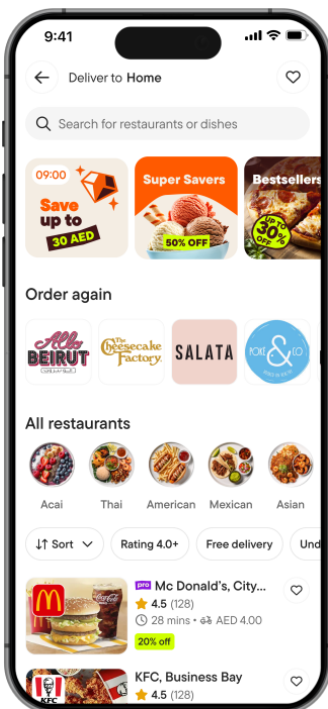


# talabat

## Initiation Coverage

Talabat Holdings PLC



UAE



Oman



Bahrain



Qatar



Kuwait



Jordan



Iraq



Egypt



## Key Investment Highlights:

We initiate coverage on Talabat Holdings PLC ("Talabat" or "the Company") with an equity valuation of **AED 2.0 per share**. Talabat is the leading on-demand delivery platform for online food ordering, delivery, takeaway, and the Grocery & Retail marketplace in eight countries across the MENA (Middle East and North Africa) region. The Company is a fully owned subsidiary of the global delivery powerhouse Delivery Hero. As of July 2024, the Company's platform supports a vast network of more than 64,000 active partners and 115,000 active riders. The Company has operations in eight countries such as UAE, Qatar, Kuwait, Oman, Bahrain, Jordan, Egypt, and Iraq.

### Our investment view is supported by:

- Leader in Technological Innovation with a Unique Product-Driven Focus & AI Expertise
- Fully Multi-Vertical Ecosystem Driving Expansion from Food to Grocery and Retail
- Long-Term Growth Potential Supported by Strategic and Operational Initiatives
- Robust Financial Performance with Growing Revenue and Healthy Free Cash Flow

### Leader in Technological Innovation with a Unique Product-Driven Focus & AI Expertise

Talabat emerges as the leading on-demand delivery platform in the MENA region, serving over 6 Mn active customers with an average order frequency of 6.5x as of July 2024. Its platform supports a vast network of more than 64,000 active partners and 115,000 active riders. Operating in eight high-potential countries, it offers a multi-vertical ecosystem spanning food delivery, takeaway, grocery & retail services, with less than 30 minutes of average delivery times. Through cross-vertical synergies and personalized services, Talabat enhances customer lifetime value and fosters deeper engagement across the platform. Talabat is further focusing on personalization, retail innovation, AdTech advancements, subscription services, and FinTech solutions, which will ensure its sustainable long-term growth potential.

### Fully Multi-Vertical Ecosystem Driving Expansion from Food to Grocery and Retail

Talabat is strategically expanding offerings from food to grocery and retail, which is expected to enhance its order frequency, increase customer spending, and drive overall platform growth. It is capitalizing on the growing grocery and retail market through two complementary business models, Talabat tMarts and Talabat Local Shops. As of July 2024, the Company operates 129 tMarts with a delivery time of less than 30 minutes, while Talabat Local Shops serves as a marketplace connecting customers with over 9,300+ neighbourhood supermarkets, speciality stores, pharmacies, and more. The Company further aims to double down on its product selection by increasing partnerships, expanding product categories, and enhancing assortment variety, which is expected to drive GMV growth across both businesses.

### Long-Term Growth Potential Supported by Strategic and Operational Initiatives

Talabat is well-positioned to capitalize on strong macroeconomic trends that are expected to drive substantial growth across its core markets. Talabat also holds significant untapped growth potential in the non-GCC markets. It is strategically positioning its PostPaid product as a driver for customer engagement and retention. The Company also continues to scale its Talabat Pro program to strengthen customer loyalty and accelerate partner growth. It is also strengthening its supply partnerships by enhancing returns for restaurant partners by reducing their operational costs. The expansion of the Company's new products and operational initiatives are expected to enhance the Company's customer retention and partner engagement, positioning it for strong growth.

### Robust Financial Performance with Growing Revenue and Healthy Free Cash Flow

Talabat GMV grew at a CAGR of 24% from USD 3.9 Bn in FY2021 to USD 6.1 Bn in FY2023 attributable to the higher demand, order frequency, expansion into Grocery & Retail products, and the expansion of the multi-vertical customer base. The Company generates revenue from multiple sources including advertising and listing fees, delivery and service fees, subscription fees and other income, and commission fees. Talabat's total revenue grew 27.0% to USD 2.2 Bn in FY2023 with a GMV to revenue conversion rate of 37.0% compared to revenue of USD 1.8 bn with a conversion rate of 34.1% in FY2022 attributable to improved monetization measures. Talabat's adjusted EBITDA grew 48.1% from USD 217 Mn in FY2022 to USD 321 Mn in FY2023 and Adj. EBITDA also rose from 4.2% in FY2022 to 5.3% of GMV in FY2023 due to gross margin growth coupled with cost efficiencies in marketing, IT, and G&A expenses.

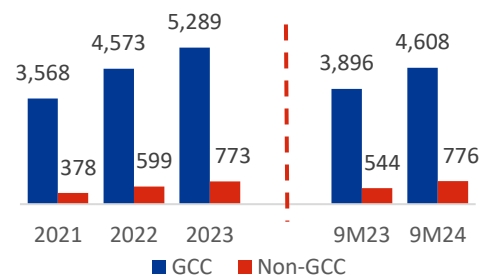
## Initiating Coverage

### Sector: Consumer Discretionary

Analyst Name: Ahmad Banihani

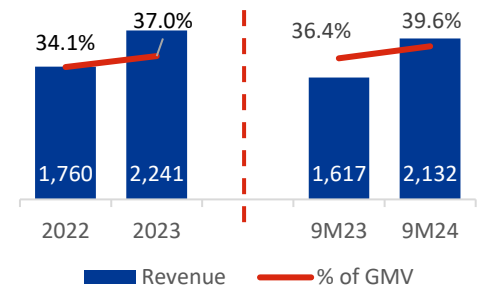
Rating	BUY
Current Market Price (AED)	1.50
Target Price (AED)	2.00
Upside/(Downside)	+33%
Market Cap (AED, Bn)	34.93

