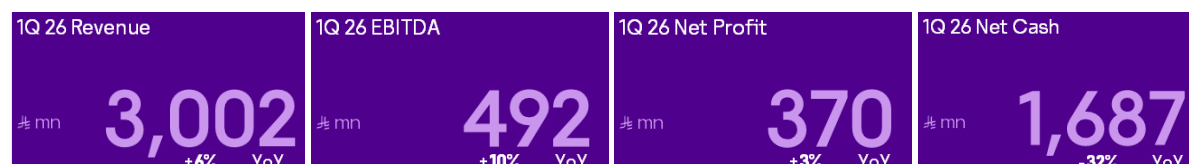


Earnings Release

solutions by stc reports 10% EBITDA growth YoY and strong FCF in 1Q 2026



1Q 2026 Highlights:

- +6% YoY revenue growth to ₪ 3.00 billion
- 19.5% gross profit margin, up 1.6pp QoQ
- +10% YoY EBITDA growth with EBITDA margin up 0.5pp YoY to 16.4%
- ₪ 370 million net profit to shareholders, up 3% YoY
- Net cash position of ₪ 1.69 billion

Riyadh, 27th April 2026 – solutions by stc reported strong financial results for 1Q 2026, with a combination of growth, margins gains and improved cash flow generation. Projects awarded in 2H 2025 started to contribute to 1Q 2026 revenue that grew 6% year-on-year to ₪ 3.0 billion. Gross margin year-on-year decline was offset by continued operational efficiency gains, which resulted in 10% EBITDA growth year-on-year to ₪ 492 million in 1Q 2026. Net profit attributable to shareholders increased by 3% year-on-year to ₪ 370 million in 1Q 2026, despite net finance cost and increased Zakat expense last quarter.

Eng. Omer Abdullah Alnomany, CEO of solutions, commented: "We had a strong start to 2026, reflecting the successful execution of our strategy, with solid revenue growth, EBITDA margin expansion, and a marked improvement in cash flow generation. We are encouraged by the improved momentum in our core ICT services and the increasing contribution from projects secured in the second half of last year. At the same time, our disciplined cost management and focus on operational efficiency allowed us to manage gross margin pressures and deliver robust profitability on the operating level. The proposed capital increase through capitalization of retained earnings and distributing bonus shares underscores our confidence in the company's long-term growth trajectory. The initiative will help solutions by stc capture new opportunities across our key markets and maximize shareholder returns."

solutions' revenue grew 6% year-on-year to ₪ 3.0 billion in 1Q 2026 as new projects added to the backlog in the second half of last year started to reach certain execution milestones and contribute to revenue recognition.

Core ICT Services was the fastest growing business segment with 10% year-on-year revenue growth and a 50% share in total revenue in 1Q 2026, up from 48% in 1Q 2025. Revenue from IT Managed and Operational Services grew 4% year-on-year and contributed 35% of total revenue, in line with 1Q 2025. Digital segment showed 1% year-on-year growth in 1Q 2026 and accounted for 15% of total revenue compared with 16% a year ago.

The revenue split by entity remained broadly unchanged year-on-year. solutions standalone remained the biggest part of the group's business, with its share of total revenue hovering at 68% in 1Q 2026. upsource by solutions made up 18% of the total revenue over the same period, followed by Giza that accounted for 13%.

The revenue mix was well diversified across different customer types. The government sector was the biggest and the fastest growing customer segment in 1Q 2026 with 16% higher revenue year-on-year and a 39% share of the total revenue compared with 36% in 1Q 2025. The private sector maintained strong momentum with 10% revenue growth year-on-year, which increased its revenue share to 27% in 1Q 2026 versus 26% a year ago. Revenue from the parent company, stc, declined by 5% year-on-year and accounted for 34% of 1Q 2026 total revenue compared with 38% in 1Q 2025.

Gross margin decreased by 232 bps year-on-year to 19.5% in 1Q 2026, which continued to reflect an evolving project mix towards a broader range of execution and service-oriented offerings across the portfolio. Furthermore, regulatory changes continue to affect market environment and pricing patterns, although the company contains these negative effects by disciplined bidding and internal efficiencies. At the same time, gross margin showed a 162 bps quarter-on-quarter recovery amid improved margin recognition pattern and a more balanced profile of delivered projects.

