

ARABIAN INTERNET AND COMMUNICATION SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS PERIOD ENDED 31 MARCH 2025**

Arabian Internet And Communication Services Company
(A Saudi Joint Stock Company)
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2025

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

Tel: +966 11 5089001

www.deloitte.com

**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

To: The Shareholders of
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 of March 31, 2025, and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as 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 the International Standards on Auditing as 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on February 24, 2025. The interim condensed consolidated financial statements of the Group for the three-month period ended March 31, 2024 were reviewed by another auditor who expressed an unmodified conclusion on those statements on May 9, 2024.

Deloitte and Touche & Co.
Chartered Accountants

Mazen A. Al-Omari
Certified Public Accountant
License No.480
Thul-Qi'dah 1, 1446H
April 29, 2025



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 March 2025
(all amounts in Saudi Riyal thousands unless otherwise stated)

	Notes	Three-month period ended	
		31 March 2025	31 March 2024
Revenue	4	2,823,891	2,808,648
Cost of revenue		(2,207,414)	(2,189,187)
GROSS PROFIT		616,477	619,461
General and administration expenses		(186,569)	(155,047)
Selling and distribution expenses		(58,758)	(94,211)
Total operating expenses		(245,327)	(249,258)
OPERATING PROFIT		371,150	370,203
Finance income		39,187	38,546
Finance cost		(17,899)	(17,452)
Share in net results from equity accounted investees		1,579	3,159
Other expenses, net		(2,968)	(44,529)
TOTAL OTHER INCOME / (EXPENSE)		19,899	(20,276)
PROFIT BEFORE ZAKAT AND INCOME TAX		391,049	349,927
Zakat and income tax (charge) / reversal	9	(31,954)	228
NET PROFIT		359,095	350,155
NET PROFIT/ (LOSS) ATTRIBUTABLE TO:			
Equity holders of the Parent Company		360,671	353,336
Non-controlling interests		(1,576)	(3,181)
		359,095	350,155
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY:			
Basic	19	3.03	2.97
Diluted	19	3.01	2.94


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 COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED 31 March 2025
(all amounts in Saudi Riyal thousands unless otherwise stated)

		Three-month period ended	
	Notes	31 March 2025	31 March 2024
NET PROFIT		359,095	350,155
OTHER COMPREHENSIVE LOSS			
<i>Item that will not be reclassified subsequently to the consolidated profit or loss:</i>			
Remeasurement of end of service indemnities	10	(12,907)	(24,829)
<i>Total items that will not be reclassified subsequently to consolidated statement of profit or loss</i>		(12,907)	(24,829)
<i>Item that may be reclassified subsequently to the consolidated profit or loss:</i>			
Foreign currency translation differences		7,031	(143,615)
<i>Total items that may be reclassified subsequently to the consolidated profit or loss</i>		7,031	(143,615)
TOTAL OTHER COMPREHENSIVE LOSS		(5,876)	(168,444)
TOTAL COMPREHENSIVE INCOME		353,219	181,711
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:			
Equity holders of the Parent Company		352,780	198,379
Non-controlling interests		439	(16,668)
		353,219	181,711



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 31 March 2025

(all amounts in Saudi Riyal thousands unless otherwise stated)