### Gross Merchandise Value (GMV) (USD Mn)



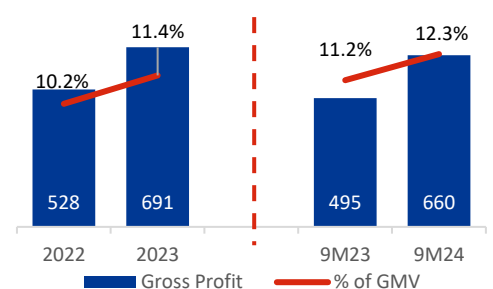
Source: Company Information

### Total Revenue<sup>1</sup> (USD Mn) and % of GMV



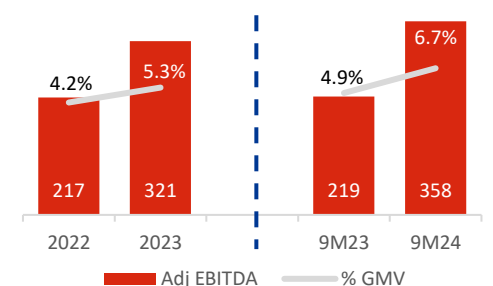
Source: Company Information, <sup>1</sup>Based on management reporting numbers

### Gross Profit<sup>1</sup> (USD, Mn) and % of GMV



Source: Company Information, <sup>1</sup>Based on management reporting revenue

### Adj EBITDA (USD Mn) and % of GMV



Source: Company Information

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## Introduction to Talabat

### Talabat is the Leading On-Demand Delivery Platform in MENA Region

Talabat is the MENA's leading on-demand delivery platform with 64K+ partners and 115K+ riders

**Talabat Holding PLC (the Company)** is a fully owned subsidiary of the global delivery powerhouse Delivery Hero. It operates in the MENA region with operations in countries such as UAE, Qatar, Kuwait, Oman, Bahrain, Jordan, Egypt, and Iraq. The Company is the leading on-demand delivery platform for online food ordering, delivery, takeaway, and the Grocery & Retail marketplace in eight countries across the MENA (Middle East and North Africa) region.

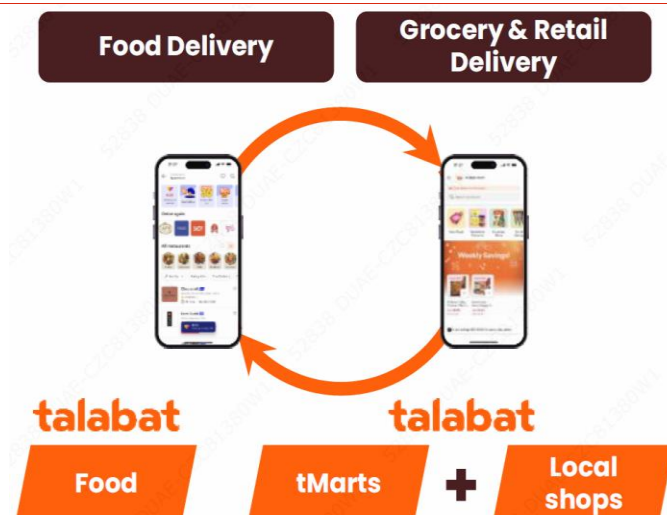
On-demand delivery service offered by Talabat provides consumers with quick access to food, groceries, and retail products from restaurants and shops. The Company partners with these businesses and allows them to list their offerings on the Talabat platform in exchange for listing fees, making it easier for customers to place orders. Once an order is placed, Talabat notifies the partnered restaurant or shop and dispatches a rider to deliver the items to the customer's specified location. Talabat generates revenue by charging commission and service fees from both partners and customers, respectively for its services. Additionally, the platform serves as an advertising space for partners and other brands, providing another source for revenue generation. The Company also offers subscription-based services to customers for additional benefits.

Talabat built strong partnerships with c. 64,400 restaurants and local shops, extending its delivery capabilities to a wide range of products, including food, groceries, flowers, and health and wellness items. The company also operates 129 tMart stores, which serve as delivery-only dark stores, reinforcing its commitment to convenience and efficiency. The Company employs a fleet of more than 115,000 active riders (as of July 2024) to deliver food and grocery products with an average delivery time of less than 30 minutes and is integral to maintaining the company's promise of fast delivery.

The Company employs 115K+ riders to serve 6+ Mn active customers as of July 2024

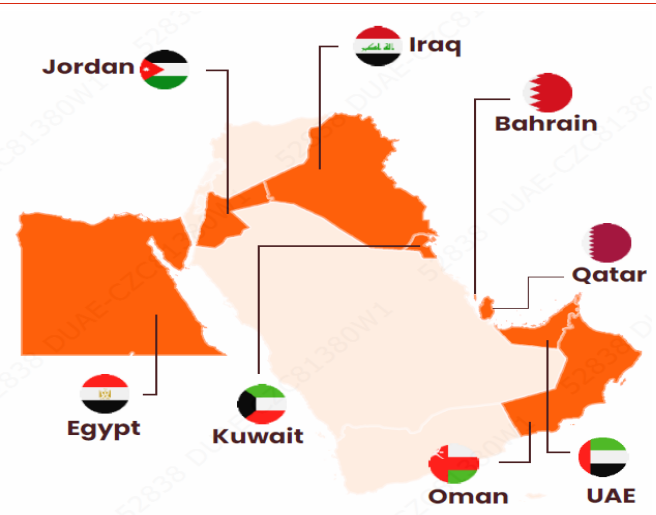
The Talabat platform served more than six million active customers in July 2024 with an impressive average order frequency of 6.5x per active customer. The Company employs a team of c. 440 tech experts (FTEs) as of July 2024 for innovation and seamless operations and operates two tech hubs based in Dubai and Cairo. It launched operations in Kuwait in 2004 with a goal to make food ordering simple and easy. Later, Talabat expanded to UAE, Bahrain, and Oman in 2012 and started operations in Qatar in 2013.

Figure 01: Multi-vertical Ecosystem of Talabat



Source: Company Information

Figure 02: Geographical Presence of Talabat



Source: Company Information

Talabat generated a GMV of USD 6.1 Bn and revenue of USD 2.2 Bn in FY2023 with a GMV to revenue conversion rate of 37.0%

An important moment occurred in 2015 when the Company was acquired by Delivery Hero. This provided Talabat with the resources for significant growth and enabled it to acquire other platforms, including iFood.jo and foodonlick. The Company further solidified its position in Kuwait, Bahrain, and the UAE with the acquisition of Carriage and expanded its operation in Jordan in 2017.

