solutions by stc

# Empowering the Digital Future

Annual Report 2024

In The
Name of
Allah
The Most
Merciful,
The Most
Gracious

The Custodian of the Two Holy Mosques
**King Salman Bin Abdulaziz Al Saud**

Crown Prince, Prime Minister, Chairman of the Council of Economic and Development Affairs
**His Royal Highness Mohammed Bin Salman Bin Abdulaziz Al Saud**

solutions by stc has spearheaded initiatives that empower businesses, institutions, and individuals to thrive in a world defined by rapid technological change.

# Contents

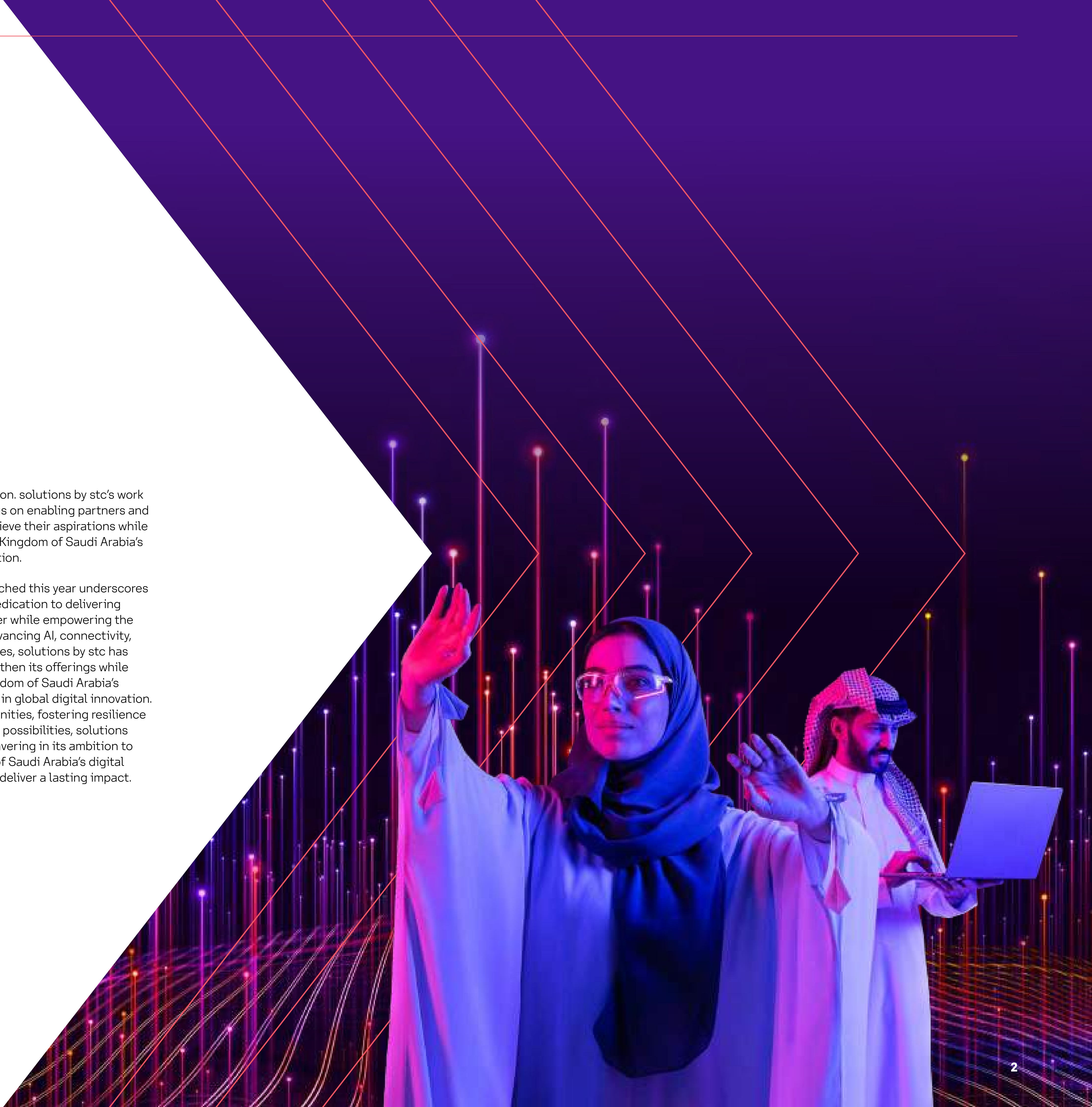
# Theme of the Year

## Empowering the **digital future**

This year has been one of transformative achievements for solutions by stc, marked by innovation, strategic growth, and meaningful impact. Through its commitment to continuous improvement and strategic collaboration, solutions by stc has continued to reshape the digital landscape, driving progress that resonates across industries and communities. solutions by stc's efforts have consistently delivered value, building a stronger, smarter, and more connected future.

solutions by stc has spearheaded initiatives that empower businesses, institutions, and individuals to thrive in a world defined by rapid technological change. From enhancing digital infrastructure to introducing pioneering technologies, solutions by stc has aligned with national goals to support sustainable growth and innovation. solutions by stc's work reflects a clear focus on enabling partners and stakeholders to achieve their aspirations while contributing to the Kingdom of Saudi Arabia's broader transformation.

Every milestone reached this year underscores solutions by stc's dedication to delivering solutions that matter while empowering the digital future. By advancing AI, connectivity, and cloud capabilities, solutions by stc has continued to strengthen its offerings while reinforcing the Kingdom of Saudi Arabia's position as a leader in global digital innovation. By creating opportunities, fostering resilience and embracing bold possibilities, solutions by stc remains unwavering in its ambition to drive the Kingdom of Saudi Arabia's digital transformation and deliver a lasting impact.



# At a Glance

## Key Operational Highlights

**#1**
IT services provider

**22.7%**
IT services market share in the Kingdom of Saudi Arabia

**40%**
Stake acquired in Devoteam Middle East

**78.8%**
Growth of solutions by stc's stock price from initial IPO price (31 Dec 2024)

## Robust Financial Performance

**Revenue**
⃁12,064 million
↑ 9.3% YoY

**Net Profit**
⃁1,597 million
↑ 33.9% YoY

**EBITDA**
⃁1,948 million
↑ 16.7% YoY

**Earnings Per Share (EPS)**
⃁13.42

## Our Talented Team

**3,584**
Group workforce

**1,464**
solutions by stc workforce

**64.1%**
Saudization

**19.3%**
Female staff

**42,124**
Hours of training provided

**2,176**
Online courses completed by staff

**1,084**
Staff accessed training*
*Employees have the opportunity to participate in multiple training programs.

## Strength of our Partnerships

**171+**
Partner base of technology innovators

**76.8%**
Procurement spending on local suppliers

**467**
Local suppliers engaged

## Expanding Geographic Reach

# Awards & Recognitions

**Best Investor Relations Program Award**
2nd place in 2024 from Saudi Exchange
3rd place in 2023 from Saudi Exchange

**Best Digital 2023 Annual Report – 3rd place**
MEIRA IR Awards

**Sustainability Program of the Year**
We have received the Sustainability Program of the Year 2024 award, at the Saudi Capital Market Awards, recognizing our leadership and commitment to sustainable business practices.

**Corporate Governance Excellence Award 2024**
We have been awarded the Corporate Governance Excellence Award based on the assessment of Al Faisal University's Corporate Governance Index.

**Customer Experience & Loyalty Awards 2024**
3rd Edition CX & Loyalty Summit & Awards KSA 2024

**Digital Transformation Excellence Award 2024**
Maven Insights

**Digital HR of the Year Award**
GCC Gov Awards

**CIPS Excellence Award for Local Content**
CIPS Excellence in Procurement Awards

**Informatica Data and AI Excellence Award**
Informatica

**Strategic Excellence in Transforming Cybersecurity Award**
Cybersecurity Insiders

**Corporate Social Responsibility Award**
The Ministry of Human Resources and Social Development (HRSD)

**ISO/IEC 38500:2024" certification in IT Governance**
ISO/IEC 38500:2024

**Quality Management ISO 9001 certificate**
ISO-9001

**Guidelines on Risk Management**
ISO-31000

**Information Security Management System (ISMS)**
ISO-27001

**IT Service Management**
ISO-20000

**Privacy Information Management System**
ISO-27701

**Business Continuity Management Systems**
ISO-22301

**Emergency Management – Guidelines for Incident Management**
ISO-22320

**Compliance Management Systems**
ISO-37301

**Governance of Organizations**
ISO-37000

**Innovation Management**
ISO-56002:2019

**Service Provider Partner of the Year**
Cisco

**Highest Revenue Partner of the Year**
Dell

**Sales Excellence Award**
Huawei

**Top Achiever Partner in 2023**
F5

**Artificial Intelligence Partner of the Year**
NetApp

**Enterprise Partner of the Year**
NetApp

**Innovator Partner**
Infoblox

**Best LoB Partner**
SAP

**"Best Digital Transformation Partner" Award for 2024**
Zoom

**Best System Integrator in Saudi Arabia Award**
Cloudera

**Partner of the Year**
HP Poly | FVC

**Rising Star Partner of the Year**
Nutanix

**Strategic Partner of the Year**
Corning

**solutions Cloud has been awarded a Class C classification**
CST

**solutions has been ranked 4th CSP among 30 CSP providers**
CST

**solutions has been ranked as major Cloud PS provider in MENA**
IDS

**PCI DSS 4.0 Certified of Payment Card Industry Standard**
Panacea

**We have been awarded a 'Category A' certification for Digital Government Business based on a revenue-sharing model.**

Digital Government Authority

**We have received the score 4.5 out of 5 in internal auditing which reflects our commitment to attaining the highest international standards.**

The Institute of Internal Auditors (Netherlands)

**Gold winner of the Project Excellence Awards 2024 category IT/ Telecommunications.**
(Red Sea Smart City Project)

International Project Management Associations (IPMA)

**Bronze winner of the Project Excellence Awards 2024 category IT/ Telecommunications.**
(stc - Wi-Fi Operation MS Project)

International Project Management Associations (IPMA)

**Gold winner of the Project Excellence Awards 2024 in the category Change Management / Product Development / Marketing.**
(Digital Innovation Center - Riyadh Bank Project)

International Project Management Associations (IPMA)

# About the Report

**solutions by stc's Annual Report for 2024 details the performance of the Company during the year ended 31 December 2024. The aim of this Report is to provide a balanced view of the Company's performance by communicating material information in a concise yet comprehensive manner.**

Pages 11 to 24 from the Overview chapter provide a comprehensive look at solutions by stc's business and offerings; the context in which it operates; Our Journey; Year in Review; Investment Case; details of the Company's stakeholders and how they are engaged with; as well as the Shareholders' Information.

The Leadership Review on pages 27 to 30 includes the statements from the Chairman and the CEO.

Pages 33 to 48 from the Strategic Review gives a description of solutions by stc's Business Model creating value for its stakeholders; progress against the Company's strategic framework for resilient growth; Case Studies; insights on Risk Management and a review of the Market.

The Financial Review on pages 51 to 56 includes the statement from the CFO and key financial highlights.

The Operating Review on pages 59 to 80 outlines solutions by stc's performance during the year under review, measured against a number of standardized indicators and metrics.

The Governance Report on pages 97 to 138 forms the Report of the Board of Directors.

## Reporting scope and boundary

The Report covers the operations of solutions by stc, duly identified as the "Company", "solutions by stc", "Group", or "Organization". Key financial aspects and non-financial aspects are discussed in the context of the Company. The solutions by stc Annual Report 2024 covers the 12-month period from 1 January 2024 to 31 December 2024.

## Reporting frameworks

solutions by stc's Annual Report 2024 draws from the following reporting concepts, principles, and guides:

- The Integrated Reporting Framework, prepared by the International Integrated Reporting Council (IIRC), now part of the IFRS Foundation
- The Integrated Thinking Principles, prepared by the Value Reporting Foundation, now part of the IFRS Foundation
- The Capital Market Authority (CMA) Listed Companies Guide, which provides guidance on material necessary for the Board Report in accordance with requirements of the Corporate Governance Regulations, Companies Law, and Regulatory Rules and Procedures
- The Software & IT Services Sustainability Accounting Standards prepared by the Sustainability Accounting Standards Board (SASB), now part of the IFRS Foundation

## Compliance

solutions by stc is committed to compliance in operations, investments, and all business activities.



## Queries

You are invited to direct your comments and queries on this Report to:

**solutions by stc**
Address: PO Box 50
Post Code: 11372
Phone: +966 115 251 111
Fax: +966 114 601 110
Email: IR@solutions.com.sa

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# Overview



# About solutions by stc

**We are the leading ICT services provider and digital transformation enabler at the forefront of digitalization in the Kingdom of Saudi Arabia, supporting Vision 2030's aspirations. In a rapidly evolving digital environment, our services play a pivotal role in empowering both the public and private sectors to embrace and thrive in the new digital era.**

Showcasing our commitment as a trusted partner, we deliver value through technology to our clients by addressing their business challenges in a holistic and comprehensive "one stop shop" approach across the entire IT value chain.

solutions by stc has a wide and diversified portfolio of offerings covering the end-to-end ICT value chain encompassing core ICT services, IT managed and operational services, and digital services. The Company's unparalleled capabilities that span the entire ICT value chain are perfectly positioned to be the partner of choice for the B2B sector.

As a frontrunner in the ICT industry within the Kingdom of Saudi Arabia, solutions by stc have embarked on an ambitious growth strategy intended to reinforce its position as the leading ICT services provider in the Kingdom of Saudi Arabia and to diversify the portfolio of offerings. The Company's growth strategy focuses on strengthening core capabilities in competitive growth areas, enriching next-gen offerings, expanding geographic reach, and accelerating efforts to improve efficiencies across the board with a dedicated focus on innovation and sustainability. As a major player in the ICT ecosystem and value chain, solutions by stc's successes contribute to the Kingdom of Saudi Arabia's development and the success of our stakeholders.

Despite a market downturn, solutions by stc stock demonstrated strong post-IPO performance, doubling its IPO prices during 2024. This helped to achieve a market capitalization of ⃁ +32.4 billion (USD 8.6 billion) by the end of 2024. Following a strategy for stable growth with strong profitability, the Company is well poised to continue creating value for its investors, partners, and other stakeholders.

### Vision

To create a digital ecosystem enabling our customers to achieve sustainable growth, regionally and globally.

### Mission

To provide technology solutions to businesses addressing their needs and challenges to succeed in evolving market conditions.

### Values

**Dynamism**
We're driven to enlighten and spark imagination. Our point of view is not literal. It brings a new vision and inspires others to see the world in a more ingenious way. We arouse enthusiasm around the promise of better things to come.

**Devotion**
Our style is human, not because it focuses on people, but because it is warm, simple, and clean and it eliminates superfluous details to achieve quality and clarity.

**Drive**
Focused on what's important, displaying the reason why, how, or where things happen, conveying the idea of movement, with agility and progression.

## What we do

### Core ICT services

System Integration (SI) services cover a variety of organizational needs across the value chain, enabled by our strong local and global partnership ecosystem. These services include advisory, design, implementation and integration of networks, infrastructure, and applications, which are offered through custom engagement models to our customers.

solutions by stc's communication and internet services address high-end connectivity needs of organizations within cities and remote locations by providing dedicated, secure, and high-quality business internet and satellite services through the wholesale purchase of communication capacity from telecommunication providers.

### IT managed and operational services

Managed services include end-to-end management of business networks and systems with the capability to deliver customized managed services projects to serve the individual needs of customers, which help them grow and improve their businesses.

We create value by increasing efficiency, providing better services, improving operations, and monitoring and resolving problems by managing the components of our customers' technical infrastructure such as network, servers, storage, devices, and applications.

Business outsourcing services covers services in the domains of HR, customer care, and other shared services enabled by technology and automation to optimize outcomes. The Company partners with customers by utilizing a variety of business models to deliver services. This business vertical has strong momentum given the focused efforts by the Saudi Government towards privatization in line with the aspirations of Saudi Vision 2030.

### Digital solutions

Cloud services include the full spectrum of data center and cloud services as well as multi cloud professional and managed services for all the hyperscalers helping clients to optimally manage their cloud investments.

Digital services consist of digital transformation services; providing digital solutions to connect, monitor, and analyze machine/device data for informed and effective decisions, and redesigning how businesses are conducted to enhance customer experience – these include but are not limited to application services.

Cybersecurity integration provides security services covering all stages of the IT value chain, including planning, design, implementation, and project management of technical solutions that cater to the specific security needs of enterprises.

## Digital is in our DNA

**25+** years of experience in IT

**171+** partners in our ecosystem

**1,460+** qualified employees

# Our Journey

**Over the years, solutions by stc has been on a journey of steady and profitable growth to establish itself as a market leader and innovative force in the Kingdom of Saudi Arabia. From an early entry into the field of system integration, to timely moves to cloud and digital services, and cyber security, solutions by stc has continually made strategic and forward-looking moves that reinforces our proposition, supports our customers, and creates value for our shareholders and stakeholders.**

## 1995
AwalNet acquired ISP license.

## 2002
Merger of 3 largest ISPs in Saudi Arabia – Naseej, AwalNet, and Alamiah.net.

## 2007
stc acquires AwalNet.

## 2009
solutions won first SI project and saw revenues rise to over ⃁ 300 million.

## 2011
solutions entered into cloud service play.

## 2014
Rebranded as stc solutions with over 800 employees and a presence in all major Saudi cities.

## 2017
Entered cyber security space and started building digital capabilities.

## 2019
Rebranded as "solutions by stc".

## 2021
Successful IPO of solutions by stc on Tadawul.

## 2022
solutions by stc acquired Giza Systems, with presence across the MEA region.

## 2023
Acquisition of the Contact Center Company (ccc).

Acquisition of 40% stake in Devoteam Middle East.

Partnership with Nile.

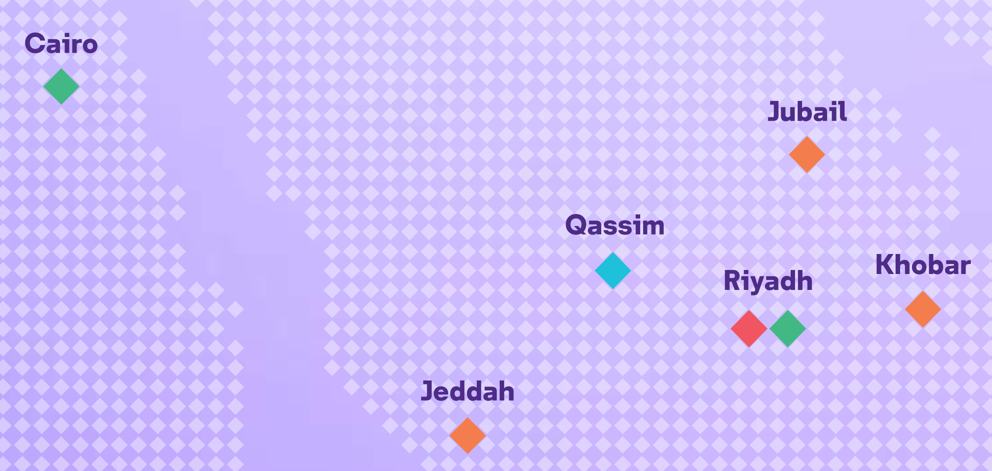
## 2024
Agreement to establish a Joint Venture with Nile for strategic focus and strong GTM.

Amanah Tech Joint Venture with Jeddah Development and Urban Regeneration Company (JedCo) for capturing PPP opportunities.

Partnership agreement with Remat AlRiyadh.

# Where We Operate

## Presence across the Kingdom to serve the needs of our customers.




- Head Office (Sales, Product Dev. Admin)
- Sales Office
- BPO Office
- GIZA Office*

*Also in Dubai, Doha, Nairobi, Dar-es-Salaam, Abuja and Kampala.

**Sales and services delivery offices covering the 5 major cities in the Kingdom.**

# Year in Review

## January

### Partnership Agreement with Remat AlRiyadh

We signed a 10-year partnership agreement to implement, manage, operate, and maintain the first phase of the general plan for public vehicle parking in Riyadh.

### ISO 9001 Certificate

The environment offering department obtained the Quality Management ISO 9001 certificate.

## February

### IPTC

We participated in the International Petroleum Technology Conference IPTC 2024 and presented our technologies and sustainable solutions in the oil and gas industry.

### ICSDI

We participated in the Second International Conference on Sustainability (Development and Innovation) #CSDI2024, to showcase solutions' journey in sustainability and innovation.

### Completing 40% Acquisition of Devoteam

This was a strategic investment as part of our expansion and growth plan for the solutions portfolio.

### Misk City Collaboration

Through our collaboration, we provided modern and innovative sustainable technologies to support the digital transformation goals of the smart city.

### Agreement with Mavenir

We signed an agreement with Mavenir to launch the first commercial open RAN network in Saudi Arabia.

### Nile JV

Will provide secure and comprehensive enterprise network solutions (NaaS) to customers in Saudi Arabia and MEA region.

### Agreement with Center3

We signed a framework agreement to design and build Data Center PODs.

## March

### LEAP 2024

We sponsored LEAP 2024 as an "Innovation Partner", and participated in the stc Group booth to explore the latest future-shaping technology solutions.

### MoU with Global Innovation Institute (GInI)

We signed an MoU with GInI to develop cutting-edge technologies to accelerate national innovation.

### Agreement with Catrion

We signed an agreement with Catrion to enhance and update their network technology.

### Cloud Classification Licence

We achieved a notable upgrade in our CST solutions cloud classification license.

### Aramco

We signed 5 year agreement with Aramco to provide, distribute and maintain computing devices.

### UNGC

We obtained a membership with the United Nations Global Compact (UNGC) for sustainable companies.

## April

### Girls in ICT Day

We celebrated a smarter future for girls in the Information and Communication Technology field.

## May

### Saudi Domain Campaign

The campaign illustrated how Saudi businesses and individuals can embrace their cultural identity while establishing a strong presence in the digital world through a ".sa" domain.

### Middle East Banking AI & Analytics Summit

We showcased our innovative solutions in banking and fintech sectors.

### A Joint Venture with Jeddah Development & Urban Regeneration Company (JedCo)

We entered into a JV as part of a Public-Private Partnership framework that aims to offer innovative technological solutions to projects run by Jeddah Development & Urban Regeneration Company (JedCo) and its companies.

## June

### Informatica Data and AI Excellence Award

We received this award in recognition of our excellence in the emerging technology services.

### Sustainability Report 2023

We published our Sustainability Report for 2023.

### Hajj Campaign

We supported the government sectors during the Hajj season to serve the pilgrims by utilizing our technological capabilities.

### Giza Systems Strategic Partnership with EHealth in Africa Health ExCon

Giza Systems has signed a strategic partnership with EHealth to boost efficiency and digital transformation in healthcare.

## July

### inspireU

We launched a specialized AI track in the accelerator's general program.

### Sultan bin Abdulaziz Humanitarian City MoU

We signed an MoU with Sultan bin Abdulaziz Humanitarian City to boost digital transformation in healthcare.

### frog Partnership

We signed an agreement with frog to provide creative and sustainable customer-centric solutions.

## August

### ccc Qassim Branch Expansion

HRH Prince of Qassim inaugurated the expansion of ccc Qassim branch.

### Giza Arabia Acquired Majority Stake in LABS

Giza Arabia expanded with majority stake acquisition of Logical Applications for Business Solutions (LABS).

## September

### Huawei Cloud Services

We became the first partner for Huawei cloud services in the Kingdom.

### Global Artificial Intelligence Summit - GAIN

We participated with stc Group and sponsored as the Innovation Partner.

### Agreement with Modon

We signed an agreement with Modon to implement AI analytical systems.

### Partnership with Fintech

We partnered with Fintech as a strategic ally for the Makken program to deliver managed services to support fintech companies.

### Journey and Growth Campaign

We launched a brand campaign to raise awareness about solutions and highlight the significant achievements and services we've delivered since the beginning of our journey. This campaign is designed to showcase our impact and innovation in the industry since 1995.

### Saudi National Day

We launched a creative video campaign for Saudi National Day 94.

### Collaboration with NVIDIA and Mindware

We held a workshop in collaboration with NVIDIA and Mindware to showcase emerging technology trends and the role of AI in achieving their strategic goals.

### New Murabba Partnership Agreement

Under stc Group umbrella, solutions will focus on providing innovative digital solutions to connect technical systems and enhance digital transformation.

## October

### GITEX

We participated in GITEX Global to present and showcase the latest digital solutions powered by AI, and sponsored the event as a digital enabler.

### GCC GOV HR "Digital HR of the Year Award"

We won this award for our digitalization of the Total Rewards practice, which is recognized as the most effective implementation of HR digitalization in the GCC.

### ISO 38500 Certificate

We achieved "ISO/IEC 38500:2024" certification in IT Governance.

### Corporate Social Responsiblity Award

We are delighted to have received the "CSR Award" from the Ministry of Human Resources and Social Development, in recognition of our efforts to provide exemplary models of distinguished practices and contribution to CSR as key component of our Sustainability Strategy.

### The Ministry of Economy and Planning – "Sustainability Champions Program"

We are thrilled to be part of the Ministry of Economy and Planning – MEPsaudi "Sustainability Champions Program" at FII8, where we join hands with stc Group to advance Sustainability practices in the Kingdom.

## November

### Google Cloud

We participated and sponsored the event as premier sponsor.

## December

### A Collaboration Agreement with Huawei

We signed a collaboration agreement with Huawei to enhance digital transformation solutions and address digital security needs.

### The 2024 Corporate Governance Excellence Award

We were awarded the Corporate Governance Excellence Award based on the assessment of Al Faisal University's Corporate Governance Index.

### Digital Government Business Qualification Certificate

We were awarded a "Category A" certification for Digital Government Business based on a revenue-sharing model.

# Investment Case

**solutions by stc plays a pivotal role in driving the digital transformation and growth of hundreds of public and private organizations across the Kingdom. With a strong foundation of market leadership, promising growth potential, and exceptional returns, we continue to deliver unmatched value to our shareholders.**

## Our Key Strengths

### Market Leadership

solutions by stc is the undisputed leader in the Saudi Arabian ICT services market, holding a dominant market share of 22.7%. The company is well-positioned to capitalize on lucrative consolidation opportunities in the Kingdom's fragmented IT landscape. With a strong local content score of 41.3%, solutions by stc continues to reinforce its role as a key driver of digital transformation in the region.

### Sizeable and Diversified Portfolio

With a robust pipeline of projects and a long-standing partnership with stc, solutions by stc has built a strong and diversified portfolio that underpins its sustained growth. The company boasts an impressive win ratio of over 60%, reflecting its ability to secure and execute high-value contracts across various industries.

### Superior Value Creation

solutions by stc consistently delivers strong financial performance, achieving a return on invested capital (ROIC) of 34.3% in 2024, well above its cost of capital. This exceptional value creation highlights the company's ability to generate high returns for its stakeholders while maintaining a disciplined approach to investment and growth.

### Asset-Light Business Model

With an organic CAPEX-to-revenue ratio of just 2.1% in 2024, solutions by stc operates an asset-light business model that enables scalability and operational efficiency. This strategic approach allows the company to maximize profitability while maintaining flexibility in a rapidly evolving digital landscape.

### Strong Free Cash Flow Generation

solutions by stc generated ⃁ 1.2 billion in free cash flow (FCF) in 2024, with an impressive FCF conversion rate of 61%. This strong cash flow generation supports the company's ability to invest in growth opportunities, fund strategic initiatives, and enhance shareholder returns.

### Generous Dividends

For 2024, the Board of Directors has recommended an ordinary dividend of ⃁ 8.0 per share, along with a special dividend of ⃁ 2.0, implying a total payout of 75% and a 67% year-on-year growth, in line with the company's progressive dividend policy and reinforcing its commitment to sustainable shareholder value.

### Robust Balance Sheet

solutions by stc maintains a solid financial position, ending 2024 with a net cash balance of ⃁ 3.0 billion – equivalent to 1.5 times its 2024 EBITDA. This strong balance sheet provides the company with the financial resilience to pursue strategic investments while maintaining financial stability.

### Efficient Capital Allocation

The company follows a disciplined capital allocation strategy focused on high-return organic CAPEX, value-accretive mergers and acquisitions, and strategic public-private partnerships. With a commitment to progressively increasing dividends, solutions by stc continues to enhance long-term value creation for its stakeholders.

## Our Key Sectors

- Government
- Education
- Real-Estate
- Financial Services
- Manufacturing
- Retail
- Oil and Gas
- Transportation
- Telecommunications
- Healthcare

And more...

# Stakeholder Engagement

At solutions by stc, our proactive approach to stakeholder engagement is the cornerstone of how we create enduring value. By fostering meaningful connections and maintaining open communication across all stakeholder groups, we ensure that our strategies align with their evolving needs and expectations. Through dedicated engagement channels, continuous feedback loops, and tailored initiatives, we drive collaboration, transparency, and innovation, delivering impact that resonates with employees, customers, partners, communities, and shareholders alike. This commitment reflects our belief that sustainable success is built on empowering every stakeholder to thrive and contribute to our shared vision of progress.

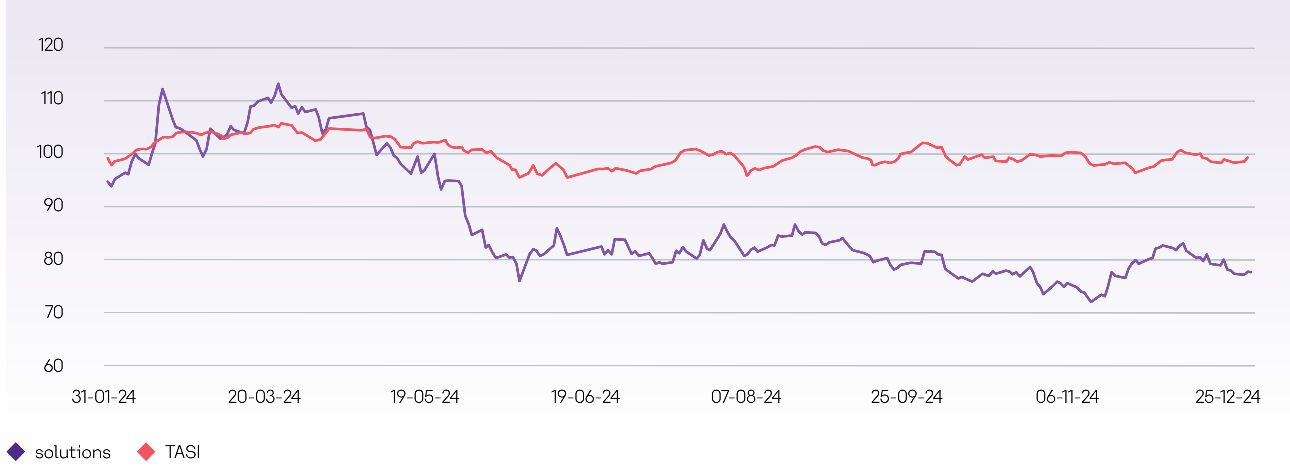
| Stakeholder Group | Our Employees | Our Customers | Our Suppliers & Partners | Our Community | Our Shareholders |
|---|---|---|---|---|---|
| **Engagement Channels** | ▸ Leadership engagement programs<br>▸ Pulse surveys<br>▸ Internal communication channels and events<br>▸ Training sessions, programs and workshops (ex: Signature Program, Talks by solutions, etc.)<br>▸ Newsletters & magazines (ex. Monday's Achievements Newsletter, Learning Magazine, Business Insights Newsletter, etc.)<br>▸ Knowledge Exchange Platform<br>▸ SnapChat<br>▸ Intranet (Takyah) | ▸ Engage with customers through multiple touchpoints at every stage, from project discussion to closure, with customer surveys at each project milestone<br>▸ Pulse surveys every 6 months<br>▸ Quarterly business reviews (QBRs) with customers<br>▸ solutions contact number<br>▸ solutions website (inquiries, complaint, business needs) | ▸ Vendor relations team (isupplier, 1000 Unified Support Center, Ticketing System)<br>▸ Procurement team (ESHARY)<br>▸ Hosting annual vendor day event<br>▸ Quarterly meeting with top vendors and partners<br>▸ Workshops<br>▸ Partner satisfaction surveys | ▸ Social media<br>▸ Social contributions<br>▸ Partnerships and cooperation | ▸ solutions by stc Annual Report<br>▸ Open and transparent communication channels with shareholders through roadshows and conferences<br>▸ Quarterly IR materials<br>▸ Governance, risk and compliance<br>▸ AGM meetings<br>▸ Website and IR app |
| **Engagement Frequency** | ▸ High Interaction | ▸ Continuous throughout the year | ▸ Daily, Monthly, Quarterly, & Annually | ▸ Continuous throughout the year | ▸ High interaction |
| **Key Actions** | ▸ Development of action plans based on employee feedback<br>▸ Implementation & tracking of action plans completion | ▸ Project managers rotated to best serve project needs<br>▸ Pain points addressed immediately (inner-loop)<br>▸ Broader company initiatives target recurring customer issues (outer-loop) | ▸ Establish clear communication channels<br>▸ Vendor development and support<br>▸ Vendor segmentation<br>▸ Strategic sourcing<br>▸ Define SPOC | ▸ Social investment and community development | ▸ Feedback or comments received from investors are carefully considered and discussed internally with the management team |
| **Value Creation** | ▸ Prioritize employees by fostering an inclusive and equal workplace with robust development programs for career growth<br>▸ Employee wellbeing supported through comprehensive programs, and a range of benefits ensures financial and personal security<br>▸ Access to excellent facilities and services further enhances employee experience | ▸ Diamond accounts receive a unique and differentiated experience<br>▸ All customer complaints promptly resolved<br>▸ Focus on enhancing project quality and PM engagement to resolve issues proactively | ▸ Support suppliers to optimize their processes and logistics, improving supply chain efficiency<br>▸ Adoption of digital tools and automated systems that enhance inventory management and forecasting accuracy<br>▸ Adopting best global practices to create value for all parties | ▸ Foster the notion of giving back to expand our impact to reach the communities we operate in<br>▸ Enable social empowerment through digital technologies | ▸ Continue to enhance shareholder value while ensuring shareholders stay informed about the company's activities through participation in various events, such as one-on-one meetings, update calls, conferences, and official earnings calls |

# Shareholders' Information

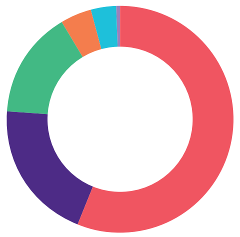
## Share Information

| | |
|---|---|
| Listing date: | 30 September 2021 |
| Exchange: | Saudi Stock Exchange (Tadawul) |
| Symbol: | 7202 |
| ISIN: | SA15CIBJGH12 |
| Number of shares issued: | 120,000,000 |
| Closing price as of 31 December 2024: | ⃁ 270 |
| Market cap as of 31 December 2024: | ⃁ 32,400,000,000 |
| Foreign ownership limit: | 49.00% |
| Free float: | 20.17% |

## Share Price Performance vs. Benchmark Equity Indices

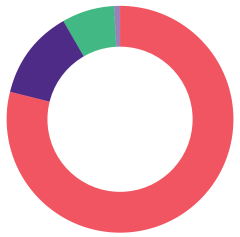



## Shareholding by Geography (under Institutions)



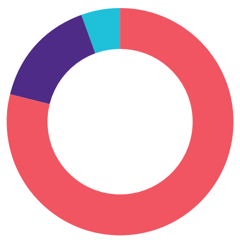
- 7.22% Local
- 2.60% North America
- 1.95% Europe
- 0.57% GCC
- 0.46% Asia
- 0.06% Other

## Shareholding by Type



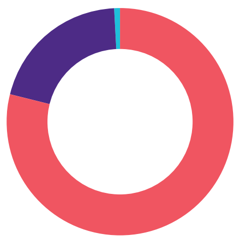
- 79.00% stc
- 12.86% Institutions
- 7.31% Individuals
- 0.83% Treasury shares

## Share Ownership Structure



- 79.00% stc
- 15.68% Local
- 5.32% Foreign

## Major Shareholders



- 79.00% stc
- 20.17% Free float
- 0.83% Treasury shares



## Investor Relations Calendar 2024

### Conferences

| Form | Date | Location |
|---|---|---|
| Saudi Capital Market Forum | 19-20 February | KSA |
| EFG Hermes Conference | 6-7 March | UAE |
| Goldman Sachs Conference | 23 March | Virtual |
| MEIRA Saudi Chapter Meeting | 6 June | KSA |
| Bank of America Conference | 6 November | KSA |
| MEIRA Annual Conference 2024 | 11-12 December | UAE |

### Earnings Calls

| Form | Date | Host |
|---|---|---|
| Earnings call FY23 | 21 February | Arqaam Capital |
| Earnings call Q1 | 9 May | Riyad Capital |
| Earnings call Q2 | 29 July | Goldman Sachs |
| Earnings call Q3 | 31 October | AlJazira Capital |

+465
**Interactions with investors**

20
**Analysts covering the stock with 11 buy and 6 hold ratings**

Included in MSCI and FTSE emerging market indices

### Analysts

- Akseer Research
- AlJazira Capital
- Al Rajhi Capital
- Arqaam Capital
- Bank of America
- Citi Group
- Goldman Sachs
- HSBC
- Jefferies International
- J.P. Morgan
- Morgan Stanley
- Riyad Capital
- BSF Capital
- SICO Capital
- SNB Capital
- Ubhar Capital
- United Securities
- WOOD & Company
- Yaqeen Capital
- Haitong

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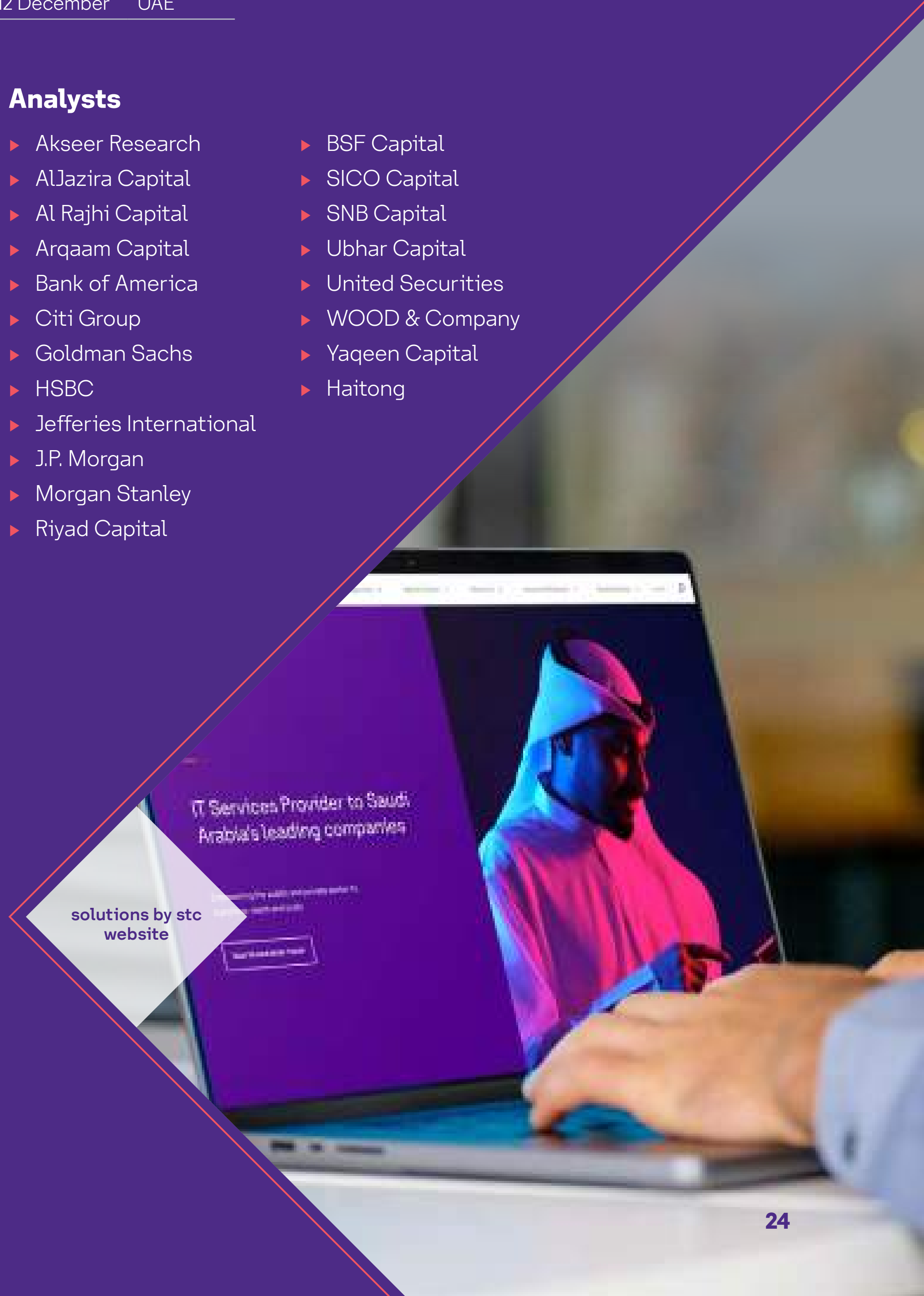


02

# Leadership Review



# Chairman's Statement

## Empowering the digital future: Leading transformation with sustainability and innovation

**#1**

**IT provider in the Kingdom**

**solutions by stc has once again set new standards of innovation and digital transformation in 2024. We delivered more advanced technology to a greater number of clients than ever before, accelerating their growth and differentiation, and helping us to fulfill our purpose of empowering the Kingdom of Saudi Arabia's digital future. Aligned with Saudi Vision 2030, we remain dedicated to driving digital transformation and creating impactful solutions that enhance societal progress and economic growth. Since our founding in 2003, our ability to develop and implement disruption innovation at scale has placed us at the forefront of technology and, as we continue to broaden our horizons, we have entered a new phase of growth and a new era of business.**

**Riyadh Muawad**
Chairman of the Board

As organizations across our market and worldwide seek competitive advantage through advanced networks, connectivity, and integration, solutions by stc continues to raise the bar to provide the technology for them to achieve and exceed their goals. In addition, the transformative partnerships we entered into last year with some of the most innovative and influential global pioneers have equipped us with the tools and expertise to redesign the Kingdom of Saudi Arabia's digital outlook.

Our products and services have never been in greater demand and our levels of service, a vital component of our success, remain unrivaled. With a particular focus on artificial intelligence and machine learning, we have capitalized on our outstanding new capabilities and acquired several high-profile clients. This year, we successfully implemented AI-driven solutions in sectors like healthcare and education, significantly enhancing efficiency and user experiences. In addition, we are now working with the government on several mass-scale projects as part of the drive from our dedicated Public-Private Partnership Department, which has laid the path for enormous PPP potential.

The exponential rise of AI integration has changed the rules of invention and creation in technology, with every sector now affected by greater possibilities for their scope of work, aligned with greater efficiency in their future operations. It is no longer a question of simply investing in technology to prosper, the latest innovations are developing at a lightning pace and industry contenders must adopt and adapt to remain truly competitive.

**In 2024, we solidified our leadership by introducing AI-enhanced digital initiatives, which streamlined urban services and improved the quality of life for citizens.**

### A champion of Vision 2030

At solutions by stc, we are proud to be at the forefront of driving the Kingdom of Saudi Arabia's digital transformation in alignment with Vision 2030. Our mission is clear: to create a digital ecosystem that empowers businesses to overcome challenges, embrace innovation, and achieve sustainable growth. By 2025, we aim to contribute to increasing the Kingdom of Saudi Arabia's digital economy's GDP share, reflecting our commitment to economic diversification. Guided by our LEAP framework - leading through service excellence, empowering business growth and diversification, achieving excellence in customer engagements, and promoting efficiencies and sustainability - we are committed to delivering transformative value to our customers and stakeholders.

We are actively partnering with businesses of all sizes to implement digital transformation initiatives that enhance efficiency, productivity, and market reach. Our involvement in key government mega-projects, such as the Red Sea and NEOM digital initiatives, underscores our role in shaping the Kingdom of Saudi Arabia into a leading digital economy. Through strategic collaborations with global technology leaders, we bring cutting-edge innovations to the Kingdom, ensuring we remain at the forefront of the global technology race. Equally important, we are dedicated to nurturing a skilled and empowered workforce by offering training and education programs, furthering Saudization, and fostering a culture of excellence.

