July 2026

Jarir Marketing Co.

Results Flash Note Q2-26

Q2-26 earnings beat driven by temporary margin expansion; which was prompted by supply shortages

Jarir posted a net income of SAR 235.6mn in Q2-26, up 19.5% Y/Y (down 7.1% Q/Q), respectively. The net profit was 11.5% and 6.2% above AJBC estimate of SAR 211mn and market consensus estimate of SAR 221.8mn, respectively. The Y/Y improvement in net income is mainly owed to 180bps Y/Y expansion in gross margin to 12.3%; as supply shortage prompted the company to not offer promotional price reduction. Revenue totaled at SAR 2,774mn in Q2-26, up 7.2% Y/Y, below AJBC estimate of SAR 2,859mn. Sales increase was driven by higher revenue across most product categories, particularly smartphones. We remain cautious on the stock for three key reasons: (1) the increasing contribution of the highly competitive and structurally low-margin smartphones segment to the sales mix, (2) limited exposure to higher-margin categories such as home appliances, and (3) the ongoing digitalisation of institutions, which pose a structural headwind to the traditional stationery business. Furthermore, part of the recent earnings improvement is unsustainable, as it was supported by supply shortages. We maintain our "Neutral" rating on the stock with a price target of SAR 16.1/share.

- **Jarir posted a net income** of SAR 235.6mn in Q2-26, up 19.5% Y/Y (down 7.1% Q/Q), respectively. The net profit was 11.5% and 6.2% above AJBC estimate of SAR 211mn and market consensus estimate of SAR 221.8mn, respectively. The Y/Y improvement in net income is mainly owed to 180bps Y/Y expansion in gross margin to 12.3%; as supply shortage prompted the company to not offer promotional price reduction.
- **The company's revenue** totaled at SAR 2,774mn in Q2-26, up 7.2% Y/Y (-8.7% Q/Q), below our estimate of SAR 2,859mn (deviation -3.0%). Sales increase was driven by higher revenue across most product categories, particularly smartphones. Additionally, the Company's GCC subsidiaries delivered strong sales performance, supported by inventory accumulated in prior periods and the efficiency of the Company's logistics network. In terms of branch expansion, Jarir opened one new showroom in Q2-26 in Granada mall Riyadh, while the company opened two replacement showrooms in Kuwait and Jeddah.
- **Gross profits** increased by 24.0% Y/Y to SAR 340.3mn (-0.4% on a sequential basis) 13.8% above our expectation of SAR 299mn; The GP margin stood at 12.3% in Q2-26 as compared to 10.6% in Q2-25 and 11.2% in Q1-26. The Y/Y improvement in gross margins is owed to less promotional price discounts due to supply shortages, and favorable change in the sales mix toward relatively higher-margin product sections, with sections such as school supplies and books achieving higher sales.
- **Operating profit** was recorded at SAR 252.5mn (+16.4% Y/Y and -6.0% Q/Q), 11.7% above our estimate of SAR 226mn. Operating margins expanded by 72bps Y/Y to 9.1%, the OPEX-to-sales ratio increased to 3.2% in Q2-26, as compared to 2.2% in Q2-25, primarily due to higher selling & marketing expense and increased general & administrative expenses.

AJBC view and valuation: Jarir posted strong set of results in Q2-26, however we believe that this improvement in not sustainable as it was supported by supply shortages. Where we acknowledge companies strong performance in online segment, we highlight that this segment has signifacntly lower margins due to very high competition. Moreover, limited share in high margin home appliances segment and ongoing digitalisation in schools/offices are key headwinds for the stock. Overall, after the 39.6% YTD increase in stock price the Company trades at 2026E PE of 18.8x, hence we retain our "**Neutral**" recommendation on the stock with a TP of SAR 16.1/share.

Results Summary

SAR mn	Q2-25	Q1-26	Q2-26	Change Y/Y	Change Q/Q	Deviation from AJBC Estimates
Revenue	2,589	3,039	2,774	7.2%	-8.7%	-3.0%
Gross Profit	274.4	341.7	340.3	24.0%	-0.4%	13.8%
Gross Margin	10.6%	11.2%	12.3%	-	-	-
EBIT	216.9	268.6	252.5	16.4%	-6.0%	11.7%
Net Profit	197.2	253.5	235.6	19.5%	-7.1%	11.5%
EPS	0.16	0.21	0.20	-	-	-

Source: Company Reports, AlJazira Capital Research

Recommendation	Neutral
Target Price (SAR)	16.1
Upside / (Downside)*	-9.8%

Source: Tadawul *prices as of 14TH of July 2026

Key Financials

SARmn (unless specified)	FY23	FY24	FY25
Revenue	10,595	10,831	11,365
Growth %	12.8%	2.2%	4.9%
Gross Profit	1,276	1,324	1,416
EBIT	1,045	1,053	1,125
Net Profit	973	974	1,049
Growth %	0.3%	0.1%	7.7%
EPS	0.81	0.81	0.87
DPS	0.80	0.80	0.90

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY23	FY24	FY25
Gross Margin	12.0%	12.2%	12.5%
Oper. Margin	9.9%	9.7%	9.9%
Net Margin	9.2%	9.0%	9.2%
P/E (x)	19.2	15.7	14.8
P/B (x)	10.6	8.8	8.6
EV/EBITDA (x)	15.8	13.1	11.9
Dividend Yield	5.1%	6.3%	6.6%

Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap(bn)	21.8
YTD%	39.6%
52 week (High)/(Low)	18.4/12.3
Share Outstanding (bn)	1.2

Source: Company reports, Aljazira Capital Research

Price Performance

Source: Tadwaul, Aljazira Capital Research

Senior Equity Analyst
Fahad Qureshi, CFA
+966 11 2256315
f.irfan@aljaziracapital.com.sa

RESEARCH DIVISION

Director - Head of Sell-Side Research
Jassim Al-Jubran
+966 11 2256248
j.aljabran@aljaziracapital.com.sa

RESEARCH DIVISION

AlJazira Capital, the investment arm of Bank AlJazira, is a Shariaa Compliant Saudi Closed Joint Stock company and operating under the regulatory supervision of the Capital Market Authority. AlJazira Capital is licensed to conduct securities business in all securities business as authorized by CMA, including dealing, managing, arranging, advisory, and custody. AlJazira Capital is the continuation of a long success story in the Saudi Tadawul market, having occupied the market leadership position for several years. With an objective to maintain its market leadership position, AlJazira Capital is expanding its brokerage capabilities to offer further value-added services, brokerage across MENA and International markets, as well as offering a full suite of securities business.

RATING TERMINOLOGY

1. Overweight: This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. Underweight: This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. Neutral: The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. Suspension of rating or rating on hold (SR/RH): This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

Disclaimer