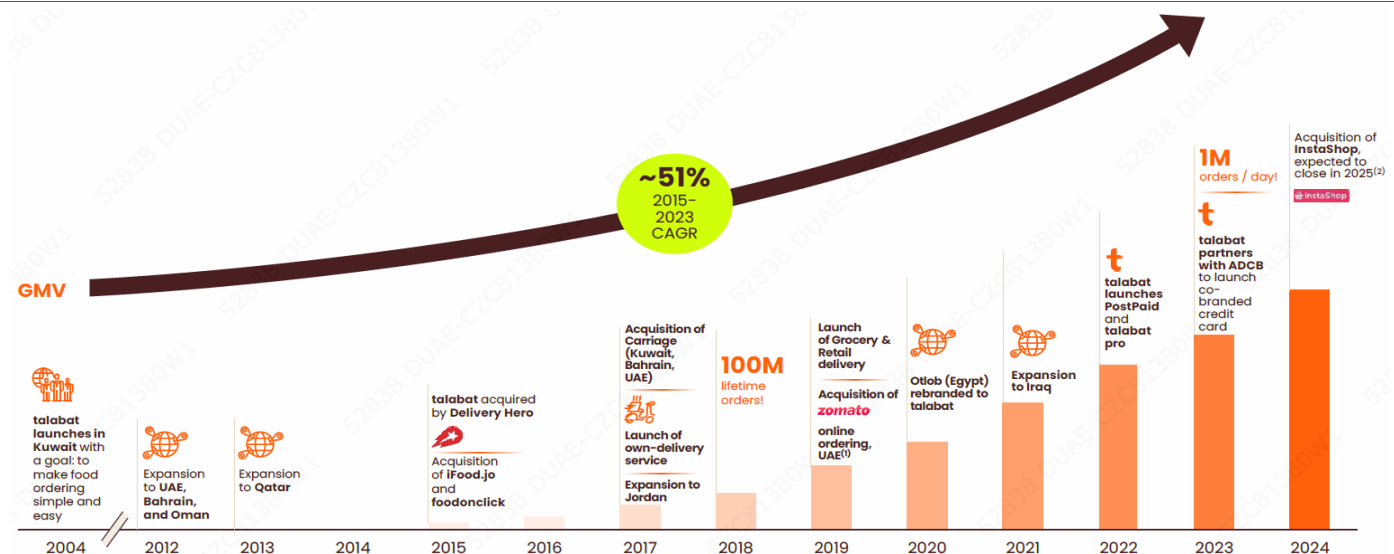
Also, Talabat launched its own delivery services in 2017 for seamless operations. The Company reached the major landmark of 100 Mn lifetime orders in 2018 showcasing its rapid growth and customer loyalty. Talabat diversified its offerings in 2019 by entering the Grocery & Retail delivery verticals and acquired operations and restaurant contracts of Zomato UAE, further expanding its service capabilities and market reach. The Company entered Egypt in 2020 with the rebranding of Otlob to Talabat and expanded to Iraq in 2021.

To support its customers and make the process more convenient, the Company launched postpaid services and Talabat Pro in 2022, which offers monthly or annual subscriptions with exclusive benefits. As of July 2024, Talabat Pro has been rolled out in six countries including the UAE, Qatar, Oman, Kuwait, Bahrain, and Jordan. Talabat partnered with Abu Dhabi Commercial Bank to launch co-branded credit cards for customer convenience in 2023 and achieved a major milestone as the daily orders crossed the one million mark during the period. The Company has also acquired InstaShop, with the transaction expected to close in FY2025, to strengthen its position in the grocery and retail delivery markets in the UAE and Egypt. Talabat has key partnership agreements with different brands in multiple categories including Burger King & Texas Chicken in the quick service restaurants category, Alabdalla & Mama'esh in regional favorites, and multiple other independent brands such as Gulf Pastry, Qaysar Pizza, Seashell, and Tea Break.

Operations from GCC countries contributed c. 86% of revenue in FY2023, while the remaining 14% was contributed by non-GCC countries

The Company has reported strong growth in GMV with a CAGR of 23.9% from USD 3.9 Bn in FY2021 to USD 6.1 Bn in FY2023 due to healthy order volumes across all regions. Such resilient growth in GMV has resulted in strong revenue growth with a 37.0% GMV to revenue conversion rate in FY2023. The management reported revenue of Talabat rose 27.3% YOY from USD 1.8 Bn in FY2022 to USD 2.2 Bn in FY2023. Operations from GCC countries contributed c. 86% of GMV in FY2023, while the remaining 14% was contributed by non-GCC countries.

Figure 03: Journey of Talabat and GMV growth



Source: Company Information. Notes: 1. Acquisition of restaurant contracts, Zomato UAE. 2. A Share Purchase Agreement between Delivery Hero and Delivery Hero FZ-LLC has been signed to transfer 100% of the shares of InstaShop to talabat. Closing of the transaction expected to happen in 2025, subject to fulfilment of certain conditions. InstaShop operations to be integrated within talabat post-closing. 3. Financials shown in this presentation do not include any contribution from InstaShop.



## Customers, Riders & Partners are the Key Pillars of the Talabat Business Model

### Talabat Fulfilling the Customers' Demands of Selection, Experience, and Value

**Talabat served more than six million active customers with a monthly revenue per customer of USD 37.9 in July 2024**

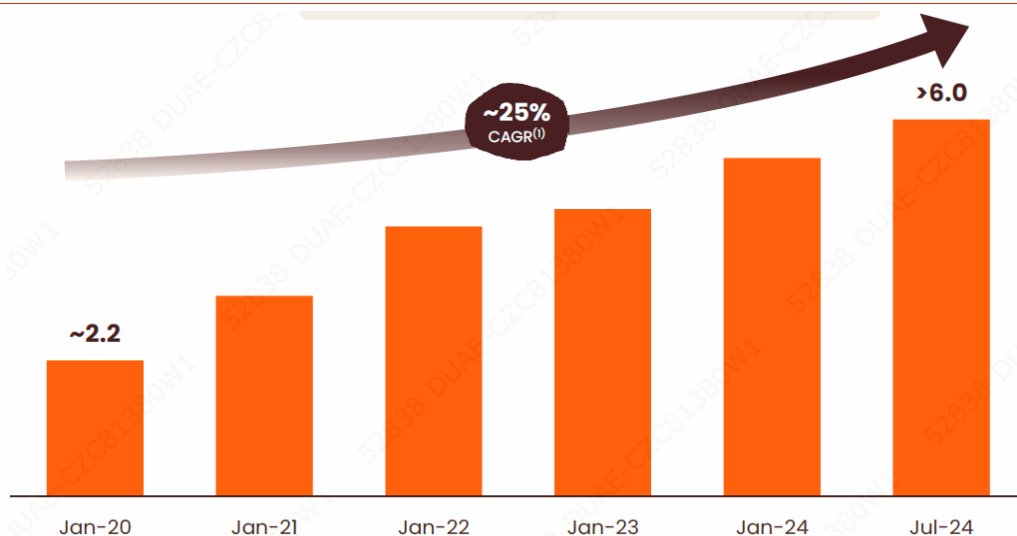
Talabat caters to a fast-growing, large, and high-value customer base with more than six million active customers in July 2024, a growth of 25% CAGR from 2.2 million active customers in January 2020. The monthly revenue per customer also witnessed an impressive jump from USD 16.5 in January 2020 to USD 37.9 in July 2024. The customers of Talabat increasingly spend more on the platform every year. This is indicated by the growth of GMV from cohorts (Cohort refers to customers grouped by the calendar year in which it first placed an order with Talabat). For example, GMV from FY2019 cohorts (customers joined the platform in FY2019) was 2.0x in FY2020, 2.7x in FY2021, 2.9x in FY2022, 3.1x in FY2023, and 3.4x in FY2024 compared to GMV generated in FY2019.