The Kingdom's digital transformation has revolutionized every sector in every industry, and we will continue to innovate and advance the way public and private organizations operate in order to achieve our shared ambitions for the future.

### A positive force in our communities

Our commitment to the environment and the community we serve remains at the heart of our business and through every aspect of our operations we ensure that we consistently abide by international standards while also driving a culture of performance and sustainability. As the leading IT provider in the Kingdom of Saudi Arabia, we have a responsibility to act as an environmental role model to other organizations in the industry, which we undertake with both pride and passion.

We are a strong advocate and practical enforcer of United Nations Global Compact principles, the voluntary initiative that implements the universal sustainability framework to protect the environment and positively impact society at large. We can take great satisfaction in being honored by the Ministry of Human Resources and Social Development for our community work, including promoting digital literacy and our digital initiatives.

Through our "Plant, Feed, Thrive" approach, we aim to cultivate a culture that values sustainability, nurtures this commitment, and amplifies its impact across our operations and community.

We begin by planting the seeds of sustainability within our organization through training programs and the establishment of a dedicated Sustainability Management Committee. This ensures that sustainability is ingrained in our decision-making and operational frameworks. Next, we focus on Feeding this commitment by fostering engagement and empowerment among our employees. Through employee engagement platforms and the Sustainability Champions program, we encourage our teams to take ownership of sustainability initiatives and drive meaningful impact. Finally, we strive to Thrive by amplifying our engagement with the broader community. By participating in local forums and achieving recognition for our efforts, we position solutions by stc as a leader in sustainability.

### Supporting and safeguarding our stakeholders

In terms of our governance, we will always act with transparency, integrity, honesty, and honor. Across our operations, we act proactively to ensure our business sustainability, protect our shareholders, and align with the most stringent principles of Vision 2030. In 2024, we conducted 7 governance audits, ensuring compliance with international standards and fostering greater shareholder trust.

As always, our commitment and investment in our colleagues play a fundamental role in our business progress as we constantly provide them with the tools and knowledge to further their careers while strengthening the depth of talent within the Company.

**Our passion for progress and decades of expertise ensure that we and our partners can deliver the ideal solutions and support our customers' needs in their bid for continuous innovation and business leadership.**

### Looking ahead

Our business operations and partnership development in 2024 were an unmitigated success and have once again reflected our commitment to growth and the promise of service excellence to our customers.

In 2025, we will expand our focus on forming public partnerships as well as AI Technologies, aiming to deploy new projects that redefine the way we live and enhance the quality of life in the Kingdom.

### Acknowledgments

In conclusion, I would like to thank our valued shareholders for their continuous support and their role in the success of solutions by stc. Through our strategic expansion, diversification, and commitment to driving innovation, our exceptional results are a reflection of our dedication to the digital transformation of the Kingdom of Saudi Arabia and the communities we serve. I also extend my gratitude to our talented employees, whose dedication and innovation have been the cornerstone of our success. Together, we will continue to lead the Kingdom of Saudi Arabia toward a brighter digital future.

# Chief Executive Officer's Message

**solutions by stc continues to transform the Kingdom of Saudi Arabia's businesses and industries by delivering customized solutions that apply the most advanced global technologies. In alignment with Saudi Vision 2030, we are dedicated to accelerating digital transformation and strengthening the Kingdom's global leadership. Our position at the forefront of the Kingdom's AI revolution this year has solidified our role as a primary driver of pioneering innovation. The future is bright as we work hand in hand with our government and private sector partners and clients to enhance the Kingdom's competitiveness, deliver game-changing solutions that power enterprise growth, and reimagine the daily lives of the Saudi people.**

**Eng. Omer Alnomany**
Chief Executive Officer

## Leading transformation from the cutting edge of innovation: Leading digital transformation to build a sustainable and innovative future

We must spearhead the region's AI revolution to enable the people, businesses, and government of the Kingdom of Saudi Arabia to be at the cutting-edge of such spectacular technology evolving at such a remarkable rate. Through our AI-powered solutions, we have enhanced user experiences, making services more intuitive and accessible.

We have embraced artificial intelligence as a cornerstone of our digital transformation strategy and strategically positioned ourselves at the forefront of innovation by developing a comprehensive technological ecosystem that bridges advanced computing, cloud infrastructure, and intelligent solutions. In addition, by collaborating with global pioneers we have created a robust framework that enables businesses to harness the power and potential of AI.

### Partnerships powering purpose

Our strategic partnerships in 2024 have opened new revenue streams and expanded our capabilities to levels we have never seen before, providing 360-degree solutions for all our customers. These partnerships have also strengthened the competitiveness of key sectors such as healthcare, education, and transportation, delivering a tangible positive impact. These game-changing alliances extended our portfolio while also contributing outstanding expertise to create unique and tailored solutions.

From high-performance computing and the power of big data to AI-enabled applications and the digital solutions, we have the opportunity to broaden our focus and reimagine the technology landscape of the Kingdom of Saudi Arabia.

We are currently pivotal to several state initiatives, which have added a new dimension to the Company's business model, including the dedicated Public-Private Partnership Department, an integral part of our future government projects. Through our previous participation in public sector ventures, solutions by stc have been peerless in their constant innovation, unwavering reliability, and unfaltering efficiency.

These large-scale projects are set to radically change urban development, as we fulfill our ambitions to broaden our client base and benefit the daily lives of Saudi citizens. In a 10-year partnership with the development arm of Riyadh Region Municipality, we are creating one of the largest and most advanced smart parking projects in the world, with spaces for more than 160,000 vehicles.

Furthermore, among many others, the Company entered into a joint venture with the Jeddah Development and Urban Regeneration Company, whereby solutions by stc will lead digital and technology projects for all current and forthcoming projects.

In the private sector, we have also made great strides in strategic collaborations, where our acquisitions have enabled us to increase our breadth of services, expand our customer reach, and broaden our areas of expertise. A highly lucrative 5-year agreement with Saudi Aramco includes providing, distributing, and maintaining computing devices and accessories for all Aramco sites. It is one of the largest global IT projects, and a true reflection of the respect we have garnered and the quality of our services.

In addition, we completed our 40% acquisition of Devoteam Middle East, which will contribute to a more diversified portfolio and, through Devoteam's renowned consultancy capabilities, provide even more tailored solutions for clients.

### Sustained financial successes

In a year of sustained growth, diversified services, and operational efficiency, solutions by stc achieved ⃁ 12,064 million in revenue, a 9.3% rise compared to 2023, with net profits of ⃁ 1,597 million, a year-on-year increase of 33.9%. EBITDA in 2024 increased by 16.7% to ⃁ 1,948 million, with the EBITDA margin reaching 16.1% compared to 15.1% in 2023. These results were driven by strategic diversification and a strong focus on operational excellence.

### Reinforcing customer excellence

As solutions by stc innovate, implement, and integrate more advanced global technology, we are able to deliver greater operational efficiency and unlock new opportunities for our customers, as well as ideally position ourselves to provide more tailored solutions.

Being responsible for 23% of the Kingdom's IT services, our customers are at the very heart of our Company philosophy. Our duty to their business success is pivotal to our own and as the number one driver of digital transformation and the Kingdom's leading technology pioneer, we have the scope to support their operations and develop their potential.

We have reinforced our customer-centric mindset even further through greater dialogue and continue to encourage feedback, a crucial element in improving the services we offer. In our commitment to customer communication, we have increased our training and cultivated an innate sense of purpose for the people and businesses we serve through rewards for excellence, hosting global technology experts to provide inspirational insights, and holding quarterly customer meetings. As always, we understand that the success of our business is reliant on the success of our clients.

### Recognition for innovation and excellence

With more than 25 years of experience in ICT, we are the most recognized and respected technology solutions provider in the Kingdom of Saudi Arabia, creating and adopting innovation for the benefit of local, regional, and global individuals and businesses.

As a result, once again, solutions by stc has won a host of highly-prized awards, reflecting all aspects of our business as well as the commitment we have to improvement and innovation.

> **solutions by stc remains at the forefront of our market, supporting our customers and the goals of the Kingdom through continuous innovation, unwavering reliability, and unfaltering efficiency.**

### Looking forward with focus and ambition

As we look forward, solutions by stc remains committed to transforming AI from a technological concept into a strategic business enabler, empowering our customers to navigate the complex digital landscape with confidence and innovation. Our new partnerships will provide more opportunities from a wider portfolio, and as we enter into new areas of expertise, we expect our client base to expand accordingly. In 2025, we aim to enhance our presence in new markets and achieve a quantum leap in smart city services.

### Acknowledgments

In conclusion, I would like to thank the Board of Directors and Management for their vision and expertise. As always, my gratitude also extends to our remarkable colleagues at solutions by stc, whose combined efforts have brought us another year of great achievements and opened new windows of opportunity. I would also like to thank our partners, both new and longstanding, for their invaluable contributions and, of course, our customers, the beating heart of our business. Together, we will continue empowering Saudi society and elevating its global standing.

### Key Highlights

| | | |
|---|---|---|
| #1 IT services provider in Saudi Arabia | ~23% IT services market share in KSA | +25 Years of experience in IT sector |

**FY 2024 financials**

| | | |
|---|---|---|
| 9.3% Revenue growth YoY to ⃁ 12.06 billion | 16.1% EBITDA margin | 33.9% Net income growth YoY to ⃁ 1.60 billion |

**People**

| | | |
|---|---|---|
| 1,464 Talented employees | 64.1% Saudization | 19.3% Female staff |

**Partnerships**

| | | |
|---|---|---|
| 171+ Partners in solutions ecosystem | 467 Local Suppliers Engaged | 76.8% Procurement spending on local suppliers |

# 03

# Strategic Review



# Business Model

Our business model leverages strategic inputs, efficient operations, and impactful outcomes to deliver differentiated ICT services and solutions that create sustainable value for our stakeholders. By aligning our resources with innovation and operational excellence, we address the diverse needs of government, industry, community, and shareholders while contributing to long-term growth and national development.

## Inputs

- Financial
- Intellectual
- Manufactured
- Social and Relationships
- Human
- Natural

## Operations

End to End, Integrated ICT Services and Solutions Provider

## Outputs

- Core ICT Services
- IT Managed and Operational Services
- Digital Solutions

## Outcomes

**Accelerated Digital Transformation and Innovation**

Clients gain cutting-edge solutions faster, unlocking new revenue streams, products, and experiences.

**Enhanced Operational Efficiency and Productivity**

Streamlined processes and automated workflows reduce costs, minimize errors, and free up resources for strategic initiatives.

**Future-Ready, Scalable Technology Ecosystems**

Clients adopt architectures that easily adapt and scale, ensuring longevity and resilience against market changes.

**Elevated Customer Experience and Engagement**

Integrated, omni-channel platforms deliver seamless customer journeys, leading to higher retention and satisfaction.

## Value Created

**Industry**

All sectors engaged through horizonal and vertical specific offerings

**Community / Nation**

64.1%
Saudization

19.3%
Female workforce

467
Local suppliers

⃁ 5.47 billion
Local procurement spending

**People**

1,464
Employees

42,124
Training hours

**Partners**

171+
World-class partners

**Shareholders**

⃁ 13.42
Earnings per share

33.9%
Growth in net profits

# Strategy and Vision 2030

## LEAP 2.0: A bold vision for a transformative era

**In an age of rapid technological evolution and a transformative national agenda, our journey in the Kingdom of Saudi Arabia and the region is defined by our unwavering commitment to innovation, growth, and excellence.**

Over the past year, we have established a robust foundation of capabilities and offerings, positioning ourselves as a trusted leader in the IT landscape both locally and regionally. As we enter 2025 with strengthened foundations, our enhanced LEAP 2.0 Strategy reaffirms our commitment to shaping the future of the KSA and the region while delivering sustainable, long-term value to our stakeholders.

In the Kingdom, Vision 2030 serves as a guiding beacon, aligning our strategic priorities with the nation's goals for economic diversification, digital empowerment, and social development. This transformative momentum, coupled with the exponential growth of the global technology sector, creates an extraordinary opportunity for us to lead. LEAP 2.0 is our strategic blueprint to not only navigate this dynamic landscape but also actively shape it, creating meaningful and lasting value for our clients, partners, and the Kingdom.

LEAP 2.0 is structured around 4 core pillars, each designed to unlock opportunities, meet evolving customer needs, and ensure our operations drive a more technologically advanced, resilient, and sustainable future. Through disciplined execution of this strategy, we continue to build a digital ecosystem that empowers our customers to achieve sustainable growth, both regionally and globally. As we progress, LEAP 2.0 positions us to deliver a transformative impact, guided by the vision of a digitally empowered future.

### Charting the path forward

Through our LEAP 2.0 approach, we are steadfast in supporting the Kingdom's vision for digital transformation and economic diversification. Our 4 strategic pillars come together as an integrated and cohesive strategy to drive progress for both our organization and the broader interests of our stakeholders and society.

We see ourselves as a catalyst for sustainable advancement, consistently adapting to emerging trends and challenges. Whether through cutting-edge service offerings, strategic partnerships, or cultivating a dynamic and skilled workforce, our focus is on delivering measurable impact for our customers, stakeholders, and community. Guided by our principles of innovation, excellence, and collaboration, we remain committed to shaping a brighter, more technologically advanced future for Saudi Arabia and the wider region.

**Pillar L**

### Lead through service excellence

We are driven to remain the undisputed leader in the Kingdom's ICT services market, setting a new standard for quality, innovation, and client satisfaction. We go beyond just providing services, delivering cutting-edge solutions every day that consistently exceed client expectations and redefine what is possible in the industry.

We achieve this through a deep commitment to continuous improvement, investing in core capabilities, and proactively addressing future market needs. By building the strongest and most reliable foundation for ICT capabilities, we ensure that the highest level of service excellence becomes the benchmark for the industry and a key driver of digital transformation.

**Pillar E**

### Empower business growth and diversification

Our focus on embracing the future and actively pursuing growth opportunities drives meaningful impact. We remain committed to staying ahead of the curve by exploring emerging technologies and innovative business models, such as co-creation, public-private partnerships, and revenue-sharing arrangements.

Through strategic investments in research and development and by forging impactful partnerships, we push boundaries and expand our offerings to tap into new markets. Our role is to be a pioneer in the evolving technological landscape, ensuring that we are not just participants but leaders in shaping the next generation of digital solutions. Dynamic expansion and capturing the potential of tomorrow's technology today lie at the heart of this strategy.

**Pillar A**

### Achieve excellence in customer engagements

Our customers and their ever-evolving needs are central to everything we do. We are committed to building meaningful, long-term relationships by deeply understanding our clients' unique needs and delivering a customer experience that sets us apart.

We aim to become a trusted advisor and a key contributor to our clients' success stories, moving beyond transactional relationships to create true partnerships. By refining every touchpoint, tailoring offerings to specific industries, and fostering loyalty, we ensure that every client interaction is personalized, positive, and productive. Our goal is to transform satisfied customers into advocates who champion the solutions by stc brand and its impact on their businesses.

**Pillar P**

### Promote efficiencies and sustainability

We work each day to create a responsible, sustainable business that aligns growth with long-term economic, social, and environmental goals. We are prioritizing operational excellence by streamlining internal processes, optimizing resources, and reducing environmental impact through sustainable practices.

Our commitment extends to fostering a strong internal culture, investing in our people through skills development, leadership training, and strategic workforce planning, ensuring we build a future-ready organization. Additionally, we support the Kingdom's broader economic and social development goals by aligning our efforts with initiatives like Saudization and fostering community engagement. By creating a foundation of efficiency, sustainability, and responsibility, we ensure our growth is impactful, ethical, and aligned with national priorities.

# Strategy and Vision 2030 continued

## Supporting the goals of Vision 2030

At solutions by stc, we are proud to align with and actively support the transformative goals of Saudi Vision 2030 through strategic initiatives and partnerships:

### Driving digital transformation

We collaborate with businesses of all sizes to implement digital transformation initiatives that enhance efficiency, boost productivity, and open access to new markets

### Advancing mega government projects

Through our involvement in landmark projects such as NEOM and the Red Sea Smart Cities initiatives, we contribute to positioning the Kingdom of Saudi Arabia as a leading global digital economy and society

### Partnering with global innovators

By partnering with global technology leaders, we ensure the latest innovations are brought to Saudi Arabia, enabling the Kingdom to maintain a competitive edge in the global technology landscape

### Developing local talent

We provide training and education programs designed to equip Saudis with the skills required to thrive in the technology sector, supporting a skilled workforce and advancing Saudization

**Our strategy is built on the belief that agility, innovation, and customer-centricity are the key drivers of sustainable growth. We will continue to lead with cutting-edge solutions that elevate both our clients' operations and the broader market landscape.**

**Maher Salem Althiyabi**
Chief Strategy Officer

# Case Studies

## Jeddah Development and Urban Regeneration Company

**A game-changing joint venture with Jeddah Development and Urban Regeneration Company**

### Driving urban renewal with technology

The Kingdom of Saudi Arabia is undergoing a significant transformation, driven by its Vision 2030 goals of economic diversification and digital empowerment. A cornerstone of this ambition is the modernization of urban centers like Jeddah, which requires advanced technological solutions to enable efficient project management and digital transformation. As part of this evolution, Jeddah Development and Urban Regeneration Company (JedCo) identified the need for innovative digital capabilities to support its wide array of public-private partnership (PPP) projects. This presented an exciting opportunity for solutions by stc to leverage its expertise and contribute to this transformative agenda.

### A strategic partnership for digital transformation

In a landmark move, solutions by stc joined forces with Jeddah Development and Urban Regeneration Company (JedCo) to establish Amanah Tech, a new joint venture aimed at driving technological innovation in Jeddah's urban projects. This new entity embodies the spirit of PPPs, with solutions by stc holding a 70% stake and Jeddah Development and Urban Regeneration Company (JedCo) owning 30%. Amanah Tech's primary goal is to deliver advanced technological solutions, enable digital transformation, and provide managed services for Jeddah Development and Urban Regeneration Company's diverse portfolio of projects. Backed by an initial capital of ⃁ 3 million, Amanah Tech focuses on building and developing the IT infrastructure required to empower sustainable growth and efficient project execution in Jeddah.

### Unlocking potential with technology

Amanah Tech represents a bold step forward in enhancing Jeddah's urban regeneration initiatives. The new entity is uniquely positioned to deliver:

- Innovative digital solutions: Custom-built technologies that address the specific needs of Jeddah Development and Urban Regeneration Company's projects
- Managed services: Comprehensive project support to optimize efficiency and resource utilization
- IT infrastructure development: Building the robust foundations necessary for sustainable, scalable growth

Through these services, the partnership is designed to drive digital transformation and set a benchmark for effective collaboration between the public and private sectors. By integrating cutting-edge technology and operational expertise, solutions by stc empowers Jeddah Development and Urban Regeneration Company (JedCo) to achieve its ambitious goals while reinforcing its leadership in the digital economy.

### Delivering transformation, adding impact

Amanah Tech has been established with a clear vision of establishing significant strides in transforming Jeddah's urban projects. By providing tailored technological solutions and managed services, it will accelerate digital transformation across multiple initiatives. The collaboration is planned to enhance project efficiency and to enable better resource allocation, directly contributing to the Kingdom's Vision 2030 agenda. With its robust IT infrastructure and innovative solutions, the joint venture will become a pivotal force in driving Jeddah's modernization while setting a precedent for future partnerships.

> **Our joint venture with Jeddah Development and Urban Regeneration Company exemplifies how public-private collaboration can drive meaningful change. By combining cutting-edge technology with visionary leadership, we are set to unlock sustainable growth that benefits our customers, stakeholders, and the Kingdom as a whole.**

## Remat Al-Riyadh Partnership

**Partnering with Remat Al-Riyadh for pioneering smart urban parking**

### A smarter, more efficient Riyadh

As Riyadh continues its rapid urbanization under the Kingdom's Vision 2030, the city faces increasing demands for more efficient, sustainable urban solutions. Parking congestion, illegal parking, and time spent searching for spaces are key contributors to traffic issues, emissions, and reduced quality of life for residents and visitors. Addressing these challenges presented an opportunity to revolutionize parking management through innovation, technology, and infrastructure development, paving the way for a smarter, more accessible Riyadh.

### Transforming urban parking with smart technology

solutions by stc partnered with Remat Al-Riyadh to introduce a cutting-edge smart parking system designed to enhance the city's operational efficiency and user experience. The initiative combines best practices from leading global cities with advanced technological solutions, focusing on excellence in customer experience and operational performance. As part of the collaboration, solutions by stc manages field operations and oversees the rollout of on-street parking zones while also developing physical infrastructure to optimize readiness. This partnership bridges technology and urban development to modernize Riyadh's parking systems.

### Revolutionizing parking for a better city

The Remat Al-Riyadh partnership delivers multifaceted benefits across social, economic, and environmental dimensions:

- Environmental impact: Reduced emissions and improved air quality by minimizing unnecessary vehicle movement and time spent searching for parking
- Traffic management: Alleviated congestion through better traffic flow and reduced illegal parking
- User experience: Enhanced convenience for residents and visitors with AI-Occupancy Management, mobile applications, and real-time data for easier parking access
- Economic growth: Increased city revenue from parking service fees, supporting financial sustainability and infrastructure development
- Urban development: Improved city aesthetics, making Riyadh more welcoming and visually appealing
- Innovation: Leveraging data-driven insights and smart parking management systems to optimize operations and support future urban planning

### Creating a blueprint for urban efficiency

The Remat Al-Riyadh project has already begun transforming Riyadh's urban landscape, with the technology development and rollout of smart solutions in progress. Two to three zones are now operational, demonstrating tangible improvements in traffic flow, user satisfaction, and city management. This progress lays a solid foundation for expanding the initiative citywide, setting Riyadh as a leader in urban innovation and sustainability.

> **Our partnership with Remat Al-Riyadh exemplifies how smart technology can address real-world challenges, delivering value to our customers, enhancing urban efficiency, and supporting Riyadh's transformation into a global smart city.**

# Risk Management

In today's rapidly changing world and era of digitalization, solutions by stc remains committed to ensuring the sustainability and resilience of our business. We achieve this by implementing a comprehensive Enterprise Risk Management framework that proactively identifies, analyses, and evaluates potential risks that could impact our strategic objectives and operations. This proactive approach not only helps us prevent disruptions but also enables us to ensure business continuity during any possible crisis.

## Risk Management overview

solutions by stc focuses on maintaining and improving advanced risk management practices with strong infrastructure following the well-known international standards ISO 31000 and COSO ERM integrated with solutions by stc's strategy for enabling strategic risk-informed decision-making.

### Risk Management processes


### Risk Management principles






### Risk Management Activities

- Certified ISO 31000
- Quarterly monitoring of principal risks
- Annual update of risk assessment
- Monthly/Quarterly/Bi-annually/Annually Key Risk Indicators monitoring
- Regular training and awareness to increase the risk culture and risk management knowledge
- Annual assessment for internal control

solutions by stc embeds risk management across every level of the organization to ensure that it is integrated with the decision-making process and supports the delivery of the Company's business strategy.

By combining a robust risk governance framework with close collaboration and communication among various business units, the business gains a deep understanding of internal and external risks and subsequently develops risk management approaches, strategies, and mitigation to adequately mitigate these risks and ensure alignment with solutions by stc's overall strategic direction and objectives.

solutions by stc is committed to adopting a comprehensive, highly effective and agile Risk Management program, applying best practices and leading standards. It also seeks to automate elements of the Risk Management process and activate data driven, and technology-based methodologies to aid in decision-making, while leveraging internal and external resources to meet stakeholder expectations to uphold the highest standards in Risk Management.

### Risk Governance framework

solutions by stc's Board of Directors have the ultimate responsibility of governance and oversight of all Risk Management activities across the Company, in accordance with our approved Enterprise Risk Management Policy.

### Risk Management highlights

solutions by stc seeks to continuously improve its Risk Management approach and capabilities. The Company integrates Enterprise Risk Management with strategic objectives and planning. There is always a focus on identifying and reporting emerging risks arising from global sources and ensuring that the Risk Management function plays its vital and appropriate role in helping to achieve the Company's strategic objectives.

solutions by stc is committed to adopting best practices of Enterprise Risk Management, which was highlighted this year by maintaining ISO-31000 – Guidelines on Risk Management Certification, which includes passing surveillance audits in addition to increasing Risk Management program maturity.


# Risk Management continued

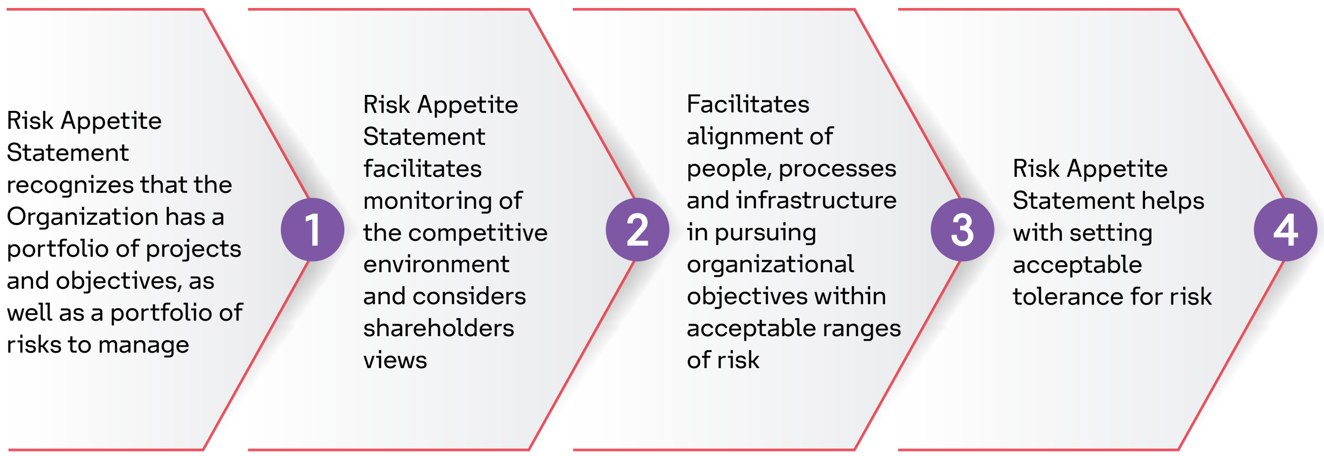
## Internal control review

As part of the Risk Management role to ensure effectiveness and adequacy of the internal control environment, solutions by stc conducts an annual internal control review (ICR) across all divisions, departments, and functions to assess the current controls environment, identify additional risks, test design and operating effectiveness of controls, and provide Management with reasonable assurance over the internal control environment.


## Risk Appetite Statement

solutions by stc has established a defined Risk Appetite Statement, which outlines the level of risk an organization is willing to pursue to achieve its objectives. The objectives of having a Risk Appetite Statement are to set clear expectations about how much risk is appropriate to take in the pursuit of solutions by stc's strategic objectives and provides solutions by stc's Management with a tool for effective and informed decision-making.

### Risk Appetite Characteristics








## Principal risks

| Principal risks | Description | Management response |
|---|---|---|
| **1** Regulatory risk | The risk of non-compliance with applicable laws and regulations resulting in legal and financial implications | ▸ Actively adhered to regulatory requirements, supporting our vision to lead in the ICT sector<br>▸ Maintained a robust compliance management system to enhance Company-wide compliance culture<br>▸ Aimed to set a benchmark in compliance management, meeting regulatory needs and adopting the best practices<br>▸ Strengthened relationships with customers, employees, partners, and investors |
| **2** Sustainability risk | The risk of a decrease in Environmental, Social, and Governance performance leading to a decline in our ESG index ranking, resulting in possibly losing investors and having an adverse reputational impact | ▸ A comprehensive strategy and program in place for Sustainability<br>▸ An ESG Committee has been established to oversee the ESG program and its execution<br>▸ ESG performance indicators are defined, tracked, monitored, and reported<br>▸ Communication awareness campaign, and enhancing a sustainability culture and capability |
| **3** Geopolitical risk | The risk of negative impacts on operations, trade, and strategic goals arising from complex and dynamic interactions shaped by political, economic, and social factors, resulting in disruptions to supply chains and operational support systems | ▸ Established alternative shipping methods with multiple carriers for efficient emergency deliveries<br>▸ Retained the CIPS MENA Procurement Award for excellence in local content<br>▸ Optimized sourcing strategy to adapt to market dynamics |
| **4** Emerging technologies risk | The risk of the inability to adopt transformative technologies resulting in potential operational inefficiencies, compromising agility and leading to a competitive setback | ▸ Continuously monitored business insights across the organization for ICT-related market trends and publications<br>▸ Regularly assessed and prioritized transformative technologies aligned with business goals<br>▸ Used agile methods and partnered with tech companies / experts for swift adoption |
| **5** Cybersecurity and data privacy risk | The risk of increasing sophistication and the variety of cyber-attacks, along with the unauthorized disclosure of organizational or personal data, can lead to operational disruptions, reputational harm, regulatory repercussions, and financial losses | ▸ The cybersecurity policies and framework are maintained to assess the changing needs of the organization, industry, and regulatory obligations and are used to address the challenges posed by the emerging threats and new complex technologies<br>▸ Maintained robust cybersecurity and data privacy risk and compliance program(s) aligned with regulatory laws / regulations, enterprise risk / compliance and industry leading practices<br>▸ Exceled in identifying, assessing, and mitigating potential incidents and threats to the Company's digital ecosystems<br>▸ Certified against ISO 27001 Information Security Management System (ISMS) and ISO 27701 Privacy Information Management |
| **6** Competition risk | The risk of an increasing footprint by international players and local players continuously striving to gain market share, in addition to an increased number of start-ups in the Kingdom of Saudi Arabia's IT sector, making the market more fragmented | ▸ Expanded digital and IT offerings, entering new business lines to meet diverse customer needs across the IT value chain<br>▸ Achieved growth through strategic acquisitions and internal development, broadening portfolio scope<br>▸ Strengthened product portfolio by building partnerships that introduce complementary solutions<br>▸ Enhanced customer retention by implementing successful bundling and cross-selling strategies, reducing competitive impact<br>▸ Conducted continuous market research to identify updates and changes that could impact our market competitiveness, allowing us to adapt proactively to evolving customer and market needs |

# Risk Management continued

## Business Continuity overview

solutions by stc has implemented and maintained a robust Business Continuity to ensure organizational resilience in the face of disruptions.

**Management commitment and support:** Leadership at solutions by stc is deeply committed to fostering a culture of business continuity. This commitment is reflected in the allocation of resources, active participation in continuity planning, and the establishment of clear objectives that prioritize business resilience.

**Business Impact Analysis (BIA) and Threats Risk Assessment (TRA):** solutions by stc conducts BIA and TRA exercises on an annual basis to address all critical processes and assess potential threats. This enables solutions by stc to evaluate the impact of disruptions, determine recovery priorities, and develop strategies to mitigate risks.

**A Comprehensive Business Continuity Plan (BCP):** solutions by stc has implemented a range of BCP's to address essential areas such as business operations, technology, and facilities. These plans include well-defined roles and responsibilities, clear communication protocols, and recovery strategies for critical functions. Through proactive preparation, solutions by stc has also developed robust Crisis Management and Incident Response plans to ensure effective management and swift response to potential incidents. Continuous improvement and review processes are in place to regularly monitor, test, and update these plans based on insights gained from exercises and lessons learned.

**Testing, Exercising, and Awareness:** solutions by stc conducts regular drills, simulations, and tabletop exercises to validate the effectiveness of the Business Continuity Plan (BCP) and identify areas for improvement. Over 500 employees have received training and awareness sessions to ensure they are consistently prepared in their roles and responsibilities within the BCP and overall organizational resilience, enabling them to respond effectively during any disruption.

## 2024 Business Continuity achievements

### Certified in ISO 22301: Business Continuity Management System

Since 2020, solutions by stc has achieved and maintained ISO 22301 certification. It is reviewed annually to demonstrate our commitment to establishing, implementing, maintaining, and improving a robust Business Continuity Management System (BCMS). This certification ensures effective preparation for, response to, and recovery from disruptive incidents.

### Certified in ISO 22320: Emergency Management – Guidelines for Incident Management

Since 2022, solutions by stc has also achieved and maintained ISO 22320 certification. It is reviewed annually to outline essential guidelines for effective incident management during emergencies. This certification exemplifies our commitment to upholding high standards in coordinating and managing incidents, ensuring clear communication, and efficient resource allocation during crises.

### Conducted annual full crisis simulation with senior Management participation

solutions by stc orchestrates a comprehensive crisis simulation exercise every year, involving the Executive team. This simulation is designed to test and refine our response strategies in real-time scenarios, ensuring that leadership is well-prepared to make critical decisions under pressure and that the entire solutions by stc team can respond cohesively to potential crises.

### Ongoing training, awareness, and exercises related to business continuity management

solutions by stc has implemented a continuous program of training and awareness initiatives focused on business continuity management (BCM). This includes regular workshops, drills, and exercises aimed at enhancing the knowledge and preparedness of all employees, ensuring that they understand their roles and responsibilities in maintaining business continuity during disruptions.

# Market Overview

## Global and KSA ICT market trends in 2024

**The year 2024 marked a transformative period for the Information and Communications Technology (ICT) sector, both globally and within the Kingdom of Saudi Arabia (KSA). Key drivers included accelerated digital transformation, widespread adoption of 5G and cloud technologies, and the proliferation of AI-powered solutions across various industries. These advancements were further fueled by rising consumer demand for immersive digital experiences and seamless e-commerce platforms, prompting enterprises to invest strategically in advanced analytics, robust cybersecurity measures, and user-centric solutions.**

On the global stage, the rapid rise of artificial intelligence (AI) was a defining trend, with IDC projecting annual spending on AI-centric systems to surpass USD 300 billion by 2026. The KSA reflected this global trajectory, with substantial investments in AI and complementary technologies contributing to its ICT market growth, which is expected to exceed USD 36.6 billion by the end of 2024.

In the KSA, the ICT sector's growth was strongly aligned with the goals of Vision 2030, the national initiative to diversify the economy and reduce dependency on oil revenues. This strategic agenda, supported by various government programs, accelerated the Kingdom's digital transformation. As a result, the KSA achieved remarkable milestones, including securing second place among G20 nations in the ICT Development Index and ranking sixth globally in the UN E-Government Development Index. These advances reflect the growing strength of both the oil and non-oil sectors, with the latter demonstrating increasing contributions to the economy. While specific growth rates and total revenue figures for 2024 await further data, the overall trajectory indicates a resilient and expanding ICT market in the Kingdom.

Several strategic factors drove these developments. The Kingdom's investments in digital infrastructure, combined with increasing internet and smartphone penetration, created a robust foundation for ICT sector growth. Entrepreneurial initiatives like the Space Tech Entrepreneurship Program also spurred innovation and attracted significant investment. Additionally, indirect contributors such as the tourism and religious travel sectors increased demand for digital services and connectivity, while the private sector emerged as a critical partner in driving growth.

Overall, despite global inflationary pressures and regional instability, the KSA's ICT sector demonstrated remarkable resilience. This strength was underpinned by proactive government support, active private sector collaboration, and a thriving digital ecosystem, all of which position the Kingdom as a regional leader in technology and innovation.





04

# Financial Review



# Chief Financial Officer's Review

**The solid financial results for 2024 underscore improving operating margins and cash flow generation, with an overall performance reflecting the Group's successful strategy of profitable growth, augmented by value-added acquisitions and partnerships.**

**Abdulrahman Hamad Alrubaia**
Chief Financial Officer

**Revenue**
⃁ 12,064
million
9.3% YoY ▲

**Net profit margin (%)**
13.2%
+244bps YoY ▲

**Gross profit**
⃁ 2,783
million
7.1% YoY ▲

**Capex**
⃁ 255
million
128.0% YoY ▲

**Gross profit margin (%)**
23.1%
-46bps YoY ▼

**Free cash flow**
⃁ 1,187
million
3.2% YoY ▲

**EBITDA**
⃁ 1,948
million
16.7% YoY ▲

**Net debt (cash)**
⃁ (2,967)
million
8.8% YoY ▲

**EBITDA margin (%)**
16.1%
+103bps YoY ▲

**ROIC**
34.3%
+263bps YoY ▲

**Net profit**
⃁ 1,597
million
33.9% YoY ▲

**ROAE**
43.4%
+482bps YoY ▲





As the Kingdom of Saudi Arabia and its organizations continue to digitally transform and invest in technology and innovation, the Group achieved exceptional financial results in 2024, expanding both its range of clients and depth of services, while drastically optimizing the operating cost. During the year in which the implementation of artificial intelligence, machine learning, and digital communications became a reality rather than an aspiration, the Group proved itself to be the perfect supplier to ever-increasing market demands.

The Group's revenue grew to ⃁ 12.06 billion, an increase of 9.3% compared to 2023, with a rise in net profits of 33.9%, climbing from ⃁ 1.19 billion to ⃁ 1.60 billion. Significant OpEX improvements resulted in an increase in EBITDA which stood at ⃁ 1.95 billion by year end, and an improved margin to 16.1%. the Group generated ⃁ 1.51 billion in operating cash flow, reflecting a 12.0% decline, driven by an increase in Return on Invested Capital (ROIC), which saw a rise of 8.3%.

In a dynamic, diverse, and rapidly evolving industry, it is imperative that products and services are not only superior and competitive, but also that operations are cost-effective and time-efficient. In optimizing operating expenses, solutions by stc created significant additional value to both its customers and shareholders.

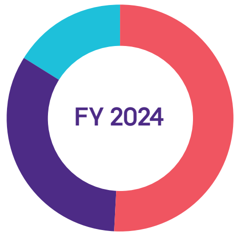
Operating expenses decreased by 7.3% compared to the previous year, reflecting improved cost efficiency. This was primarily driven by a 18.9% reduction in selling and distribution expenses. Meanwhile, general and administrative expenses rose by 0.7% year-on-year.

Revenue was largely driven by IT Managed and Operational Services, which saw a 21.0% increase, reaching ⃁ 3,948 million and accounting for 32.7% of total revenue. This reinforced solutions by stc's strategic success of acquiring ccc, the market-leading business process outsourcing subsidiary, which contributed ⃁ 1,943 million, making up 16.1% of total revenue. Core ICT Services added ⃁ 6,188 million, contributing to 51.3% of total revenue, while Digital Services revenue grew by 8.1%, reaching ⃁ 1,929 million and representing 16.0% of total revenue.

The Group's parent entity, stc, which is the leading digital enabler across innovative telecommunication and emerging technology, remained the strongest growth driver, whereby its revenue increased by 11.6% over 2023, which accounted for 35.6% of total revenue.

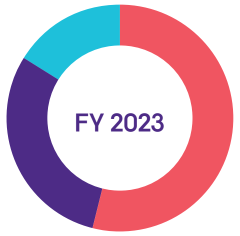
Government revenue increased by 7.7% compared to the previous year, resulting in 43.2% of total revenue in 2024. Revenue from the private sector increased by 8.6%, with a revenue share of 21.2%.

**Revenue Composition (by Business Segment)**




⃁ 12,064
million

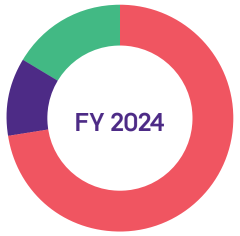
- **51%** Core ICT Services
- **33%** IT Managed & Operational Services
- **16%** Digital Services




⃁ 11,040
million

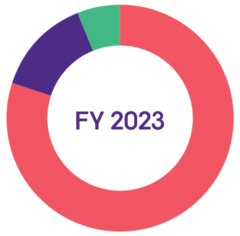
- **54%** Core ICT Services
- **30%** IT Managed & Operational Services
- **16%** Digital Services

**Revenue Composition (by Entity)**




⃁ 12,064
million

- **72%** solutions
- **11%** Giza
- **16%** ccc




⃁ 11,040
million

- **81%** solutions
- **14%** Giza
- **6%** ccc

# Chief Financial Officer's Review continued

## Financial Highlights

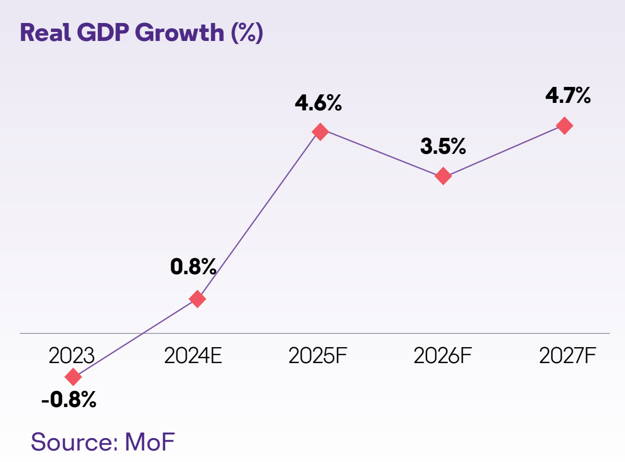
**Net profit**
⃁1,597 million
**(2023: ⃁ 1,192 million)**

**Gross profit**
⃁2,783 million
**(2023: ⃁ 2,598 million)**

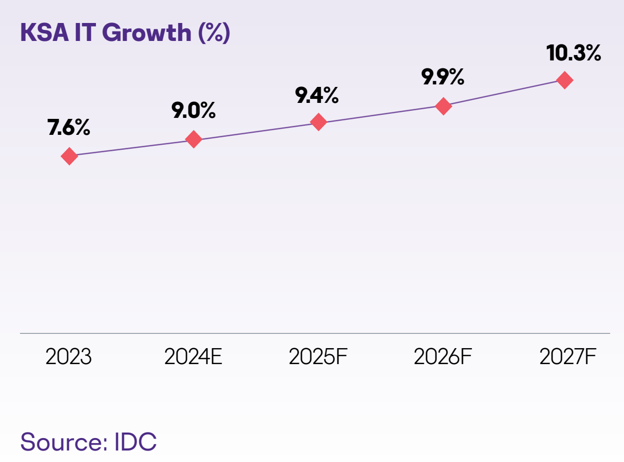
**EBITDA**
⃁1,948 million
**(2023: ⃁ 1,669 million)**

**Total assets**
⃁12,040 million
**(2023: ⃁ 11,516 million)**

**Shareholders' equity**
⃁4,008 million
**(2023: ⃁ 3,324 million)**



Source: MoF



Source: IDC

## The Group's Income Statement (5-year summary)

| | 2024 (⃁ 000) | 2023 (⃁ 000) | 2022 (⃁ 000) | 2021 (⃁ 000) | 2020 (⃁ 000) |
|---|---|---|---|---|---|
| Revenue | 12,063,897 | 11,040,493 | 8,805,091 | 7,208,337 | 6,891,419 |
| Cost of revenue | (9,280,923) | (8,442,875) | (6,793,845) | (5,500,370) | (5,469,447) |
| **Gross profit** | **2,782,974** | **2,597,618** | **2,011,246** | **1,707,967** | **1,421,972** |
| Total operating expenses | (1,122,419) | (1,210,729) | (851,015) | (808,863) | (664,965) |
| Operating profit | 1,660,555 | 1,386,889 | 1,160,231 | 899,104 | 757,007 |
| Other income and (expenses) | (18,781) | 17,837 | 11,268 | 4,921 | (3,234) |
| **Zakat and income tax** | **(38,958)** | **(209,581)** | **(117,786)** | **(71,107)** | **(51,978)** |
| **Net profit** | **1,596,633** | **1,192,148** | **1,052,869** | **832,919** | **701,796** |
| Gross profit margin | 23.1% | 23.5% | 22.8% | 23.7% | 20.6% |
| Net profit margin | 13.2% | 10.8% | 12% | 11.6% | 10.2% |

## The Group's Revenue by Business Segment

| | 2024 (⃁ 000) | 2023 (⃁ 000) | Growth YoY | Share of Total Revenue |
|---|---|---|---|---|
| Core ICT services | 6,187,720 | 5,994,165 | 3.2% | 51.3% |
| IT managed and operational services | 3,947,622 | 3,262,351 | 21.0% | 32.7% |
| Digital services | 1,928,555 | 1,783,977 | 8.1% | 16.0% |

## The Group's Revenue by Customer Segment

| | 2024 (⃁ 000) | 2023 (⃁ 000) | Growth YoY | Share of Total Revenue |
|---|---|---|---|---|
| stc | 4,301,321 | 3,853,554 | 11.6% | 35.7% |
| B2B | 7,762,576 | 7,186,939 | 8.0% | 64.3% |

## Geographic Analysis of the Group's Revenue

| | 2024 (⃁ 000) | 2023 (⃁ 000) | Growth YoY | Share of Total Revenue |
|---|---|---|---|---|
| KSA | 11,384,330 | 10,079,494 | 13.0% | 94.4% |
| GCC | 13,709 | 18,860 | (27.0)% | 0.11% |
| WECA (West, East, and Central Africa) | 659,894 | 939,086 | (30.0)% | 5.5% |
| Europe | 5,964 | 3,053 | 95.0% | 0.05% |

## The Group's assets, liabilities, and equity (5-year summary)

| | 2024 (⃁ 000) | 2023 (⃁ 000) | 2022 (⃁ 000) | 2021 (⃁ 000) | 2020 (⃁ 000) |
|---|---|---|---|---|---|
| Total current assets | 10,358,690 | 10,296,333 | 9,374,468 | 6,446,295 | 5,571,035 |
| Total non-current assets | 1,681,408 | 1,219,911 | 950,616 | 726,453 | 763,592 |
| **Total assets** | 12,040,098 | 11,516,244 | 10,325,084 | 7,172,748 | 6,334,628 |
| Total current liabilities | 6,682,898 | 7,195,438 | 6,706,846 | 4,634,258 | 4,068,116 |
| Total non-current liabilities | 1,327,574 | 968,252 | 778,682 | 267,922 | 342,948 |
| **Total liabilities** | 8,010,472 | 8,163,690 | 7,485,528 | 4,902,180 | 4,411,063 |
| *Total equity | 4,007,592 | 3,323,963 | 2,809,880 | 2,270,568 | 1,923,564 |
| **Total liabilities and equity** | 12,040,098 | 11,516,244 | 10,325,084 | 7,172,748 | 6,334,628 |

*After Deducting the Minority Equity

# Chief Financial Officer's Review continued

## Any material differences in the operational results compared to the previous year's results or any expectations announced by the company

| Description | 2024 (⃁ 000) | 2023 (⃁ 000) | Changes (+) (-) | Change Rate |
|---|---|---|---|---|
| Sales/ revenues | 12,063,897 | 11,040,493 | 1,023,404 | 9.3% |
| Sales/ revenues costs | (9,280,923) | (8,442,875) | 838,048 | 9.9% |
| Total profit | 2,782,974 | 2,597,618 | 185,356 | 7.1% |
| Other operational revenues | 120,214 | 145,574 | -25,360 | -17.4% |
| Other operational expenses | (138,995) | (127,737) | 11,258 | 8.8% |
| Operational profit (loss) | 1,660,555 | 1,386,889 | 273,666 | 19.7% |

### Partnerships and associates

The Company achieved 2 major public-private partnership milestones which are set to generate substantial long-term income for the Company.

