Earnings Release

solutions by stc accelerates growth and improves EBITDA margin in 1H 2026

1H 26 Revenue	1H 26 EBITDA	1H 26 Net Profit	1H 26 Net Cash
⃁ mn 6,243	⃁ mn 1,089	⃁ mn 824	⃁ mn 693
+9% YoY	+12% YoY	+2% YoY	-20% YoY

1H 2026 Highlights:

- +9% YoY revenue growth to ⃁ 6.24 billion
- Gross profit margin of 22.0% driven by a strong QoQ rebound in 2Q 2026
- +12% YoY EBITDA growth with EBITDA margin up 0.5pp YoY to 17.4%
- ⃁ 824 million net profit to shareholders, up 2% YoY
- Net cash position of ⃁ 693 million

Riyadh, 29th July 2026 – solutions by stc reported strong financial results for 1H 2026 that showed accelerated revenue growth with improved profitability as the company continued to monetize projects that were added to its backlog in 2H 2025. As a result, 1H 2026 revenue grew 9% year-on-year to ⃁ 6.24 billion. A slight dip in gross margin year-on-year was offset by operating cost savings, which drove 12% EBITDA growth year-on-year to ⃁ 1.09 billion in 1H 2026. Net profit attributable to shareholders increased by 2% year-on-year to ⃁ 824 million in 1H 2026, as operating income growth was mitigated by higher net finance cost and other losses in 2Q 2026.

Eng. Omer Abdullah Alnomany, CEO of solutions, commented: “We delivered a strong set of 1H 2026 results, with accelerated revenue growth, stronger profitability and returns, and improved cash flow generation. New project awards this year, together with improved monetization of projects secured in 2025, demonstrate the strength of our execution capabilities and the increasing demand for our integrated ICT solutions. These positive developments illustrate the efficient execution of our strategy, delivering sustainable long-term value for our shareholders.

Despite a dynamic operating environment, our focus on operational efficiency enabled us to expand EBITDA margins while strengthening cash flow through disciplined working capital management. Looking ahead, we remain focused on executing our diversified project pipeline, maintaining operational excellence, and investing selectively in attractive high-return growth opportunities.”

solutions’ revenue grew 9% year-on-year to ⃁ 6.24 billion in 1H 2026 supported by 12% revenue growth in 2Q 2026 due to accelerated execution of existing projects.

Core ICT Services remained the main revenue driver with 20% year-on-year growth and a 54% share in total revenue in 1H 2026, compared with 49% in 1H 2025. Revenue from IT Managed and Operational Services grew 3% year-on-year and contributed 33% of total revenue versus 35% in 1H

2025. Digital segment revenue fell 11% year-on-year in 1H 2026 and accounted for 13% of total revenue, down from 16% a year ago.

In terms of the revenue split by entity, solutions standalone remained the biggest part of the group’s business, with a 67% share of total revenue in 1H 2026, slightly below 68% in 1H 2025. upsource by solutions contributed 18% of the total revenue in 1H 2026 compared with 20% a year ago. Giza, the business which was re-branded “pulse by solutions” in May 2026, increased its revenue share to 15% in 1H 2026 from 12% a year ago.

The revenue mix remained balanced across different customer types. The government sector showed 6% revenue growth year-on-year, and remained the biggest segment in 1H 2026 with a 41% share versus 42% in 1H 2025. Revenue from stc grew 4% year-on-year and accounted for 32% of 1H 2026 total revenue compared with 34% in 1H 2025. The private sector was the main growth driver with 21% revenue growth year-on-year, increasing its share to 26% in 1H 2026 from 24% a year ago.

Gross margin saw a slight dip of 22 bps year-on-year to 22.0% in 1H 2026 with a strong recovery in 2Q 2026, driven by project execution timing and recognition of higher margin project milestones during the quarter.

Operating expenses grew 3% year-on-year and decreased by 45 bps as a percentage of revenue, which fully offset the impact of somewhat lower gross margin and resulted in 51 bps year-on-year expansion in EBITDA margin to 17.4% in 1H 2026. Absolute EBITDA expanded by 12% year-on-year to ⃁ 1.09 billion in 1H 2026. Net profit attributable to shareholders increased by 2% year-on-year to ⃁ 824 million with a net profit margin of 13.2%. Slower net profit dynamics resulted from higher net finance cost and FX loss recognized on a foreign entity.

