

# 1H 2025

## Results Presentation

Riyadh, 30 July 2025

# Agenda

1H 2025 Results Presentation

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**1** Key Milestones in 2Q 2025

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**2** Investment Thesis

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**3** Financial Performance

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**4** Contact Details

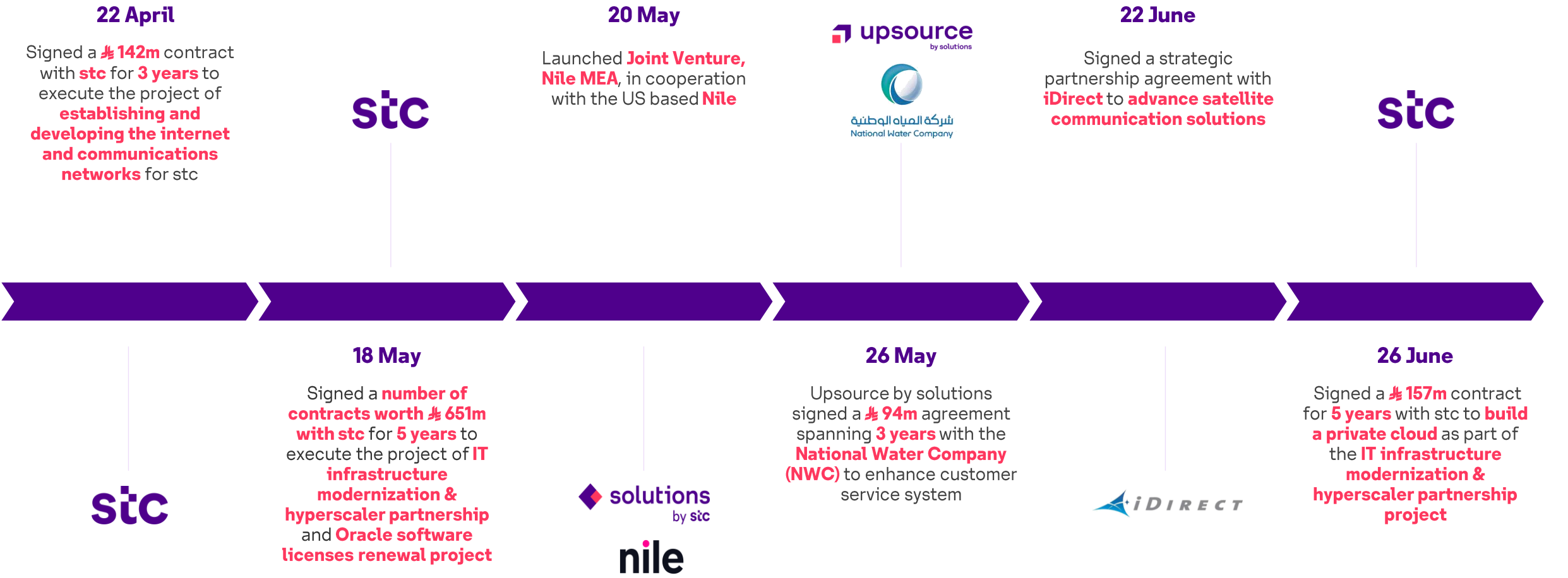
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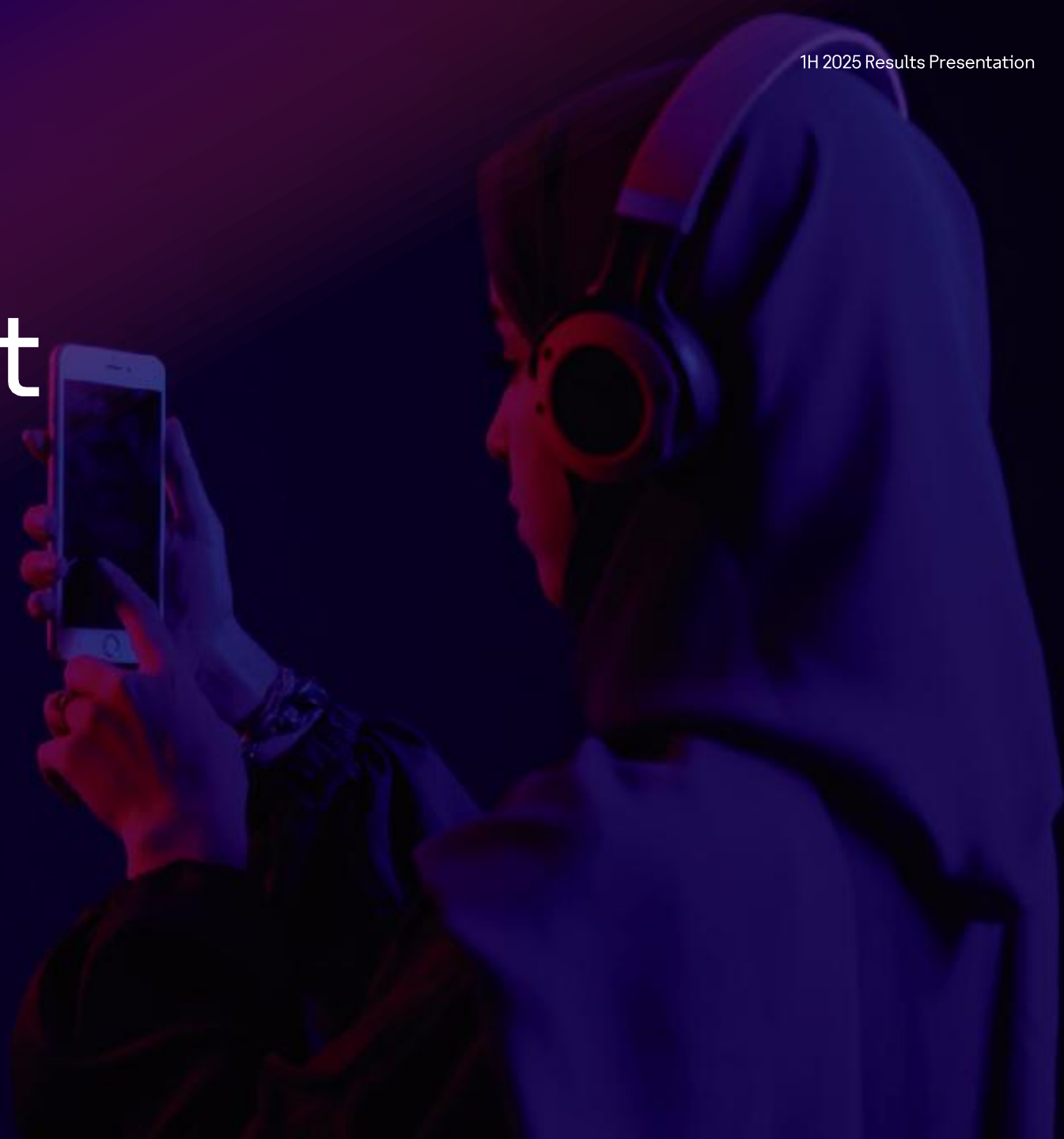
# 1 Key Milestones In 2Q 2025

# Key Milestones in 2Q 2025

solutions secured multiple long-term partnerships establishing a strong foundation for future growth



# 2 Investment Thesis



# Investment Thesis Update

solutions offers an attractive mix of market leadership, growth potential and superior returns

## Market Leadership

- Undisputable market leader with a market share of 22.7%
- Lucrative consolidation opportunities in the fragmented IT market of KSA
- Local-Content score 41.3%<sup>1</sup>

## Sizeable and Diversified Portfolio

- Strong pipeline of projects
- Partnership with stc
- 75%+ winning ratio in 1H 2025
- 95+ contracts signed in 1H 2025