The customers of Talabat require best-in-class selection choices, so the Company offers a huge selection from more than 64,000 partners with a large variety of more than 155 different cuisines and categories thus fulfilling consumer demand for quality, quantity, and variety. Talabat platform hosts c. 55,100 restaurants and c. 9,300 local shops as of July 2024, compared to c. 14,500 restaurants and c. 300 local shops in January 2019.

Talabat also provides a smooth ordering experience with convenience, reliability, and personalization by delivering c. 99% seamless orders. The orders are delivered rapidly with less than 30 minutes of average delivery time in July 2024. To offer customers a best-in-class customer experience, the Company increased the coverage area between pickup and customer location by c. 15% for orders delivered by Talabat riders in 1H24 from FY2020. The average delivery time also declined from c. 37 minutes in FY2020 to c. 31 minutes in 1H24.

The Company provides value for money to its customers with targeted offers by implementing multiple reward programs and subscription-based services. It is evident from total partner-funded savings of USD 380 Mn between 1 August 2023 to 31 July 2024. The discount offering is also a highly effective marketing tool for the Talabat partners. So, 71% of the partners (as of July 2024) offer discounts on platform purchases (excluding B2B and bank discounts).

**Figure 04: Number of Active Customers on the Talabat Platform**



Source: Company Information, <sup>1</sup>CAGR from January 2020 to July 2024 (4.6 years)

## Talabat Provides a Large User Base and Higher Online Brand Visibility to its Partners

The active partners of the Company grew at a CAGR of c. 30% from c. 14,800 partners in January 2019 to more than 64,400 partners in July 2024

Talabat rapidly expanded its partner network to over 64,400 active partners across eight countries as of July 2024, achieving a compound annual growth rate (CAGR) of around 30% since January 2019. This diverse network includes:

**Regional Favorite Restaurants (A & B tiers):** Approximately 17,000 partners contributed 44% of GMV of July 2024.

**Boutique Restaurants (C, D, & E tiers):** c. 34,000 partners account for 17% of GMV of July 2024.

**Global Leading Restaurants (AAA tier):** c. 4,000 partners contributing 15% of GMV of July 2024.

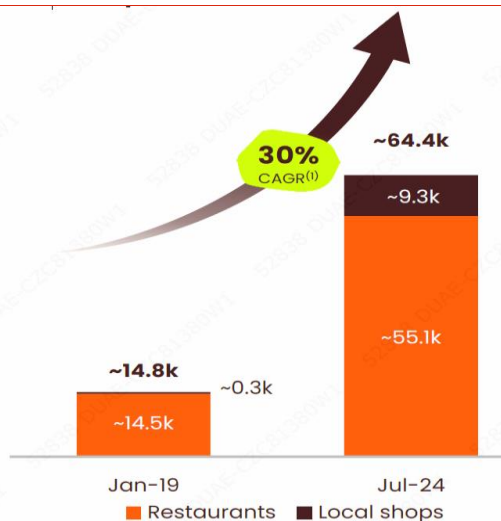
**Local Retail & Grocery Branches/Shops:** Around 9,000 partners make up the remaining 24% of GMV of July 2024.

Talabat's tier-based rating system evaluates partners based on GMV, new acquisitions, and customer frequency. In Egypt alone, the company has a portfolio of c. 9,000 partners, with significant growth potential as over 80,000 partners are available. Similarly, in Iraq, Talabat partners with c. 3,600 restaurants, with c. 19,000 potential partners.

The partners of Talabat require a resilient sales channel that can provide more visibility and reach to generate revenue. So, the Company provides the partners with access to more than six million active customers with an average monthly order frequency of 6.5x per customer (in July 2024). Talabat can provide access to eight countries including the UAE, Qatar, Kuwait, Oman, Bahrain, Jordan, Egypt, and Iraq where it covers over 80 cities with a total addressable population of c. 71.1 Mn (Addressable population defined as a population aged 15-64 living in urban areas (estimated as (total population) x (% age group) x (% urbanization))).

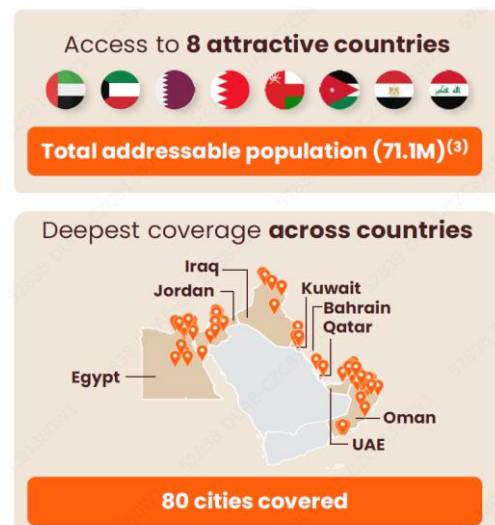
The Company also provides multiple AdTech products to boost online brand visibility which c. 54% of partners adopt. Talabat's AdTech facilitates brand visibility through premium positions, GEMs, display ads, keywords, targeted deals, and smart marketers. These advertising tools provide partners with 4.9x ROAS (return on Ads spent for Cost-Per-Click) to partners.

**Figure 05: Evolution of Total Number of Partners on Talabat platform**



Source: Company Information 1 CAGR from 1 January 2019 to 31 July 2024 (5.6 years)

**Figure 06: Footprint and Coverage of Services Provided by Talabat**



Source: Company Information 3 Addressable population defined as population aged 15-64 living in urban areas (estimated as (total population) x (% age group) x (% urbanization))

The adoption of AdTech products per partner has increased from 1.17 products per partner in FY2021 to 1.40 products per partner in 1H24

ROAS is defined as GMV generated by partners from CPC Ads/cost of CPC post discounts for all partners including Local shops. Talabat's AdTech products play a crucial role in helping partners optimize their city expansion strategies and tailor product offerings to align with customer preferences. By leveraging analytics and data-driven insights, these tools not only enhance visibility but also support cloud kitchens in managing incremental service demands, expanding their footprint, and capitalizing on attractive unit economics. The geographic expansion facilitated by Talabat is significant, as it provides partners access to eight countries, along with valuable insights regarding market attractiveness and business opportunities. This allows partners to strategically enter new markets and gain a competitive edge through the effective use of AdTech products.

