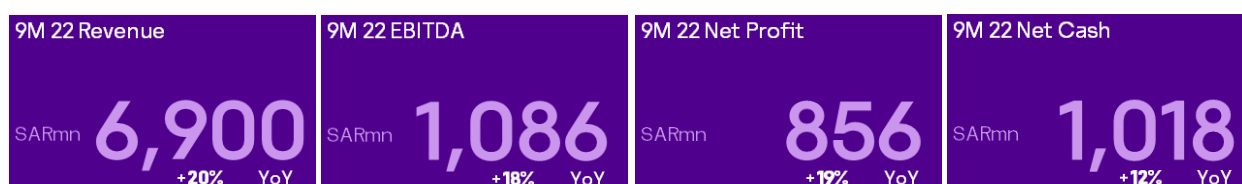


Earnings Release

solutions by stc reports 19% net profit growth to SAR 856 million in 9M 2022



9M 2022 Highlights:

- +20% YoY revenue growth to SAR 6.90 billion
- -61bps YoY decrease in gross profit margin to 21.7%
- -31bps YoY decrease in EBITDA margin to 15.7%
- +19% YoY growth in net profit to SAR 856 million
- Solid free cash flow generation of SAR 1.69 billion
- Strong net cash position of SAR 1.02 billion as of 30 September 2022

Riyadh, 26 October 2022 - In line with its LEAP strategy, which focuses on growth and efficiency, solutions delivered a healthy performance in 9M 2022. Double-digit revenue growth to SAR 6.90 billion combined with a strong operating performance resulted in 19% year-on-year net profit growth to SAR 856 million. solutions' Core ICT Services was the primary growth driver in 9M 2022, with revenue growth of 25% for the segment.

Omer Abdullah Alnomany, CEO of solutions, commented on the 9M 2022 performance: "Our 2022 9M results reflect the growing ICT sector activity in Saudi Arabia. We continue to meet our objectives across the board; revenue growth, profitability, cash generation, and return metrics were all in line to better position us to achieve our long-term strategic objectives." He added: "As Saudi Arabia's economic growth accelerates throughout 2022, we anticipate that the country's digital aspirations as outlined by Vision 2030 will continue to materialize and that digital transformation efforts will intensify. As the market leader in ICT services, solutions stands to benefit from these favorable macroeconomic and industry conditions."

on the 3rd of October 2022, solutions closed its first M&A transaction to acquire 88.1% of Giza Systems Company in addition to the 34% of Giza Arabia not owned by Giza Systems for a total Enterprise Value (EV) of USD 158 million. The transaction is the first part of an M&A strategy set to be an important growth driver for the company going forward. The acquisition of Giza Systems Company will enable solutions to diversify geographically by entering the large and promising Egyptian IT market and service-wise by expanding its portfolio with application integration, development, and management services.

Post-pandemic growth, the stronger-than-anticipated expansion of the non-oil economy, and the continued increase in oil prices have contributed to an improving macro-economic environment in Saudi Arabia. GDP growth is expected to expand at 7.6% in 2022, according to the IMF's latest forecast from October 2022 (accelerating further from the 6.8% growth recorded in 4Q 2021 and

the 3.2% growth for FY 2021 as a whole). As a result, it is expected that government entities and private sector companies will further increase IT expenditures.

Financial Review

Financial Performance Highlights

SAR (million)	3Q 2022	3Q 2021	Δ%	9M 2022	9M 2021	Δ%
Revenue	2,227	1,951	14.1%	6,900	5,755	19.9%
Gross profit	499	463	7.8%	1,498	1,284	16.6%
Gross Profit Margin (%)	22.4%	23.7%	-1.31%	21.7%	22.3%	-0.61%
EBITDA	368	353	4.4%	1,086	924	17.6%
EBITDA Margin (%)	16.5%	18.1%	-1.54%	15.7%	16.0%	-0.31%
Net Profit	300	257	16.6%	856	718	19.1%
Net Profit Margin (%)	13.5%	13.2%	0.29%	12.4%	12.5%	-0.08
Capex	(30)	(37)	-20.0%	(73)	(115)	-36.7%
Free Cash Flow	1,098	21	5175.0%	1,687	317	432.5%
Net Debt (Cash)	(1,018)	(909)	12.1%	(1,018)	(909)	12.0%

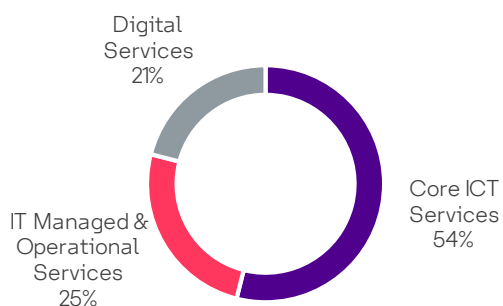
Revenue increased by 19.9% to SAR 6.90 billion in 9M 2022, leading to a 17.6% improvement in EBITDA to SAR 1,086 million. As a result, net profit grew 19.1% to SAR 856 million in 9M 2022. On the balance sheet, solutions raised debt of SAR 499 million in 2Q 2022 to support its growth ambitions and optimize its capital structure. solutions further increased its net cash position to SAR 1.02 billion, given the free cash flow generation of SAR 705 million during 3Q 2022. Although working capital requirements increased in 9M 2022, free cash flow generation was boosted by higher cash generated from operations.