	Notes	31 March 2025 (Unaudited)	31 December 2024 (Audited)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,195,157	1,127,133
Short term murabaha	5	1,020,000	2,575,000
Trade receivables		3,162,155	3,758,610
Prepayments and other assets		566,095	436,445
Contract assets	6	2,634,894	2,249,371
Inventories		337,633	212,131
TOTAL CURRENT ASSETS		9,915,934	10,358,690
NON-CURRENT ASSETS			
Non-current investments and other assets	7	316,173	268,450
Investment in equity accounted investees	8	342,271	340,686
Intangible assets and goodwill		568,715	557,229
Property and equipment		409,184	425,263
Right-of-use assets		140,180	89,780
TOTAL NON-CURRENT ASSETS		1,776,523	1,681,408
TOTAL ASSETS		11,692,457	12,040,098
LIABILITIES AND EQUITY			
LIABILITIES			
CURRENT LIABILITIES			
Trade payable, accruals and other liabilities		3,439,759	3,886,613
Deferred revenue		1,760,982	2,089,636
Contract liabilities		436,255	467,349
Zakat and income tax payable	9	181,177	146,273
Borrowings	11	101,636	93,027
TOTAL CURRENT LIABILITIES		5,919,809	6,682,898
NON-CURRENT LIABILITIES			
Lease and other liabilities		146,448	103,603
End of service indemnities	10	597,184	581,700
Borrowings	11	641,689	642,271
TOTAL NON-CURRENT LIABILITIES		1,385,321	1,327,574
TOTAL LIABILITIES		7,305,130	8,010,472
EQUITY			
Share capital	16	1,200,000	1,200,000
Other reserves		(265,544)	(261,235)
Treasury shares	18	(151,063)	(151,063)
Retained earnings		3,580,561	3,219,890
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY		4,363,954	4,007,592
Non-controlling interests		23,373	22,034
TOTAL EQUITY		4,387,327	4,029,626
TOTAL LIABILITIES AND EQUITY		11,692,457	12,040,098



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 CHANGES IN EQUITY (UNAUDITED)

31 March 2025

(all amounts in Saudi Riyal thousands unless otherwise stated)

	Total equity attributable to the owners of the Parent Company					
	Share capital	Other reserves	Retained earnings	Treasury Shares	Total	Non-controlling Interest
Balance as at 1 January 2025	1,200,000	(261,235)	3,219,890	(151,063)	4,007,592	22,034
Net profit / (loss)	-	-	360,671	-	360,671	(1,576)
Other comprehensive (loss) / income	-	(7,891)	-	-	(7,891)	2,015
Total comprehensive (loss) / income	-	(7,891)	360,671	-	352,780	439
NCI from new subsidiary (Note 1)	-	-	-	-	-	900
Share based payments	-	3,582	-	-	3,582	-
Balance as at 31 March 2025	1,200,000	(265,544)	3,580,561	(151,063)	4,363,954	23,373
Balance as at 1 January 2024	1,200,000	(59,863)	2,338,270	(154,444)	3,323,963	28,591
Net profit / (loss)	-	-	353,336	-	353,336	(3,181)
Other comprehensive loss	-	(154,957)	-	-	(154,957)	(13,487)
Total comprehensive (loss) / income	-	(154,957)	353,336	-	198,379	(16,668)
Share based payments	-	2,565	-	-	2,565	-
Balance as at 31 March 2024	1,200,000	(212,255)	2,691,606	(154,444)	3,524,907	11,923

Chief Financial Officer

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Authorized Board Member

The accompanying notes 1 to 22 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 CASH FLOWS (UNAUDITED)**31 March 2025**

(all amounts in Saudi Riyal thousands unless otherwise stated)