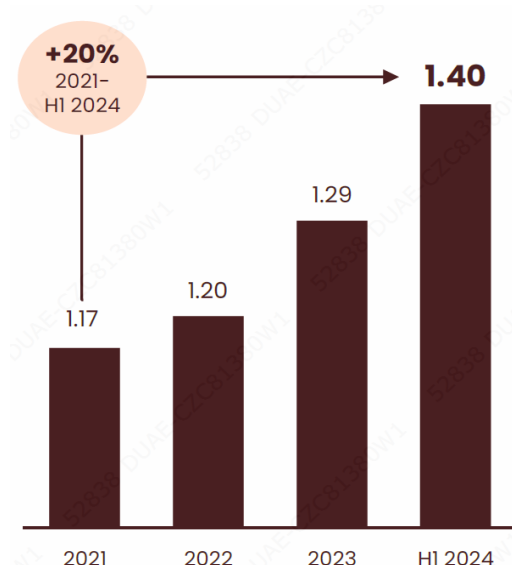
Talabat offers multiple AdTech products including:

**Premium Positioning:** This product allows partners to achieve higher visibility on the Talabat platform by securing sponsored listings that rank them prominently on the app. As of July 2024, about 27% of partners adopted Premium Positioning, resulting in an impressive 4.9x return on ad spending (ROAS). This high visibility enhances brand recognition and attracts more customers, directly impacting revenue growth.

**GEMs (Guaranteed Engagement Marketing):** The product provides high visibility along with discount offering by partners on their products, and allows partners to offer targeted discounts to new customers. GEMs allow restaurant partners to acquire new customers or win back lost customers, by offering a limited-time discount. GEMs offer high visibility through prime real estate on the app, such as the popup on the Food list, and advertiser pay for every user acquired. GEMs are recommended for restaurant partners with low/declining customer acquisition or retention rates. As of July 2024, c. 25% of the Talabat partners have adopted the GEM products which have resulted in a 3.6x return on Ad spending (ROAS).

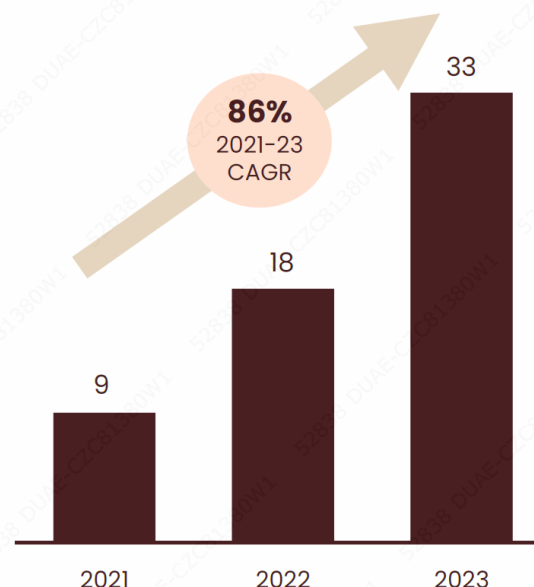
**Display Ads:** the product enables the Company partners to create and show digital display banners to customers to increase visibility and awareness for the brand. As of July 2024, c. 1.1% of the Talabat partners have adopted the Display Ads product which has resulted in a 4.0x return on Ad spending (ROAS). The visually appealing nature of display ads allows brands to capture attention and increase recall among potential customers.

Figure 07: AdTech Products per Partner



Source: Company Information

Figure 08: Orders Generated through AdTech Products (Mn)<sup>1</sup>



Source: Company Information <sup>1</sup> Data Shown for Food Vertical Only



Revenue from AdTech products increased from USD 84 Mn in FY2021 to USD 194 Mn in FY2023

**Keyword Ads:** the product provides paid tools that allow the Talabat partners to place a bid on a keyword, so when the customer searches for that keyword, the partner's listing will be shown in customer searches. As of July 2024, c. 2.2% of the Talabat partners have adopted the Keyword Ads product which resulted in a 4.8x ROAS.

**Deal Targeting:** the product provides the partner with the ability to target a discount offering to new or churned customers at a per-order rate. As of July 2024, c. 22% of the Talabat partners adopted the Deal Targeting product which resulted in a 13.8x return on Ad spending (ROAS).

Talabat's AdTech products are integral to enhancing partner visibility and driving growth. By offering tailored solutions that cater to the specific needs of various partners, Talabat empowers them to expand geographically, optimize operations, and deepen their market presence. These tools not only facilitate GMV growth for partners but also lay the groundwork for long-term success in a competitive landscape.

The adoption of AdTech products among the Talabat partners has been increasing in recent years. The adoption increased by c. 20% from 1.17 products per partner in FY2021 to 1.40 products per partner in 1H24. The increasing adoption of AdTech products boosted the order generation on the platform. The total orders generated due to AdTech products increased at a CAGR of c. 86% from 9 Mn orders in FY2021 to 33 Mn orders in FY2023 for the Food category. This remarkable growth in order volume not only enhances user engagement but also significantly impacts Talabat's financial performance.

Thus, the company's AdTech revenue grew significantly at a CAGR of c. 52%, from USD 84 Mn in FY2021 to USD 194 Mn in FY2023. This includes non-commission revenue across all Talabat countries, underscoring the widespread effectiveness of AdTech initiatives. As partners increasingly leverage these innovative products, the platform's overall value proposition strengthens, driving further growth and positioning Talabat as a leader in the region's digital marketplace.

## A Dense & Diverse Network of Riders to Support Increasing Number of Orders

Talabat has an inventory of c. 115,000 riders as of July 2024

As of July 2024, Talabat proudly boasts a fleet of approximately 115,000 riders, marking a remarkable growth of 64% CAGR from FY2019 to FY2024. The rider population comprise 60% expats and has a rider satisfaction score of 4.2/5.0 (in the UAE). Better earnings, higher safety, and respect are the basic requirements of the riders working in on-demand delivery services.

Talabat implemented several strategic initiatives aimed at optimizing operations. These initiatives include precise fleet requirement forecasts, efficient order funneling, advanced order tracking algorithms, and a commitment to operational excellence. Such measures led to reduced rider wait times, which not only improved efficiency but also resulted in significant cost savings for the Company. Consequently, riders can earn c. 1.2x more daily compared to their counterparts in the industry, reflecting Talabat's ability to ensure fair compensation.

