BSF Capital

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THE TRANSCRIPT

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HEAVY WEIGHT BANKS RJHI AND SNB DRIVE NIM; PROVISIONS HIGHER Q/Q

Strong NIM from RJHI and SNB pulls sector NIM the green Y/Y

However, other banks' NIM fell due to rate cuts in 2H25 and liquidity premium, partly offset by repricing initiatives.

Aggregate Y/Y BSFC estimated NIM

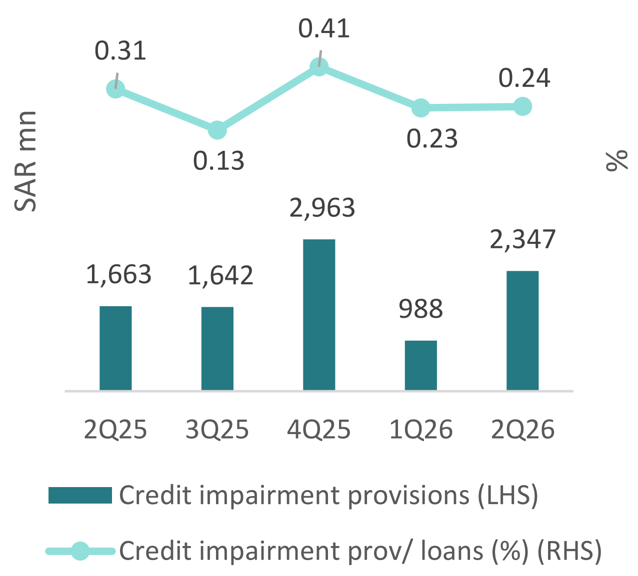
↑ 8bps

NIM rose 36bps Y/Y driven by higher retail yields and corporate repricing and a 14bps improvement in CoF. Q/Q NIM decline due to seasonal CASA outflows. NIM may be near peak but striving for further growth.

NIM declined 6bps Y/Y as lower financing and investment yields outweighed a 21bps improvement in CoF, with Q/Q NIM broadly stable. NIM decline expected to be at the better end of 5-10bps guidance.

NIM declined 6bps Y/Y as lower asset yields outweighed savings in CoF, with management attributing the asset-yield pressure to late-quarter loan growth and expecting improvement in 2H26.

Normalization of SNB's CoR main driver for Q/Q higher CoR in 2Q26. Banks maintain asset quality confidence.



Impairments and CoR

CoR normalized to to 14bps from -9bps in 1H26. Strong recoveries continue to offset higher provisioning. FY26 CoR guidance upgraded by 5bps, supported by strong credit-risk management and portfolio quality.

CoR increased 26bps from 1Q26 from higher Stage 3 provisions, while NPLs remained broadly stable Q/Q. FY26 CoR guidance was raised by 10bps to 45-55bps

CoR remained low at 11bps, led by recoveries and a SAR 100mn overlay reversal. FY26 CoR guidance maintained, noting scope for further reversals if asset quality stays resilient. CoR could be at the lower end of guidance.

NIM/NSCI guidance intact despite sticky CoF as repricing provides support; loan-growth revisions mixed amid value-over-volume discipline, while solid asset quality underpins broadly stable CoR and RoE outlooks.

2026 Guidance (with 1H26 actuals)

	Financing Growth		NIM /NSCI Growth		Cost to Income		CoR		ROE		Capital Ratio
RJHI	↓ ~3pps	Low single digit (1.2%)	✓	NPM: +30bps to +40bps (+34bps)	✓	Below 23.0% (22.7%)	↓ 5bps	0.35%-0.45% (0.39%)	✓	Above 23.5% (23.3%)	✓	Above 21% (21.7%)
SNB	↓ ~3pps	Mid single digit (1.4%)	✓	NSCI: mid single digit (7% Y/Y)	✓	Below 25% (25.6%)	↑ 5bps	0.10%-0.20% (-0.09%)	✓	16%-17% (16.9%)	✓	19%-20% (20.6%)
RIBL	↓ ~2pps	Mid to high single digit (1.2%)	↓ ~2pps	NSCI: mid to high single digit (4.3% Y/Y)	✓	Below 30% (29.2%)	↓ 5bps	0.35%-0.45% (0.40%)	↓ 25bps	Above 15.75% (16.0%)	↑	Above 17.5% (16.7%)
SAB	✓	Above 10% (7%)	✓	NIM: 2.50%-2.60% (2.53%)	✓	Below 29.5% (30.4%)	✓	0.25%-0.35% (0.11%)	✓	14%-15% (14.3%)	✓	Above 14% (14.2%)
ALINMA	✓	Low-teens (6%)	✓	NPM: -5bps to -10bps (3.46%)	✓	Below 30.5% (31.5%)	↓ 10bps	0.45%-0.55% (0.45%)	↓ ~50bps	18%-19% (17.8%)	✓	~19% (20.0%)
ARNB	✓	Mid to high single digit (5.4%)	✓	NIM: Above 3% (3.3%)	✓	Below 33% (32.9%)	✓	0.40%-0.50% (~0.31%)	✓	Above 10% (11.0%)	✓	Above 19% (20.8%)
BJAZ	↑ 5pps	Low-teens (9%)	✓	NIM: 2.05%-2.10% (2.06%)	✓	Below 52% (51.8%)	✓	0.35%-0.40% (0.30%)	✓	Above 7.75% (7.51%)	✓	Above 17% (17.2%)
SAIB	✓	Mid to high single digit (5%)	✓	NIM: 2.10%-2.25% (2.18%)	✓	Below 40.5% (39.5%)	✓	0.25%-0.35% (0.22%)	✓	Above 12.75% (12.2%)	✓	Above 18% (19.7%)

✓ Retained, ↓ Downgrade, ↑ Upgrade

DECLINE IN CLINKER EXPORTS RESULTED IN LOWER REVENUE, WHILE PROFITABILITY REMAINED FLAT Y/Y

Revenue declined Y/Y

1%

Decline in clinker exports with flat cement dispatches Y/Y resulted in lower revenue

Revenue declined 2.0% Y/Y due to decline in average selling price – **Yamama**

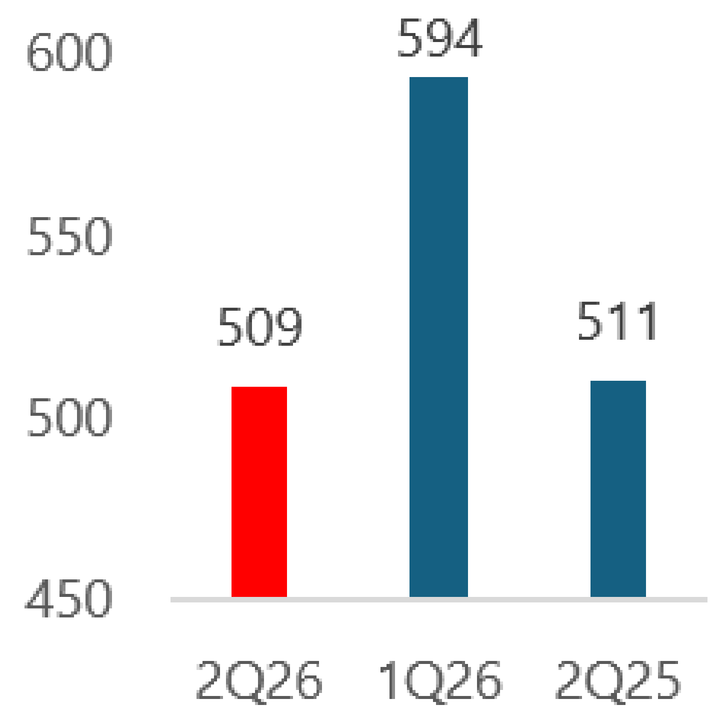
Revenue fell 15.0% Y/Y due to lower dispatches – **Yanbu**

Revenue increased 0.8% Y/Y, driven by an increase in dispatches – **Saudi Cement**

Revenue declined 0.7% Y/Y, attributed to a decline in retention price – **Najran**

Revenue declined 27.0% Y/Y due to decline in both dispatches and retention price – **Tabuk**

Net profit (SAR mn) ⬇️ Q/Q and Y/Y



Profitability flat Y/Y despite lower revenue and higher operational costs

Net profit declined on lower selling price of grey cement along with higher operational and fuel costs – **Riyadh**

Earnings growth was weighed down by lower revenues and rising fuel & operational costs – **Qassim**

MANAGEMENT GUIDANCE ON DEMAND AND RETENTION PRICE

Acceleration in mega projects to support demand

Demand levels remained stable in 1H26 compared to the same period last year - **Riyadh**

Demand to improve gradually in 2H26, driven by continued government spending, faster project execution and improving private-sector activity - **Riyadh**

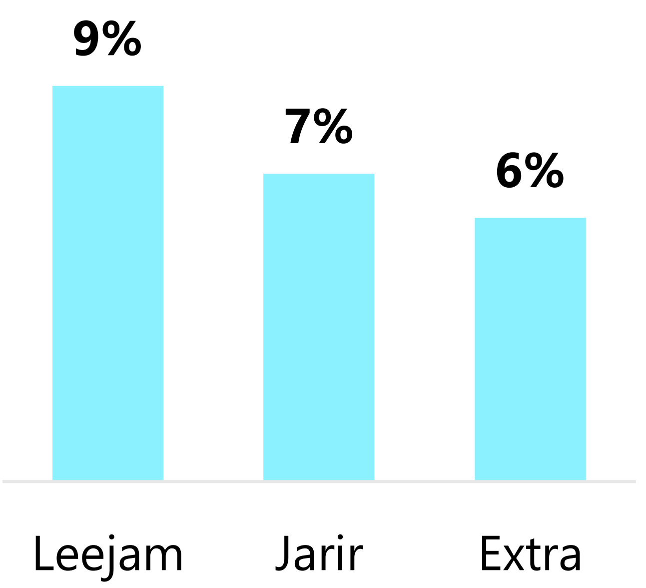
Retention price to remain dynamic

Average selling price of black cement reached approximately SAR 176 per ton during 2Q26. – **Riyadh**

Selling prices continue to fluctuate due to ongoing price competition, particularly in the Central Province - **Riyadh**