	For the three months period ended 31 March	
	2025	2024
OPERATING ACTIVITIES		
Profit before zakat and income tax	391,049	349,927
Adjustments for:		
Depreciation and amortization	63,209	61,010
Depreciation - right of use assets	13,380	9,225
Expected credit loss (reversal) / charge	(24,778)	11,102
End of service indemnities expense	30,627	32,650
Share based payment expense	3,582	2,565
Reversal of provision for contract losses	(8,468)	(1,386)
Charge / (reversal) for slow moving and obsolete inventories	4,902	(2,847)
Share in results from equity accounted investees	(1,579)	(3,159)
Changes in fair value of FVTPL investment	-	(6,106)
Finance charges	17,899	17,452
Finance income	(39,187)	(38,546)
	450,636	431,887
Changes in operating assets and liabilities		
Trade receivable	616,597	(617,578)
Prepayments and other assets	(171,439)	(117,069)
Contract assets	(378,375)	(514,019)
Inventories	(130,200)	83,844
Trade payable, accruals and other liabilities	(450,070)	(264,253)
Deferred revenue	(328,858)	(487,733)
Contract liabilities	(32,371)	29,377
Cash flows used in operating activities	(424,080)	(1,455,544)
Zakat and income taxes paid	-	(1,129)
End of service indemnities paid	(29,022)	(15,519)
Finance income received	36,098	40,801
Net cash used in operating activities	(417,004)	(1,431,391)
INVESTING ACTIVITY		
Short term murabaha, net	1,555,000	(100,000)
Purchase of property and equipment and intangible assets	(58,342)	(31,355)
Investments in equity accounted investee	-	(297,861)
Proceeds from disposal of short-term investments	-	165,822
Net cash generated from / (used in) investing activities	1,496,658	(263,394)
FINANCING ACTIVITIES		
Lease liabilities payments	(12,941)	(7,039)
Borrowings, net	7,964	31,720
Proceeds from NCI investment in Amanah Tech	900	-
Finance cost paid	(7,722)	(7,215)
Net cash (used in) / generated from financing activities	(11,799)	17,466
Net increase / (decrease) in cash and cash equivalents	1,067,855	(1,677,319)
Cash and cash equivalents at the beginning of the period	1,127,133	2,588,169
Net foreign exchange difference	169	(52,913)
Cash and cash equivalents at the end of the period	2,195,157	857,937



Chief Financial Officer



Chief Executive Officer



Authorized Board Member

The accompanying notes 1 to 22 form an integral part of these interim condensed consolidated financial statements

Arabian Internet and Communication Services Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**31 March 2025**

(All amounts in Saudi Riyals thousands unless otherwise stated)

1. ACTIVITIES

Arabian Internet and Communication Services Company ("the Company" or the "Group") is a Saudi Joint Stock Company registered in Saudi Arabia under commercial registration numbered 1010183482 and 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 2024: 79%). The parent of STC is Public Investment Fund ("PIF") which owns 62% (31 December 2024: 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.

Arabian Internet and Communication Services Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**31 March 2025**

(All amounts in Saudi Riyals thousands unless otherwise stated)

1. ACTIVITIES (CONTINUED)

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

Subsidiaries	Country of incorporation	Ownership %	
		2025	2024
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%
Amanah Tech Business Solutions Company (d)	Saudi Arabia	70%	70%

- 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 (SAR 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) 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 (SAR 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.
- c. Contact Centers Company 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 SAR 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. Amanah 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 SAR 3.0 Million. The subsidiary has 300,000 shares with a nominal value of SAR 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. The initial capital injection was made in the current period. NCI amounting to SAR 0.9 million representing 30% of the total capital has been recognised in the interim condensed consolidated statement of changes in equity.

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 KSA 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 in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

Basis of measurement and functional currency

The interim condensed consolidated financial statements have been prepared on the 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 (SAR), 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 2024.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. One amendment (Amendment to IAS 21: Lack of exchangeability) applies for the first time in 2025 but does not have an impact on the interim condensed consolidated financial statements of the Group.

New Standards, amendments and interpretations issued but not yet effective

The standards and amendments that are issued, but not yet effective, as of 31 March 2025 are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Except as disclosed in the annual consolidated financial statements for the year ended 31 December 2024 in relation to IFRS 18, these standards are not expected to have a material impact on the Group at their effective dates.

New standards, amendments and interpretations issued but not yet effective

- Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments.
- IFRS S1 and IFRS S2: International Sustainability Disclosure Standards (Not yet endorsed by SOCPA).
- Annual improvements to IFRS Accounting Standards Volume 11.
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- IFRS 19: Subsidiaries without Public Accountability: Disclosures.
- IFRS 18: Presentation and Disclosure in Financial Statements.

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 except as disclosed below.

