ARABIAN INTERNET AND COMMUNICATION SERVICES COMPANY

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

Arabian Internet and Communication Services Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2026

INDEX	**PAGES**

Deloitte and Touche & Co.
Chartered Accountants
(Professional Simplified Joint Stock Company)
Paid-up capital ⃁ 5,000,000
Metro Boulevard – Al-Aqiq
King Abdullah Financial District
P.O. Box 213 - Riyadh 11411
Kingdom of Saudi Arabia
C.R. No. 1010600030

Tel: +966 11 5089001
www.deloitte.com

Independent Auditors' Review Report on The Interim Condensed Consolidated Financial Information

To the Shareholders
Arabian Internet and Communication Services Company
(A Saudi Joint Stock Company)
Riyadh, Kingdom of Saudi Arabia

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Arabian Internet and Communication Services Company ("the Company") and its subsidiaries (together "the Group") as at 30 June 2026, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three and six-month periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended, and the explanatory notes ("the interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 – "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

Deloitte and Touche & Co.
Chartered Accountants

Mazen A.Al-Omari
Certified Public Accountant
License No. 480
19 Safar 1448H
2 August 2026

Arabian Internet and Communication Services Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2026
(All amounts in ⃁ thousands unless otherwise stated)

	Notes	Three-month period ended 30 June		Six-month period ended 30 June	
		2026	2025	**2026**	2025
Revenue	4	**3,240,226**	2,901,538	**6,242,703**	5,725,429
Cost of revenue		**(2,452,441)**	(2,245,792)	**(4,869,150)**	(4,453,206)
GROSS PROFIT		**787,785**	655,746	**1,373,553**	1,272,223
General and administration expenses		**(174,492)**	(145,686)	**(350,716)**	(332,255)
Selling and distribution expenses	5	**(106,872)**	(64,152)	**(117,378)**	(122,910)
Total operating expenses		**(281,364)**	(209,838)	**(468,094)**	(455,165)
OPERATING PROFIT		**506,421**	445,908	**905,459**	817,058
Finance income		**20,170**	29,098	**41,566**	68,285
Finance cost		**(23,603)**	(21,150)	**(45,989)**	(39,049)
Share in net results from equity accounted investees		**3,245**	(1,122)	**3,234**	457
Other (expenses) / income, net		**(26,358)**	16,184	**(15,207)**	13,216
TOTAL OTHER (EXPENSES) / INCOME		**(26,546)**	23,010	**(16,396)**	42,909
PROFIT BEFORE ZAKAT AND INCOME TAX		**479,875**	468,918	**889,063**	859,967
Zakat and income tax charge	10	**(24,498)**	(20,631)	**(61,232)**	(52,585)
NET PROFIT		**455,377**	448,287	**827,831**	807,382
NET PROFIT ATTRIBUTABLE TO:					
Equity holders of the Parent Company		**453,370**	446,326	**823,778**	806,997
Non-controlling interests		**2,007**	1,961	**4,053**	385
		455,377	448,287	**827,831**	807,382
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY:					
Basic	20	**3.81**	3.75	**6.92**	6.78
Diluted	20	**3.78**	3.72	**6.86**	6.72

Chief Financial Officer   Chief Executive Officer   Authorized Board Member

The accompanying notes 1 to 23 form an integral part of these interim condensed consolidated financial statements

Arabian Internet and Communication Services Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE AND SIX-MONTH PERIODS ENDED 30 JUNE 2026
(all amounts in ⃁ thousands unless otherwise stated)

	Note	Three-month period ended 30 June		Six-month period ended 30 June	
		2026	2025	**2026**	2025
NET PROFIT		**455,377**	448,287	**827,831**	807,382
OTHER COMPREHENSIVE INCOME / (LOSS)					
Item that will not be reclassified subsequently to the consolidated statement of profit or loss:					
Remeasurement of end of service indemnities	11	**16**	(18,378)	**(6,146)**	(31,285)
Total items that will not be reclassified subsequently to consolidated statement of profit or loss		**16**	(18,378)	**(6,146)**	(31,285)
Item that may be reclassified subsequently to the consolidated statement of profit or loss:					
Foreign currency translation differences		**25,364**	(3,038)	**(10,142)**	3,993
Total items that may be reclassified subsequently to the consolidated statement of profit or loss		**25,364**	(3,038)	**(10,142)**	3,993
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS)		**25,380**	(21,416)	**(16,288)**	(27,292)
TOTAL COMPREHENSIVE INCOME		**480,757**	426,871	**811,543**	780,090
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Equity holders of the Parent Company		**476,353**	424,031	**808,434**	776,811
Non-controlling interests		**4,404**	2,840	**3,109**	3,279
		480,757	426,871	**811,543**	780,090

Chief Financial Officer   Chief Executive Officer   Authorized Board Member

Arabian Internet and Communication Services Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 JUNE 2026
(all amounts in ⃁ thousands unless otherwise stated)

