solutions by stc

Earnings Release

solutions by stc reports revenue and EBITDA growth YoY in 2025

FY 25 Revenue	FY 25 EBITDA	FY 25 Net Profit	FY 25 Net Cash
⃁ mn 12,730 +6% YoY	⃁ mn 1,987 +2% YoY	⃁ mn 1,503 -6% YoY	⃁ mn 1,337 -55% YoY

FY 2025 Highlights:

- +6% YoY revenue growth to ⃁ 12.73 billion
- 21.0% gross profit margin, down YoY due to project mix changes and temporary effects
- +2% YoY EBITDA growth with EBITDA margin of 15.6%
- ⃁ 1.50 billion net profit to shareholders
- Net cash position of ⃁ 1.34 billion

Riyadh, 16th February 2026 – solutions by stc reported robust financial results for 2025, with continued business expansion and strong profitability. For the full year, the company delivered growth in revenue and EBITDA along with healthy operating margins and robust capital returns.

The company’s backlog was replenished by a significant number of new projects secured in 2H 2025, which moderated revenue growth to 6% year-on-year to ⃁ 12.73 billion in 2025. Gross margin decrease year-on-year was largely offset by operational efficiency improvements, which ensured 2% EBITDA growth year-on-year to ⃁ 1.99 billion in 2025. Net profit attributable to shareholders decreased by 6% year-on-year to ⃁ 1.50 billion in 2025, reflecting a number of positive one-off gains shown in 2024 and increased D&A in 4Q 2025.

Eng. Omer Abdullah Alnomany, CEO of solutions, commented: “Despite evolving market dynamics in 2025, solutions by stc showed resilient financial performance thanks to a viable business model and efficient execution. We achieved steady revenue growth, robust margins and strong return on capital. While we delivered on our profitability target for the year, top-line growth was affected by the timing of project awards, with a substantial portion of new projects secured toward year-end. Coupled with the company’s strong backlog, this provides a solid foundation for the continued growth in 2026. At the same time, our ability to offset margin fluctuations through operating efficiencies highlights the agility of our operating model and disciplined cost management. With industry-leading capabilities, a continued focus on innovation, and a diversified customer base, we enter 2026 confident in our growth trajectory and long-term value creation for our shareholders.”

solutions’ revenue grew 6% year-on-year to ⃁ 12.73 billion in 2025. 4Q 2025 revenue performance showed 5% year-on-year growth, which reflected a high comparison base of 4Q 2024 due to the completion of key milestones for a few projects. Furthermore, revenue recognition last quarter was affected by new projects that were secured in 2H 2025 and remained at early execution phases by the end of the year. On a quarter by quarter basis, solutions reported a 26% revenue growth in 4Q 2025 compared to 3Q 2025.

IT Managed and Operational Services was the main growth driver of solutions’ top line with 10% year-on-year revenue growth and 34% share of total revenue in 2025, up from 33% in 2024. Core ICT Services segment remained the biggest revenue contributor generating 50% of the company’s revenue in 2025 with 3% growth year-on-year. Digital Services revenue grew by 3% year-on-year in 2025 and contributed 16% of total revenue over the period, in line with 2024.

In terms of revenue split by entity, solutions standalone remains the biggest part of the group’s business, with its share of total revenue remaining at 69% in 2025. upsource by solutions accounted for 18% of the total revenue over the same period, followed by Giza that contributed 13%.

The company continues to maintain a well-diversified customer mix. The private sector remained the fastest growing customer segment with 17% revenue growth year-on-year and revenue share increasing to 23% in 2025 compared with 21% in 2024. Government revenue increased by 6% year-on-year and increased its share to 44% in 2025 versus 43% in 2024. Revenue from the parent company, stc, declined by 2% year-on-year and accounted for 33% of 2025 total revenue compared with 36% in 2024.

Gross margin decreased by 203 bps year-on-year to 21.0% in 2025, while 4Q 2025 gross margin amounted to 17.9%, down 190 bps year-on-year. The margin decrease resulted from a changing project mix with a lower share of higher-margin connectivity services. In addition, regulatory changes and the temporary impact of various project delivery stages with different margin recognition patterns contributed to the margin decline.