Arabian Internet and Communication Services Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**31 March 2025**

(All amounts in Saudi Riyals thousands unless otherwise stated)

3. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)***Change in Expected Credit Loss (ECL) estimation model***

During the period, the Company updated its Expected Credit Loss (ECL) provisioning model based on recommendations provided by an independent third-party consultant in prior years. Key enhancements in the revised model include; adoption of a 90-day period as an explicit definition of default, refinement of the flow rate calculation methodology by changing the age bucketing approach from three months to one month and modification in the due date calculation approach (i.e. the due date is calculated from the end of customer credit terms, instead of starting from invoice date as per the best practice). As a result of implementing the updated ECL model, a net reversal of ECL provisions amounting to SAR 33 million was recognized during the period.

4. REVENUE

The following is the analysis of the Group's revenue for the three-month periods ended:

	31 March 2025	31 March 2024
Core ICT Services	1,365,301	1,584,250
IT Managed and Operational Services	1,000,447	778,019
Digital Services	458,143	446,379
	2,823,891	2,808,648
Type of customers		
Sell through STC and sell to direct customers (STC is not the end customer)	1,753,789	1,754,626
Sell to STC & its subsidiaries (STC & its subsidiaries are the end customer)	1,070,102	1,054,022
	2,823,891	2,808,648
Timing of revenue recognition		
Goods or services transferred to customers:		
- over time	2,400,507	2,451,801
- at a point in time	423,384	356,847
	2,823,891	2,808,648
Principal vs Agent		
- Revenue as principal	2,816,030	2,796,139
- Revenue as agent	7,861	12,509
	2,823,891	2,808,648
Geographical markets		
- Kingdom of Saudi Arabia	2,657,897	2,638,914
- Outside the Kingdom of Saudi Arabia	165,994	169,734
	2,823,891	2,808,648

5. SHORT TERM MURABAHA

These represent the murabaha deposits placed with various local banks carry a profit rate of 4.5% to 6.1% (31 December 2024: 5.6% to 6.1%) per annum. The maturity date for all these deposits are more than three months and less than one year from the date of original placement.

Arabian Internet and Communication Services Company

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**31 March 2025**

(All amounts in Saudi Riyals thousands unless otherwise stated)

6. CONTRACT ASSETS

	31 March 2025	31 December 2024
Gross contract assets	2,676,479	2,297,064
Allowance for expected credit loss	(41,585)	(47,693)
	<u>2,634,894</u>	<u>2,249,371</u>

The movements in the allowance for expected credit loss related to contract assets for the three-month period ended 31 March were as follows:

	2025	2024
Balance as at 1 January	47,693	39,816
(Reversal) / charge for the period	(6,100)	4,942
Currency translation	(8)	(3,673)
Balance as at 31 March	<u>41,585</u>	<u>41,085</u>

7. NON-CURRENT INVESTMENTS AND OTHER ASSETS

	Note	31 March 2025	31 December 2024
Financial asset measured at FVTPL	7.1	125,052	125,052
Employees loans receivable		11,075	11,345
Deferred tax assets		35,258	32,633
Lease receivable		67,201	40,789
Cost to fulfil contracts	7.2	77,587	58,631
		<u>316,173</u>	<u>268,450</u>

7.1 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. During the period, there is no change in the fair value of the investment.

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

8. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES

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

	Note	31 March 2025	31 December 2024
Individually material associate – Devoteam Middle East	8.1	341,081	339,399
Not individually material associate - Giza System Company for Electromechanical Contracting (GSEC)		1,190	1,287
		<u>342,271</u>	<u>340,686</u>

8.1 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 a 40% ownership in the associate (31 December 2024: 40%). The investment was acquired in February 2024. The carrying amount includes embedded goodwill amounting to SAR 188 million (31 December 2024: 188 million) and identified intangible assets with a carrying amount of SAR 81 million (31 December 2024: 84 million) .

During the three-month period ended 31 March 2025, the Group has recognised a net amount of SAR 1.6 million (2024: SAR 3.2 million) in the interim condensed statement of profit or loss as the share of net results of the equity accounted investees.