RETAILERS GROW ON MIX, LEEJAM ON PRICING; MARGINS DIVERGE

Revenue Y/Y



Retailers (Extra + Jarir) weighted revenue up

6.5%

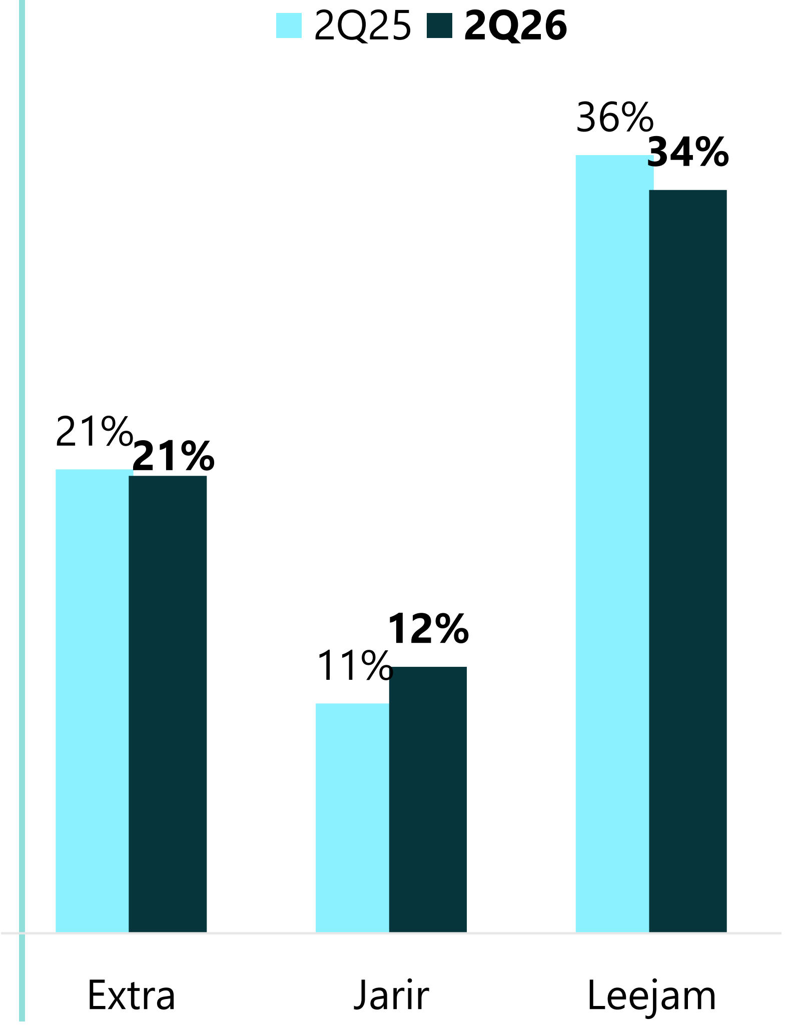
Retail revenue grew despite deferred purchases and weak confidence, Extra on campaign execution, Jarir on inventory advantage; Leejam grew on network and pricing.

Revenue rose 5.5% Y/Y to SAR 2.24bn (+22.6% Q/Q on the Mega Sale): retail +5.4% on basket size and B2B strength, consumer finance +6.5% on a financing portfolio up 13.6%.

Revenue rose 7.2% Y/Y to SAR 2.77bn on broad category growth led by smartphones, with GCC subsidiaries up ~29% as regional inventory met demand while competitors faced import delays.

Revenue rose 9.3% Y/Y to SAR 411mn on subscriptions +9% (members 523k, +8%) and rental income +76%; female-center revenue rose 19.2%, and 1H APU rose 14% on lower discounting against units -9%.

GP Margin: Jarir expanded; Extra and Leejam eased



Jarir expanded on scarcity pricing and mix; Extra absorbed the Mega Sale mix and consumer finance drag; Leejam's non mature clubs weighted on margins.

Gross margin eased 31bps Y/Y to 21.1%; operating profit fell 4.8% as opex outgrew revenue, and consumer finance earnings fell 20.3% on market conditions and SAMA changes reducing Baseeta's competitiveness against BNPL.

Gross margin expanded 167bps Y/Y to 12.3% on lower promotional discounting amid product shortages and a mix shift toward school supplies and books; operating margin rose 72bps despite opex up 52.7%.

Gross margin contracted 160bps Y/Y to 34.3% as new centers ran below mature utilisation and mature-center costs rose on refurbishment and rent; EBITDA rose 3% to SAR 182mn at 44%.

WEAK SENTIMENT, TIGHT SUPPLY; COMPETITION RISING

Customer deferrals weighed on spending, with traffic and closing-ratio pressure visible from 1Q26 - **EXTRA**

GCC operations grew ~29% as regional inventory met demand while competitors faced direct-import delays - **JARIR**

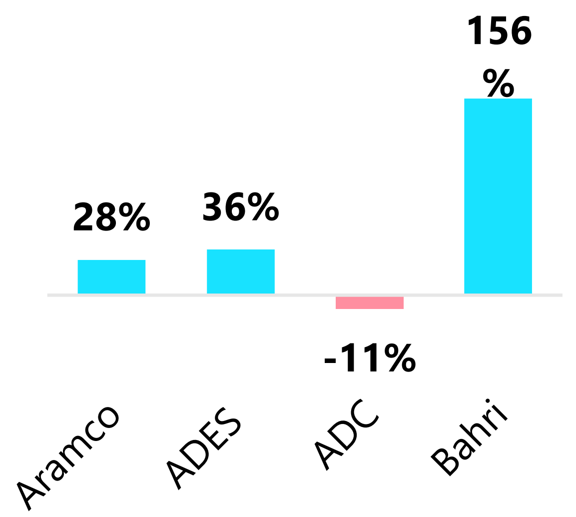
Device shortages constrained volumes below desired levels; AI-product price rises reflect demand strength - **JARIR**

Saudi fitness penetration is ~6-7% against 9% and 15% in neighbouring markets, a supply-driven demand market - **LEEJAM**

Competition will continue to increase, that is fact; the question is how to defend - **LEEJAM**

SUPPLY SHOCK LIFTS ARAMCO, BAHRI HIT RECORD; DRILLERS DIVERGE

Revenue Y/Y



Drillers weighted revenue up:

20%

Sector revenue surged on war pricing, led by Bahri's freight spike and Aramco's price-over-volume quarter; ADES grew on Shelf, ADC declined on suspensions.

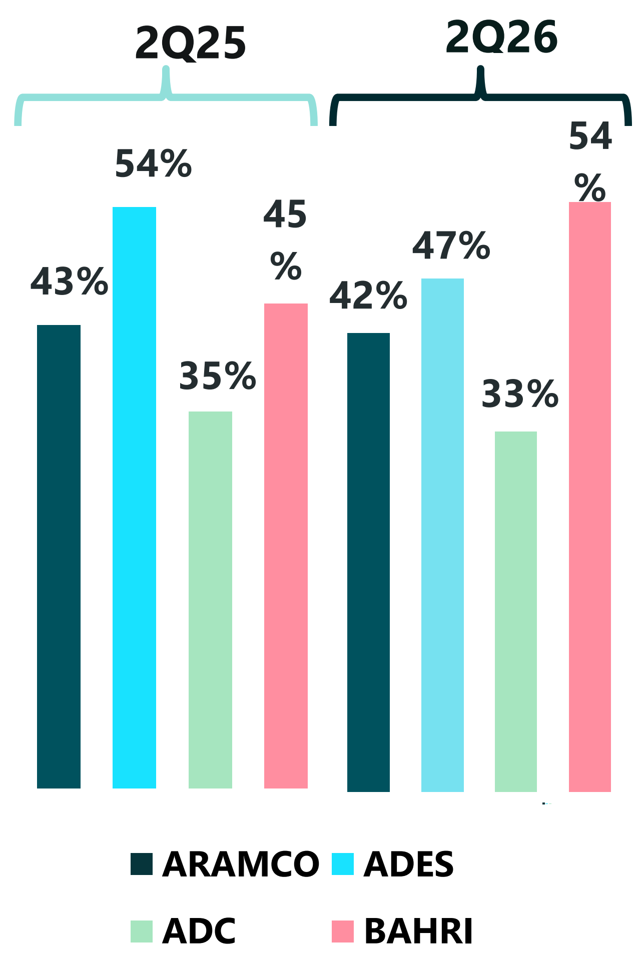
Revenue and other income rose 28.2% Y/Y to SAR 521.8bn. Realized crude of USD 108.1/bbl, up 62.1% Y/Y; production of 9.5mmboed (-26% Y/Y) remains capped by East-West Pipeline capacity (7mbpd ~ Exports 4mbpd).

Revenue rose 36.4% Y/Y to SAR 2.2bn on Shelf consolidation, offshore strength and Egypt brownfield; growth in every geography except suspension-hit KSA and Qatar.

Revenue fell 11.3% Y/Y to SAR 765mn as suspensions cut SAR 122mn Q/Q, partly offset by Land gains and the GCC contract; management called 2Q26 the most difficult quarter of the year.

Revenue rose 156.2% Y/Y to SAR 6.3bn on VLCC rates and chartered-in capacity; Oil TCE hit USD 146,908/day (+172% Y/Y) as rerouting stretched voyages by up to ~40 days.

Bahri's margin surged; drillers contracted, Aramco steady



Margins: Bahri expanded on operating leverage, Aramco held on downstream strength; both drillers contracted, ADES on Shelf mix, ADC on suspended offshore.

Adjusted EBIT rose 24.2% Y/Y to SAR 217.5bn; downstream doubled on record refining margins. NI rose 41.9% Y/Y to SAR 121.5bn, aided by a ~605bps ETR decline to 42.9%.

EBITDA rose 18.2% Y/Y to SAR 1.0bn; margin down 7.3ppt to 47.1% on Shelf mix, suspensions and war insurance. Normalized: SAR 1.15bn at 49%.

EBITDA fell 13.3% Q/Q to SAR 251mn at 32.8%; offshore gross margin swung to -6.0% on workforce retention, while Land recovered to 13.6%. Net loss of SAR 31.5mn.

EBITDA tripled Y/Y to SAR 3.4bn at 54% (+9ppt); record net profit of SAR 2.7bn, up 6.7x Y/Y. Net debt/EBITDA at 0.72x vs. 2.19x.

DEMAND MASKED BY INVENTORY DRAWS; RIG TENDERS AND TON-MILES CLIMB

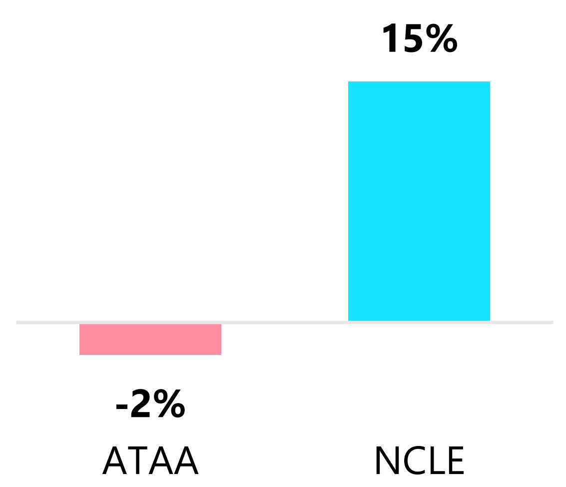
2H26 demand ~2mbpd above 1H26; commercial inventories the only remaining buffer, IEA release ends in August / Refining margins to stay exceptionally strong through 2H26 - **ARAMCO**

90+ tenders in play, one of the highest levels on record; day rates resuming an upward trajectory - **ADES**

Ageing tonnage will exit over the next three to four years via scrapping or the dark fleet; longer ton-miles effectively shrink vessel supply, driving daily rates higher - **BAHRI**

ENROLMENT AND FEES LIFT EARNINGS; SEGMENT EXITS AID ATAA

NCLE rose on enrolment; ATAA dipped on segment exit



Sector revenue rose on NCLE's enrolment-led growth, while ATAA's topline dipped on the suspension of training and recruitment, with education, now its sole segment, growing on tuition fee increases.

