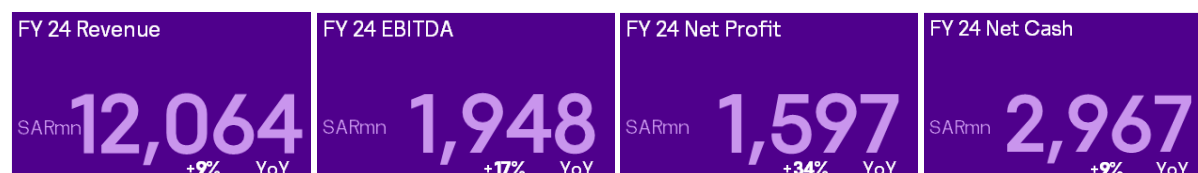


Earnings Release

solutions by stc reports 34% net profit growth to SAR 1.6 billion in FY 2024



FY 2024 Highlights:

- +9% YoY revenue growth to SAR 12.06 billion
- Record annual EBITDA margin of 16.1%, 103bps up YoY
- SAR 1.60 billion net profit to shareholders, up +34% YoY
- Strong net cash position of SAR 2.97 billion

Riyadh, 17th February 2025 – solutions announces strong financial results for FY 2024 that showed accelerated revenue growth, improved margins and robust cash flow generation. The financial performance highlights the successful implementation of the company's strategy, emphasizing profitable growth supported by value-enhancing acquisitions and partnerships. As a result, solutions' revenue grew 9% year-on-year to SAR 12.06 billion in FY 2024. A marginal decline in gross profitability was more than offset by opex savings, which resulted in a 103bps year-on-year expansion in EBITDA margin to 16.1% in FY 2024. Net profit attributable to shareholders surged 34% year-on-year to SAR 1.60 billion in FY 2024.

Omer Abdullah Alnomany, CEO of solutions, commented: "We are pleased with the results of 2024 that has become a transformative landmark in the company's evolution. The past year was marked by the successful integration of newly acquired businesses and development of strategic partnerships that greatly enhanced the group's capabilities, expanded its product portfolio and widened the client reach. This reinforced our position as a market leader in digital transformation and technology services. Successful execution of our strategy translated into a winning combination of strong growth, record margins and industry-leading returns on invested capital in FY 2024. As we look ahead, we see immense growth potential in emerging tech and AI, where we will continue to lead with innovative solutions. At the same time, our operational excellence, financial strength and disciplined capital allocation will ensure continued value creation for our shareholders".

solutions' revenue grew 9% year-on-year to SAR 12.06 billion in FY 2024. This was supported by a rapid revenue growth acceleration in 4Q 2024 driven by completion of key milestones for certain projects as well as a ramp-up of other projects secured earlier in 2024. This includes the Smart Parking project, a major project for a key oil and gas customer and several projects implemented for other strategic customers that contributed to strong revenue momentum. These factors are set to continue to support revenue generation into 2025.

solutions' FY 2024 revenue growth was led by IT Managed and Operational Services that showed a 21% year-on-year revenue growth and accounted for 33% of the total revenue. Core ICT Services increased by 3% year-on-year, bringing 51% to the FY 2024 total revenue, while Digital Services revenue grew by 8% year-on-year, making up 16% of total revenue.

The share of solutions business standalone gradually declines in consolidated results although continues to remain the central part of the group's operations with 72% of the total revenue in FY 2024. ccc accounted for 16% of the total revenue over the same period, while Giza contributed 11%.

Revenue mix remained well diversified across various customer types in FY 2024. The parent company, stc, was the strongest growth driver, having shown 12% year-on-year revenue growth and contributed 36% of total revenue compared with 35% a year ago. Government revenue grew 8% year-on-year and accounted for 43% of the total revenue in FY 2024 versus 44% a year ago. Revenue from the private sector increased by 9% year-on-year, with a revenue share of 21%, flat year-on-year.

Gross margin decreased by 46 bps year-on-year to 23.1% in FY 2024 due to changes in regulation, market dynamics and projects mix. That said, the 4Q 2024 gross margin increased by 361 bps year-on-year to 19.8%, while quarter-on-quarter decline reflected a temporary shift to lower profitability related to margin recognition on certain stages of projects delivery during the quarter.

