilities	(1,357,506)	(1,052,150)
Current net assets	607,459	490,655
Non-current assets	101,037	85,448
Non-current liabilities	(412,802)	(411,301)
Non-current net liabilities	(311,765)	(325,853)
Equity	295,694	164,802
Accumulated non-controlling interest	39,810	25,502

Below is a summarized statement of profit or loss and other comprehensive income as at the reporting date. The amounts disclosed are before inter-company eliminations and translation impact.

Summarized statement of profit or loss and other comprehensive income	2025	2024
Revenue	2,638,873	1,832,115
Net Profit for the year	111,825	83,953
Other comprehensive loss	1,557	(1,047)
Total comprehensive income	113,382	82,906

36. EARNINGS PER SHARE

The following is the calculation of basic and diluted earnings per share for the year ended 31 December:

	2025	2024
Net profit attributable to equity holders of the Parent Company	1,502,536	1,596,633
Weighted average no of shares for basic earnings per share (in '000s)	119,024	118,992
Weighted average no of ordinary shares repurchased (in '000s)	976	1,008
Weighted average no of shares for diluted earnings per share (in '000s)	120,000	120,000
Basic earnings per share attributable to equity holders of the Parent Company	12.62	13.42
Diluted earnings per share attributable to equity holders of the Parent Company	12.52	13.31

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37. FINANCIAL INSTRUMENTS

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 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable input).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
As at 31 December 2025					
Financial asset measured at fair value through profit or loss (Note 18)	144,880	-	-	144,880	144,880
As at 31 December 2024					
Financial assets measured at fair value through profit or loss (Notes18)	125,052	-	-	125,052	125,052

- The fair value of other financial instruments has been assessed as approximate to the carrying amounts due to frequent re-pricing or their short-term nature.

There were no transfers between different levels of the fair value hierarchy during the year.

Valuation technique and significant unobservable inputs

Type	Valuation technique	Significant unobservable input
Financial assets measured at fair value through profit or loss	This represents investments in non-quoted equity instruments. The fair value of the investment is obtained from fair value reports as issued by the fund manager. The Backsolve valuation methodology was applied to estimate fair value.	Equity Volatility Time to exit

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38. FINANCIAL RISK AND CAPITAL MANAGEMENT

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, equity price risk and currency risk. Financial instruments affected by market risk include trade payables, borrowings, deposits, debt and equity. The Group is not exposed to any equity price risk as of 31 December 2025 and 31 December 2024.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's presentation/functional currency is Saudi Arabian Riyal ("SAR"). Foreign currency risk arises from net investments in foreign operations. The risk is defined as the risk of fluctuation in spot exchange rates between the functional currency of the net investments and the Company's presentation currency i.e. SAR. This will cause the amount of the net investment to vary. Such a risk may have a significant impact on the Group's consolidated financial statements.

This translation risk does not give rise to cash flow exposure. Its impact arises only from the translation of the net investment into the group's presentation currency. This procedure is required in preparing the Group's consolidated financial statements as per the applicable IFRS.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in EGP exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in EGP to SAR conversion rate	SAR "000" Impact on net income Increase/ (decrease)	SAR "000" Impact on equity Increase/ (decrease)
31 December 2025	10% appreciation	(6,779)	41,309
	10% depreciation	6,779	(41,309)
31 December 2024	10% appreciation	1,027	41,706
	10% depreciation	(1,027)	(41,706)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

Interest rate sensitivity

Based on the borrowings outstanding at 31 December 2025, if interest rates had been 1% higher or lower during the year and all other variables were held constant, the Group's net profit and equity would have decreased or increased by ₪ 7.5 million (2024: ₪ 6.9 million). This impact is primarily attributable to the Group's exposure to interest rates on its variable rate borrowings.

Profit and liquidity rate risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, access to supplier finance arrangements, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. There has been no change to this strategy from the previous year.

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The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both profit and principal cash flows.

2025	Profit rate %	Within one year	More than one year	Total
Trade payables and accruals	NA	4,278,715	-	4,278,715
Contingent consideration liability	NA	52,424	-	52,425
Lease liabilities relating to right of use assets	1.5% to 18.3%	196,942	271,452	468,394
Borrowings	Multiple rates	209,820	670,002	879,822

2024	Profit rate %	Within one year	More than one year	Total
Trade payables and accruals	NA	3,847,643	-	3,847,643
Contingent consideration liability	NA	-	49,093	49,093
Lease liabilities relating to right of use assets	1.5% to 18.3%	42,694	62,114	104,808
Borrowings	Multiple rates	95,416	646,113	741,529

Credit risk management

Credit risk related to private customers is managed by the Group by establishing credit limits and monitoring outstanding receivables. Management does not believe that there is any significant credit risk associated with these receivables and is confident that they will be recovered. The Group is currently having most of its transactions with Saudi Telecom Company ("STC"), the Ultimate Parent Company, and also provide services to the Government. STC and the Government are recognized to have high credit ratings and hence credit risk is considered to be low. The Group does not expect any default in payment from such receivables, except in case of disputes. Other receivables are monitored on an on-going basis. 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 customers.