Revenue rose 14.9% Y/Y to SAR 212mn on a 10% enrolment increase to 35.2k students; flat Q/Q with both quarters recognized over 90 academic days. Al Rayan, Al Rawabi and Qairawan were the largest contributors. 9M26 revenue rose 12.5% Y/Y, tempered by fewer recognized days (259 vs. 265).

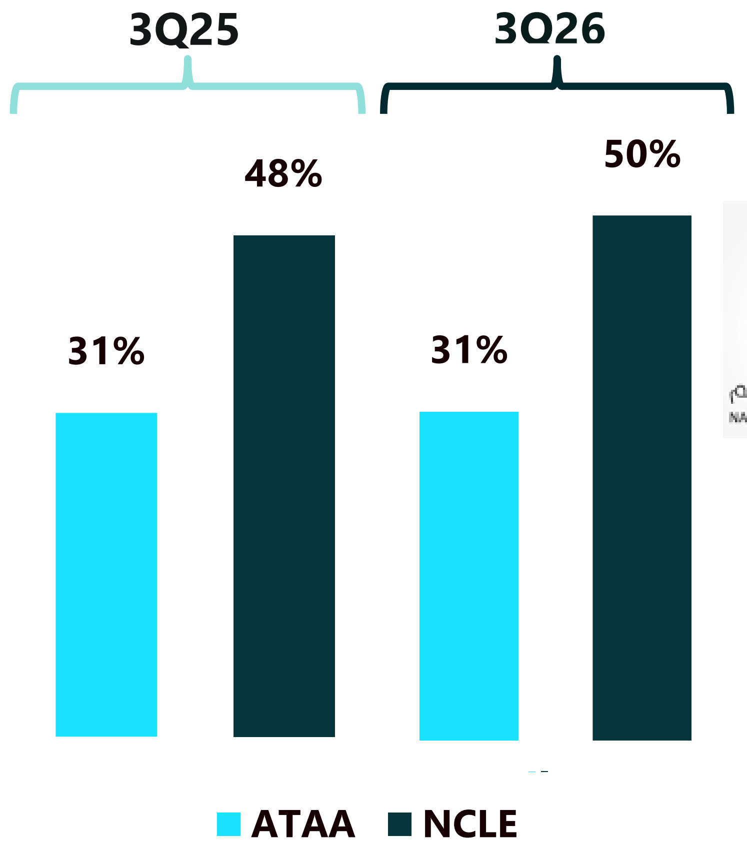
Revenue declined 2.3% Y/Y to SAR 178mn on the absence of training and recruitment revenues, suspended at the start of FY26. Education segment revenue rose 3% Y/Y in 9M26 on tuition fee increases, moderated by fewer academic days (262 vs. 268).

Cumulative Y/Y revenue growth

7%

NCLE saw margin expansion

Economies of scale contributed to margin expansion in education segment



Gross margin expanded 146bps Y/Y to 49.8% and operating margin rose to 35.9%, attributed to scale and efficiency rather than fee increases. Net income rose 18.5% Y/Y to SAR 68mn; 9M26 up 8.5% Y/Y, moderated by lower grants, provisions and financing costs.

Gross margin was flat Y/Y at 31.2% as higher fees offset fewer academic days, while operating margin improved 377bps Y/Y to 23.1% on the exit of loss-making segments. Net income rose 35.8% Y/Y to SAR 29mn; 9M26 up 11% Y/Y.

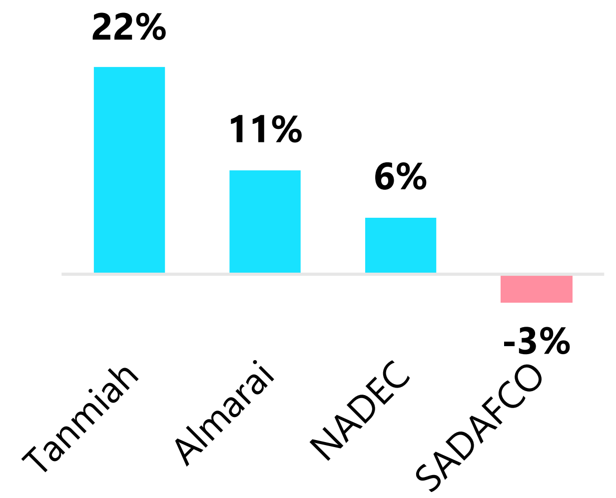
PRIVATIZATION PIPELINE INTACT; DEMAND RESILIENT TO INFLATION

Student shift from public to private schools is not heavily impacted by inflation or pressure on household disposable income - **NCLE**

New school licenses are not easy to obtain but not impossible - **NCLE**

WAR COSTS COMPRESS MARGINS; TANMIAH WAS OUTLIER

All grew ex-SADAFCO



Y/Y sector revenues up by:

9%

Sector revenue rose on Almarai's broad-based growth, Tanmiah's pricing momentum and NADEC's protein ramp, while SADAFCO declined on Mlekoma.

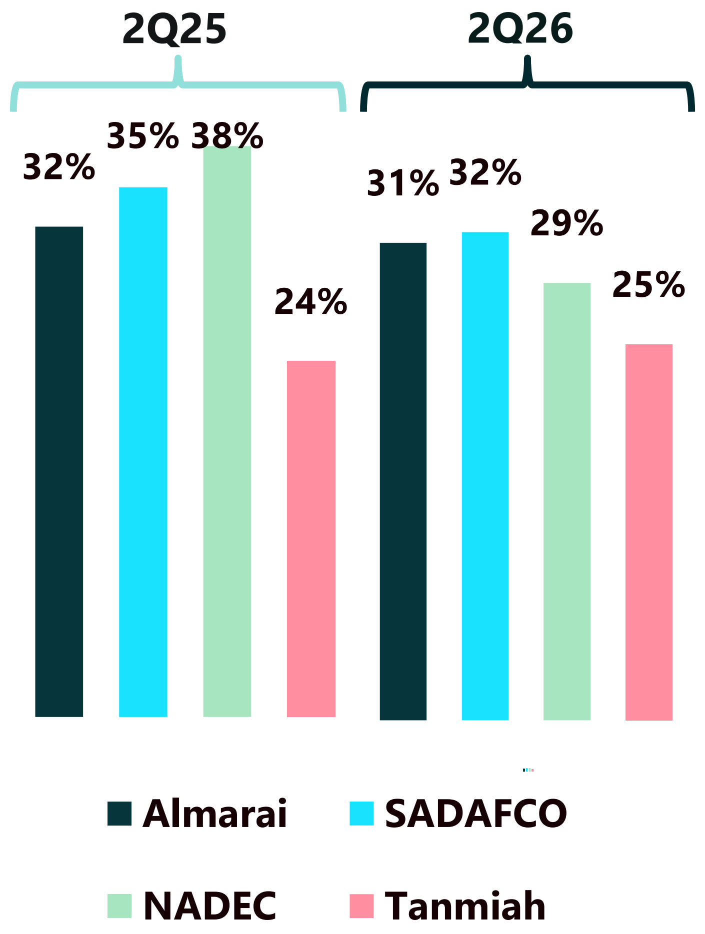
Almarai: Revenue rose 11% Y/Y to SAR 5.87bn, positive across all eight markets, led by KSA poultry and Egypt (+31%). Protein grew 16% on expansion volumes, with the run rate at 350mn birds.

Saudia: Revenue declined 2.6% Y/Y to SAR 750mn; ex-Mlekoma, sales rose 6.9% on volumes and emerging channels. Mlekoma halved on a deliberate shift to SMP as Polish cream prices fell >50%.

Nadec: Revenue rose 5.5% Y/Y to SAR 876mn as Protein doubled and Agriculture grew 41%, offsetting a 3.7% dairy decline.

Tanmiah: Revenue rose 21.5% Y/Y to SAR 789mn, led by Animal Feed (+37%) and Restaurants (+23%); poultry ASPs improved ~12% Y/Y on go-to-market execution.

Margins fell across the board; Tanmiah expanded



War-driven input, freight and insurance costs compressed margins at Almarai, SADAFCO and NADEC, while Tanmiah expanded on pricing, mix and the Popeyes

Almarai: Gross margin contracted 131bps Y/Y to 31.1% on feed shipping and distribution costs. NI declined 1.7% Y/Y to SAR 636mn; +5% underlying ex the Romania one-off.

Saudia: Gross margin contracted 318bps Y/Y to 31.8% on raw materials, surcharges and fuel. NI fell 25% Y/Y to SAR 88mn.

Nadec: Gross margin contracted 924bps Y/Y to 28.5%, with war-related costs at SAR 45mn in the quarter. NI fell 44% Y/Y to SAR 65mn.

Tanmiah: Gross margin expanded 99bps Y/Y to 24.5%; EBITDA rose 42% to SAR 116mn. Attributable NI reached SAR 19mn vs. SAR 0.5mn, with Popeyes EBITDA-positive ahead of target.

DEMAND RESILIENT THROUGH THE CONFLICT; PRICING DISCIPLINE HOLDS

Consumer demand held through four months of conflict, early pantry-stocking behaviours faded and consumers returned to fresh; regional government actions supported the ground - **ALMARAI**

The war risk premium accounts for 50-60% of the freight increase and has not come down materially even as base rates eased with oil - **ALMARAI**

Promotional intensity across long life has fallen significantly in correlation with the conflict, excess-milk dumping into long life was unsustainable - **SADAFCO**

The fresh-to-UHT structural shift continues, and the ~20% fresh price increase taken across the market should accelerate it - **SADAFCO**

Fresh poultry market prices rose only ~2% while frozen jumped double-digit on war-delayed imports; 3Q26 is seeing the reversal - **TANMIAH**

Feed, supply chain and logistics cost pressures are temporary and should ease as the regional environment normalizes - **NADEC**

VOLUMES REBOUND FROM RAMADAN TROUGH; RAMP-UP COSTS BITE

Y/Y sector revenues up by:

11%

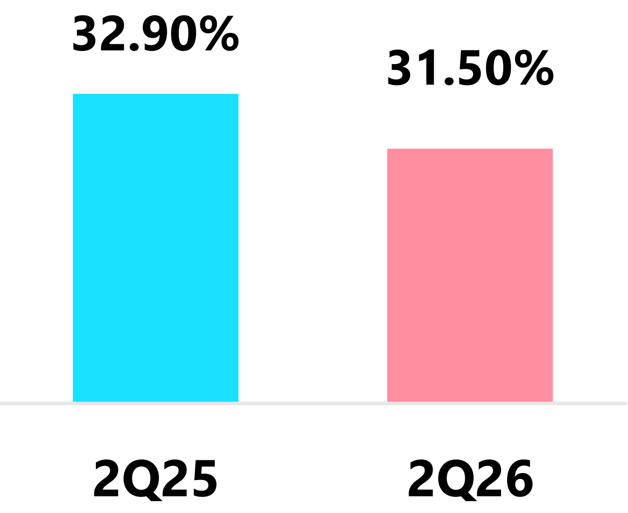
Y/Y sector net profit up by:

5%

Deferred Ramadan-quarter procedures returned and expansion capacity ramped; HMG and Mouwasat led growth

- Revenue rose 18.4% Y/Y to SAR 4.01bn (75% of growth from new projects);
- Revenue rose 10.1% Y/Y to SAR 876mn on occupancy, contract terms and Yanbu;
- Revenue rose 4.3% Y/Y to SAR 1.11bn, ~87% from the Eastern Province acquisitions
- Revenue fell 1.6% Y/Y to SAR 799mn (+7.6% ex-Hajj)
- Revenue hit a record SAR 845mn (+6.9% Y/Y) on insurance offsetting MOH
- Revenue rose 5.7% Y/Y to SAR 401mn
- Revenue rose 15% Y/Y to SAR 456mn on the GOSI rebound, its strongest quarter on record
- Revenue hit a record SAR 406mn (+16.2% Y/Y
- Revenue rose 8% Y/Y to SAR 322mn on revenue-per-patient gains despite lower volumes

Sector margin compressed on expansion costs



Expansion costs and clinical hiring compressed sector margins; mature assets absorbed the drag.