Operating expenses fell by 7% year-on-year and decreased by 166 bps as a percentage of revenue, which compensated for gross margin decline and ensured EBITDA margin growth of 103 bps year-on-year to 16.1% in FY 2024, the record annual level over the past several years. Absolute EBITDA grew 17% year-on-year to SAR 1.95 billion in FY 2024. Net profit attributable to shareholders increased by 34% year-on-year to SAR 1.60 billion in FY 2024 with a net profit margin reaching 13.2%, the record annual level since FY 2018.

solutions' operating cash flow amounted to SAR 1.51 billion in FY 2024, 12% down year-on-year, which mainly reflects cash outflow in 1Q 2024 amid temporary working capital swings. That said, 2H 2024 operating cash flow generation was 56% higher year-on-year as strong earnings were supported by efficient working capital management. Investments in property, equipment and intangible assets grew by 128% year-on-year to SAR 255 million in FY 2024, most of which was attributable to 3Q 2024 ahead of execution of a sizeable contract in 4Q 2024. solutions' net cash position increased by 46% quarter-on-quarter to SAR 2.97 billion as of the end of December 2024.

Financial Review

Financial Performance Highlights

SAR (million)	4Q 2024	4Q 2023	YoY Δ%	FY 2024	FY 2023	YoY Δ%
Revenue	3,731	2,868	+30%	12,064	11,040	+9%
Gross profit	738	464	+59%	2,783	2,598	+7%
Gross Profit Margin (%)	19.8%	16.2%	+4%	23.1%	23.5%	-0.5%
EBITDA	486	278	+75%	1,948	1,669	+17%
EBITDA Margin (%)	13.0%	9.7%	+3%	16.1%	15.1%	+1%
Net Profit	327	162	+102%	1,597	1,192	+34%
Net Profit Margin (%)	8.8%	5.6%	+3%	13.2%	10.8%	+2%
Capex	0.1	(24)	n/m	(255)	(112)	+128%
Free Cash Flow	942	997	-5%	1,187	1,150	+3%
Net Debt/(Cash)	(2,967)	(2,728)	+9%	(2,967)	(2,728)	+9%

Revenue grew 9% year-on-year to SAR 12.06 billion in FY 2024. Gross profit increased by 7% year-on-year to SAR 2.78 billion in FY 2024. EBITDA growth accelerated to 17% year-on-year to SAR 1.95 billion with a record 16.1% margin driven by continued cost efficiency improvements. Net profit attributable to shareholders grew by 34% year-on-year to SAR 1.60 billion in FY 2024, with net profit margin expanding by 244 bps year-on-year to a six-year high of 13.2%. solutions' gross debt portfolio (excluding lease liabilities) grew by 3% year-on-year to SAR 735 million as of the end of December 2024. The company's net cash position increased by 9% year-on-year to SAR 2.97 billion.

Revenue Breakdown by Business Segment

SAR (million)	4Q 2024	4Q 2023	YoY Δ%	FY 2024	FY 2023	YoY Δ%
Core ICT Services	1,926	1,583	+22%	6,188	5,994	+3%
IT Managed and Operational Services	1,316	866	+52%	3,948	3,262	+21%
Digital Services	489	419	+17%	1,929	1,784	+8%
Total revenue	3,731	2,868	+30%	12,064	11,040	+9%

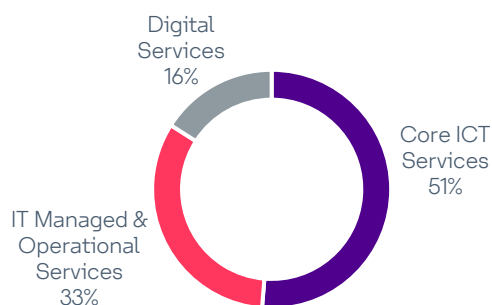
Total revenue increased by 9% year-on-year to SAR 12.06 billion in FY 2024, driven by accelerated growth of revenues in IT Managed and Operational Services.

Revenue from IT Managed and Operational Services grew 21% year-on-year to SAR 3.95 billion in FY 2024 on the back of a strong performance of managed services portfolio of solutions' business standalone. Furthermore, the successful integration of ccc derived substantial synergies that steered the group's Outsourcing and BPO business. In addition, revenue growth reflected the full-year consolidation of ccc business in 2024 versus nine months in 2023.

