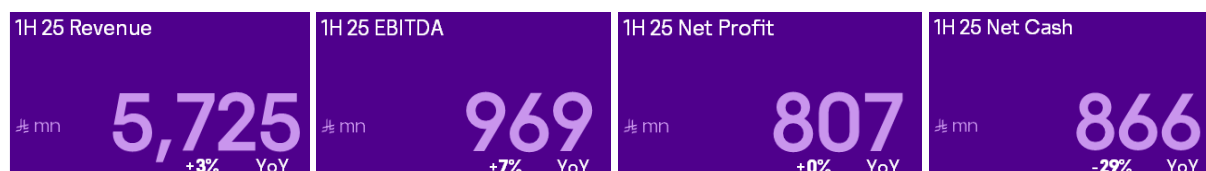


Earnings Release

solutions by stc reports 7% EBITDA growth in 1H 2025



1H 2025 Highlights:

- +3% YoY revenue growth to ₪ 5.73 billion
- Gross profit margin of 22.2% driven by a QoQ improvement in 2Q 2025
- EBITDA margin of 16.9%, 64 bps up YoY
- ₪ 807 million net profit to shareholders, flat YoY
- Net cash position of ₪ 866 million

Riyadh, 27th July 2025 – solutions announces strong financial results for 1H 2025 that showed an acceleration of top-line growth together with profitability gains. The improvements were driven by a stronger performance in 2Q 2025 amid a gradual ramp-up in revenue contribution from projects at early stages of execution and a reversal of seasonal pressure seen in 1Q 2025. As a result, solutions’ revenue grew 3% year-on-year to ₪ 5.73 billion in 1H 2025. Somewhat lower gross margin year-on-year was counterbalanced by operating efficiency improvements, which steered 7% growth in EBITDA and 64 bps year-on-year increase in EBITDA margin to 16.9%. Net profit attributable to shareholders remained flat year-on-year at ₪ 807 million in 1H 2025 due to higher Zakat expense.

Eng. Omer Abdullah Alnomany, CEO of solutions, commented: “We are pleased with our 1H 2025 results, which reflect the resilience of our business model and the successful execution of our strategic priorities. Our strong projects portfolio started to translate into accelerated revenue growth accompanied by continued cost efficiency gains and profitability improvements. We expect newly secured projects to ramp up during the rest of the year with increased contributions to revenue and cash flow generation, which makes us confident in our FY 2025 guidance. In the longer term, we continue to believe that efficient execution of our LEAP strategy, technological leadership, strong capabilities and seasoned management team perfectly position the Group to seize lucrative opportunities offered by the digital transformation in Saudi Arabia, while superior investment returns and disciplined capital allocation will ensure sustainable value creation for our shareholders”.

solutions’ revenue grew 3% year-on-year to ₪ 5.73 billion in 1H 2025. This was driven by an acceleration of revenue growth to 5% year-on-year in 2Q 2025 after 1% in 1Q 2025, which reflected the two main factors. Firstly, new projects started to gradually increase their revenue contribution and this trend is set to become more vocal over the course of their execution in 2H 2025. Secondly, business activity and project execution picked up in 2Q 2025 with a short Hajj break compared with subdued 1Q 2025 performance influenced by Ramadan and Eid holidays.

In 1H 2025, solutions' revenue generation was driven by IT Managed and Operational Services that showed a 14% year-on-year revenue growth and accounted for 35% of the total revenue. Core ICT Services revenue declined by 3% year-on-year, contributing 49% to the 1H 2025 total revenue, while Digital Services revenue fell by 1% year-on-year, amounting to 16% of total revenue.

solutions standalone remains the major part of the group's business, although its share in total revenue declined to 68% in 1H 2025. upsource by solutions accounted for 20% of the total revenue over the same period, followed by Giza that generated 12%.

The company continued to cater to all types of customers, maintaining a well-balanced and diversified customer mix in 1H 2025. Revenue from the private sector showed the fastest growth of 22% year-on-year, with its revenue share increasing to 25% compared with 21% in 1H 2024. The Government was the largest revenue contributor with 41% share in 1H 2025 revenue, down from 42% a year ago. The parent company, stc, remained another key contributor with 34% share of total 1H 2025 revenue despite a 7% year-on-year revenue decline, mainly due to the high concentration of projects in their early stages of execution.

