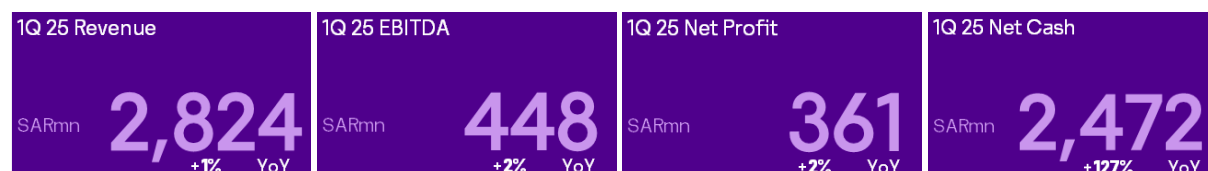


Earnings Release

solutions by stc reports 2% EBITDA and net profit growth in 1Q 2025



1Q 2025 Highlights:

- +1% YoY revenue growth to SAR 2.82 billion
- Gross profit margin of 21.8%, 204 bps recovery QoQ
- Strong QoQ rebound in EBITDA margin to 15.9%, 17 bps up YoY
- +2% YoY growth in net profit to shareholders reaching SAR 361 million
- Solid net cash position of SAR 2.47 billion

Riyadh, 27th April 2025 – solutions announces solid financial results for 1Q 2025 that showed continued efficiency and profitability improvements, while stable revenue generation reflected seasonal trends and lighter revenue recognition after busy 4Q 2024. Overall, the performance is in line with the company's strategy that pursues profitable growth supported by value-added acquisitions, strategic partnerships and adoption of innovative technologies. solutions' revenue grew 1% year-on-year to SAR 2.82 billion in 1Q 2025. Insignificant gross margin decline was offset by operating efficiency gains, resulting in 17 bps year-on-year increase in EBITDA margin to 15.9%. Net profit attributable to shareholders grew 2% year-on-year to SAR 361 million in 1Q 2025.

Omer Abdullah Alnomany, CEO of solutions, commented: "We had a good start to the year marked by efficiency gains and profitability improvements. The relatively modest revenue growth in 1Q 2025 was explained by temporary factors, including a shift in seasonality trends and a high share of projects at early execution stages, which are expected to increase their revenue contribution in the coming quarters. At the same time, current trade policy and economic developments introduce additional uncertainty to the broader macro-outlook. We are taking a proactive approach to assess implications for our business, retaining focus on operational agility and disciplined execution, while adhering to our strategy and long-term planning. We remain confident that inherent strengths of our business, strong management team and strategic importance of the Kingdom's digital transformation agenda will help solutions smoothly navigate through the evolving global landscape in 2025".

solutions' revenue grew 1% year-on-year to SAR 2.82 billion in 1Q 2025. A slower pace of growth was attributable to two main factors. Firstly, revenue generation during the quarter was affected by seasonal trends, including the impact of Ramadan and Eid holidays on project activity and execution. Secondly, a significant number of projects that reached key milestones and drove rapid revenue growth acceleration in 4Q 2024 resulted in a lighter revenue recognition pattern in 1Q 2025. This represents a temporary situation, reflecting a considerable share of newly secured projects at handover or early mobilization phases, which should be followed by a ramp-up in revenue contribution in the coming quarters.

In 1Q 2025, solutions' revenue generation was driven by IT Managed and Operational Services that showed a 29% year-on-year revenue growth and accounted for 35% of the total revenue. Core ICT Services declined by 14% year-on-year, contributing 48% to the 1Q 2025 total revenue, while Digital Services revenue increased by 3% year-on-year, returning 16% of total revenue.

solutions standalone remains the core part of the group's business, although its share in total revenue declined to 69% in 1Q 2025. upsources by solutions accounted for 18% of the total revenue over the same period, followed by Giza that contributed 13%.