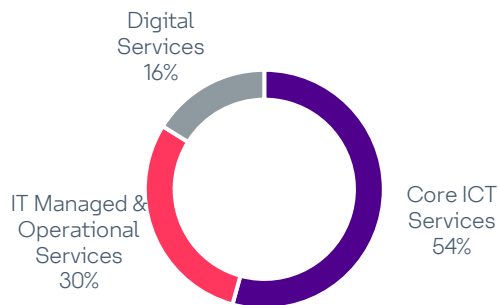
Revenue from Core ICT Services increased by 3% to SAR 6.19 billion as Giza revenue was weighed down by Egyptian Pound depreciation in 2024, while market trends affected projects mix. Digital Services grew by 8% to SAR 1.93 billion in FY 2024 supported by strong demand for cloud services and increasing traction in emerging technologies that are actively developed by the company.

The revenue share of Core ICT Services declined from 54% of total revenue in FY 2023 to 51% in FY 2024, while the contribution from IT Managed and Operational Services increased to 33% in FY 2024 versus 30% last year. The share of Digital Services remained flat year-on-year at 16%.

FY 2024 Revenue Composition by Segment



FY 2023 Revenue Composition by Segment

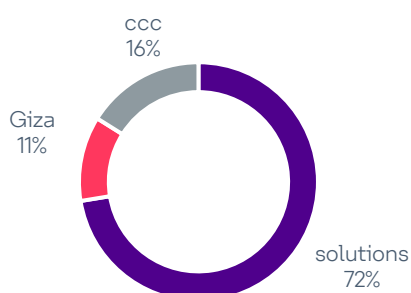


Revenue Breakdown by Entity*

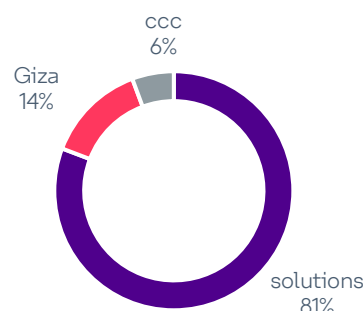
SAR (million)	4Q 2024	4Q 2023	YoY Δ%	FY 2024	FY 2023	YoY Δ%
solutions	2,605	2,182	+19%	8,737	8,916	-2%
Giza	490	433	+13%	1,384	1,501	-8%
ccc	636	253	+151%	1,943	624	+212%
Total revenue	3,731	2,868	+30%	12,064	11,040	+9%

Core solutions business brought SAR 8.74 billion in revenue in FY 2024, which accounted for 72% of total revenue versus 81% in FY 2023. A slight year-on-year decline in solutions' standalone revenue is explained by rechanneling of some projects from solutions to other subsidiaries to ensure the most efficient execution. This reflected 212% year-on-year jump in revenue of ccc to SAR 1.94 billion, which accounted for 16% of total revenue in FY 2024 compared with 6% in FY 2023. The growth was driven by new projects in ccc's portfolio, the transfer of some projects from solutions, as well as ccc consolidation in April 2023. Giza's revenue fell 8% year-on-year to SAR 1.38 billion in FY 2024 and accounted for 11% of total revenue in FY 2024 versus 14% a year ago. The decline was mainly caused by the Egyptian Pound depreciation, which reduced Giza's revenue in SAR terms.

FY 2024 Revenue Composition by Entity**



FY 2023 Revenue Composition by Entity**



Revenue Breakdown by Customer Type

SAR (million)	4Q 2024	4Q 2023	YoY Δ%	FY 2024	FY 2023	YoY Δ%
stc	1,283	1,136	+13%	4,301	3,854	+12%
Government	1,647	1,162	+42%	5,209	4,835	+8%
Private sector	801	571	+40%	2,554	2,352	+9%
Total revenue	3,731	2,868	+30%	12,064	11,040	+9%

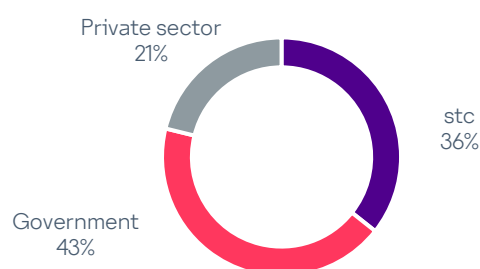
Revenue from the parent company, stc, grew 12% year-on-year to SAR 4.30 billion in FY 2024, which accounted for 36% of total revenue in FY 2024 compared with 35% a year ago. The group's