The carrying amounts of financial assets represent the maximum credit exposure. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The allowance for impairment of trade receivables and contract assets is created to the extent and as and when required, based upon the expected collectability of trade receivables. The Group uses a provision matrix to measure the ECLs of trade receivables and contract assets.

Loss rates are calculated using a 'roll rate' / 'flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates / flow rates are calculated separately for exposures in different segments based on the common credit risk characteristics.

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The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from private customers as at 31 December 2025:

31 December 2025	Gross carrying amount	Weighted average loss rate	Loss allowance
Unbilled	683,291	3.98%	27,204
Not due	713,662	6.71%	47,871
1 - 90 days	321,294	15.63%	50,211
91 - 180 days	149,508	16.28%	24,338
181 - 270 Days	171,434	35.18%	60,303
271 - 365 Days	15,891	31.63%	5,027
More than 1 year	128,365	45.34%	58,205
	2,183,445		273,159

31 December 2024	Gross carrying amount	Weighted average loss rate	Loss allowance
Unbilled	642,769	5.69%	36,591
Not due	856,602	8.80%	75,368
1 - 90 days	243,605	5.71%	13,920
91-180 days	131,391	30.29%	39,793
181 - 270 Days	90,756	41.94%	38,064
271 - 365 Days	31,586	76.20%	24,067
More than 1 year	124,298	83.42%	103,686
	2,121,007		331,489

Based on the application of the relevant ECL impairment model, if the average loss rate on trade receivables from private customers that are not due and those between 1 to 90 days was 1% higher or lower as of December 2025, the loss allowance on trade receivables would have been ₪ 72 million (2024: ₪ 8.6 million) and ₪ 3.2 million (2024: ₪ 2.2 million) higher or lower, respectively.

Capital management

The Group manages its capital to ensure it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from the previous year.

The capital structure of the Group consists of equity comprising share capital, other reserves, and retained earnings.

39. RELATED PARTY INFORMATION

Related parties comprise of the Parent Company, and entities which are controlled directly or indirectly or influenced by the Saudi Telecom Company ("STC"), and also directors or key management personnel. In the normal course of business, the Group has various transactions with its related parties.

The Group also transacts business with other related parties which include entities which are either controlled, jointly controlled or under significant influence of the Public Investment Fund, which is the parent company of STC, and the sovereign wealth fund of the Kingdom of Saudi Arabia. The Group has used the exemption in respect of related party disclosures for government-related entities in IAS 24 "Related Party Disclosures".

Transactions are entered into with the related parties on terms and conditions approved by either the Group's management or its Board of Directors.

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The Group's immediate and ultimate controlling party is Saudi Telecom Company ("STC"), a listed company incorporated in the Kingdom of Saudi Arabia.

During the year, the Group entered the following significant transactions with its Parent Company and its subsidiaries:

	2025	2024
Sales of goods and services (STC) (a)	6,673,007	6,852,533
Sales of goods and services (STC subsidiaries) (a)	423,579	445,161
Gain on sale of AVL service channel (Note 9)	-	68,300
Purchases (STC)	386,950	407,462
Purchases (STC subsidiaries)	50,841	87,003

(a) Sales of goods and services to Parent Company and its subsidiaries include an amount of 3.0 billion (2024: 3.0 billion) for which Parent Company is not the end customer.

Collectively, about 28% (2024: 23%) of the Group's total sales of goods and services during the year were made to government and government-related entities in the normal course of business.

The following balances were outstanding with related parties at the reporting date:

	Notes	2025	2024
STC:			
Trade receivable: gross	14	1,546,024	1,099,590
Contract assets		1,482,874	898,992
Other assets	15	3,020	2,962
Deferred revenue		(1,152,598)	(1,289,307)
Amounts due to	24	(160,890)	(236,079)
VAT receivable		3,287	17,908
Contract liabilities		(91,953)	(251,970)
Accrued expenses	24	(299,287)	(190,134)
STC Subsidiaries:			
Cash and cash equivalents		166,696	-
Trade receivable: gross	14	99,081	170,889
Contract assets		27,401	23,611
Deferred revenue		(87,473)	(108,214)
Amounts due to	24	(6,437)	(11,121)
Accrued expenses		(19,801)	(5,475)
Right of use assets		217,868	27,200
Lease liabilities		(263,167)	(27,387)
Investment in equity accounted investees:			
Amounts due to		(11,220)	(4,244)
Amounts due from		29,680	-

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The receivable amounts outstanding are unsecured and will be settled in cash or adjusted with payable balance. No guarantees have been given or received.