- Gross margin contracted 100bps Y/Y to 30.5% on ramp-up fixed costs from six hospitals commissioned since Mar'24
- Gross margin contracted 224bps Y/Y to 40.7% on Yanbu ramp-up costs, still the sector's highest
- Gross margin held ~35% Y/Y, recovering from ~33% in 1Q26
- Gross margin eased 30bps Y/Y to 21.9%; New Business turned gross-profitable for the first time vs. a SAR 21mn loss in 2Q25.
- Gross margin compressed 712bps Y/Y to 31.5% on clinical hiring ahead of utilization
- Gross margin contracted 100bps Y/Y to 24.9%
- Gross margin flat Y/Y at 37.1% (+5.5ppt Q/Q) as 1Q26 mix pressures normalized;
- Gross margin expanded 55bps Y/Y to 32.7% on utilization
- Gross margin contracted 6.3ppt Y/Y to 24.8% on staff salaries and an SAR 8mn settlement adjustment

REVENUE GUIDANCE DRIVEN BY EXPANSION; MARGINS TO REMAIN PRESSURED

The DRG guidelines promised for 1 July were not released, the entire sector is in the same position, and further delay appears likely. -**HMG**

An official DRG date is in place: shadow billing market-wide this quarter, 2028 implementation - **DALLAH**

Insurance companies are using rejection rates as a bargaining chip while pricing is mid-negotiation.-**CARE**

More than five new hospitals have opened in Jeddah in two years, with two to three more expected in 2026 - **FAKEEH**

HIGHER INSURANCE REVENUE AND INVESTMENT INCOME SUPPORTED PROFITABILITY

The sector witnessed strong growth in GWP Y/Y.

27%

Cumulative Y/Y GWP growth

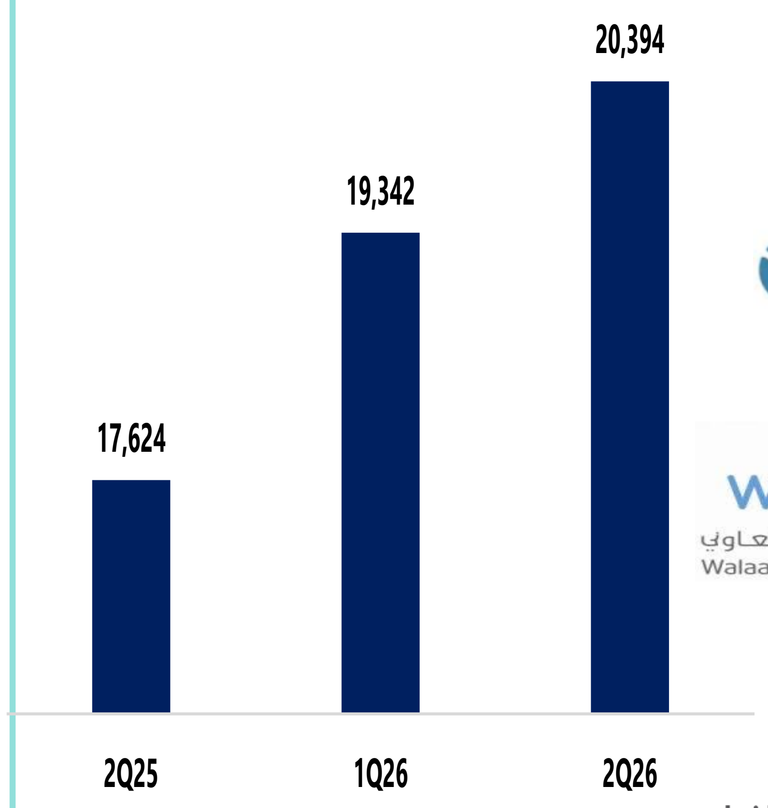
BUPA reported a 6% Y/Y increase in GWP attributed to a 15% Y/Y growth in GWP from small and micro enterprises.

GWP jumped 30% Y/Y on the back of the medical and motor segment, where GWP rose 40% Y/Y and 37% Y/Y.

GWP jumped 106% Y/Y driven by energy segment.

GWP jumped 60% Y/Y due to growth across all the segments.

Insurance revenue (SAR mn)



Sector net income jumped Y/Y on the back of higher insurance revenue and investment income.

Profitability jumped Y/Y due to better insurance service, and net insurance service results supported by higher investment income.

Earnings declined 31% Y/Y as insurance service results turned negative in 2Q26 due to higher insurance service expenses across lines.

Bottomline turned green Y/Y, attributed to lower underwriting losses in the medical and motor segments, higher profits from P&C segment, and stronger investment income.

Bottom line swung into losses as core operations turned negative, partly offset by investment income.

IA CEO: New insurance phase needs rigorous evaluation

A mature market should be assessed not only by premium volume but also by its quality and sustainability.

Disciplined motor pricing and adherence to actuarial standards remain key pillars for achieving sustainable profitability.

The health insurance sector continued to expand population coverage, strengthening protection for beneficiaries.

Focus should be on improving affordability and service quality while balancing premiums, claims, and medical cost trends.

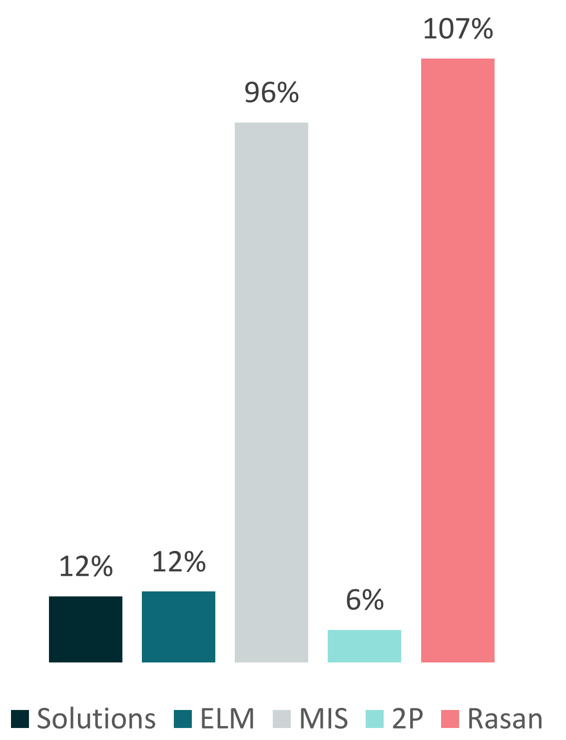
Solvency in the insurance market remains adequate.

The operating environment is expected to become challenging in the next phase, with several factors affecting the sector's results, including claims cost inflation, the level of discipline in motor insurance pricing, health insurance repricing, investment income normalizing, reinsurance availability, geopolitical developments, and preparedness for the risk-based capital framework.

The framework will not create vulnerabilities, but will highlight differences in risk profiles, capital quality, and earnings resilience more clearly.

Companies show higher Y/Y revenue across majority of sub-segments while margins remain healthy

Robust revenue growth for all companies



Y/Y sector revenues up

18%

Rasan and MIS led sector revenue growth. Rasan's revenue increased as motor leasing revenue jumped post change in business model. MIS benefitted from ramp up in datacenter revenue.

solutions by stc: Revenue increased 12% Y/Y to SAR 3.2bn, driven by core ICT segment as projects secured in 2H25 and 1H26 moved into active execution and delivery phases, partially offset by weaker digital services revenue given the segment's milestone-driven recognition profile.

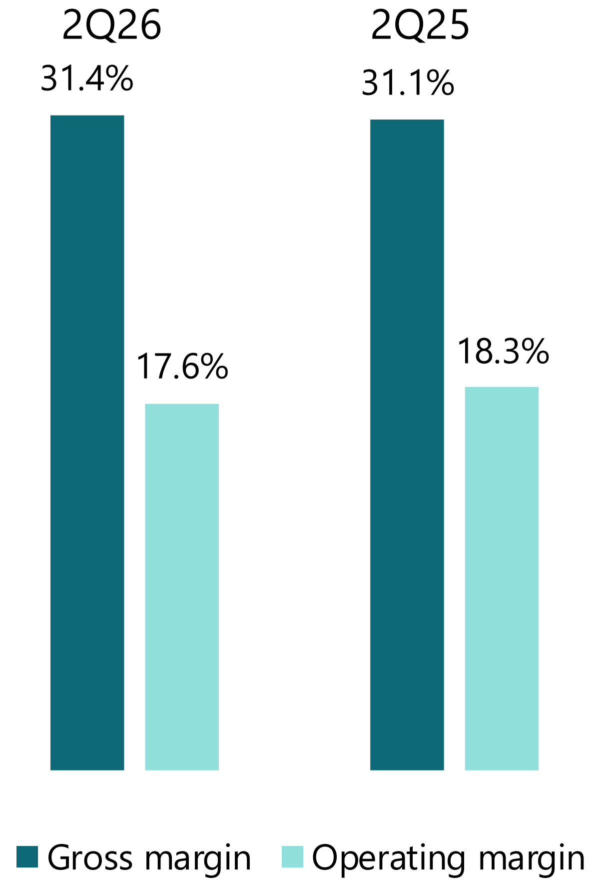
MIS: Revenue increased 96% Y/Y to SAR 595mn as the revenue ramp on data center mega-projects commenced, driven by progress on the 24MW DC fund expansion and the 50MW HUMAIN AI DC project.