The group continued to focus on its cash flow performance, having delivered ⃁ 500 million operating cash flow in 1H 2026 compared with cash outflow in 1H 2025. This was supported by improved working capital management and payment discipline, leading to reduced receivables and optimized payables. Capital expenditures increased by 4% year-on-year to ⃁ 90 million in 1H 2026, reflecting overall business growth. This ensured positive free cash flow of ⃁ 315 million. Net cash position decreased to ⃁ 693 million as of end of June 2026 mainly due to payment of dividends for FY 2025 in June this year as part of the group’s carefully managed capital allocation and shareholder return strategy.

Financial Review

Financial Performance Highlights

⃁ (million)	2Q 2026	2Q 2025	YoY ∆%	1H 2026	1H 2025	YoY ∆%
Revenue	**3,240**	**2,902**	**+12%**	**6,243**	**5,725**	**+9%**
Gross profit	**788**	**656**	**+20%**	**1,374**	**1,272**	**+8%**
Gross Profit Margin (%)	*24.3%*	*22.6%*	*+1.7%*	*22.0%*	*22.2%*	*-0.2%*
EBITDA	**597**	**521**	**+15%**	**1,089**	**969**	**+12%**
EBITDA Margin (%)	*18.4%*	*18.0%*	*+0.5%*	*17.4%*	*16.9%*	*+0.5%*
Net Profit	**453**	**446**	**+2%**	**824**	**807**	**+2%**
Net Profit Margin (%)	*14.0%*	*15.4%*	*-1.4%*	*13.2%*	*14.1%*	*-1%*
Capex	**(72)**	**(28)**	**+155%**	**(90)**	**(86)**	**+4%**

Free Cash Flow	**(29)**	**(394)**	**-93%**	**315**	**(882)**	**n/m**
Net Debt/(Cash)	**(693)**	**(866)**	**-20%**	**(693)**	**(866)**	**-20%**

Revenue Breakdown by Business Segment

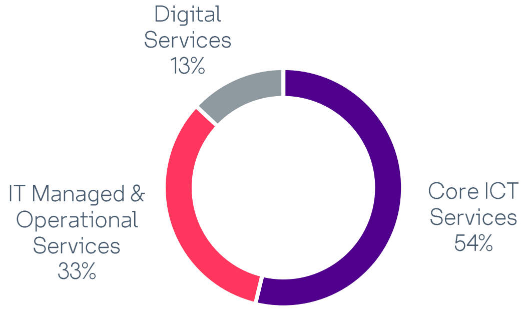
⃁ *(million)*	2Q 2026	2Q 2025	YoY ∆%	1H 2026	1H 2025	YoY ∆%
Core ICT Services	1,853	1,440	+29%	3,357	2,806	+20%
IT Managed and Operational Services	1,036	1,002	+3%	2,072	2,003	+3%
Digital Services	351	459	-23%	814	917	-11%
Total revenue	**3,240**	**2,902**	**+12%**	**6,243**	**5,725**	**+9%**

Total revenue increased by 9% year-on-year to ⃁ 6.24 billion in 1H 2026, driven by Core ICT Services that showed 20% year-on-year revenue growth to ⃁ 3.36 billion supported by accelerated delivery of projects secured during 2025 and early 2026.

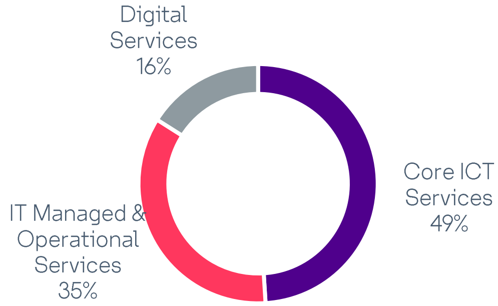
Revenue from IT Managed and Operational Services grew 3% year-on-year to ⃁ 2.07 billion in 1H 2026 amid a significant share of projects at early delivery stages. Digital Services revenue decreased by 11% year-on-year to ⃁ 814 million in 1H 2026, and by 23% year-on-year in 2Q 2026. This reflected the project-based nature of a significant part of the digital project portfolio, which may result in uneven project delivery and revenue recognition. The group continues to view the segment as a strategic growth area with a focus on commercially disciplined growth and an appropriate balance between revenue quality and profitability.