## Superior Value Creation

- 36.8% ROIC<sup>2</sup> in 1H 2025 is well above the company's cost of capital

## Asset-Light Business Model

- 1.5% organic capex / revenue ratio in 1H 2025

## Strong FCF generation

- Solid track record of sustainable free cash flow generation...
- ..supported by a resilient business model and strong execution

## Generous Dividends

- The company paid out ordinary DPS of ₪ 8 and special dividend of ₪ 2 for FY 2024
- This implies total 75% payout and 67% growth YoY

## Efficient Capital Allocation

- High-return organic capex
- Value-accretive M&As
- High-potential partnerships and PPP projects
- Progressively rising dividends

## Robust Balance Sheet

- Net cash position of ₪ 866m as of 1H 2025...
- ...amounting to 0.4x LTM EBITDA

<sup>1</sup> – Local-Content score specifies the official local content percentage for the company certified by Local Content and Government Procurement Authority

<sup>2</sup> – ROIC is calculated as EBIT / Invested Capital (Net Working Capital + PPE + Goodwill + Other Operating Assets)

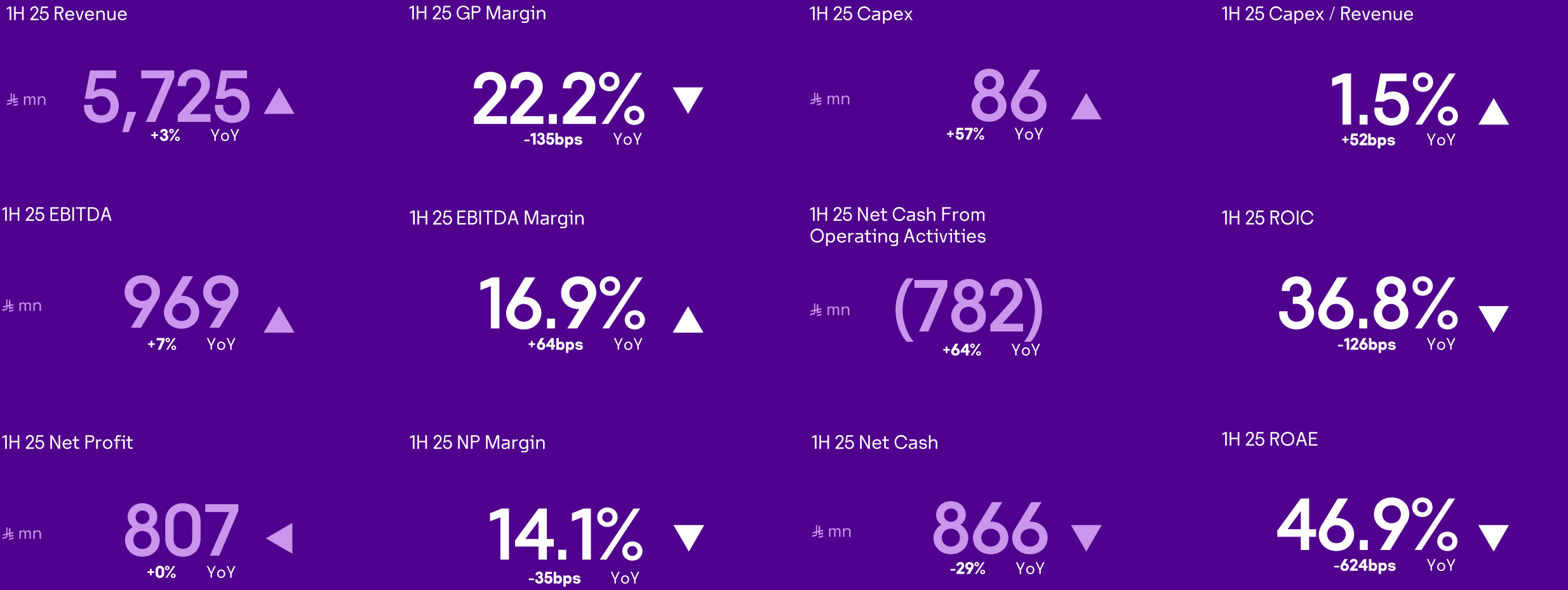


# 3 Financial Performance



# solutions 1H 2025 Financial Dashboard

Revenue growth accelerated accompanied by EBITDA and EBIT margin gains

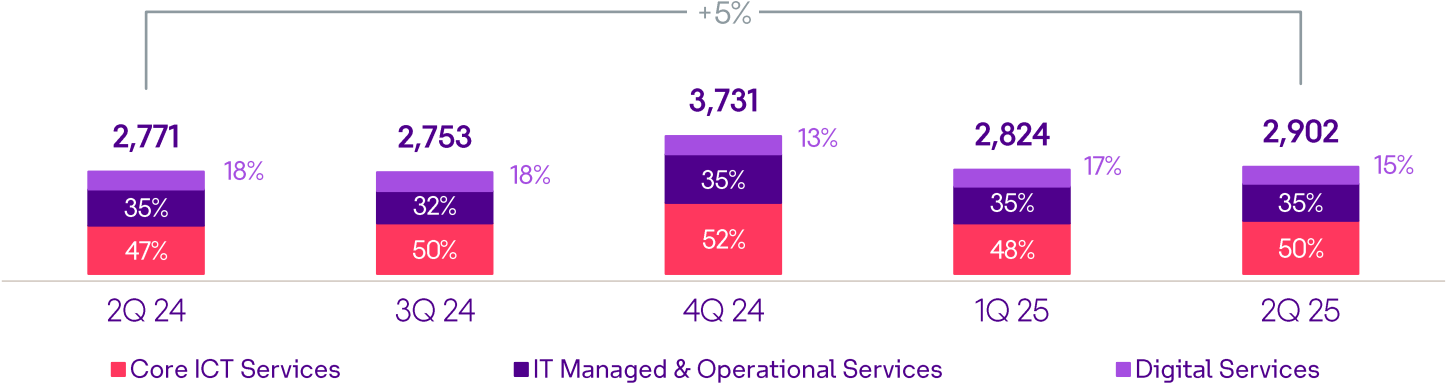




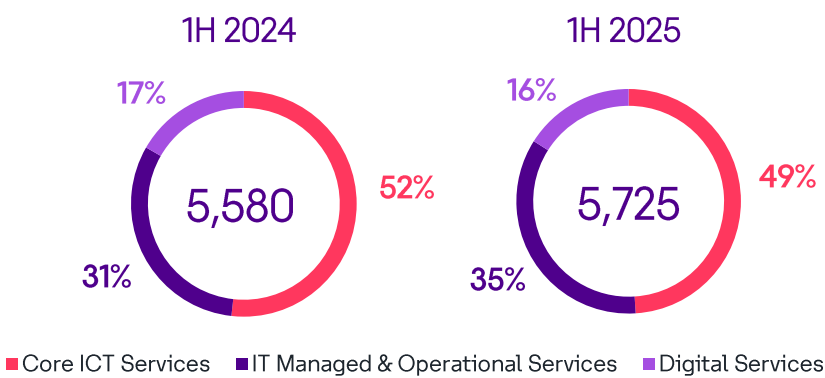
# Revenue Trend and Breakdown by Business Segment

Group revenue grew +3% YoY in 1H 2025 driven by IT Managed and Operational Services

