

TAM Development Company Reports 45% Revenue Growth in FY 2024: Advances Revenue Diversification and Cost Discipline Efforts

Riyadh, KSA – 23 March 2025: TAM Development Company (“TAM” or the “Company” | Tadawul: 9570), a leading Saudi Arabian firm specializing in consulting services and digital solutions, announced its financial results today for the twelve-month period (FY 2024) ending 31 December 2024.

The Company achieved a remarkable 45.1% increase in revenue year-on-year, reaching SAR 273.4 million, marking its fourth consecutive year of double-digit growth, with a 60.3% compound annual growth rate (CAGR) over this period. The Consulting segment experienced a 40.4% rise year-on-year, reaching SAR 232.1 million, while Digital Solutions saw a substantial 78.5% increase, amounting to SAR 41.2 million. This underscores TAM’s increasing market leadership in high-value digital transformation services. In light of the Company’s strong performance, and in continuation of the dividend distribution policy upheld in recent years, the Board of Directors has recommended the distribution of 10% of net profit as dividends to shareholders, subject to approval at the upcoming General Assembly meeting.

Commenting on the results, Abdullah A. Yousef, CEO of TAM Development Company said: “We are pleased with TAM’s remarkable revenue growth and the expansion of our client base in 2024 underscoring our leadership in high-value digital transformation services. Despite challenges in the first half of 2024, our strategic investments and cost optimization measures have positioned us well for improved profitability in 2025 and beyond. We remain committed to leveraging our competitive pricing and value-driven solutions to meet evolving client demands and reinforce our market presence. As we advance our diversification strategy, TAM is poised to capitalize on emerging opportunities and continue shaping the future through innovation and strategic execution.”

Strong Expansion In The Customer Base And A Solid Pipeline

Beyond robust revenue growth, TAM significantly expanded its client base, acquiring 42.0% more new clients throughout FY 2024. As the company enters 2025, it holds a substantial backlog of SAR 249.0 million, including framework agreements, and competitively tendered projects pending award (bid pipeline) of SAR 401.0 million, with an anticipated combined conversion rate of approximately 40.0% for 2025, excluding new sales.

Short-Term Profitability Challenges Related To Project Award Cycles

Despite the strong top-line growth, profitability was affected by temporary delays in government project awards and budget reviews in the first half of 2024, impacting contract pricing, revenue recognition, and utilization rates. Additionally, strategic investments in talent acquisition and competitive pricing to secure new accounts

contributed to temporary margin compression, resulting in a decline in gross margin from 47.6% in 2023 to 34.3% in 2024.

However, budget reviews have begun to stabilize, and delayed project awards have resumed execution towards year's end. TAM's gross margin improved from 31.3% in the first half of 2024 to 36.7% in the second half, supported by revenue stabilization and backlog execution, with a 26.5% acceleration in revenue in the second half compared to the first six months.

Cost Discipline And Operational Efficiency Enhancement

At the operational level, general and administrative expenses rose by 38.6% year-on-year due to workforce expansion to support growth. The temporary project award delays led to higher unbilled employee costs, which increased from SAR 4.5 million in 2023 to SAR 12.2 million in 2024. This, combined with margin compression on the gross profit level, resulted in a 25.8% decline in net profit year-on-year, reaching SAR 30.1 million.

To address shifting client demand for cost-effective solutions, TAM has proactively taken measures to optimize costs and protect margins, while continuing to leverage its competitive pricing and value-driven solutions to secure new projects while prioritizing higher-margin engagements. TAM is implementing targeted cost optimization measures to reduce general and administrative expenses by up to 2.0% of total revenue while maintaining growth capacity. Additionally, the workforce has been aligned with newly adjusted project demand timelines, improving efficiency and utilization rates across the backlog.

Revenue Diversification Strategy: Accelerating Digital Transformation

TAM is also advancing a revenue diversification strategy to capture a larger share of the market demand for specialized, higher-margin digital solutions. Continued investment in the company's digital services capabilities remains strategically aligned with evolving market needs. Leveraging its strong liquidity position, TAM is committed to expanding its technological infrastructure through organic growth or strategic acquisitions, reinforcing its long-term diversification efforts with specialized, scalable, and ongoing implementation solutions for clients.

Positive Outlook For 2025 And A Strong Competitive Position

With a strong backlog and bidding pipeline, TAM is well-positioned to improve profitability in 2025. Government budget cycles have relatively stabilized, and execution timelines and revenue recognition are expected to gradually improve. The company is targeting healthy profitability in 2025 as cost and margin initiatives begin to yield measurable financial improvements.

Furthermore, with market growth projected at 13-15% annually, TAM is poised to capitalize on emerging opportunities, expand its market presence, and reinforce its leadership position. Local providers continue to gain preference over international firms, further strengthening TAM's competitive position in terms of value offering and pricing.

**About TAM Development Company**

TAM Development Company is a leading Saudi Arabian firm specializing in consulting services and digital solutions, empowering public and private sector clients to drive sustainable transformation from strategy to execution. Committed to leading public impact, TAM solves critical challenges to drive sustainable progress. With a vision to be the regional leader in public transformation, TAM continues to shape the future through innovation and strategic execution. With over 13 years of cumulative expertise, TAM has successfully delivered 250+ projects across 30+ industries, partnering with 70+ clients and securing lifetime project awards exceeding SAR 1.3 billion.

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