August 2026

Al Mawarid Manpower Co.

Results Flash Note Q2-26

aljazira capital الجزيرة كابيتال

Strong earnings growth driven by improved individual segment performance and continued expansion of corporate segment

AlMawarid Manpower Company's (AlMawarid) net profit jumped 54.5% Y/Y to SAR 50mn in Q2-26, in line with our estimate of SAR 49mn. The increase in net profit was driven by revenue growth, GP margin expansion and higher other operating income. Revenue grew 25.4% Y/Y to SAR 783mn, in line with our estimate of SAR 780mn. The topline growth was driven by 16% increase in the average workforce. Gross profit rose 37.2% Y/Y to SAR 75mn (AJBC estimate: SAR 76mn), as strong topline growth was further supported by GP margin expansion to 9.5% from 8.7% in Q2-25. A substantial improvement in individual segment margin aided overall margin expansion. Operating profit rose 51.2% Y/Y to SAR 56mn, in line with our estimate of SAR 55mn, gaining support from higher other operating income.

- **AlMawarid's net profit** jumped 54.5% Y/Y to SAR 50mn in Q2-26, in line with AJBC's estimate of SAR 49mn. The net profit growth was fueled by strong topline growth as well as expansion of gross margin. Additionally, higher Other operating income also aided the bottom-line expansion. Sequentially, net income decreased 4.1%, despite 3.3% revenue growth, due to lower gross margin (~-80 bps Q/Q) amid seasonality impact on utilization in the individual segment.
- **Revenue** increased 25.4% Y/Y to SAR 783mn, in line with our estimate of SAR 780mn. The expansion of average workforce by 16% Y/Y was reflected in the topline growth. Corporate segment revenue rose 27% Y/Y driven by a 15% Y/Y increase in the average workforce. Individual (Individual + Hourly) segment revenue increased 21% Y/Y on the back of a 19% increase in the average workforce and better utilization rates.
- **Gross profit** increased 37.2% Y/Y to SAR 75mn (AJBC estimate: SAR 76mn), as healthy revenue growth was further supported by GP margin expansion to 9.5% from 8.7% in Q2-25. GP margin improvement in the individual segment to 15.7% from 10.2% was the key contributor to total gross margin expansion.
- **Operating profit** rose 51.2% Y/Y to SAR 56mn (AJBC estimate: SAR 55mn). Operating margin expanded to 7.1% vs. 5.9% in Q2-25 and in line with our estimate of 7.0%. The increase in General, administrative, and marketing expenses was offset by higher Other operating income, keeping the net OPEX steady. The increase in Other operating income was mainly driven by higher returns on Murabaha deposits and receipts from HRDF.

AJBC view and valuation: AlMawarid's Q2-26 results were in line with our expectations. The company continues its strong run. Workforce expansion and operational growth highlight healthy demand across the company's offerings. Profitably improved due to operational efficiencies. Looking ahead, ongoing strength in the individual segment will lift profitability, while solid corporate demand is expected to remain the primary engine for top-line growth. The stock currently trades at P/E of 11.7x and a dividend yield of 2.8% based on our FY26E estimates. We maintain our "**Overweight**" recommendation on the stock and the TP of SAR **123.75/share**.

Results Summary

SAR mn	Q2-25	Q1-26	Q2-26	Change Y/Y	Change Q/Q	Deviation from AJBC Estimates
Revenue	624	758	783	25.4%	3.3%	0.4%
Gross Profit	54	78	75	37.2%	-4.3%	-1.3%
Gross Margin	8.7%	10.3%	9.5%	-	-	-
EBIT	37	58	56	51.2%	-3.5%	1.6%
Net Profit	**32**	**52**	**50**	54.5%	-4.1%	1.3%
EPS	**1.62**	**2.61**	**2.50**	-	-	-

Source: Company Reports, AlJazira Capital Research

Recommendation	**Overweight**
Target Price (SAR)	**123.75**
Upside / (Downside)*	**14.6%**

Source: Tadawul *prices as of 5th of August 2026

Key Financials

SARmn (unless specified)	FY23	FY24	FY25
Revenues	1,446	2,028	2,611
Growth %	53.1%	40.2%	28.8%
Gross Profit	147	185	236
Net Income	89	95	138
Growth %	16.8%	7.5%	45.1%
EPS	4.44	4.77	6.92
DPS	1.88	1.88	2.41

Source: Company reports, Aljazira Capital Research

Key Ratios

	FY23	FY24	FY25
Gross Margin	10.2%	9.1%	9.0%
Operating Margin	6.8%	5.5%	5.7%
Net Margin	6.1%	4.7%	5.3%
ROE	27.9%	25.7%	31.2%
ROA	15.5%	12.7%	14.5%
P/E (x)	21.1	22.1	14.1
P/B (x)	7.3	5.3	4.0
EV/EBITDA (x)	21.3	16.1	11.7
Dividend Yield	2.0%	1.8%	2.5%

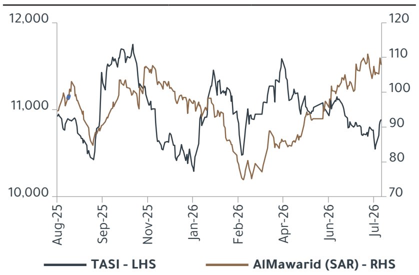
Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap(bn)	2.2
YTD%	10.7%
52 week (High)/(Low)	112.1/73.0
Share Outstanding (mn)	20.0

Source: Company reports, Aljazira Capital Research

Price Performance



Source: Tadawul, Aljazira Capital Research

Head of Sell-Side Research

Jassim Al-Jubran

+966 11 2256248

j.aljabran@aljaziracapital.com.sa

aljazira capital

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