The company continued to diversify its customer mix in 1Q 2025. Revenue from the private sector showed the fastest growth of 18% year-on-year, with its revenue share increasing to 26% compared with 22% in 1Q 2024. The parent company, stc, remained the key revenue contributor with 38% share in 1Q 2025 revenue, flat year-on-year. Government revenue fell 10% year-on-year, which reduced its share to 36% in 1Q 2025 from 40% a year ago.

Gross margin decreased by 22 bps year-on-year to 21.8% in 1Q 2025 due to certain fluctuations caused by project mix changes and revenue and margin recognition patterns. At the same time, this marked a 204 bps QoQ recovery as gross margin normalized after a temporary drop in 4Q 2024.

Operating expenses fell 2% year-on-year and decreased by 19 bps as a percentage of revenue, which resulted in 17 bps higher EBITDA margin year-on-year and EBITDA growth of 2% year-on-year in 1Q 2025. Net profit attributable to shareholders grew 2% year-on-year with a net profit margin growing to 12.8%, as higher Zakat expense was offset by reduced losses from other non-core operations.

solutions' operating cash flow was negative at SAR 424 million in 1Q 2025, which reflects a typical seasonality pattern with more payments to suppliers alongside lower invoicing and collections from customers in the beginning of the year despite the progress with project deliveries. Investments in property, equipment and intangible assets grew by 86% year-on-year to SAR 58 million in 1Q 2025, driven by new sizeable projects in the backlog. Seasonal cash flow volatility resulted in a slight quarter-on-quarter decline in solutions' net cash position that nevertheless remained very strong at SAR 2.47 billion as of end of March 2025.

Financial Review

Financial Performance Highlights

SAR (million)	1Q 2025	1Q 2024	YoY Δ%
Revenue	2,824	2,809	+1%
Gross profit	616	619	-0%
Gross Profit Margin (%)	21.8%	22.1%	-0.2%
EBITDA	448	440	+2%
EBITDA Margin (%)	15.9%	15.7%	+0.2%
Net Profit	361	353	+2%
Net Profit Margin (%)	12.8%	12.6%	+0.2%
Capex (organic)	(58)	(31)	+86%

Free Cash Flow	(488)	(1,304)	-63%
Net Debt/(Cash)	(2,472)	(1,090)	+127%

Revenue grew 1% year-on-year to SAR 2.82 billion in 1Q 2025. Gross profit remained broadly flat year-on-year at SAR 616 million in 1Q 2025. EBITDA increased by 2% year-on-year to SAR 448 million, as lower gross margin was offset by opex savings. Net profit attributable to shareholders grew 2% year-on-year to SAR 361 million in 1Q 2025 with 19 bps higher net profit margin year-on-year. solutions' gross debt portfolio (excluding lease liabilities) increased by 4% year-on-year to SAR 743 million as of the end of March 2025. The company's net cash position more than doubled year-on-year to SAR 2.47 billion.

Revenue Breakdown by Business Segment

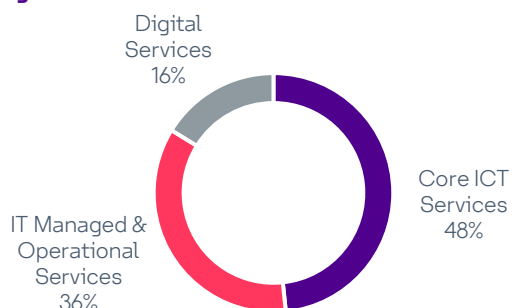
SAR (million)	1Q 2025	1Q 2024	YoY Δ%
Core ICT Services	1,365	1,584	-14%
IT Managed and Operational Services	1,000	778	+29%
Digital Services	458	446	+3%
Total revenue	2,824	2,809	+1%

Total revenue increased by 1% year-on-year to SAR 2.82 billion in 1Q 2025, driven by accelerated growth of revenues in IT Managed and Operational Services.