	Notes	30 June 2026 (Unaudited)	31 December 2025 (Audited)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		**1,496,470**	1,748,973
Short term murabaha	6	**70,000**	370,000
Trade receivables		**3,990,026**	4,659,777
Prepayments and other assets		**862,331**	589,490
Contract assets	7	**3,502,967**	2,970,238
Inventories		**531,492**	406,241
TOTAL CURRENT ASSETS		**10,453,286**	10,744,719
NON-CURRENT ASSETS			
Non-current investments and other assets	8	**484,653**	480,967
Investment in equity accounted investees	9	**349,489**	347,735
Intangible assets and goodwill		**587,761**	608,483
Property and equipment		**358,257**	363,219
Right-of-use assets		**323,485**	371,823
TOTAL NON-CURRENT ASSETS		**2,103,645**	2,172,227
TOTAL ASSETS		**12,556,931**	12,916,946
LIABILITIES AND EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Trade payable, accruals and other liabilities		**4,626,325**	4,511,601
Deferred revenue		**1,463,345**	1,878,758
Contract liabilities		**384,572**	320,145
Zakat and income tax payable	10	**82,759**	159,174
Borrowings	12	**762,528**	150,745
TOTAL CURRENT LIABILITIES		**7,319,529**	7,020,423
NON-CURRENT LIABILITIES			
Lease and other liabilities		**198,340**	235,803
End of service indemnities	11	**734,193**	701,937
Borrowings	12	**110,564**	631,633
TOTAL NON-CURRENT LIABILITIES		**1,043,097**	1,569,373
TOTAL LIABILITIES		**8,362,626**	8,589,796
EQUITY			
Share capital	17	**1,200,000**	1,200,000
Other reserves		**(312,555)**	(299,846)
Treasury shares	19	**(139,231)**	(144,831)
Retained earnings		**3,403,172**	3,532,017
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY		**4,151,386**	4,287,340
Non-controlling interests		**42,919**	39,810
TOTAL EQUITY		**4,194,305**	4,327,150
TOTAL LIABILITIES AND EQUITY		**12,556,931**	12,916,946

Chief Financial Officer | Chief Executive Officer | Authorized Board Member

The accompanying notes 1 to 23 form an integral part of these interim condensed consolidated financial statements

Arabian Internet and Communication Services Company
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
30 JUNE 2026
(all amounts in ⃁ thousands unless otherwise stated)

	Total equity attributable to the equity holders of the Parent Company						
	Share capital	Other reserves	Treasury shares	Retained earnings	Total	Non-controlling Interest	Total
Balance as at 1 January 2026 (audited)	**1,200,000**	**(299,846)**	**(144,831)**	**3,532,017**	**4,287,340**	**39,810**	**4,327,150**
Net profit	**-**	**-**	**-**	**823,778**	**823,778**	**4,053**	**827,831**
Other comprehensive loss	**-**	**(15,344)**	**-**	**-**	**(15,344)**	**(944)**	**(16,288)**
Total comprehensive (loss) / income	**-**	**(15,344)**	**-**	**823,778**	**808,434**	**3,109**	**811,543**
Dividends (note 18)	**-**	**-**	**-**	**(952,623)**	**(952,623)**	**-**	**(952,623)**
Share based payment transactions	**-**	**2,635**	**5,600**	**-**	**8,235**	**-**	**8,235**
Balance as at 30 June 2026 (unaudited)	**1,200,000**	**(312,555)**	**(139,231)**	**3,403,172**	**4,151,386**	**42,919**	**4,194,305**

Balance as at 1 January 2025 (audited)	1,200,000	(261,235)	(151,063)	3,219,890	4,007,592	25,502	4,033,094
Net profit	-	-	-	806,997	806,997	385	807,382
Other comprehensive (loss) / income	-	(30,186)	-	-	(30,186)	2,894	(27,292)
Total comprehensive (loss) / income	-	(30,186)	-	806,997	776,811	3,279	780,090
NCI from AmanaTech	-	-	-	-	-	900	900
Dividends (note 18)	-	-	-	(1,190,407)	(1,190,407)	-	(1,190,407)
Share based payment transactions	-	(2,139)	6,232	-	4,093	-	4,093
Balance as at 30 June 2025 (unaudited)	1,200,000	(293,560)	(144,831)	2,836,480	3,598,089	29,681	3,627,770

-

Chief Financial Officer | Chief Executive Officer | Authorized Board Member

The accompanying notes 1 to 23 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
30 JUNE 2026
(All amounts in ⃁ thousands unless otherwise stated)

	For the six-month period ended 30 June	
	2026	**2025**
OPERATING ACTIVITIES		
Profit before zakat and income tax	**889,063**	859,967
Adjustments for:		
Depreciation and amortization	**118,833**	127,554
Depreciation - right of use assets	**64,518**	24,618
Expected credit loss reversal on trade receivables and contract assets	**(1,039)**	(40,164)
End of service indemnities expense	**75,688**	65,209
Share-based payment expense	**7,952**	3,497
Recognition / (reversal) of provision for contract losses and advances to suppliers	**6,788**	(42,556)
Reversal of provision for slow moving and obsolete inventories	**(1,945)**	(2,163)
Share in results from equity accounted investees	**(3,234)**	(457)
Changes in fair value of FVTPL investment	**-**	(19,828)
Finance cost	**45,989**	39,049
Finance income	**(41,566)**	(68,285)
	1,161,047	946,441
Changes in operating assets and liabilities		
Trade receivables	**661,504**	228,524
Prepayments and other assets	**(282,163)**	(162,972)
Contract assets	**(554,942)**	(742,336)
Inventories	**(125,297)**	(268,638)
Trade payable, accruals and other liabilities	**146,077**	(183,824)
Deferred revenue	**(418,897)**	(448,905)
Contract liabilities	**54,372**	(73,919)
Cash generated from / (used in) operating activities	**641,701**	(705,629)
Zakat and income tax paid	**(138,314)**	(119,231)
End of service indemnities paid	**(50,580)**	(41,281)
Finance income received	**46,825**	84,352
Net cash generated from / (used in) operating activities	**499,632**	(781,789)
INVESTING ACTIVITIES		
Short term murabaha, net	**300,000**	2,575,000
Purchase of property and equipment and intangible assets	**(89,851)**	(86,399)
Investment in an equity accounted investee	**(2,500)**	-
Dividends received from equity accounted investee	**4,000**	-
Net cash generated from investing activities	**211,649**	2,488,601
FINANCING ACTIVITIES		
Lease liabilities payments	**(94,735)**	(13,716)
Repayment of borrowings	**(102,353)**	(6,806)
Proceeds from borrowings	**218,252**	32,701
Proceeds from NCI investment in AmanaTech	**-**	900
Finance cost paid	**(34,405)**	(31,920)
Dividends paid	**(950,425)**	(1,186,900)
Net cash used in financing activities	**(963,666)**	(1,205,741)
Net (decrease) / increase in cash and cash equivalents	**(252,385)**	501,071
Cash and cash equivalents at the beginning of the period	**1,748,973**	1,127,133
Net foreign exchange difference	**(118)**	638
Cash and cash equivalents at the end of the period	**1,496,470**	1,628,842
Non-cash transactions:		
Additions to right of use assets and lease liabilities	**17,057**	84,044