In a 10-year agreement, solutions by stc partnered with Remat Al-Riyadh, Riyadh's strategic enabler for private sector participation to create one of the largest and most advanced smart parking projects in the world, setting new benchmarks for innovation and efficiency in urban infrastructure. Additionally, in a 70% share joint venture with Jeddah Development and Urban Regeneration Company (JedCo), with a paid-up capital of ⃁ 3 million, solutions by stc will execute and operate all current and future technical and digital solutions.

Not only are these significant collaborations in their own right, but the public-private partnership model is based on a recurring revenue stream, providing solid long-term returns. Having already established itself as a proactive enabler of the digital transformation at the heart of Vision 2030 and a preferred government partner, there is substantial potential for additional projects.

Strengthening its strategic direction of expansion and diversification into new markets and emerging business sectors, the Company completed its 40% acquisition of Devoteam Middle East, based on the enterprise value of ⃁ 742 million. The partnership brings synergies with solutions by stc's core business, with digital consulting and business transformation capabilities reinforcing its one-stop-shop value proposition. Underscoring the success of the alliance, Devoteam contributed ⃁ 18 million to the Group's net profit.

### A future of growth and ambition

As the Kingdom of Saudi Arabia's leading digital transformation and technological solutions provider, the Company has a pivotal role to play in the Kingdom's technology future, partnering with government bodies to achieve national goals and delivering essential ICT services to spur growth. Strategic expansion in terms of geography, synergy and diversity is supporting a new era of solutions.

Artificial intelligence and machine learning are not only the exclusive domain of multinationals and local corporations but also a tool for SMEs and family businesses to enhance efficiency, drive innovation, and achieve sustainable growth.

With Saudi Vision 2030 at the core of the Company's mission to develop and deliver world-class technology, solutions by stc will continue to drive the Kingdom's high levels of digital literacy and ambition.

solutions by stc will also continue on its course to expand its borders and extend its reach through new mergers, acquisitions and partnerships. The Company's commitment to public-private partnerships, supported by a dedicated PPP Department, reflects its philosophy of collaboration and innovation, forging strategic relationships to drive sustainable growth and profitability.

Businesses across the Kingdom of Saudi Arabia are becoming increasingly sophisticated in their digital needs and the one-stop-shop proposition from solutions by stc will maintain its position as the preferred provider.

The world is experiencing a rapid, ongoing technology revolution which evolves at an unprecedented pace each day. For solutions by stc, it is an opportunity to fulfill its duty to its shareholders and its promises to its customers.

05

# Operating Review

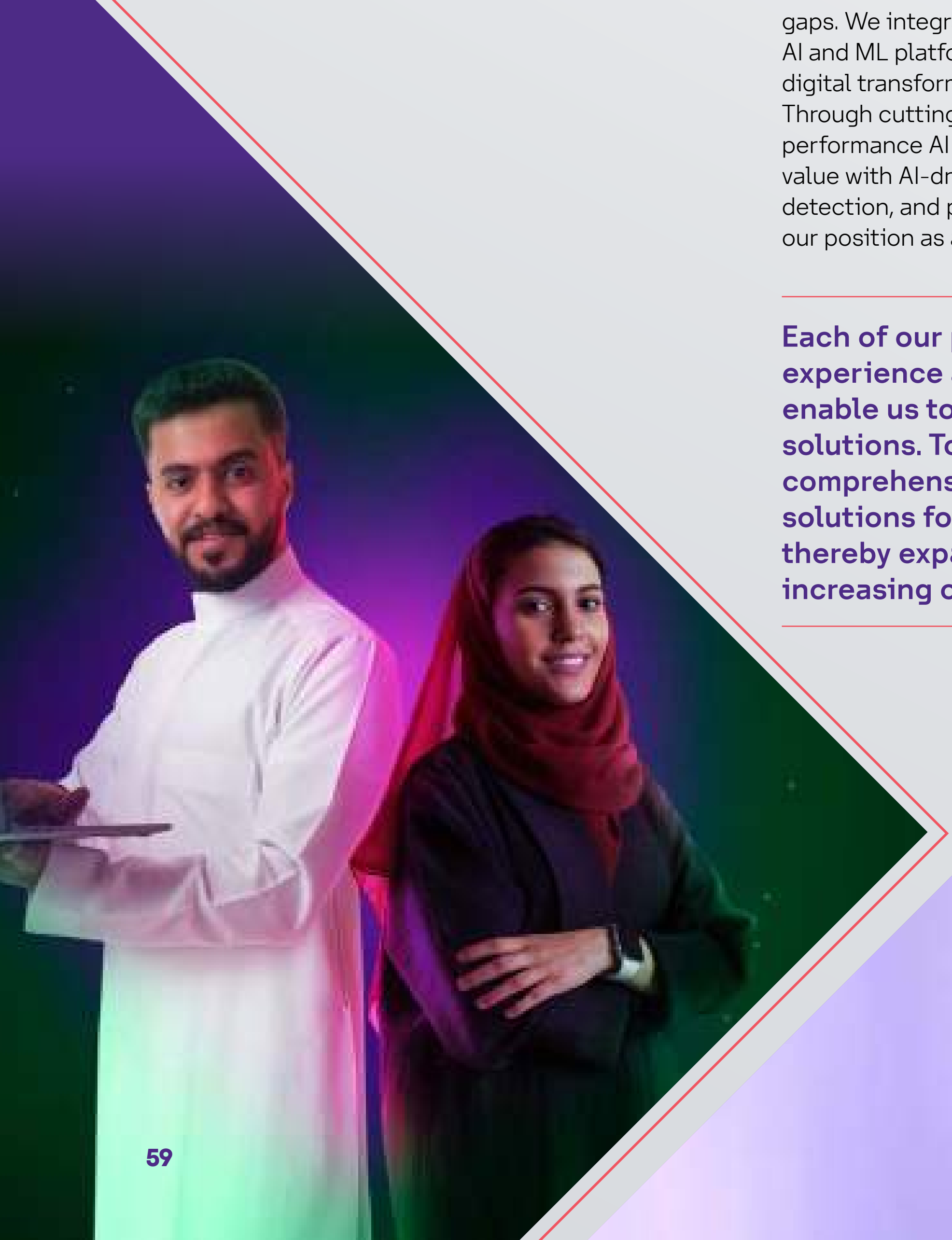


# Strategic Partnerships

## Our journey through Strategic Partnerships in 2024

As in 2024, we strengthened our partnerships to deliver cutting-edge 360° ICT solutions, fulfilling our 2023 commitments and driving innovation. From foundational infrastructure like structured cabling and data centers to advanced network, security, and collaboration tools, we enabled seamless connectivity and innovation.

We expanded into hyper-converged infrastructures, high-performance computing, and AI-ready platforms, empowering businesses with scalable solutions and advanced analytics. Our AI advancements include robust data platforms and predictive to generative AI applications, reimagining customer experiences and product design.



With ventures into IoT, Smart City services, and enhanced cloud management, we embraced a connected and secure future. Our hybrid cloud, IaaS, PaaS, and SaaS solutions, including bilingual Large Language Models (LLMs), showcased our adaptability in the hybrid era.

These achievements, powered by strong partnerships, have solidified solutions by stc as a leader in AI and scalable infrastructure, solving customer challenges with sustainable solutions across key industries in the Kingdom.

## Expanding capabilities through new partnerships and MoUs in 2024

Key partnerships and MoUs expanded our business value and market reach, bridging critical technology gaps. We integrated cloud-native solutions, advanced AI and ML platforms, and private networks to drive digital transformation and secure connectivity. Through cutting-edge design thinking and high-performance AI technologies, we delivered superior value with AI-driven monitoring, vulnerability detection, and performance optimization, solidifying our position as a leader in innovation.

**Each of our partners brings invaluable experience and expertise that enable us to advance our technology solutions. Together, we provide more comprehensive, holistic, and integrated solutions for the benefit of our clients, thereby expanding our portfolio and increasing our market presence.**





## Key partnerships in 2024

- **Mavenir:** Partnering with Mavenir, we delivered advanced cloud-native network solutions, enhancing private 5G deployment and transforming network experiences.
- **CNTXT:** Collaborating with CNTXT, we accelerated digital transformation by leveraging their Google cloud expertise and innovative ICT solutions.
- **FastSystems:** Through FastSystems' ISTAR and Terra 4D platforms, we enhanced real-time surveillance and situational awareness capabilities.
- **Dataiku:** Joining forces with Dataiku, we empowered enterprises with AI and machine learning platforms for data-driven decision-making.
- **Capgemini (frog):** With Capgemini's frog design studio, we reimagined customer experiences by integrating cutting-edge design thinking into our services.
- **SenseTime:** Teaming up with SenseTime, we integrated advanced AI and computer vision technologies to offer intelligent solutions across industries.
- **Celona:** In partnership with Celona, we deployed private LTE/5G networks, ensuring seamless and secure connectivity for enterprise applications.
- **ServiceNow:** Focusing on services management, workflow automation and cloud-based solutions, transforming enterprise operations and processes powered by the AI Platform.

## Key MoUs in 2024

- **DDN:** Formalizing a MOU in GITEX '24 for high-performance data storage, AI, machine learning, and HPC environments collaboration, delivering scalable storage for big data and optimized AI workflows.
- **Cohere:** Signing an MoU at GITEX '24 to collaborate on enterprise AI, focusing on NLP, generative AI, and retrieval-augmented generation, enabling efficient AI-driven solutions for language and content understanding.
- **Cerebras:** Signing an MoU with Cerebras at GITEX '24, advancing AI acceleration and high-performance AI hardware, particularly for deep learning, complex AI models, and research environments.
- **Dynatrace:** Establishing a MoU at GITEX '24 to integrate AIOps, full-stack monitoring and observability, and security analytics, enabling AI-driven infrastructure monitoring, vulnerability detection, and performance optimization across digital environments.
- **Huawei:** By signing an MoU with Huawei, we enhanced our SDWAN and SASE offerings, expanding our managed services portfolio for superior network security and agility.

**In 2024, we established transformative partnerships with global innovators that enriched our capabilities in advanced AI, predictive analytics, and cloud-native solutions — empowering us to deliver cutting-edge technology to our customers. By expanding our managed services portfolio, deepening our alliances in IoT and hybrid cloud platforms, and achieving top-tier partner statuses, we strengthened our leadership position and set a new benchmark for innovation and value.**

**Yousef Abdulrahman AlMarshad**
Chief Commerical Officer

# Strategic Partnerships continued

## Connecting partnership with the corporate LEAP Strategy

Strategic partnerships were pivotal in driving our company's objectives and performance across every stage of the partnership lifecycle. With strong alignment across Sales, Presales, and Post-sales, our partnerships enabled portfolio expansion, fostered revenue growth, and boosted profitability.

Our LEAP strategy provided a structured lifecycle approach to partnership management, ensuring sustained value at each stage:

- **Lead Through Service Excellence:** In the onboarding and capability-building stages, we continuously developed our teams, enhancing their technical expertise to effectively address challenges and establish a foundation of service excellence.
- **Empower Business Growth:** During the mid-lifecycle phase, we co-developed solutions and refined business models with partners, creating integrated offerings that met evolving customer needs and expanded our reach in diverse markets.
- **Achieve Excellence in Engagements:** As partnerships matured, we enhanced customer engagements, embedding best practices in experience and loyalty-building, thus ensuring long-term, impactful relationships.
- **Promote Efficiency and Sustainability:** In the renewal and expansion stages, we optimized solutions with partner incentive programs to improve profitability, fostering efficiency and sustainable growth.

## Major milestones and achievements in 2024

Our Partnership function achieved several milestones to better serve our customers, enhancing capabilities, knowledge, and customer experience. Key highlights include:

### 1. Fostering a knowledge economy through Corporate Social Responsibility (CSR)

We contributed significantly to the knowledge economy as part of our CSR initiatives by offering over 100 hours of technical training in collaboration with industry leaders like Fortinet, Palo Alto Networks, Dell Technologies, Cloudera, TIBCO, Oracle, and Nokia. Through the stc Academy, these sessions targeted stc Group employees, expanding expertise in crucial domains such as cybersecurity, big data, generative AI, networking, and 5G.

### 2. Driving revenue growth and expanding service capabilities

Our partnership network was instrumental in increasing revenue and enhancing service delivery:

- **Authorized service provider status:** We became an authorized service provider for Dell Technologies across Dell and non-Dell business lines, further strengthening our service portfolio.
- **Value-Added Services:** We collaborated with VAS (Giza – Arabia Subsidiary) to become an authorized direct distributor for Dell Technologies, directly enhancing profitability.
- **Huawei CSP authorization:** We achieved Huawei Cloud Service Provider authorization, bringing in-house cloud expertise and further advancing our service offerings.

### 3. Capability development through certification and training

In 2024, we prioritized enhancing the skills of our Pre-sales and Delivery Engineers, conducting over 100 enablement sessions and certification boot camps with our technology partners. Key achievements include:

- **Schneider Electric EcoXpert Partner certifications:** We attained specialized EcoXpert levels in Data Center and Critical IT Infrastructure through Schneider Electric.
- **xFusion certifications:** With xFusion, we hosted full-day certification boot camps, resulting in over 15 engineers certified as Three-Star Service Providers and technical experts.
- **Dahua masterclasses:** Our engineers gained expertise through Dahua Service & Presales Engineer Masterclass sessions.
- **Sales enablement sessions:** We held comprehensive sessions on use cases and technology applications for partners like Cisco, Cloudera, Dell, Huawei, HPE, and Thales, equipping our sales teams with deep product knowledge to better serve customers.

## Partner of the Year 2024 Awards

Our dedication to partnership excellence was recognized through multiple prestigious awards from our valued partners, underscoring our commitment to innovation, service quality, and business growth. These awards reflect our team's hard work, strategic alignment, and outstanding performance across diverse technology domains:

- **Cisco:** Service Provider Partner of the Year
- **Dell:** Highest Revenue Partner of the Year
- **Huawei:** Sales Excellence Award
- **F5:** Top Achiever Partner in FY23
- **NetApp:**
  - Artificial Intelligence Partner of the Year
  - Enterprise Partner of the Year
- **Infoblox:** Innovator Partner
- **SAP:** Best LoB Partner
- **Cloudera:** Best System Integrator in Saudi Arabia
- **Zoom:** Digital Transformation Partner of the Year
- **HP Poly | FVC:** Partner of the Year
- **Nutanix:** Rising Star Partner of the Year
- **Corning:** Strategic Partner of the Year

## Key KPIs demonstrating the impact of strategic partnerships in 2024

Our strategic partnerships delivered strong performance across several key metrics, underscoring their impact and importance to our business strategy. Comparing these results to 2023, we achieved notable improvements that reflect the growing strength of our partnerships and our commitment to operational excellence:

- **Partners' revenue growth:** We achieved an organic growth of over 11% year-over-year (YoY), driven by our collaborative efforts and optimized portfolio expansion with partners, marking a significant increase from 2023's growth rate.
- **Profitability maximization:** By leveraging partner incentives, we added up to an additional 3% on top of Total Contract Cost (TCC), strengthening our profit margins and supporting sustainable financial health.
- **Partner experience:** Our commitment to becoming the #1 choice as an OEM technology provider was reinforced through a partner satisfaction score of 85%, reflecting our focus on enhancing the partner experience.
- **Operational excellence in partnership management:** We advanced operational efficiency by automating key partnership processes and providing governed, real-time data access to executives. This shift improved decision-making speed and accuracy, surpassing our 2023 benchmarks for process efficiency.

# Strategic Partnerships continued

## Financial performance in 2024: Growth compared to previous years and key drivers

Our financial performance saw a robust increase, with organic partners' revenue growth reaching +11% year-over-year (YoY) through our strategic partnerships. This growth was primarily driven by three key factors:

- **Early partner engagement:** Aligning with partners early helped us seize new market opportunities and deliver high-value solutions swiftly.
- **Capability development:** Continuous training and certifications enabled our teams to stay competitive and adept in advancing technologies.
- **Leadership support:** Strategic oversight ensured each growth initiative contributed to our revenue and service capabilities, driving accountability and streamlined execution.

And the Partner satisfaction and advocacy metrics for 2024 are:

- **Partner CSAT:** Achieved a high score of 85%, reflecting strong partner alignment and satisfaction.
- **Partner NPS:** Reached 69%, showing that most partners would recommend us as a preferred collaborator.

## New product and service launches powered by strategic partners

In 2024, we expanded our Managed Services portfolio by launching four strategic products in partnership with leading technology providers. These include Managed SD-WAN services with Fortinet and Cisco, and Managed SASE solutions with Huawei and Palo Alto Networks, enhancing network security and agility for our customers.

Additionally, we became exclusive partners for managing Oracle OCI Infrastructure, offering comprehensive professional services and business development under the brand name Alloy. This strategic partnership introduces a sovereign cloud solution for Oracle OCI, jointly invested with stc, and serves two key regions in Saudi Arabia.

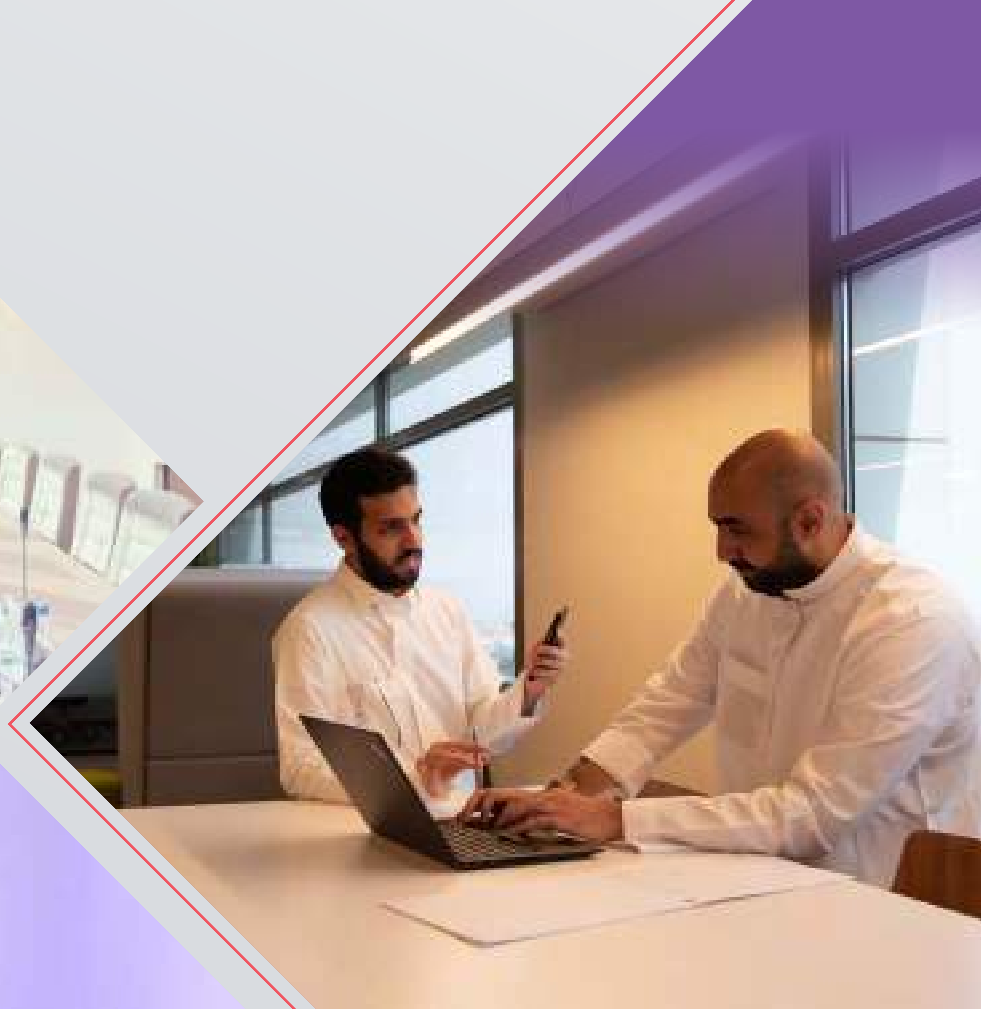
# Services and Solutions

**As every aspect of our professional and personal lives becomes even more reliant on the exponential progress and essential reliability of technology, solutions by stc continues to deliver outstanding products and services which not only match but drive innovation. As a provider, integrator, architect, and connector, we have worked with many of the largest and most successful global tech giants creating outstanding economic value for all stakeholders in our ecosystem.**

During the year that saw solutions by stc being awarded significant new engagements by some of the Kingdom's most prestigious entities, we also strengthened our leadership as the Kingdom of Saudi Arabia's most effective and diverse digital disruptor. As we remain at the forefront of ICT innovation, we continue to anticipate, as well as participate, in new discoveries, initiating application development and implementation capabilities.

## Pivotal partnerships

In transforming the technology landscape for both public and private sectors, solutions by stc's contribution to the national economy continues on its growth trajectory. In 2024, we became one of the first companies in the Kingdom to receive Category A qualification to practice digital government business under the shared revenue model. Issued by the Digital Government Authority, this qualification certifies solutions by stc to deliver services on behalf of public sector entities under the Public-Private Partnership (PPP) model, highlighting our advanced capabilities in providing innovative technology to the highest industry standards.



In our capacity as one of the few qualified PPP entities, we signed a landmark PPP with Remat Al-Riyadh, the development arm for Riyadh Region Municipality, which will contribute to the recurring revenue stream of our Company for the next 10 years.

The massive project to establish, develop, and manage smart public parking services for vehicles in Riyadh will target 164,000 public parking spaces covering 12 zones in the city. The total value of the contract has the potential to exceed 5% of our recorded revenue based on the last audited financials at the time of the agreement.

Similarly, a 5-year agreement with Saudi Aramco to provide and manage computing devices and peripherals for all Aramco sites within the Kingdom is a landmark deal which may also exceed 5% of our revenue recorded, based on the last audited financials at the time of the agreement. In addition to the substantial income potential, these 2 partnerships alone are an outstanding endorsement of solutions by stc's capabilities and expertise.

solutions by stc signed an agreement with the Ministry of Culture for the Incubators Project, with the contract valued at ⃁ 217 million. The project delivers professional consulting and operational services that foster transparency and adhere to high standards of governance in the Kingdom. In addition, it provides the essential tools and frameworks to support businesses in process design, enabling ministry-affiliated entities to focus on their core functions. This model emphasizes efficiency, empowerment, and productivity, with operational tasks structured to serve customers through specialized departments. It further allows for flexible adjustments in capacity as needed.

## solutions by stc in a global context

solutions by stc have always played a leading communications role in the Middle East and in 2024 we continued to broaden our horizons in terms of solutions and partnerships. In collaboration with the world's largest technology innovators, we maintained our strategy of building engagement models and joint business plans with hyperscalers and other technology providers and partners, such as Google/CNTXT, Oracle, VMware, IBM, and Huawei Cloud. Through our alliances with the industry's most prominent digital organizations, we are able to provide localized and customer-centric solutions.

In recognition of our success with these titans of technology, solutions by stc received a host of accreditations.

### Advanced Certifications of solutions by stc teams

**30+**
Certifications on NVIDIA

**62+**
Certifications on Google Cloud

**10+**
Certifications on Huawei Cloud

**17+**
Certifications on AWS

**13+**
Certifications on VMware

**19+**
Certifications on Red Hat

# Services and Solutions continued

## Strategic alliances

As solutions by stc builds upon its scope of services and capabilities for the future, we have entered into a number of agreements which will enhance ICT technology for both public and private enterprises alike. In a major step forward for transformation of network technologies, we signed an agreement with Mavenir to launch the first commercial Open RAN network in Saudi Arabia as part of our mission to enable greater flexibility, interoperability, and innovation in network deployment.

By forging partnerships to break into new territories and broaden our customer base, solutions by stc's completion of a 40% stake in Devoteam Middle East in 2024 will strengthen our focus on strengthening our capabilities in digital consulting and emerging business sectors.

In addition, a joint venture with US-based Nile, a leading provider of Network as a Service, will increase system reliability and optimize business operations through network management powered by AI technology.

As part of our Cloud roadmap, we launched a new SSL Certificate add-on in late 2024, which will support customers as part of our broad product suite.

## Solid financial performance

In translating services to revenue, solutions by stc's retention of existing clients and growth in new customers have been significant. Our mission to make state-of-the-art technology the fulcrum of business success in the region has highlighted our crucial role as the most advanced ICT provider in the Kingdom.

Digital services were among the key growth drivers for solutions by stc, contributing to ⃁ 1,929 million in revenue for the year, compared to ⃁ 1,784 million in 2023, reflecting an 8.1% increase.

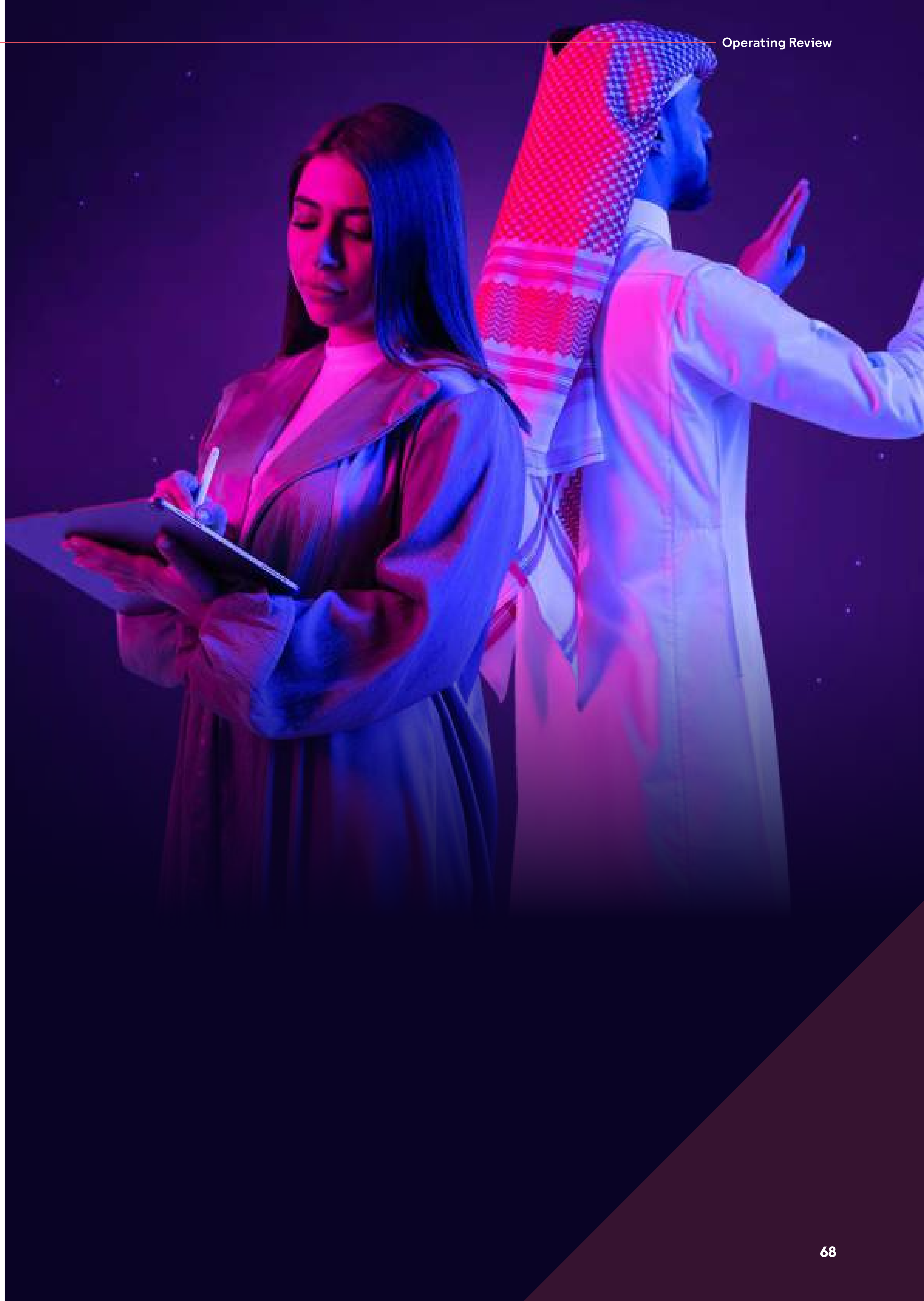
## Services and Solutions in 2025

solutions by stc has consistently increased its ambitions and has nurtured a service synonymous with integrity, reliability, and progress. In maintaining that ICT leadership status, we surpassed our own rigorous standards for the year, exceeding KPIs in terms of business and portfolio growth, diversification, cost optimization, and greater productivity in projects and delivery.

As the worlds of invention and technology continue to accelerate at such an unprecedented pace, solutions by stc has played an integral role in ensuring the MENA region is at the forefront of innovation. Through partnerships, acquisitions, and a mix of business models that delivers unwavering support and flexibility to our clients, we remain the most effective driver of digital transformation, and a regional focal point of connectivity.

**solutions by stc's sharp commercial focus and strategic acumen were pivotal in driving our progress throughout 2024, enabling us to deliver innovative solutions that met the evolving needs of our clients across the Kingdom while creating substantial value for shareholders and stakeholders alike. By leveraging technological advancements, fostering strong partnerships, and capitalizing on market opportunities, we were able to strengthen our market leadership while also reinforcing our unique position as a key enabler of Saudi Arabia's digital transformation and economic growth, in line with the ambitions of Vision 2030.**

**Yousef Abdulrahman AlMarshad**
Chief Commerical Officer



# Customer Experience

**As solutions by stc continued to prioritize customer experience as the mainstay of daily operations, a range of new initiatives and the enhancement of existing practices have ensured that clients remained at the center of all activities. Customer service excellence has never been more relevant, and solutions by stc have never been more proactive in delivering it.**

solutions by stc continued to build on its unrivalled customer experience, embracing further opportunities to develop dialogue with partners and clients and to enhance its services to maintain total satisfaction.

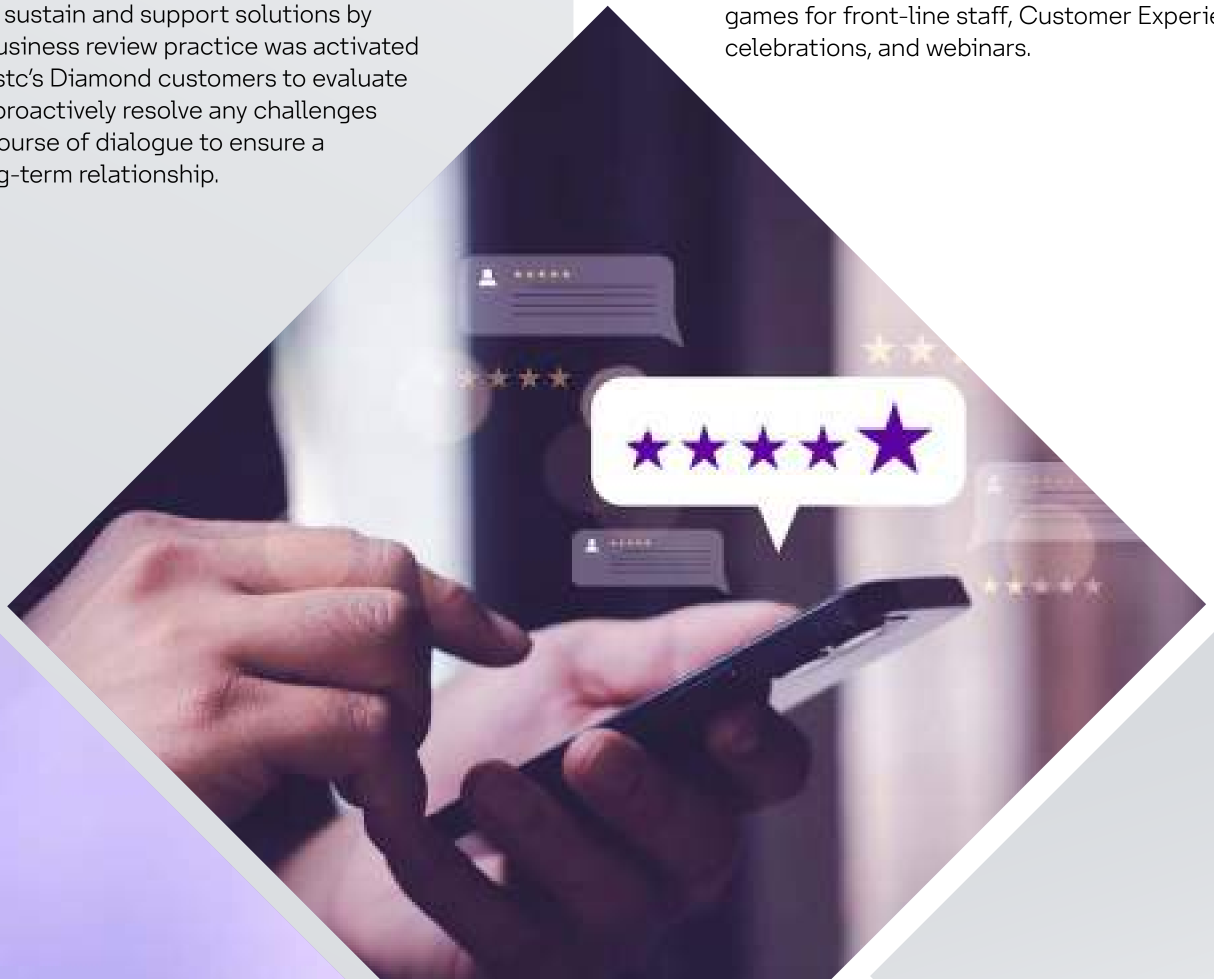
### Reinforcing customer communication

Having established a strategic 360-degree framework, solution by stc's closed loop communication ensures a highly organized and wholly transparent customer-centric process, where solutions and resolutions are actioned promptly and successfully. From initial engagement to successful closure, the cross-functional reporting ensures consistent messaging, reliable services, and client confidence.

solutions by stc has digitalized its manual customer experience operations, significantly enhancing efficiency, streamlining workflows, and elevating overall effectiveness.

As solutions by stc continues to expand, it has broadened the reach of its "voice of the customer" automated survey program in order to gain a greater understanding of client experiences and expectations. Feedback has always played an essential role in developing the Company's interactions, as it highlights the areas of excellence as well as creates awareness of opportunities for improvement. Driven by valuable feedback, our interactions continuously evolve, reinforcing our unwavering commitment to delivering a highly efficient, effective, and engaging service.

In order to further sustain and support solutions by stc's progress, a business review practice was activated with solutions by stc's Diamond customers to evaluate engagement and proactively resolve any challenges identified in the course of dialogue to ensure a sustained and long-term relationship.



### Striving for an instinctive service

The ongoing training programs for all employees remain a cornerstone of our company's commitment to exceptional customer service. These initiatives not only equip our team with the essential tools to drive satisfaction but also foster a culture of excellence. Additionally, the distinguished Customer Happiness Program recognizes and rewards our front-line employees whose outstanding contributions reflect unparalleled dedication and care.

In efforts to apply the most holistic customer experience, a sophisticated set of targets and assessment criteria, based on international best practice, were implemented. This experience index was incorporated into the management balanced scorecard to reaffirm the significance of solutions by stc's customer services and ensure that the Company remains a customer-focused leader, constantly pushing boundaries to deliver a seamless and exceptional experience.

As the Company strengthens its customer relationships, several initiatives were implemented to reinforce our service approach and enhance engagements. These include expert-led sessions by distinguished speakers, interactive solution-based games for front-line staff, Customer Experience Day celebrations, and webinars.

### Driven by excellence for 2025

As solutions by stc moves forward into 2025, its goal remains to improve the experience through ongoing dialogue and feedback with its customers and to engage on a wider scale to assess and enhance its processes. solutions by stc has an outstanding reputation as a customer centric organization which will be upheld and developed even further over the next years.

**We are committed to innovation, agility, and customer excellence, continuously striving to meet our customers' evolving needs, through cutting-edge and seamless solutions, enhancing efficiency, elevating experiences, and set new benchmarks in service excellence.**

**Maher Salem Althiyabi**
Chief Strategy Officer

# Digital Transformation and Innovation

**In continuing to spearhead the Kingdom of Saudi Arabia's accelerating digital transformation and innovation, solutions by stc strengthened its existing product suite while bringing ground-breaking new services to its rapidly increasing base of clients. With a focus on refining and enhancing our world-leading technology, we created more secure, cost-efficient and time-effective services that have added a new dimension to the Kingdom of Saudi Arabia's digital infrastructure.**

## Driving positive change

With more than 25 years' experience in IT solutions and the number one service provider in the Kingdom of Saudi Arabia for the past 6 years, solutions by stc is the driver behind change and innovation with a focus on progress, not just in a Kingdom-wide arena but on a worldwide platform.

As we continue to introduce and implement the most innovative solutions in the public and private sector it is essential that we are future-ready and adopt and adapt even more productive processes to our world-class services. In acquiring strategic portfolio management to select, prioritize, and control resources, we have enabled greater flexibility and continuous assessments in preparation for scaling up and supporting further growth and innovation.

In addition to considerably broadening our pool of new customers, we have delivered on our strategy of offering more robust and productive initiatives, which have significantly enhanced our efficiency, customer excellence, and returns on our investment.

## Enterprise Technology and Innovation (ETI) Strategy

In full alignment with our LEAP Strategy, our ETI Strategy lays out a transformation roadmap anchored in 5 main strategic streams, with a total of 28 supporting programs and 65 projects across 10 business domains, to drive positive change and future-ready excellence.

## 5 Strategic Pillars

| Lean and Agile Operating Model | Service Excellence | Modernized Applications | Secured/ Scalable Infrastructure | Unlock Value from Data |
|---|---|---|---|---|
| Build a lean multi-speed tech operating model across people, processes and governance, flexible for scale and aligned to solutions' business objectives | Deliver future-ready business-oriented technology services with seamless customer experience for the business and their customers | Develop resilient, future-ready, flexible & scalable application portfolio to enable the services provided and potential new business integration | Secure and scalable technology landscape through a mature infrastructure, governance and resilient security architecture | Ensure access to high quality data to enable accelerated and informed analytics driven and fact-based decisions |
| 8 Programs | 10 Programs | 5 Programs | 5 Programs | 1 Program |
| 11 Projects | 14 Projects | 15 Projects | 23 Projects | 2 Projects |

By the end of 2024, we had delivered **85%** of our ETI Strategy.

## Process and progress

Through migration and automation, we have not only created more streamlined, secure and integrated operations, we have also reduced expenditure and increased profitability. The introduction of more robotic process automation led to cost saving of ⃁ 1.8 million compared to 2023, 10,000 annual saved hours, 6.3 FTEs saved per month, and 209% ROI.

In addition, further integration of our enterprise resource planning software to manage accounting, procurement, project progress, risk, compliance, and supply chain operations has increased productivity both in terms of internal processes and client efficiencies.

In our holistic approach to solutions by stc's sister companies, partners, and subsidiaries, in 2024 we completed a CLM system migration to cloud for ccc, our leading customer experience management company, to improve efficiency in order to build the right solution architecture.

As the undisputed forerunner in digital transformation and innovation, solutions by stc constantly strives to introduce the most contemporary technology to benefit commercial and state organizations throughout the Kingdom of Saudi Arabia.

## Services and solutions

In 2024, we provided essential services to many of the Kingdom of Saudi Arabia's most prominent government departments and businesses, including leading the technological advancement at Saudi Aramco, driving digital transformation and operational efficiency across the Kingdom. As one of the largest global IT projects, it sets a benchmark for innovation and efficiency in the corporate sector.

In addition, our support for the Saudi Data and AI Authority provided immediate solutions and implementation in a critical air-gapped network situation, and for Saudi Electric Company, we deployed our first prototype truck for Hajj as a Mobile Command Center in case of any crises or emergencies.

# Digital Transformation and Innovation continued

## Capitalizing on our success

As we continue to advance and expand our initiatives and internal projects, we have the opportunity to monetize many of our in-house solutions. The introduction of the Takyah mobile app, specifically designed to enhance solutions by stc employee engagement, is now a trademarked product which is targeted for commercialization as an application for external clients.

In addition, many of our products, including the Mysolutions platform, E-shary, partner relationship management platforms, and investment relations solutions, are either enhancing existing applications or building new technology to serve solutions by stc business units.

## Contributing to Vision 2030

Our dedication to Vision 2030 remains absolute and we are proud to play such a prominent role in furthering the Kingdom of Saudi Arabia's standing on the global technology stage. In accordance with this progress, in 2024, next generation critical facilities reinforced our network commitments in terms of trends and evolution, offering high availability, business continuity, and better flexibility. Our transformation program aims to fundamentally change the telecommunication architecture to digital software services.