Operating expenses fell 8% year-on-year and decreased by 116 bps as a percentage of revenue, which mitigated the impact of lower gross margin and ensured 15.6% EBITDA margin, down 53 bps year-on-year. Absolute EBITDA grew 2% year-on-year to ⃁ 1.99 billion in 2025. Net profit attributable to shareholders decreased by 6% year-on-year to ⃁ 1.50 billion with a net profit margin of 11.8%. The year-on-year comparison is affected by a higher base of last year due to one-off non-operating income and Zakat reversal in 2024, while investments in cloud business in 4Q 2025 prompted an increase in D&A.

solutions’ operating cash flow remained negative at ⃁ 101 million in 2025. This primarily reflected a build-up in receivables and contract assets amid the usual customer billing and collections cycle, whereby the company invoiced many clients towards the end of the year. Accelerated projects execution in 4Q 2025 supported revenue recognition but has not yet been followed by billing, which was reflected in a temporary increase in contract assets. Nevertheless, operating cash flow turned positive at ⃁ 355 million in 4Q 2025 as working capital dynamics stabilized. Positive free cash flow drove a 20% quarter-on-quarter increase in solutions’ net cash position to ⃁ 1.34 billion as of end of December 2025.

Financial Review

Financial Performance Highlights

⃁ (million)	4Q 2025	4Q 2024	YoY ∆%	FY 2025	FY 2024	YoY ∆%
Revenue	**3,907**	**3,731**	**+5%**	**12,730**	**12,064**	**+6%**
Gross profit	**699**	**738**	**-5%**	**2,678**	**2,783**	**-4%**
Gross Profit Margin (%)	*17.9%*	*19.8%*	*-1.9%*	*21.0%*	*23.1%*	*-2.0%*

EBITDA	**480**	**486**	**-1%**	**1,987**	**1,948**	**+2%**
EBITDA Margin (%)	*12.3%*	*13.0%*	*-0.7%*	*15.6%*	*16.1%*	*-0.5%*
Net Profit	**279**	**327**	**-15%**	**1,503**	**1,597**	**-6%**
Net Profit Margin (%)	*7.1%*	*8.8%*	*-1.6%*	*11.8%*	*13.2%*	*-1%*
Capex	**(67)**	**0**	**n/m**	**(191)**	**(255)**	**-25%**
Free Cash Flow	**259**	**942**	**-72%**	**(364)**	**1,187**	**n/m**
Net Debt/(Cash)	**(1,337)**	**(2,967)**	**-55%**	**(1,337)**	**(2,967)**	**-55%**

Revenue grew 6% year-on-year to ⃁ 12.73 billion in 2025. Gross profit fell 4% year-on-year to ⃁ 2.68 billion in 2025. EBITDA increased by 2% year-on-year to ⃁ 1.99 billion, as the gross margin decline was mitigated by operating efficiency improvements. Net profit attributable to shareholders fell 6% year-on-year to ⃁ 1.50 billion in 2025. solutions' gross debt portfolio (excluding lease liabilities) increased by 6% year-on-year to ⃁ 782 million as of the end of December 2025. The company's net cash position grew to ⃁ 1.34 billion.

Revenue Breakdown by Business Segment

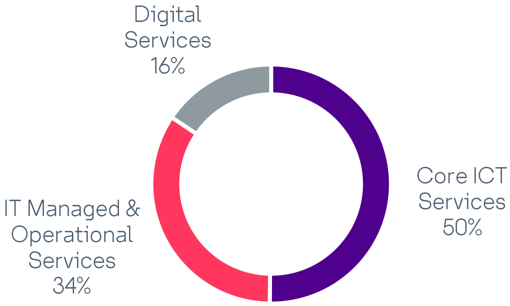
⃁ (million)	4Q 2025	4Q 2024	YoY ∆%	FY 2025	FY 2024	YoY ∆%
Core ICT Services	2,108	1,926	+9%	6,389	6,188	+3%
IT Managed and Operational Services	1,177	1,316	-11%	4,359	3,948	+10%
Digital Services	622	489	+27%	1,983	1,929	+3%
Total revenue	**3,907**	**3,731**	**+5%**	**12,730**	**12,064**	**+6%**

Total revenue increased by 6% year-on-year to ⃁ 12.73 billion in 2025, driven by IT Managed and Operational Services, which showed 10% year-on-year revenue expansion to ⃁ 4.36 billion in 2025. At the same time, the segment's quarterly revenue fell by 11% YoY, reflecting a high comparison base of 4Q 2024 and new project awards at the end of the year that will contribute to revenue generation in 2026.

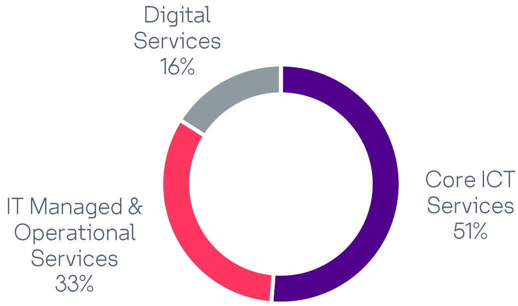
Revenue from Core ICT Services grew 3% year-on-year to ⃁ 6.39 billion in 2025 supported by an acceleration of growth to 9% in 4Q 2025 as a growing number of projects started to achieve key delivery milestones. Digital Services revenue increased by 3% to ⃁ 1.98 billion in 2025, driven by growth acceleration to 27% year-on-year in 4Q 2025, reflecting the recent strengthening of cloud business with new offerings and capabilities.