Elm: Revenue increased 12% Y/Y to SAR 2.5bn (closer to 15% adjusting for Hajj revenue-timing differences), with growth across Digital Business, BPO and Professional Services segments, aided by Thiqah.

2P: Revenue increased 6% Y/Y due to strength in call center, managed services and cyber security segments. However, software development and O&M revenue declined 22% and 3% respectively.

rasan: Revenue increased 107% Y/Y to SAR 257mn, with motor leasing, motor retail, health and newly launched products all contributing to broad-based growth. Leasing overtook retail as the largest segment, while retail and health grew on continued premium recovery.

Gross margin improved for the sector



Cumulative sector margins

Sector's gross margin improved 0.3ppt Y/Y, driven by higher margin of Solution and 2P. However, operating margin contracted 0.7ppt Y/Y to 17.6% due to higher operating expenses of ELM post consolidation.

solutions by stc: GP Margin expanded 170bps Y/Y to 24.3%, supported by project-execution timing and the recognition of higher-margin milestones, particularly in consulting, professional services and managed services.

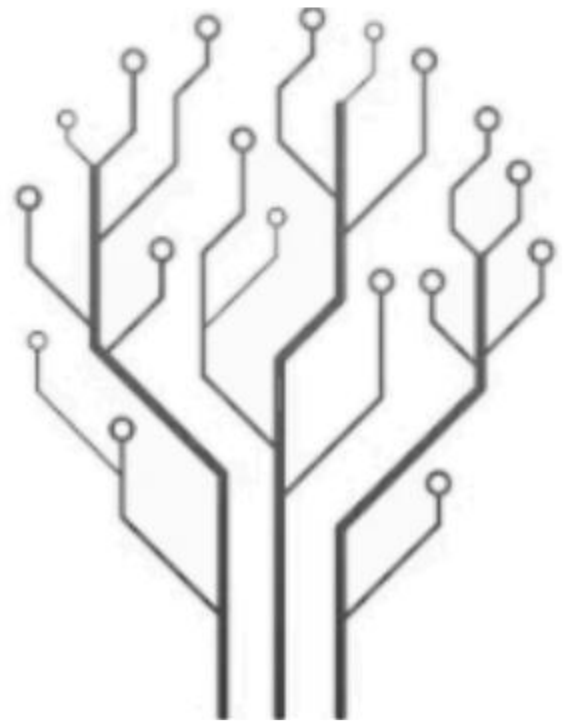
MIS: GP Margin declined 2.6ppts Y/Y as margin softness in core ICT channel profitability was partially offset by datacenter milestone recognition.

Elm: GP Margin declined 1.7ppts Y/Y to 40.8%, as margin expansion in BPO (helped by the Thiqah contribution and a completed inspection project) and Professional Services was offset by softer digital business margin.

2P: Gross margin increased 92bps Y/Y to 21.7% as margin profile of software development, managed services and cyber security improved. On the other hand, customer experience and O&M saw margin attrition.

rasan: GP Margin declined 5.8ppts Y/Y to 67%, as a higher mix of newer, faster-growing products with structurally different margin profiles offset otherwise stable underlying unit economics.

GUIDANCE POINTS TO GOOD DATACENTER MARKET GROWTH AND SLIGHT HEADWIND IN GOVERNMENT SECTOR



Private-sector ICT growth is expected to remain healthy, supported by its alignment with broader economic-diversification initiatives. – **SOLUTION**

Government scrutiny on procurement timelines and price optimization has intensified (through Etimad and bidding of existing contracts), which represents a margin headwind but also a potential revenue opportunity for companies with strong track records and competitive cost structures. – **SOLUTION**

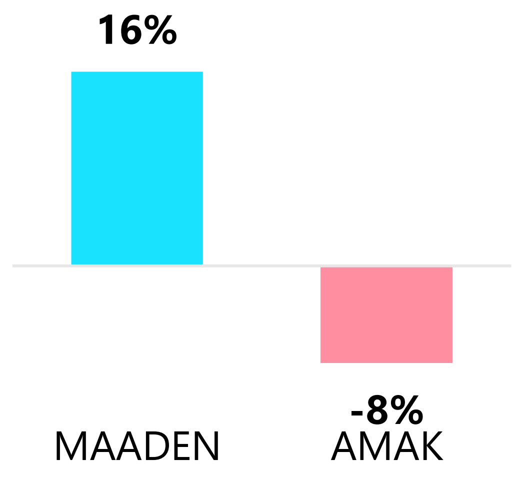
Tender activity across government and private sectors remains healthy. No material cancellations of strategic projects have been observed. – **MIS**

Growth in datacenter market will remain healthy as Saudi Arabia is targeting approximately 3GW of AI datacenters and 1.3GW of traditional/cloud datacenters by 2030, driven by HUMAIN, hyperscaler commitments (Microsoft, Oracle, Google, Alibaba, Meta), and bank/government capacity programs. – **MIS**

Project awards remain constrained by government spending prioritization and slower tendering. – **ELM**

MAADEN EARNINGS UP ON ALUMINUM RECORD; PHOSPHATE MARGINS HALVE

Maaden rose; AMAK fell on suspension



Y/Y sector revenues up:

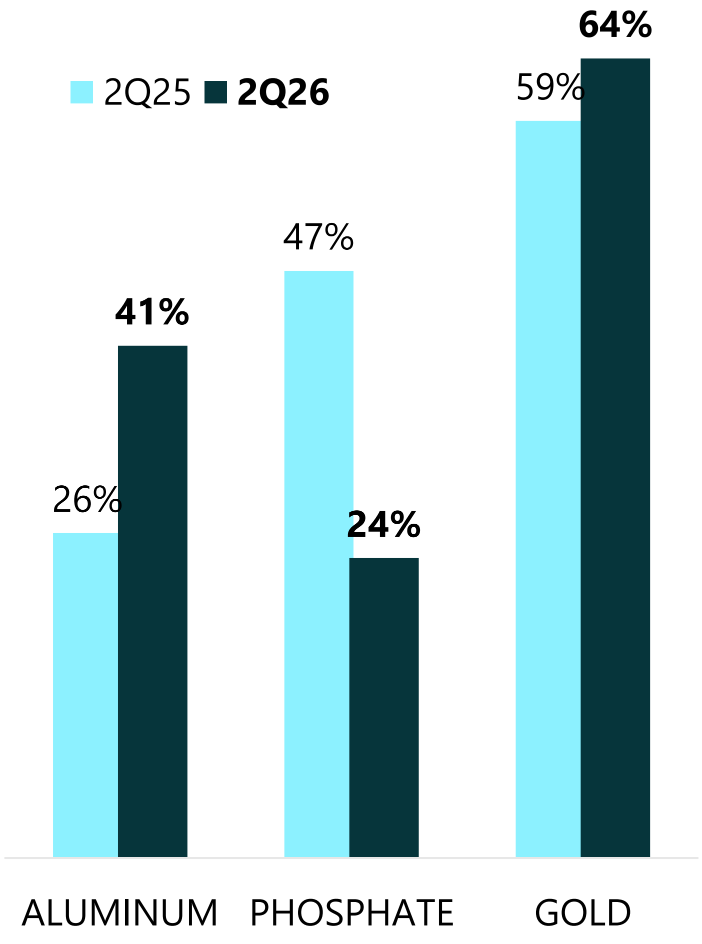
16%

Sector revenue rose on Maaden's portfolio-wide price capture, with Aluminum at a record; AMAK declined on the Al Masane suspension, resumed mid-May.

Revenue rose 16.2% Y/Y to SAR 10.9bn on higher prices across the portfolio and stronger Aluminum and Gold volumes. Aluminum revenue rose 49% Y/Y to a record SAR 3.8bn at USD 3,915/t realised (~USD 400/t over LME on GCC outages); Phosphate held flat as DAP prices +28% offset production -28%.

Revenue declined 8.4% Y/Y to SAR 237mn as the Al Masane suspension cut copper, zinc and gold volumes despite higher prices; operations resumed 13 May.

Maaden EBITDA margin by segment



Maaden's Aluminum and Gold margins expanded on prices and premia, while sulfur at 20-year highs and stranded ammonia halved Phosphate profitability; AMAK compressed on volume loss.

Gross margin contracted 644bps Y/Y to 31.0%, driven by Phosphate: sulfur costs rose ~SAR 938mn Y/Y at 20-year-high prices, logistics costs increased, and DAP and ammonia production fell 28% and 64%. Aluminum's record 41% EBITDA margin (+15ppt Y/Y) and Gold at 64% only partly absorbed the drag; per the CFO, the phosphate margin decline is principally sulfur, with limited impact from lower production.

Gross margin contracted 15ppt Y/Y to 27.7% on the volume loss; NI fell 52.6% Y/Y to SAR 35mn on higher G&A and tax.

SULFUR SCARCE, ALUMINIUM IN DEFICIT; PRICES REST ON SUPPLY

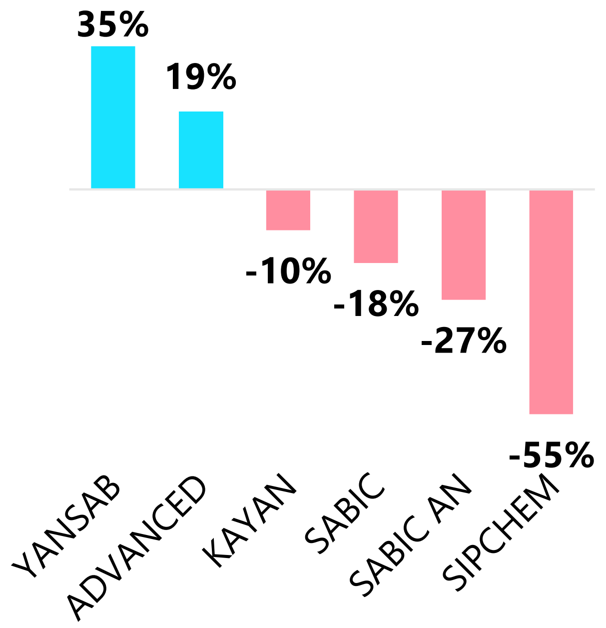
Much of global sulfur and phosphate trade cannot transit Hormuz; costs rose faster than prices, forcing producer curtailments in Morocco, the US, India, Brazil and China - **MAADEN**

Phosphate supply stays tight through 2026; prices are driven by supply constraints and cost inflation, not demand growth - **MAADEN**

Global aluminium deficit of ~1.7mt expected in 2H26; GCC production is recovering faster than expected - **MAADEN**

EAST COAST VOLUMES STRANDED; YANSAB CAPTURED THE PRICE SPIKE

Y/Y Revenue growth



Y/Y sector revenues down:

-17%

Hormuz closure stranded east-coast volumes while lifting prices sector-wide; Yanbu-based YANSAB captured the spike, Jubail names absorbed the volume loss.

Revenue fell 17.9% Y/Y to SAR 24.81bn as volumes dropped 41% against ASPs +39%; west-coast rerouting (+150% polymer shuttling) recovered part of the flow.