As a result, the revenue contribution from Core ICT Services increased from 49% of total revenue in 1H 2025 to 54% in 1H 2026. The share of IT Managed and Operational Services decreased from 35% in 1H 2025 to 33% in 1H 2026, while the share of Digital Services declined from 16% to 13%, respectively.

1H 2026 Revenue Composition by Segment



1H 2025 Revenue Composition by Segment



Revenue Breakdown by Entity[1]

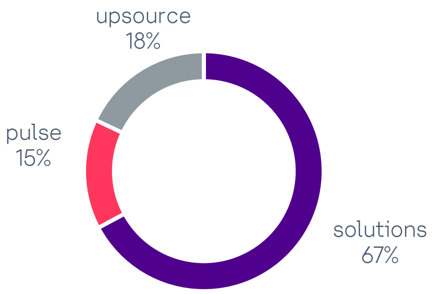
⃁ *(million)*	2Q 2026	2Q 2025	YoY ∆%	1H 2026	1H 2025	YoY ∆%
solutions	2,141	1,964	+9%	4,193	3,902	+7%
pulse	530	336	+58%	927	703	+32%
upsource	569	602	-5%	1,122	1,120	+0%
Total revenue	**3,240**	**2,902**	**+12%**	**6,243**	**5,725**	**+9%**

Revenue from the core solutions business increased by 7% year-on-year to ⃁ 4.19 billion in 1H 2026, which accounted for 67% of consolidated revenue compared with 68% a year ago. The revenue growth was supported by the progress in execution of projects secured last year.

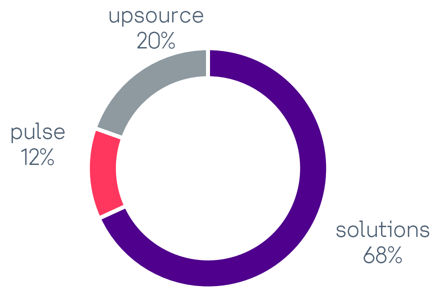
Revenue of upsource remained flat year-on-year at ⃁ 1.12 billion in 1H 2026, with its share declining from 20% in 1H 2025 to 18% in 1H 2026 consolidated revenue. This resulted from a 5% revenue decline year-on-year in 2Q 2026 due to a high share of projects in the ramp-up phase.

Revenue of pulse increased by 32% year-on-year to ⃁ 927 million in 1H 2026, which boosted its revenue share to 15% in 1H 2026 versus 12% in 1H 2025. This reflected strong performance in 2Q 2026 thanks to achieving project milestones across major entities in KSA and North Africa.

1H 2026 Revenue Composition by Entity



1H 2025 Revenue Composition by Entity



Revenue Breakdown by Customer Type

⃁ *(million)*	2Q 2026	2Q 2025	YoY ∆%	1H 2026	1H 2025	YoY ∆%
stc	1,010	878	+15%	2,028	1,948	+4%
Government	1,398	1,372	+2%	2,574	2,421	+6%
Private sector	832	651	+28%	1,641	1,356	+21%
Total revenue	**3,240**	**2,902**	**+12%**	**6,243**	**5,725**	**+9%**

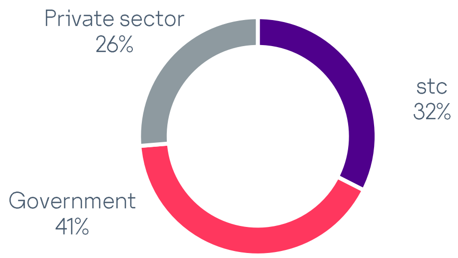
[1] The numbers for entities are provided after intercompany eliminations

Revenue from the parent company, stc, grew 4% year-on-year to ⃁ 2.03 billion and accounted for 32% of total revenue in 1H 2026, down from 34% in 1H 2025. This marked a notable acceleration from 1Q 2026, as stc projects progressed to more advanced execution phases with stronger revenue recognition.