Arabian Internet and Communication Services Company

(A Saudi Joint Stock Company)

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(All amounts in Saudi Riyals thousands unless otherwise stated)

8. INVESTMENT IN EQUITY ACCOUNTED INVESTEEES (CONTINUED)

8.2 During the period, the incorporation of the Nile Middle East Limited Company (A Joint Venture) was completed. The Company is registered under Commercial Registration number 1009197932 issued in Riyadh on 17 Sha'ban 1446H (corresponding to 13 February 2025). No 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.

9. ZAKAT AND INCOME TAX

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 2023, with payment of zakat due based on those returns, and accordingly the company received zakat certificates for those years. Further, it calculates and records zakat provision based on the zakat base of its own financial statements, in accordance with the requirements of ZATCA. Solutions by STC has received clearance from ZATCA for all previous years up to 31 December 2023 with no amendments and no further assessment.

The Group's zakat charge for the three-month period ended 31 March 2025 amounted to SAR 29.4 million (31 March 2024: SAR 26.9 million and reversal related to prior period of SAR 30.8 million) and is charged to the interim condensed consolidated statement of profit or loss.

The Group's net income tax provision for the three-month period ended 31 March 2025 amounted to SAR 2.5 million (31 March 2024: SAR 3.7 million) and is charged to the interim condensed consolidated statement of profit or loss.

10. END OF SERVICE INDEMNITIES

End of service benefits provision as at 31 March 2025 is determined using the most recent actuarial valuation. The Group has recorded a net actuarial loss of SAR 12.9 million (31 March 2024: SAR 24.8 million) in the interim condensed consolidated statement of comprehensive income for the three-month period ended 31 March 2025.

11. BORROWINGS

	<i>Notes</i>	31 March 2025	31 December 2024
Short term			
Short term – Murabaha Facilities	11.1	45,206	31,003
Other short-term facilities	11.2	56,430	62,024
Balance as at		101,636	93,027
Long term			
Long term loan – Solutions by stc	11.3	499,438	499,377
Long term loan – Giza Group	11.1	142,251	142,894
Balance as at		641,689	642,271

11.1 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 SAR 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. During the period, Giza and VAS completed drawdowns of remaining amounts from these Murabaha facilities and balances are shown as at reporting date.

11.2 This represents the short-term loans held by the Group's subsidiary.

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11. BORROWINGS (CONTINUED)

- 11.3 As of 31 December 2024, the Group has Islamic Sharia compliant banking facilities arrangement with a local bank amounting to SAR 1.5 billion. The facilities consist of a medium-term financing amounting to SAR 500 million which was already withdrawn in June 2022. The principal is repayable in one instalment due in June 2027 and interest is payable on a semi-annual basis. The Group also has short-term banking facilities amounting to SAR 1 billion 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.
- 11.4 On 25 November 2024, the Group's subsidiary (CCC) executed a short-term financing agreement compliant with Shariah principles with a bank in KSA with a facility limit amounting to SAR 500 million. The facility is secured by a promissory note signed by Contact Centre Company (CCC). There has been no cash drawdown on this facility as at 31 March 2025.

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

12. RELATED PARTY INFORMATION

Related parties comprise of the Parent Company and entities which are controlled directly or indirectly or influenced by 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. 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-month period ended 31 March, the Group entered into the following significant transactions with STC and its subsidiaries:

	31 March 2025	31 March 2024
Sales of goods and services (STC) (a)	1,689,456	1,638,384
Sales of goods and services (STC subsidiaries) (a)	88,852	136,669
Purchases (STC)	91,753	116,715
Purchases (STC subsidiaries)	7,965	25,827

- (a) Sales of goods and services to STC include an amount of SAR 708 million (31 March 2024: SAR 721 million) for which Parent Company is not the end customer.
- (b) Revenue related to direct transactions with government and government related entities for the three-month period ended 31 March 2025 is SAR 473 million (31 March 2024: SAR 616 million).