Revenue fell 27% Y/Y to SAR 2.41bn on constrained volumes; the early-quarter urea spike faded as Chinese export quotas restored supply.

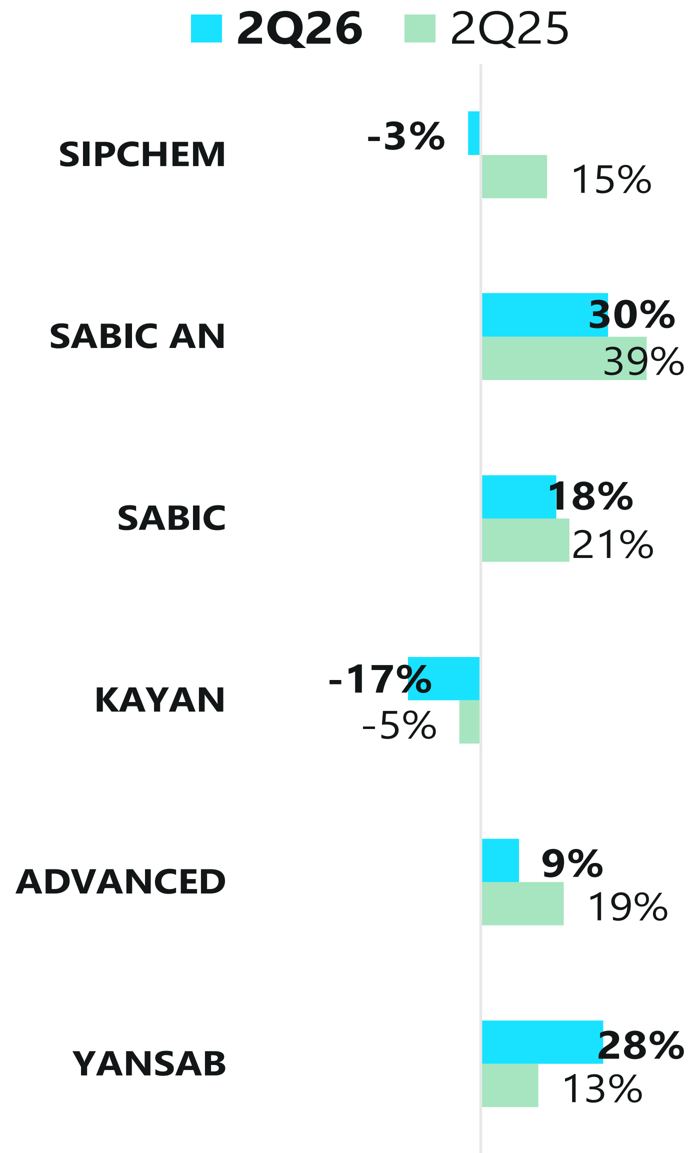
Revenue rose 34.8% Y/Y to SAR 1.88bn on ASPs +38% and its west coast positioning, tight availability and peer outages drove the price capture.

Revenue halved (-54.8% Y/Y) to SAR 861mn as unsold inventory accumulated; the sector's steepest volume loss.

Revenue fell 10% Y/Y to SAR 2.01bn: ASPs +51% more than offset by volumes -40%.

Revenue rose 18.5% Y/Y to SAR 827mn on netbacks +34% despite April-May propane shortages cutting production 27%; June back at full capacity.

Gross Margins



YANSAB kept volumes flowing and captured the spike; others absorbed volume losses and feedstock inflation.

Gross margin contracted 310bps Y/Y to 17.5% as feedstock costs absorbed part of the price capture; net loss of SAR 833mn (adjusted -SAR 384mn).

Gross margin collapsed 18.1ppt Q/Q to 29.5% as the urea spike faded; NI fell 64% Y/Y to SAR 379mn on volumes and a lower JV contribution.

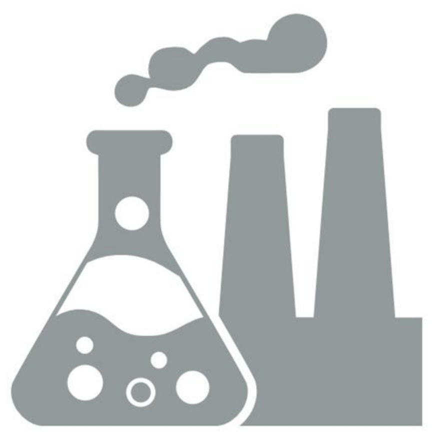
Gross margin expanded 1,510bps Y/Y to 28.4%; NI rose 481.6% Y/Y to SAR 259mn despite SAR 104mn of provisions.

Gross margin swung to -3% on feedstock inflation and weak fixed cost absorption; net loss SAR 592mn including a SAR 328mn associate impairment.

Gross margin fell to -16.9% as butane prices rose 50% and volumes fell 40%; net loss SAR 673mn.

Gross margin contracted 1,037bps Y/Y to 8.8% on propane +40%; net loss SAR 98mn carrying APOC startup costs.

DISRUPTION-LED PRICES; RECOVERY AWAITS SHUTDOWNS



Ethylene operating rates are bottoming in the low-80s%; recovery depends on less competitive capacity shutting over time - **SABIC**

Fertilizer markets peaked early as importers competed for stranded Middle East supply; urea is back near pre-crisis levels and supplier competition should prevent a repeat of the spikes - **SABIC AN**

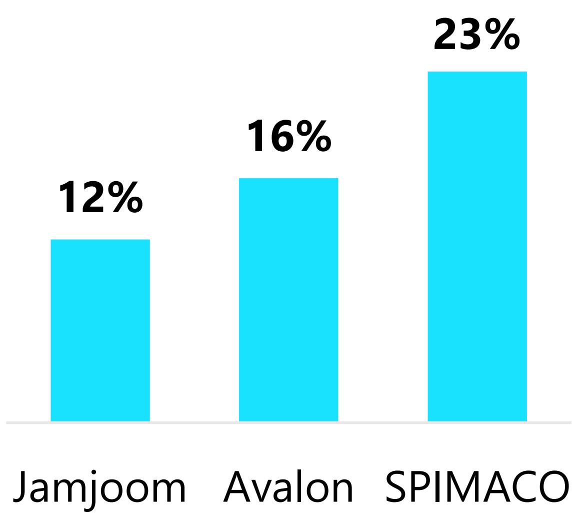
Prices increased on supply chain disruptions rather than demand strength; pricing visibility remains limited - **ADVANCED**

Emerging Asia is becoming the incremental growth engine, reinforcing Middle East-to-Asia trade flows - **SABIC**

DOUBLE-DIGIT GROWTH AT ALL THREE NAMES; MARGINS HOLD

Sector revenue rose 17% against a declining Saudi retail market, on portfolio depth, government-channel volumes and export growth.

Y/Y Revenue growth



Y/Y sector revenues up:

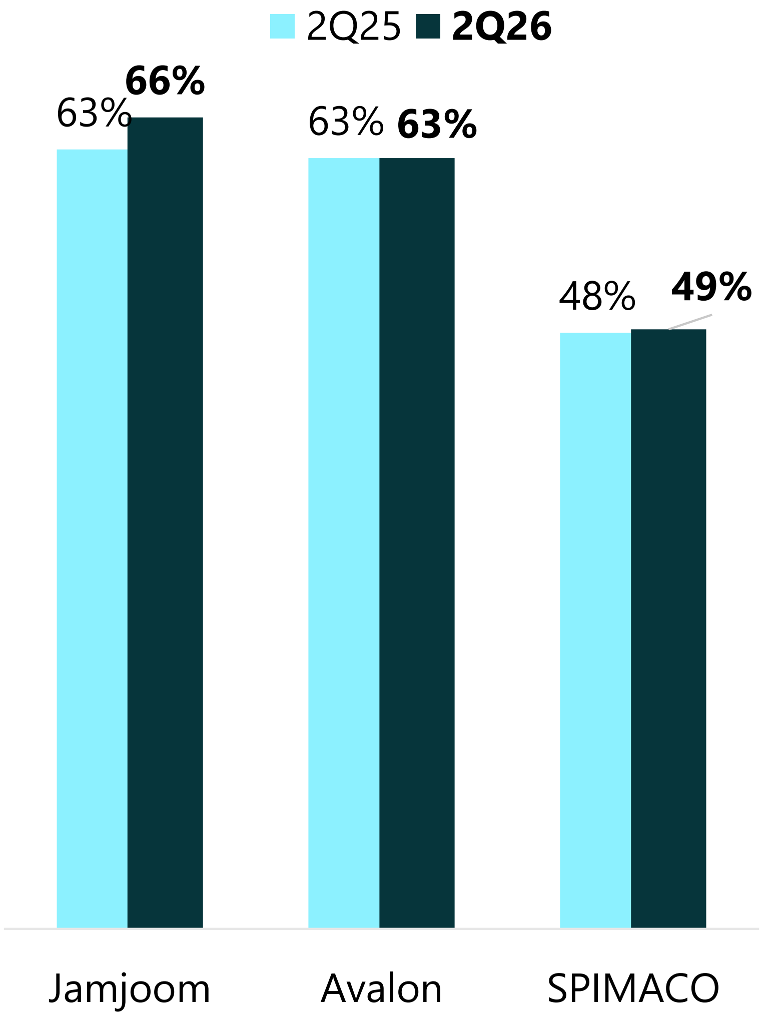
17%

Jamjoom Pharma: Revenue rose 12.4% Y/Y to SAR 445mn, re-accelerating from 1Q26: Dermatology +37% and Ophthalmology +23% against Primary Care -5%. Gulf revenue rose 30%, with the UAE growing at ~3x its market.

SPIMACO ADDWAEIH: Revenue rose 23.0% Y/Y to SAR 493mn, the sector's fastest, on private and government sales +15.3% and international sales +134.2%.

Avalon Pharma: Revenue rose 16.0% Y/Y to SAR 136.5mn, led by the Private segment at +27.5% (73% of revenue) and Export recovery (+11.9%) after the 1Q26 rescheduling; Public declined on tender delivery phasing.

Margins stable to higher at all names



Margins were stable to higher across all three names, with Jamjoom expanding while SPIMACO and Avalon broadly held.

Jamjoom Pharma: Gross margin expanded 260bps Y/Y to 65.9% on mix and strategic raw-material inventory bought at lower rates; EBITDA margin eased to 35.7% on the deliberate field-force build, ~95% complete.

SPIMACO ADDWAEIH: Gross margin held at 48.7% on higher Al-Qassim utilization, yield gains and tender mix. EBITDA rose 23% Y/Y to SAR 119mn at ~24%, with opex held by the annualized restructuring.

Avalon Pharma: Gross margin held at 62.6% on disciplined pricing and Private-segment mix, absorbing input cost pressures and supply chain disruption; EBITDA rose 19% Y/Y to SAR 39.6mn at 29.0% (+0.7ppt) as S&D expenses grew slower than revenue.