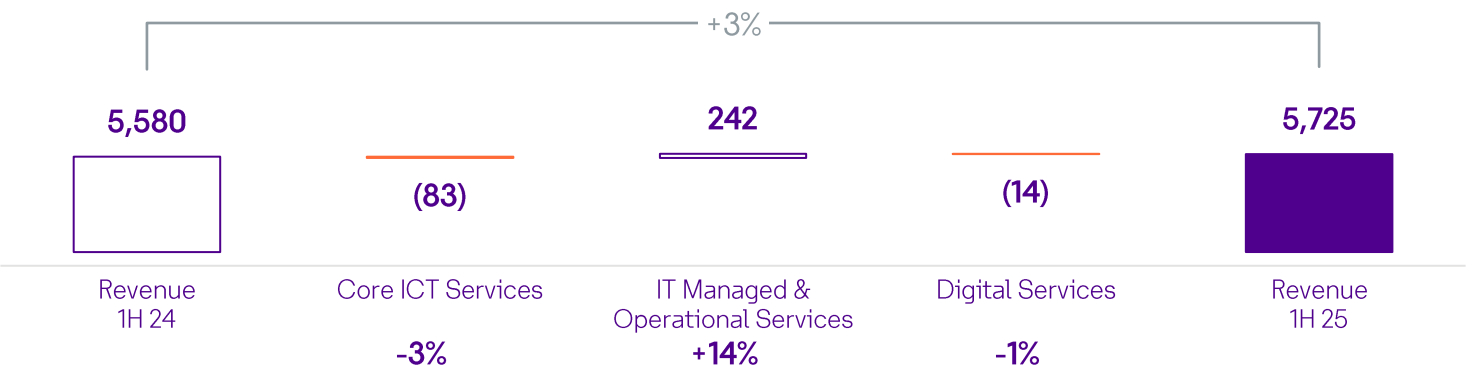
Revenue by Business Segment (₪ mn)



Revenue Composition (by Business Segment)<sup>1</sup>



Revenue Movement YoY (₪ mn)



## Management Commentary

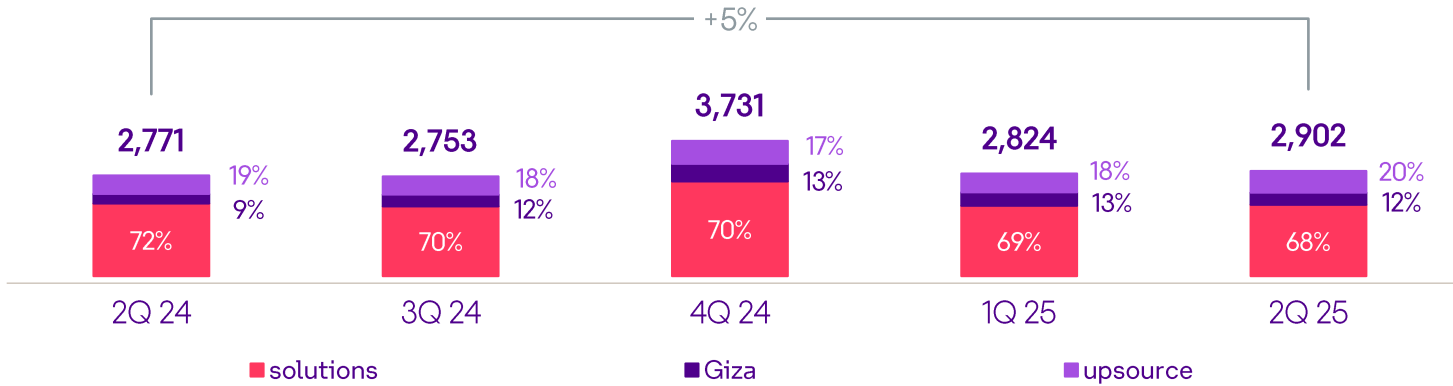
- Revenue growth accelerated to 5% YoY in 2Q 2025 due to: (1) increasing revenue contribution from projects at early execution stages; (2) a QoQ pickup in business activity due to less pronounced impact of seasonal trends observed in 2Q 2025.
- Newly secured projects are expected to increase their revenue contribution in 2H 2025.

<sup>1</sup> - totals may not be equal to 100% due to rounding

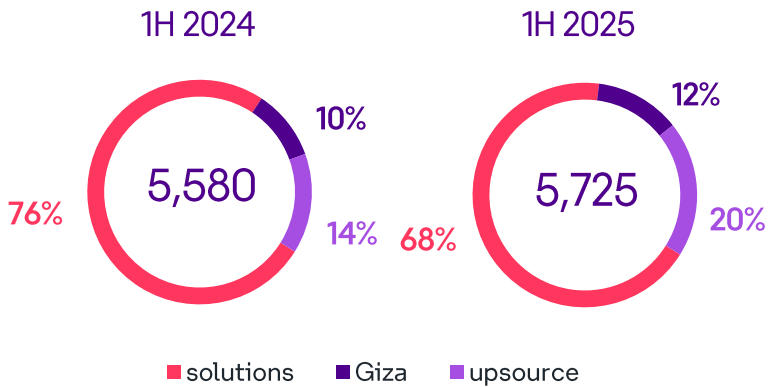
# Revenue Breakdown by Entity

Giza and upsource accounted for 32% of 1H 2025 revenue<sup>1</sup>

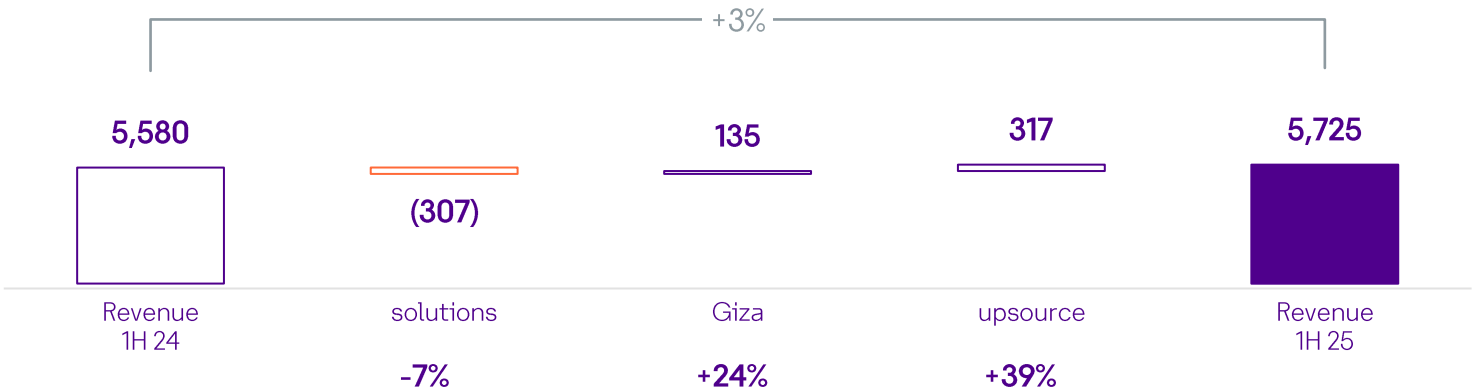
Revenue Breakdown by Entity (₪ mn)



Revenue Composition (by Entity)



Revenue Movement YoY (₪ mn)