Key Management Personnel Compensation

Key management personnel compensation includes executives; members of the Board of Directors and their compensation is comprised of the following:

	2025	2024
Key management personnel		
Employment benefits and remuneration	39,575	45,587
Share based payments	3,700	2,644
Board of Directors		
Remuneration of Board of Directors	3,828	3,963
	47,103	52,194

The following amounts were payable in relation to end of service indemnities and annual leave provision to the key management personnel:

	2025	2024
End of service indemnities and annual leave	22,508	22,228

40. SEGMENT INFORMATION

Information regarding the Group's operating segments is set out below in accordance with IFRS 8 Operating segments. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker ("CODM") and used to allocate resources to the segments and to assess their performance. The Group has therefore identified segments based on entity as the management reports of each of these entity are reviewed by CODM periodically. The existence of separate management responsible for each of these segments has been considered as one of the factors in identifying these operating segments. The Group has not aggregated multiple operating segments into a single operating segment.

The Group, through its segments is engaged in Information Communication and Technology ("ICT") services and some other related services and products. The major products and services from which each segment derives revenue are as disclosed below;

- Solutions by STC: Core ICT Services, IT Managed and Operational Services and Digital Services.
- GIZA Group: Core ICT Services, IT Managed and Operational Services and Digital Services.
- Contact Center Company: IT Managed and Operational Services.

Majority of the Group's revenues, income and assets relate to its operations within the Kingdom. Outside of the Kingdom, the Group operates through its subsidiaries. Revenue is distributed to an operating segment based on the entity of the Group. Sales between segments are calculated at normal business transaction prices.

	2025	2024
Solutions by STC	8,789,269	8,737,415
Giza Group	2,638,873	1,832,115
Contact Center Company	2,756,887	2,185,184
Elimination	(1,454,840)	(690,817)
Total revenue	12,730,189	12,063,897
Total cost of revenue	(10,052,276)	(9,280,923)
Total operating expenses	(1,036,482)	(1,122,419)

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	2025	2024
Total non-operating income	3,330	(18,781)
Zakat and tax charge, net	(132,347)	(38,958)
Net profit for the year	1,512,414	1,602,816
Net profit for Equity holders of the Parent Company	1,502,536	1,596,633
Net profit for non-controlling interests	9,878	6,183
Total net profit	1,512,414	1,602,816

Following is the gross profit analysis on a segment basis for the year ended 31 December:

	2025	2024
Solutions by STC	2,141,722	2,241,071
Giza Group	348,166	337,859
Contact Center Company	245,229	243,041
Elimination	(57,204)	(38,997)
Total gross profit	2,677,913	2,782,974

Information about major customers

No other single customer (with the exception of the parent Company disclosed in Note 39) contributed 10% or more to the Group's revenues.

41. CAPITAL COMMITMENTS

The Group had no capital commitments at the reporting date.

42. CONTINGENT LIABILITIES

	2025	2024
Letters of guarantee and credit	1,155,648	1,014,114

The above letters of guarantee and credit were issued under borrowing facilities with a limit of ₪ 2,430 million (2024: 1,500 million).

43. COMPARATIVES

During the current period, the purchase price allocation of net assets resulting from Giza Arabia's acquisition of LABS was completed which resulted into reduction of provisional goodwill which was recorded on acquisition in 2024 and adjustments to comparative numbers in the statement of financial position as at 31 December 2024 as follows;

Statement of Financial Position as of 31 December 2024

	31 December 2024		31 December 2024
	As previously reported	Adjustment from finalized PPA (Note 1)	As currently reported
Intangible assets and goodwill	557,229	2,584	559,813
Trade payable, accruals and other liabilities	3,886,613	(884)	3,885,729
Non-controlling interest	22,034	3,468	25,502

As disclosed in note 1, the prior year amortisation of ₪ 1.1 million related to the amortisation of identified intangible assets has been recognised in the current year therefore no adjustments have been made in the prior year consolidated statement of profit or loss.

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44. EVENTS AFTER THE REPORTING DATE

On 27 Sha'ban 1447H corresponding to 15 February 2026, the Board of Directors recommended in its meeting to distribute ordinary cash dividends of ₪ 8 per share, totaling to ₪ 953 million.

Subsequent to the year-end, the Group, in accordance with the nature of its business has renewed or entered into various contracts. Management does not expect these to have any material impact on the Group's consolidated results and financial position as of the reporting date.

45. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements for the year ended 31 December 2025 were approved on the Company's Board of Directors' meeting held on 27 Shaaban 1447H (corresponding to 15 February 2026).