RETAIL DECLINES AS WASFATY CONSOLIDATES DEMAND

Consumer spending is down ~20%, with necessities prioritized over discretionary health products - **JAMJOOM PHARMA**

Wasfaty represents structural demand consolidation. fragmented private-pharmacy volumes now flow through a single government channel, and manufacturers without local capacity are losing shelf access - **SPIMACO**

Localization is no longer an ambition, it is a procurement criterion – **SPIMACO**

Out-of-pocket patients are trading down from originator brands to branded generics. that substitution is the volume opportunity **- AVALON**

REVENUE REMAINED STRONG, HOWEVER, COST OUTPACED REVENUE GROWTH DUE TO HIGHER HANDOVER COSTS AND LESS FAVORABLE PROJECT MIX - RETAL

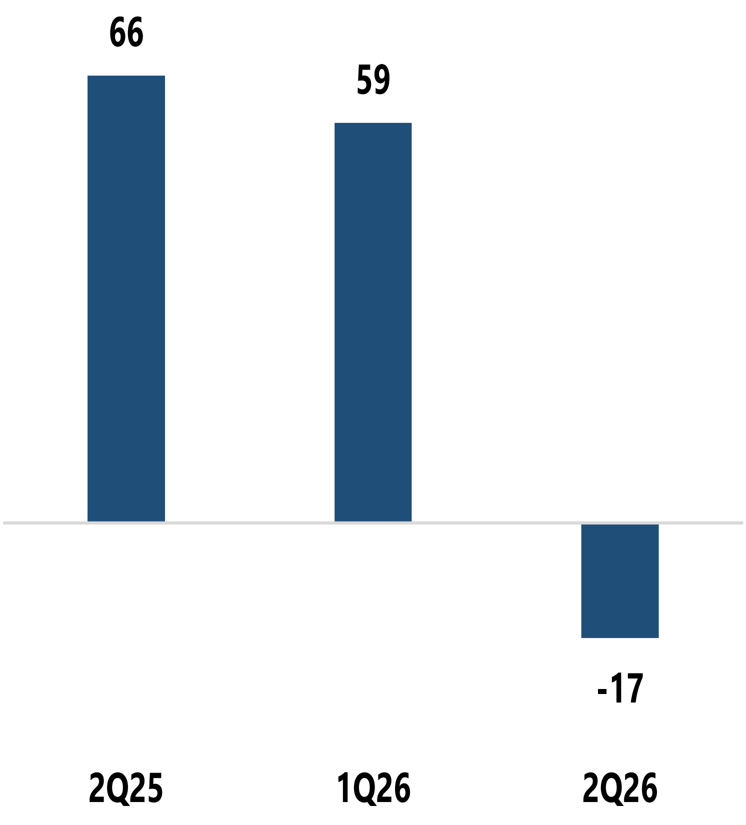
Development contracts supported revenue growth

Revenue jumps 28.7% Y/Y

Revenue increased Y/Y driven by higher construction progress across ongoing projects and the commencement of new developments.

Revenue from development contracts (+30% Y/Y), was driven by higher completion rates for ongoing projects as well as the commencement of new projects

Net profit (SAR mn)



Profitability declined Y/Y despite growth in revenue

Profitability declined Y/Y due to the combined impact of project completion costs, unfavorable revenue mix, lower contributions from associates and funds, and softer sales activity during the quarter - **Retal**

Saudi Arabia’s real estate price index rose

Real estate price index rose 1.3% Y/Yin 2Q26 to 106.3 points.

Increase was driven by a 2.6% rise in residential property prices, which carry the largest weight in the index at 72.7%.

The commercial sector, which represents 25.4% of the index weight, decreased by 3.2% Y/Y, as commercial land prices declined 3.5% Y/Y as of 2Q26.

The agricultural sector rose 11.3% Y/Y to 114.2 points during the same quarter.

Construction activity rises in July

Headline seasonally adjusted Saudi Construction Index stood at 55.2, well above the 50.0 no-change threshold.

Infrastructure work recorded the fastest growth, with the index at 56.9.

Residential building also expanded at a strong pace in July (index at 56.0).

Non-residential activity lost some momentum in July, but the rate of growth was still the second-fastest since February (index at 53.4).

SECTOR TOPLINE GROWTH DRIVEN BY EXPANSION ACROSS CORE SEGMENTS FOR ALL COMPANIES

Average y/y revenue increase

4%

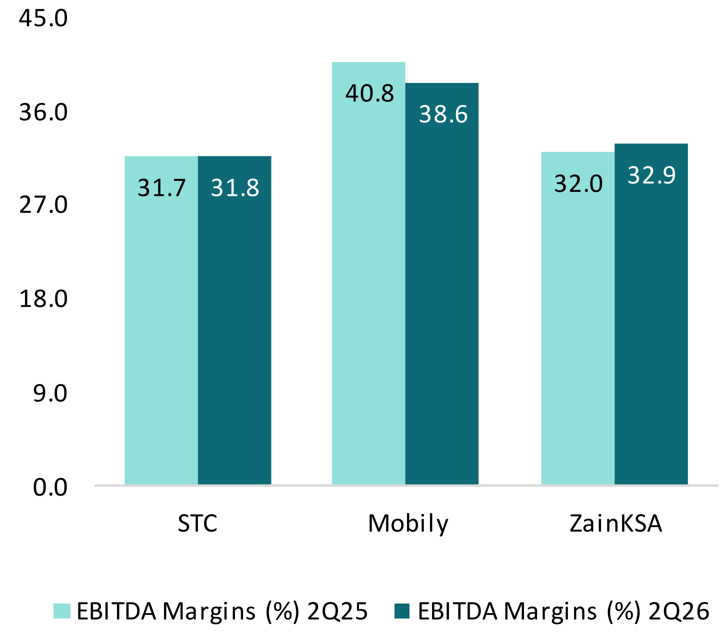
STC and Mobily delivered revenue growth supported by strength across business segments, while Zain KSA's topline expansion was primarily driven by 5G consumer revenue improving revenue mix.

STC: Revenue rose 4% Y/Y to SAR 20.2bn in 2Q26, supported by 11% growth in carriers & wholesale unit, 8% growth in business unit, while subsidiaries contributed 4% growth

Mobily: Revenue advanced 5% Y/Y in 2Q26, driven by broad-based growth across all revenue streams and healthy growth in overall subscriber base

Zain: Revenue remained broadly flat Y/Y as stronger 5G consumer revenue and an improved revenue mix offset weaker handset sales

Sector EBITDA margin contracted 23bps Y/Y, as Mobily's margin normalization outweighed margin

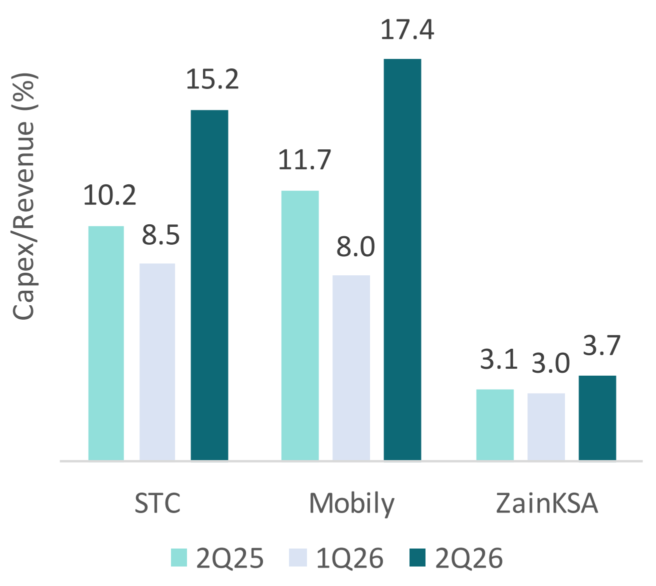


Mobily's 2Q26 EBITDA margin exceeded the 2Q26 EBITDA margin guidance of 37-38%; Zain KSA expects EBITDA margin to remain above 30%

Mobily: EBITDA grew 7.7% Y/Y to SAR 2.0bn in 2Q26, with margin at 38.6%, above FY26 guidance of 37-38% supported by an improving revenue mix and operational efficiency

Zain: EBITDA reached SAR 873mn in 2Q26 (vs SAR 850mn in 2Q25 and SAR 804mn in 1Q25), translating into a 32.9% margin. It benefited from lower ECL charges, while refinancing-led financing cost savings and lower depreciation supported profitability

CAPEX INTENSITY REMAINS LOW; LEADERS PROMISE HIGHER SPENDING IN 2H26



Aggregate capex intensity was higher both Y/Y and Q/Q

Reported 1H26 CapEx was affected by the absence of prior-year spectrum investments, with underlying CapEx increasing ~30% Y/Y and spending expected to accelerate in 2H26– **Mobily**

2Q26 Capex stood at SAR 99mn, up 19% Y/Y, with management reiterating FY26 guidance of 10–12% and indicating that projects initiated in 1H26 will be capitalized during 2H26–**Zain KSA**

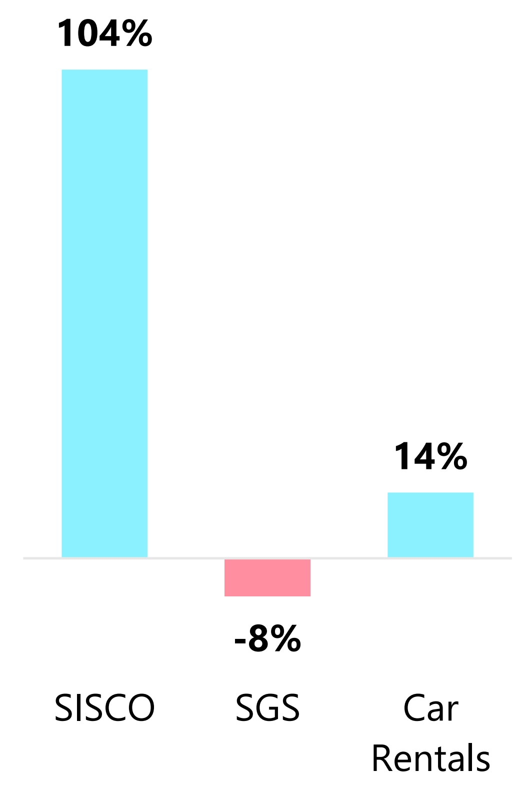
Strategic partnerships and digital initiatives

STC extended its MoU with HUMAIN to finalize the proposed AI data center JV through Center3, targeting up to 1GW of AI-focused capacity, with no immediate financial impact. The company also renewed AI software licenses with Solutions under a three-year SAR 159.7mn contract, with the financial impact expected to commence from 3Q26

Mobily continued expanding its digital ecosystem across cybersecurity, cloud, AI, content, gaming, FinTech and InsurTech, supporting enterprise growth while enhancing customer engagement across other segments

SISCO SURGES ON PORTS; CAR RENTAL AND SGS EARNINGS PRESSURED

Revenue Y/Y: SISCO and car rentals rose; SGS declined



Car rental revenue rose on used-car disposals and leasing resilience against a sharp rental decline; SISCO surged on ports and logistics, while SGS fell on lower flights.