## Management Commentary

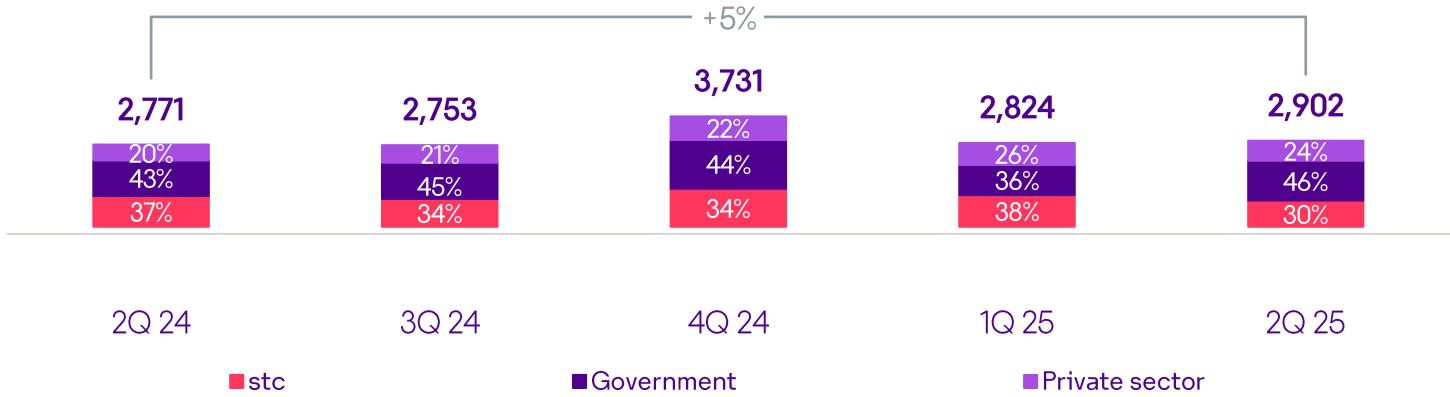
- upsource was the main revenue driver fueled by new project wins and transfer of projects from solutions.
- Continued reallocation of projects from solutions to other subsidiaries resulted in a decreased contribution from solutions standalone to the total revenue.
- Giza’s revenue growth was driven by a renewed go-to-market strategy and new entities and acquisitions within the Giza group.

<sup>1</sup> - all numbers are presented after intercompany eliminations

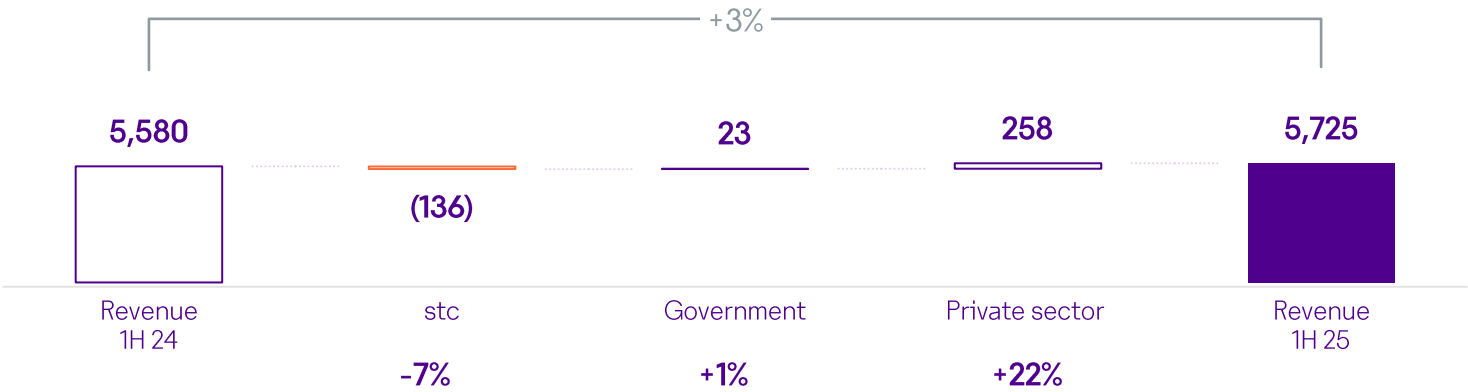
# Revenue Breakdown by Customer Type

The revenue share of the private sector increased YoY to 25% in 1H 2025

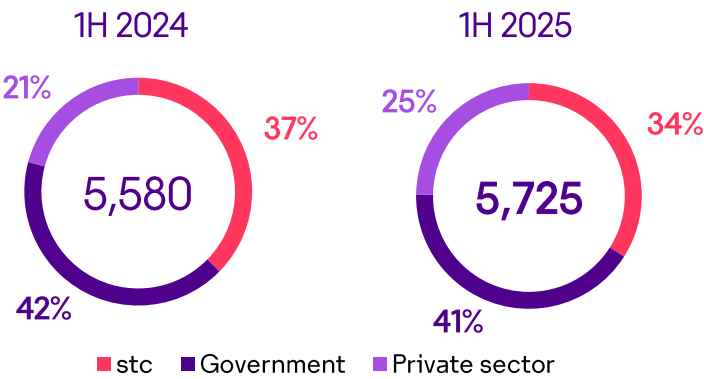
Revenue Breakdown by Customer Type (AED mn)



Revenue Movement YoY (AED mn)



Revenue Composition (by Channel)



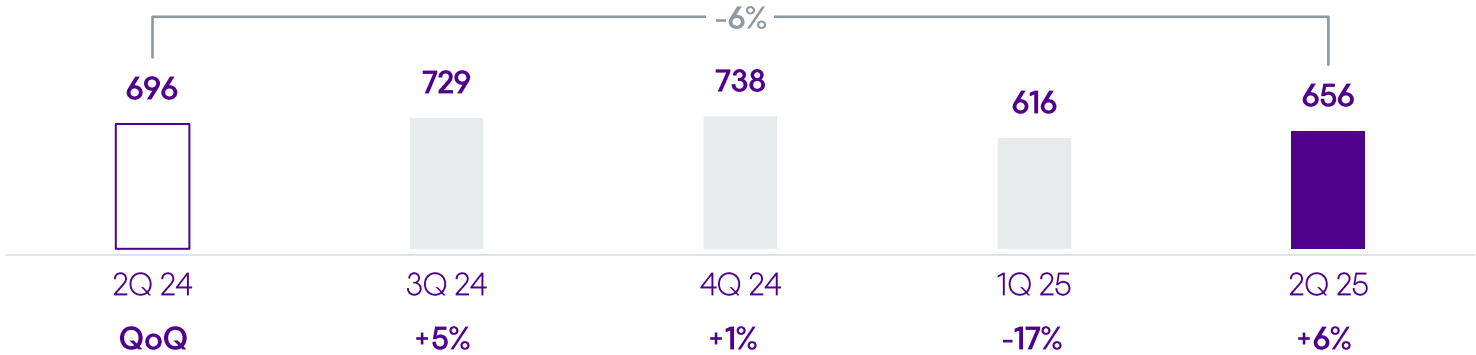
## Management Commentary

- Revenue from the Government grew 1% YoY in 1H 2025 driven by increased contribution from projects progressing to more advanced execution stages.
- Revenue from stc fell 7% YoY in 1H 2025, reflecting a higher share of projects at early execution stages.
- This was offset by 22% YoY growth in revenue from the private sector fueled by strong delivery in ongoing projects and newly secured projects.