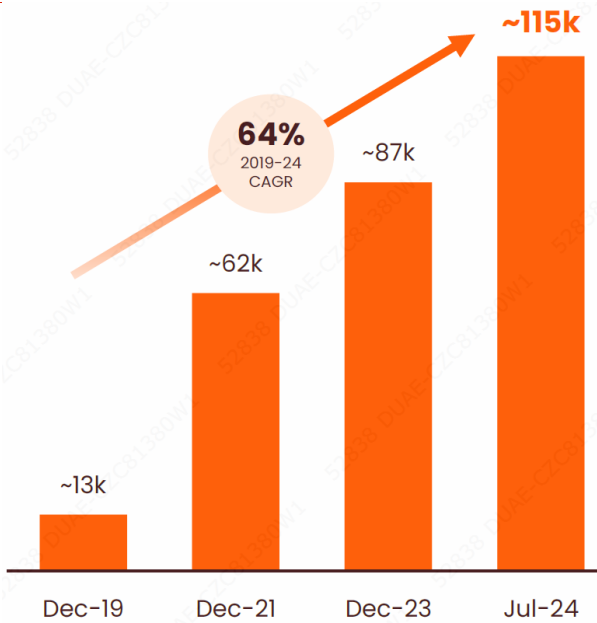
Safety is another important concern for Talabat, and the Company introduced multiple initiatives to protect its riders. These include providing top-tier safety kits, comprehensive accident and health insurance, and incentives for safe driving. Furthermore, Talabat established robust training programs. In the UAE alone, c. 1,600 riders received training at the physical academy, while c. 47,000 riders benefited from the tcamp online training app, accessible in Egypt, Oman, UAE, Bahrain, and Kuwait.

The Company's rider model is characterized by a commitment to high compliance alongside strong rider appreciation. Talabat's third-party logistics (3PL) rider model adheres to high safety standards while ensuring that riders are treated with the respect they deserve. Compliance

measures include background checks on all riders, the presence of Talabat patrollers on the ground, and facial recognition technology to enhance safety.

Moreover, Talabat actively encourages customer appreciation for its riders through various initiatives. This includes promoting tipping and launching social media campaigns that celebrate the contributions of riders. Additionally, the company introduced a feedback app, allowing riders to rate their experiences with partners, further enhancing mutual respect and appreciation within the ecosystem.

**Figure 09: Increasing Fleet Size of Riders<sup>1</sup>**



Source: Company Information <sup>1</sup>Iraq Riders included from FY2021 Onwards

**Figure 10: High Compliance Standards for Riders**



Source: Company Information

## Expansion from Food Delivery to Grocery & Retail Delivery Boosts Order Frequency and Platform Growth

### Entry into the Grocery & Retail Delivery Complements the Growth of Food Delivery

Talabat generated GMV of USD 1.3 Bn from the Grocery & Retail segment in FY2023

Talabat launched its Grocery and Retail delivery services in 2019, marking a significant expansion beyond its core food delivery offerings. This strategic move resulted in a remarkable increase in both customer spending and order frequency. As of July 2024, customers who ordered only food recorded an average order frequency of 3.8x per month, while those purchasing both food and Grocery & Retail products registered an order frequency of c. 13.0x per month. The monthly spending per customer also experienced a huge boost, where customers placing only food delivery orders spent USD 54 per month in July 2024, compared to USD 221 per customer spent in a similar period by customers purchasing food as well as Grocery & Retail products from Talabat platform. This significant difference showcases the value that Grocery and Retail services bring to the overall customer experience, driving higher spending and engagement on the platform. The MENA region presents a significant opportunity for the growth of Grocery and Retail delivery services, largely due to its cultural dynamics and demographic characteristics. Families in the region often consist of larger households, which naturally encourages bulk purchasing of Grocery and Retail products. This trend aligns well with Talabat's offerings, catering to the demand for convenient and efficient shopping solutions. The population of the region is also dominated by a young and increasingly driven by convenience, further enhancing the appeal of on-demand delivery services and favorable for the Talabat business. Additionally, the Grocery and Retail landscape in the region is notably fragmented, with many underserved areas that present untapped market potential. Talabat's strategic focus on the Grocery & Retail segment positions it to effectively serve diverse customer needs.

Figure 11: Overview of Business of Talabat tMarts



Figure 12: Overview of Business of Talabat Local Shops



Source: Company Information <sup>1</sup>Inclusive of tMarts that have been leased but are not yet operational <sup>2</sup>Seamless orders: Percentage of customer-placed orders that are successfully delivered without any cancellation by the rider, partner, or customer, <sup>3</sup>Average delivery time for July 2024

Source: Company Information <sup>4</sup>Local shop partners that have generated at least 1 order in July 2024 <sup>5</sup>Unique SKUs (stock-keeping units) represent the total number of distinct products available to customers across Grocery & Retail in all markets as of July 2024 <sup>6</sup>Promotion penetration: The percentage of orders delivered that included at least one item with a promotion, resulting in a lower price for the customer

**Talabat operates 129 delivery-only tMarts stores and partnered with c. 9,300 local shops for Grocery & Retail delivery**

The Company generated GMV of USD 1.3 Bn in FY2023 from delivery of Grocery & Retail products, underscoring the company's successful diversification beyond food delivery. Talabat utilized its experience in the food delivery segment for seamless services in the on-demand Grocery & Retail delivery business with smooth digital experience and efficient operations. The Company also utilized its platform for cross-selling of Grocery & Retail products with 28% multi-vertical customers as of December 2023.

The Grocery & Retail business of Talabat is based on two complementary business models, customized to different shopping goals of customers.

**tMart:** The Company owns and operates delivery-only dark stores, with 129 strategically located outlets as of July 2024. These stores serve as dedicated warehouses designed to meet customers' instant needs, focusing on convenience and speed. tMarts prioritizes consistent quality and freshness, ensuring that customers receive the best product quality. The stores also feature private label options for high-demand items, which not only enhances product offerings but also increases brand loyalty. Remarkably, tMart achieved a seamless order fulfillment rate of 99%, with an average delivery time of less than 30 minutes. This efficiency makes it an attractive option for customers looking for quick and reliable grocery solutions.

**Talabat Local Shops:** The Company's other business model for the Grocery & Retail segment operates as a marketplace that connects customers with their favorite neighbourhood supermarkets, speciality stores, pharmacies, and more. Talabat partnered with c. 9,300 local shops as of July 2024, creating a broad network that allows customers access to a wide variety of products. This model focuses on affordability while providing a diverse assortment of items, including groceries, electronics, health and beauty products, flowers, and speciality items from bakeries and pet shops. By sourcing products from well-known local establishments, Talabat not only supports local businesses but also caters to customer preferences for familiar and trusted brands.

## **Provides Solutions at Every Step of the Order Journey in the Grocery & Retail Delivery Business**

**Discoverability, basket-building, order fulfillment, and order delivery are the steps of the order journey**

The journey of Grocery & Retail segment orders begins with the crucial aspect of product discoverability, an area where partners often face challenges in reaching customers and ensuring their items are easily found. Talabat implemented innovative advertising solutions through Talabat Ads, designed to enhance the visibility and accessibility of products. The Company equips CPGs (Consumer packaged goods) and partners with retail media solutions to enhance discoverability and engagement with customers. These solutions leverage first-party data through proprietary integrated ads and data platforms, allowing CPGs to connect more effectively with their target audience.