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

	31 March 2025	31 December 2024
STC:		
Trade receivable: gross	961,837	1,099,590
Contract assets	984,101	898,992
Other assets	3,632	2,962
Deferred revenue	(1,100,621)	(1,289,307)
Amounts due to	(314,136)	(236,079)
Contract liabilities	(155,645)	(251,970)
Accrued expenses	(210,890)	(190,134)
Value added tax receivable	93,970	17,908

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12. RELATED PARTY INFORMATION (CONTINUED)***Balances outstanding with related parties (continued)***

	<u>31 March 2025</u>	<u>31 December 2024</u>
STC subsidiaries:		
Trade receivable: gross	67,651	170,889
Contract assets	35,117	23,611
Deferred revenue	(70,251)	(108,214)
Amounts due to	(17,710)	(11,121)
Accrued expenses	(8,549)	(5,474)
Associate:		
Amounts due to	(3,004)	(4,244)

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

13. 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 is engaged in Information Communication and Technology (ICT) services and some other related services and products. 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 31 March	
	<u>2025</u>	<u>2024</u>
Solution by stc	1,937,293	2,206,879
Giza Group	450,307	354,368
CCC Group	628,147	431,809
Inter-group elimination	(191,856)	(184,408)
Total revenue (Note 4)	2,823,891	2,808,648
Total cost of revenue	(2,207,414)	(2,189,187)
Total operating expenses	(245,327)	(249,258)
Total other income / (expense)	19,899	(20,276)
Zakat and income tax (charge) / reversal	(31,954)	228
Net profit for the period	359,095	350,155
Net profit for Equity holders of the Parent Company	360,671	353,336
Net loss for non-controlling interests	(1,576)	(3,181)
Total net profit	359,095	350,155

14. CAPITAL COMMITMENTS

The Group had no capital commitments at the reporting date.

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15. CONTINGENT LIABILITIES

	31 March 2025	31 December 2024
Letters of guarantee and credit	810,037	843,342

The above letters of guarantees and letter of credit were issued under a multi-purpose banking facility of SAR 1,703 million (31 December 2024: SAR 1,697 million).

16. SHARE CAPITAL

	31 March 2025	31 December 2024
Authorized, issued and fully paid capital comprises:		
120 million fully paid ordinary shares at SAR 10 each	1,200,000	1,200,000

17. DIVIDENDS

On 17 Shaban 1446H corresponding to 16 February 2025, the Board of Directors recommended in its meeting to distribute ordinary cash dividends of SAR 8 per share totaling to SAR 952 million, and additional special cash dividends of SAR 2 per share totaling to SAR 238 million. The total cash dividend recommended was SAR 1,190 million. The dividend distribution date is subject to the approval from the annual general assembly meeting.

18. 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 SAR 151 per share, for cash consideration of SAR 181 million. These shares are held by the Company as treasury shares in order to support its future employees long-term incentive plans.

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

	31 March 2025	31 December 2024
Outstanding shares as at 1 January	1,000,415	1,022,807
Treasury shares re-issued	-	(22,392)
Treasury shares as at reporting date	1,000,415	1,000,415

19. EARNINGS PER SHARE

	Three-month period ended 31 March	
	2025	2024
Net profit attributable to the equity holders of the Parent Company for the period	360,671	353,336
Weighted average number of shares for the purpose of basic earnings	119,000	118,977
Weighted average number of shares for the purpose of diluted earnings	120,000	120,000
Basic Earnings per share	3.03	2.97
Diluted Earnings per share	3.01	2.94

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20. 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 economic best interest.

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 31 March 2025					
Financial Asset					
Financial asset measured at fair value through profit or loss (Note 7)	125,052	-	-	125,052	125,052
As at 31 December 2024					
Financial Asset					
Financial asset measured at fair value through profit or loss (Note 7)	125,052	-	-	125,052	125,052

- 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.	Not applicable

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21. EVENTS AFTER THE REPORTING DATE

Subsequent to the period ended 31 March 2025, the Group in accordance with the nature of its business has renewed or entered into 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.

22. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements for the three-month period ended 31 March 2025 were approved by the audit committee (delegated by the Company's Board of Directors) at its meeting held on 26 Shawwal 1446H (corresponding to 24 April 2025).