Operating expenses fell 24% year-on-year and decreased by 247 bps as a percentage of revenue, which more than offset the impact of lower gross margin and resulted in 52 bps year-on-year expansion in EBITDA margin to 16.4% in 1Q 2026. Absolute EBITDA grew 10% year-on-year to ₪ 492 million in 1Q 2026. Net profit attributable to shareholders increased by 3% year-on-year to ₪ 370 million with a net profit margin of 12.3%. Net profit performance lagged behind EBITDA and operating income growth due to cloud business-driven growth in D&A, net finance cost and increased Zakat expense compared with 1Q 2025.

solutions' operating cash flow turned positive at ₪ 400 million in 1Q 2026 compared with cash outflow recorded in the first quarter in previous years. This was mainly driven by a significant reduction of receivables and increased payables, reflecting the company's enhanced focus on working capital management and payment discipline. Capital expenditures fell by 69% year-on-year to ₪ 18 million in 1Q 2026, reflecting the high comparison base of 1Q 2025 due to execution of a sizeable project. This ensured positive free cash flow of ₪ 344 million, which resulted in a 26% quarter-on-quarter increase in solutions' net cash position to ₪ 1.69 billion as of end of March 2026.

Financial Review

Financial Performance Highlights

₪ (million)	1Q 2026	1Q 2025	YoY Δ%
Revenue	3,002	2,824	+6%
Gross profit	586	616	-5%
Gross Profit Margin (%)	19.5%	21.8%	-2.3%
EBITDA	492	448	+10%
EBITDA Margin (%)	16.4%	15.9%	+0.5%
Net Profit	370	361	+3%

Net Profit Margin (%)	12.3%	12.8%	-0.4%
Capex (organic)	(18)	(58)	-69%
Free Cash Flow	344	(488)	n/m
Net Debt/(Cash)	(1,687)	(2,472)	-32%

Revenue grew 6% year-on-year to ₪ 3.0 billion in 1Q 2026. Gross profit fell 5% year-on-year to ₪ 586 million in 1Q 2026. EBITDA increased by 10% year-on-year to ₪ 492 million, as the gross margin decline was offset by enhanced operating efficiency. Net profit attributable to shareholders grew 3% year-on-year to ₪ 370 million in 1Q 2026. solutions' gross debt portfolio (excluding lease liabilities) increased by 5% year-on-year to ₪ 779 million as of the end of March 2026. The company's net cash position grew quarter-on-quarter to ₪ 1.69 billion on the back of strong cash flow generation.

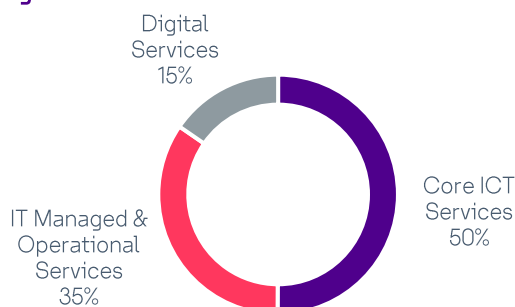
Revenue Breakdown by Business Segment

₪ (million)	1Q 2026	1Q 2025	YoY Δ%
Core ICT Services	1,504	1,365	+10%
IT Managed and Operational Services	1,036	1,000	+4%
Digital Services	463	458	+1%
Total revenue	3,002	2,824	+6%

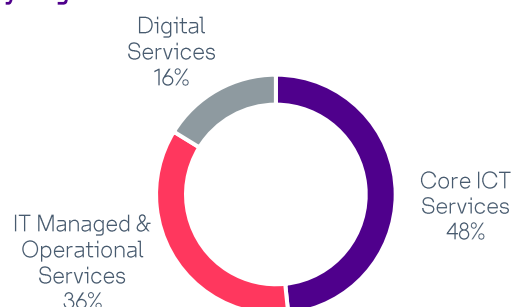
Total revenue increased by 6% year-on-year to ₪ 3.0 billion in 1Q 2026, driven by Core ICT Services that showed 10% year-on-year revenue growth to ₪ 1.5 billion supported by accelerated delivery of projects secured in 2H 2025 that started to more actively contribute to revenue generation. Revenue from IT Managed and Operational Services grew 4% year-on-year to ₪ 1.04 billion in 1Q 2026 amid a significant share of projects awarded in the end of 2025 that are yet to ramp up over the coming quarters. Digital Services revenue increased by 1% to ₪ 463 million in 1Q 2026, marking a cool-down in activity after a strong delivery in 4Q 2025 and Ramadan in 1Q 2026.