* The numbers for entities are provided after intercompany eliminations

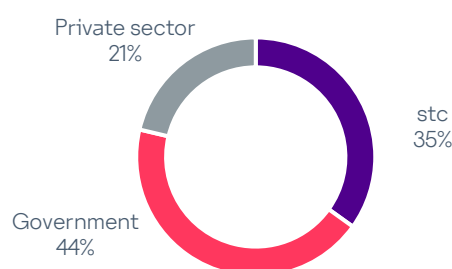
** The totals may not be equal to 100% due to rounding

enhanced capabilities and service offering encouraged more active engagement and increased demand from stc. Revenue from the government increased by 8% year-on-year to SAR 5.21 billion as a temporary decline in 3Q 2024 was followed by solid growth in 4Q 2024 driven by the execution and delivery of newly secured projects as well as the successful implementation of in-flight projects reaching key delivery milestones. This resulted in a 43% share of revenue from the government in FY 2024 versus 44% a year ago. Revenue from private customers grew 9% year-on-year to SAR 2.55 billion in FY 2024 supported by 40% revenue growth year-on-year in 4Q 2024 amid substantial delivery in ongoing projects and newly secured projects. The share of revenue from the private sector remained flat year-on-year at 21% in FY 2024.

FY 2024 Revenue Composition by Customer Type



FY 2023 Revenue Composition by Customer Type



Decent gross profitability and efficiency gains drive record annual EBITDA margin

The gross margin decreased by 46 bps year-on-year to 23.1% in FY 2024. This was caused by several factors, including regulatory changes, changes in market trends and cyclicity in recognition of project-based revenue. At the same time, the quarterly gross margin showed a 361 bps year-on-year gain to reach 19.8% in 4Q 2024 due to a low comparison base in FY 2023 and improved revenue recognition pattern in FY 2024.

Operating expenses fell by 7% year-on-year and decreased by 166 bps as a percentage of revenue, which fully counterbalanced pressure on gross margin and contributed to EBITDA margin expansion. Cost savings were led by selling and distribution expenses that fell 19% year-on-year in FY 2024 driven by a significant reduction in provisions for bad accounts receivable and contract assets in previous quarters thanks to improved collection. General and administrative expenses increased by 1% year-on-year, affected by the consolidation of ccc in April 2023 and a one-off reversal of advances and lease contracts. When adjusted for these factors, general and administrative expenses on a like-for-like basis also benefitted from optimization efforts year-on-year.

This resulted in 17% year-on-year EBITDA growth to SAR 1.95 billion in FY 2024, with EBITDA margin rising by 103 bps year-on-year and reaching record annual level of 16.1%. Net profit attributable to shareholders increased by 34% year-on-year to SAR 1.60 billion in FY 2024 with a net profit margin growing to 13.2%, the record annual level since FY 2018. The improvement was driven by lower Zakat expense year-on-year that complemented strong operating income growth.

Working capital improvements supported strong cash flow generation

solutions generated SAR 1.51 billion operating cash flow in FY 2024. This came 12% below the year-ago level mainly due to one-off working capital fluctuations in 1Q 2024 that resulted in a temporary cash outflow. At the same time, operating cash flow in the second half of 2024 showed

56% year-on-year growth as strong earnings momentum was bolstered by working capital gains. The company managed to improve payment terms with key suppliers and enhance partnerships, which resulted in extended trade payables, whereas streamlined collection ensured reduced trade receivables and contract assets.

Investments in property, equipment and intangible assets grew by 128% year-on-year to SAR 255 million in FY 2024. This mainly reflected a significant increase in investments made in 3Q 2024 prior to implementation of a sizeable contract in 4Q 2024.

As a result, the company's free cash flow grew 3% year-on-year to SAR 1.19 billion. This enabled solutions to increase its net cash position to SAR 2.97 billion as of the end of December 2024, providing the company with a powerful financial foundation to drive further growth and deliver returns to shareholders.

Analyst Consensus

SAR (million)	YE 2024 Consensus	YE 2024 Actual	Δ%	# of Analysts
Revenue	11,977	12,064	1%	19
Cost of Sales	9,209	9,281	1%	17
Gross Profit	2,755	2,783	1%	18
EBITDA	1,858	1,948	5%	18
Net Profit (after Zakat)	1,494	1,597	7%	20

Additional Information

The FY 2024 financial statements, earnings presentation, investor presentation and financial data supplement will be available at:

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