SISCO: Revenue increased 104% Y/Y driven by growth across ports segment and sharp improvement in the logistics segment (+17% Y/Y).

SGS: Revenue down 7.8% Y/Y due drop in flights (-13% Y/Y)

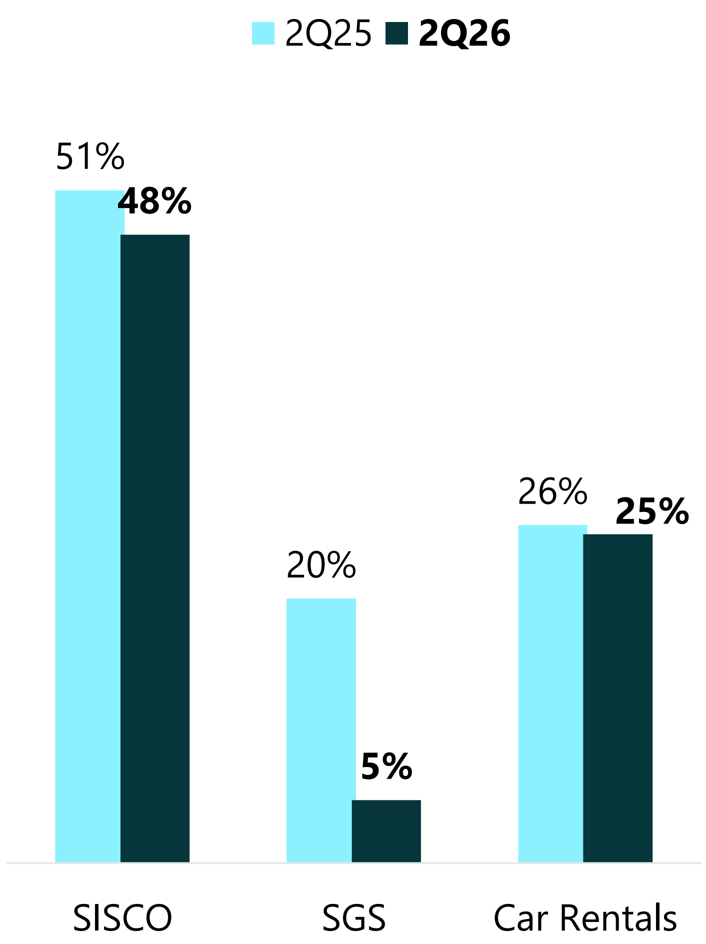
Budget: Revenue rose 17.2% Y/Y to SAR 638.4mn on UCS volumes, while net leasing and rental revenue eased 3.5%; rental fell 15.1% on disruption running to mid-May, and logistics reached breakeven in June.

Theeb: Revenue rose 16.4% Y/Y to SAR 425mn: rental revenue +12.5% on new branch openings and UCS +30% on higher disposal volumes.

Lumi: Revenue fell 5.2% Y/Y to SAR 394.4mn as rental dropped 25.7% on Northern-region project preservations and utilisation of 60.4%; leasing rose 6.4% on revenue per vehicle, and UCS rose 2.1% on disposal pricing.

Cherry: Revenue rose 39.8% Y/Y to SAR 169mn, the fastest in the group: UCS more than doubled, short-term rental rose 40% on fleet additions and new branches.

Gross margins fell across the sector; SGS steepest



Car rental margins compressed on rental utilisation and the used-car mix shift. SGS's and SISCO's gross margins contracted as well.

SISCO: Gross profit increased 114.6% Y/Y driven by higher gateway volumes at RSGT and RSGTI. Gross profit margin excluding construction revenue reached 54.8%.

SGS: Gross margins contracted by 1,843bps Y/Y as the company maintained operational readiness despite lower utilization.

Budget: Gross margin contracted 461bps Y/Y to 26.5% on the UCS mix shift and rental pressure, recovering 426bps Q/Q on utilisation and recovery rates/

Theeb: Gross margin contracted 645bps Y/Y to 25.9% on weaker rental utilisation and lower UCS profitability; opex rose 49.4% on higher ECL provisions.

Lumi: Gross margin contracted 663bps Y/Y to 23.4% on rental utilisation and pricing, higher depreciation and maintenance on the older fleet;

Cherry: Gross margin contracted 320bps Y/Y to 26.0% on the UCS mix shift; opex roughly tripled on the ECL allowance, absorbing the gross profit increase.

NEW CAR SHORTAGE SUPPORTS RESALE; FLEET ORDERS ON HOLD

New-vehicle deliveries have stretched beyond 30 and sometimes 60 days, supply falls quickly while secondary-market price acceptance takes time - **LUMI**

The new-vehicle supply shortage will drive used-car demand and firmer resale prices through year-end; 2027 depends entirely on supply volumes - **BUDGET SAUDI**

Chinese vehicle resale values will take another three to four years to stabilise, volumes pushed into the market pressure resale values of all cars - **BUDGET SAUDI**

Sector valuations at ~8-10x P/E reflect regional circumstances rather than structural change, a temporary cycle - **BUDGET SAUDI**

REGULATED REVENUE GROWS; PROJECT AND INDUSTRIAL NAMES DECLINE

Revenue Y/Y: Regulated names grew; project names declined

Y/Y cumulative revenues up:

10%

Regulated growth at SEC and energy/O&M strength at ACWA offset revenue transitions at the water names and the industrial demand shock at Marafiq.

Revenue rose 11.3% Y/Y to SAR 30.9bn on required-revenue growth from RAB expansion, cost pass-through and customer additions; RAB reached a record SAR 271.8bn, up 14.1%.

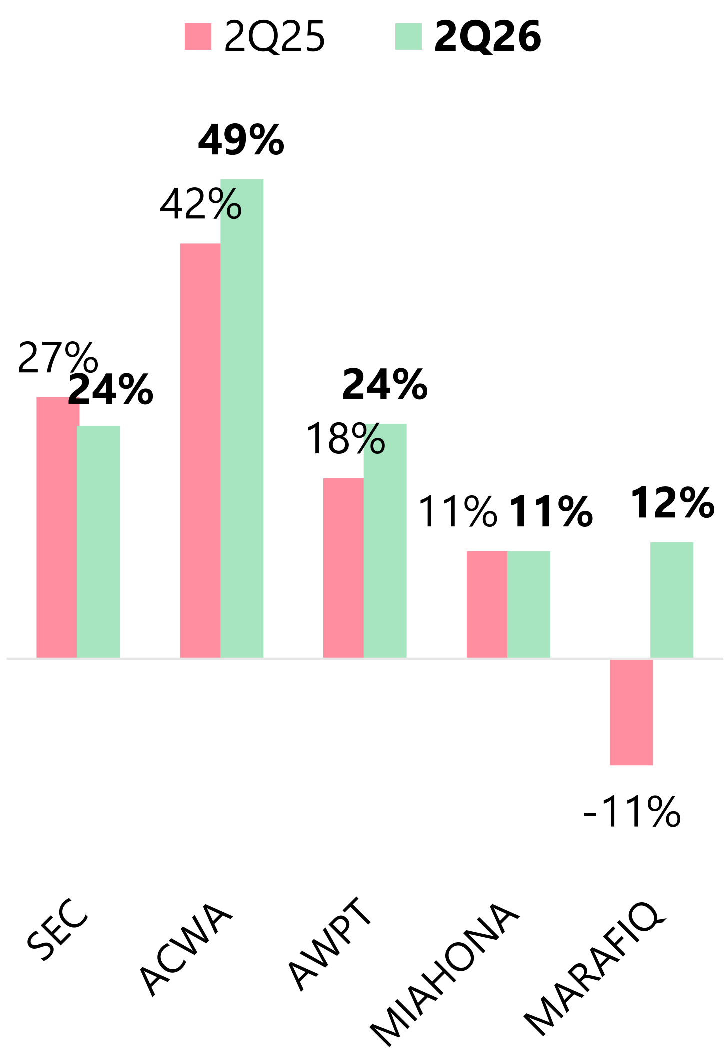
Revenue rose 15.1% Y/Y to ~SAR 2bn on energy and O&M strength, offset by lower development and construction services as milestones slipped

Revenue declined 20.2% Y/Y to SAR 515.7mn on project completions and the transition to new contracts, with Jazan and Ar Rjum, the backlog's two largest projects, yet to contribute

Revenue declined 37.8% Y/Y to ~SAR 116mn as Ras Tanura construction wound down and the prior-year Al Haer development income was absent; O&M more than doubled.

Reported revenue rose 22.2% Y/Y to SAR 1.7bn against a 2Q25 base cut by the SAR 434mn HIECT adjustment; excluding it, revenue fell ~6.7% on weaker Jubail industrial demand.

Project margins expanded; SEC compressed; Marafiq underlying margin declined



AWPT and ACWA expanded on mix and project quality; SEC absorbed purchased-power and O&M inflation, and Marafiq carried fuel costs without pass-through.

Gross margin contracted 289bps Y/Y to 23.6% as purchased power rose 17.6% and O&M 18.5%; EBITDA rose 3% to SAR 12.5bn at 40.6%.

Gross margin expanded 653bps Y/Y to 48.6% on the energy and O&M mix; operating income before impairments fell 46.5% to SAR 715mn against the Noor 3 settlement base.

Gross margin expanded 5.5ppt Y/Y to 23.8% from existing projects without one-offs or development fees; EBITDA rose 10% to SAR 105.3mn at 20.4%.

Gross margin held at 10.9% on the construction mix; EBITDA halved in 1H to SAR 60.2mn on the absent development income.

Reported gross margin swung to 11.8% from -10.8%, distorted by the same HIECT base; underlying contraction was ~360bps on fuel costs +19% and advanced maintenance. EBITDA fell 25% to SAR 543mn.

INDUSTRIAL DEMAND RECOVERING; REGULATION THE SWING FACTOR

Industries in Jubail reduced utility offtake during April-May with many almost entirely shut; demand is recovering with business-as-usual expected by 4Q26 - **MARAFIQ**

Electricity demand grew across most segments, offset by lower industrial consumption - **SAUDI ENERGY**

Geopolitical escalation has shifted project development timelines by 6-12 months, with financial-close activity across the market stalling - **ACWA**

NWC's five-year plan spans 3054 projects and USD 74.6bn, targeting 100% water and 95% wastewater coverage by 2030 - **AWPT**

The NWC and SWPC pipeline represents a SAR 300bn+ market - **MIAHONA**

Rating Framework

Buy

Shares of the companies under coverage in this report are expected to outperform relative to the sector or the broader market.

Hold

Shares of the companies under coverage in this report are expected to perform in line with the sector or the broader market.

Sell

Shares of the companies under coverage in this report are expected to underperform relative to the sector or the broader market.

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