As a result, the revenue contribution from Core ICT Services increased from 48% of total revenue in 1Q 2025 to 50% in 1Q 2026. The share of IT Managed and Operational Services remained flat year-on-year at 35%. The share of Digital Services slightly declined year-on-year from 16% in 1Q 2025 to 15% in 1Q 2026.

1Q 2026 Revenue Composition by Segment¹



1Q 2025 Revenue Composition by Segment¹



Revenue Breakdown by Entity²

¥ (million)	1Q 2026	1Q 2025	YoY Δ%
solutions	2,052	1,937	+6%
Giza	397	368	+8%
upsource	553	519	+7%
Total revenue	3,002	2,824	+6%

Revenue from core solutions business increased by 6% year-on-year to ¥ 2.05 billion in 1Q 2026, which accounted for 68% of total revenue compared with 69% a year ago. The revenue growth was mainly driven by the progress in execution of projects secured in 2H 2025.

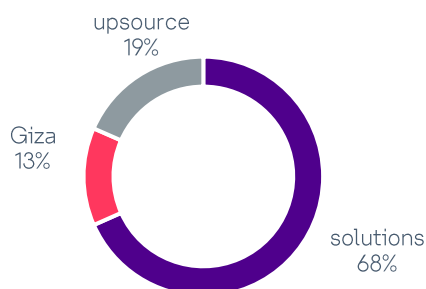
Revenue of upsource grew 7% year-on-year to ¥ 553 million in 1Q 2026, which preserved its 18% share of 1Q 2026 consolidated revenue, in line with a year ago. upsource revenue generation was supported by organic growth driven by new project wins and a gradual ramp-up of projects secured late in 2025.

Giza delivered 8% year-on-year revenue growth to ¥ 397 million in 1Q 2026, which accounted for 13% of 1Q 2026 consolidated revenue, flat year-on-year. This reflected decent performance across the key markets of Saudi Arabia and North Africa with increasing revenue contributions from recently acquired assets within the Giza group.

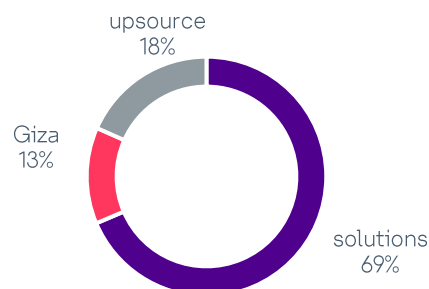
¹ The percentages in the chart may be different from the actual ones due to rounding

² The numbers for entities are provided after intercompany eliminations

1Q 2026 Revenue Composition by Entity³



1Q 2025 Revenue Composition by Entity³



Revenue Breakdown by Customer Type

₭ (million)	1Q 2026	1Q 2025	YoY Δ%
stc	1,017	1,070	-5%
Government	1,175	1,049	+12%
Private sector	810	705	+15%
Total revenue	3,002	2,824	+6%

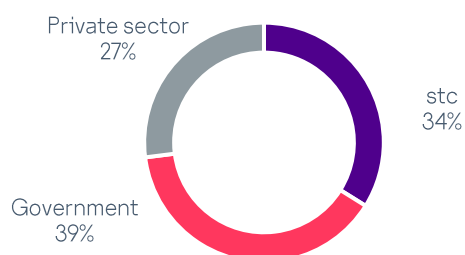
Revenue from the parent company, stc, fell by 5% year-on-year to ₭1.02 billion and accounted for 34% of total revenue in 1Q 2026, down from 38% in 1Q 2025. The weaker revenue generation is explained by the timing of project awards with a significant share of projects still at early execution phases.