The revenue contribution from Core ICT Services declined from 51% of total revenue in 2024 to 50% in 2025, while the share of IT Managed and Operational Services increased to 34% 2025 from 33% last year. The share of Digital Services remained flat year-on-year at 16% in 2025.

2025 Revenue Composition by Segment



2024 Revenue Composition by Segment



Revenue Breakdown by Entity[1]

⃁ *(million)*	4Q 2025	4Q 2024	YoY Δ%	FY 2025	FY 2024	YoY Δ%
solutions	2,756	2,605	+6%	8,789	8,737	+1%
Giza	573	490	+17%	1,671	1,384	+21%
upsource	578	636	-9%	2,270	1,943	+17%
Total revenue	**3,907**	**3,731**	**+5%**	**12,730**	**12,064**	**+6%**

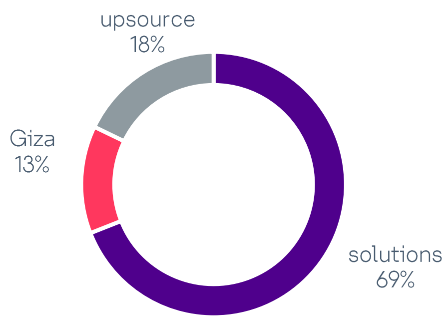
Revenue from core solutions business increased by 1% year-on-year to ⃁ 8.79 billion in 2025, which accounted for 69% of total revenue compared with 72% a year ago. The decline reflected reallocation of projects across various subsidiaries within the group to ensure the most efficient project execution. At the same time, solutions standalone revenue increased by 6% year-on-year in 4Q 2025, thanks to the progress in execution of projects secured earlier in 2025 as well as increased contribution from digital services amid the recent expansion of cloud service offering.

Revenue of upsource grew 17% year-on-year to ⃁ 2.27 billion, with its share increasing to 18% of 2025 consolidated revenue compared with 16% a year ago. upsource revenue generation was supported by new project wins and a transfer of projects from solutions. A 9% year-on-year decline in upsource revenue in 4Q 2025 was due to a high comparison base of 4Q 2024 and a high share of new projects secured late in 2025 that are yet to progress to delivery phase.

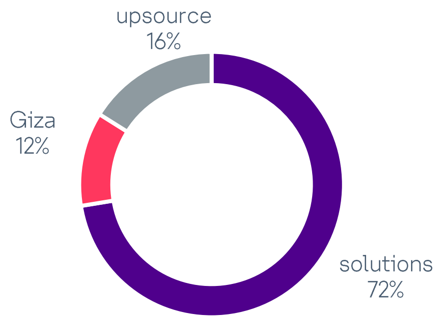
Giza was the fastest growing entity within the group with 21% year-on-year revenue growth to ⃁ 1.67 billion in 2025, which accounted for 13% of 2025 consolidated revenue versus 11% in 2024. Strong top-line momentum was supported by the efficient execution of go-to-market strategy focused on expansion in KSA as well as acquisitions within the Giza group.

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

2025 Revenue Composition by Entity



2024 Revenue Composition by Entity



Revenue Breakdown by Customer Type

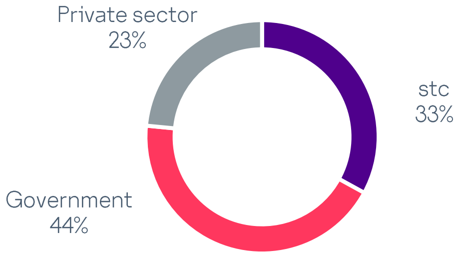
⃁ *(million)*	4Q 2025	4Q 2024	YoY Δ%	FY 2025	FY 2024	YoY Δ%
stc	1,309	1,283	+2%	4,197	4,301	-2%
Government	1,763	1,647	+7%	5,545	5,209	+6%
Private sector	835	801	+4%	2,988	2,554	+17%
Total revenue	**3,907**	**3,731**	**+5%**	**12,730**	**12,064**	**+6%**

Revenue from the parent company, stc, decreased by 2% year-on-year to ⃁ 4.20 billion and accounted for 33% of total revenue in 2025, down from 36% in 2024. The lower revenue contribution reflected a significant share of projects at early execution stages. Quarterly revenue in this customer segment increased by 2% year-on-year in 4Q 2025 as new projects awarded by stc in the end of the year will start to translate into revenue in 2026.