## Delivering value for our clients across the Kingdom

**stc:** IP MPLS and expansion; Data Readiness Center; STC-cloud infrastructure

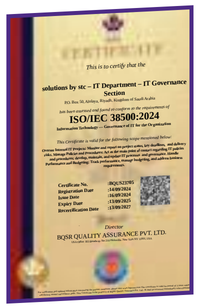
**Ministry of Sport:** Providing in-house PS and MS capabilities

## Award winning year

### Enterprise Technology and Innovation (ETI) Awards

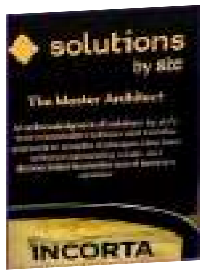
**ISO/IEC 27701:2019**
Certified Privacy Information Management System

**ISO/IEC 20000-1:2018**
Certified IT Service Management



**ISO/IEC 38500:2024**
Governance of IT for the Organization

**Informatica**
Data & AI Excellence Award 2024




**Incorta**
The Master Architect



## Future focus

As we look to the year ahead, our focus remains firmly on the development of innovative technologies and, equally importantly, how to most effectively apply them for our valued clients – the leading government departments and private enterprises across the Kingdom of Saudi Arabia. We will continue to execute our ETI Strategy, with the goal of delivering additional value and enhancements across our operations and for all our stakeholders.

In 2024 we witnessed the importance of not only leading the IT sector through discovery but by also being at the forefront of maximizing efficiency and productivity. We have created novel solutions as never before in both our development and execution and will continue to maximize our outstanding capabilities for invention and innovation.

**In 2024, despite facing numerous business challenges, our accomplishments have been significant. We successfully delivered a wide array of projects and launched several new services designed to attract new customers while retaining our loyal base customers.**

**We initiated an internal program focused on optimizing efficiency across various sectors, particularly in our technical professional services and recurring managed services. This progress has been largely enabled by our greatest asset — our talented employees. Looking ahead, we have ambitious goals, including a transformative shift towards the future and a commitment to maintaining our position as the leading IT services provider in the Kingdom.**

**Saleh Abdullah Al Zahrani**
Chief Technology Officer

# Public-Private Partnership

As the Kingdom of Saudi Arabia embraces privatization and encourages stronger ties between public entities and private enterprises, solutions by stc has capitalized on new opportunities which have created significant and secure revenue streams. The company's newly established Business Diversification Division is a dedicated business unit focusing on Public-Private Partnerships (PPP) Engagements. Its mission is to forge strong, long-term alliances by developing innovative solutions that align with and support the objectives/goals of Vision 2030.

## A commitment to the future

The increasing trend of the government's shift from a client-supplier relationship to PPP and revenue share models has had a significant impact on the ICT sector in terms of innovation, diversification, and client satisfaction – some of solutions by stc's greatest assets.

Through a deliberate emphasis on high-impact projects finely tuned to reflect national priorities, solutions by stc is not only reaffirming its stature as a premier provider of innovative solutions for the public sector but also cementing its commitment to driving progress in society as a whole. This strategic alignment ensures the Company remains at the forefront of forward-thinking initiatives which exceed the evolving needs of the Kingdom of Saudi Arabia, while acting as a pioneer in shaping the landscape of public service solutions.

## Supporting government initiatives through PPPs

solutions by stc is leading the way in transforming urban mobility and our groundbreaking collaboration with Remat-Alriyadh, Riyadh's strategic enabler for private sector participation, has created one of the largest and most advanced smart parking projects in the world.

With more than 160,000 parking spaces over 12 zones, this initiative is not only redefining smart city solutions but also setting new benchmarks for innovation and efficiency in urban infrastructure.

In another significant development, the Company joined forces with Jeddah Development and Urban Regeneration Company (JedCo), a key entity under the Jeddah Municipality. The creation of Amanah Tech, a strategic joint venture to lead the technological enablement of all current and forthcoming projects, further supports our commitment to drive progress and digital transformation in the Kingdom of Saudi Arabia's metropolitan areas.

## Contractual and financial rewards

As an alternative to the traditional procurement process, the public-private partnership model is based on a recurring revenue stream, adding significant value to solutions by stc's financial standing, including a positive equity outlook for long-term PPP engagements.

Market dynamics have the potential to change significantly through the promotion of PPPs, as private enterprises bid on new government contracts. However, solutions by stc has built unrivalled relationships with the public sector and continues to enable the digital transformation at the heart of Vision 2030. With the Company's technology and network expertise, unrivalled reliability, and constant support, the government already has a strong allegiance to solutions by stc.

## PPP plans for the future

As greater opportunities for public-private partnerships continue in 2025, the Company's focused PPP division will build on its portfolio of government collaborations, emphasizing its peerless track record of previous and existing public projects. In creating a specialized PPP unit, solutions by stc has a unique proposition in contracting for government investment, providing an equally distinctive platform for the Company to showcase the most sophisticated and successful technology solutions in the Kingdom of Saudi Arabia. In addition, as solutions by stc continues on its journey of rapid innovation and growth, it will launch new technology, enhance sustainability practices and support key national initiatives.

**In alignment with solutions' strategy in expanding its offerings through new business models and innovative solutions, we started in 2024 the deployment of PPP Smart Parking Services in Riyadh being the 2nd largest Smart Parking Project globally with 160K+ Managed Parking Spaces including 24K+ Paid Parking Spaces offering distinguished state of the art Smart Parking Services Management solution.**

**We managed as well to establish Amanah Tech, a JV with Jeddah Development and Urban Regeneration Company addressing municipality smart services offerings in Jeddah and targeting to contribute to the modernization of municipality services in the Kingdom.**

**Those engagements are considered part of solutions' strategic directions in partnering with governmental entities to enhance the quality of life and providing unique solutions addressing the community needs and offering unique user experience.**

**Abdullah Turki Alotaibi**
Chief Business Diversification Officer

| solutions Strategic Aspirations | PPP supporting the Aspirations |
|---|---|
| **Additional revenue streams**<br>Revenue diversification for long-term growth & business resilience | PPP model goes beyond the clients' traditional procurement process **adding significantly to the financials** of the participating entities |
| **Enhanced financial profile**<br>Increased contribution for recurring revenue | PPP model is based on **recurring revenue** stream strengthening financial position of the organization |
| **Strengthen market positioning**<br>Extend solutions success with key clients to cover their emerging requirements for PPP partners | Long-term PPP engagements add **positively** to solutions **equity story**-leading to a better market sentiment |

# Our People

**In 2024, our People Department has been instrumental in refining talent development, enhancing operational efficiency, and leveraging technology for strategic growth. Optimized processes now seamlessly support business objectives, while AI-powered tools boost productivity and solidify our position as a leader in People innovation. These efforts highlight our dedication to continuous improvement, cultivating the right culture, skills, and capabilities to propel the organization toward sustained success and value creation.**

## Strategic focus and alignment

This year, our People Department achieved strong strategic alignment with the corporate LEAP strategy, driving impactful organizational change where we refined our people strategy to support key business goals, creating a unified vision and clear objectives that elevate our impact on the company's success.

**Our People strategy focuses on 4 core pillars which support our corporate strategy through high-impact initiatives that accelerate talent development and organizational growth.**

## People Strategy

**Vision**

To consciously focus on adding value to the business and augmenting the human capital at solutions

**Mission**

To lead the Human capital by providing innovative solutions to the business and its people, driving sustainable growth and empowering workforce to achieve their fullest potential

| Ace the Talent Market | Build a Capable Future Workforce | Cultivate Strategic Business Enablement | Deliver Optimal Operational Efficiency |
|---|---|---|---|
| Drive the market by being a benchmark for other organizations. Creating extraordinary experience for the talent (retain and attract talents). | Positioning solutions as a leader generator by creating interactive learning culture (above and beyond learning). | Develop an agile organizational ecosystem that encourages cohesive collaboration, seamlessly integrating the business with its foundational elements for sustained advancement. | By leveraging the latest AI technology, solutions will ensure business sustainability throughout the organization and its affiliated entities (AI transformation). |

**This year, we've witnessed the incredible impact of collaboration, resilience, and innovation across our teams, and we remain deeply committed to fostering a culture where everyone thrives. Together, we've not only met challenges head-on but also built a stronger foundation for the future.**

**Saleh Tariq AlGroony**
Chief People and Corporate Services Officer

# Our People continued

## Embracing our values

Our corporate values remain steadfast and are the foundation of our culture, continuously guiding our actions. However, this year we focused on deepening employee engagement with our values through several initiatives. Notably, we launched internal competitions designed to:

- **Increase awareness and adoption of our values:** We encouraged employees to actively demonstrate our values in their daily work
- **Clarify the meaning and importance of each value:** We provided detailed descriptions and sub-values to enhance understanding
- **Recognize and celebrate employees who exemplify our values:** We invited employees to nominate colleagues who consistently embody our values, with top nominees presenting their inspiring stories and recognizing their outstanding contributions

These initiatives have had a tangible impact on our culture and performance. By fostering a values-driven environment, we have:

- **Increased employee motivation and engagement:** Competitions create healthy competition and encourage employees to strive for excellence
- **Enhanced teamwork and cooperation:** Employees are collaborating more effectively and building stronger relationships to achieve shared goals
- **Improved productivity:** A motivated and engaged workforce is a productive workforce

We believe that by investing in our values, we are investing in our people and our future. This commitment to our values will continue to drive our success in the years to come.

## Our People in numbers

| | 2024 | 2023 | YoY % change |
|---|---|---|---|
| *Number of employees | 1,464 | 1,777 | -18% |
| Number of nations represented | 24 | 25 | -4% |
| *Number of Saudi employees | 938 | 1,191 | -21% |
| Average hours of training per employee | 23 hours | 16.7 hours | 38% |
| % female employees | 19% | 19% | 0% |
| *Number of people of determination | 6 | 12 | -50% |

*Decrease due to Mobility of employees between solutions by stc and sister companies.

## Building critical knowledge and skills

In 2024, a range of initiatives and workshops were implemented aimed at enhancing our team's capacity and aligning our development efforts with the organization's goals and needs. These programs have empowered our workforce and strengthened our overall effectiveness.

We conducted micro-audits of our current processes, allowing us to identify gaps and opportunities for automation and integration. This analysis has led to the development of customized, streamlined processes tailored specifically for Our People operations.

Our team is dedicated to leveraging the latest technology and AI solutions, striving to establish Our People Department as a leader in HR tech practices. These advancements not only enhance efficiency but also improve our ability to support the business effectively.

## Elevating our talented workforce

In 2024, we launched key initiatives to enhance employee development, engagement, and wellness, reflecting our commitment to a collaborative, supportive work environment and to equipping employees with essential skills. These initiatives included team-building activities, cross-functional workshops, the "Leap by People" workshop for strategic alignment, and comprehensive training on project management tools and principles.

We also launched our first Leadership Coaching Program for Executive Management in collaboration with a leading global business school, marking a milestone in leadership development within our organization.

Through our partnership with the Ministry of Municipal and Rural Affairs and Housing (Sakani), we introduced exclusive real estate, and banking offers to support employees in achieving home ownership. Additionally, as part of our commitment to employee health, we collaborated with the Specialized Medical Center Hospital to host a wellness exhibition, offering a range of consultations and examinations.

To continue employee financial wellness, we worked with multiple banks to secure competitive card options for employees. Finally, in partnership with Tawuniya, we held a virtual session to provide insights into health insurance benefits and answer employee inquiries.

### People Awards 2024

**GCC GOV AWARD**
Best Organization of the Year for Digital Transformation
Pioneer for Rewards of the Year in Private Sector 2024

**Maven Insights**
Digital Transformations Excellence Award 2024

**We won four awards from Inspiring Workplaces:**


## Our People in 2025

People in 2025 designed to strengthen and align our workforce with the company's strategic objectives, a primary focus of the program are identified in different potential areas:

- Developing (L&D) programs in line with the company's strategy and objectives for the upcoming years.
- Optimizing our workforce structure for efficiency and financial performance.
- Revolutionizing our performance evaluation framework.
- Revamping incentive and reward systems to better align with business goals. In addition to the retention of key talent is a priority, and we plan to offer specialized rewards to retain top performers.

06

# Sustainability

At solutions by stc, we are committed to sustainability in our core business practices, corporate strategy, and our value chain. Embedding sustainability into our business supports our vision of driving Saudi Arabia's digital transformation, empowering people through sustainable technologies.

## Our commitment to sustainability

solutions by stc will lead the IT services industry towards a sustainable future by embedding sustainability considerations into every aspect of our business, creating long-term value for all stakeholders and contributing a better world for future generations.

## Materiality assessment

solutions by stc undertook our first materiality assessment exercise in 2022 which served as a foundational step in our sustainability journey. This exercise identified and prioritized the sustainability topics most critical to our operations and stakeholders. Guided by the corporate LEAP 2.0 objectives and key sustainability frameworks such as the GRI Standards, the assessment identified 15 sustainability material topics to solutions by stc, forming the foundation for driving our sustainability strategy, GROW, forward.

For more information on our materiality assessment, please refer to our 2022 Sustainability Report.

### Our Sustainability Vision

Drive Saudi Arabia's digital transformation and empower people through sustainable technologies.





## Our material topics

**Highly Important**

The top 6 issues have been identified as highly material, indicating their crucial role in the organization's operations and strategic planning.

They serve as the cornerstone of the business structure and encapsulate commitment to ethical governance, robust data protection, focused talent management, the drive for innovation in the digital realm, and ensuring optimal customer experience.

1. Corporate Governance and Transparency
2. Business Ethics and Compliance
3. Data Privacy and Cyber Security
4. Talent Retention, Development, and Succession Planning
5. Customer Satisfaction and Experience Enhancement
6. Digital Innovation, Transformation, and Ethical Technology Use

**Very Important**

The subsequent 7 topics reflect the dedication to building an inclusive corporate culture, prioritizing employee wellness, managing energy efficiency, managing partnerships, ensuring nationalization, engaging in social contributions, and fostering strategic alliances.

While not as immediately fundamental as the top 6, these aspects still play a critical role in reinforcing solutions by stc's reputation, resilience, and relational networks, influencing the long-term success and growth.

7. Diversity, Inclusion, and Equal Opportunity
8. Employee Engagement, Wellbeing, and Safety
9. Energy Management and Climate Action
10. Social Investment and Community Development
11. Partnerships and Collborations
12. Nationalization
13. Human Rights Protection and Labor Standards

**Important**

The remaining 2 topics are still material and important to solutions by stc's comprehensive sustainability approach. They illustrate awareness and responsiveness to sustainable procurement and responsible resource management that are instrumental to the broader sustainability approach.

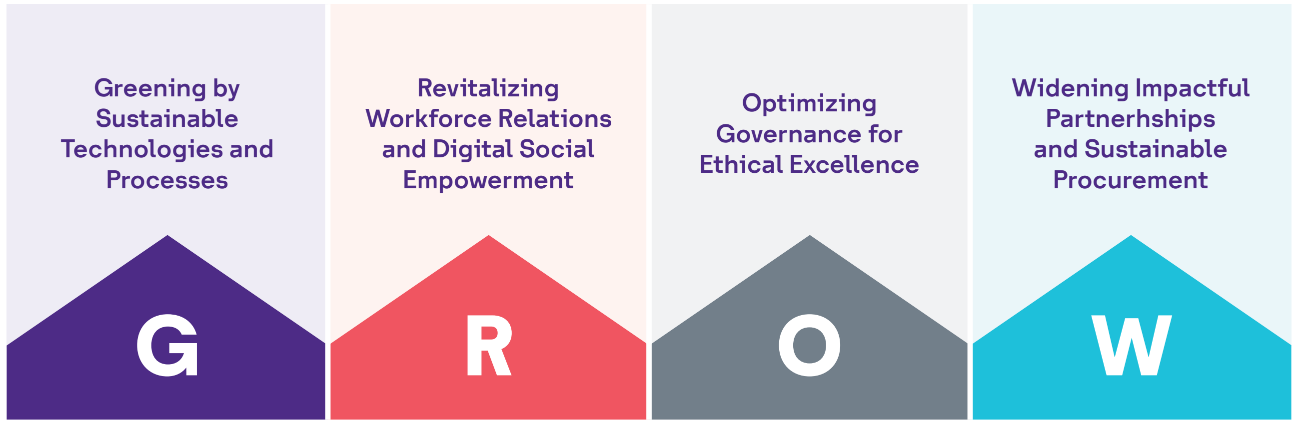
14. Sustainable Procurement
15. Responsible Resource Management

E S G

## GROW: Our sustainability strategy

The outcomes of the materiality assessment have informed the development of solutions by stc's GROW sustainability strategy, ensuring alignment with LEAP 2.0 corporate objectives, along with key national and international sustainability agendas, as illustrated below.

> The pillars of the GROW strategy are central to solutions by stc's operational framework and are reflected in our corporate position statements, highlighting their strategic importance.




**We believe that sustainable digital transformation is the foundation for building a vibrant and advanced society. The urgent need to adhere to global environmental, social, and governance standards emerges as a key factor in ensuring sustainable growth in the Kingdom and the region. As solutions by stc fully realizes the responsibility placed on us in shaping a sustainable future. Therefore, we invest in the power of innovation to provide sustainable technologies and initiatives aimed at achieving a positive impact, keeping in mind Saudi Vision 2030, as we seek to empower our customers and partners towards a more sustainable future.**

**Omer Abdullah Alnomany**
Chief Executive Officer

| Focus Area | UNSDGs | Alignment to Saudi Vision 2030 and UN SDGs | LEAP Alignment | CST Alignment Communications Space and Technology Commission https://www.cst.gov.sa/en | National Strategy for Data and AI Alignment |
|---|---|---|---|---|---|
| G – Greening by Sustainable Technologies and Processes | 7, 9, 13 | **A Vibrant Society - With fulfilling lives**<br>**A Thriving Economy - Investing for the long-term**<br>SDG 7: Affordable and Clean Energy<br>SDG 9: Industry, Innovation, and Infrastructure<br>SDG 13: Climate Action | L<br>P | Enabling Saudi Arabia digital transformation<br>Promote investment and competition | **DIMENSION 6:** Ecosystem |
| R – Revitalizing Workforce Relations and Digital Social Empowerment | 3, 4, 5, 10 | **A Vibrant Society - With fulfilling lives**<br>**A Thriving Economy - Rewarding opportunities**<br>**A Thriving Economy - Leveraging its unique position**<br>SDG 3: Good Health and Wellbeing<br>SDG 4: Quality Education<br>SDG 5: Gender Equality<br>SDG 10: Reduced Inequalities | E<br>P | Achieve regulatory excellence<br>Enabling Saudi Arabia's digital transformation<br>Protecting consumers | **DIMENSION 2:** Skills<br>**DIMENSION 5:** Research and Innovation<br>**DIMENSION 6:** Ecosystem |
| O – Optimizing Governance for Ethical Excellence | 8, 9, 16 | **A Thriving Economy - Open for business**<br>**An Ambitious Nation - Effectively governed**<br>SDG 8: Decent Work and Economic Growth<br>SDG 9: Industry, Innovation, and Infrastructure<br>SDG 16: Peace, Justice, and Strong Institutions | A<br>P | Protecting consumers<br>Promote investment and competition<br>Enabling Saudi Arabia's digital transformation | **DIMENSION 3:** Policies and Regulations<br>**DIMENSION 4:** Investment<br>**DIMENSION 6:** Ecosystem |
| W – Widening Impactful Partnerships and Sustainable Procurement | 17 | **A Thriving Economy - Rewarding opportunities**<br>**An Ambitious Nation - Responsibly enabled**<br>SDG 17: Partnerships for the Goals | L<br>A<br>P | Achieve regulatory excellence<br>Promote investment and competition | **DIMENSION 1:** Ambition<br>**DIMENSION 6:** Ecosystem |

**Vision 2030**

We have developed comprehensive position statements that emphasize and amplify the critical role of the pillars of our GROW Strategy within the solutions by stc's ecosystem. As illustrated below, these statements guide our operations and ensure our commitment to sustainability is integrated across all aspects of the business.

| Position Statement | G | R | O | W |
|---|---|---|---|---|
| Clean-Tech Innovation & Digital Transformation | ◆ | ◆ | | |
| Corporate Governance and Transparency | | | ◆ | |
| Diversity, Equity, and Inclusion | | ◆ | | |
| Employee Development, Wellbeing and Safety | | ◆ | | |
| Energy Efficiency | ◆ | | | |
| Environmental Management | ◆ | | | |
| Supply Chain and Responsible Sourcing | | | | ◆ |
| Data Privacy and Cyber Security | | | ◆ | |
| Customer Satisfaction | | | ◆ | |

Furthermore, we have developed a comprehensive Sustainability Policy that serve as a testament to solutions by stc's commitment to environmental stewardship, social responsibility, and ethical governance, as well as integrate sustainability principles into our business practices.

Complementing this, our Social Impact Policy establishes clear guidelines for implementing initiatives that promote positive social outcomes. It focuses on areas where we can make meaningful contributions to society and the Kingdom of Saudi Arabia, in alignment with our business objectives, Vision 2030, and the UN SDGs.

## Alignment with national priorities and UN SDGs

We take great pride in aligning our efforts with Saudi Vision 2030, the Communications, Space and Technology Commission (CST) strategy, and the National Strategy for Data and AI (NSDAI). This integration demonstrates our dedication to supporting the Kingdom's strategic goals and ensuring alignment with the nation's objectives, policies, and frameworks. At the same time, we ensure that our efforts are in harmony with the UN SDGs and broader sustainability reporting standards, driving progress on a global scale.

## solutions by stc and United Nations Global Compact (UNGC)

solutions by stc signed a membership with the United Nations Global Compact (UNGC), a prominent global initiative aimed at promoting sustainable and responsible business practices. This membership reinforces our commitment to aligning our initiatives and efforts with global sustainability objectives, supporting the achievement of the UN SDGs as well.

**Key objectives:**

- Implement universal sustainability principles.
- Undertake steps towards addressing the 17 UN SDGs.
- Align our sustainability strategy with the UNGC principles.

## 2024 highlights and achievements

As the world moves towards more sustainable and responsible practices, sustainability use cases play a crucial role in achieving positive, long-term impact on the environment, society, and the economy.

Our commitment to sustainability is demonstrated through the innovative solutions we provide in key areas such as digital infrastructure, smart cities, and natural resource management. These initiatives are central to our overarching goal of driving lasting, positive change. By embedding sustainability into our daily operations, adopting digital solutions to improve resource efficiency, reducing emissions, and promoting sustainable community engagement, we continue to make significant strides towards a more sustainable future.

During the launching of the sustainability strategy in 2023, we identified "clean" a core focus area of "Greening by Sustainable Technologies and Processes". Our aim is to ensure that we not only look into our direct environmental impacts, but also work collaboratively with our customers to help them improve their sustainability performance through digital offerings.

In alignment with Saudi Arabia's vision for sustainable growth and technological leadership, several groundbreaking projects have emerged as success stories, setting new standards in digital infrastructure, crisis management, environmental monitoring, and smart city services. These initiatives underscore our strong commitment to delivering advanced, sustainable, and resilient solutions that meet ambitious sustainability goals.

### Addressing Climate Change

| Focus Area | UNSDGs | Strategic Objectives |
|---|---|---|
| G — **Greening by Sustainable Technologies and Processes** |  | ▸ Commit to net-zero emissions and a circular economy, and reduce operational impact on GHG, energy and water<br>▸ Diversify and Innovate within Green Cloud Markets, digital solutions for sustainability excellence |

## Smart Cities and Solutions Driven by solutions by stc

solutions by stc continues to revolutionize smart cities by integrating the latest technologies with a strong commitment to sustainability. By adopting innovative solutions, the company strives to enhance resource efficiency, minimize emissions, and elevate environmental quality in urban life. Each implemented use case aims to create a more resilient, sustainable, and integrated environment, balancing technological advancement with social and environmental responsibility.

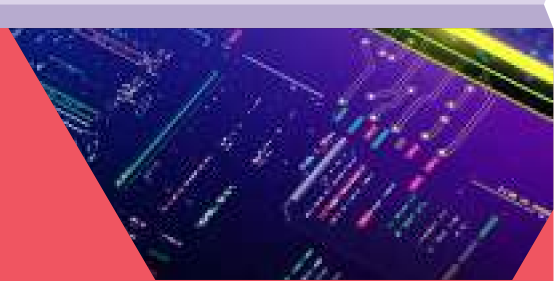
Success Story

# NEOM: A Success in Environmental and Crisis Management

In 2024, we supported NEOM to further advance their commitment to their sustainability values through two groundbreaking projects. Leveraging our innovative solutions and ability to adapt to our clients' requirements, we have developed for NEOM a Central Unit to monitor air quality and emissions that is aligned with their environmental standards. The project included robust data architecture, seamless compliance integration, and the implementation of an Environmental Management System (EMS) solution with Power BI dashboards for efficient reporting. This initiative supports in progressing NEOM's sustainability goals by ensuring transparent environmental data management and ultimately contributing to a sustainable future for the region.

Additionally, solutions by stc designed, deployed, and integrated an advanced Crisis Management Solution, featuring an Early Warning and Mass Notification System customized specifically for NEOM. This system aims to enhance safety and resilience in emergencies for residents, businesses, and visitors through the deployment of a comprehensive notification system and multi-channel early warnings. Furthermore, solutions by stc provided NEOM's relevant personnel training on using the system – ensuring efficient knowledge transfer.

By using digital platforms, well-designed data architecture, and energy-efficient technologies, solutions by stc enabled NEOM to minimize its environmental impact while establishing efficient reporting mechanisms. As well as supporting NEOM gain a proactive approach to community safety, aligning with NEOM's sustainability values.



Success Story

# Red Sea Global - Revolutionizing Smart City Services

This initiative focuses on creating an advanced IoT platform for Red Sea Global to optimize five key smart city services: Lighting, Irrigation, EV Charging, Signage, and Waste Management. It features intelligent controls, real-time monitoring, and data analytics for improved operational efficiency. The platform enhances resource efficiency, reduces emissions, and supports sustainability by enabling smart management of city services.

## Cultivating social responsibility by digitally empowering the workforce and community

Our sustainability strategy emphasizes the importance of empowering our employees and our communities, supporting the overall prosperity in the Kingdom.

solutions by stc is conscious that improving employee capacities is one of the key factors in achieving our strategic goals and objectives. Similarly, we are committed to assisting employees in identifying current and potential training and development needs.

Employees are encouraged to take part in training programs that align with the Company's business, operational requirements, and their professional development goals. We aim to contribute to national capabilities by providing our employees access to technical and academic resources that enhance their performance and advance solutions by stc's objectives.

As part of our commitment, we also ensure that we equip our employees with the best-in-class talent development programs through the Specialist Development Program (SDP), the Talent Incubation Program (TIP), and other scholarship programs.

| Focus Area | UNSDGs | Strategic Objectives |
|---|---|---|
| R **Revitalizing Workforce Relations and Digital Social Empowerment** |  | ‣ Empower a diverse, driven, and high-performing workforce<br>‣ Enable social empowerment through digital technology |

## Cultivating a sustainability focused culture

Driven by our commitment to embedding sustainability knowledge within our corporate culture and across the organization, we launched an interactive course this year to understand the 17 SDGs and the Ten Principles of the Global Compact in collaboration with the UNGC Academy. This course aims to enhance employees' understanding of core sustainability concepts, focusing on the detailed exploration of global sustainability goals and the Ten Principles of the UNGC. By enabling employees to integrate these global objectives into their business strategies and operations, the course encourages meaningful and lasting contributions to the Global Goals through a principles-based approach.

### Corporate Social Responsibility (CSR) milestone

solutions by stc received the Corporate Social Responsibility award, presented by the esteemed Minister of Human Resources and Social Development (HRSD). This recognition highlights our commitment to community engagement, sustainable development, and impactful contributions that shape a brighter future. We are honored to be recognized as a leader in CSR, reflecting our dedication to empowering communities.

| Focus Area | UNSDGs | Strategic Objectives |
|---|---|---|
| O **Optimizing Governance for Ethical Excellence** |  | ‣ Achieve operational efficiency through robust governance and transparency<br>‣ Establish governance standards to enable and enhance innovative service development |

## Cyber security and data privacy

We prioritize cybersecurity and data privacy by implementing a robust cybersecurity and privacy GRC framework. This involves continuous risk assessment, rigorous compliance adherence to laws, regulations and industry standards, and proactive defense mechanisms. Our security and privacy measures include advanced technologies, regular audits, employee training, incident response plans and data breach management. This comprehensive approach ensures the confidentiality, integrity, and availability of all sensitive information, safeguarding our operations and maintaining trust in solutions by stc.

We are proud to report that, through our robust cybersecurity vigilance — with 10 internal and 5 external cybersecurity and data privacy compliance assessments- — we continued to maintain our zero cybersecurity attacks, zero data breaches, and zero personally identifiable information (PII) breaches performance this year.

| Focus Area | UNSDGs | Strategic Objectives |
|---|---|---|
| W Widening Impactful Partnerships and Sustainable Procurement | 17 | ▸ Drive culture change and sustainable procurement through authentic leadership<br>▸ Secure partnerships to drive sustainable technology and transformation |

## Driving sustainable procurement through authentic leadership

In our journey toward sustainability and efficiency, we have placed a strong emphasis on transforming our procurement processes through the principles of authentic leadership. Recognizing the critical role of procurement in our overall sustainability goals, we have successfully implemented e-procurement initiatives, including e-invoicing and the use of digital signatures, to streamline our operations and reduce our environmental footprint. These digital solutions enhance the efficiency of our procurement processes and significantly reduce paper waste, contributing to our sustainability objectives.

### Supplier Sustainability integration and impact

As part of our commitment to sustainability, we have implemented the Supplier Sustainability Questionnaire as a critical component in engaging with new suppliers. This process, aligned with our materiality assessment, enables us to assess and promote sustainable practices across our supply chain. By incorporating sustainability criteria into our supplier selection process, we are enhancing the sustainability of our supply chain and driving positive environmental, social, and governance outcomes.

## Securing partnerships to drive sustainable technology transformation

As a leading IT service provider, we are acutely aware of the pivotal role that strategic partnerships play in driving sustainable technology transformation. In an era where technological advancements rapidly reshape industries, our commitment to fostering collaborations with likeminded organizations is more critical than ever.

These partnerships not only amplify our ability to innovate but also enhance our capacity to implement sustainable solutions that address the pressing challenges of our time. By aligning with partners who share our vision for a more sustainable and technologically advanced future, we leverage collective strengths, exchange invaluable insights, and create synergies that propel us toward achieving groundbreaking results.



> We continue to leverage the power of technology to advance sustainability across our value chain.

### solutions by stc and King Faisal Specialist Hospital & Research Centre

solutions by stc and King Faisal Specialist Hospital & Research Centre have signed a Memorandum of Understanding (MoU) to collaborate on enhancing the hospital's culture and improving the overall experience for both employees and patients.

The partnership aims to support King Faisal Specialist Hospital's strategic goals through two main initiatives:

- Culture and Experience Development: solutions by stc will contribute to strengthening the hospital's organizational culture, boosting employee engagement and elevating patient satisfaction.
- Wellness and Community Activities: King Faisal Specialist Hospital will host a variety of activities at solutions by stc, including workshops, blood drives, and employee wellness events.

### solutions by stc and Sultan bin Abdulaziz Humanitarian City Sign (SBAHC) an MoU to boost digital transformation in healthcare

The MoU between solutions by stc and SBAHC aims at leveraging cutting-edge digital technologies and sharing expertise to enhance healthcare collaboration across the Kingdom. This partnership seeks to deliver efficient and effective healthcare services, aligning with the goals of Saudi Vision 2030.

## Our key contributions to create a digital community

solutions by stc values contributing to the local community through collaborations with Non-profit organizations, universities, and other organizations to create an impact through value added partnerships and supporting youth digital empowerment through collaborations with local associations for shared societal success. During 2024, we collaborated with the following in the field of sustainability:

### 1. International Conference on Sustainability: Development and Innovation ICSDI 2024

solutions by stc participated in the second edition of the International Conference on Sustainability: Development and Innovation 2024, hosted by the College of Engineering at Prince Sultan University. During the event,we showcased and discussed our latest innovative solutions and best practices in sustainability with researchers, academics, practitioners, and experts.

### 2. Misk City

solutions by stc have collaborated with Misk City to successfully implement state-of-the-art infrastructure, smart transportation system, and advanced security measures. All contribute to creating a sustainable, connected, and innovative city.

### 3. solutions by stc contributes to supporting the Association for Community Development in Makkah to digitally empower youth

solutions by stc announced its contribution to one of the developmental opportunities available on the National Platform for Social Responsibility, supporting the Association for Community Development in Makkah to provide specialized training programs aimed at developing digital skills and digitally empowering youth. This initiative aligns with Saudi Arabia's Vision 2030 for community development, aiming to meet the needs of beneficiaries and enhance their employment opportunities in the job market, thereby fostering greater self-sufficiency. This support is part of our sustainability strategy, "GROW," which focuses on promoting social empowerment through digital technology, contributing to improved job quality and economic growth.

### 4. solutions by stc supports Awon Association for Technology to enhance youth technical skills through the Smart Fingers Initiative

solutions by stc is proud to announce its support for the Awon Association for Technology through the Smart Fingers Initiative, aimed at enhancing the digital skills of 30 young individuals. This initiative, available on the National Platform for Social Responsibility, empowers these youth to embark on careers in the tech sector, contributing to a more inclusive and prosperous future. Notably, it aligns with Saudi Arabia's Vision 2030, which aims to develop a highly skilled national workforce to drive digital transformation. This support is part of our sustainability strategy, "GROW," focusing on promoting social empowerment through digital technology, thereby enabling youth and improving technical proficiency.

Our commitment to sustainability is not just a corporate mandate but a reflection of our core values and vision for the future. Through our comprehensive efforts - from implementing cutting-edge e-procurement initiatives and securing strategic partnerships, to driving technology transformation and fostering a culture of authentic leadership - we have made significant strides in embedding sustainability into every aspect of our operations.

As we move forward, we will continue to leverage our expertise in IT to develop solutions that not only drive business growth but also contribute to a sustainable future for all.

> We prioritize community partnerships to create a positive impact, both within the Kingdom of Saudi Arabia and beyond.

# 07

# Corporate Governance

# Board of Directors

**solutions by stc is managed by a Board of Directors consisting of 9 directors, classified according to the definitions contained in the Corporate Governance Regulations issued by the Capital Market Authority in the Kingdom of Saudi Arabia, and appointed by the Conversion General Assembly of shareholders held on 22 December 2020.**

The tenure of directors, including the Chairman, shall be a maximum of 3 years for each session. As an exception, the conversion General Assembly shall appoint the first Board of Directors for 5 years, and they may be reappointed unless otherwise provided in the Company's By-laws. The current 5-year session of the Board of Directors commenced on 22 December 2020 and ends on 21 December 2025.

## Composition of the Board of Directors

### The nature and classification of their membership

| | Name | Nature of Membership | Membership Classification | Nationality |
|---|---|---|---|---|
| 1 | Mr. Riyadh Saeed Muawad | Chairman of the Board | Non-Executive | Saudi |
| 2 | Mr. Haithem Mohammed AlFaraj | Deputy Chairman of the Board | Non-Executive | Saudi |
| 3 | Mr. Emad Aoudah Al Aoudah | Board member | Non-Executive | Saudi |
| 4 | Mr. Omar Abdulaziz AlShabibi | Board member | Non-Executive | Saudi |
| 5 | Mr. Mathad Faisal AlAjmi | Board member | Non-Executive | Saudi |
| 6 | Mr. Mohammed Abdullah AlAbbadi | Board member | Non-Executive | Saudi |
| 7 | Mr. Mohammad Abdullah Alaseeri | Board member | Independent | Saudi |
| 8 | Mr. Abdullatif Ali Al-Seif | Board member | Independent | Saudi |
| 9 | Mr. Fahad Suleiman Alamoud | Board member | Independent | Saudi |

## Board members, Committee members and Executive Management's current and previous positions, qualifications, and experience

### Board and Committee Members

### Mr. Riyadh Saeed Muawad

**Current positions**
- **Chairman of the Board -** solutions by stc
- **Chairman of the following committees at solutions by stc:**
  - Executive Committee
  - Investment Committee
- **Chairman of the Board** - iot2
- **Chairman of the Board** - sirar by stc
- **Vice Chairman of the Board** - Saudi Cloud Computing Company (SCCC)
- **Member of the Board** - specialized by stc
- **Group Chief Business Officer** - stc

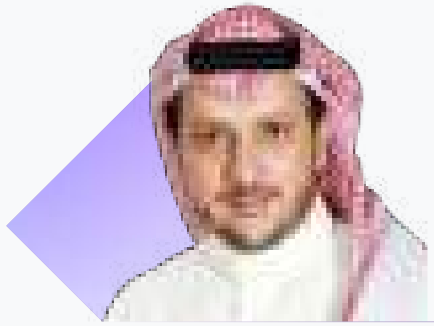
**Previous positions**
- **Chairman of the Board and Chairman of the Executive Committee** - specialized by stc
- **Vice President of Corporate and Government Sales** - stc
- **Member of the Board** - Kuwait Telecom Company (stc Kuwait)
- **Held the following positions at Cisco Saudi Arabia Limited:**
  - Regional Manager
  - Security and Defense Sales Manager
  - Account Manager
- **Account/Channel Manager** - CA Technologies
- **Account Manager** - National Technology Company (Bugshan Group)

**Qualifications**
- **Bachelor's degree in Computer Science** - Boston University, USA
- **Senior Executive Program, Strategy, Innovation, and Digital Transformation** - Harvard Business School, USA (2017-2018)

**Experience**

**More than 19 years' experience in:**
- Information and Communication Technology

## **Board of Directors** continued



### Mr. Haithem Mohammed Alfaraj

**Current positions**

- **Deputy Chairman of the Board** - solutions by stc
- **Member of the Executive Committee** - solutions by stc
- **Vice Chairman of the Board** - Telecommunication Tower Co. Ltd (TAWAL)
- **Group Chief Technology Officer** - stc
- **Member of the Board** - C4IR KSA
- **Member of the Board** - specialized by stc

**Previous positions**

- **Chairman of the Board** - sirar by stc
- **Member of the Board** - Mobily NCBS
- **Vice President of Operations** - stc
- **Held a number of positions at Etihad Etisalat Company (Mobily) including:**
  - Chief IT Operations Officer
  - Vice President of Data Hosting and Managed Services
  - Vice President of IT Operations
  - Director of the Data Center
  - Manager of Systems Administration
- **Systems Analyst** - Saudi Arabian Oil Company (Aramco)

**Qualifications**

- **Bachelor's degree in Applied Computer Engineering** - King Fahad University of Petroleum and Minerals (KFUPM), KSA
- **Master of Business Administration** - Hult International Business School (2022), UAE

**Experience**

**More than 23 years of experience in the following industries:**

- Information and Communication Technology
- Petroleum

### Mr. Emad Aoudah Al Aoudah

**Current positions**

- **Member of the Board** - solutions by stc
- **Member of the Executive Committee** - solutions by stc
- **Member of the Board** - specialized by stc
- **Member of the Board and Executive Committee Member** - Arab Satellite Communications Organization (Arabsat)
- **Group Chief Shared Services Officer** - stc

**Previous positions**

- **Held the following positions at stc:**
  - Vice President of Procurement and Shared Services
  - Vice President of Regulatory and Corporate Affairs
  - Vice President of Strategy and Projects (Acting)
- **Chairman of the Board** - channels by stc
- **Chairman of the Board** - stc Gulf Investment Holding (stc Gulf)
- **Member of the Board** - Bravo Company
- **Member of the Board** - Aqalat Real Estate Company
- **CEO** - National Unified Procurement Company for Medical Supplies (NUPCO)
- **General Manager of Group Digital Publishing and Group Chief Information Officer** - Saudi Research and Marketing Group
- **General Manager** - Saudi Information Technology Company (SITE)
- **Public Sector Marketing and Sales Country Manager** - Oracle
- **Program Manager** - Saudi Central Bank (SAMA)

**Qualifications**

- **Bachelor's degree in Information Systems** - King Saud University, KSA
- **Board/Corporate Governance Certificate** - INSEAD Business School
- **Advanced Management Program for CEO's Certificate** - INSEAD Business School

**Experience**

**More than 33 years of experience in multiple industries including:**

- Information and Communication Technology
- Finance
- Health
- Publishing
- Real Estate

## **Board of Directors** continued

### Mr. Omar Abdulaziz AlShabibi

#### Current positions

- **Member of the Board** - solutions by stc
- **Member of the Audit Committee** - solutions by stc
- **Member of the Nomination and Remuneration Committee** - solutions by stc
- **Member of the Board** - stc Gulf Investment Holding
- **Member of the Board** - Telecom Commercial Investment Company Limited
- **Member of the Board** - channels by stc
- **Chairman of the Audit and Risk Committee** - channels by stc
- **Member of the Board** - Intigral Company
- **Vice President of Financial Reporting and Control sector** - stc

#### Previous positions

- **Member of the Board -** stc pay
- **Chairman of the Audit Committee -** stc pay
- **Member of the Board -** Sapphire Company Ltd
- **General Manager of Financial Reporting -** stc
- **General Manager of Accounts** - stc

#### Qualifications

- **Bachelor's degree in Accountancy** - King Saud University, KSA

#### Experience

**More than 25 years of experience in multiple industries including:**

- Information and Communication Technology
- Finance

### Mr. Mathad Faisal AlAjmi

#### Current positions

- **Member of the Board** - solutions by stc
- **Member of the Audit Committee** - solutions by stc
- **Member of the Board** - specialized by stc
- **Member of the Board** - Digital Investment Company (New Tawal)
- **Chief Legal Officer of Risk Management and Group General Counsel** - stc Group
- **Member of the Board** - Pearl Initiative

#### Previous positions

- **Member of the Board and Audit Committee Member** - Saudi Iron & Steel Co. (Hadeed)
- **Held the following positions at Saudi Basic Industries Corp (SABIC):**
  - General Manager and Chief Counsel
  - Director of International Trade
  - Senior Council and Manager of International Trade
  - Lawyer
- **Member of International Trade Committee** - Gulf Petrochemicals and Chemicals Association (GPCA)
- **Foreign Legal Consultant (Part-time)** - King & Spalding (USA)
- **Foreign Legal Consultant** - Freshfields (Germany)
- **Vice President and General Counsel for Legal Affairs** - stc
- **Board Member and Chairman of the Audit Committee** - Integral

#### Qualifications

- **Master of Law in International Intellectual Property Law** - Illinois Institute of Technology, USA
- **Master of Business Administration** - Georgetown University Business School, Washington DC, USA
- **Bachelor of Law and LL.B** - King Saud University, KSA

#### Experience

**More than 23 years of experience in several sectors, including:**

- Petrochemicals
- Legal
- Non-Profits
- Communications and Information Technology
- Quality and Risk Management
- International Trade
- Governance and Quality Excellence
- Internal Control

## Board of Directors continued

### Mr. Mohammed Abdullah AlAbbadi

**Current positions**

- **Member of the Board** - solutions by stc
- **Member of the following committees at solutions by stc:**
  - Executive Committee
  - Nomination and Remuneration Committee
- **Chairman of the Board** - center3 by stc
- **Chairman of the following committees at center3:**
  - Executive Committee
  - Nomination and Remuneration Committee
- **Member of the Board** - Cura
- **Member of the Board** - Global Leaders' Forum
- **Group Chief Carrier and Wholesale Officer** - stc

**Previous positions**

- **Member of the Board and Executive Committee Member** - specialized by stc
- **Vice Chairman of the Board** - Forus
- **Member of the Board and Executive Committee Member** - stc pay
- **Member of the Board** - Saudi Volunteer Organization (Takatuf)
- **Held the following positions at stc:**
  - Vice President of Strategy Execution and Corporate Affairs
  - Vice President of Strategic Projects and Corporate Performance
- **Chairman of the Board** - Aqalat Company Limited (Aqalat)
- **Held the following positions at Cisco Saudi Arabia Limited:**
  - Managing Director
  - Deputy General Manager
  - Operations Director (Public Sector)
  - Regional Manager of the Local Government, Education, Military, and Defense Sectors
  - Channels Account Manager
  - Marketing Manager

**Qualifications**

- **Bachelor's degree in Systems Engineering** - KFUPM, KSA, 1999
- **Master of Business Administration** - IE University, Spain
- **Senior Executive Leadership Program** - Harvard Business School, USA, 2018

**Experience**

**More than 25 years of experience in multiple industries including:**

- Telecommunication
- Information Technology
- Financial Industry / Fintech
- Real Estate
- Telehealth

### Mr. Mohammad Abdullah Alaseeri

**Current positions**

- **Member of the Board** - solutions by stc
- **Member of the Executive Committee** - solutions by stc

**Previous positions**

- **Policy, Strategy, and Digital Transformation Advisor to HE the Vice Minister of Municipal and Rural Affairs and Housing**
- **General Manager of Research and Consulting** - Traveler Security Center
- **Held the following positions at The Ministry of Education:**
  - Policy, Strategy, and Technology Advisor
  - General Manager of the Strategy Management Office
- **Held the following positions at The National Information Center:**
  - Director of Business Development
  - Policy, Strategy, and Technology Advisor
  - Program Manager of Identity Program
  - Solutions Architect (National Identity Project)
  - Technical Director (Machine Readable Passport Project)

**Qualifications**

- **Master's degree in Computer Engineering** - Syracuse University, USA

**Experience**

**More than 37 years of experience in multiple industries including:**

- Information and Communication
- Education
- Real Estate

## Board of Directors continued

### Mr. Abdullatif Ali Al-Seif

#### Current positions

- **Member of the Board** - solutions by stc
- **Chairman of the Audit Committee** - solutions by stc
- **Member of the Board and CEO** - Sabeen Investment Company
- **Member of the Board** - Southern Province Cement Company (SPCC)
- **Member of the Board** - Wisayah Global Investment Company
- **Member of the Board** - Al Rajhi Bank
- **Member of the Board** - Alnahdi Medical Company
- **Member of the Board** - SALIC
- **Member of the Board** - Albilad Tourism Fund
- **Member of the Board** - Awqaf Investment Company
- **Member of the Board** - Growth Catalyst Company

#### Previous positions

- **CEO and Member of the Board** - Raidah Investment Company (RIC)
- **Investment Advisor** - Public Pension Agency
- **Vice President and Chief Investment Officer** - King Abdullah Humanitarian Foundation
- **Director of Portfolio Management** - Mohammed I. Alsubeaei & Sons Investment Company (MASIC)
- **Held the following positions at Saudi Aramco:**
  - Head of Portfolio Management for Investment Management Division
  - Financial Analyst of Credit and Collection Division
  - Financial Analyst of Investment Management Division
- **Member of the Board** - HSBC Saudi Arabia
- **Portfolio Manager** - KAUST Investment Management Company
- **Member of the Board** - National Petrochemical Company (Petrochem)
- **Vice Chairman of the Board** - Riva Investment
- **Member of the Board** - Alothaim Investment Company
- **Member of the Board** - Olam Agri Holdings Pte. Ltd
- **Member of the Board** - Arabian Cement Company (ACC)

#### Qualifications

- **Bachelor of Science in Business Administration** - Boston University, USA
- **Masters of Arts in Economics** - Boston University, USA
- **Master of Business Administration (Majoring in Finance)** - Boston University, USA

#### Experience

**More than 22 years of experience in multiple industries and sectors including:**

- Finance
- Petroleum
- Materials
- Humanitarian
- Government and Public Sectors
- Petrochemical
- Information and Communication Technology

### Mr. Fahad Suleiman Alamoud

#### Current positions

- **Member of the Board** - solutions by stc
- **Chairman of the Nomination and Remuneration Committee** - solutions by stc
- **Member of the Investment Committee** - solutions by stc
- **Chairman of the Nomination and Remuneration Committee** - Saudi Electricity Project Development Company
- **Chief Executive Officer** - Saudi Company for Visa and Travel Solutions (TASHIR)
- **Member of the Board** - Saudi Visa and Travel Solution Limited (Bangladesh)
- **Member of the Board** - The Saudi International Company for Completion and Follow-up of Visa Procedures and Approvals for Embassies (Kuwait)
- **Member of the Board** - Saudi Company for Visa Solutions (Qatar)

#### Previous positions

- **Chief Executive Officer** - Sehati for Information Technology Services
- **Delivery and Operations Executive Director** - Saudi Technology and Security Comprehensive Control Company (Tahakom)
- **ICT General Manager** - The Ministry of Transport
- **Held the following positions at the Ministry of Foreign Affairs:**
  - ICT Deputy General Manager
  - Director of E-Services
  - Quality Control Manager
  - E-Government Projects Manager
  - Development Team Leader
  - Senior Systems Analyst and Programmer

#### Qualifications

- **Bachelor's degree in Information Systems** - College of Computer and Information Science, King Saud University, KSA.

