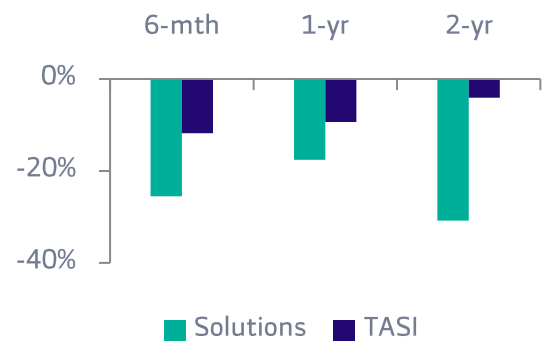


Market Data	
52-week high/low	SAR 340.0/234.2
Market Cap	SAR 28,644 mln
Shares Outstanding	120 mln
Free-float	20.1%
12-month ADTV	165,407
Bloomberg Code	SOLUTION AB



■ ICT Leads, and Bottomline Beats

August 03, 2025

Upside to Target Price	34.1%	Rating	Buy
Expected Dividend Yield	3.4%	Last Price	SAR 238.70
Expected Total Return	37.4%	12-mth target	SAR 320.00

SOLUTIONS	2Q2025	2Q2024	Y/Y	1Q2025	Q/Q	RC Estimate
Sales	2,902	2,771	5%	2,824	3%	2,879
Gross Profit	656	696	(6%)	616	6%	714
Gross Margins	23%	25%		22%		25%
Operating Profit	446	400	12%	371	20%	463
Net Profit	446	453	(2%)	361	24%	438

(All figures are in SAR mln)

- Solutions reported 2Q2025 revenues of SAR 2.9 bln, rising by +5% Y/Y and +3% Q/Q, in line with estimates. The growth was supported by the steady ramp-up of projects still in their early execution phases, along with the fading of seasonal headwinds that impacted the previous quarter. Y/Y performance was driven by a strong +10.4% increase in Core ICT Services and a +2.0% rise in IT Managed & Operational Services, which more than offset the -5.3% decline in Digital Services. On a Q/Q basis, growth was led by a +5.5% increase in Core ICT, while the other segments posted marginal gains. Revenue share from Solutions slightly declined to 68%, due to increased contribution in Upsource by Solutions to 21% on more project load; while Giza accounted for 12%. This shift mirrors a strategic reallocation of projects away from Solutions to other subsidiaries, aimed at enhancing execution efficiency.
- Gross margin came in at 23%, down from 25% Y/Y due to a shift in project mix, but higher than 22% last quarter, supported by the ongoing scale-up of newly launched projects. OPEX of SAR 210 mln were better than both comparable periods, as well as our estimates. As a result, operating margin expanded to 15.4%, compared to 14.4% last year and 13.1% last quarter. Operating profits of SAR 446 mln surged +12% Y/Y and +20% Q/Q, in line with estimates.
- Net profit for the quarter stood at SAR 446 mln (-2% Y/Y, +24% Q/Q), beating market consensus of SAR 393 mln and matching our SAR 438 mln estimate. The slight Y/Y decline reflects a one-off non-operating income of SAR 68 mln recorded in 2Q2024, which if excluded would translate to an adjusted Y/Y growth of +16%. While the Q/Q surge was driven by better topline performance, better margins, and lower Zakat charges. We upgrade our rating to Buy, and trim our target price to SAR 320.00 per share.

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## ■ Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors

For any feedback on our reports, please contact [research@riyadcapital.com](mailto:research@riyadcapital.com)

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