Chief Financial Officer | Chief Executive Officer | Authorized Board Member

The accompanying notes 1 to 23 form an integral part of these interim condensed consolidated financial statements

1 ACTIVITIES

Arabian Internet and Communication Services Company ("the Company" or the "Group" or "solutions by stc") is a Saudi Joint Stock Company registered in Saudi Arabia under Unified National Registration number 7001444137 and commercial registration numbered 1010183482 dated 8 Dhul-Qadah 1423H (corresponding to 11 January 2003). The registered office is located at Riyadh, Olaya street, P.O. Box 50, Riyadh 11372, Kingdom of Saudi Arabia ("KSA"). During December 2020, the Company changed its legal status from a limited liability company to a Saudi Closed Joint Stock Company and during September 2021, the Company completed its Initial Public Offering, and its shares were traded on September 30, 2021.

The Company is 79% owned by Saudi Telecom Company ("stc") (31 December 2025: 79%). The parent of stc is Public Investment Fund ("PIF") which owns 62% (31 December 2025: 62%) of its ordinary shares and is based in KSA.

The main activities of the Company and its subsidiaries (collectively referred to as the "Group") comprise of the followings:

- Engaged in the extension, installation, managing and monitoring of computer networks, wiring and communications.
- Repair and maintenance of engines, systems, and fixed and portable data storage devices.
- Road repair, maintenance and supplies.
- Security devices installation and maintenance.
- Wholesale and retail of security devices, cyber security and systems analysis.
- Design and programming of special software and applications development.
- Senior management advisory services.
- Environmental activities including advisory, testing, and measuring environmental indicators and operating air laboratories, installation, repair, maintenance and environmental monitoring and control operation of continuous and discontinuous systems including the import and wholesale of environmental monitoring and control systems.
- Carrying out all kinds of manufacturing and assembling works in addition to operating and maintenance works; engineering consultations; designing computer systems and accessories; Xerox machines; graphic machines; automatic control devices; wire and wireless communication devices as well as spare parts, equipment and supplies required for operating and maintaining the devices, machines and equipment.
- Selling and marketing computer software and electronic hardware; electronic devices; spare parts; supplies and necessary accessories of all types as well as leasing and maintaining such devices for the benefit of the Company or operating the said devices for the benefit of third parties.
- Conducting amendment and development operations on the computer software and hardware units and providing integrated solutions.
- Designing, supplying, installing and maintaining security systems in various facilities, alarm systems, automatic firefighting systems, circuit breaker systems and communication devices that enable remote desktop connection or that connect computers networks.
- Designing, supplying, installing and maintaining the Optical Ground Wire (OPGW) grids, electricity transmission lines, power transformation stations, generators and auxiliary plants.
- Supplying, installing and maintenance educational laboratories (electric- electronic-mechanical).
- Designing engineering and scientific systems for computers and providing engineering consultations, implementing integrated projects within the scope of the abovementioned activities.
- Undertaking marketing and trading activities within the purpose of the Company.
- Designing, supplying, installing, operating, establishing and maintaining the grids, stations and booster pumping stations for potable water, wastewater as well as gas and fuel grids.
- Carrying out all the electromechanical and electronic work in addition to providing communication networks. Conducting export activities.
- The Group may have an interest or participate in any manner with companies and other entities practicing similar activities or that may assist the Company in achieving its purpose in Egypt or abroad. The Company may also merge into the said entities, purchase them or affiliate them thereto according to the provisions of law and its executive regulations.
- Providing services related to submission of proposals and technical solutions in the field of telecommunications and information technology support and maintenance, systems development, support, and communications programs and information technology.
- Provision of services including contact center services, integrated administrative services for offices, and services related to re-engineering and restructuring of administrative, financial and operational processes.
- Organization and management of exhibitions and conferences.
- Management of maintenance and operations in buildings and related facilities including exhibition and conference centers.