The Company's advertising initiatives include platform campaigns, targeted samplings, and product ads. Such initiatives engage customers at every stage of the shopping journey, drive proximity to transactions at key moments, and collaborate with dedicated teams to achieve long-term success. The solutions of the Company also enable its Grocery & Retail partners to connect customers, through strategic content placement. Talabat AdTech products such as sponsored and display ads boost awareness and order volume through strategic content, enhance visibility to ready-to-buy customers, and leverage display ads and sponsored listings for maximum impact.

The Company also introduced multiple features for convenient basket-building for customers, including search selection for multi-vertical item discovery, allowing for the best choices for each occasion, and variant selection for unlocking the potential to explore different options, making it easier to find and save on products. Talabat also provides a weighable feature for unlocking

the freedom to buy the exact weight and quantity customers want. Additionally, the Company also offers tailored deals to give customers access to exclusive savings, making the platform not only user-friendly but also cost-effective.

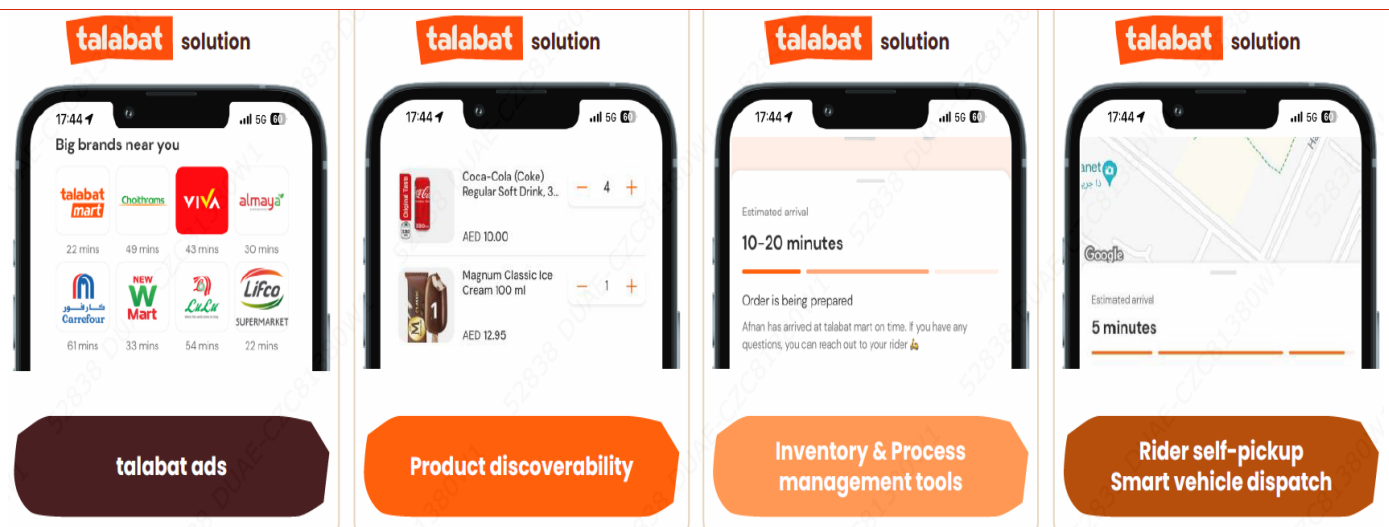
Despite these advancements, the Grocery and Retail segment faces multiple challenges, including inventory management, order fulfillment, and replacement flow. Talabat solved these issues by utilizing advanced technology. Through real-time updates, automated accuracy, and effective demand planning, the company significantly mitigated the out-of-stock problem that occurred in online grocery shopping. Moreover, Talabat launched various tools for picker tracking, partner performance monitoring, and compliance, ensuring seamless order fulfillment.

Talabat is also working on inorganic expansion through the expected acquisition of InstaShop, which was founded in Dubai and operated in the UAE & Egypt. The InstaShop partnered with c. 8,800 partners from 20 different sub-verticals, providing Talabat with a significant boost in the Grocery & Retail delivery segment. InstaShop generated GMV of USD 487 Mn in FY2023 and reported positive EBITDA margins, which is anticipated to further strengthen Talabat's market position.

Post-acquisition, Talabat aims to expand its partner network through cross-listing, optimizing operations via fleet synergies, and enhancing product and technology integrations. This strategic move will not only broaden the Company's reach but also streamline operations, improve customer experiences, and increase profitability in the competitive Grocery and Retail landscape.

**Talabat acquisition of InstaShop is expected to solidify its position in the UAE and Egypt market**

**Figure 13: Solutions Provided by Talabat to Grocery & Retail Partners**



Source: Company Information



## Investment in Technology to Drive Customer Loyalty through Convenience

### Talabat Launched Fintech Services for Customer Convenience

**Talabat offers fintech solutions such as PostPaid service and co-branded cards for payment flexibility**

The Company launched the fintech services with the introduction of the PostPaid facility in the UAE in 2022 to enhance loyalty and improve order frequency. The PostPaid facility allows Talabat customers the convenience of ordering food and paying later (within 30 days) (Buy Now Pay Later) without any extra charges. The product is already profitable within the launch of two years. One of the key advantages of the PostPaid facility is its ability to smooth out the pay-week cyclicalities observed among Talabat customers. Pay-week cyclicalities are the behavioral patterns observed in Talabat customers. The usage of PostPaid services increases in the first three weeks of the month and slightly declines in the last week. Talabat orders placed using PostPaid services peak during the third week of the month and fall to the lowest at the start of the month.

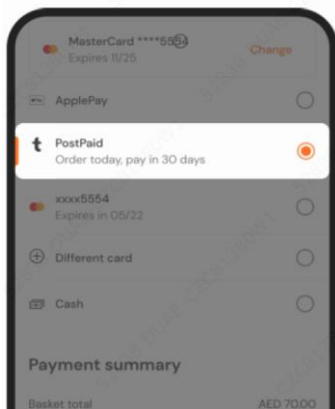
The introduction of PostPaid services resulted in a c. 14% uplift in the order frequency. The usage of the PostPaid services also increased exponentially, at a CAGR of 249% in the UAE from July 2022 to July 2024. However, the total penetration of the service remains modest at 2.2% as of July 2024. A significant portion of the GMV, about half is generated through debit card transactions, illustrating a substantial untapped market for PostPaid services. This indicates a strong potential for increasing customer adoption and further expanding the service's reach.

PostPaid services are currently only active in the UAE, however, the Company has ambitious plans to expand its fintech offerings to other countries, including Kuwait, Qatar, Bahrain, and Oman. Talabat also developed in-house capabilities to ensure minimum exposure to credit default risks and already planning to outsource this risk entirely, ensuring a robust and sustainable growth model.