Revenue Breakdown by Business Segment

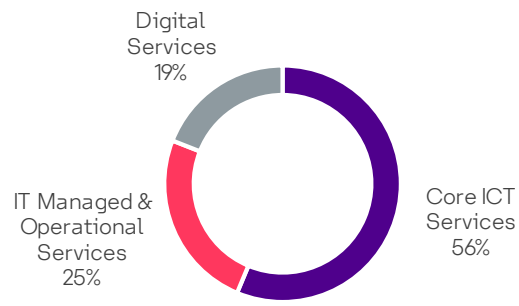
SAR (million)	3Q 2022	3Q 2021	Δ%	9M 2022	9M 2021	Δ%
Core ICT Services	1,191	1,076	10.7%	3,884	3,105	25.1%
IT Managed and Operational Services	586	494	18.5%	1,702	1,443	18.0%
Digital Services	450	381	18.2%	1,314	1,208	8.8%
Total Revenue	2,227	1,951	14.1%	6,900	5,755	19.9%

Total revenue increased by 19.9% to SAR 6.90 billion on the back of strong 25.1% growth in Core ICT Services to SAR 3.88 billion and 18.0% growth in IT Managed and Operational Services to SAR 1.70 billion. Digital Services grew by a more modest 8.8% to SAR 1.31 billion, principally due to the carve-out of cybersecurity services during the course of 2021.

9M 21 Revenue Composition by Segment



9M 22 Revenue Composition by Segment

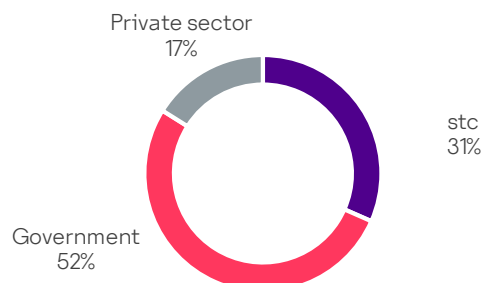


The faster growth in Core ICT Services resulted in a higher revenue contribution coming from this business segment, which accounted for 56% of revenue in 9M 2022.

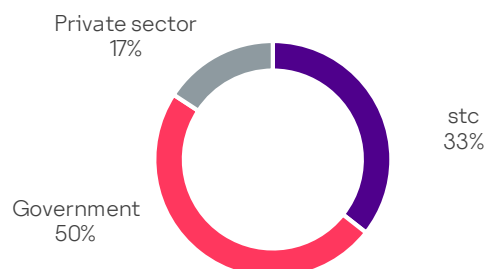
Leveraging solutions' privileged relationship with stc

Parent company stc has continued to be an anchor customer for solutions in 9M 2022. 33% of revenues were generated from sales to stc, up from 31% in 9M 2021. The majority of this revenue generated from stc was related to a large data center project booked in 1Q 2022.

9M 2021 Revenue Composition By Customer Type



9M 2022 Revenue Composition By Customer Type



Moreover, stc has been a valuable partner to solutions in helping diversify its customer base by introducing Government and Private Sector.

As part of Vision 2030, the Saudi government has implemented several digitization initiatives, which translated into opportunities for solutions. The government and semi-government segment added close to SAR 452 million of revenue in 9M 2022, or +15.0% YoY.

Revenue Breakdown by Type of Customer

SAR (million)	3Q 2022	3Q 2021	Δ%	9M 2022	9M 2021	Δ%
stc & Subsidiaries	605	555	9.2%	2,269	1,757	29.1%
Government entities	1,196	1,026	16.6%	3,468	3,016	15.0%
Private Sector	425	371	14.8%	1,163	983	18.4%
Total Revenue	2,227	1,951	14.1%	6,900	5,755	19.9%

Private sector sales experienced the second strongest segmental growth in 9M 2022, increasing 18.4% year-on-year to SAR 1.16 billion, reflecting solutions' increased focus on this segment, particularly within the SME category. The private sector SME segment is not only underserved, it also constitutes a significant portion of the economy, accounting for around 30% of the country's GDP. The government aims to raise this contribution further to 35% by 2030.

Marginal decline in operating profitability as a result of the project-based nature of the business.

In 9M 2022, solutions gross profit margin declined to 21.7% from 22.3% in 9M 2021 due to the inherent seasonality of its project-based business. For the same reason, its EBIDTA margin similarly decreased to 15.7% in 9M 2022 from 16.0% in the comparable period of last year.

Overall operating expenses (excluding D&A charges) increased +20.1% YoY on the back of Giza acquisition-related expenses partially offset by lower sales and distribution expenses.

solutions' balance sheet offers flexibility

As of the end of September 2022, solutions' balance sheet position remains strong. With low capital requirements due to its asset-light business model and a net cash position of SAR 1.02 billion. In addition to newly raised debt to support its growth ambitions and optimize its capital structure, solutions' balance sheet provides the company with ample flexibility to increase shareholder value.

- ENDS -

Additional Information

The 9M 2022 financial statements, earnings presentation, and financial data supplement are available at:

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