1. ACTIVITIES (CONTINUED)

1.1 Subsidiaries

The following are the details of the subsidiaries directly owned by the Company and included in these interim condensed consolidated financial statements:

Subsidiaries	Country of incorporation	Ownership % 2026	2025
Saudi Telecom Company Solution for Information Technology (Owned by One Person) (a)	Egypt	**100%**	100%
Giza Systems Company (b)	Egypt	**88.19%**	88.19%
Contact Center Company (c)	Saudi Arabia	**100%**	100%
Amana Tech Business Solutions Company (d)	Saudi Arabia	**70%**	70%
Nawat Alittisalat Company (e)	Saudi Arabia	**100%**	100%

a. Saudi Telecom Company Solution for Information Technology (Owned by One Person) is a Limited Liability Company registered in Cairo, Egypt under commercial registration numbered 130135 and dated 9 Jumada Awal 1440H (corresponding to 15 January 2019) with a capital of USD 70,000 (⃁ 262,500) paid in cash. The subsidiary has 1,000 shares with a nominal value of USD 70 per share and it is fully owned by the Company. The principal activities of the subsidiary are information technology and communication industry including industrial activities in designing including designing in computer systems, electronics development, data centers development, software and e-learning development, data analysis, data management, communication and internet services, production of electronic contents, system integration, trainings and outsourcing services, software production. The entity is currently under the liquidation process.

b. Giza System Company (S.A.E) – ("pulse by solutions") was established on 19 Rabi Al Awwal 1409H (corresponding to 29th October 1988) in pursuance of the law No 159 of 1981, and its executive regulation and law No. 95 of 1992 in Egypt with a fully paid capital of EGP 90 million (⃁ 17.2 million). The subsidiary has 9 million shares with a nominal value of EGP 10 per share. The principal activities of the subsidiary are selling and marketing computer software and electronic hardware, conducting amendment and development operations on the computer software and hardware units and providing integrated solutions, designing engineering and scientific systems for computers and providing engineering consultations, Supplying, installing and maintaining educational laboratories (electric - electronic - mechanical) and implementing integrated projects within the scope of the abovementioned activities. The Company owns 34% direct interest in Giza Arabia System Company and indirectly through Giza System with effective ownership of Giza Arabia System Company to 92.21% as of reporting date. Refer to note 22 for additional information.

c. Contact Centers Company ("upsource by solutions") is a Limited Liability Company (the "Company") registered in Riyadh, Kingdom of Saudi Arabia under commercial registration numbered 1010299715 (Riyadh) dated 22 Muharram 1432H (corresponding to 28 December 2010). The Company also operates through its branch in Jeddah under commercial registration numbered 4030265387 dated 16 Rabi Al-Thani 1435H (corresponding to 16 February 2014). The subsidiary has 450,000 shares with a nominal value of ⃁ 10 per share. The Company is principally engaged in providing services related to submission of proposals and technical solutions in the field of telecommunications and information technology support and maintenance, systems development, support, and communications programs and information technology.

d. Amana Tech Business Solutions Company is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration numbered 4030582679 issued in Jeddah on 14 Rabi Al Thani 1446H (corresponding to 17 October 2024) with a capital of ⃁ 3 million. The subsidiary has 300,000 shares with a nominal value of ⃁ 10 per share. The Company's activities include installation and maintenance of electrical and communication wiring, computer networks, installation and maintenance of lighting systems, automation of gates, software publishing, analysis of operating systems, user interface design, robotics, 3D printing, virtual reality technologies, and artificial intelligence applications development.

1. ACTIVITIES (CONTINUED)

1.1 Subsidiaries (continued)

e. Nawat Alittisalat Company (a single-member Company) is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration numbered 7051649049 issued in Riyadh on 24 Rabi' Al Awwal 1447H (corresponding to 16 September 2025) with a capital of ⃁ 1 million. The subsidiary has 10 shares with a nominal value of ⃁ 100,000 per share. The Company's activities include provision of wired internet services, satellite telecom services, short message (SMS) services, data processing, website hosting and related services. No significant transactions have been recorded in relation to this Company during the period and the initial share capital is yet to be injected as of the reporting date.

1.2 Geopolitical developments

The Group continues to monitor ongoing regional geopolitical developments and their potential implications for the Kingdom of Saudi Arabia. The Group has in place robust risk management processes to identify, assess, and respond to any associated risks that may arise as the situation evolves.

For the three and six-month periods ended 30 June 2026, these developments have not resulted in any material impact on the Group's interim condensed consolidated financial statements. No impairment indicators have been identified as a direct consequence of these developments, and the Group's operations have continued without material disruption.

Any potential long-term implications for the Group's business and financial performance will be assessed on an ongoing basis at each reporting date.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

Statement of compliance

The interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting" that is endorsed in Kingdom of Saudi Arabia by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements prepared in accordance with International Financial Reporting Standards and therefore should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

Basis of measurement and functional currency

The interim condensed consolidated financial statements have been prepared on historical cost basis, except for financial assets classified as fair value through profit or loss ("FVTPL") which are measured at fair value.

These interim condensed consolidated financial statements are presented in Saudi Arabian Riyal (⃁), which is the Company's functional currency.

2.2 Material accounting policy information

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The following amendments apply for annual periods beginning on or after 1 January 2026 but do not have an impact on the interim condensed consolidated financial statements of the Group.

- Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments
- Annual improvements to IFRS Accounting Standards Volume 11
- Amendments to IFRS 9 and IFRS 7: Contracts referencing Nature-dependent Electricity

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Material accounting policy information (continued)

New Standards, amendments and interpretations issued but not yet effective

The standards and amendments that are issued, but not yet effective, as of 30 June 2026 are disclosed below;

- IFRS S1 and IFRS S2: International Sustainability Disclosure Standards (Not yet endorsed by SOCPA)
- IFRS 19: Subsidiaries without Public Accountability: Disclosures
- IFRS 18: Presentation and Disclosure in Financial Statements
- Amendments to IAS 21: Translation to a Hyperinflationary Presentation Currency
- IFRS 20: Regulatory Assets and Regulatory Liabilities

The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. These standards are not expected to have a material impact on the Group at their effective dates except for IFRS 18 which the Group continues to evaluate the impact of its adoption on the consolidated financial statements. The major changes introduced by IFRS 18 standard includes introduction of specified categories and new defined subtotals in the statement of profit or loss and consequential amendments to the statement of cash flows.