#### Experience

More than 25 years of experience in multiple industries and sectors including:

- Government and Public Sectors
- Information and Communication Technology
- Traffic Solutions and Transportation
- Healthcare
- Visa, Travel, and Tourism

# **Board of Directors** continued

## Committee members from outside the Board of Directors

### **Mr. Motaz Ali Alangari -** Investment Committee

**Current positions**

- **Group Chief Investment Officer** - stc
- **Member of the Investment Committee** - solutions by stc
- **Chairman of the Board** - Tali Venture Fund
- **Member of the Board** - Digital Infrastructure Company
- **Member of the Board and Chairman of the Audit Committee** - Saudi Cloud Computing Company (Alibaba Cloud)
- **Member of the Board** - PIF Confidential Company
- **Member of the Board, Executive Committee Member, and Chairman of the Risk Committee** - stc Bank

**Previous positions**

- **Head of Investment Banking** - Banque Saudi Fransi
- **Executive Director** - Morgan Stanley Saudi Arabia
- Senior positions with Samba Capital, Samba Financial Group, and National Commercial Bank

**Qualifications**

- **Bachelor's degree in Business**
- **Certificates in Finance** - New York Institute of Finance, United State
- **Certificate in Financial Management** - Cornell University, United States

**Experience**

More than 20 years of experience in the Investment and Corporate Banking industry. Played a major role in his previous experience in Governance, Audit, and Building Investment Funds.

### **Mr. Abdullah Alanizi -** Audit Committee

**Current positions**

- **Member of the Audit Committee** - solutions by stc
- **Group Chief Internal Audit Officer** - stc Group

**Previous positions**

Held the following positions at stc Group:

- General Manager of Network and Information Systems Audit
- General Manager of Investment and Operational Audit

**Qualifications**

- **Bachelor's degree in Information Systems** - College of Computer and Information Sciences, King Saud University, KSA
- **Executive Masters of Business Administration** - King Fahd University of Petroleum & Minerals, KSA.
- **Obtained several professional certificates:** CIA, CISA, CFE, and CRMA

**Experience**

**28 years of experience in multiple domains including:**

- Audit Committees and Internal Audit
- Governance and Risk Management
- Information Technology and Cybersecurity

### **Mr. Atef Helmy -** Investment Committee

**Current positions**

- **Member of the Investment Committee** - solutions by stc
- **Chairman of the Board** - Prime Business Consulting
- **Member of the Board** - National Bank of Egypt
- **Founding Member, and President of the General Assembly** - Arab Digital Economy Federation
- **Chairman of the Advisory Board** - Arab Digital Economy Federation
- **Founding Member** - Egypt Fintech Association
- **Vice Chairman of the Advisory Counsel** - Africa Information and Communication Technologies Alliance (AfICTA)
- **Honorary Chairman of the Board** - Africa Information and Communication Technologies Alliance (AfICTA)
- **Honorary Member of the Board** - American Chamber of Commerce
- **Member of the High Level Committee of Suez Canal Authority** -
- **Member of the Board of Trustees** - Beit El Zakat (Egypt House of Alms & Charity)
- **Member of the Board** - Technology City

**Previous positions**

- **Former Egyptian Minister** - ICT
- **Managing Director** - NCR UAE
- **Managing Director** - Oracle Egypt
- **Chairman of the Board** - Orange Egypt
- **Chairman of the Board** - Chamber of ICT
- Served in the Egyptian Military Force in the field of communications and information technology.
- **Senior Advisor** - Orange MEA
- **Ambassador** - Orange to Smart Africa
- **Member of the Board** - SAMENA
- **Member of the Board** - Al Mohandes Insurance
- **Member of the Board** - Al Hayat Insurance

**Qualifications**

- **Diploma in Computer Science**
- **Bachelor's degree in Communication and Electrical Engineering** - Military Technical College, Egypt
- **Master's degree in Information Technology**

**Experience**

**More than 41 years of experience in:**

- Communications
- Information Technology

### **Mr. Fahad Alghamdi -** Nomination and Remuneration Committee

**Current positions**

- **Member of the Nomination and Remuneration Committee** - solutions by stc
- **Member of the Nomination and Remuneration Committee** - Aqalat by stc
- **Member of the Nomination and Remuneration Committee** - Banan Real Estate Company
- **Member of the Nomination and Remuneration Committee** - The Strategy Office for Developing Al Baha Region
- **HR Business Partner VP** - stc

**Previous positions**

- **Held the following positions at stc:**
  - General Manager of stc Business Units
  - Member of the Executive Committee - specialized by stc
  - General Manager of HR Planning and Organizational Development
  - Director of Workforce Planning
  - Manager of Customer Relationship Management in HR, Shared Services
  - HR Specialist of Rewards and Performance Management
- **Held the following positions at Samba Financial Group:**
  - Account Manager of Corporate Services Unit
  - Group Customer Services Unit of Key Accounts

**Qualifications**

- **Bachelor's degree in Marketing** - King Fahd University of Petroleum & Minerals, KSA.
- **Advanced Human Resource Executive Program** - Stephen M. Ross School of Business, University of Michigan, USA

**Experience**

**More than 22 years of HR experience in the following industries:**

- Information and Communication Technology (ICT)
- Finance

# Executive Management

## Omer Abdullah Alnomany
Chief Executive Officer

**Previous positions**
- **Vice President of Information Technology** - stc

**Qualifications**
- **Bachelor's degree in Computer Engineering,** King Saud University, KSA (1994)
- **Senior Executive Leadership Program** - Harvard University, USA (2021)

**Experience**
31 years

## Abdulrahman Hamad Alrubaia
Chief Financial Officer

**Previous positions**
- **Vice President of the Finance Sector** - solutions by stc

**Qualifications**
- **Bachelor's degree in Accountancy** - King Saud University, KSA (2003)

**Experience**
21 years

## Saleh Abdullah Alzahrani
Chief Technology Officer

**Previous positions**
- **Vice President of Solutions Delivery** - solutions by stc

**Qualifications**
- **Bachelor's degree in Computer Engineering** - King Saud University, KSA (1994)
- **Senior Executive Leadership Program (Executive Leadership)** - Harvard Business School (2021)

**Experience**
31 years

## Yousef Abdulrahman AlMarshad
Chief Commercial Officer

**Previous positions**
- **General Manager of Government Sales** - solutions by stc

**Qualifications**
- **Master's degree in Project Management / Information Technology** - Marymount University, USA (2011)
- **Bachelor's degree in Finance** - University of Denver, Daniels College of Business, USA (2008)

**Experience**
19 years

## **Executive Management** continued

### Ahmed Naji Bajnaid
Chief Governance Officer

**Previous positions**
- **Vice President of Operations and Managed Services** - solutions by stc

**Qualifications**
- **Master of Business Administration** - King Abdulaziz University, KSA (2022)
- **Bachelor's degree in Computer Engineering** - King Abdulaziz University, KSA (2002)
- **Senior Executive Leadership Program** - Harvard Business School (2023)

**Experience**

21 years

### Maher Salem Althiyabi
Chief Strategy Officer

**Previous positions**
- **General Manager of Corporate Finance** - solutions by stc

**Qualifications**
- **Bachelor's degree in Finance** - Abu Dhabi University, UAE (2010)
- **Master of Business Administration** - Prince Mohammed Bin Salman College of Business & Entrepreneurship, KSA (2024)

**Experience**

14 years

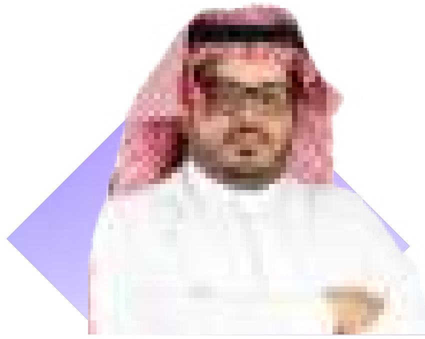
### Abdullah Turki Alotaibi
Chief Business Diversification Officer

**Previous positions**
- **General Manager of Presales** - solutions by stc

**Qualifications**
- **Bachelor's degree in Information Systems** - King Saud University, KSA (2007)
- **Master of Business Administration** - Bayes Business School (2021)

**Experience**

17 years



### Rajeh Saad AlBogamy
Chief Audit Officer

**Previous positions**
- **General Manager of Business and Technology Audit** - solutions by stc

**Qualifications**
- **Master's degree in Project Management** - The George Washington University School of Business, USA (2011)
- **Master's degree in IT E-Commerce/Electronics Commerce** - Queensland University of Technology, Australia (2008)

**Experience**

23 years

## **Executive Management** continued

### Saleh Tariq Algroony

Chief People and Corporate Services Officer

**Previous positions**

- **Vice President of Business Excellence** - solutions by stc

**Experience**

16 years

**Qualifications**

- **Bachelor's degree in Computer Science** - King Fahad University of Petroleum and Minerals (KFUPM), KSA (2010)

**Name of companies inside and outside the Kingdom in which a Board member is a member of their current or previous board or management**

| Member name | Names of companies in which a Board member is a member of their current board or a manager | Inside/ outside the Kingdom | Legal entity | Names of companies in which a Board member is a member of their previous board or a manager | Inside/ outside the Kingdom | Legal entity |
|---|---|---|---|---|---|---|
| Mr. Riyadh Saeed Muawad | solutions by stc | Inside | Listed Joint Stock Company | specialized by stc | Inside | Limited Liability Company |
| | specialized by stc | Inside | Limited Liability Company | Kuwait Telecom Company (stc Kuwait) | Outside | Listed Joint Stock Company |
| | stc | Inside | Listed Joint Stock Company | Cisco | Inside | Limited Liability Company |
| | Saudi Cloud Computing Company (SCCC) | Inside | Limited Liability Company | CA Technologies | Outside | Listed Joint Stock Company (USA) |
| | iot2 | Inside | Limited Liability Company | National Technology Company (Bugshan Group) | Inside | Limited Liability Company |
| | sirar by stc | Inside | Limited Liability Company | stc | Inside | Listed Joint Stock Company |
| Mr. Haithem Mohammed AlFaraj | solutions by stc | Inside | Listed Joint Stock Company | stc | Inside | Listed Joint Stock Company |
| | Telecommunications Tower Co. (TAWAL) | Inside | Limited Liability Company | Etihad Etisalat Company (Mobily) | Inside | Listed Joint Stock Company |
| | stc | Inside | Listed Joint Stock Company | Aramco | Inside | Listed Joint Stock Company |
| | C4IR KSA | Inside | Public-Private Partnership | sirar by stc | Inside | Limited Liability Company |
| | specialized by stc | Inside | Limited Liability Company | | | |

| Member name | Names of companies in which a Board member is a member of their current board or a manager | Inside/ outside the Kingdom | Legal entity | Names of companies in which a Board member is a member of their previous board or a manager | Inside/ outside the Kingdom | Legal entity |
|---|---|---|---|---|---|---|
| Mr. Emad Aoudah Al Aoudah | solutions by stc | Inside | Listed Joint Stock Company | stc | Inside | Listed Joint Stock Company |
| | stc | Inside | Listed Joint Stock Company | channels by stc | Inside | Limited Liability Company |
| | Arabian Satellite Communications Organization (Arabsat) | Inside | Limited Liability Company | Aqalat | Inside | Limited Liability Company |
| | specialized by stc | Inside | Limited Liability Company | NUPCO | Inside | Limited Liability Company |
| | | | | Saudi Research and Marketing Group | Inside | Listed Joint Stock Company |
| | | | | Saudi Information Technology Company (SITE) | Inside | Limited Liability Company |
| | | | | Oracle | Outside | Limited Liability Company |
| | | | | Saudi Central Bank | Inside | Government |
| | | | | stc Gulf Investment Holding | Inside | Limited Liability Company |
| | | | | Bravo Company | Inside | Limited Liability Company |
| Mr. Omar Abdulaziz AlShabibi | solutions by stc | Inside | Listed Joint Stock Company | stc | Inside | Listed Joint Stock Company |
| | stc Gulf Investment Holding | Inside | Limited Liability Company | stc pay | Inside | Closed Joint Stock Company |
| | Telecom Commercial Investment Company Limited | Inside | Limited Liability Company | Sapphire Company Ltd | Inside | Limited Liability Company |
| | channels by stc | Inside | Limited Liability Company | | | |
| | stc | Inside | Listed Joint Stock Company | | | |
| | Intigral | Inside | Limited Liability Company | | | |



| Member name | Names of companies in which a Board member is a member of their current board or a manager | Inside/ outside the Kingdom | Legal entity | Names of companies in which a Board member is a member of their previous board or a manager | Inside/ outside the Kingdom | Legal entity |
|---|---|---|---|---|---|---|
| Mr. Mathad Faisal AlAjmi | solutions by stc | Inside | Listed Joint Stock Company | stc | Inside | Listed Joint Stock Company |
| | stc | Inside | Listed Joint Stock Company | Saudi Iron and Steel Company (Hadeed) | Inside | Closed Joint Stock Company |
| | Pearl Initiative | Outside | Non-Profit Organization | Saudi Basic Industries Corp (SABIC) | Inside | Listed Joint Stock Company |
| | Digital Investment Company (New Tawal) | Inside | Limited Liability Company | Gulf Petrochemicals and Outside Chemicals Association (GPCA) | Outside | Closed Joint Stock Company |
| | specialized by stc | Inside | Limited Liability Company | King and Spalding | Outside | International Law Firm |
| | | | | Freshfields | Outside | International Law Firm |
| | | | | Intigral | Inside | Limited Liability Company |
| Mr. Mohammed Abdullah AlAbbadi | solutions by stc | Inside | Listed Joint Stock Company | stc pay | Inside | Closed Joint Stock Company |
| | stc | Inside | Listed Joint Stock Company | Aqalat | Inside | Limited Liability Company |
| | Cura | Outside | Limited Liability Company | Cisco | Inside | Limited Liability Company |
| | Center3 | Inside | Limited Liability Company | Forus | Inside | Closed Joint Stock Company |
| | Global Leaders' Forum | Outside | Limited Liability Company | Saudi Volunteer Organization (Takatuf) | Inside | Non-Profit Organization |
| | | | | stc | Inside | Listed Joint stock Company |
| | | | | specialized by stc | Inside | Limited Liability Company |

| Member name | Names of companies in which a Board member is a member of their current board or a manager | Inside/ outside the Kingdom | Legal entity | Names of companies in which a Board member is a member of their previous board or a manager | Inside/ outside the Kingdom | Legal entity |
|---|---|---|---|---|---|---|
| Mr. Mohammad Abdullah Alaseeri | solutions by stc | Inside | Listed Joint Stock Company | Traveler Security Center | Inside | Government |
| | | | | Ministry of Education | Inside | Government |
| | | | | National Information Center | Inside | Government |
| | | | | Ministry of Municipal and Rural Affairs and Housing | Inside | Government |
| Mr. Abdullatif Ali Al-Seif | solutions by stc | Inside | Listed Joint Stock Company | King Abdullah Humanitarian Foundation | Inside | Non-Profit Organization |
| | Sabeen Investment Company | Inside | Closed Joint Stock Company | Raidah Investment Company | Inside | Closed Joint Stock Company |
| | Southern Province Cement Company (SPCC) | Inside | Listed Joint Stock Company | HSBC | Inside | Closed Joint Stock Company |
| | Wisayah Global Investment Company | Inside | Limited Liability Company | Arabian Cement Company (ACC) | Inside | Listed Joint Stock Company |
| | Al Rajhi Bank | Inside | Listed Joint Stock Company | Riva Investment Company | Inside | Limited Liability Company |
| | Alnahdi Medical Company | Inside | Closed Joint Stock Company | National Petrochemical Company (Petrochem) | Inside | Listed Joint Stock Company |
| | SALIC | Inside | Closed Joint Stock Company | Alothaim Investment Company | Inside | Closed Joint Stock Company |
| | AlBilad Tourism Fund | Inside | Real Estate Fund | Saudi Aramco | Inside | Listed Joint Stock Company |
| | Awqaf Investment Company | Inside | Closed Joint Stock Company | Mohammed I Alsubeaei & Sons Investment Company (MASIC) | Inside | Closed Joint Stock Company |
| | Growth Catalyst Company | Inside | Limited Liability Company | KAUST Investment Management Company | Inside | Closed Joint Stock Company |
| | | | | Olam Agri Holdings Pte. Ltd | Outside | Limited Liability Company |

| Member name | Names of companies in which a Board member is a member of their current board or a manager | Inside/ outside the Kingdom | Legal entity | Names of companies in which a Board member is a member of their previous board or a manager | Inside/ outside the Kingdom | Legal entity |
|---|---|---|---|---|---|---|
| Mr. Fahad Suleiman Alamoud | solutions by stc | Inside | Listed Joint Stock Company | Sehati | Inside | Limited Liability Company |
| | Saudi Visa and Travel Solutions (TASHIR) | Inside | Limited Liability Company | Saudi Technology and Security Comprehensive Control Company (Tahakom) | Inside | Limited Liability Company |
| | Saudi Visa and Travel Solutions Limited (Bangladesh) | Inside | Limited Liability Company | Ministry of Transport | Inside | Government |
| | The Saudi International Company for Completion and Follow-up of Visa Procedures and Approvals for Embassies (Kuwait) | Inside | Limited Liability Company | Ministry of Foreign Affairs | Inside | Government |
| | Saudi Company for Visa Solutions (Qatar) | Inside | Limited Liability Company | | | |
| | Saudi Electricity Project Development Company | Inside | Limited Liability Company | | | |

### Board of Directors meetings and the attendance record of each meeting held during the year ending 31 December 2024

| | | Meetings | | | |
|---|---|---|---|---|---|
| | | 1st | 2nd | 3rd | 4th |
| | Name | 15 Feb | 22 May | 11 Sep | 23 Dec |
| 1 | Mr. Riyadh Muawad | Attended | Attended | Attended | Attended |
| 2 | Mr. Haithem AlFaraj | Attended | Attended | Attended | Attended |
| 3 | Mr. Emad Al Aoudah | Attended | Attended | Attended | Attended |
| 4 | Mr. Mohammed AlAbbadi | Attended | Attended | Attended | Attended |
| 5 | Mr. Mathad AlAjmi | Attended | Attended | Attended | Attended |
| 6 | Mr. Omar AlShabibi | Attended | Attended | Attended | Attended |
| 7 | Mr. Fahad Alamoud | Attended | Attended | Attended | Attended |
| 8 | Mr. Abdullatif Al-Seif | Attended | Attended | Attended | Attended |
| 9 | Mr. Mohammad Alaseeri | Attended | Attended | Attended | Attended |

### General Assembly meetings held during the fiscal year ending 31 December 2024 and attendance of Board members

| | | Meetings | |
|---|---|---|---|
| | | 1st | 2nd |
| | Name | 29 May | 18 Dec |
| 1 | Mr. Riyadh Muawad | Attended | Attended |
| 2 | Mr. Haithem AlFaraj | Attended | Attended |
| 3 | Mr. Emad Al Aoudah | Attended | - |
| 4 | Mr. Mohammed AlAbbadi | Attended | - |
| 5 | Mr. Mathad AlAjmi | Attended | Attended |
| 6 | Mr. Omar AlShabibi | Attended | Attended |
| 7 | Mr. Fahad Alamoud | Attended | Attended |
| 8 | Mr. Abdullatif Al-Seif | Attended | Attended |
| 9 | Mr. Mohammad Alaseeri | Attended | Attended |

## Procedures taken by the Board to inform its members, especially the Non-Executives, of shareholders' suggestions and remarks on the Company and its performance

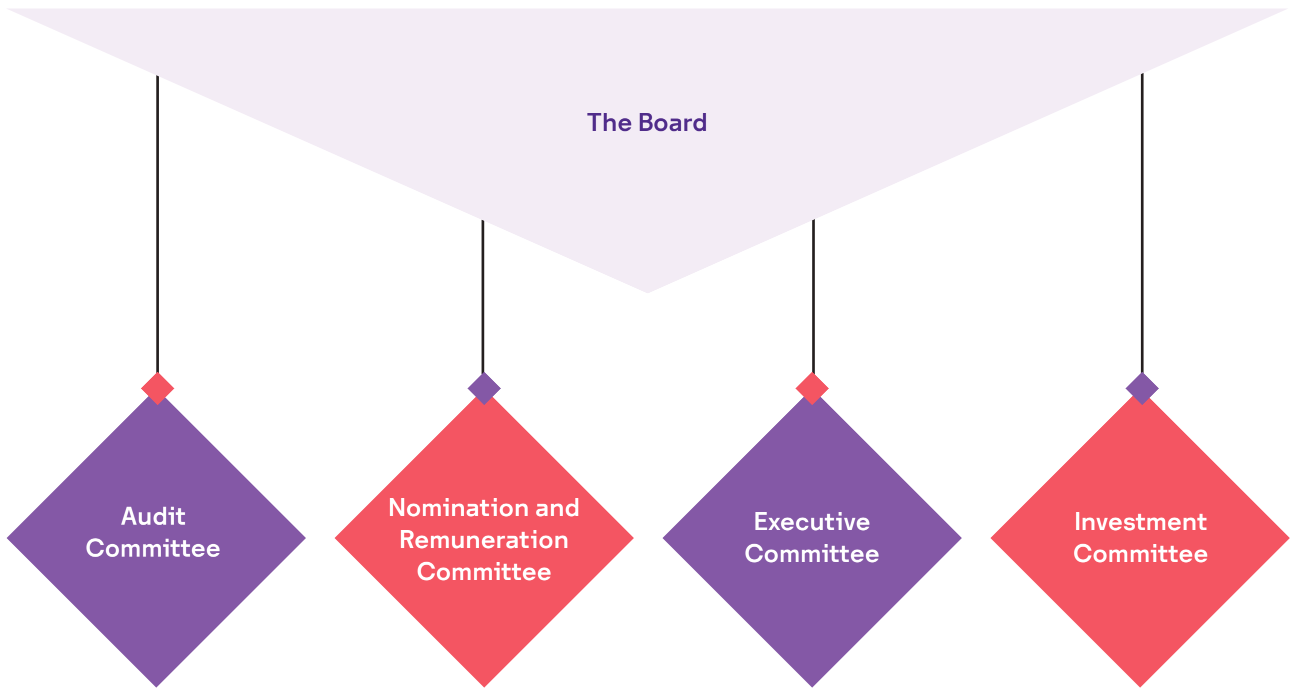
The main objective of the Investor Relations (IR) Department is to act as a mediator between the Company, the investment community, and capital market regulators. We aim to enable further accessibility between shareholders and various stakeholders within the Company through various methods. The IR Department is responsible for all communication with investors and shareholders, and periodically reports to the Board, providing an update about shareholder activities and remarks.

Stakeholders' views are of paramount importance to the Company and shareholder feedback is always considered and incorporated into departmental strategies for long-term value creation. We ensure that we provide our investors with the maximum information possible by providing access to various disclosures through the Investor Relations section of the website, and through quarterly disclosures, and annual reports.

During the year ending 31 December 2024, the Company did not receive any written proposals or notes from any of the shareholders.

### Board committees

In accordance with the Corporate Governance Regulations issued by the Capital Market Authority and the Companies Law, the Company has prepared a charter for the Audit Committee, the Nomination and Remuneration Committee, the Executive Committee, and the Investment Committee, as these charters include the rules for the members of the committee, their term of membership, and their duties. All these charters and regulations were approved by the Board of Directors and the General Assembly of shareholders, as per the Company's By-laws. solutions by stc have 4 committees as follows:



## Audit Committee

The Audit Committee consists of 4 members appointed pursuant to an Ordinary General Assembly resolution dated 26 January 2021 and ending 21 December 2025.

The duties and responsibilities of this Committee include the oversight of the internal audit tasks and reports, the implementation of corrective measures for the observations contained therein, recommending to the Board of Directors the appointment of the Company's external auditor and propose his scope of work and annual fees, and reviewing the Company's interim and annual financial statements before submitting them to the Board of Directors. The Committee's responsibilities also include evaluating and ensuring that an effective internal control system is in place and prepared on a sound basis, and reviewing corporate governance reports, compliance, and risk management.

During the year, the Audit Committee reviewed the quarterly financial statements and the annual financial statements and recommended the approval of the Board of Directors. The Committee met with the external auditor to ensure that the financial statements have been prepared in accordance with the accounting standards and that there are no material observations on the financial statements. The Audit Committee also discussed the internal auditors' report, which did not contain material observations.

The Audit Committee held 7 meetings during the year 2024, as shown in the following table:

| | Name | Nature of membership | Number and Date of Meetings | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | 1st | 2nd | 3rd | 4th | 5th | 6th | 7th |
| | | | 05 Feb | 15 Feb | 26 Mar | 29 Apr | 05 May | 22 Jul | 27 Oct |
| 1 | **Mr. Abdullatif Al-Seif** | Chairman | Attended | Attended | Attended | Attended | Attended | Attended | Attended |
| 2 | **Mr. Mathad AlAjmi** | Member | Attended | Attended | Attended | Attended | Attended | Attended | Attended |
| 3 | **Mr. Omar AlShabibi** | Member | Attended | Attended | Attended | Attended | Attended | Attended | Attended |
| 4 | **Mr. Abdullah Alanizi** | Member | Attended | Attended | Attended | Attended | Attended | Attended | Attended |

## Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of 4 members appointed pursuant to a Board resolution dated 24 January 2021. The main purpose of this Committee is to make recommendations to the Board of Directors with regard to nominations to the membership of the Board, its subcommittees and Executive Management in accordance with the approved policies and standards. Undertaking the annual review of the skill requirements for the Board of Directors; preparing the description of skills and qualifications required for Board membership, including determination of the time that the Board member should dedicate to the business of the Board, and make recommendations concerning changes that can be made. The Committee also reviews the structure and formation of the Board, makes recommendations concerning changes that can be made and identifies the weaknesses and strengths of the Board with recommendations on how to address them to serve the interests of the Company. On an annual basis, the Committee ensures the independence of the independent members and that there are no conflicts of interest if the member holds membership on the Board of Directors of another company and evaluates the performance of Board members and the members of its committees. It develops clear policies for the compensation and remuneration of Board members and Senior Executives, taking into consideration performance-related standards. Lastly, the Committee prepares periodic and annual reports on the Committee's activities and the annual disclosure report according to the By-laws. These reports are presented to the Board of Directors. The Committee is also responsible for assisting the Board of Directors in developing and reviewing the organizational structure of the Company.

The Nomination and Remuneration Committee held 6 meetings during the year 2024, as shown in the following table:

| | Name | Nature of membership | Number and Date of Meetings | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | 1st | 2nd | 3rd | 4th | 5th | 6th |
| | | | 13 Feb | 27 Mar | 21 May | 24 Jul | 20 Aug | 19 Dec |
| 1 | **Mr. Fahad Alamoud** | Chairman | Attended | Attended | Attended | Attended | Attended | Attended |
| 2 | **Mr. Fahad Alghamdi** | Member | Attended | Attended | Attended | Attended | Attended | Attended |
| 3 | **Mr. Omar AlShabibi** | Member | Attended | Attended | Attended | Attended | Attended | Attended |
| 4 | **Mr. Mohammed AlAbbadi** | Member | Attended | Attended | Attended | Attended | Attended | Attended |

### Executive Committee

The Executive Committee consists of 5 members appointed pursuant to a Board resolution dated 24 January 2021.

The Company's Executive Committee was appointed by the Board of Directors to exercise all functions entrusted thereto and reports to and maintains direct communication channels with the Board of Directors. Pursuant to the relevant laws and regulations, the responsibilities of the Executive Committee include the following:

- Engaging in and supervising the development of the Company's strategic plan and evaluating the proposals submitted by the Executive Management on the Company's vision, mission, strategic themes, goals, and strategic and financial initiatives, and submitting them to the Board for approval.
- Overseeing the preparation of the Company's annual budget, reviewing proposals submitted by the Executive Management, and submitting recommendations to the Board on the approval of the annual budget.
- Reviewing the financial and strategic performance reports related to monitoring the implementation of strategic plans and initiatives and submitting its recommendations to the Board.
- Examining strategic and important issues and projects with a significant financial impact and submitting them to the Board for approval.
- Reviewing the Corporate Social Responsibility Policy, media plan, and sports sponsorships, and submitting its recommendations to the Board.
- Reviewing programs for social work initiatives and submitting its recommendations to the Board.

The Executive Committee held 4 meetings during the year 2024, as shown in the following table:

| | Name | Nature of membership | Number and Date of Meetings | | | |
|---|---|---|---|---|---|---|
| | | | 1st | 2nd | 3rd | 4th |
| | | | 09 May | 04 Sep | 21 Nov | 16 Dec |
| 1 | Mr. Riyadh Muawad | Chairman | Attended | Attended | Attended | Attended |
| 2 | Mr. Haithem AlFaraj | Member | Attended | Attended | Attended | Attended |
| 3 | Mr. Mohammad Alaseeri | Member | Attended | Attended | Attended | Attended |
| 4 | Mr. Emad Al Aoudah | Member | Attended | Attended | Attended | Attended |
| 5 | Mr. Mohammed AlAbbadi | Member | Attended | Attended | Attended | Attended |

### Investment Committee

The Investment Committee consists of 4 members appointed pursuant to a Board resolution dated 4 July 2022.

The Committee shall carry out all the assigned mandates, submit its recommendations to the Board, and shall maintain channels of direct communication with the Board. The Committee's mandates shall be as per the relevant laws and regulations as follows:

- Approving, endorsing, and reviewing the investment opportunities, mergers, acquisitions, joint ventures, or liquidations, all in accordance with the Company's existing delegation of authority matrices
- Studying the Company's assets information, develop an investment strategy along with directives and related policies and submit the same to the Board for approval
- Reviewing performance assessments and work progress on a regular basis for the plans approved by the Boards of Directors of subsidiaries and provide the relevant recommendations to the Board
- Approving and endorsing the financing structure (to provide funds for business activities, making purchases or investing etc.) for investment transactions and relevant policies, and submitting same to the Board for approval
- Directly supervising the Company's domestic and overseas investments
- Ensuring the integrity of the investment process including any enhancement, setting relevant controls for protecting the Company's interests and fully supervising the stages of acquisition/merger related to any investment opportunity
- Providing recommendations to the Board regarding the exit from or liquidation of a current investment
- Reviewing the integration and synergy performance reports for subsidiaries

The Investment Committee did not hold any meetings during the year 2024. However, it was sufficient to provide the Executive Management with decisions that fall within its responsibilities by circulation.

## Disclosure of the Nomination and Remuneration Policy for members of the Board, Committees, and Executive Management which was approved by the General Assembly on 18 December 2024

### 1. Board and Committee members' remuneration

1.1 Based on a recommendation from the Nomination and Remuneration Committee to the Board of Directors determines the compensation for the Chairman of the Board and the Board members. The compensation should be reasonably sufficient to attract qualified and experienced Board members, as well as to incentivize and retain them. The Board may determine a remuneration for members/member of the Board for their membership on the Board's standing committees.

1.2 A Board member's remuneration for Board duties consists of a fixed amount and an attendance fee for the meetings.

1.3 The Chairman of the Board receives a fixed annual amount of ⃁ 375,000 for their role as Chairman.

1.4 Each Board member receives a fixed annual amount of ⃁ 300,000 for their membership on the Board.

1.5 The Chairman and members of the Audit Committee receive a fixed annual amount of ⃁ 100,000, whether they hold a Board membership or not.

1.6 Each external committee member receives a fixed annual amount of ⃁ 60,000 for their committee membership, except for the Audit Committee.

1.7 Each member, whether on the Board of Directors or on its committees, receives an attendance fee of ⃁ 5,000 per meeting.

1.8 The Board may set compensation for Board members for their participation in the permanent committees established by the Board.

1.9 The compensation received by a Board member should be fair and commensurate with the member's responsibilities, duties, and the work they undertake. It should also align with the objectives set by the Board to be achieved during the fiscal year.

1.10 The remuneration shall be proportioned with the number of meetings that the member attends.

1.11 The remunerations of the members of the Board and its standing committees shall be in accordance with the relevant laws and regulations.

1.12 The compensation for Board members and committee members is paid annually, directly after the annual financial statements are published on the (Tadawul) website.

1.13 Attendance fees for Board and committee meetings are paid after each meeting, or on a quarterly, semi-annual, or annual basis, along with the annual compensation.

1.14 The remuneration of independent Board members shall not be a percentage of the profits that are realized by the Company, nor shall it be based directly or indirectly on the Company's profitability.

### 2. Non-entitlement to remuneration and obligation to return it

2.1 If the General Assembly decides to terminate the membership of a Board member due to their absence from 3 consecutive meetings or 5 separate meetings during their term without a valid excuse accepted by the Board, the member is not entitled to any compensation for the period following their last attended meeting. The member must return all compensation received for that period.

### 3. Payment of remuneration based on incorrect or misleading information

3.1 If the Audit Committee or the Capital Market Authority determines that the compensation paid to any Board member was based on incorrect or misleading information presented to the General Assembly or included in the Board's Annual Report, the member must return it to the Company. The Company has the right to demand its return.

### Board members' remuneration

| Members of the Board of Directors | Fixed remunerations | | | | | | | Variable remunerations | | | | | | End of service rewards | Grand total (⃁) | Expense allowances |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Specific amount | Allowance for attending Board meetings | Total allowance for attending committee meetings | In-kind benefits | Remunerations for technical managerial and consultative work | Remunerations of the Chairman Managing Director or Secretary, if a member | Total (⃁) | Percentage of the profits | Periodic remunerations | Short-term incentive plans | Long-term incentive plans | Granted shares | Total (⃁) | | | |
| **First: Independent members** | | | | | | | | | | | | | | | | |
| Mr. Fahad Alamoud | 300,000 | 20,000 | | | | | 320,000 | | | | | | | | 320,000 | |
| Mr. Abdullatif Al-Seif | 300,000 | 20,000 | | | | | 320,000 | | | | | | | | 320,000 | |
| Mr. Mohammad Alaseeri | 300,000 | 20,000 | | | | | 320,000 | | | | | | | | 320,000 | |
| **Total** | **900,000** | **60,000** | | | | | **960,000** | | | | | | | | **960,000** | |
| **Second: Non-Executive Members** | | | | | | | | | | | | | | | | |
| Mr. Riyadh Muawad | 375,000 | 20,000 | | | | | 395,000 | | | | | | | | 395,000 | |
| Mr. Haithem AlFaraj | 300,000 | 20,000 | | | | | 320,000 | | | | | | | | 320,000 | |
| Mr. Emad Al Aoudah | 300,000 | 20,000 | | | | | 320,000 | | | | | | | | 320,000 | |
| Mr. Mohammed AlAbbadi | 300,000 | 20,000 | | | | | 320,000 | | | | | | | | 320,000 | |
| Mr. Mathad AlAjmi | 300,000 | 20,000 | | | | | 320,000 | | | | | | | | 320,000 | |
| Mr. Omar AlShabibi | 300,000 | 20,000 | | | | | 320,000 | | | | | | | | 320,000 | |
| **Total** | **1,875,000** | **120,000** | | | | | **1,995,000** | | | | | | | | **1,995,000** | |
| **Grand Total** | **2,775,000** | **180,000** | | | | | **2,955,000** | | | | | | | | **2,955,000** | |

## Committee members' remuneration

| Senior Executives | Fixed remuneration (except attending sessions) | Allowances for attending sessions | Total (⃁) |
|---|---|---|---|
| **Audit Committee** | | | |
| Mr. Abdullah Alanizi | 100,000 | 35,000 | 135,000 |
| Mr. Mathad AlAjmi | 100,000 | 35,000 | 135,000 |
| Mr. Omar AlShabibi | 100,000 | 35,000 | 135,000 |
| Mr. Abdullatif Al-Seif | 100,000 | 35,000 | 135,000 |
| **Total** | **400,000** | **140,000** | **540,000** |
| **Nomination and Remuneration Committee** | | | |
| Mr. Fahad Alghamdi | 60,000 | 30,000 | 90,000 |
| Mr. Mohammed AlAbbadi | - | 30,000 | 30,000 |
| Mr. Fahad Alamoud | - | 30,000 | 30,000 |
| Mr. Omar AlShabibi | - | 30,000 | 30,000 |
| **Total** | **60,000** | **120,000** | **180,000** |
| **Executive Committee** | | | |
| Mr. Riyadh Muawad | - | 20,000 | 20,000 |
| Mr. Haitham AlFaraj | - | 20,000 | 20,000 |
| Mr. Mohammad Alaseeri | - | 20,000 | 20,000 |
| Mr. Emad Al Aoudah | - | 20,000 | 20,000 |
| Mr. Mohammed AlAbbadi | - | 20,000 | 20,000 |
| **Total** | **-** | **100,000** | **100,000** |
| **Investment Committee** | | | |
| Mr. Riyadh Muawad | - | - | - |
| Mr. Fahad Alamoud | - | - | - |
| Mr. Motaz Alangari | 60,000 | - | 60,000 |
| Mr. Atef Helmy | 60,000 | - | 60,000 |
| **Total** | **120,000** | **-** | **120,000** |



## Senior Executives' remuneration

1. The annual remuneration for the Chief Executive Officer shall be determined upon his/her achievement of the financial and strategic goals and other goals according to the Company's policies.
2. The annual remuneration for the Chief Executive Officer shall be calculated after the publication of the financial statements according to the approved policy of the Company.
3. The annual remuneration for the Executive Management in the Company shall be calculated according to the policy and the mechanism for the approved annual remuneration in the Company.
4. The specified salaries and advantages for the Executive Management shall be determined to include (the base salary and advantages and allowances) according to the Executive Incentive Policy.

## Remunerations of the top 5 Senior Executives (including the Chief Executive Officer and the Chief Financial Officer) in 2024

| Senior Executives | Fixed remunerations | | | | | | Variable remunerations | | | | | End of service rewards | Total remuneration for Executives on the Board | Grand total (⃁) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | In kind benefits | | | | | | | | | | | |
| | Salaries | Allowances | Annual passage allowance | Education allowance | Training cost | Total (⃁) | Periodic remunerations | Profits | Short-term incentive plans | Long-term incentive plans | Total (⃁) | | | |
| Total (⃁) | 13,257,668.10 | | 1,035 ,602.74 | | | 14,293, 270.84 | - | - | 11,032, 645.50 | 4,143, 288.00 | 15,175 ,933.50 | - | - | 29,469, 204.34 |

## Interests of related parties (Board of Directors and Executive Management)

During 2024 the Company has not conducted any business or contracts in which there was a substantial interest for the members of the Board of Directors and Executive Management, or any person related to any of them.