Gross margin decreased by 135 bps year-on-year to 22.2% in 1H 2025, which continued to reflect changes in the project mix with different revenue and margin recognition patterns. Furthermore, gross margin is also affected by timing of various project delivery stages. At the same time, 2Q 2025 gross margin grew to 22.6% from 21.8% in 1Q 2025 as new projects gradually ramp up.

Operating expenses fell 17% year-on-year and decreased by 183 bps as a percentage of revenue, which resulted in 64 bps higher EBITDA margin year-on-year and 7% EBITDA growth year-on-year to ₪ 969 million in 1H 2025. Net profit attributable to shareholders remained flat year-on-year at ₪ 807 million with a net profit margin of 14.1% versus 14.4% a year ago. The year-on-year comparison is affected by a higher base of last year due to Zakat reversal in 1Q 2024 and one-off non-operating income in 2Q 2024.

solutions' operating cash flow was negative at ₪ 782 million in 1H 2025, in line with a typical seasonality pattern for the first part of the year with significant milestones delivered for a number of projects against lower invoicing and collections from customers that should ramp up in 2H 2025. Investments in property, equipment and intangible assets grew by 57% year-on-year to ₪ 86 million in 1H 2025, driven by new sizeable projects in the backlog. Seasonal cash flow dynamics and dividend payments resulted in a temporary quarter-on-quarter decline in solutions' net cash position to ₪ 866 million as of end of June 2025.

Financial Review

Financial Performance Highlights

₪ (million)	2Q 2025	2Q 2024	YoY Δ%	1H 2025	1H 2024	YoY Δ%
Revenue	2,902	2,771	+5%	5,725	5,580	+3%
Gross profit	656	696	-6%	1,272	1,315	-3%
Gross Profit Margin (%)	22.6%	25.1%	-2.5%	22.2%	23.6%	-1.4%
EBITDA	521	469	+11%	969	909	+7%
EBITDA Margin (%)	18.0%	16.9%	+1.1%	16.9%	16.3%	+0.6%
Net Profit	446	453	-1%	807	806	+0%

Net Profit Margin (%)	15.4%	16.3%	-1.0%	14.1%	14.4%	-0%
Capex	(28)	(24)	+19%	(86)	(55)	+57%
Free Cash Flow	(394)	735	n/m	(882)	(569)	+55%
Net Debt/(Cash)	(866)	(1,224)	-29%	(866)	(1,224)	-29%

Revenue grew 3% year-on-year to ₪ 5.73 billion in 1H 2025. Gross profit fell 3% year-on-year to ₪ 1.27 billion in 1H 2025. EBITDA increased by 7% year-on-year to ₪ 969 million, as lower gross margin was offset by opex savings. Net profit attributable to shareholders remained broadly unchanged year-on-year at ₪ 807 million in 1H 2025 with 35 bps lower net profit margin year-on-year. solutions' gross debt portfolio (excluding lease liabilities) increased by 10% year-on-year to ₪ 763 million as of the end of June 2025. The company's net cash position decreased to ₪ 866 million.

Revenue Breakdown by Business Segment

₪ (million)	2Q 2025	2Q 2024	YoY Δ%	1H 2025	1H 2024	YoY Δ%
Core ICT Services	1,440	1,304	+10%	2,806	2,889	-3%
IT Managed and Operational Services	1,002	983	+2%	2,003	1,761	+14%
Digital Services	459	484	-5%	917	931	-1%
Total revenue	2,902	2,771	+5%	5,725	5,580	+3%

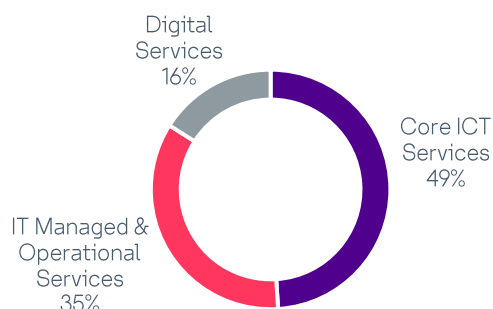
Total revenue increased by 3% year-on-year to ₪ 5.73 billion in 1H 2025, driven by IT Managed and Operational Services.