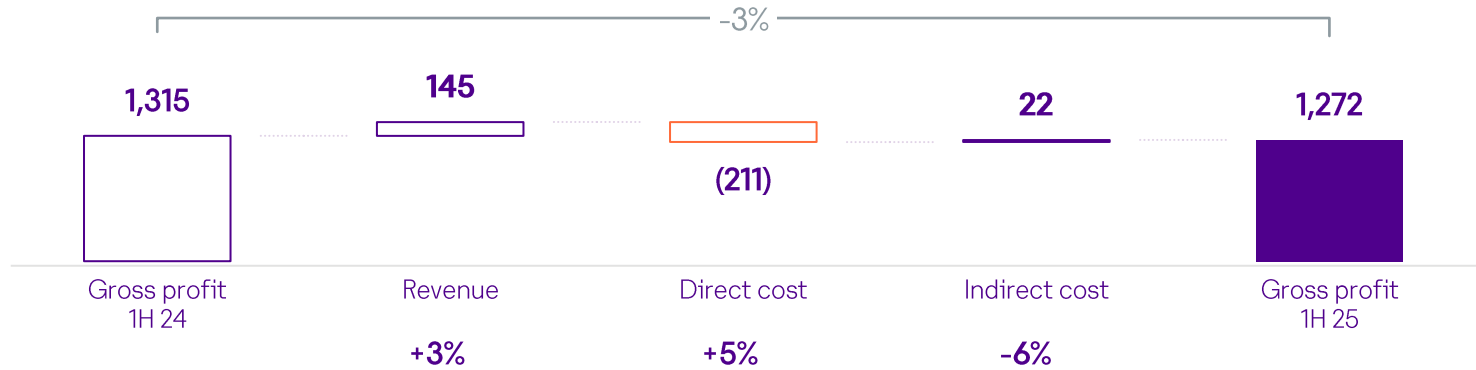
# Profitability - Gross Profit Performance

Gross profit<sup>1</sup> margin QoQ recovery was driven by a ramp-up of new projects

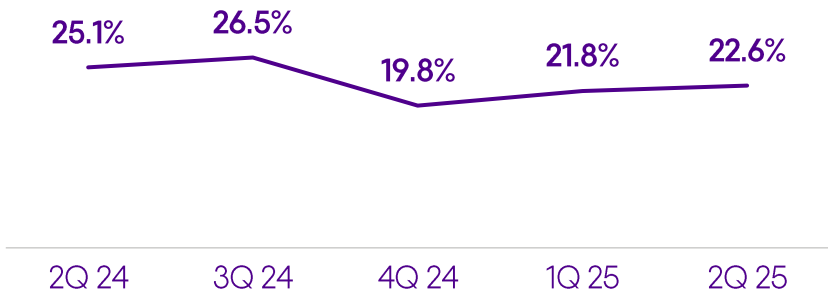
Gross Profit Trend (₪ mn)



Gross Profit Movement (₪ mn)



Gross Profit Margin (%)



## Management Commentary

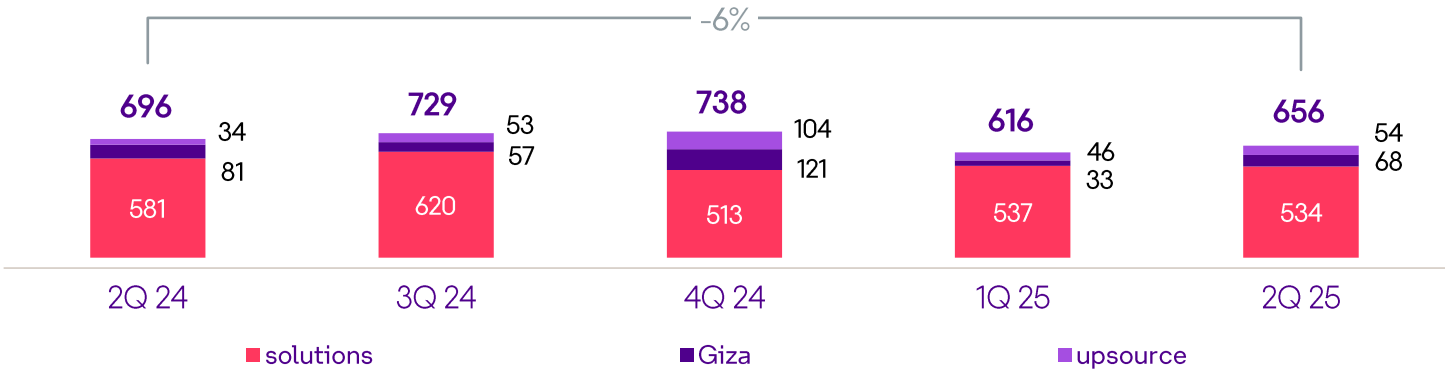
- Gross margin decreased by 135 bps YoY to 22.2% in 1H 2025 due to changes in the mix across project-based and recurring revenue streams.
- Furthermore, margin recognition pattern was affected by the nature and timing of various stages of project execution.
- Quarterly gross margin recovered by 80 bps QoQ to 22.6% in 2Q 2025 as new projects gradually ramp up.

<sup>1</sup> - all numbers are presented after intercompany eliminations

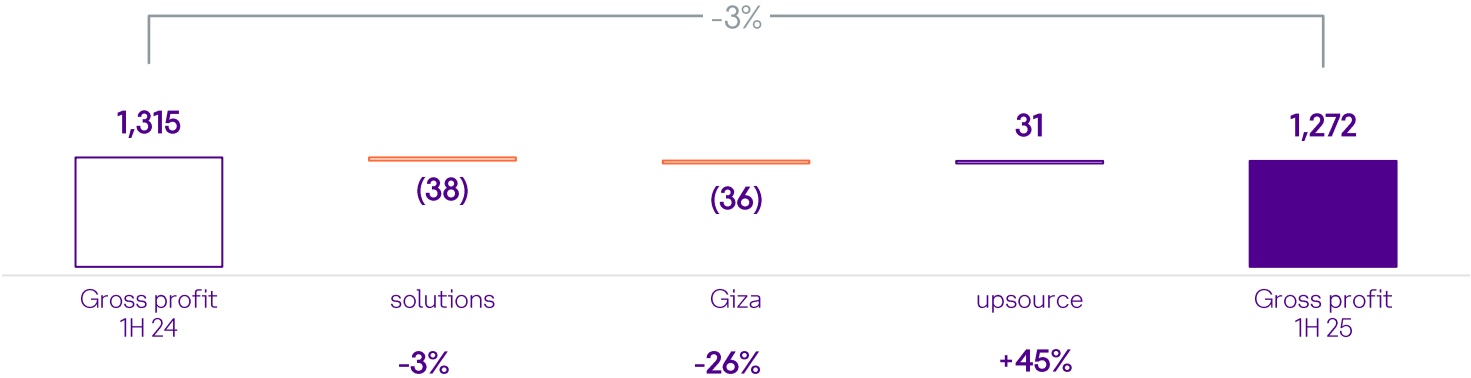
# Profitability - Gross Profit Drivers

1H 2025 Gross Profit<sup>1</sup> performance was mainly affected by changing projects mix

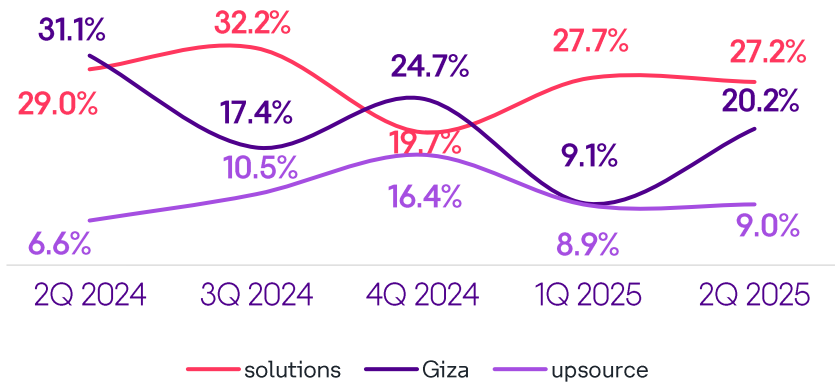
Gross Profit Breakdown by Entity (₪ mn)



Gross Profit Movement YoY (₪ mn)