## Description of any interest, contractual securities or rights issue of Board members, Senior Executives, and/or their relatives on the shares or debt instruments of the Company or its affiliates

### Senior Executives and their relatives on shares or debt instruments of the Company

| | Names of the persons of interest | Beginning of the year | | End of the year | | Net change | Change ratio |
|---|---|---|---|---|---|---|---|
| | | Number of shares | Debt instruments | Number of shares | Debt instruments | | |
| 1 | Omer Abdullah Alnomany | 3,435 | - | 9,809 | - | 6,374 | 186% |
| 2 | Abdulrahman Hamad Alrubaia | 566 | - | 1,965 | - | 1,399 | 247% |
| 3 | Saleh Abdullah Alzahrani | 566 | - | 1,965 | - | 1,399 | 247% |
| 4 | Yousef Abdulrahman AlMarshad | 378 | - | 833 | - | 455 | 120% |
| 5 | Ahmed Naji Bajnaid | 540 | - | 1,875 | - | 1,335 | 247% |
| 6 | Maher Salem Althiyabi | - | - | 193 | - | 193 | - |
| 7 | Abdullah Turki Alotaibi | - | - | 194 | - | 194 | - |
| 8 | Rajeh Saad AlBogamy | - | - | - | - | - | - |
| 9 | Saleh Tariq Algroony | 716 | - | 2,115 | - | 1,399 | 195% |

**"At solutions by stc, we are committed to the highest standards of Corporate Governance, encompassing regulatory compliance, enterprise risk management, internal controls, and cybersecurity. These practices, aligned with industry-leading standards and international certifications, foster a culture of integrity, ethics, and sustainable decision-making. By aligning governance with strategic priorities, we drive operational excellence, sustainable growth, and value creation for our shareholders, customers, employees, and society."**

**Ahmed Naji Bajnaid**
Chief Governance Officer

## Adherence to corporate governance regulations issued by the Capital Market Authority

The Company implements all provisions set forth in the Corporate Governance Regulation issued by Capital Market Authority, except the following provisions:

| Article no. | Article text | Implementation status | Justification |
|---|---|---|---|
| Article 67 | **Composition of the Risk Management Committee** | Not Implemented | A dedicated Risk Management Committee has not been established based on the optional article issued by the CMA. However, its main mandates were incorporated as part of the Audit Committee's responsibilities. |
| Article 68 | **Competencies of the Risk Management Committee** | Not Implemented | A dedicated Risk Management Committee has not been established based on the optional article issued by the CMA. However, its main mandates were incorporated as part of the Audit Committee's responsibilities. |
| Article 69 | **Meetings of the Risk Management Committee** | Not Implemented | A dedicated Risk Management Committee has not been established based on the optional article issued by the CMA. However, its main mandates were incorporated as part of the Audit Committee's responsibilities |
| Article 92 | **Formation of a Corporate Governance Committee** | Not Implemented | A dedicated Corporate Governance Committee has not been established based on the optional article issued by the CMA. However, significant governance oversights mandates were incorporated as part of the Audit Committee's responsibilities. |

**"In 2024, our Internal Audit Division focused on advancing the RISE Assurance Strategy, enhancing digitization, integrating assurance providers, and elevating stakeholder engagement. These efforts have strengthened governance, streamlined processes, and reinforced our role as a strategic partner in supporting solutions by stc's growth and value creation."**

**Rajeh Saad Albogamy**
Chief Audit Officer

## Internal Audit

The Internal Audit Division at solutions by stc plays a pivotal role as an independent, objective team dedicated to providing assurance and consulting services that enhance the Company's operations. Through a systematic and disciplined approach, the division supports solutions by stc in achieving its objectives by evaluating and enhancing the effectiveness of risk management, control, and governance processes.

Over the past year, the division executed its audit responsibilities in line with the Audit Committee's approved plan, adhering to the standards set by the Institute of Internal Auditors (IIA). In addition to its assurance duties, the division also provided advisory services designed to optimize operations and advance strategic goals. To ensure continuous improvement, it maintained a robust internal Quality Assurance and Improvement Program (QAIP), which covers all audit activities, fostering ongoing assessment and process refinement.

Throughout 2024, the division upheld transparent and consistent communication with the Audit Committee, regularly issuing progress reports. These reports highlighted the execution of the audit plan, shared insights on engagement outcomes, evaluated the Company's internal control environment, and included other relevant audit-related activities.

A major highlight of the year was the division's progress in advancing RISE, its new Assurance Strategy. RISE, which focuses on reinforcing AI infrastructure and capabilities, integrating assurance providers and elevating stakeholder engagement, scaling and expanding audit delivery, and enhancing digitization and innovation, has strengthened the division's capabilities. These advancements not only aligned the division more closely with the Company's growing business portfolio but also strengthened collaboration with other assurance providers, resulting in a more robust control environment across solutions by stc.

Moreover, the division remains committed to developing its talent pool, focusing on attracting and nurturing skilled professionals to meet the evolving demands of modern auditing at solutions by stc.

In summary, 2024 was a year of meaningful growth and progress for the Internal Audit Division, characterized by enhanced capabilities, deeper collaboration, and a steadfast commitment to excellence.

## Internal Control in 2024

In 2024, the Audit Committee continued to play a vital role in overseeing key areas within the organization, particularly in compliance, risk management, internal and external audit. The Committee's primary responsibility remained focused on regularly evaluating the adequacy and effectiveness of the internal control system. These evaluations are crucial for providing the Board with reasonable assurance about the robustness and efficiency of the organization's controls.

Throughout the year, the Audit Committee remained actively engaged in its oversight responsibilities, meeting 7 times to address a wide range of critical topics. These meetings covered reviews of financial statements, discussions on strategic and organizational matters, and issues related to human resources, procurement, and IT systems - all of which are essential to solutions by stc's operations. Executive Management and the Internal Audit team participated in these discussions, ensuring that key operational areas were thoroughly examined.

A key outcome of the Committee's efforts in 2024 was the attainment of reasonable assurance regarding the effectiveness of the internal control systems in place. The Committee found no significant issues or concerns that could undermine the integrity or accuracy of the Company's financial statements. Furthermore, the internal control systems related to critical business processes were deemed effective in mitigating risks and maintaining a sound governance and risk management framework.

## Information on risks facing the Company (operational, financial, or market related) and the policy of managing and monitoring these risks

Refer to page 41 for details on the risks facing the Company.

### Affiliate companies

| Affiliate name | Capital | Total Number of Shares | Company's ownership percentage | Main scope of business | Country of operation | Country of incorporation |
|---|---|---|---|---|---|---|
| stcs for IT* | ⃁ 262,500 (USD 70,000) | 1,000 shares | 100% | The principal activities of the subsidiary are concentrated in the information technology and communication industry domain. The products of the subsidiary involve design and development of electronics and data centers, outsourcing activities, software, application and database development, technological education, and digitization activities. | Egypt | Egypt |
| Giza Systems | ⃁ 17,235,000 (EGP 90,000,000) | 9,000,000 shares | 88.19% | Giza Systems, a leading systems integrator in the MEA region, designs and deploys industry-specific technology solutions for asset-intensive industries such as the telecommunications, utilities, oil and gas, hospitality, and real estate among other market sectors. Helping clients streamline their operations and businesses through our portfolio of solutions, managed services, and consultancy practice. | Egypt, Kingdom of Saudi Arabia, United Arab Emirates, Qatar, Kenya, Tanzania, Uganda, and Nigeria | Egypt |
| ccc by stc | ⃁ 4,500,000 | 450,000 shares | 100% | Contacts services | Kingdom of Saudi Arabia | Kingdom of Saudi Arabia |
| Devoteam Middle East | AED 300,000 (⃁ 306,300) | 300 shares | 40% | Digital consultancy and transformation services | Kingdom of Saudi Arabia, United Arab Emirates, and Jordan | United Arab Emirates |
| Amanah Tech | ⃁ 3,000,000 | 300,000 shares | 70% | 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. | Kingdom of Saudi Arabia | Kingdom of Saudi Arabia |

* stcs for IT is under liquidation

### Information on loans and statement of total indebtedness of the Company and its affiliates

List of loans received and paid during the year ended 31 December 2024, are as follows:

| | | Amount of principal debt (⃁) | Loan term | Amounts paid during the year | Remaining amount (⃁) |
|---|---|---|---|---|---|
| 1 | solutions by stc (Saudi National Bank) | 500,000,000 | 5 years | - | 500,000,000 |
| 2 | Subsidiaries (Saudi Banks) | 62,024,402 | 1 year | - | 62,024,402 |
| 3 | Subsidiaries (International Banks) | 179,503,853 | 5 years | - | 179,503,853 |

## Sanctions, penalties, preventive measures, or precautionary restrictions imposed on the Company in year 2024

| Sanction/ Penalty/ Precautionary procedure/ Preventive measure | Reasons for penalty | Imposing authority | Measures undertaken to remedy and avoid such non-compliance in the future, including actions with departments: |
|---|---|---|---|
| Financial penalty in the amount of ⃁ 74,978.50 | Failure to provide services to the customer | Ministry of Finance | 1. **GPMO:** There is a system through which project managers record all the information regarding the project events, including achievements, delays, risks, and all the details.<br>2. **Bid Management:** Ensure the Company's readiness to carry out work/provide services before applying for any competition/signing contracts.<br>3. **Projects Control:** If the project manager resigns, Projects Control will ensure a recorded proper project handover. (Clearance requests should reach Projects Control for approval). Projects Control will notify the Legal Department of any client issues that may lead to legal risk. |

## The Company's Dividend Distribution Policy

As per the Article Number (45) of the Company's By-laws, the annual net profits shall be distributed as follows:

1. The Ordinary General Assembly may, at the proposal of the Board of Directors, set aside a percentage of the annual net profits to form voluntary reserve to be allocated towards the purpose (s) determined by the General Assembly.
2. The Ordinary General Assembly may resolve to form other reserves to the extent they serve the Company's interests, or to ensure the distribution of fixed dividends, so far as possible, to the shareholders. The Ordinary General Assembly may also deduct amounts from the net profit to establish social institutions for the Company's employees or to provide aid to those already in place.
3. The remaining amount shall be distributed to shareholders as established by the Company's regulations and policies.
4. Subject to the provisions set forth in Article (21) of the Articles of Association and Article (76) of the Companies Law, the Company may, after that, allocate a percentage of the remaining dividends, if any, as remuneration for the Board of Directors, and such remuneration shall be proportionate to the number of meetings attended by each Board member.
5. The Company may distribute interim dividends to its shareholders on a semi-annual or quarterly basis, according to the controls set by the competent authority and based on a delegation issued by the Ordinary General Assembly of the Board of Directors to distribute interim dividends.

### Dividends distributions

| | 2024* | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Ratio (of paid-up capital) | 100% | 60% | 50% | 40% |
| Total amount (⃁ million) | 1,190 | 714 | 595 | 475 |

*Subject to the approval of the General Assembly

### Company ownership

| Shareholder name | Number of shares at the beginning of the year | Ownership percentage at the beginning of the year | Number of shares at the end of the year | Ownership percentage at the end of the year | Share changes | Percentage change |
|---|---|---|---|---|---|---|
| stc | 94,800,000 | 79.00% | 94,800,000 | 79.00% | 0 | 0.00% |
| solutions by stc's treasury shares | 1,022,807 | 0.85% | 1,000,415 | 0.83% | -22,392 | -2.19% |
| Public | 24,177,193 | 20.15% | 24,199,585 | 20.17% | 22,392 | 0.09% |

### Requests of the Company's shareholders registry

| Number of the Company's requests of shareholders registry | Request date | Request reasons |
|---|---|---|
| 1 | 2 January 2024 | Internal Management Use |
| 2 | 4 February 2024 | Internal Management Use |
| 3 | 3 March 2024 | Internal Management Use |
| 4 | 3 April 2024 | Internal Management Use |
| 5 | 5 May 2024 | Internal Management Use |
| 6 | 21 May 2024 | Internal Management Use |
| 7 | 3 June 2024 | Internal Management Use |
| 8 | 3 July 2024 | Internal Management Use |
| 9 | 4 August 2024 | Internal Management Use |
| 10 | 4 September 2024 | Internal Management Use |
| 11 | 6 October 2024 | Internal Management Use |
| 12 | 3 November 2024 | Internal Management Use |
| 13 | 3 December 2024 | Internal Management Use |

## Transactions between the Company and any related party

| # | Name of related party | Type of related party | Contract / Agreement | Duration | Value (⃁) |
|---|---|---|---|---|---|
| 1 | stc | Parent Company | • Provide Red Hat licenses<br>• Provide the needed maintenance and technical support services | 3 years | 151,170,867 |
| 2 | stc | Parent Company | • Fulfill business sector requirements with regards to internet network of stc, by installing data transfer devices<br>• Increase the capacity of internal and international network to accommodate the growth in the 5G services<br>• Replace the old devices that are no longer supported by the suppliers<br>• Increase the capacity of the infrastructure for virtual broadband devices<br>• Establish an internet infrastructure in the new data centers in Khamis Mushait City, Dammam City, Qassim Province, and north of Riyadh City<br>• Supply, install, integrate, and test services for equipment, tools, programs, and systems | 2 years | 309,733,284.12 |
| 3 | stc | Parent Company | • Renewal of VMware licenses<br>• Providing maintenance and technical support services | 3 years | 139,950,000 |
| 4 | Center3 | Related Party | The contract includes the following:<br>• Procurement, design, and implementation of cabinets and related accessories<br>• Procurement, design, and implementation of structured cabling<br>• Procurement, design, and implementation of HAC (Hot Aisle Containment) doors and accessories<br>• Procurement, design, and implementation of DCiM (Data Center Infrastructure Management) solutions and the related integrations<br>• Procurement, design, and implementation of active networks to support the DCiM solution and other solutions if applicable<br>• Procurement, design, and implementation of additional fit out items like cages, CCTV cameras, additional cable trays, cable baskets, etc. as per requirements | 3 years | 150,000,000 (as a maximum ceiling for the agreement) |
| 5 | stc | Parent Company | • ·Providing bulk-SMS service offered by stc<br>• ·Connecting solutions devices to the Short Message Service Center (SMSC) of stc | 2 years | 120,000,000 |
| 6 | stc | Parent Company | The contract includes:<br>• Microsoft licenses<br>• Azure licenses<br>• Microsoft unified support | 3 years | 191,342,231 |

In addition to the above, stc and its subsidiaries are engaged in establishing, managing, operating, and maintaining fixed and mobile telecommunication networks, systems and infrastructure, provide integrated communication and information technology solutions which include, among other things, (telecommunications, IT services, managed services, and cloud services), real estate investment such as selling, buying, leasing, managing, developing and maintenance, providing financial and managerial support, and other services to subsidiaries, providing development, training, asset management, providing digital banking services, providing cybersecurity services, and construction, maintenance and repair of telecommunication and radar stations and towers, in addition to other business as mentioned in activities of stc through joint contracts and agreements, which are considered businesses and services within stc Group.



## Zakat, taxes, fees, and other charges

| Description | 2024 Paid amount (⃁) | 2024 Outstanding amount until the end of the annual financial period (⃁) | Brief description |
|---|---|---|---|
| Zakat | 94,056,828.57 | - | Zakat paid for 2023 |
| Taxes | - | - | - |
| GOSI | 116,389,272.42 | 10,432,963.95 | Paid during the year |
| Visas and passport costs | 1,143,400.00 | - | Paid during the year |
| Labor Office fees | 11,497,579.35 | - | Paid during the year |

## Treasury shares maintained by the Company

| Utilization details | Maintenance date | Number of treasury shares maintained by the Company | Value (⃁) |
|---|---|---|---|
| Employee long-term incentive program | 30 April 2024 | 1,000,415 | 270,112,050 |

Note: Treasury shares maintenance date is the date at which solutions by stc vested part of its own shares at a cost of ⃁ 270 per share for a cash consideration of ⃁ 270,112,050.

solutions by stc's Board of Directors and General Assembly approved the purchase of 1,200,000 shares that involved solutions by stc buying back shares from its parent company, stc, to be retained as treasury shares and utilized as part of employees' rewards. This is to be done under different schemes and special terms and conditions that contribute towards attracting and retaining talent in addition to nurturing a healthy workplace culture.

solutions by stc utilized 22,392 shares from treasury shares in 2024. The vested shares in treasury records stem from the LTIP, which is designed to achieve several key objectives:

- Adopt global and regional practices, in addition to industry norms, in rewarding executives
- Align executive compensation with industry best practices
- Link executive rewards to the Company's profitability, enabling them to share in the success they help create
- Recognize executives' commitment and contribution
- Encourage leadership capabilities and sustainable practices for long-term growth
- Share the rewards of the Company's success and profitable performance with the executives
- Align the interests of the Company's executives with those of its shareholders

## solutions by stc Management clarifications during the year 2024

- There were no debt instruments issued by the Company
- No shares or debt instruments were issued for each affiliate company
- No convertible debt instruments, contractual securities, rights issues, or similar rights were issued or granted by the Company during the fiscal year
- There was no redemption, purchase, or cancellation by the Company of any redeemable debt instruments
- No shareholder of the Company has waived any rights to dividends
- No Board member or Senior Executive has waived any remunerations
- The Company complied with the disclosure of components of the Senior Executive's remuneration on aggregate, in line with the requirements of subparagraph (b) of paragraph (4) of article (90) of the Corporate Governance Regulations issued by the Capital Market Authority. However, to protect the interests of the Company, its shareholders, and employees, and to avoid any damage that may occur as a result of disclosing the detailed Senior Executives' remuneration by position, the Company did not disclose the details as per Appendix (1) of the Corporate Governance Regulations
- Consolidated financial statements were prepared in accordance with international financial standards and in accordance with the Company's By-laws and Articles of Association with respect to the preparation and publishing of financial statements
- The Company does not have any conversion or subscription rights under any convertible debt instrument, contractually based securities, warrants, or similar rights, both issued or granted
- There were no differences from the standards approved by the Saudi Organization for Certified Public Accountants (SOCPA), which are the IFRS's standards
- There were no comments received by the shareholders regarding the Company and its performance
- The external auditor's report doesn't contain any reservations on the relevant annual financial statements
- There were no arrangements or recommendations by the Board to change the Company's external auditor before the end of the term for which it is appointed. It is worth to mention that what was voted on by the shareholders in the Ordinary General Assembly Meeting dated 29/05/2024 to approve the appointment of Ernest & Young to review the 1st quarter of the fiscal year 2025 was optional according to the offer submitted by them. The shareholders have approved the appointment of Deloitte as the Company's external auditor for the aforementioned period in the Ordinary General Assembly Meeting dated 18/12/2024
- There was no recommendation to appoint a new internal auditor for the Company, as an Internal Audit Division is already established and functioning effectively in line with governance requirements
- No contradictions arose between the Audit Committee and the Board of Directors regarding decisions on the appointment, dismissal, or evaluation of the Company's auditor, determining his fees, or the appointment of the internal auditor. The Board duly considered and addressed all relevant resolutions in these areas
- There were no debt instruments for the Company, and no interests, contractual documents, or subscription rights owned by the Board of Directors, or their relatives in its shares or any of its subsidiaries
- No Board member has any competing business with the Company or any of the activities practiced by the Company
- No investments or reserves were made or set up for the benefit of the employees of the Company
- According to Article 85 of Rules on the Offer of Securities and Continuing Obligations, the Company has not been informed of any interest in voting rights shares owned by any person (other than Board members and Senior Executives and their relatives)

The Board of Directors' Declarations include the following:

- Records of accounts have been properly and precisely prepared
- Internal control system is built on a sound basis and is effectively implemented
- There were no significant doubts concerning the Company's ability to continue carrying out its business



## Conclusion

After thanking Allah Almighty, the Board of Directors would like to thank the Custodian of the Two Holy Mosques King Salman Bin Abdulaziz Al Saud, HRH Crown Prince Mohammed Bin Salman Bin Abdulaziz Al Saud, and the Government for support extended to the Company in its progress and growth trajectory. The Board also expresses gratitude to solutions by stc's clients and shareholders for their trust and to the Company's employees for their commitment and dedication, which have contributed to solutions by stc's successes. The Board confirms its commitment to innovation and excellence in developing services that exceed expectations of clients, realize shareholders' aspirations, achieve the Kingdom of Saudi Arabia's development objectives, and sustain the leadership position of solutions by stc in the region's Information Technology sector.

08

# Financial Report

# Independent Auditor's Report

## To the Shareholders of Arabian Internet and Communication Services Company

(A Saudi Joint Stock Company)

## OPINION

We have audited the consolidated financial statements of Arabian Internet and Communication Services Company (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants..

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| **Revenue recognition**<br><br>The Group's revenue mainly comprises of; Core ICT Services, IT Managed and Operational Services and Digital Services totalling ⃁ 12 billion for the year ended 31 December 2024 (31 December 2023 ⃁ 11 billion). Also, the revenue from related parties for the year is considered significant, as compared to total revenue.<br><br>We considered this as a key audit matter due to significant estimates and judgements associated with key elements of IFRS 15 including principal vs agent consideration, single versus multiple performance obligation and timing of satisfaction of performance obligation.<br><br>**Refer to note 4 for the accounting policy relating to revenue recognition, notes 6 and 39 for the related disclosures.** | Our audit procedures included, among others, the following:<br><br>• Obtained an understanding of the process used by management in recognising revenue from contract with customers and related parties.<br>• Evaluated the Group's accounting policy, as it specifically relates to revenue recognition for compliance with IFRS 15<br>• Involved our IT specialists in testing the design, implementation, and operating effectiveness of IT controls associated to revenue cycle.<br>• In relation to the criteria followed by the management to determine revenue to be recognized, we have, on a sample basis performed the following:<br>  ◦ Evaluated management's assessment related to identification of performance obligations in line with the terms and conditions of contracts with customers;<br>  ◦ Tested the transaction price to the underlying contracts, on sample basis, as executed with customers;<br>  ◦ Evaluated management assessment to allocate transaction price that is allocated to identified performance obligations; and<br>  ◦ Evaluated management assessment of revenue recognition timing, whether is "at a point in time" or "over period of time".<br><br>• Assessed the adequacy of the relevant disclosures in the consolidated financial statements. |
| **Allowance for expected credit losses of trade receivables**<br><br>As at 31 December 2024, the Group's gross trade receivables balance amounted to ⃁ 4.2 billion, (31 December 2023 ⃁ 4.8 billion) against which an impairment allowance of ⃁ 476 million (31 December 2023 ⃁ 453 million) is maintained.<br><br>The Group assesses at each reporting date whether the trade receivable are impaired. Management has applied an expected credit loss ("ECL") model to determine the appropriate allowance for impairment loss. Further, the Group performs an assessment based on a defined policy for certain categories of customers.<br><br>The determination of allowance for expected credit losses of trade receivables is based on certain assumptions that relate mainly to risk of default and expected loss rates. The Group applies judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, market conditions, as well as forward looking estimates.<br><br>We considered this as a key audit matter due to the level of judgment applied and estimates made in the application of the ECL model and the assessment of allowance for expected credit losses.<br><br>**Refer to notes 3 and 4 for the accounting and critical judgements policies relating to allowance for impairment of trade receivable and note 14 for the related disclosures** | Our audit procedures performed included, among others, the following:<br><br>• Obtained an understanding of the process used by management in determining the allowance for expected credit losses of trade receivable.<br>• Assessed significant assumptions used in the ECL model's calculation such as; forward-looking factors (that reflect the impact of future events) and macro-economic variables that are used to determine the allowance for expected credit losses.<br>• Tested the completeness and mathematical accuracy of the ECL model.<br>• Assessed the assumptions used by management in conjunction with our specialists in determination of allowance for expected credit losses for certain customers' categories.<br>• Tested, on a sample basis, the calculation performed by management of allowance for expected credit losses for these categories of customers.<br>• Assessed the adequacy of the relevant disclosures included in the consolidated financial statements. |

# Independent Auditor's Report

## To the Shareholders of Arabian Internet and Communication Services Company

(A Saudi Joint Stock Company)

### OTHER INFORMATION INCLUDED IN THE GROUP'S 2024 ANNUAL REPORT

Other information consists of the information included in the Group's 2024 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report. The Group's 2024 annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Group's 2024 annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's By-laws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e., the Audit Committee, is responsible for overseeing the Group's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**for Ernst & Young Professional Services**

**Waleed G.Tawfiq**
**Certified Public Accountant**
**License No. (437)**

**Riyadh: 25 Sha'ban 1446 H**
**(24 February 2025)**

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

# Consolidated Statement of Profit or Loss

## For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

| | Note | 2024 | 2023 |
|---|---|---|---|
| Revenue | 6 | 12,063,897 | 11,040,493 |
| Cost of revenue | | (9,280,923) | (8,442,875) |
| **GROSS PROFIT** | | **2,782,974** | **2,597,618** |
| General and administration expenses | 7 | (720,231) | (714,908) |
| Selling and distribution expenses | 8 | (402,188) | (495,821) |
| **TOTAL OPERATING EXPENSES** | | **(1,122,419)** | **(1,210,729)** |
| **OPERATING PROFIT** | | **1,660,555** | **1,386,889** |
| Finance income | 12 & 13 | 114,396 | 145,447 |
| Finance cost | 10 | (73,500) | (76,075) |
| Other expenses, net | 9 | (65,495) | (51,662) |
| Share in net results from equity accounted investee | 19 | 5,818 | 127 |
| **TOTAL OTHER (EXPENSE) / INCOME** | | (18,781) | 17,837 |
| **PROFIT BEFORE ZAKAT AND INCOME TAX** | | **1,641,774** | **1,404,726** |
| Zakat and income tax, net | 11 | (38,958) | (209,581) |
| **NET PROFIT** | | **1,602,816** | **1,195,145** |
| **NET PROFIT ATTRIBUTABLE TO:** | | | |
| Equity holders of the Parent Company | | 1,596,633 | 1,192,148 |
| Non-controlling interests | | 6,183 | 2,997 |
| | | **1,602,816** | **1,195,145** |
| **Earnings per share attributable to Equity holders of the Parent Company:** | | | |
| Basic | 36 | 13.42 | 10.02 |
| Diluted | 36 | 13.31 | 9.93 |

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements

Chief Financial Officer

Chief Executive Officer

Authorized Board Member



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

# Consolidated Statement of Comprehensive Income

## For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

| | Note | 2024 | 2023 |
|---|---|---|---|
| **NET PROFIT** | | **1,602,816** | **1,195,145** |
| **OTHER COMPREHENSIVE LOSS** | | | |
| **Item that will not be reclassified subsequently to consolidated profit or loss:** | | | |
| Remeasurement of end of service indemnities | 29 | (53,184) | (41,833) |
| **Total items that may not be reclassified subsequently to consolidated statement of profit or loss** | | **(53,184)** | **(41,833)** |
| **Item that may be reclassified subsequently to consolidated profit or loss:** | | | |
| Foreign currency translation differences | | (168,411) | (55,409) |
| **Total items that may be reclassified subsequently to consolidated statement of profit or loss** | | **(168,411)** | **(55,409)** |
| **TOTAL OTHER COMPREHENSIVE LOSS** | | **(221,595)** | **(97,242)** |
| **TOTAL COMPREHENSIVE INCOME** | | **1,381,221** | **1,097,903** |
| **TOTAL COMPREHENSIVE INCOME/ (LOSS) ATTRIBUTABLE TO:** | | | |
| Equity holders of the Parent Company | | 1,389,043 | 1,098,988 |
| Non-controlling interests | | (7,822) | (1,085) |
| | | **1,381,221** | **1,097,903** |

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements

Chief Financial Officer

Chief Executive Officer

Authorized Board Member

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

# Consolidated Statement of Financial Position

## As at 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

| | Note | 2024 | 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 12 | 1,127,133 | 2,588,169 |
| Short term murabaha | 13 | 2,575,000 | 850,000 |
| Trade receivables | 14 | 3,758,610 | 4,363,682 |
| Prepayments, short-term investments and other assets | 15 | 436,445 | 554,445 |
| Contract assets | 16 | 2,249,371 | 1,691,484 |
| Inventories | 17 | 212,131 | 248,553 |
| **TOTAL CURRENT ASSETS** | | **10,358,690** | **10,296,333** |
| **NON-CURRENT ASSETS** | | | |
| Non-current investments and other assets | 18 | 268,450 | 150,393 |
| Investment in equity accounted investees | 19 | 340,686 | 3,368 |
| Intangible assets and goodwill | 20 | 557,229 | 625,501 |
| Property and equipment | 21 | 425,263 | 390,349 |
| Right of use assets | 22 | 89,780 | 50,300 |
| **TOTAL NON-CURRENT ASSETS** | | **1,681,408** | **1,219,911** |
| **TOTAL ASSETS** | | **12,040,098** | **11,516,244** |
| **LIABILITIES AND EQUITY** | | | |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade payables, accruals and other liabilities | 23 | 3,886,613 | 3,314,910 |
| Deferred revenue | 24 | 2,089,636 | 3,048,839 |
| Contract liabilities | 25 | 467,349 | 380,316 |
| Zakat and income tax payable | 11 | 146,273 | 240,030 |
| Bank overdraft and borrowings | 26 | 93,027 | 211,343 |
| **TOTAL CURRENT LIABILITIES** | | **6,682,898** | **7,195,438** |
| **NON-CURRENT LIABILITIES** | | | |
| Other non-current liabilities | 27 | 103,603 | 18,936 |
| End of service indemnities | 29 | 581,700 | 450,189 |
| Borrowings | 26 | 642,271 | 499,127 |
| **TOTAL NON-CURRENT LIABILITIES** | | **1,327,574** | **968,252** |
| **TOTAL LIABILITIES** | | **8,010,472** | **8,163,690** |
| **EQUITY** | | | |
| Share capital | 30 | 1,200,000 | 1,200,000 |
| Other reserves | 32 | (261,235) | (59,863) |
| Treasury Shares | 33 | (151,063) | (154,444) |
| Retained earnings | | 3,219,890 | 2,338,270 |
| **EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY** | | **4,007,592** | **3,323,963** |
| Non-controlling interests | 35 | 22,034 | 28,591 |
| **TOTAL EQUITY** | | **4,029,626** | **3,352,554** |
| **TOTAL LIABILITIES AND EQUITY** | | **12,040,098** | **11,516,244** |

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements

Chief Financial Officer

Chief Executive Officer

Authorized Board Member



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

# Consolidated Statement of Changes in Equity

## For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

| | Total equity attributable to the equity holders of the Parent Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Share capital | Statutory reserve | Other reserves | Retained earnings | Treasury Shares | Total | Non-controlling Interest | Total |
| Balance as at 1 January 2024 | 1,200,000 | - | (59,863) | 2,338,270 | (154,444) | 3,323,963 | 28,591 | 3,352,554 |
| Net profit | - | - | - | 1,596,633 | - | 1,596,633 | 6,183 | 1,602,816 |
| Other comprehensive loss | - | - | (207,590) | - | - | (207,590) | (14,005) | (221,595) |
| **Total comprehensive income / (loss)** | **-** | **-** | **(207,590)** | **1,596,633** | **-** | **1,389,043** | **(7,822)** | **1,381,221** |
| Acquisition of a subsidiary (Note 1) | - | - | - | - | - | - | 913 | 913 |
| Acquisition of additional interest in subsidiary (Note 1) | - | - | - | (1,015) | - | (1,015) | 352 | (663) |
| Share-based payments (Note 32) | - | - | 6,218 | - | 3,381 | 9,599 | - | 9,599 |
| Dividends (Note 34) | - | - | - | (713,998) | - | (713,998) | - | (713,998) |
| **Balance as at 31 December 2024** | **1,200,000** | **-** | **(261,235)** | **3,219,890** | **(151,063)** | **4,007,592** | **22,034** | **4,029,626** |
| Balance as at 1 January 2023 | 1,200,000 | 308,758 | 24,850 | 1,432,245 | (155,973) | 2,809,880 | 29,676 | 2,839,556 |
| Net profit | - | - | - | 1,192,148 | - | 1,192,148 | 2,997 | 1,195,145 |
| Other comprehensive loss | - | - | (93,160) | - | - | (93,160) | (4,082) | (97,242) |
| **Total comprehensive income / (loss)** | - | - | (93,160) | 1,192,148 | - | 1,098,988 | (1,085) | 1,097,903 |
| Transfer from statutory reserve to retained earnings (Note 31) | - | (308,758) | - | 308,758 | - | - | - | - |
| Share-based payments (Note 32) | - | - | 8,447 | - | 1,529 | 9,976 | - | 9,976 |
| Dividends (Note 34) | - | - | - | (594,881) | - | (594,881) | - | (594,881) |
| **Balance as at 31 December 2023** | 1,200,000 | - | (59,863) | 2,338,270 | (154,444) | 3,323,963 | 28,591 | 3,352,554 |

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements

Chief Financial Officer

Chief Executive Officer

Authorized Board Member

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

# Consolidated Statement of Cash Flows

## For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

| | Notes | 2024 | 2023 |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Net profit before zakat and income tax | | 1,641,774 | 1,404,726 |
| **Adjustments for**: | | | |
| Depreciation and amortization | | 242,657 | 251,630 |
| Depreciation – right of use assets | | 44,347 | 30,642 |
| Expected credit losses on trade receivables and contract assets, net | | 54,818 | 180,167 |
| End of service indemnities expense | 29 | 133,334 | 95,533 |
| Share-based payment expense | | 9,599 | 9,976 |
| Provision for advances to suppliers and future contract losses | | 22,510 | 8,281 |
| Reversal of provision for slow moving and obsolete inventories | 17 | (13,898) | (19,403) |
| Share in results from equity accounted investees | 19 | (5,818) | (127) |
| Changes in fair value of FVTPL investment | | (3,177) | - |
| Remeasurement of contingent consideration liability | | 9,774 | - |
| Finance charges | | 73,500 | 76,075 |
| Finance income | | (114,396) | (145,447) |
| | | 2,095,024 | 1,892,053 |
| **Changes in operating assets and liabilities**: | | | |
| Trade receivable | | 329,918 | (64,439) |
| Prepayments and other assets | | (216,457) | (155,533) |
| Contract assets | | (685,022) | (208,151) |
| Inventories | | (16,849) | 93,018 |
| Trade payable, accruals and other liabilities | | 652,766 | 535,458 |
| Deferred revenue | | (911,435) | (261,234) |
| Contract liabilities | | 338,454 | (107,469) |
| **Cash flows generated from operating activities** | | **1,586,399** | **1,723,703** |
| Zakat and income taxes paid | 11 | (129,571) | (112,837) |
| End of service indemnities paid | 29 | (55,215) | (43,699) |
| Finance income received | | 107,643 | 148,170 |
| **Net cash generated from operating activities** | | **1,509,256** | **1,715,337** |
| **INVESTING ACTIVITIES** | | | |
| Short term murabaha, net | 13 | (1,725,000) | 1,850,800 |
| Purchase of property and equipment and intangible assets | 20, 21 | (255,196) | (111,952) |
| Proceeds from disposal of / (payment for) investments in financial assets | | 165,901 | (287,606) |
| Investment in equity accounted investees | 19 | (297,861) | - |
| Payment for acquisition of subsidiary, net of cash acquired | | (14,714) | (415,083) |
| **Net cash (used in) / generated from investing activities** | | **(2,126,870)** | **1,036,159** |
| **FINANCING ACTIVITIES** | | | |
| Lease liabilities payments | | (52,703) | (38,131) |
| Dividends paid | 34 | (713,998) | (594,881) |
| Repayment of bank overdrafts | | (180,097) | - |
| Proceeds from borrowings, net | | 206,102 | 14,068 |
| Acquisition of non-controlling interests | 1 | (663) | - |
| Finance cost paid | | (66,111) | (70,032) |
| **Net cash used in financing activities** | | **(807,470)** | **(688,976)** |
| **NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS** | | **(1,425,084)** | **2,062,520** |
| Cash and cash equivalents at the beginning of the year | 12 | 2,588,169 | 543,976 |
| Net foreign exchange difference on cash | | (35,952) | (18,327) |
| **CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR** | **12** | **1,127,133** | **2,588,169** |
| **Significant non-cash items:** | | | |
| Additions to Right of Use Assets | | 89,926 | 11,500 |

The accompanying notes 1 to 45 form an integral part of these consolidated financial statements

Chief Financial Officer

Chief Executive Officer

Authorized Board Member



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

# Notes to the Consolidated Financial Statements

## For the year ended 31 December 2024

(All amounts in Saudi Riyals thousands unless otherwise stated)

## 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 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 2023: 79%). The parent of STC is Public Investment Fund ("PIF") which owns 62% (31 December 2023: 64%) 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 following:

- 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 Consolidated Financial Statements

**For the year ended 31 December 2024**

(All amounts in Saudi Riyals thousands unless otherwise stated)

## (a) Acquisition during the year

### Acquisition of new subsidiary

On 31 May 2024, the Group acquired 70% indirect ownership in the Logical Application for Business Solutions Company ("LABS"), a limited liability Company incorporated under the laws of Kingdom of Saudi Arabia, through Giza Arabia Systems ("Purchaser") for net consideration amounting to ⃁ 23.5 million. LABS is engaged in providing system integration solution services including SAP's Business management applications, business profitability & growth analytics, enterprise mobility, database and technology related implementations.

The Group has concluded the acquisition as a business as per "IFRS 3 - Business Combinations" and accordingly accounted for the transaction using the acquisition method as per IFRS 3 with the Giza Arabia Systems being the acquirer and LABS being the acquiree. As at the end of the reporting period, the Group has recognized a provisional goodwill of ⃁ 21.4 million resulting from the LABS acquisition pending the completion of the purchase price allocation exercise.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of LABS with those of the Group.

The identifiable assets and liabilities are as follows:

| | On 31 May 2024 (Unaudited) |
|---|---|
| **Assets** | |
| Trade receivable | 8,289 |
| Cash and cash equivalents | 707 |
| Prepayments and other assets | 3,452 |
| Property and equipment (Note 21) | 197 |
| **Total assets** | **12,645** |
| **Liabilities** | |
| Trade payables, accruals and other liabilities | (7,987) |
| End of service indemnities (Note 29) | (1,140) |
| Zakat and income tax payable (Note 11) | (476) |
| **Total liabilities** | **(9,603)** |
| Net identifiable assets as at acquisition date | 3,042 |
| Non-controlling interests | (913) |
| Provisional goodwill arising from the acquisition | 21,386 |
| **Total purchase consideration** | **23,515** |

From the date of acquisition, LABS has contributed ⃁ 14.5 million of revenue and ⃁ 2.8 million as net loss. If the acquisition had taken place at the beginning of the year, the contribution to revenue would have been ⃁ 29.0 million and ⃁ 0.1 million as net profit. Further, the purchase consideration includes an amount of ⃁ 2.0 million as contingent consideration and ⃁ 6.0 million as deferred consideration. Acquisition-related costs of ⃁ 0.4 million were expensed in the consolidated statement of profit or loss.



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The reconciliation of purchase consideration to net cash flows arising from acquisition is included below:

| | |
|---|---|
| **Total Purchase Consideration** | **(23,515)** |
| Less: Contingent consideration | 2,015 |
| Less: Deferred consideration | 6,079 |
| **Cash paid for acquisition** | **(15,421)** |
| Net cash acquired with the subsidiary | 707 |
| **Net cash flow on acquisition (included in cash flows used in investing activities)** | **(14,714)** |

### Acquisition of additional interest in subsidiary

On 31 December 2024, the Group indirectly through Giza Systems Company acquired an additional 25% interest in the voting shares of ARIA Technologies Company ("ARIA"), which increased its ownership interest in ARIA from 60% to 85%. Cash consideration of ⃁ 663 thousand was paid to the non-controlling shareholders and is included in the cashflows for financing activities.

The following is a schedule of additional interest acquired in ARIA:

| | Amounts in ⃁ "000" |
|---|---|
| Consideration paid to non-controlling shareholders | 663 |
| Carrying value of additional interest | (352) |
| **Difference recognised in Retained earnings** | **1,015** |

## (b) Acquisitions in 2023

On 12 Ramadan 1444 H, (Corresponding to 3 April 2023) the Company acquired 100% of the equity interest in Contact Center Company (referred as "CCC") for ⃁ 513.7 million. CCC is 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. This acquisition aims to reinforce solutions' leadership in the ICT sector in line with its ambitious growth strategy and contribute towards expanding its business process outsourcing and customer experience offerings, which is a high growth market.

The Company concluded the acquisition as a business as per "IFRS 3 - Business Combinations" and accordingly accounted for the transaction using the acquisition method as per IFRS 3 with the Company being the acquirer and CCC being the acquiree. The Company engaged an independent expert to determine the fair value of the assets and liabilities of CCC as part of the purchase price allocation exercise. The goodwill recognized was primarily attributed to the expected synergies and other benefits from combining the assets and activities of CCC with those of the Group. The fair value of identifiable assets and liabilities were as follows:

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| | On acquisition date |
|---|---|
| **Assets** | |
| Contract assets | 214,938 |
| Trade receivable | 126,530 |
| Intangible assets arising from acquisition (note 20) | 146,200 |
| Cash and cash equivalents | 98,617 |
| Prepayments and other assets | 68,050 |
| Right-of-use assets (note 22) | 28,717 |
| Intangible assets (note 20) | 14,213 |
| Property and equipment (note 21) | 7,589 |
| **Total assets** | **704,854** |
| **Liabilities** | |
| Trade payables, accruals and other liabilities | 178,062 |
| End of service indemnities (note 29) | 95,870 |
| Contract liabilities | 44,373 |
| Zakat and income tax payable (note 11) | 16,703 |
| **Total liabilities** | **335,008** |
| Net identifiable assets as at acquisition date | 369,846 |
| Goodwill arising from the acquisition | 143,854 |
| **Total purchase consideration** | **513,700** |

Below is the analysis of cash flows on acquisition.

| | Amounts in ⃁ "000" |
|---|---|
| Purchase consideration | (513,700) |
| Net cash acquired with the subsidiary | 98,617 |
| **Net cash flow on acquisition (included in cash flows from investing activities)** | **(415,083)** |

### Intangible assets arising from acquisition

Below are the intangibles assets recognised along with the valuation techniques used for measuring the relevant fair value:

| Intangible assets | Amount recognized on acquisition | Valuation approach |
|---|---|---|
| Brand name | 61,000 | Relief from royalty |
| Customer relationship | 56,000 | Multiperiod excess earnings method (MEEM) |
| Backlog | 23,000 | Multiperiod excess earnings method (MEEM) |
| Software | 6,200 | Incremental cost approach |
| **Total** | **146,200** | |



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From the date of acquisition, Contact Center Company contributed ⃁ 581 million of revenue and ⃁ 85 million of net profit. If the acquisition had taken place at the beginning of the year 2023, revenue would have been ⃁ 775 million and net profit would have been ⃁ 82 million.

Acquisition-related costs of ⃁ 7.35 million were expensed in the consolidated statement of profit or loss.

## 2. BASIS OF PREPARATION

### Statement of compliance

The consolidated financial statements are prepared in accordance with IFRS Accounting Standards that are endorsed in KSA and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRS as endorsed in KSA").

These consolidated financial statements are prepared based on the following:

- Material accounting policies described in note 3
- Significant accounting estimates, assumptions and judgements described in note 4

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied by the Group in the preparation of consolidated financial statements. The applied accounting policies this year are consistent with the previous year.

### Basis of measurement and functional currency

The consolidated financial statements have been prepared on a historical cost basis except for financial assets classified as fair value through profit or loss which are measured at fair value.

These consolidated financial statements are presented in Saudi Arabian Riyal (⃁), which is the Company's functional currency. All values are rounded to the nearest thousand (⃁'000), except when otherwise indicated.

The financial statements are prepared under the going concern basis.

### Basis of consolidation

These consolidated financial statements include the assets, liabilities and the results of operations of the Company and its subsidiaries listed in note 5.

Subsidiaries are entities controlled by the group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.
- The ability to use its power over the investee to affect its returns.

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The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in consolidated statement of profit or loss. Any investment retained is recognised at fair value.

### Business combination and Goodwill

Business combinations are accounted for using the acquisition method upon transfer of control to the Group. The consideration transferred is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in the consolidated statement of profit or loss as incurred.

When the Group acquires a business, it assesses the identifiable assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value with limited exceptions.
Goodwill is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value at the acquisition-date of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date fair values of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts recognized at the acquisition date.

If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then a gain on bargain purchase at a differential price is recognized in the consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing for goodwill acquired from the business combination and from the date of acquisition, it will be allocated to cash-generating units ("CGU") that are expected to benefit from the consolidation regardless of whether the other assets or liabilities acquired have been allocated to those units.

If goodwill is not allocated to designated cash-generating units because of an incomplete initial calculation, the initial impairment loss will not be tested unless impairment indicators are available to enable the Group to distribute the carrying amount of the goodwill to the cash generating units or the group of cash generating units expected to benefit from business combination. Where goodwill is allocated to the cash generating unit and part of the operations of that unit are disposed of, goodwill associated with the discontinued operation will be included in the carrying amount when determining the gain or loss on disposal of the operation. The goodwill in such circumstances is measured on the basis of the value of a similar disposed operation and the remaining portion of the cash-generating unit.



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Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another relevant IFRS approved in Kingdom.

Any contingent consideration to be paid (if any) will be recognized at fair value at the acquisition date and classified as equity or a financial liability. Contingent consideration classified as a financial liability is subsequently remeasured at fair value with the changes in fair value recognized in the consolidated statement of profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in the consolidated statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to the consolidated statement of profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for the business combination is not completed by the end of the reporting period which constitutes the period in which the combination occurred, the Group presents the items whose value calculation has not been completed in a temporary manner in the consolidated financial statements. During the measurement period, which is not more than one year from the acquisition date, the temporary value recognized on the acquisition date is retroactively adjusted to reflect the information obtained about the facts and circumstances that existed at the date of acquisition and if it is determined that this will affect the measurement of amounts recognized as of that date.