Revenue from IT Managed and Operational Services increased by 14% year-on-year to ₪ 2.0 billion in 1H 2025, reflecting a strong performance of solutions' managed services portfolio and the group's Outsourcing and BPO business supported by the successful integration of upsource. Quarterly revenue from IT Managed and Operational Services grew 2% year-on-year in 2Q 2025.

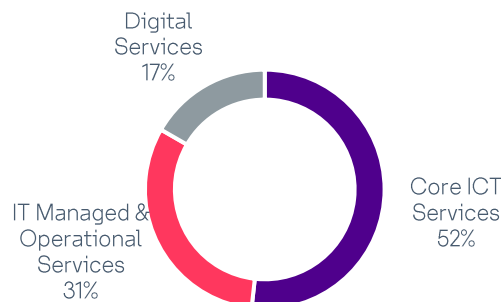
Revenue from Core ICT Services fell by 3% to ₪ 2.81 billion in 1H 2025 due to a high share of projects at early execution phases, although quarterly revenue growth picked up to 10% year-on-year in 2Q 2025 driven by increased revenue contribution from projects at early stages of execution and a lower comparison base of 2Q 2024 due to a longer holiday period. Digital Services revenue declined by 1% to ₪ 917 million in 1H 2025 driven by a 5% year-on-year revenue decrease in 2Q 2025, reflecting a certain cyclicity in delivery of project milestones, which is expected to reverse in 2H 2025.

The revenue contribution from Core ICT Services declined from 52% of total revenue in 1H 2024 to 49% in 1H 2025, whereas the share of IT Managed and Operational Services increased to 35% in 1H 2025 versus 32% last year. The share of Digital Services decreased to 16% in 1H 2025 compared with 17% in 1H 2024.

1H 2025 Revenue Composition by Segment



1H 2024 Revenue Composition by Segment



Revenue Breakdown by Entity¹

₪ (million)	2Q 2025	2Q 2024	YoY Δ%	1H 2025	1H 2024	YoY Δ%
solutions	1,964	2,002	-2%	3,902	4,209	-7%
Giza	336	260	+29%	703	568	+24%
upsource	602	510	+18%	1,120	803	+39%
Total revenue	2,902	2,771	+5%	5,725	5,580	+3%

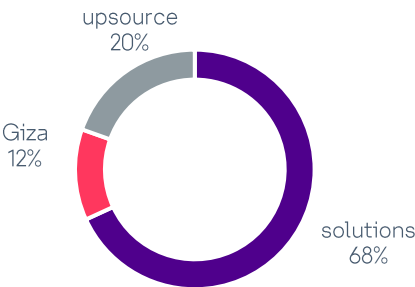
Revenue from core solutions business decreased by 7% year-on-year to ₪ 3.90 billion in 1H 2025, which accounted for 68% of total revenue compared with 76% in 1H 2024. The shift continues to reflect reallocation of projects from solutions to other subsidiaries to ensure the most efficient project execution.

This resulted in a 39% year-on-year growth in revenue of upsource to ₪ 1.12 billion, which accounted for 20% of 1H 2025 consolidated revenue compared with 14% a year ago. Apart from projects being transferred from solutions, upsource revenue generation was supported by new project wins.

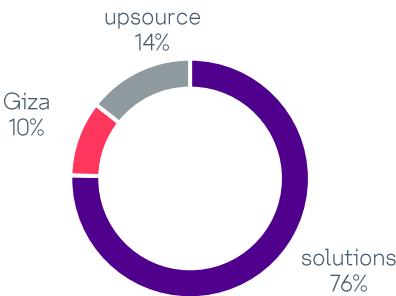
Giza's revenue increased by 24% year-on-year to ₪ 703 million in 1H 2025 and made up 12% of 1H 2025 consolidated revenue versus 10% in 1H 2024. The growth was driven by a renewed go-to-market strategy focused on expansion in KSA and other GCC markets as well as the addition of new entities and acquisitions within the Giza group.

¹ The numbers for entities are provided after intercompany eliminations

1H 2025 Revenue Composition by Entity



1H 2024 Revenue Composition by Entity



Revenue Breakdown by Customer Type

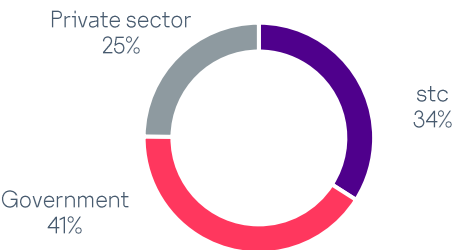
Revenue from the parent company, stc, decreased by 7% year-on-year to ₪ 1.95 billion and accounted for 34% of total revenue in 1H 2025, down from 37% in 1H 2024. Lower revenue contribution reflected a higher share of projects at early execution stages in the company’s backlog.