Under IFRS 18, specific guidance is provided for the classification of income and expenses in newly introduced investing and financing categories where operating category is defined as a residual category. Based on the on-going evaluation of the Group, the main expected changes will be as follows:

- Reclassifying cost of early retirement to be above the Operating Profit.
- A new subtotal before financing category – Profit or loss before financing, zakat and income taxes.
- Disaggregating certain income statement line items into new categories under IFRS 18.

IFRS 18 also requires disclosure of certain subtotal of income and expenses that are used in public communications outside financial statements ('management-defined performance measures' or MPMs) in a single note to the financial statements. The Group will determine the applicable MPMs based on the public communications of the Group that will be available at the time of implementing of IFRS 18 for the reporting periods beginning on 1 January 2027.

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses and assets and liabilities at the reporting date. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the latest annual consolidated financial statements.

4. REVENUE

The following is the analysis of the Group's revenue:

	Three-month period ended 30 June		**Six-month period ended 30 June**	
	2026	2025	**2026**	2025
Core ICT Services	**1,853,024**	1,440,385	**3,356,546**	2,805,686
IT Managed and Operational Services	**1,035,872**	1,002,497	**2,072,212**	2,002,944
Digital Services	**351,330**	458,656	**813,945**	916,799
	3,240,226	2,901,538	**6,242,703**	5,725,429
Type of customers				
Sell through stc and sell to direct customers (stc is not the end customer)	**2,229,859**	2,023,376	**4,215,196**	3,777,165
Sell to stc & its subsidiaries (stc & its subsidiaries are the end customer)	**1,010,367**	878,162	**2,027,507**	1,948,264
	3,240,226	2,901,538	**6,242,703**	5,725,429

4. REVENUE (CONTINUED)

	Three-month period ended 30 June		Six-month period ended 30 June	
Timing of revenue recognition	**2026**	2025	**2026**	2025
Goods or services transferred to customers:				
- over time	**2,798,908**	2,564,785	**5,459,651**	4,965,292
- at a point in time	**441,318**	336,753	**783,052**	760,137
	3,240,226	2,901,538	**6,242,703**	5,725,429
Principal vs Agent				
- Revenue as principal	**3,225,240**	2,889,482	**6,220,964**	5,705,512
- Revenue as agent	**14,986**	12,056	**21,739**	19,917
	3,240,226	2,901,538	**6,242,703**	5,725,429
Geographical markets				
- Inside Kingdom of Saudi Arabia	**2,875,301**	2,778,013	**5,680,821**	5,435,910
- Outside the Kingdom of Saudi Arabia	**364,925**	123,525	**561,882**	289,519
	3,240,226	2,901,538	**6,242,703**	5,725,429

5. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Group's products and services. The selling and distribution expenses for the three and six-month periods include expected credit loss ("ECL") (charge) / reversals on trade receivables and contract assets amounting to ⃁ (15) million and ⃁ 1 million respectively (30 June 2025: ECL reversals of ⃁ 15 million and ⃁ 40 million respectively).

During the six-month period ended 30 June 2026, the Company amended Clause 2 ("Royalty Fee") of the stc Trademark Agreement to clarify the definition of Royalty-Bearing Revenue. Accordingly, the royalty amounts previously recognized by the Licensee from 1 January 2022 onward have been recalculated in line with the amended terms. This resulted in a reversal of previously accrued expenses amounting to ⃁ 63 million, which has been recognized in the interim condensed consolidated statement of profit or loss for the period ended 30 June 2026.

6. SHORT TERM MURABAHA

These represent the murabaha deposits placed with a local bank carrying a profit rate of 5.33% (31 December 2025: 5.25% to 5.38%) per annum. The maturity dates for all these deposits are more than three months and less than one year from the date of original placement.

7. CONTRACT ASSETS

	30 June 2026	31 December 2025
Gross contract assets	**3,554,515**	3,013,887
Allowance for expected credit loss	**(51,548)**	(43,649)
	3,502,967	2,970,238

The movements in the allowance for expected credit loss related to contract assets for the six-month period ended 30 June were as follows:

	30 June 2026	30 June 2025
Balance as at 1 January	**43,649**	47,693
Charge /(reversal) for the period	**8,188**	(442)
Currency translation	**(289)**	56
Balance as at 30 June	**51,548**	47,307

8. NON-CURRENT INVESTMENTS AND OTHER ASSETS

	Notes	**30 June 2026**	31 December 2025
Net investment in finance lease – non-current	8.1	**190,994**	182,321
Financial asset measured at FVTPL	8.2	**144,880**	144,880
Cost to fulfil contracts	8.3	**93,406**	100,336
Deferred tax assets		**43,589**	41,532
Employee loans receivable		**11,784**	11,898
		484,653	480,967

8.1 This represents the finance lease receivables arising from the supply of devices and equipment to customers.

8.2 This represents investment in an equity instrument that is classified as fair value through profit or loss. The Company does not have any significant influence over the investee. There is no change in the fair value of the investment during the six-month period ended 30 June 2026 (30 June 2025: gain of ⃁ 19.8 million).

8.3 This represents the cost to fulfil a contract capitalized under IFRS 15 which will be subsequently amortized to the consolidated statement of profit or loss.

9. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

The carrying amounts of the investments in equity accounted investees are as follows:

	Notes	**30 June 2026**	31 December 2025
Individually material associate – Devoteam Middle East	9.1	**343,436**	346,081
Not individually material associates	9.2	**5,267**	978
Investment in Joint Venture – Nile Middle East Limited Company	9.3	**786**	676
		349,489	347,735

9.1 Devoteam Middle East ("DME") is a leading IT consulting company in the Middle East, specializing in digital transformation, cyber and cloud solutions, and business process optimization. The Group holds 40% ownership in the associate (31 December 2025: 40%). The investment was acquired in February 2024. The carrying amount includes embedded goodwill amounting to ⃁ 188 million (31 December 2025: ⃁ 188 million) and identified intangible assets with a carrying amount of ⃁ 66 million (31 December 2025: ⃁ 72 million).

9.2 This includes the Company's investments in Giza Systems Company for Electromechanical Contracting ("GSEC") and InFact LLC. During the period, the company made an investment of ⃁ 2.5 million in InFact LLC which is reflected in the interim condensed consolidated statement of cashflows.

9.3 The Company has an investment in Nile Middle East Limited Company (Nile ME) (A Joint Venture). The entity is registered under Commercial Registration number 1009197932 issued in Riyadh on 17 Sha'ban 1446H (corresponding to 16 February 2025).

During the six-month period ended 30 June 2026, the Group has recognised a net share of profit of ⃁ 3.2 million (2025: ⃁ 0.5 million) in the interim condensed consolidated statement of profit or loss as the share of net results of the equity accounted investees.

10. ZAKAT AND INCOME TAX PAYABLE

For the years 2009 to 2020, the Company filed its Zakat through the Parent Company, as part of the consolidated Zakat return of the Parent Company, where the Parent company is liable for any assessments provided by ZATCA for the years from 2009 to 2020.

Effective from 1st January 2021, and based on approval from ZATCA, the Company started filing its Zakat returns separately and submitted all zakat returns until the end of 2025, with payment of zakat due based on those returns, and accordingly the Company received zakat certificates for those years. The Company completed the final assessment with ZATCA for all previous years from 2021 to 2024 with no additional liabilities.

The Group's zakat charge for the three and six-month periods ended 30 June 2026 amounted to ⃁ 15.8 million and ⃁ 43.7 million respectively (30 June 2025: ⃁ 14 million and ⃁ 43 million) and is charged to the interim condensed consolidated statement of profit or loss. The Group's zakat net charge for the three and six-month periods ended 30 June 2026 include a reversal related to prior period of ⃁ 7.6 million. This adjustment was recorded following the completion of the final assessment for solutions by stc by ZATCA for the year ended 31 December 2024.

The Group's net income tax provision for the three and six-month periods ended 30 June 2026 amounted to ⃁ 8.7 million and ⃁ 17.5 million respectively (30 June 2025: ⃁ 7 million and ⃁ 9 million) and is charged to the interim condensed consolidated statement of profit or loss.

11. END OF SERVICE INDEMNITIES

End of service benefits provision as at 30 June 2026 is determined using the most recent actuarial valuation. The Group has recorded a net actuarial loss of ⃁ 6.1 million for the six-month period ended 30 June 2026 (30 June 2025: loss of ⃁ 31.3 million) and a net actuarial gain of ⃁ 0.02 million for the three-month period ended 30 June 2026 (30 June 2025: loss of ⃁ 18.4 million) in the interim condensed consolidated statement of comprehensive income for the period ended 30 June 2026.

12. BORROWINGS

	Notes	30 June 2026	31 December 2025
Short term			
Short term – Murabaha Facilities – Giza Group	12.1	**121,021**	89,474
Long term loan – solutions by stc – current portion	12.3	**499,750**	-
Other short-term facilities	12.2	**141,757**	61,271
Balance as at		**762,528**	150,745
Long term			
Long term loan – solutions by stc – non-current portion	12.3	**-**	499,626
Long term loan – Giza Group	12.1	**110,564**	132,007
Balance as at		**110,564**	631,633

12.1 On January 31, 2024, the Group executed a joint financing agreement compliant with Islamic Sharia principles with multiple banks in Egypt, for the benefit of Giza Systems and its subsidiary ("GS"), VAS Integrated Solutions ("VAS"), amounting to EGP 2.82 billion or USD 84.0 million (equivalent to ⃁ 315 million). This agreement is guaranteed by Solutions by stc and aims to refinance the existing facilities of the Company under better terms and at lower financing costs, to support the growth, expansion, and development of the Group and its subsidiaries in Egypt.

12.2 This represents the short-term loans held by the Group's subsidiaries.

12.3 As of 30 June 2026, the Group has Islamic Sharia compliant banking facilities arrangement with a local bank amounting to ⃁ 1.5 billion. The facilities consist of a medium-term financing amounting to ⃁ 500 million which was already drawn in June 2022. The principal is repayable in one instalment due in June 2027 and interest is payable on a semi-annual basis. This loan has therefore been classified as current in the consolidated statement of financial position. The Group also has short-term banking facilities amounting to ⃁ 1.5 billion (including a facility with a limit of ⃁ 500 million obtained in September 2025) to be utilized for issuing LC/LG and available as working capital financing. The facility is secured against a promissory note signed by the Group.

12. BORROWINGS (CONTINUED)

12.4 On 25 November 2024, the Group's subsidiary Contact Centre Company executed a short-term financing agreement compliant with Shariah principles with a bank in KSA with a facility limit amounting to ⃁ 500 million. The facility is secured by a promissory note signed by Contact Centre Company.