The Group recognizes additional assets or liabilities during the measurement period if new information becomes available about facts or circumstances that existed at the date of the acquisition and if it will result in recognition of assets or liabilities from that date. The measurement period ends once the group obtains all information that existed at the acquisition date or as soon as it becomes sure of the absence of more information.

### Foreign currencies

The financial information and disclosures are presented in Saudi Riyals (the functional currency of the Company). For each subsidiary, the Group determines the functional currency, which is defined as the currency of the primary economic environment in which the entity operates, and items included in the financial statements of each subsidiary are measured using that functional currency.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item to which it relates. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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Gains or losses arising on settlement or translation of monetary items are recognized in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognized in OCI.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Saudi Riyals using exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the reporting period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

### Foreign currency risk management

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the reporting date exchange rate.

| | Closing rate on 31 December 2024 | Closing Rate on 31 December 2023 | Average rate for the year ended 31 December 2024 | Average rate for the year ended 31 December 2023 | Rate on acquisition date on 3 October 2022 |
|---|---|---|---|---|---|
| 1 EGP to ⃁ | 0.0737 | 0.1214 | 0.0829 | 0.1223 | 0.1915 |

### Investments in associates and joint ventures - equity accounted investees

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Factors to determine significant influence include holding directly or indirectly voting power of the investee, representation on the board of directors or equivalent governing body of the investee, participation in policy-making processes including participation in decisions about dividends or other distributions, material transactions between the entity and the investee, interchange of managerial personnel or provision of essential technical information.

The investment in associates and joint ventures are accounted for in the consolidated financial statements of the Group using the equity method of accounting. The equity accounted investees in the consolidated statement of financial position are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit and loss and other comprehensive income of the investee adjusted for any impairment in the value of the net investment.

In addition, when there has been a change recognized directly in the equity of the investee associate or joint ventures, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. When the Group's share of losses in equity accounted investee an exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses.

Additional losses are recognized and recorded as liabilities only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the equity accounted investees.

Unrealized gains or losses resulting from transactions between the Group and the equity accounted investees are eliminated to the extent of the interest in the associate or joint venture.

Investments in associates or joint ventures are accounted for using the equity method from the date on which the investee becomes an associate or joint venture.



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On acquisition of the investment in an associate or joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in the consolidated statement of profit or loss in the acquisition year.

The requirements of IFRSs approved in the Kingdom are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or joint venture. The carrying amount of the investment in an associates or joint ventures are tested for impairment in accordance with the policy.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, joint venture or when the investment is classified as held for sale.

When the Group reduces its ownership interest in an associate or joint venture, but the Group continues to use the equity method, the Group reclassifies to the consolidated statement of profit or loss the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss includes the disposal of the related assets or liabilities.

When any entity within the Group transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

### Revenue

#### Core Information and Communication Technology ("ICT") Services

**System integration services**

System integration revenue represents revenue generated by the installation of new networks (hardware and software) or enhancing the existing customer network together with stand ready right to maintenance and support and training solutions. Hardware, software and installation are bundled into a single performance obligation as the goods and services are not distinct within the context of the contract because they are not separately identifiable from other promises in the contract. The transaction price will be allocated to each performance obligation based on the stand-alone selling price.

Where these are not directly observable, they are estimated based on expected cost-plus margin.

The Group recognizes revenue relating to installed hardware, software along with design and professional services over time using the input method.

Revenue on selling, maintenance and support is recognized over time as the transfer of the right to the service to the customer occurs.

Revenue on training is recognized over time using input method.

#### Software reselling

Revenue from software reselling is recorded at a point in time at which the revenue is recognized. All third-party software sold to customers are accounted for as an agent where the net of selling price, except for arrangements where either:

- The software is sold as part of integration to develop a client specific integrated solution or a structure where other solution elements are combined. The integration involves deployment of a skilled team who support clients on-ground in determining the client's business requirements, solution design and perform the implementation.
- The software was subject to customization by the Group beyond the selection and deployment of software or multiple software as per standard specification.

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### Communication and internet services

Communication and internet services revenue represent revenue generated by selling Dedicated Internet Access (DIA) and data services. If communication and internet services are provided as part of bundled contract, the consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. The Group recognizes revenue of these services as the customer avails the benefit of these services over the period based on time elapsed. (Coinciding with the billing).

### IT Managed and Operational Services

### Outsourcing services

The Group provides outsourcing services which primarily include manpower service, managed manpower services or solution support. Further, in case of manpower services customer may also request the Group to deliver some hardware equipment.

Hardware is a separately identifiable component in the outsourcing contract (only in case of manpower services) and accounted for as a separate performance obligation and transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. Revenue for manpower services is recognized over a period of time based on input method, and hardware is recognized at a point in time when the hardware is delivered to the extent of cost; and installation revenue is recognized over time using the input method.

### Managed services

Revenue from managed service includes managed router service, managed LAN service and managed Wi-Fi service and other similar services.

The Group accounts for individual goods and services separately if they are distinct.

Managed services revenue represent revenue generated by selling routers, managing the routers and providing technical support service and are recognized as per the nature of the service and when the control transferred to the customer (Over the period of time based on time elapsed or at a point in time).

Hardware: at a point in time to the extent of cost; and installation revenue is recognized over time using the input method. Managed Service and technical support: Over a period of time.

Where managed services are provided as part of a bundled contract, consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices.

### Call center services

Revenue from call center services includes setting up, operationalizing and thereafter managing the contact/call center for the customer.

The group derives revenue primarily from contracts with customers to provide call center services.
The group recognizes revenue when it transfers control over a service to a customer.
The group satisfies a performance obligation and recognizes revenue over time.

### Digital Services

### Digital Services

Revenue from digital service includes fleet control services, Enterprise Mobile Mobility (EMM), big data services etc. and other similar services.

The Group accounts for individual goods and services as a separate performance obligation if they are capable of being distinct and distinct in the context of the contract.

Digital services revenue represents revenue generated by selling devices (hardware), application service and value-added service and are recognized as per the nature of the service; Hardware: At a point in time. Application services and Value-added services: Over a period of time based on time elapsed.

### Cyber Security services

Cyber security revenue represents revenue generated from providing security products and services to the customers' networks, or any other security services.

### Cloud and data center services

Cloud and data center service revenue represents services hosted on the marketplace and falls broadly into two options:





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**a) The Group's customized cloud products:**
Cloud products are the primary responsibility of the Company, The Group is the principal under this arrangement because it controls the specified cloud service before they are transferred to the end customer.

**b) Third party CSP cloud products:**
The CSP are primarily responsible to render services to the customers for the promises to deliver cloud services, hardware or the bundled solution at the customer's premises. The Group does not obtain control of a right to cloud services before it is delivered to the end customer. The Group is obliged to provide the cloud platform to the third party CSP in a month-to-month hosting service contract with variable consideration that is a separate performance obligation and therefore is an agent in this arrangement.

Revenue is recognized as follows:

- Pre-defined and customized cloud products - Revenue is recognized over a period of time that may be time elapsed or usage-based output method based on packages offered.
- Hardware ("Add-ons") - Revenue from hardware sales are recognized at a point in time when the control of the hardware is transferred to the customer

Where cloud and data center services are provided as part of bundled contract, the consideration is allocated between separate products and services in a bundle based on their stand-alone selling prices.

The Group charges the customers for certain activation activities which are not distinct in nature and therefore revenue is recognized from such activity when the goods or services to which they relate are provided to the customer.

### Other considerations

### Contract costs

The Group may incur costs to fulfil a contract before a good or service is provided to a customer. Such costs are capitalized where they relate directly to the contract or anticipated contract, generate resources used in satisfying the contract and are expected to be recovered. The Group will amortize these costs on a systematic basis, consistent with the transfer to the customer of the goods or services and are periodically reviewed for impairment.

### Work-in-progress

Work-in-progress for an over-time performance obligation is generally expensed as a fulfillment cost when it is incurred because control of the work in progress transfers to the customer as it is produced and not at discrete intervals. However, inventory to support multiple contracts that has an alternative use is recognized as an asset until it is dedicated to a specific contract.

### Contract assets and liabilities

Under IFRS 15, when either party to a contract has performed, an entity shall present the contract in the consolidated statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

### Principal versus agent consideration

The group in an arrangement is a 'principal' if it controls the specified good or service that is promised to the customer before it is transferred to the customer. When another party is involved, the group that is a principal obtains control of:

- A good from another party that it then transfers to the customer;
- A right to a service that will be performed by another party, which gives the group the ability to direct that party to provide the service on the group's behalf; or
- A good or a service from another party that it combines with other goods or services to produce the specified good or service promised to the customer.

The Group has evaluated its arrangements to determine whether it is a principal, and report revenues on a gross basis, or an agent, and report revenues on a net basis.

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### Variable consideration

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which the Group is entitled in exchange for transferring the promised goods and services to a customer.

### Contract modification

A contract modification exists when the parties to a contract approve a modification that creates new or changes the existing rights and obligations of the parties to the contract. Revenue recognition under the existing contract is continued until the contract modification is approved.

## IFRS 9 “Financial Instruments”

### Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### i) Financial assets

Classification of financial assets depends on the Group’s business model for managing its financial assets and the contractual terms of the cash flows. The Group classifies its financial assets as:

- Financial assets measured at amortised cost; or
- Financial assets measured at fair value

Gains or losses of assets measured at fair value will be recognised either through the consolidated statement of profit or loss or through the consolidated statement of OCI.

### Initial measurement

Financial assets are initially measured at their fair value plus transaction costs. Transaction costs of financial assets carried at fair value through income statement are recognised in the consolidated statement of profit or loss, when incurred.
Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows meet the requirements as solely payments of principal and interest.

### Subsequent measurement

The subsequent measurement of the non-derivative financial assets depends on their classification as follows:

**a. Financial assets measured at amortized cost:**
Assets that are held to collect contractual cash flows are measured at amortized cost using the effective interest rate (‘EIR’) method where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income. When the financial asset is derecognized, the gain or loss is recognized in the consolidated statement of profit or loss.

**b. Financial assets measured at fair value through profit or loss**
Financial assets measured at fair value through profit or loss (“FVTPL”) are measured at each reporting date at fair value without the deduction of transaction costs that the Group may incur on sale or disposal of the financial asset in the future. Gains and losses, both on subsequent measurement and derecognition, are recognized in consolidated statement of profit or loss.

**c. Financial assets measured at fair value through other comprehensive income**
Financial assets measured at fair value through other comprehensive income (“FVOCI”) are measured at each reporting date at fair value without the deduction of transaction costs that the Group may incur on sale or disposal of the financial asset in the future. Gains and losses are recognized in the consolidated statement of comprehensive income. The amounts recognized in the consolidated statement of comprehensive income are not reclassified to the consolidated statement of profit or loss under any circumstances.

Dividends from category “b” and “c” are recognised in the consolidated statement of profit or loss as other income when the Group’s right to receive payments is established.



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### De-recognition

A financial asset or a part of a financial asset is de-recognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement, and either:
  - **a.** The Group has transferred substantially all the risks and rewards of the asset; or
  - **b.** The Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

### Impairment

At each reporting date, the Group measures expected credit losses (“ECL”) on financial assets accounted for at amortized cost.

### Lifetime ECL

The Group shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables and contract assets (unbilled revenue) that result from transactions that are within the scope of IFRS 15, and that do not contain a significant financing component.

The Group recognizes expected credit losses for trade receivables and contract assets based on the simplified approach. The simplified approach to the recognition of expected losses does not require the Group to track the changes in credit risk; rather, the Group recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable. It considers available reasonable and supportive forwarding-looking information.

Objective evidence that financial assets are impaired may include indications that a debtor or a Group of debtors is experiencing significant financial difficulty, default or delinquency in profit or principal payments, the probability that they will enter bankruptcy or other financial reorganization, legal team is involved to claim outstanding balance, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Group under the contract, and the cash flows that the Group expects to receive. The Group assesses all information available, including past due status, risk of default over the asset life and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

### ii) Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified under either of the below two classes:

- Financial liabilities at FVPL; and
- Other financial liabilities are measured at amortised cost using the EIR method.

The category of financial liability at FVPL has two sub-categories:

- Designated: A financial liability that is designated by the entity as a liability at FVPL upon initial recognition; and
- Held for trading: A financial liability classified as held for trading, such as an obligation for securities borrowed in a short sale, which have to be returned in the future. This category also includes derivative financial instruments entered by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments

All financial liabilities are recognised initially when the Group becomes party to contractual provisions and obligations under the financial instrument. The liabilities are recorded at fair value, and in the case of loans and borrowings and payables, the proceeds received net of directly attributable transaction costs.

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The Group classifies financial liabilities that are in the nature of supplier financing arrangement within trade and other payables in the statement of financial position. The supplier finance arrangement is part of the working capital used in the Group's normal operating cycle. Net cash flows related to liabilities arising from supplier finance arrangements are included in operating activities in the consolidated statement of cash flows and are settled within one year.

### Subsequent measurement

Financial liabilities at FVPL continue to be recorded at fair value with changes being recorded in the consolidated statement of profit or loss.
For other financial liabilities, including loans and borrowings, after initial recognition, these are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR method. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss and other comprehensive income.

### Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

Financial guarantee contracts
Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value adjusted for transaction costs that are directly attributable to the issuance of the guarantee. The fair value of financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

### De-recognition

A financial liability is de-recognised when the obligation under the liability is settled or discharged. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is classified as current when it is;

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies all other assets that do not meet the above criteria as non-current.



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A liability is classified as current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

### Fair value measurement

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 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. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Refer to Note 37 for further details on fair value measurements as applied in these consolidated financial statements.

### Expenses

Selling and distribution expenses principally comprise of costs incurred in the distribution and sale of the Group's products and services.

General and administration expenses include indirect costs not specifically part of cost of sales or selling and distribution expenses as required under IFRSs as endorsed in KSA. Allocations between general and administration expenses, cost of sales and selling & distribution expenses, when required, are made on a consistent basis.

### Zakat

Zakat is calculated in accordance with the Regulations of the Zakat, Tax and Customs Authority (the "ZATCA") in the Kingdom of Saudi Arabia and on an accrual basis. Zakat and income tax related to the Company and its subsidiaries is charged to profit or loss. Differences, if any, resulting from final assessments are adjusted in the period of their finalization.

### Taxes

### Foreign Income tax:

As part of the process of preparing consolidated financial statements, the Group estimates income tax in each of the jurisdictions it operates. This process involves estimating current tax expense and temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the related tax bases. Temporary differences result in deferred tax assets and liabilities, which are included in the consolidated statement of financial position. Deferred tax assets and liabilities are carried at nominal value.

The Group assesses periodically the likelihood whether deferred tax assets will be recovered from future taxable income to the extent these deferred tax assets are recorded. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that the taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### Deferred tax:

Deferred tax is provided for using the balance sheet method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax law enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets and current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

### Value Added Tax ("VAT")

Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

## Dividends

The Group dividends policy is approved by the General Assembly and the Company recognizes a liability to pay a dividend when the distribution is authorized. A corresponding amount is recognized directly in equity

## Employee benefits

### End of service indemnities

The Group primarily has end of service indemnities which qualifies as defined benefit plans.

The pension liability recognized in the consolidated statement of financial position is the present value of the projected Defined Benefit Obligation (DBO) at the reporting date.

The DBO is calculated periodically by qualified actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using yields on high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Due to the lack of liquidity and the deep market constraints of local corporate bonds, reference needs to be made to the Saudi Government Issuance of US dollar denominated bonds rates.

The net interest cost is calculated by applying the discount rate to the net balance of the DBO. This cost is included in employees' related costs in the consolidated statement of profit or loss and other comprehensive income.

Current and past service costs related to end of service indemnities and unwinding of the liability at discount rates used are recognized immediately in the consolidated statement of profit or loss and other comprehensive income. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in OCI.

The actuarial valuation process takes into consideration the provisions of the Saudi Arabian Labour Laws and any other countries applicable laws as well as according to the Group's policy.



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### Retirement benefits

The Group pays retirement contributions for its national employees to the General Organization for Social Insurance. This represents a defined contribution plan. The payments made are expensed as incurred.

### Short-term employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and early retirement awards in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.
Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

### Shared-based payments

The Company's employees receive remuneration in the form of share-based payments under the employee long term incentives program, whereby employees render services as consideration for Company's shares (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value of the equity instrument at the grant date. The grant date is the date on which the Company and the employee agree on the share-based agreement, so that a common understanding of the terms and conditions of the agreement exists between the parties. Share-based payment expense is included as part of employees' benefits expense over the period in which the service and the performance conditions are fulfilled (the vesting period), with the corresponding amount recorded under other reserves within equity in accordance with the requirements of the International Financial Reporting Standard 2: Share-based Payment. The cumulative expense recognized for equity settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of shares that will ultimately vest. The expense or credit in the consolidated statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

### Treasury shares

Own equity instruments that are repurchased (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the shares. Any difference between the carrying amount of the shares and the consideration, if reissued, is recognized in other reserves within equity.

### Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Appropriate provision is made for obsolete and slow-moving inventories, if required.

### Cash and cash equivalents

Cash and cash equivalents consist of bank balances, cash in hand and investments that are readily convertible into known amounts of cash and have original maturities of three months or less when placed.

### Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at each financial year-end, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Intangible assets, which comprise computer software, are amortized over the period of four to six.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in the consolidated statement of profit or loss when the asset is derecognized.

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Further, the Company completes purchase price allocation exercises for its acquisitions. The below are the intangibles assets recognized in these financial statements from previous acquisitions along with their estimated useful life:

| Intangible | Estimated useful life |
|---|---|
| Customer relationships | 7 to 10 years |
| Backlog | 4 years |
| Tradename / trademarks | 10 years |
| Technology | 5 years |

### Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognised in income or loss as incurred. Depreciation is recognized on a straight-line basis over their estimated useful lives except for Supercomputer where sum of digits method of depreciation is used, based on the performance and expected usage of the asset.

The Group applies the below estimated useful life to its property and equipment and depreciates accordingly:

| | |
|---|---|
| Computer hardware | 3 to 5 years |
| Furniture | 5 to 7 years |
| Office equipment | 5 to 20 years |
| Buildings | 50 years |
| Leasehold improvements | Lower of the lease period or 3 to 5 years |
| Motor vehicles | 4 to 5 years |
| Supercomputers | 7 years |

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial period ended and adjusted prospectively, if appropriate.

### Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.



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Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit), except for goodwill, is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statement of profit or loss and other comprehensive income.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

### Leases

The Group assesses whether a contract contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### As a lessee

For all such lease arrangements the Group recognize right of use assets and lease liabilities except for the short-term leases and leases of low value assets as follows:

### Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. Right-of-use assets comprise of lease of building and land which is amortized over the respective lease period.

### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

## As a lessor:

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

This requires evaluation of each of the indicators provided in IFRS 16 including but not limited whether the discounted value of the lease payments covers significant part of the fair value of the underlying asset and whether the lease term covered major part of the economic life of the underlying asset.

Operating lease income is recognized in the consolidated statement of profit or loss on a straight-line basis over the lease term. Any benefits granted as an incentive to enter into an operating lease, are distributed in a straight-line basis over the lease term.

If an arrangement contains lease and non-lease components, then the total consideration is allocated using the standalone selling prices based on the principles of IFRS 15.

Where the Group concludes that it is a dealer lessor under a finance lease, then at the commencement date, it recognises the following for each of its finance leases:

- revenue, which is the fair value of the underlying asset, or, if lower, the present value of the lease payments accruing to the lessor, discounted using a market rate of interest;
- the cost of sales, which is the cost (or carrying amount if different) of the underlying asset less the present value of the unguaranteed residual value; and
- selling profit or loss (which is the difference between revenue and the cost of sale) in accordance with the policy for outright sales to which IFRS 15 applies. The selling profit or loss on a finance lease should be recognised at the commencement date, regardless of whether the lessor transfers the underlying asset as described in IFRS 15.

## Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of commercial buildings, vehicles and offices (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of commercial buildings, vehicles and offices that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

## Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).



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## Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to liability. The increase in the provision due to the passage of time is recognized as financial charges.

## Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

## Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in the consolidated profit or loss in the period in which they become receivable.

## Service Concession arrangements

The Company entered into an agreement with REMAT Al-Riyadh Development Company ("REMAT") for building and managing public parking infrastructure across the city of Riyadh in the Kingdom of Saudi Arabia (herein referred to as "Project"). Parking spaces will be developed across 12 zones in Riyadh. The Company shall initially build new parking infrastructure, operate and maintain it for 10 years minus the initial construction period and transfer it to REMAT at the expiry of the Project. As of 31 December 2024, the project has not fully commenced its operation, however certain zones are under testing phase. Upon completion of full implementation of the project scope for the construction related services the intangible assets will be recognized and amortized over the remaining contract period. The Company engaged few vendors to complete the construction scope related to Remat Project. As of 31 December 2024, ⃁ 31.93 million related to the construction scope has not been delivered and is expected to be completed during 2025.

In addition, the restoration cost of the infrastructure will be measured and recorded as a provision along with the corresponding impact under intangible assets.

## Earnings per Share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.
Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

## Segment Information

The specific operating segments of the Group are identified based on internal reports, which are regularly reviewed by the Group's main decision makers (chief operating decision maker) for the purpose of resource allocation among segments and performance assessment.

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**Amendments and interpretations**

Amendments to IAS 1: Classification of Liabilities as Current or Non-current
Amendments to IAS 1: Non-current liabilities with covenants
Amendments to IFRS 16: Lease liability in sale and leaseback
Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

As a result of implementing the amendments, the Group has provided some additional disclosures about its supplier finance arrangements. Please refer to the material accounting policies related to financial liabilities.

### OTHER AMENDMENTS OF RELEVANT IFRS'S ISSUED BUT NOT YET EFFECTIVE

The standards and amendments that are issued, but not yet effective, as of 31 December 2024 are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Except where disclosed below, these standards and amendments are not expected to have a material impact on the Group at their effective dates.

**New Standards, Amendments and interpretations**

- Amendments to IAS 21: Lack of exchangeability.
- 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 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.

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, of which the first three are new.

IFRS 18 also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards. IFRS 18, and the related amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all the impacts the amendments will have on the primary financial statements and notes to the financial statements.

## 4. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Group's 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. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future. These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.



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The following critical judgements and estimates have the most significant effect on the amounts recognized in the consolidated financial statements:

### Useful lives, depreciation method and residual values of property and equipment and intangible assets

An estimate of the useful lives and residual values of property and equipment and intangible assets is made for the purposes of calculating depreciation and amortization, respectively. These estimates are made based on expected usage for useful lives. Residual value is determined based on experience and observable data where available.

### Expected credit losses ("ECL")

For trade receivables and contract assets excluding government and related parties, the Group applies the simplified approach. To measure the expected credit losses, receivables have been segmented based on shared credit risk characteristics and the days past due. Expected loss rates were derived from historical information of the Group and are adjusted to reflect the expected future outcome which also incorporates forward-looking macroeconomic information. The Group estimates the case-by-case provision on related party balances and government customers based on the internal assessment regarding the collectability of the balances and this assessment is done based on the available information. An estimate of the collectible amount is made when collection of the amount is no longer probable and is assessed on an individual basis.

### Impairment of non-financial assets (Including goodwill)

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next three years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

### Impairment of inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made for their net realizable value. For individually significant items of inventory this estimation is performed on an individual basis. Items of inventory which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on anticipated selling prices less estimated costs of sale.

### Principal versus agent

Significant judgement is required in determining whether the Group is acting as principal, reporting revenue on gross basis, or acting as an agent, reporting revenue on net basis. The Group exercises professional judgement when performing this assessment, taking into consideration the details of the contractual terms, the nature of the products and services as defined by IFRS 15 on revenue from contracts with customers.

### Long-term assumptions for employee benefits

Employees' end of service benefits represents obligations that will be settled in the future and require assumptions to project obligations. Management is required to make further assumptions regarding variables such as discount rates, rate of salary increase, mortality rates, employment turnover and future healthcare costs. Periodically, management of the Group consults with external actuaries regarding these assumptions. Changes in key assumptions can have a significant impact on the projected benefit obligations and/or periodic employee defined benefit costs incurred.

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### Determining the lease term of contracts with renewal and terminations options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination clauses. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in the circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the contract.

### Incremental borrowing rate for lease agreements

The Group cannot readily determine the interest rate implicit in the lease agreement, therefore, it uses its Incremental Borrowing Rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available, such as for subsidiaries that do not enter into financing transactions or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs, such as market interest rates when available and is required to make certain entity-specific estimates.

### Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for litigation are based on an estimate of the costs, taking into account legal advice and other information presently available. Provisions for termination benefits and exit costs, if any, also involve management's judgement in estimating the expected cash outflows for other exit costs. Provisions for uncertain liabilities involve management's best estimate of whether cash outflows are probable.

### Contract cost estimation

The Group recognises contract revenue by reference to the stage of completion of the activity at the reporting date, when the outcome of a contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Assumptions are required to estimate the total estimated contract costs, and the recoverable variation works that will affect the stage of completion. The estimates are made based on past experience and knowledge of the project engineers and other technical team. The accuracy of these estimates is likely to have an impact on the amount of revenue and related profits recognised.

At the end of each reporting period, the Group is required to estimate costs to complete the contracts based on work to be performed beyond the reporting period. This involves objective evaluation of project progress against the schedule, evaluation of work to be performed and the associated costs to fully deliver the contract to the customer. This estimate will impact contract revenue and costs, contract assets, contract liabilities and accrued project costs. The measurement of contract revenue is affected by a variety of uncertainties (including cost estimation) that depend on the outcome of future events. The estimates often need to be revised as events occur and uncertainties are resolved. Therefore, the amount of contract revenue recognised may increase or decrease from period to period.



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## 5. SUBSIDIARIES

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

| Subsidiaries | Country of incorporation | Ownership % 2024 | Ownership % 2023 |
|---|---|---|---|
| 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% | - |
| Sanad AlTeqany For Commercial Services Company (Owned by One Person) (e) | Saudi Arabia | - | 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.

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 (⃁ 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 ⃁ 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.

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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 ⃁ 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. No transactions were recorded within the year ended 31 December 2024 and the initial share capital was injected subsequent to the year ended 31 December 2024.

e. Sanad AlTeqany For Commercial Services Company (Owned by One Person) is a Limited Liability Company registered in the Kingdom of Saudi Arabia under commercial registration numbered 1010766752 issued in Riyadh on 18 Jumada Alawal 1443H (corresponding to 22nd December 2021) with a capital of ⃁ 5 Million. The subsidiary has 500,000 shares with a nominal value of ⃁ 10 per share and it is fully owned by the Company. The principal activities of the subsidiary are providing a general admin and support services, searching employees for jobs hiring either by direction or tests and temporary employment agencies of Saudi individuals' activities. In February 2024, the Group transferred ownership of this subsidiary to Contact Centre Company (Subsidiary).

## 6. REVENUE

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

| | 2024 | 2023 |
|---|---|---|
| Core ICT Services | 6,187,720 | 5,994,165 |
| IT Managed and Operational Services | 3,947,622 | 3,262,351 |
| Digital Services | 1,928,555 | 1,783,977 |
| | **12,063,897** | **11,040,493** |
| **Type of customers** | | |
| Sell through STC and sell to direct customers (STC is not the end customer) (*) | 7,762,576 | 7,186,939 |
| Sell to STC & its subsidiaries (STC & its subsidiaries are the end customers) | 4,301,321 | 3,853,554 |
| | **12,063,897** | **11,040,493** |
| **Timing of revenue recognition** | | |
| **Goods or services transferred to customers:** | | |
| - over time(*) | 10,574,151 | 9,412,883 |
| - at a point in time | 1,489,746 | 1,627,610 |
| | **12,063,897** | **11,040,493** |
| **Principal vs Agent** | | |
| Revenue as principal(*) | 11,985,628 | 10,966,165 |
| Revenue as agent | 78,269 | 74,328 |
| | **12,063,897** | **11,040,493** |
| **Geographical markets** | | |
| Kingdom of Saudi Arabia(*) | 11,384,330 | 10,079,494 |
| Outside the Kingdom of Saudi Arabia | 679,567 | 960,999 |
| | **12,063,897** | **11,040,493** |

(*) Included in the above an amount of ⃁ 147 million (2023: ⃁ 133 million) representing operating lease income (Note 28)



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## 7. GENERAL AND ADMINISTRATION EXPENSES

| | 2024 | 2023 |
|---|---|---|
| Employee related costs | 420,972 | 388,700 |
| Professional services | 82,133 | 137,297 |
| Depreciation and amortization | 76,958 | 77,463 |
| IT expenses | 64,660 | 64,040 |
| Hospitality, corporate gatherings and office expenses | 40,755 | 39,299 |
| Rent expenses | 12,262 | 7,716 |
| Business travel expenses | 4,014 | 5,823 |
| Utilities expenses | 2,123 | 1,558 |
| Provision for Advances to Suppliers | 73 | (30,368) |
| Other G&A expenses | 16,281 | 23,380 |
| | **720,231** | **714,908** |

## 8. SELLING AND DISTRIBUTION EXPENSES

| | 2024 | 2023 |
|---|---|---|
| Employees related costs | 281,336 | 247,251 |
| Expected credit loss of trade receivables and contract assets (Notes 14 & 16) | 50,398 | 180,167 |
| Selling and marketing expenses | 47,862 | 45,422 |
| Depreciation and amortization | 11,756 | 10,108 |
| IT expenses | 6,486 | 7,417 |
| Business travel expenses | 4,350 | 5,456 |
| | **402,188** | **495,821** |

## 9. OTHER (EXPENSE) / INCOME, NET

| | 2024 | 2023 |
|---|---|---|
| Gain on sale of AVL service channel (a) | 68,300 | - |
| Early retirement program cost (b) | (73,620) | - |
| Net foreign exchange loss | (56,205) | (54,722) |
| Remeasurement of contingent liability (c) | (9,774) | - |
| Gain on investments at FVTPL (Note 18) | 3,177 | - |
| Other income | 2,627 | 3,060 |
| | **(65,495)** | **(51,662)** |

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### (a) Gain on sale of AVL service channel

On 22 Ramadhan 1445H (corresponding to 1 April 2024), the Group entered into an agreement with Internet of Things Technologies Company for Information Technology ("the Buyer" or "IoT²") related to the sale of Automated Vehicle Locator ("AVL") services channel. The transaction was concluded on 22 Dhul Qa'dah 1445H (corresponding to 30 May 2024) upon completion of closing conditions, including receipt of consideration. The Group recognized a gain of ⃁ 68.3 million in the consolidated financial statements.

### (b) Early retirement program

The Group has issued an early retirement program for its employees. During the period, an expense of ⃁ 73.6 million was recognized in the consolidated financial statements related to the early retirement program (2023: Nil).

### (c) Remeasurement of contingent consideration liability

As of 31 December 2024, the value of the contingent consideration liability recognised on the acquisition of an Equity accounted investee was reassessed. An expense of ⃁ 9.8 million was recognised in the consolidated statement of profit or loss.

## 10. FINANCE COST

| | 2024 | 2023 |
|---|---|---|
| Finance cost on borrowings and overdraft | 68,004 | 74,336 |
| Finance cost on leases liabilities (Note 28) | 3,752 | 1,739 |
| Finance cost on unwinding of contingent consideration | 1,744 | - |
| | **73,500** | **76,075** |

## 11. ZAKAT AND INCOME TAXES

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 2022, 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. The Company completed the final assessment with ZATCA for all previous years including 2021, 2022 and 2023 with no amendments or liabilities.

The Group's zakat provision for the year ended 31 December 2024 amounted to ⃁ 121.8 million (2023: ⃁ 180.0 million) and is charged to the consolidated statement of profit or loss. Further, the Group has recorded zakat reversals related to prior periods amounting to ⃁ 103.9 million (2023: Nil). The reversals were recorded following completion of final assessments by ZATCA for all previous years up to 31 December 2023 for solutions by stc.



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Notes to the Consolidated Financial Statements

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(All amounts in Saudi Riyals thousands unless otherwise stated)

The Group's zakat and tax payable are as follows:

| | 2024 | 2023 |
|---|---|---|
| Zakat payable (Note 11.1) | 131,714 | 218,864 |
| Income tax payable (Note 11.2) | 14,559 | 21,166 |
| | **146,273** | **240,030** |

11.1 The movement in zakat payable was as follows:

| | 2024 | 2023 |
|---|---|---|
| Balance as at 1 January | 218,864 | 119,849 |
| Acquisition of subsidiary (Note 1) | 476 | 16,703 |
| Charge for the year | 121,796 | 180,091 |
| Reversal related to prior periods | (103,984) | - |
| Paid during the year | (105,438) | (97,779) |
| **Balance as at 31 December** | **131,714** | **218,864** |

11.2 The movement in income tax payable was as follows:

| | 2024 | 2023 |
|---|---|---|
| Balance as at 1 January | 21,166 | 16,034 |
| Charge for the year | 26,043 | 26,093 |
| Paid during the year | (24,133) | (15,058) |
| Effect of foreign currency exchange differences | (8,517) | (5,903) |
| **Balance as at 31 December** | **14,559** | **21,166** |

11.3 The net zakat and tax charge included in the consolidated statement of profit or loss is as below:

| | 2024 | 2023 |
|---|---|---|
| Zakat charge for the year | 121,796 | 180,091 |
| Zakat reversal related to prior periods | (103,984) | - |
| Income tax charge | 26,043 | 26,093 |
| Deferred tax (reversal) / charge | (4,897) | 3,397 |
| **Total amount included in the consolidated statement of profit or loss** | **38,958** | **209,581** |

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## 12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

| | 2024 | 2023 |
|---|---|---|
| Murabaha deposits (Note 12.1) | 900,271 | 2,321,049 |
| Bank balances | 226,716 | 266,897 |
| Cash in hand | 295 | 589 |
| Expected credit losses on bank balances | (149) | (366) |
| **Balance as at 31 December** | **1,127,133** | **2,588,169** |

**12.1** Represent deposits placed with various banks and carry a profit rate of 4.35% to 6.1% (2023: 5.3% to 6.3%) per annum. The original maturity dates for all these deposits are less than three months.

## 13. SHORT TERM MURABAHA

These represent the Murabaha deposits placed with various banks and carry a profit rate of 5.60% to 6.10% per annum (2023: 5.5% to 6.5%). The maturity dates for all these deposits are more than three months and less than one year from the date of original placement date.

| | 2024 | 2023 |
|---|---|---|
| Short term murabaha | 2,575,000 | 850,000 |

## 14. TRADE RECEIVABLES

| | 2024 | 2023 |
|---|---|---|
| Gross trade receivables from government and private entities | 2,964,908 | 1,944,426 |
| Less: allowance for expected credit losses | (416,616) | (378,664) |
| Net trade receivable from government and private entities | 2,548,292 | 1,565,762 |
| Gross amounts due from Parent Company and its subsidiaries (Note 39) | 1,270,479 | 2,872,085 |
| Less: allowance for expected credit losses | (60,161) | (74,165) |
| Net amounts due from Parent Company and its subsidiaries | 1,210,318 | 2,797,920 |
| **Total trade receivable as at 31 December** | **3,758,610** | **4,363,682** |

The expected average credit period on sales of goods and provision for services is 90 days. No finance income is charged on trade receivables.

The Group performs credit-vetting procedures before granting credit to new customers. These procedures are reviewed and updated on an ongoing basis. There have been no changes to these procedures from the previous year.

Customers are grouped according to their credit characteristics, including whether they are private or not and whether sovereign or non-sovereign. The customers grouped in a particular segment such as private, government, Parent Company and its subsidiaries.





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Since the Group considers the homogeneity of economic characteristics of the company/individual for segmentation. Based on the customers' segmentations the allowance for the impairment has been assessed. The Group does not have trade receivable for which no loss allowance is recognized because of collateral.

One of the Group's debtors represents 9% (2023: 5%) of the total trade receivables balance excluding the Parent Company and its subsidiaries' balances.

Movement in the allowance for expected credit losses related to trade receivables from government and private entities:

| | 2024 | 2023 |
|---|---|---|
| Balance as at 1 January | 378,664 | 233,400 |
| Acquisition of subsidiary | 292 | 1,385 |
| Trade receivables written-off | (4,420) | - |
| Net charge for the year | 52,791 | 151,210 |
| Effect of foreign currency exchange differences | (10,711) | (7,331) |
| **Balance as at 31 December** | **416,616** | **378,664** |

Movement in the allowance for expected credit losses related to amounts due from Parent Company and its subsidiaries' balances:

| | 2024 | 2023 |
|---|---|---|
| Balance as at 1 January | 74,165 | 53,189 |
| Acquisition of subsidiary | - | 203 |
| Net (reversal) / charge for the year | (14,004) | 20,773 |
| **Balance as at 31 December (*)** | **60,161** | **74,165** |

(*) Includes ⃁ 45.01 million (2023: ⃁ 58.8 million) pertaining to receivables for which STC is not the end customer.

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Ageing of the trade receivables are as follows:

| | 2024 | 2023 |
|---|---|---|
| **Age of Gross trade receivables (government and private entities)** | | |
| **Private** | | |
| 0 to 3 months | 1,100,207 | 470,641 |
| 4 to 6 months | 131,391 | 144,725 |
| 7 to 12 months | 122,342 | 99,944 |
| Over 1 year | 124,298 | 128,738 |
| | **1,478,238** | **844,048** |
| **Governmental** | | |
| Not due | 506,965 | 346,089 |
| 0 to 3 months | 320,356 | 250,278 |
| 4 to 6 months | 161,544 | 107,318 |
| 7 to 12 months | 208,274 | 138,643 |
| Over 1 year | 289,531 | 258,050 |
| | **1,486,670** | **1,100,378** |
| **Total Gross trade receivables** | **2,964,908** | **1,944,426** |
| **Aging of related ECL on trade receivables (government and private entities) *** | | |
| **Private** | | |
| 0 to 3 months | 89,288 | 32,120 |
| 4 to 6 months | 39,793 | 32,394 |
| 7 to 12 months | 62,131 | 52,671 |
| Over 1 year | 103,686 | 106,978 |
| | **294,898** | **224,163** |
| **Governmental** | | |
| 0 to 3 months | 6,399 | 5,835 |
| 4 to 6 months | 1,807 | 6,012 |
| 7 to 12 months | 3,603 | 7,760 |
| Over 1 year | 109,909 | 134,894 |
| | **121,718** | **154,501** |
| **Total allowance for expected credit losses** | **416,616** | **378,664** |

(*) Refer to note 38 exposures to credit risk and ECLs for trade receivables and contract assets from private customers



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## 15. PREPAYMENTS, SHORT TERM INVESTMENTS AND OTHER ASSETS

| | Note | 2024 | 2023 |
|---|---|---|---|
| Other receivables | 15.1 | 145,035 | 168,294 |
| Investment at FVTPL | 15.2 | - | 165,901 |
| Advances to suppliers, net | 15.3 | 85,947 | 69,311 |
| Cost to fulfil contracts | | 80,321 | 68,299 |
| Prepaid expenses | | 96,737 | 64,155 |
| Deposits, net | | 5,621 | 13,027 |
| Net investment in finance lease – Current | 28 | 22,784 | 5,458 |
| **Balance as at 31 December** | | **436,445** | **554,445** |

15.1 Other receivables include an amount of ⃁ 3.0 million (2023: ⃁ 8.0 million) due from related parties (note 39).

15.2 These repwzresented investments in mutual funds and were classified as financial assets measured at fair value through profit or loss. These investments were liquidated during the year ended 31 December 2024.

15.3 This represents the advances paid to the suppliers in relation to certain projects. The balance includes a provision amounting to ⃁ 8.24 million (2023: ⃁ 9.55 million).

## 16. CONTRACT ASSETS

Contract assets represent the value of work executed by the Group during the year, which has not been billed to customers as at the reporting date. Upon completion of the billing cycle, the amounts recognized as contract assets are reclassified to trade receivables.

| | 2024 | 2023 |
|---|---|---|
| Gross contract assets | 2,297,064 | 1,731,300 |
| Allowance for impairment | (47,693) | (39,816) |
| **Balance as at 31 December** | **2,249,371** | **1,691,484** |

During the year ended 31 December 2024, an impairment allowance expense amounting to ⃁ 11.6 million (2023: ⃁ 8.2 million) has been recorded against the contract assets and is included in the consolidated statement of profit or loss. Other changes in the balances of contract assets during the year are arising from normal business operations.

The movement in the allowance for impairment related to contract assets for the year ended 31 December were as follows:

| | 2024 | 2023 |
|---|---|---|
| Balance as at 1 January | 39,816 | 31,804 |
| Acquisition of subsidiary | - | - |
| Charge for the year | 11,611 | 8,184 |
| Effect of foreign currency exchange differences | (3,734) | (172) |
| **Balance as at 31 December** | **47,693** | **39,816** |

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## 17. INVENTORIES

| | 2024 | 2023 |
|---|---|---|
| Materials and supplies | 256,439 | 307,126 |
| Less: allowance for slow moving and obsolete inventory | (44,308) | (58,573) |
| **Balance as at 31 December** | **212,131** | **248,553** |

The Group has charged inventories amounting to ⃁ 1,703 million for the year ended 31 December 2024 (2023: ⃁ 1,519 million) to the consolidated statement of profit or loss.

The movement in the allowance for slow moving and obsolete inventories was as follows:

| | 2024 | 2023 |
|---|---|---|
| Balance as at 1 January | 58,573 | 78,246 |
| Net reversal for the year | (13,898) | (19,403) |
| Effect of foreign currency exchange differences | (367) | (270) |
| **Balance as at 31 December** | **44,308** | **58,573** |

## 18. NON-CURRENT INVESTMENTS AND OTHER ASSETS

| | Notes | 2024 | 2023 |
|---|---|---|---|
| Financial assets measured at FVTPL | 18.1 | 125,052 | 121,875 |
| Employees loans receivable | | 11,345 | 13,754 |
| Deferred tax assets | | 32,633 | 5,213 |
| Lease receivable | 28 | 40,789 | 5,150 |
| Cost to fulfil contracts | 18.2 | 58,631 | 4,401 |
| **Balance as at 31 December** | | **268,450** | **150,393** |

**18.1** During the year ended 31 December 2023, the Group invested ⃁ 121.9 million in an equity instrument and the investment was classified as fair value through profit or loss. The Group does not have any significant influence over the investee. During the year ending 31 December 2024, the Group has recognized an unrealized gain of ⃁ 3.18 million for the change in fair value of the investment in the consolidated statement of profit or loss.

**18.2** 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.

## 19. INVESTMENT IN EQUITY ACCOUNTED INVESTEES

The carrying amount of the Group's investment in associates is as below:

| | 2024 | 2023 |
|---|---|---|
| Individually material associate (Note 19.2) | 339,399 | - |
| Not individually material associate (Note 19.3) | 1,287 | 3,368 |
| **Total carrying amount of Group's investment in associates** | **340,686** | **3,368** |



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### 19.1 Details of the associates

| Name of associate | Ownership % | |
|---|---|---|
| | 2024 | 2023 |
| Devoteam Middle East (DME) – (a, 19.2) | 40.00% | - |
| Giza Systems Company for Electromechanical Contracting (GSEC) – (b) | 50.01% | 50.01% |

a. 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. This investment was acquired in 2024 (Refer to Note 19.2) below.

b. Giza Systems Company for Electromechanical Contracting ("GSEC") was established in 2011 to execute operation works, engineering consultancy, evaluations of systems and electronic devices and computers. The investment is indirectly owned through GIZA systems with 50.01% ownership and was acquired in 2022 as part of the GIZA Group.