This was partly offset by a positive dynamics in the government segment that showed 1% year-on-year revenue growth to ₪ 2.36 billion in 1H 2025 driven by an acceleration in 2Q 2025 as a result of increased contribution from projects progressing to more advanced execution stages. The revenue share of the segment amounted to 41% in 1H 2025, versus 42% in 1H 2024.

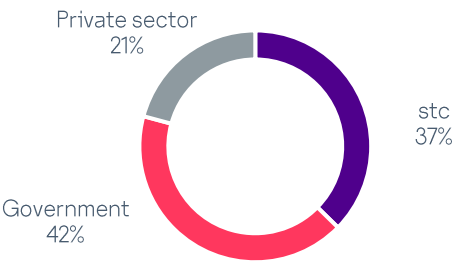
The private sector remained the key growth driver, with 22% year-on-year higher revenue of ₪ 1.42 billion in 1H 2025 fueled by strong delivery in ongoing projects and newly secured projects. As a result, the share of revenue from the private sector increased to 25% in 1H 2025 from 21% a year ago.

stc and government segments are set to increase revenue momentum in the coming quarters as newly secured projects achieve certain stages of completion and increase contribution to revenue generation.

1H 2025 Revenue Composition by Customer Type



1H 2024 Revenue Composition by Customer Type



Revenue Breakdown by Type of Customer

₪ (million)	2Q 2025	2Q 2024	YoY Δ%	1H 2025	1H 2024	YoY Δ%
stc	878	1,030	-15%	1,948	2,084	-7%
Government	1,342	1,204	+11%	2,358	2,335	+1%
Private sector	681	537	+27%	1,419	1,161	+22%
Total revenue	2,902	2,771	+5%	5,725	5,580	+3%

Cost optimization drives EBITDA margin improvements

Gross margin decreased by 135 bps year-on-year to 22.2% in 1H 2025, mainly as a result of ongoing changes in the mix across project-based and recurring revenue streams with different revenue and margin recognition patterns that are affected by the nature and timing of various project execution stages. At the same time, 2Q 2025 gross margin grew to 22.6% from 21.8% in 1Q 2025 as new projects gradually ramp up.

Operating expenses decreased by 17% year-on-year in absolute terms and by 183 bps as a percentage of revenue to 7.9% in 1H 2025, the lowest level on record. This was mainly driven by the release of the provision for bad debt, although even stripping this out operating expenses decreased year-on-year both in absolute and relative terms in 1H 2025 despite the growth of the business thanks to cost optimization initiatives. This supported 64 bps higher EBITDA margin year-on-year with 7% EBITDA growth year-on-year to ₪ 969 million in 1H 2025.

Net profit attributable to shareholders remained flat year-on-year at ₪ 807 million with a net profit margin of 14.1% versus 14.4% a year ago, mainly because of 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.

Seasonal cash flow volatility and dividends were absorbed by strong balance sheet position

The group's operating cash flow was negative at ₪ 706 million in 1H 2025, which follows the typical seasonal pattern, assuming elevated working capital requirements in the first half of the year. Cash flow generation was affected by lower invoicing and collections from customers, which will gather pace during the rest of the year.

Investments in property, equipment and intangible assets increased by 57% year-on-year to ₪ 86 million in 1H 2025, reflecting new sizeable projects in the backlog.

Seasonal cash volatility and dividend payments were absorbed by the company's net cash position that declined quarter-on-quarter but remained strong at ₪ 866 million as of end of June 2025, providing the company with a powerful financial leverage to drive further growth and deliver returns.

Analyst Consensus

SAR (million)	2Q 2025 Consensus	2Q 2025 Actual	Δ%	# of Analysts
Revenue	2,950	2,902	-1.6%	16
Cost of Sales	2,253	2,246	-0.3%	11
Gross Profit	704	656	-6.9%	12
EBIT	414	446	7.6%	11
Net Profit (after Zakat)	393	446	13.6%	17

Additional Information

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

[Investor relations – solutions by stc](#)

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