Some of the Group's borrowings contain covenants which the Group has duly complied with during the reporting period.

13. RELATED PARTY INFORMATION

Related parties comprise of the Parent Company, and entities which are controlled directly or indirectly or influenced by the Saudi Telecom Company ("stc"), and also directors or key management personnel. In the normal course of business, the Group has various transactions with its related parties.

The Group also transacts business with other related parties which include entities which are either controlled, jointly controlled or under significant influence of the Public Investment Fund, which is the parent company of stc, and the sovereign wealth fund of the Kingdom of Saudi Arabia. The Group has used the exemption in respect of related party disclosures for government-related entities in IAS 24 "Related Party Disclosures".

Transactions are entered into with the related parties on terms and conditions approved by either the Group's management or its Board of Directors.

The Group's immediate and ultimate controlling party is Saudi Telecom Company ("stc"), a listed company incorporated in the Kingdom of Saudi Arabia.

During the three and six-months periods ended 30 June, the Group entered into the following significant transactions with stc and its subsidiaries:

	Three-month period ended 30 June		Six-month period ended 30 June	
	2026	2025	**2026**	2025
stc:				
Sales of goods and services (a)	**1,643,181**	1,490,220	**3,116,044**	3,179,676
Purchases	**70,420**	100,256	**98,636**	192,009
stc subsidiaries:				
Sales of goods and services	**66,774**	112,216	**162,171**	201,068
Purchases	**20,179**	6,634	**60,159**	17,880
Finance income	**5,564**	-	**7,644**	-
Lease related expenses	**20,813**	-	**41,868**	-

(a) Sales of goods and services to stc include an amount of ⃁ 1,251 million (30 June 2025: ⃁ 1,432 million) for which the Parent Company is not the end customer.

Collectively, about 27% of the Group's total sales of goods and services during the six-month period ended 30 June 2026 were made to government and government-related entities in the normal course of business (30 June 2025: 23%).

The following balances were outstanding with related parties at the reporting date:

	30 June 2026	31 December 2025
stc:		
Trade receivable: gross	**996,438**	1,546,024
Contract assets	**1,511,855**	1,482,874
Other assets	**5,220**	3,020
Deferred revenue	**(831,349)**	(1,152,598)
Amounts due to	**(269,174)**	(160,890)
Contract liabilities	**(68,340)**	(91,953)
Accrued expenses	**(199,018)**	(299,287)
Value added tax receivable	**153,020**	3,287

13. RELATED PARTY INFORMATION (CONTINUED)

	30 June 2026	31 December 2025
stc subsidiaries:		
Cash and cash equivalents	**801,588**	166,696
Short term murabaha	**70,000**	-
Trade receivable: gross	**70,420**	99,081
Contract assets	**56,696**	27,401
Other assets	**1,221**	250
Deferred revenue	**(38,605)**	(87,473)
Amounts due to	**(52,792)**	(6,437)
Accrued expenses	**(27,362)**	(19,801)
Right of use assets	**182,244**	217,868
Lease liabilities	**(202,072)**	(263,167)
Equity accounted investees:		
Amounts due to	**(25,516)**	(11,220)
Amounts due from	**31,527**	29,680

The receivable amounts outstanding are unsecured and will be settled in cash or adjusted with payable balance. No guarantees have been given or received.

Key Management Personnel

Key management personnel include executives, and members of the Board of Directors and their compensation is comprised of the following;

	30 June 2026	30 June 2025
Key Management Personnel		
Employment benefits and remuneration	**38,580**	27,950
Share based payment	**3,517**	3,629
Board of Directors		
Remuneration of Board of Directors	**3,569**	3,593

14. SEGMENT INFORMATION

Information regarding the Group’s operating segments is set out below in accordance with IFRS 8 Operating segments. IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Group’s chief operating decision maker (“CODM”) and used to allocate resources to the segments and to assess their performance. The Group has therefore identified segments based on entity as the management reports of each of these entities are reviewed by CODM periodically. The existence of separate management responsible for each of these segments has been considered as one of the factors in identifying these operating segments. The Group has not aggregated multiple operating segments into a single operating segment.

The Group, through its segments is engaged in Information Communication and Technology (“ICT”) services and some other related services and products. The major products and services from which each segment derives revenue are as disclosed below;

- solutions by stc: Core ICT Services, IT Managed and Operational Services and Digital Services.
- pulse by solutions: Core ICT Services, IT Managed and Operational Services and Digital Services.
- upsource by solutions: IT Managed and Operational Services.

14. SEGMENT INFORMATION (CONTINUED)

Majority of the Group's revenues, income and assets relate to its operations within the Kingdom. Outside of the Kingdom, the Group operates through its subsidiaries. Revenue is distributed to an operating segment based on the entity of the Group. Sales between segments are calculated at normal business transaction prices.