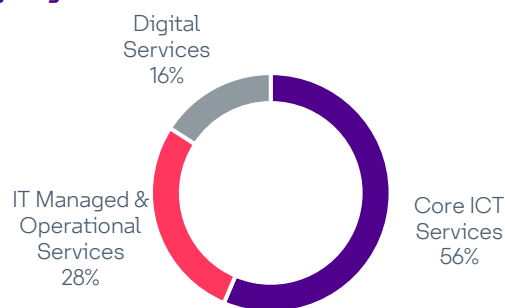
Revenue from IT Managed and Operational Services increased by 29% year-on-year to SAR 1.0 billion in 1Q 2025, reflecting a strong performance of solutions' managed services portfolio as well as synergies from the successful integration of upsource that boosted the group's Outsourcing and BPO business. Revenue from Core ICT Services fell by 14% to SAR 1.37 billion due to a high share of projects at early execution phases and the impact of Ramadan and Eid holidays on project activity. Digital Services grew by 3% to SAR 458 million in 1Q 2025 driven by robust demand for cloud services and mounting adoption of emerging technologies, which is well addressed by the company's product offering.

The revenue contribution from Core ICT Services declined from 56% of total revenue in 1Q 2024 to 48% in 1Q 2025, whereas the share of IT Managed and Operational Services increased to 35% in 1Q 2025 versus 28% last year. The share of Digital Services remained flat year-on-year at 16%.

1Q 2025 Revenue Composition by Segment



1Q 2024 Revenue Composition by Segment



Revenue Breakdown by Entity¹

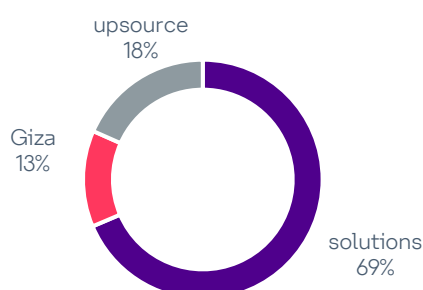
SAR (million)	1Q 2025	1Q 2024	YoY Δ%
solutions	1,937	2,207	-12%
Giza	368	308	+19%
upsource	519	293	+77%
Total revenue	2,824	2,809	+1%

Revenue from core solutions business decreased by 12% year-on-year to SAR 1.94 billion in 1Q 2025, which accounted for 69% of total revenue compared with 79% in 1Q 2024. The dynamics continues to reflect reallocation of projects from solutions to other subsidiaries to ensure the most efficient project execution.

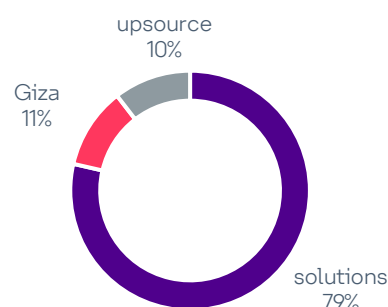
This resulted in a 77% year-on-year growth in revenue of upsource to SAR 519 million, which accounted for 18% of total 1Q 2025 revenue compared with 10% a year ago. Apart from projects being transferred from solutions, upsource revenue generation was supported by new project wins.

Giza's revenue grew 19% year-on-year to SAR 368 million in 1Q 2025 and made up 13% of total revenue in 1Q 2025 versus 11% in 1Q 2024. The growth was driven by post-acquisition synergies, a renewed go-to-market strategy focused on expansion in KSA and other GCC markets as well as the addition of new entities and acquisitions within the Giza group.

1Q 2025 Revenue Composition by Entity



1Q 2024 Revenue Composition by Entity



Revenue Breakdown by Customer Type

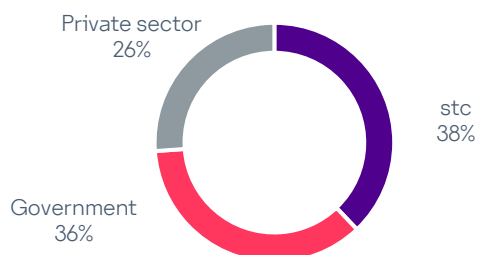
Revenue from the parent company, stc, grew 2% year-on-year to SAR 1.07 billion and accounted for 38% of total revenue in 1Q 2025, in line with 1Q 2024. Moderate growth reflected an evolving project mix in the backlog with a higher share of projects at early execution stages. This trend was even more visible in the government segment that showed a 10% year-on-year revenue drop to SAR 1.02 billion in 1Q 2025 following a spike in 4Q 2024.