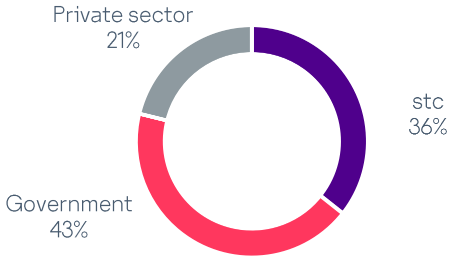
The government segment showed positive dynamics with 6% year-on-year revenue growth to ⃁ 5.54 billion in 2025. The revenue share of the segment increased to 44% in 2025 from 43% in 2024. The segment's quarterly revenue grew by 7% year-on-year in 4Q 2025 despite a high comparison base of 4Q 2024 as projects secured earlier in 2025 progressed to more advanced execution stages and supported stronger revenue recognition.

The private sector remained the fastest growing customer segment with 17% revenue growth year-on-year to ⃁ 2.99 billion and revenue share increasing to 23% in 2025 compared with 21% in 2024. Strong annual performance was supported by the successful delivery of ongoing projects and new project wins. A slower growth pace recorded in 4Q 2025 mainly reflected a high comparison base of 4Q 2024 and cyclicality attributable to the project nature of the business, with different delivery milestones characterized by different revenue recognition patterns.

2025 Revenue Composition by Customer Type



2024 Revenue Composition by Customer Type



Lean cost base reduces the impact of lower gross profitability on operating margins

Gross margin decreased by 203 bps year-on-year to 21.0% in 2025, while 4Q 2025 gross margin amounted to 17.9%, down 190 bps year-on-year. Lower profitability resulted from several different factors. First, the revenue mix evolved towards a higher share of Implementation and Integration projects and a lower share of higher-margin connectivity services. Second, changes in the regulation and rollout of the Etimad platform resulted in additional pressure on gross margin. Third, profitability saw a temporary impact of a pool of lower-margin projects reaching certain execution milestones towards the end of 2025, which should reverse in 2026 when higher-margin projects are set to increase their contribution to margin recognition.

Operating expenses fell by 8% year-on-year in absolute terms and decreased by 116 bps as a percentage of revenue to 8.1% in 2025. The most significant savings were derived from selling and distribution expenses on the back of the release of the provision for bad receivables and contract assets. However, even adjusted for provision release, selling and distribution expenses remained broadly flat in value terms year-on-year in 2025 thanks to cost control initiatives. Similarly, general and administrative expenses grew by 1% year-on-year in 2025 and decreased as a percentage of revenue relative to 2024. Cost optimization initiatives mitigated the impact of lower gross margin and ensured 15.6% EBITDA margin, down 53 bps year-on-year. Absolute EBITDA grew 2% year-on-year to ⃁ 1.99 billion in 2025.

Net profit attributable to shareholders decreased by 6% year-on-year to ⃁ 1.50 billion with a net profit margin of 11.8%. The year-on-year comparison is distorted by a higher base of last year due to one-off non-operating income and Zakat reversal in 2024 as well as investments in cloud business in 4Q 2025, which resulted in an increase in D&A.

Temporary pressure on cash flow from timing and project mix effects

solutions' operating cash flow was negative at ⃁ 101 million in 2025. This was mainly attributable to a build-up in receivables and contract assets. This is part of the usual customer billing and collections cycle, whereby a significant number of customer invoices were issued towards the end of the year with payments expected in the coming quarters. Furthermore, accelerated delivery of projects in 4Q 2025 steered stronger revenue recognition with a usual time lag for billing, which translated into a temporary increase in contract assets. Nevertheless, operating cash flow turned positive at ⃁ 355 million in 4Q 2025 as working capital dynamics stabilized. Operating cash flow generation should normalize in the coming quarters as invoicing catches up with project execution and revenue recognition.

Investments in property, equipment and intangible assets decreased by 25% year-on-year to ⃁ 191 million in 2025, which accounted for 1.5% of revenue versus 2.1% in 2024.

Positive free cash flow in 4Q 2025 ensured 20% quarter-on-quarter increase in solutions' net cash position to ⃁ 1.34 billion as of end of December 2025, which gives the company sufficient financial flexibility to invest in further business growth and deliver returns to shareholders.

Analyst Consensus

SAR (million)	FY 2025 Consensus	FY 2025 Actual	Δ%	# of Analysts
Revenue	*13,280*	*12,730*	*-4%*	*22*
Cost of Sales	*10,573*	*10,052*	*-5%*	*9*
Gross Profit	*2,997*	*2,678*	*-11%*	*22*
EBIT	*1,802*	*1,641*	*-9%*	*12*
Net Profit (after Zakat)	*1,664*	*1,503*	*-10%*	*22*

Additional Information

The FY 2025 financial statements, earnings presentation, investor presentation and financial data supplement will be available at:

[Investor relations – solutions by stc]

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