The government segment showed a notable acceleration to 12% year-on-year revenue growth to ₭1.2 billion in 1Q 2026 supported by new project wins in 2H 2025 that advanced to certain delivery stages and contributed to revenue recognition. As a result, the revenue share of the segment increased to 39% in 1Q 2026 from 37% in 1Q 2025.

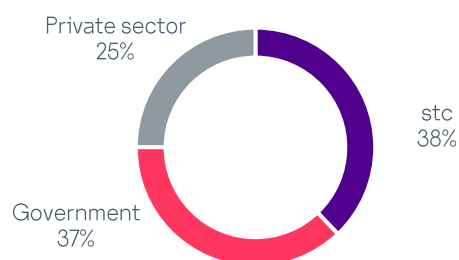
The private sector led the growth with 15% year-on-year revenue increase to ₭810 million and accounted for 27% share in the total revenue in 1Q 2026 compared with 25% in 1Q 2025. Overall, the segment's performance reflects strong execution and successful delivery of ongoing projects along with new project wins.

³ The percentages in the chart may be different from the actual ones due to rounding

1Q 2026 Revenue Composition by Customer Type



1Q 2025 Revenue Composition by Customer Type



Cost savings counterbalance revenue mix changes effects

Gross margin decreased by 232 bps year-on-year to 19.5% in 1Q 2026 due to revenue mix changes with a greater share of implementation and integration projects. Furthermore, changes in the regulatory environment continue to affect pricing patterns, which the company mitigates by disciplined bidding and internal efficiency improvements. At the same time, gross margin showed a 162 bps quarter-on-quarter recovery amid improved margin recognition pattern and a more balanced profile of delivered projects.

Operating expenses fell 24% year-on-year and decreased by 247 bps as a percentage of revenue. Cost savings were achieved across most cost items, with the biggest impact coming from the revised royalty terms with the parent company. This led to adjustments of historical charges and a structurally lower cost base, which will continue to support savings in future periods.

Overall, operating cost control measures fully offset the impact of lower gross margin and resulted in 52 bps year-on-year expansion in EBITDA margin to 16.4% in 1Q 2026. Absolute EBITDA grew 10% year-on-year to ₪ 492 million in 1Q 2026. Net profit attributable to shareholders increased by 3% year-on-year to ₪ 370 million with a net profit margin of 12.3%. Net profit performance lagged behind EBITDA and operating income trajectory due to relative to 1Q 2025.

Improved cash flow generation

solutions’ operating cash flow turned positive at ₪ 400 million in 1Q 2026 compared with cash outflow recorded in the first quarter of 2025 and 2024. This was driven by a decrease of receivables and increased payables due to payment cycle optimization. This was partially offset by increased contract assets and prepayments, reflecting the ongoing project execution with a time lag between billing and delivery.

Investments in property, equipment and intangible assets fell by 69% year-on-year to ₪ 18 million in 1Q 2026, due to a high comparison base of 1Q 2025, when execution of a sizeable project steered a spike in investments.

This led to positive free cash flow of ₪ 344 million, which resulted in a 26% quarter-on-quarter increase in solutions’ net cash position to ₪ 1.69 billion as of end of March 2026.

Material events after the reporting period

On 12 April 2026, the company’s Board of Director’s recommended to the Extraordinary General Assembly to increase the company’s capital by 100% to ₪ 2.4 billion by capitalizing ₪ 1.2 billion from the retained earnings. As a result, each shareholder will receive one bonus share per each share they own as of the eligibility date.

If approved by shareholders, the decision will reinforce the company’s capital base, support its business expansion and strategic initiatives and contribute to long-term value creation.

Analyst Consensus

SAR (million)	1Q 2026 Consensus	1Q 2026 Actual	Δ%	# of Analysts
Revenue	2,981	3,002	0.7%	15
Cost of Sales	2,327	2,417	3.8%	8
Gross Profit	649	586	-9.8%	10
EBITDA	468	492	5.0%	11
EBIT	383	399	4.3%	11
Net Profit (after Zakat)	353	370	4.8%	15

Additional Information

The 1Q 2026 financial statements, earnings presentation, investor presentation and financial data supplement will be available at:

[Investor relations – solutions by stc](#)

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