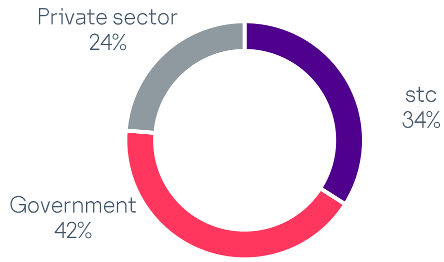
The government segment showed 6% year-on-year revenue growth to ⃁ 2.57 billion in 1H 2026. The segment saw some growth deceleration in 2Q 2026, which reflected high comparison base of 2Q 2025 and typical project phasing. As a result, the revenue share of the segment decreased to 41% in 1H 2026 from 42% in 1H 2025.

The private sector continued to drive growth with 21% year-on-year revenue increase to ⃁ 1.64 billion and expanded its revenue share to 26% in 1H 2026 compared with 24% in 1H 2025. Overall, the segment's performance continued to benefit from strong execution and successful delivery of ongoing projects along with new project wins.

1H 2026 Revenue Composition by Customer Type[2]



1H 2025 Revenue Composition by Customer Type[2]



Strong gross margin dynamics in 2Q 2026 and cost savings fueled EBITDA growth in 1H 2026

Gross margin decreased by 22 bps year-on-year to 22.0% in 1H 2026, while it showed a strong recovery to 24.3% in 2Q 2026, up 171 bps year-on-year, driven by project execution timing and recognition of higher margin project milestones with a higher contribution from complex consulting, professional services and managed services. Overall, gross margin remains within the historical range, reflecting slight variations due to project mix and milestone delivery timing.

Operating expenses grew 3% year-on-year in 1H 2026 and decreased by 45 bps as a percentage of revenue. Cost dynamics over the period were defined by significant savings from revised royalty terms with the parent company in 1Q 2026, which offset accrual of provisions for expected credit loss in 2Q 2026 versus reversal in provisions in 2Q 2025. Excluding these components, operating cost dynamics were broadly in line with the overall business growth.

Absolute EBITDA expanded by 12% year-on-year to ⃁ 1.09 billion in 1H 2026 with EBITDA margin of 17.4%, 51 bps up year-on-year. Net profit attributable to shareholders increased by 2% year-on-year to ⃁ 824 million with a net profit margin of 13.2%. Net profit dynamics were affected by higher net finance cost and FX loss in 2Q 2026.

[2] The percentages in the chart may be different from the actual ones due to rounding

Improved cash flow generation

Management remains focused on the group's cash flow performance and working capital management, which led to improved collections, reduced receivables and optimized payables in 1H 2026. As a result, solutions by stc generated ⃁ 500 million operating cash flow in 1H 2026 compared with cash outflow in 1H 2025. At the same time, higher contract assets and prepayments for licenses reflected active project delivery and a usual temporary time lag between revenue recognition and billing.

Capital expenditures increased by 4% year-on-year to ⃁ 90 million in 1H 2026, reflecting overall business growth. This ensured positive free cash flow of ⃁ 315 million compared with negative free cash flow in 1H 2025.

The group's net cash position decreased to ⃁ 693 million as of end of June 2026 mainly due to payment of dividends for FY 2025 in June this year.

Analyst Consensus

SAR (million)	2Q 2026 Consensus	2Q 2026 Actual	Δ%	# of Analysts
Revenue	*3,087*	*3,240*	*5.0%*	*14*
Cost of Sales	*2,408*	*2,452*	*1.8%*	*8*
Gross Profit	*682*	*788*	*15.5%*	*9*
EBITDA	*527*	*597*	*13.3%*	*9*
EBIT	*440*	*506*	*15.0%*	*9*
Net Profit (after Zakat)	*418*	*453*	*8.4%*	*14*

Additional Information

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

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