Gross profit margin by Entity



## Management Commentary

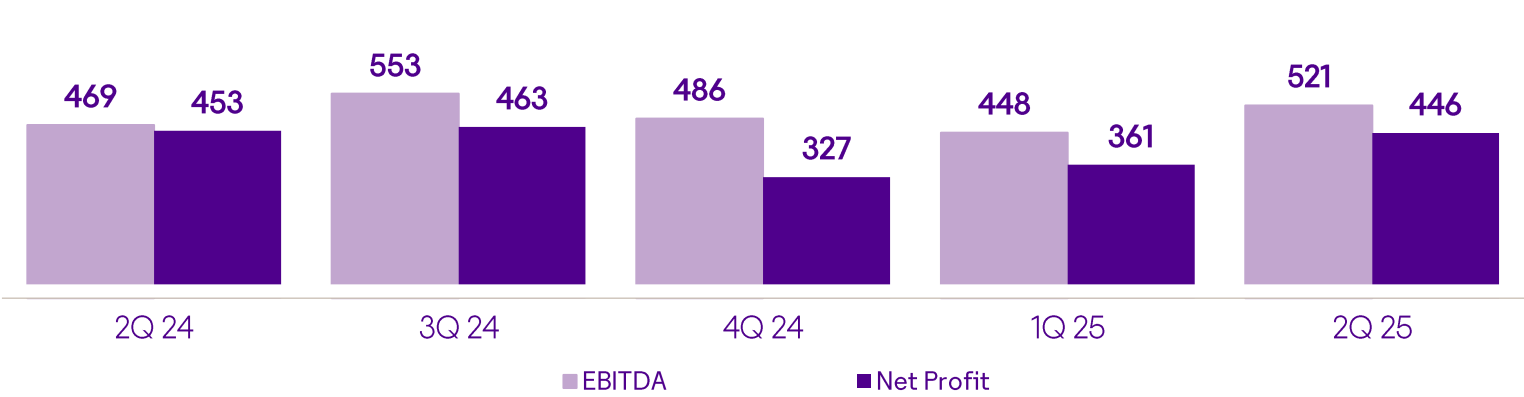
- solutions standalone gross margin in 2Q 2025 dipped QoQ amid minor revenue mix changes.
- upsource 2Q 2025 gross margin remained in line with 1Q 2025 and up YoY due to efficiency gains.
- Giza quarterly gross margin dynamics remained volatile amid project mix changes and cyclical patterns.

<sup>1</sup> - all numbers are presented after intercompany eliminations

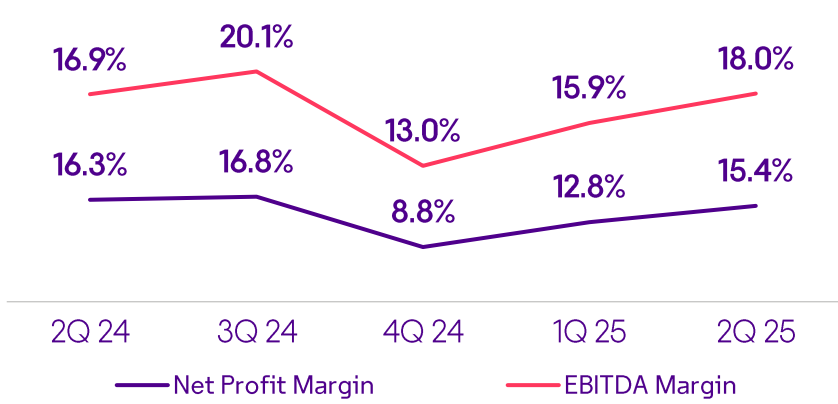
# Profitability - EBITDA and Net Profit

1H 2025 EBTIDA grew YoY, net profit remained flat on a high 1H 2024 comparison base with several one-off gains

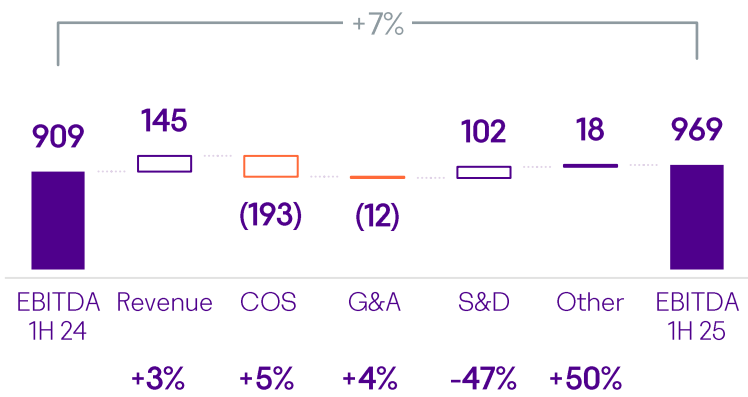
EBITDA & Net Profit Trend (₹ mn)



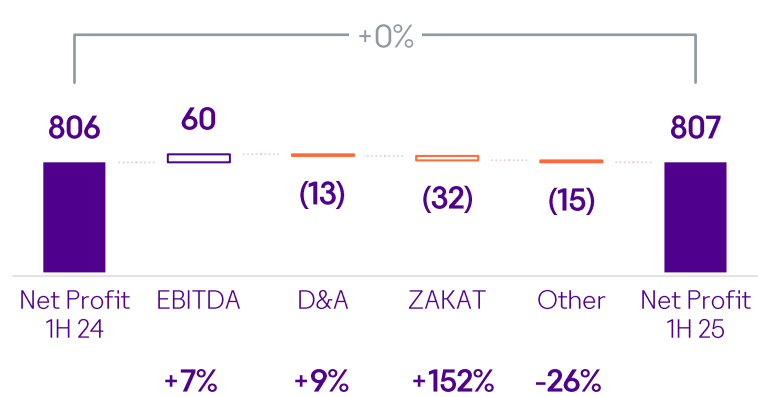
EBITDA & Net Profit Margins (%)



EBITDA Movement YoY (₹ mn)



Net Profit Movement YoY (₹ mn)

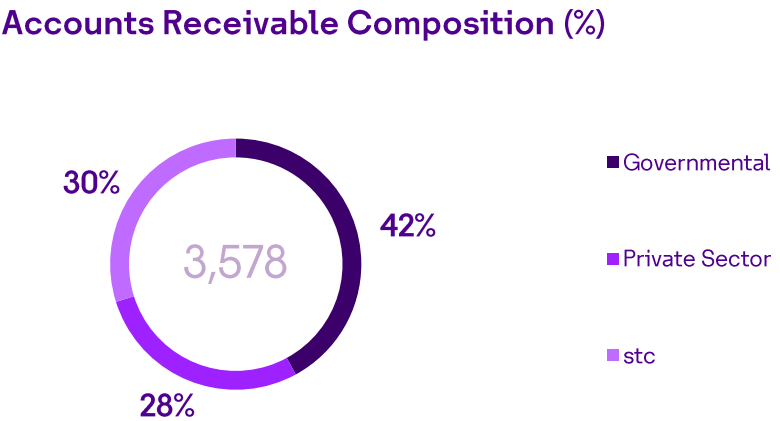
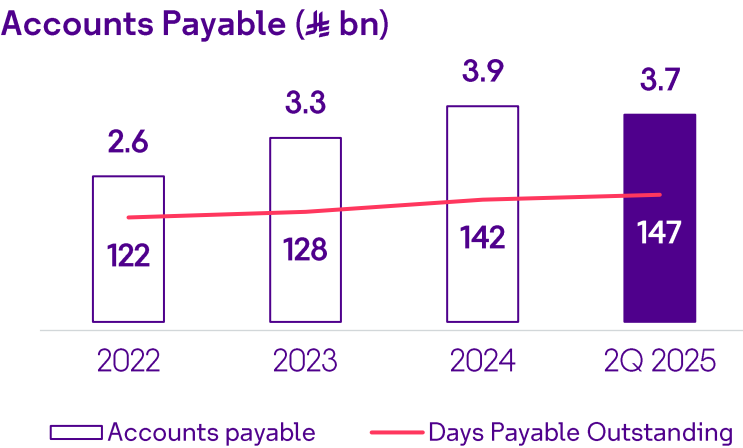
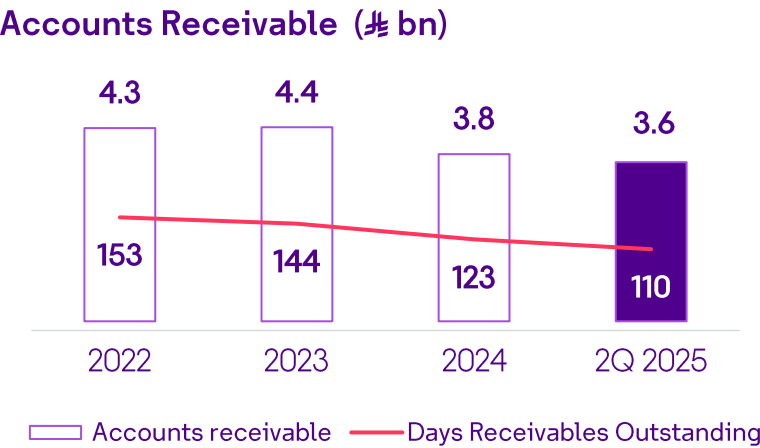