**19.2** Individually material associate – Devoteam Middle East

On 1 February 2024, the Group completed the acquisition of 40% stake in Devoteam Middle East the ("DME") and the investment is accounted as equity accounted investees in the consolidated financial statements. The Group has paid cash consideration of ⃁ 297.86 million for the acquisition of a 40% stake in the DME. In addition, the Group recognized a provisional contingent liability of ⃁ 34.9 million on acquisition against the investment related to the earn-out payment that is expected to be settled upon achieving certain profitability parameters as per the sale and purchase agreement. Following the completion of the notional Purchase Price Allocation ("PPA") exercise, the excess consideration above the net assets value of DME was allocated as follows: Identified intangible assets: ⃁ 80 million attributable to customer relationships and ⃁ 16 million attributable to Backlog. These are valued based on the multi-period excess-earnings method ("MEEM") under income approach. The residual amount of ⃁ 187.8 million is recognized as embedded goodwill. These amounts are included within the equity accounted investment amount and are not recognised separately in the consolidated financial statements of the Group. The identified intangible assets customer relationships and Backlog are amortized over the periods of 11 and 3 years, respectively.

Investment reconciliation is as follows:

| | Net assets on acquisition date | Group effective ownership | Equity attributable to the Group | Goodwill | Identified intangible assets | Investment amount at acquisition date | Carrying amount as of 31 December 2024 |
|---|---|---|---|---|---|---|---|
| DME | 122,138 | 40% | 48,855 | 187,882 | 96,000 | 332,737 | 339,399 |

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### Contingent consideration

Refer to Note 27 for details regarding the contingent consideration liability arising from the acquisition of DME.

### Financial Information of individually material associate

The tables below provide summarized financial information of the individually material associate of the Group. The information disclosed reflects the amounts presented in the available financial statements of the relevant investee and not the Group's share of those amounts.

| | 31 December 2024* DME |
|---|---|
| Current assets | 444,367 |
| Non-current assets | 10,656 |
| Current liabilities | (218,198) |
| Non-current liabilities | (68,433) |
| Net assets as at 31 December | 168,392 |
| **Reconciliation:** | |
| Group's share in equity accounted investee | 40% |
| Share in net assets of the equity accounted investee | 67,357 |
| Goodwill | 187,882 |
| Carrying value of intangible assets included in cost of investment | 84,160 |
| Carrying Amount of Investment | 339,399 |

* The investment in DME was acquired in the current year and therefore no comparative information is disclosed.

| | 31 December 2024* DME |
|---|---|
| Revenue | 461,139 |
| Net income | 45,543 |
| Group's share in equity accounted investee | 40% |
| Share in net income | 18,217 |
| Adjustment to reflect effect of PPA intangible asset amortisation | (11,556) |
| Share of profit recognised in profit and loss (adjusted equity method income) | 6,661 |

* Figures are from the date of acquisition. The investment in DME was acquired in the current year and therefore no comparative information is disclosed.

### 19.3 Financial information on not individually material associate

| | 2024 | 2023 |
|---|---|---|
| Group's share in net (loss) / profit | (843) | 127 |
| Carrying amount of investment in associate | 1,287 | 3,368 |



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## 20. INTANGIBLE ASSETS AND GOODWILL

| | Goodwill (20.1) | Software | Others (note 1) | Capital work-in-progress | Total |
|---|---|---|---|---|---|
| **COST:** | | | | | |
| As at 1 January 2023 | 190,017 | 240,600 | 133,702 | 5,136 | 569,455 |
| Additions | - | 12,209 | - | 14,266 | 26,475 |
| Acquisition of subsidiary (Note 1) | 143,854 | 46,322 | 146,200 | 405 | 336,781 |
| Transfer | - | 13,187 | - | (13,187) | - |
| Disposal | - | (773) | - | - | (773) |
| Effect of foreign currency exchange differences | (22,534) | - | (20,276) | - | (42,810) |
| As at 1 January 2024 | 311,337 | 311,545 | 259,626 | 6,620 | 889,128 |
| Additions | - | 36,466 | - | 11,155 | 47,621 |
| Acquisition of subsidiary (Note 1) | 21,386 | - | - | - | 21,386 |
| Transfer | - | 4,683 | - | (4,683) | - |
| Disposal | - | (60) | - | - | (60) |
| Effect of foreign currency exchange differences | (34,089) | - | (31,559) | - | (65,648) |
| **As at 31 December 2024** | **298,634** | **352,634** | **228,067** | **13,092** | **892,427** |
| **ACCUMULATED AMORTIZATION:** | | | | | |
| As at 1 January 2023 | - | 148,637 | 5,403 | - | 154,040 |
| Acquisition of subsidiary (Note 1) | - | 32,514 | - | - | 32,514 |
| Amortization | - | 44,814 | 33,911 | - | 78,725 |
| Disposal | - | (773) | - | - | (773) |
| Effect of foreign currency exchange differences | - | - | (879) | - | (879) |
| As at 1 January 2024 | - | 225,192 | 38,435 | - | 263,627 |
| Amortization | - | 44,385 | 34,262 | - | 78,647 |
| Disposal | - | (60) | - | - | (60) |
| Effect of foreign currency exchange differences | - | - | (7,016) | - | (7,016) |
| **As at 31 December 2024** | **-** | **269,517** | **65,681** | **-** | **335,198** |
| **Net book value as at 31 December 2023** | **311,337** | **86,353** | **221,191** | **6,620** | **625,501** |
| **Net book value as at 31 December 2024** | **298,634** | **83,117** | **162,386** | **13,092** | **557,229** |

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The amortization charge for the year, as reported in the consolidated statement of profit or loss is allocated as follows:

| | Note | 2024 | 2023 |
|---|---|---|---|
| Cost of revenue | | 43,607 | 45,951 |
| General and administration expenses | 7 | 23,351 | 22,931 |
| Selling and distribution expenses | 8 | 11,689 | 9,843 |
| | | **78,647** | **78,725** |

## 20.1 Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. This goodwill arose on acquisition of equity stake in Giza Group, Contact Center Company and LABS in October 2022, April 2023 and May 2024 respectively. The carrying amount of goodwill as of reporting date by operating segments is as follows:

| | Note | 2024 | 2023 |
|---|---|---|---|
| Giza Group | 20.1.1 | 133,394 | 167,483 |
| Contact Center Company | 20.1.2 | 143,854 | 143,854 |
| LABS* | 1 | 21,386 | - |
| **Balance as at 31 December** | | **298,634** | **311,337** |

* This goodwill is provisional pending completion of the purchase price allocation exercise (Note 1).

20.1.1 The goodwill arose on acquisition of equity interest in Giza Systems and Giza Arabia (together referred as "Giza Group"). Goodwill on Giza Group is allocated to its CGUs, such as Giza Systems, Giza Arabia and VAS for the purpose of impairment testing. As of 31 December 2024, the carrying amounts of these CGUs are Giza Systems: ⃁ 32.2 million (2023: ⃁ 52.5 million), Giza Arabia: ⃁ 79.1 million (2023: ⃁ 79.1 million) and VAS: ⃁ 22.0 million, (2023: ⃁ 35.9 million).

At the reporting date, management has determined that the recoverable amount of this goodwill is higher than the carrying amount of goodwill. The recoverable amount was determined on the basis of value in use calculations. These calculations use cash flow projections based on a business plan approved by the management. Cash flows are estimated over the three-year periods for each CGUs and cash flows beyond the estimated period are based on assumption of terminal growth rate.

The discount rate was an estimate of the weighted average cost of capital as of 31 December 2024 based on market rates adjusted to reflect management's estimate of the specific risks relating to each CGUs of Giza Group.

The cash flows related to each CGUs are discounted using discount rates of Giza Systems 24.1%, Giza Arabia 10.0% and VAS 21.4%.

The terminal growth rates are based on management best estimation specific to the industry in which the CGUs operate. Cash flows are estimated to grow at a rate of 15% for Giza Systems and VAS and 2% for Giza Arabia from terminal year.



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The value in use calculation is sensitive to the discount rate and the terminal growth rate. As of 31 December 2024, a reasonably possible change in discount rate (+1%) and terminal growth rate (-1%) is not expected to result in impairment.

20.1.2 The goodwill arose on acquisition of equity interest in CCC is treated as single CGU for the purpose of impairment testing. As of 31 December 2024, the carrying amounts of CCC goodwill is ⃁ 143.9 million (2023: ⃁ 143.9 million).

At the reporting date, management has determined that the recoverable amount of this goodwill is higher than the carrying amount of goodwill. The recoverable amount was determined on the basis of value in use calculations. These calculations use cash flow projections based on the business plan approved by the management. Cash flows are estimated over a three-year period and cash flows beyond the estimated period are based on assumption of terminal growth rate.

The discount rate was an estimate of the weighted average cost of capital as of 31 December 2024 based on market rates adjusted to reflect management's estimate of the specific risks relating to CCC CGU. The cash flows related to CCC CGU are discounted using a discount rate of 10.4%.

The terminal growth rate is based on management's best estimation specific to the industry in which the CGU operates. Cash flows are estimated to grow at a rate of 2% from the terminal year.

The value in use calculation is sensitive to the discount rate and the terminal growth rate. As of 31 December 2024, a reasonably possible change in discount rate (+1%) and terminal growth rate (-1%) is not expected to result in impairment.

## 21. PROPERTY AND EQUIPMENT

| 31 December 2024 | Computer hardware | Furniture and office equipment | Land and Building | Leasehold improvements | Motor vehicles | Super-computers | Capital work-in-progress | Total |
|---|---|---|---|---|---|---|---|---|
| **COST:** | | | | | | | | |
| Balance as at 1 January 2024 | 519,913 | 126,374 | 12,794 | 155,930 | 5,603 | 339,979 | 2,754 | 1,163,347 |
| Acquisition of subsidiary (Note 1) | - | 422 | - | - | - | - | - | 422 |
| Additions | 8,407 | 2,740 | 953 | 9,080 | 1,589 | - | 184,806 | 207,575 |
| Transfer | 46,866 | 360 | - | 510 | - | 126,716 | (174,452) | - |
| Disposal | (30,461) | (10,820) | - | (460) | - | - | (404) | (42,145) |
| Effect of foreign currency exchange differences | (5,116) | (1,849) | (4,623) | - | (1,311) | - | (26) | (12,925) |
| **Balance as at 31 December 2024** | **539,609** | **117,227** | **9,124** | **165,060** | **5,881** | **466,695** | **12,678** | **1,316,274** |
| **ACCUMULATED DEPRECIATION AND IMPAIRMENT** | | | | | | | | |
| Balance as at 1 January 2024 | 339,572 | 92,701 | 3,012 | 114,231 | 4,925 | 218,557 | - | 772,998 |
| Acquisition of subsidiary (Note 1) | - | 225 | - | - | - | - | - | 225 |
| Depreciation | 75,088 | 9,997 | 169 | 18,602 | 462 | 59,692 | - | 164,010 |
| Disposal | (30,461) | (10,661) | - | (460) | - | - | - | (41,582) |
| Effect of foreign currency exchange differences | (1,795) | (1,488) | (1,295) | - | (62) | - | - | (4,640) |
| **Balance as at 31 December 2024** | **382,404** | **90,774** | **1,886** | **132,373** | **5,325** | **278,249** | **-** | **891,011** |
| **NET BOOK VALUE** | **157,205** | **26,453** | **7,238** | **32,687** | **556** | **188,446** | **12,678** | **425,263** |

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| 31 December 2023 | Computer hardware | Furniture and office equipment | Land and Building | Leasehold improvements | Motor vehicles | Super-computers | Capital work-in-progress | Total |
|---|---|---|---|---|---|---|---|---|
| **COST:** | | | | | | | | |
| Balance as at 1 January 2023 | 447,928 | 102,402 | 15,211 | 117,892 | 4,286 | 339,979 | 7,298 | 1,034,996 |
| Acquisition of subsidiary | 6,967 | 15,508 | - | 25,704 | 1,200 | - | - | 49,379 |
| Additions | 37,161 | 3,547 | - | 6,505 | 492 | - | 37,772 | 85,477 |
| Transfer | 30,713 | 5,553 | - | 5,829 | - | - | (42,095) | - |
| Disposal | (232) | (49) | - | - | - | - | - | (281) |
| Effect of foreign currency exchange differences | (2,624) | (587) | (2,417) | - | (375) | - | (221) | (6,224) |
| **Balance as at 31 December 2023** | 519,913 | 126,374 | 12,794 | 155,930 | 5,603 | 339,979 | 2,754 | 1,163,347 |
| **ACCUMULATED DEPRECIATION AND IMPAIRMENT** | | | | | | | | |
| Balance as at 1 January 2023 | 264,688 | 67,340 | 2,851 | 69,472 | 3,602 | 153,990 | - | 561,943 |
| Acquisition of subsidiary | 4,069 | 12,918 | - | 24,390 | 413 | - | - | 41,790 |
| Depreciation | 73,628 | 12,979 | 253 | 20,369 | 1,109 | 64,567 | - | 172,905 |
| Disposal | (232) | (49) | - | - | - | - | - | (281) |
| Effect of foreign currency exchange differences | (2,581) | (487) | (92) | - | (199) | - | - | (3,359) |
| **Balance as at 31 December 2023** | 339,572 | 92,701 | 3,012 | 114,231 | 4,925 | 218,557 | - | 772,998 |
| **NET BOOK VALUE:** | 180,341 | 33,673 | 9,782 | 41,699 | 678 | 121,422 | 2,754 | 390,349 |

The depreciation and impairment charge for the year, as reported in the consolidated statement of profit or loss is allocated as follows:

| | Notes | 2024 | 2023 |
|---|---|---|---|
| Cost of revenue | | 134,383 | 138,039 |
| General and administration expenses | 7 | 29,560 | 34,601 |
| Selling and distribution expenses | 8 | 67 | 265 |
| | | **164,010** | **172,905** |



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## 22. RIGHT-OF-USE ASSETS

Below is the movement of the right-of-use assets under the application of IFRS 16, Leases:

| | Land, Buildings and Vehicles | Hardware | Data Center | Total |
|---|---|---|---|---|
| Balance as at 1 January 2023 | 40,970 | - | - | 40,970 |
| Acquisition of subsidiary | 28,717 | - | - | 28,717 |
| Additions | 8,317 | 3,183 | - | 11,500 |
| Effect of foreign currency exchange differences | (245) | - | - | (245) |
| Depreciation charge for the year | (29,979) | (663) | - | (30,642) |
| **Balance as at 31 December 2023** | **47,780** | **2,520** | **-** | **50,300** |
| Additions | 55,975 | - | 33,851 | 89,826 |
| Disposals | (4,700) | - | - | (4,700) |
| Effect of foreign currency exchange differences | (1,299) | - | - | (1,299) |
| Depreciation charge for the year | (41,858) | (796) | (1,693) | (44,347) |
| **Balance as at 31 December 2024** | 55,898 | 1,724 | 32,158 | 89,780 |

Right of use assets are depreciated as follows:

| | |
|---|---|
| Leasehold lands | 15 years |
| Buildings | 4 years |
| Hardware | 4 years |
| Data Center | 5 years |

The depreciation charge for the year, as reported in the consolidated statement of profit or loss is allocated as follows:

| | Note | 2024 | 2023 |
|---|---|---|---|
| General and administration expenses | 7 | 24,047 | 19,931 |
| Cost of revenue | | 20,300 | 10,711 |
| | | **44,347** | **30,642** |

The Group has not recognized short-term and low-value leases as a right of use assets, and therefore lease payments associated with these contracts were recognized as expenses. For the year ended 31 December 2024, ⃁ 8.2 million (2023: ⃁ 5.1 million) were recognized as expenses in the consolidated statement of profit or loss.

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## 23. TRADE PAYABLE, ACCRUALS AND OTHER LIABILITIES

| | Notes | 2024 | 2023 |
|---|---|---|---|
| Trade payables | | 1,375,771 | 1,012,305 |
| Accrued expenses | 23.1 | 1,149,947 | 1,008,885 |
| Accrued project costs | | 973,207 | 939,043 |
| Amounts due to related parties | 39 | 251,444 | 175,258 |
| Value added tax | 23.2 | 8,383 | 90,555 |
| Accrued connectivity charges | | 88,891 | 46,603 |
| Lease liabilities | 28 | 38,970 | 42,261 |
| **Balance as at 31 December** | | **3,886,613** | **3,314,910** |

23.1 Accrued expenses include an amount of ⃁ 168 million (2023: ⃁ 203 million) due to STC (Note 39). Trade payables are normally settled within 90 days of the invoice dates.

23.2 Value added tax includes an amount of ⃁ 18 million receivable due from STC (2023: payable of ⃁ 54 million) - (Note 39).

## 24. DEFERRED REVENUE

This represents billings issued to customers in excess of the value of work executed by the Group, as per the terms of billings in the contract agreement with the customers as of the reporting date. Revenue recognised during the year that was included in the Deferred Revenue balance at the beginning of the year amounted to ⃁ 1,821 million (2023: ⃁ 1,534 million).

## 25. CONTRACT LIABILITIES

Contract liabilities represent amounts received from the Group's customers which will be applied against future billings.

## 26. BANK OVERDRAFT AND BORROWINGS

| | Notes | 2024 | 2023 |
|---|---|---|---|
| **Short term** | | | |
| Bank overdrafts | | - | 180,097 |
| Short term – Murabaha Facilities | 26.1 | 31,003 | - |
| Other short-term facilities and others | 26.2 | 62,024 | 31,246 |
| **Balance as at 31 December** | | **93,027** | **211,343** |
| **Long term** | | | |
| Long term loan – solutions by stc | 26.3 | 499,377 | 499,127 |
| Long term loan – Giza Group | 26.1 | 142,894 | - |
| **Balance as at 31 December** | | **642,271** | **499,127** |



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26.1 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. 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 year, Giza and VAS completed partial drawdowns from these Murabaha facilities and balances are shown as at reporting date.

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

26.3 As of 31 December 2024, 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 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 ⃁ 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.

26.4 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 ⃁ 500 million. The facility is secured by a promissory note signed by Contact Centre Company (CCC). There has been no drawdown on this facility as at 31 December 2024.

## 27. OTHER NON-CURRENT LIABLITIES

| | Notes | 2024 | 2023 |
|---|---|---|---|
| Contingent consideration liability | 19, 27.1 | 46,393 | - |
| Lease liabilities | 28 | 57,210 | 18,936 |
| **Balance as at 31 December** | | **103,603** | **18,936** |

27.1 As at the acquisition date, the fair value of the contingent consideration liability was estimated to be ⃁ 34.9 million. As of 31 December 2024, the fair value increased to 46.4 million due to a significantly enhanced performance of the associate compared to budget. The contingent consideration is classified as other financial liability and is due for final measurement and payment in 2026.

## 28. LEASES

### As a lessee:

| | 2024 | 2023 |
|---|---|---|
| Balance as at 1 January | 61,196 | 43,605 |
| Additions to lease liabilities, net | 89,826 | 25,213 |
| Acquisition from subsidiary (Note 1) | - | 29,141 |
| Finance cost (Note 10) | 3,752 | 1,739 |
| Payments | (52,703) | (38,131) |
| Disposals | (4,728) | - |
| Effect of foreign currency exchange differences | (1,163) | (371) |
| **Balance as at 31 December** | **96,180** | **61,196** |

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The maturity analysis of undiscounted cash flows relating to leases payments are as follows:

| | 2024 | 2023 |
|---|---|---|
| Less than 1 year | 42,694 | 46,176 |
| More than 1 year | 62,114 | 21,752 |
| **Total undiscounted lease liabilities as at 31 December** | **104,808** | **67,928** |

Following is the presentation of the discounted lease liabilities in the consolidated statement of financial position:

| | 2024 | 2023 |
|---|---|---|
| Current portion (included in Trade payable, accruals and other liabilities – Note 23) | 38,970 | 42,261 |
| Non-current portion | 57,210 | 18,936 |
| **Total** | **96,180** | **61,197** |

### As a lessor

#### Operating leases

The Group has entered into an operating lease arrangement for the lease of a remote computing facility for a customer that will be managed by the Group. The facility includes mainly supercomputers in addition to certain assets leased under this arrangement. The net carrying value of all such leased assets included in Notes 20, 21 and 22 are as follows:

| | 2024 | 2023 |
|---|---|---|
| Property and Equipment | 188,446 | 121,422 |
| | **188,446** | **121,422** |

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date:

| | 2024 | 2023 |
|---|---|---|
| Within one year | 96,979 | 77,382 |
| 1 to 2 years | 52,243 | 68,562 |
| 2 to 3 years | 28,417 | 23,826 |
| 3 to 4 years | 28,417 | - |
| 4 to 5 years | 21,313 | - |
| **Total** | **227,369** | **169,770** |

#### Finance leases

The Group entered into a framework computing device lease and services agreement with one of its customers during the period. The Group has determined that orders arising from this agreement may contain both lease and non-lease components. The lease components have been classified as finance leases as these have been determined to transfer substantially all of the risks and rewards incidental to the underlying assets to the customer.



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The Group also has a subleasing arrangement related to one of its ROU assets. This has also been classified as a finance lease based on the assessment completed by management.

These leases have terms of between 2 and 5 years.

The net investment in finance leases consists of the below.

| | 2024 | 2023 |
|---|---|---|
| Gross undiscounted lease payments | 74,266 | 11,480 |
| Less: Unearned finance income | (10,693) | (872) |
| **Net investment in finance leases** | **63,573** | **10,608** |
| Analysed as: | | |
| Current portion (Note 15) | 22,784 | 5,458 |
| Non-current portion (Note 18) | 40,789 | 5,150 |
| **Total** | **63,573** | **10,608** |

The undiscounted amounts receivable under the finance leases are as below.

| | 2024 | 2023 |
|---|---|---|
| Year 1 | 25,399 | 5,740 |
| Year 2 | 13,919 | 5,740 |
| Year 3 | 13,919 | - |
| Year 4 | 13,919 | - |
| Year 5 | 7,110 | - |
| **Total** | **74,266** | **11,480** |

The maturity of unearned finance income is as below:

| | 2024 | 2023 |
|---|---|---|
| Year 1 | 2,613 | 278 |
| Year 2 | 2,020 | 594 |
| Year 3 | 2,020 | - |
| Year 4 | 2,020 | - |
| Year 5 | 2,020 | - |
| **Total** | **10,693** | **872** |

The following amounts are included in the consolidated statement of profit or loss:

| | 2024 | 2023 |
|---|---|---|
| Finance income on the net investment in finance leases | 278 | - |

The Group's finance lease arrangements do not include variable payments.

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## 29. END OF SERVICE INDEMNITIES

| | 2024 | 2023 |
|---|---|---|
| End of service indemnities | 581,700 | 450,189 |

The Group grants end of service indemnities (DBO) to its employees taking into consideration the local labor law requirements in the Kingdom of Saudi Arabia. The benefit provided by this plan is a lump sum based on the employees' final salaries and allowance and their cumulative years of service at the date of the termination of employment. Subsidiaries located outside the Kingdom calculate end of service indemnities in accordance with applicable laws in those countries.

The benefit liability recognized in the consolidated statement of financial position in respect of defined benefit end of service plan is the present value of the DBO at the reporting date.

The DBO is calculated periodically by qualified actuaries using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows using yields on high-quality government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Due to the lack of liquidity and the deep market constraints of local corporate bonds, reference needs to be made to the Saudi Government Issuance of US dollar denominated bonds rates.

Re-measurement amounts of actuarial gains and losses on the DBO, if any, are recognized and reported within the statement of consolidated other comprehensive income in the consolidated statement of changes in equity.

The following table represents the movement of the end of service indemnities:

| | 2024 | 2023 |
|---|---|---|
| Balance as at 1 January | 450,189 | 260,822 |
| Acquisition from subsidiary (Note 1) | 1,140 | 95,870 |
| **Total employee benefits expense recognized in profit or loss** | **133,334** | **95,533** |
| Actuarial loss recognized in the other comprehensive income | 53,184 | 41,833 |
| Effect of foreign currency exchange differences | (932) | (170) |
| Payments | (55,215) | (43,699) |
| **Balance as at 31 December** | **581,700** | **450,189** |





### Significant actuarial assumptions

The most recent actuarial valuation was performed by the Actuarial Consultant and was performed using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuation for significant entities were as follows:

| | 2024 | 2023 |
|---|---|---|
| Attrition rates | 15% to 82% | 15% to 82% |
| Salary increment rate | 1.6% to 5.0% | 1.25% to 4.5% |
| Discount rate | 4.7% to 5.5% | 4.4% to 4.9% |
| Retirement age | 58 to 65 years | 60 to 65 years |

### Sensitivity analysis

The end of service indemnities balance is sensitive to the assumptions used and the sensitivity analysis of material assumptions is as follows:

| | | | End of service indemnities | |
|---|---|---|---|---|
| **2024** | **Change in Assumption** | **Base value** | **Increase in assumption** | **Decrease in assumption** |
| Discount rate | 1% | 582,098 | 566,175 | 598,539 |
| Salary increment rate | 1% | 582,098 | 598,554 | 565,918 |

| | | | | End of service indemnities |
|---|---|---|---|---|
| **2023** | **Change in Assumption** | **Base value** | **Increase in assumption** | **Decrease in assumption** |
| Discount rate | 1% | 450,189 | 432,303 | 467,927 |
| Salary increment rate | 1% | 450,189 | 469,728 | 433,823 |

Cost of revenue includes employees' costs amounting to ⃁ 3,135 million (2023: ⃁ 2,663 million).

## 30. SHARE CAPITAL

During the year 2020, the shareholder of the Company in the meeting held on 12 Safar, 1442H (corresponding to 29 September 2020) resolved to increase the share capital of the Company from ⃁ 100 Million to ⃁ 1,200 Million (divided into 120 Million shares of ⃁ 10 each) and to change the legal form of the Company from a limited liability company to a closed joint stock company. The legal formalities for the increase in share capital and change of legal structure including approval by the Ministry of Commerce which were obtained on 8 Jumada al-ula, 1442H (corresponding to 23 December 2020) and issuance of ministerial resolution were completed on 16 Jumada al-ula, 1442H (corresponding to 31 December 2020).

| | 2024 | 2023 |
|---|---|---|
| **Authorized, issued and fully paid capital comprises:** | | |
| 120 million fully paid ordinary shares at ⃁ 10 each | 1,200,000 | 1,200,000 |

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The following are the number of outstanding shares during the year:

| | 2024 | 2023 |
|---|---|---|
| Outstanding shares as at 1 January | 118,977,193 | 118,967,067 |
| Outstanding shares re-issued (note 33) | 22,392 | 10,126 |
| The number of outstanding shares as at 31 December | 118,999,585 | 118,977,193 |

## 31. STATUTORY RESERVE

On 14 Jumada Al-Thani 1445 (corresponding to 27 December 2023), the general assembly of the Company approved to transfer the total statutory reserve balance amounting to ⃁ 308.7 million, as shown in the financial statements for the year ended 31 December 2022, to the retained earnings. Subsequent to the approval, the Company executed the transfer from statutory reserves to retained earnings.

## 32. OTHER RESERVES

| | Foreign currency translation reserve | Re-measurement of end of service indemnities | Share based payments reserve | Total |
|---|---|---|---|---|
| Balance as at 1 January 2023 | (62,606) | 74,496 | 13,104 | 24,994 |
| Re-measurement of the end of service benefit provision (Note 29) | - | (41,833) | - | (41,833) |
| Share-based payment transactions (Note 32.1) | - | - | 8,447 | 8,447 |
| Foreign currency translations | (51,471) | - | - | (51,471) |
| **Balance as at 31 December 2023** | **(114,077)** | **32,663** | **21,551** | **(59,863)** |
| Re-measurement of the end of service benefit provision | - | (53,184) | - | (53,184) |
| Share-based payment transactions (Note 32.1) | - | - | 6,218 | 6,218 |
| Foreign currency translations | (154,406) | - | - | (154,406) |
| **Balance as at 31 December 2024** | **(268,483)** | **(20,521)** | **27,769** | **(261,235)** |

**32.1** Certain employees of the Group receive remuneration in the form of equity settled share-based payments under the incentive rewarding program, whereby employees render services as consideration to receive fixed number of Company's shares.



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During the year ended 2024, the Group recorded ⃁ 9.1 million (2023: ⃁ 10 million) as an expense in the consolidated statement of profit or loss, together with a corresponding increase in other reserves, in equity, over the period during which the vesting conditions are fulfilled. Up to the end of the year 2024, the shares granted by the Group are as follows:

| **First cycle part 1:** | **Tranche 1** | **Tranche 2** | **Tranche 3** |
|---|---|---|---|
| Grant date | 8-Jun-22 | 8-Jun-22 | 8-Jun-22 |
| Total number of shares granted | 682 | 1,136 | 2,726 |
| Average Fair value per share at grant date* | 224 | 224 | 224 |
| Vesting date | 31-May-22 | 31-May-23 | 31-May-24 |
| Total number of shares actually vested | 817 | 1,363 | 3,271 |
| **First cycle part 2:** | | | |
| Grant date | 8-Jun-22 | 8-Jun-22 | 8-Jun-22 |
| Total number of shares granted | 6,277 | 10,462 | 25,109 |
| Average Fair value per share at grant date (*) | 224 | 224 | 224 |
| Vesting date | 31-May-23 | 31-May-24 | 31-May-25 |
| Total number of shares actually vested | 7,513 | 12,524 | To be determined at vesting date |
| **Second cycle:** | **Tranche 1** | **Tranche 2** | **Tranche 3** |
| Grant date | 4-Jun-23 | 4-Jun-23 | 4-Jun-23 |
| Total number of shares granted | 5,516 | 9,193 | 22,062 |
| Average Fair value per share at grant date (*) | 297 | 297 | 297 |
| Vesting date | 31-May-24 | 31-May-25 | 31-May-26 |
| Total number of shares actually vested | 6,597 | To be determined at vesting date | To be determined at vesting date |
| Third cycle: | | | |
| Grant date | 24-Jul-24 | 24-Jul-24 | 24-Jul-24 |
| Total number of shares granted | 3,923 | 6,538 | 15,691 |
| Average Fair value per share at grant date (*) | 286 | 286 | 286 |
| Vesting date | 31-May-25 | 31-May-26 | 31-May-27 |
| Total number of shares actually vested | To be determined at vesting date | To be determined at vesting date | To be determined at vesting date |

(*) The fair value was calculated based on the market price after deducting the expected dividends per share on the grant date.

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## 33. TREASURY SHARES

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 employees' long-term incentive plans (see Note 32).

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

| | 2024 | 2023 |
|---|---|---|
| Outstanding shares as at 1 January | 1,022,807 | 1,032,933 |
| Treasury shares re-issued | (22,392) | (10,126) |
| Treasury shares as at 31 December | 1,000,415 | 1,022,807 |

## 34. DIVIDENDS DISTRIBUTION

The Board of Directors proposed a dividend payment of ⃁ 6 per share, totaling ⃁ 714.0 million (31 December 2023: ⃁ 5 per share, totaling ⃁ 594.9 million). The proposed dividends were approved by the shareholders at the ordinary general assembly meeting held on 21 Dhul Qa'dah 1445 H (corresponding to 29 May 2024). The dividend was paid on 26 June 2024.

## 35. NON-CONTROLLING INTEREST

The table below shows details of significant non-controlling interests as at the reporting date.

| Name of Subsidiary | Proportion of ownership and voting rights acquired by non-controlling interests | | Non-controlling share of profit (loss) for the year ended 31 December | | Non-controlling interests as of 31 December | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Giza Systems Company | 11.81% | 11.81% | 6,183 | 2,997 | 22,034 | 28,591 |

Below is summarized financial information for Giza Group located in Egypt that has significant non-controlling interests to the Group. The amounts disclosed are before inter-company eliminations and translation impact.

| Summarized balance sheet | 2024 | 2023 |
|---|---|---|
| Current assets | 1,542,805 | 1,356,300 |
| Current liabilities | (1,052,150) | (944,903) |
| Current net assets | 490,655 | 411,397 |
| Non-current assets | 85,448 | 30,609 |
| Non-current liabilities | (411,301) | (250,096) |
| Non-current net liabilities | (325,853) | (219,487) |
| Equity | 164,802 | 191,910 |
| Accumulated non-controlling interest | 22,034 | 28,591 |



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Below is a summarized statement of profit or loss and other comprehensive income as at the reporting date. The amounts disclosed are before inter-company eliminations and translation impact.

| Summarized statement of profit or loss and other comprehensive income | 2024 | 2023 |
|---|---|---|
| Revenue | 1,832,115 | 1,607,974 |
| Net Profit for the year | 83,953 | 53,641 |
| Other comprehensive loss | (1,047) | (1,846) |
| **Total comprehensive income** | **82,906** | **51,795** |

## 36. EARNINGS PER SHARE

The following is the calculation of basic and diluted earnings per share for the year ended 31 December:

| | 2024 | 2023 |
|---|---|---|
| Net profit attributable to equity holders of the Parent Company | 1,596,633 | 1,192,148 |
| Weighted average no of shares for basic earnings per share | 118,992 | 118,974 |
| Weighted average no of ordinary shares repurchased | 1,008 | 1,026 |
| Weighted average no of shares for diluted earnings per share | 120,000 | 120,000 |
| Basic earnings per share attributable to equity holders of the Parent Company | 13.42 | 10.02 |
| Diluted earnings per share attributable to equity holders of the Parent Company | 13.31 | 9.93 |

## 37. 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).

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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.

| | Carrying amount | Fair value Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|---|
| **As at 31 December 2024** | | | | | |
| Financial asset measured at fair value through profit or loss (Note 18) | 125,052 | - | - | 125,052 | **125,052** |
| **Financial Asset** | | | | | |
| Financial assets measured at fair value through profit or loss (Notes 15 and 18) | 287,776 | - | - | 287,776 | **287,776** |

- The 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.

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 and investments in mutual funds for the previous period. The fair value of the investment in mutual funds was obtained from the fair value reports issued by the Fund Manager. | Not applicable |

## 38. FINANCIAL RISK AND CAPITAL MANAGEMENT

### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and currency risk. Financial instruments affected by market risk include trade payables, borrowings, deposits, debt and equity.

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's presentation/functional currency is Saudi Arabian Riyal ("⃁"). Foreign currency risk arises from net investments in foreign operations. The risk is defined as the risk of fluctuation in spot exchange rates between the functional currency of the net investments and the Company's presentation currency i.e. ⃁. This will cause the amount of the net investment to vary. Such a risk may have a significant impact on the Group's consolidated financial statements.

This translation risk does not give rise to cash flow exposure. Its impact arises only from the translation of the net investment into the group's presentation currency. This procedure is required in preparing the Group's consolidated financial statements as per the applicable IFRS.



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### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in EGP exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The Group's exposure to foreign currency changes for all other currencies is not material.

| | Change in EGP to ⃁ conversion rate | ⃁ "000" Impact on net income Increase/ (decrease) | ⃁ "000" Impact on equity Increase/ (decrease) |
|---|---|---|---|
| 31 December 2024 | 10% appreciation | 6,507 | 29,551 |
| | 10% depreciation | (6,507) | (29,551) |
| 31 December 2023 | 10% appreciation | 26,363 | 24,103 |
| | 10% depreciation | (26,363) | (24,103) |

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

### Interest rate sensitivity

Based on the borrowings outstanding at 31 December 2024, if interest rates had been 1% higher or lower during the year and all other variables were held constant, the Group's net profit and equity would have decreased or increased by ⃁ 6.9 million (2023: ⃁ 5.5 million). This impact is primarily attributable to the Group's exposure to interest rates on its variable rate borrowings.

### Profit and liquidity rate risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, access to supplier finance arrangements, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. There has been no change to this strategy from the previous year.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both profit and principal cash flows.

| 2024 | Profit rate % | Within one year | More than one year | Total |
|---|---|---|---|---|
| Trade payables and accruals | NA | 3,847,643 | - | 3,847,643 |
| Lease liabilities relating to right of use assets | 1.5% to 18.3% | 42,694 | 62,114 | 104,808 |
| Bank overdraft and borrowings | Multiple rates | 95,416 | 646,113 | 741,529 |

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| 2023 | Profit rate % | Within one year | More than one year | Total |
|---|---|---|---|---|
| Trade payables and accruals | NA | 3,272,651 | - | 3,272,651 |
| Lease liabilities relating to right of use assets | 1.5% to 18.3% | 46,176 | 21,752 | 67,928 |
| Bank overdraft and borrowings | Multiple rates | 211,343 | 500,000 | 711,343 |

Credit risk related to private customers is managed by the Group by establishing credit limits and monitoring outstanding receivables. Management does not believe that there is any significant credit risk associated with these receivables and is confident that they will be recovered. The Group is currently having most of its transactions with Saudi Telecom Company ("STC"), the Ultimate Parent Company, and also provide services to the Government. STC and the Government are recognized to have high credit ratings and hence credit risk is considered to be low. The Group does not expect any default in payment from such receivables, except in case of disputes. Other receivables are monitored on an on-going basis. Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The carrying amounts of financial assets represent the maximum credit exposure. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

The allowance for impairment of trade receivables and contract assets is created to the extent and as and when required, based upon the expected collectability of trade receivables. The Group uses a provision matrix to measure the ECLs of trade receivables and contract assets.

### Credit risk management

Loss rates are calculated using a 'roll rate' / 'flow rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates / flow rates are calculated separately for exposures in different segments based on the common credit risk characteristics.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets from private customers as at 31 December 2024:

| 31 December 2024 | Gross carrying amount | Weighted average loss rate | Loss allowance |
|---|---|---|---|
| Unbilled | 642,769 | 5.69% | 36,591 |
| 0-90 days | 1,100,207 | 8.12% | 89,288 |
| 91-180 days | 131,391 | 30.29% | 39,793 |
| 181 - 270 Days | 90,756 | 41.94% | 38,064 |
| 271 - 365 Days | 31,586 | 76.20% | 24,067 |
| More than 1 year | 115,331 | 82.13% | 94,719 |
| | **2,112,040** | | **322,522** |



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| 31 December 2023 | Gross carrying amount | Weighted average loss rate | Loss allowance |
|---|---|---|---|
| Unbilled | 483,491 | 4.79% | 23,146 |
| 0-90 days | 470,641 | 6.82% | 32,120 |
| 91-180 days | 144,725 | 22.38% | 32,394 |
| 181 - 270 Days | 55,416 | 35.25% | 19,534 |
| 271 - 365 Days | 44,528 | 74.42% | 33,137 |
| More than 1 year | 111,478 | 80.48% | 89,720 |
| | **1,310,279** | | **230,051** |

### Capital management

The Group manages its capital to ensure it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from the previous year.
The capital structure of the Group consists of equity comprising share capital, other reserves, and retained earnings.

## 39. 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. 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 year, the Group entered the following significant transactions with its Parent Company and its subsidiaries:

| | 2024 | 2023 |
|---|---|---|
| Sales of goods and services (STC) (a) | 6,852,533 | 6,828,044 |
| Sales of goods and services (STC subsidiaries) (a) | 445,161 | 389,675 |
| Gain on sale of AVL service channel (Note 9) | 68,300 | - |
| Purchases (STC) | 407,462 | 436,622 |
| Purchases (STC subsidiaries) | 87,003 | 70,108 |
| Long term incentive expense charged by the Parent Company | - | 509 |

a. Sales of goods and services to Parent Company and its subsidiaries include an amount of ⃁ 3.0 billion (2023: ⃁ 3.4 billion) for which Parent Company is not the end customer.
b. Revenue related to direct transactions with government and government related entities for the year-ended 31 December 2024 is ⃁ 2,783 million (2023: ⃁ 2,316 million).

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

| | Notes | 2024 | 2023 |
|---|---|---|---|
| **STC:** | | | |
| Trade receivable: gross | 14 | 1,099,590 | 2,493,369 |
| Contract assets | | 898,992 | 815,345 |
| Other assets | 15 | 2,962 | 7,943 |
| Deferred revenue | | (1,289,307) | (2,237,097) |
| Amounts due to | 23 | (236,079) | (139,716) |
| VAT receivable / (payable) | | 17,908 | (54,271) |
| Contract liabilities | | (251,970) | (252,160) |
| Accrued expenses | 23 | (190,134) | (200,463) |
| **STC Subsidiaries:** | | | |
| Trade receivable: gross | 14 | 170,889 | 378,716 |
| Contract assets | | 23,611 | 23,954 |
| Deferred revenue | | (108,214) | (104,532) |
| Amounts due to | 23 | (11,121) | (35,542) |
| Contract liabilities | | - | (1,186) |
| Accrued expenses | | (5,475) | (2,340) |
| **Associate:** | | | |
| Amounts due to | | (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.

Age of unimpaired amounts due from Parent Company and its subsidiaries

| | | | Past due but not impaired | | | |
|---|---|---|---|---|---|---|
| | Total | Neither past due nor impaired | 0 - 3 months | 4 - 6 months | 7 - 12 months | Over 1 years |
| 2024 | 1,210,318 | 790,570 | 230,307 | 142,261 | 18,016 | 29,164 |
| 2023 | 2,797,920 | 1,058,793 | 734,802 | 450,405 | 550,058 | 3,862 |



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

| | 2024 | 2023 |
|---|---|---|
| **Key management personnel** | | |
| Employment benefits and remuneration | 45,587 | 46,693 |
| Share based payments | 2,644 | 1,034 |
| **Board of Directors** | | |
| Remuneration of Board of Directors | 3,963 | 3,892 |
| | **52,194** | **51,619** |

The following amounts were payable in relation to end of service indemnities and annual leave provision to the key management personnel:

| | 2024 | 2023 |
|---|---|---|
| End of service indemnities and annual leave | 22,228 | 12,173 |

## 40. 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.

| | 2024 | 2023 |
|---|---|---|
| solutions by stc | 8,737,415 | 8,915,768 |
| Giza Group | 1,832,115 | 1,607,974 |
| Contact Centre Company* | 2,185,184 | 793,583 |
| Elimination | (690,817) | (276,832) |
| **Total revenue (Note 6)** | **12,063,897** | **11,040,493** |
| Total cost of revenue | (9,280,923) | (8,442,875) |
| Total operating expenses | (1,122,419) | (1,210,729) |
| Total non-operating income | (18,781) | 17,837 |
| Zakat and tax charge, net (Note 11) | (38,958) | (209,581) |
| **Net profit for the year** | **1,602,816** | **1,195,145** |
| **Net profit for Equity holders of the Parent Company** | **1,596,633** | **1,192,148** |
| **Net profit for non-controlling interests** | **6,183** | **2,997** |
| **Total net profit** | **1,602,816** | **1,195,145** |

* During the year, certain projects have been rechanneled to the Contact Center Company from solutions by stc. As a result, there is a decline in solutions by stc Revenue and a significant growth in CCC Revenue.

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Following is the gross profit analysis on a segment basis for the year ended 31 December:

| | 2024 | 2023 |
|---|---|---|
| solutions by stc | 2,241,071 | 2,179,550 |
| Giza Group | 337,859 | 298,593 |
| Contact Centre Company | 243,041 | 151,069 |
| Elimination | (38,997) | (31,594) |
| **Total gross profit** | **2,782,974** | **2,597,618** |

## 41. CAPITAL COMMITMENTS

The Group had no capital commitments at the reporting date.

## 42. CONTINGENT LIABILITIES

| | 2024 | 2023 |
|---|---|---|
| Letters of guarantee and credit | 843,342 | 871,708 |

The above letters of guarantee and credit were issued under borrowing facilities with a limit of ⃁ 1,697 million (2023: 873 million).

## 43. COMPARATIVES

Certain comparative figures have been reclassified to conform with the classification used for the year ended 31 December 2024.

The following summarizes the changes in the comparative period numbers as reported in the audited financial statement for the year ended 31 December 2023:

| | 31 December 2023 (As previously reported) | Reclassification | 31 December 2023 (Revised) |
|---|---|---|---|
| Non-current investment and other assets | 153,761 | (3,368) | 150,393 |
| Investment in equity accounted investees | - | 3,368 | 3,368 |

## 44. EVENTS AFTER THE REPORTING DATE

On 17 Shaban 1446H corresponding to 16 February 2025, the Board of Directors recommended in its meeting to distribute ordinary cash dividends of ⃁ 8 per share totaling to ⃁ 952 million, and additional special cash dividends of ⃁ 2 per share totaling to ⃁ 238 million. The total cash dividend recommended was ⃁ 1,190 million.

Subsequent to the year-end, 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.

## 45. APPROVAL OF FINANCIAL STATEMENTS

These consolidated financial statements for the year ended 31 December 2024 were approved on the Company's Board of Directors' meeting held on 17 Shaban 1446H (corresponding to 16 February 2025).

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