	Three-month period ended 30 June		Six-month period ended 30 June	
	2026	2025	**2026**	2025
solutions by stc	**2,140,878**	1,964,423	**4,193,368**	3,901,715
pulse by solutions	**850,833**	595,501	**1,497,881**	1,045,809
upsource by solutions	**786,361**	692,033	**1,513,449**	1,320,180
Intergroup eliminations	**(537,846)**	(350,419)	**(961,995)**	(542,275)
Total revenue (note 4)	**3,240,226**	2,901,538	**6,242,703**	5,725,429
Total cost of revenue	**(2,452,441)**	(2,245,792)	**(4,869,150)**	(4,453,206)
Total operating expenses	**(281,364)**	(209,838)	**(468,094)**	(455,165)
Total other (expenses) / income, net	**(26,546)**	23,010	**(16,396)**	42,909
Zakat and income tax charge, net	**(24,498)**	(20,631)	**(61,232)**	(52,585)
Net profit for the period	**455,377**	448,287	**827,831**	807,382
Net profit for equity holders of the Parent Company	**453,370**	446,326	**823,778**	806,997
Net profit for non-controlling interests	**2,007**	1,961	**4,053**	385
Total net profit	**455,377**	448,287	**827,831**	807,382

The following is the gross profit analysis on a segment basis;

	Three-month period ended 30 June		Six-month period ended 30 June	
	2026	2025	**2026**	2025
solutions by stc	**620,071**	533,692	**1,068,617**	1,070,593
pulse by solutions	**111,196**	81,443	**187,208**	118,120
upsource by solutions	**66,459**	62,196	**137,653**	113,297
Intergroup eliminations	**(9,941)**	(21,585)	**(19,925)**	(29,787)
Gross profit	**787,785**	655,746	**1,373,553**	1,272,223

Information about major customers

No other single customer (with the exception of the Parent Company as disclosed in note 13) contributed 10% or more to the Group's revenues.

15. CAPITAL COMMITMENTS

The Group had no capital commitments at the reporting date.

16. CONTINGENT LIABILITIES

	30 June 2026	31 December 2025
Letters of guarantee and credit	**1,573,064**	1,155,648

The above letters of guarantees and letters of credit were issued under a multi-purpose banking facility of ⃁ 2,800 million (31 December 2025: ⃁ 2,430 million).

17. SHARE CAPITAL

	30 June 2026	31 December 2025
Authorized, issued and fully paid capital comprises:		
120 million fully paid ordinary shares at ⃁ 10 each	**1,200,000**	1,200,000

On 12 April 2026 (corresponding to 24 Shawwal 1447H), the Board of Director's recommended to the Extraordinary General Assembly to increase the company's capital by 100% via granting bonus shares. The increase will be through capitalizing ⃁ 1,200 million from the retained earnings. Each shareholder will be granted one bonus share for each one share owned by shareholders at the eligibility date. The proposed grant remains subject to obtaining necessary approvals from relevant authorities and Extraordinary General Assembly on the capital increase and number of granted shares.

18. DIVIDENDS

The General Assembly, in its ordinary general meeting held on 19 May 2026, approved the Board of Directors' recommendation to distribute ordinary cash dividend of ⃁ 8 per share, totaling to ⃁ 953 million (2025: ⃁ 8 per share and additional special cash dividend of ⃁ 2 per share, totaling to ⃁ 1,190 million). The dividends were paid on 11 June 2026.

19. TREASURY SHARES AND LONG-TERM INCENTIVES PLAN

On 29 September 2021, the Company purchased 1.2 million of its own shares from the Parent Company at cost of ⃁ 151 per share, for cash consideration of ⃁ 181 million. These shares are held by the Company as treasury shares in order to support its future employee's long-term incentive plans.

The following is the movement in the number of treasury shares during the period / year:

	30 June 2026	31 December 2025
Outstanding shares as at 1 January	**959,148**	1,000,415
Treasury shares re-issued	**(37,083)**	(41,267)
Treasury shares as at reporting date	**922,065**	959,148

20. EARNINGS PER SHARE

	Three-month period ended 30 June		Six-month period ended 30 June	
	2026	2025	**2026**	2025
Net profit attributable to the equity holders of the Parent Company for the period	**453,370**	446,326	**823,778**	806,997
Weighted average number of shares ('000s) for the purpose of basic earnings	**119,066**	119,013	**119,053**	119,006
Weighted average number of shares ('000s) for the purpose of diluted earnings	**120,000**	120,000	**120,000**	120,000
Basic earnings per share	**3.81**	3.75	**6.92**	6.78
Diluted earnings per share	**3.78**	3.72	**6.86**	6.72

21. FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

21. FINANCIAL INSTRUMENTS (CONTINUED)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable input).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
As at 30 June 2026					
Financial Asset					
Financial asset measured at fair value through profit or loss (note 8)	**144,880**	**-**	**-**	**144,880**	**144,880**
As at 31 December 2025					
Financial Asset					
Financial asset measured at fair value through profit or loss (note 8)	144,880	-	-	144,880	144,880

Fair value of other financial instruments has been assessed as approximate to the carrying amounts due to frequent re-pricing or their short-term nature.

There were no transfers between different levels of the fair value hierarchy during the period.

Valuation technique and significant unobservable inputs

Type	**Valuation technique**	**Significant unobservable input**
Financial assets measured at fair value through profit or loss	This represents investments in non-quoted equity instruments. The fair value of the investment is obtained from fair value reports as issued by the fund manager. The Backsolve valuation methodology was applied to estimate fair value.	Equity Volatility Time to exit

22. EVENTS AFTER THE REPORTING DATE

Subsequent to the period ended 30 June 2026,

- the Company is in the process of finalizing the purchase of a 11.76% ownership interest in Giza Systems Group (“pulse by solutions”) from the existing non-controlling shareholders, for a consideration amounting to ⃁ 135 million.
- the Group, in accordance with the nature of its business has entered into or is negotiating various contracts. Management does not expect these to have any material impact on the Group’s consolidated results and financial position as of the reporting date.

23. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements for the three and six-month periods ended 30 June 2026 were approved by the Company’s Board of Directors on 14 Safar 1448H (corresponding to 28 July 2026).