## Management Commentary

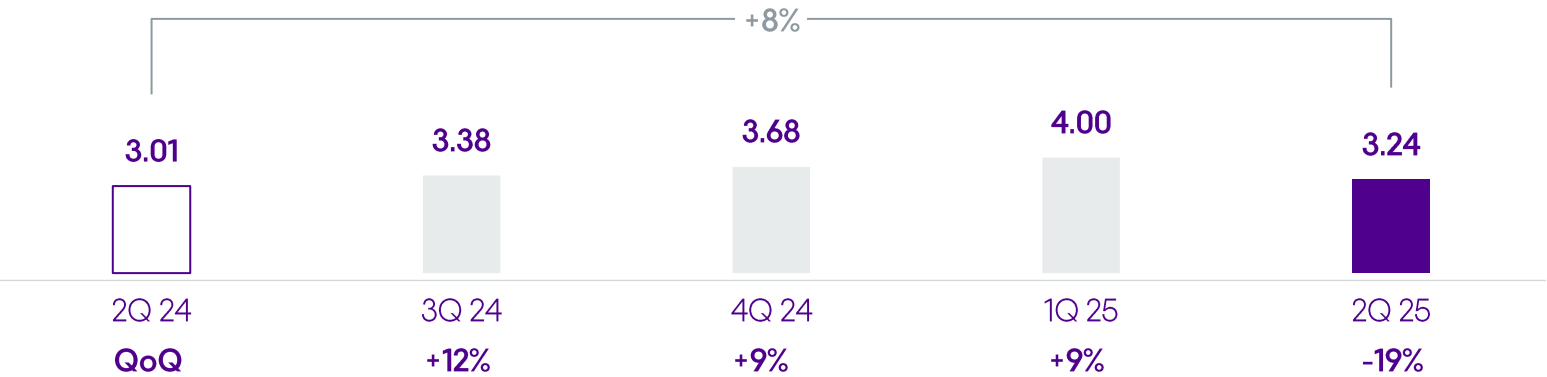
- EBITDA grew 7% YoY in 1H 2025 as a decline in gross margin was offset by operating efficiency improvements.
- Net profit to shareholders remained flat YoY in 1H 2025, reflecting a higher base of last year due to Zakat reversal of ₹ 31 million in 1Q 2024 and one-off non-operating income of ₹ 68 million in 2Q 2024.

# Balance Sheet - Working Capital

Working capital investments remained elevated in 1H 2025 due to the invoicing and collection cycle seasonality pattern



## Working Capital Performance (₪ bn)



## Management Commentary

- Receivable days declined to 110 days in 2Q 2025 due to collection optimization.
- Payable days increased to 147 supported by company's continued efforts to streamline payments while maintaining strong supplier relationships.
- Working capital decreased by 19% QoQ and increased by 8% YoY.

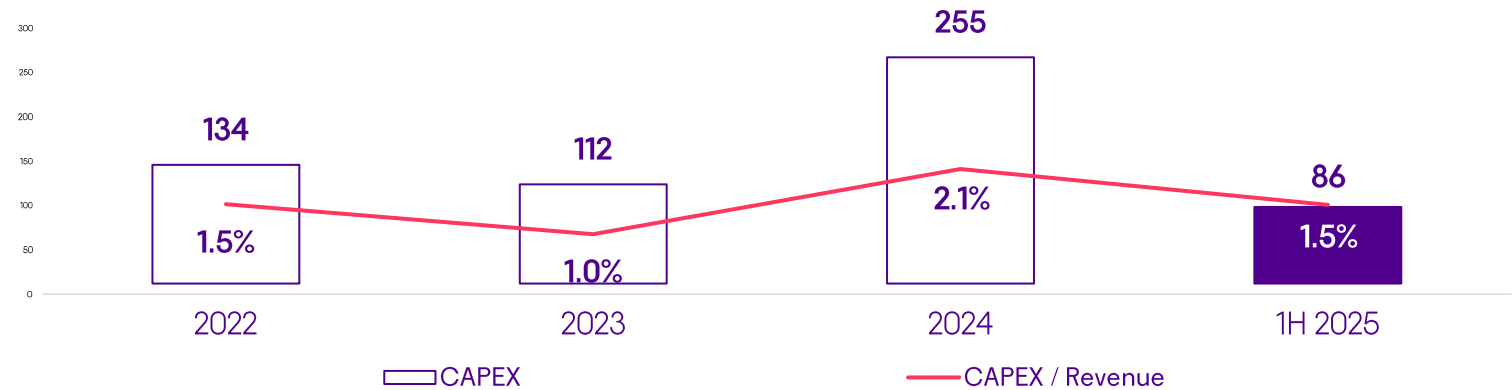
Working Capital = Current Assets - Current Liabilities



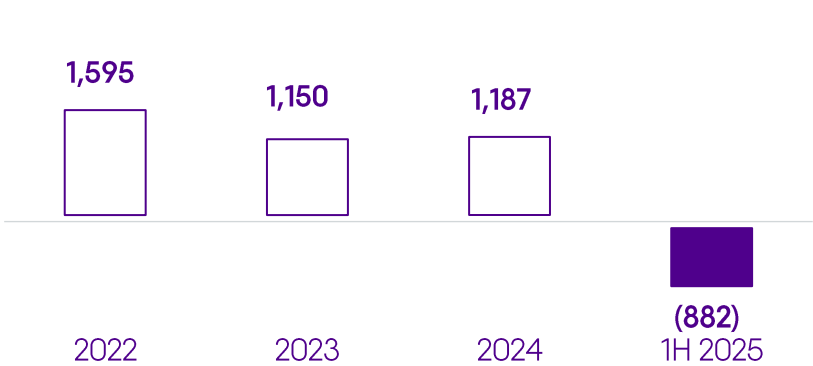
# Cash Flow Generation

Operating cash flow remained negative in line with the typical seasonality, which is to reverse in 2H 2025