The private sector was the main growth driver, having shown 18% year-on-year higher revenue of SAR 738 million in 1Q 2025 fueled by strong delivery in ongoing projects and newly secured projects. As a result, the share of revenue from the private sector increased to 26% in 1Q 2025 from 22% a year ago.

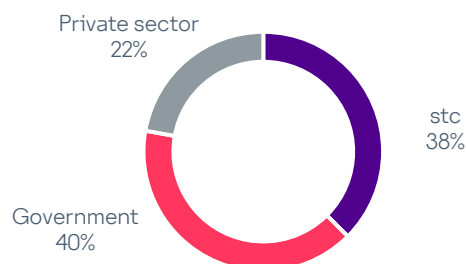
¹ The numbers for entities are provided after intercompany eliminations

Overall, revenue momentum in the stc and government segments is set to gather pace in the coming quarters as newly secured projects achieve certain stages of completion and start to contribute to revenue generation.

1Q 2025 Revenue Composition by Customer Type



1Q 2024 Revenue Composition by Customer Type



Revenue Breakdown by Type of Customer

SAR (million)	1Q 2025	1Q 2024	YoY Δ%
stc	1,070	1,054	+2%
Government	1,016	1,131	-10%
Private sector	738	624	+18%
Total revenue	2,824	2,809	+1%

Reduced operating costs drive EBITDA margin improvements

Gross margin declined 22 bps year-on-year to 21.8% in 1Q 2025, reflecting a minor impact of mix changes across project-based and recurring revenue streams that feature different revenue and margin recognition patterns that depend on the nature and timing of various project delivery stages.

Operating expenses decreased by 2% year-on-year in value terms and by 19 bps as a percentage of revenue, which fully offset gross margin decline and resulted in 17 bps year-on-year EBITDA margin expansion to 15.9% in 1Q 2025. In absolute terms, EBITDA increased by 2% year-on-year to SAR 448 million.

Net profit attributable to shareholders grew 2% year-on-year with a net profit margin growing to 12.8%, as higher Zakat expense was offset by reduced losses from other non-core operations.

Strong balance sheet helped to absorb temporary cash flow swings

solutions' cash flow seasonality typically assumes elevated working capital requirements that reverse during the rest of the year. As such, the group's operating cash flow was negative at SAR 424 million in 1Q 2025 compared with negative SAR 1.43 billion in 1Q 2024. Cash flow generation was pressured by more payments to suppliers together with lower invoicing and collections from customers in the beginning of the year.

Investments in property, equipment and intangible assets increased by 86% year-on-year to SAR 58 million in 1Q 2025, reflecting new sizeable projects in the backlog.

Seasonal cash outflow was absorbed by the company’s net cash position that slightly declined quarter-on-quarter but remained very strong at SAR 2.47 billion as of end of March 2025, providing the company with a powerful financial leverage to drive further growth and deliver returns.

Analyst Consensus

SAR (million)	1Q 2025 Consensus	1Q 2025 Actual	Δ%	# of Analysts
Revenue	3,054	2,824	-8%	14
Cost of Sales	2,370	2,207	-7%	11
Gross Profit	692	616	-11%	11
EBIT	406	371	-9%	11
Net Profit (after Zakat)	368	361	-2%	14

Additional Information

The 1Q 2025 financial statements, earnings presentation, investor presentation and financial data supplement will be available at:

[Investor relations – solutions by stc](#)

For more information, please contact solutions:

solutions by stc

Post Code 11372, PO BOX 50

Riyadh, Kingdom of Saudi Arabia

Investor contact

solutions Investor Relations

Abdullah Aldayel | GM of Corporate Finance & Investor Relations

aaldayel@solutions.com.sa

Wafi Alfawzan | Director of Investor Relations

walfawzan@solutions.com.sa

Ghadah Alsuhaim | Manager of Investor Relations

galsuhaim@solutions.com.sa



Download our IR App