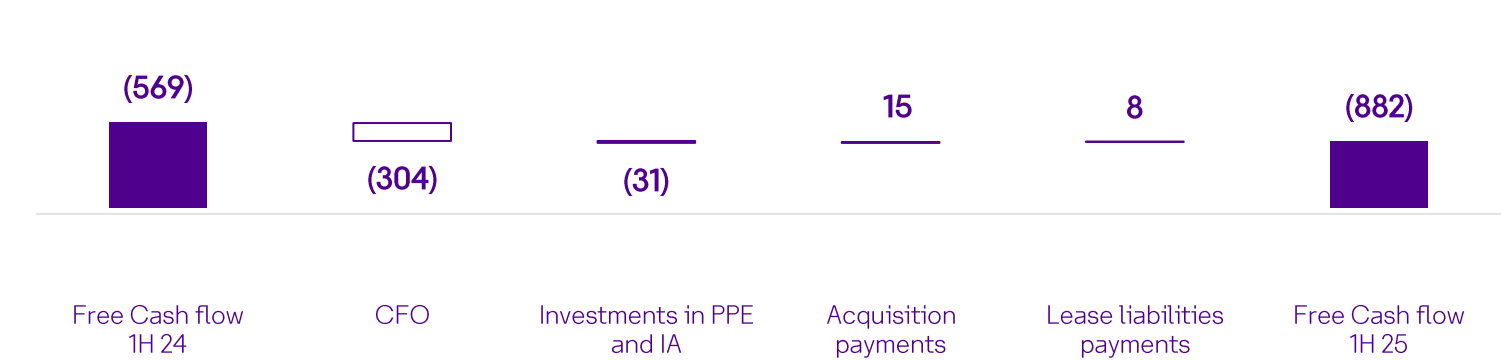
Capital Expenditures (₹ mn)\*



Free Cash Flow (₹ mn)



Free Cash Flow Movement (₹ mn)



## Management Commentary

- OCF was negative at ₹ 706 million in 1H 2025, following the typical seasonality with lower invoicing and collections from new projects, which is set to accelerate in 2H 2025.
- Capex grew by 57% YoY to ₹ 86 million in 1H 2025, driven by new sizeable projects in the backlog.
- Net cash amounted to ₹ 866 million as of 1H 2025.

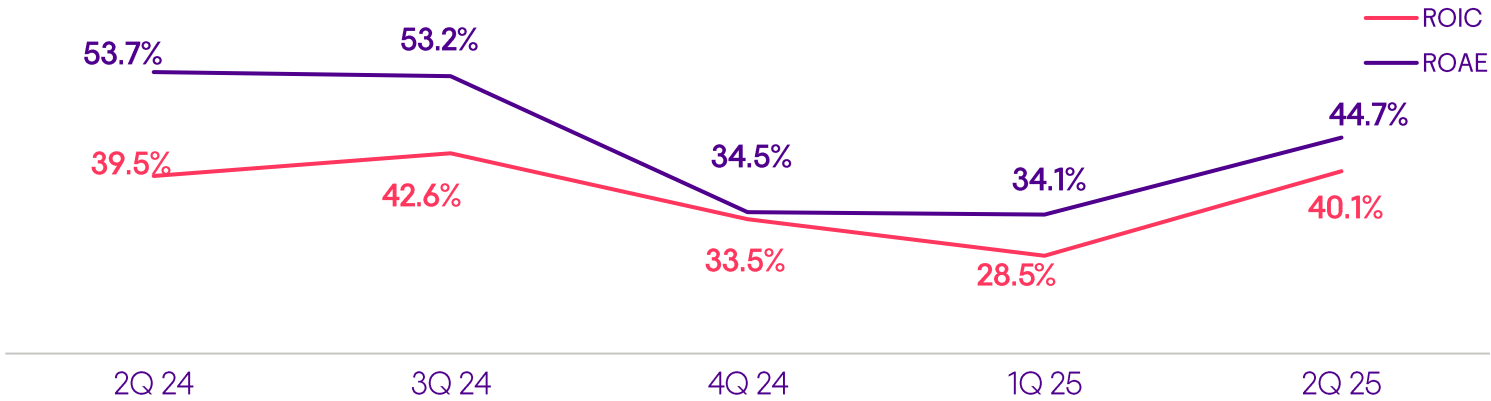
\* The chart is provided for organic CAPEX

Free Cash Flow= CFO- CAPEX - Lease liabilities payments - Purchase of treasury shares – Payment for acquisition of subsidiary

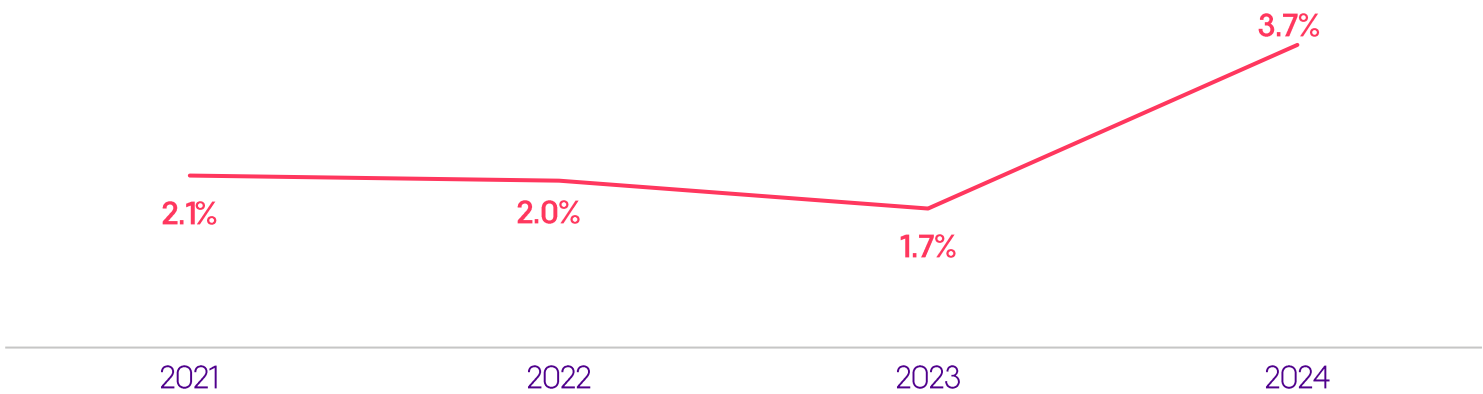
# Returns and Dividends

High returns and progressively growing dividends

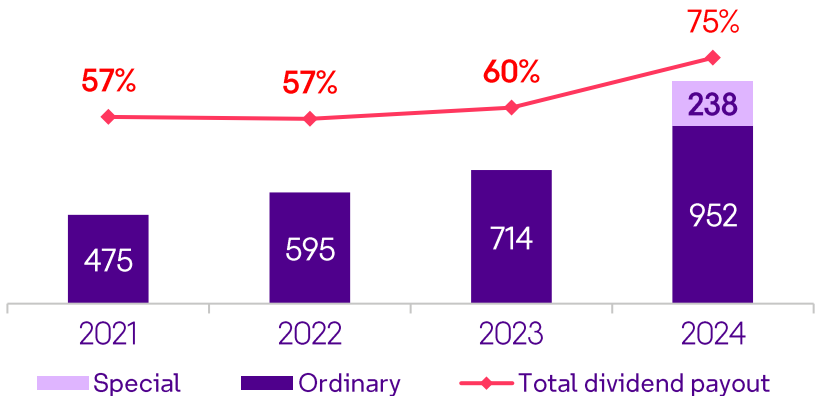
Return Ratios\* (%)



Dividend Yield\*\* (%)



Dividends (₹ mn)



## Management Commentary

- Capex-light business model generates high returns and allows for generous dividends.
- The company distributed ₹ 8 ordinary DPS and ₹ 2 special DPS for FY 2024.
- This implies an ordinary dividend payout of 60% and a special dividend payout of 15%. The total dividend amount increased by 67% YoY.

\* ROIC = EBIT / Invested Capital (Net Working Capital + PPE + Goodwill + Other Operating Assets); ROAE= Net income /Average Total Equity

\*\* Dividend yield is calculated based on the share price as of end of each year

# Outlook and Guidance

solutions maintains its 2025 guidance

	1H 2025 Results	FY 2025 Guidance
Revenue Growth	3%	8% – 10%
EBITDA Margin	16.9%	14% – 16%
Capex Intensity	1.5%	2% – 3%

# 4 Contact Details

# IR Contact Details

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