**The Company launched co-branded credit cards with ADCB to drive customer loyalty**

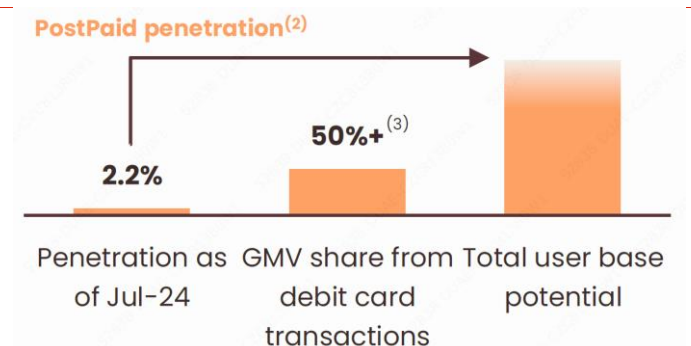
The Company also launched co-branded credit cards in the UAE with Abu Dhabi Commercial Bank to drive higher loyalty with customers in 2023. These cards are designed to provide customers with a suite of benefits that encourage frequent use. Notable features include unlimited free delivery on eligible restaurant orders over a certain minimum spend, no annual fee, and an attractive welcome bonus of AED 500 in Talabat credit after achieving a minimum spend of AED 2,500 within the first 45 days. Furthermore, cardholders earn 35% back on Talabat orders, while all other spending is rewarded at 1.25%, with certain low interchange categories receiving 0.35%.

**Figure 14: PostPaid Services for Payment**



Source: Company Information

**Figure 15: Capacity for Further Growth & Penetration**



Source: Company Information <sup>2</sup> Calculated as PostPaid users divided by the Total users, <sup>3</sup> As of July 2024; Excluding Iraq, online payments are tiny as just launched

## Advanced Technology Ecosystem Supported the Journey to Become the Leading Platform in the MENA Region

The technology ecosystem enhances customer experience with targeted deals, discounts, promotions, and personalization

Talabat started as a marketplace website in 2004 and now transformed into a leading tech company. Currently, it stands as the largest on-demand delivery platform across its operating countries, efficiently handling millions of orders daily through a robust network of c. 115,000 riders. Remarkably, Talabat achieves an average delivery time of less than 30 minutes while maintaining a 99.95% reliability rate. This efficiency is made possible by an advanced technological infrastructure that facilitates near-real-time communication between customers and restaurants.

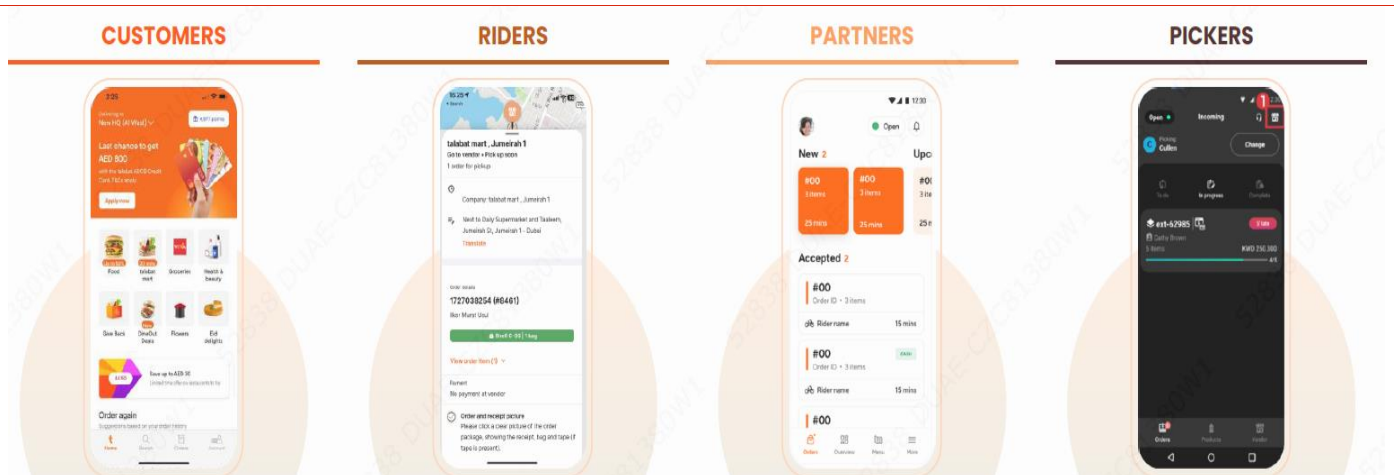
The technology ecosystem of the Company serves all the stakeholders, customers, riders, and partners.

**Customers:** The platform offers a multitude of features designed to enhance the ordering experience of the customers. This includes online payment & payment flexibility, targeted deals, discounts & promotions, and personalisation & discovery. The technology provides a seamless experience for food and grocery ordering with personalization. Talabat has developed machine-learning models for personalized recommendations, upselling, and cross-selling. Customers are served personalized promotions and deals based on their preferences, increasing engagement and conversion rates. The Company also leverages data to introduce customers to other verticals (e.g. food delivery to grocery delivery), enhancing lifetime value. The machine-learning module of Talabat requires six orders to create personalization. This personalization has resulted in the USD 14 Mn per annum incremental EBITDA.

**Riders:** the technology stack of Talabat has enabled services like tracking & routing, rider staffing & forecasting, rider management, and rider mobile app. The advanced algorithms of the Company provide better routing optimization for logistics. Talabat's rider technology ensures efficient delivery routes, reducing fuel consumption, and maximizing rider earnings. Predictive algorithms help riders plan their shifts according to demand forecasts to ensure optimal work schedules for maximum profitability. The Company also provides telematics in-app safety solutions like real-time tracking and GPS integration to enhance rider safety and operational efficiency. Additionally, smart scheduling systems ensure safe, timely, and efficient deliveries, improving rider satisfaction. Talabat also provides a user-friendly rider wallet with a secured earnings ledger.

Talabat provides solutions like tracking & routing, rider management & app, and rider staffing & forecasting to increase efficiency

Figure 16: Benefits of Technology to All Stakeholders of Talabat



Source: Company Information

Technological advancements benefit partners by providing them to integrate POS, advertising solutions, and performance insight

**Partners:** Talabat provides multiple technology solutions for its partners such as POS integration, advertising solutions, self-service tools, and performance insights. The sophisticated advertising platform, built on the Company's data stack, enables partners to create targeted campaigns directly within the Talabat ecosystem. Significant upside potential from self-service as partners can manage their ad campaigns, track performance, and optimize their marketing spend in real time. Partners benefit from increased visibility and higher conversion rates, driving measurable ROI through optimized ad placements and audience segmentation. In FY2023, the Company generated 3.2% of GMV as AdTech revenue. The Company also operates a self-service ad portal for partners which provides tools for partners to book cost-per-click premium positions, gem campaigns, and targeted deals on the partner portal.

Talabat is also actively developing and making advancements in technology for future goals. The Company is planning to improve automation functionality to accommodate customer needs, expand targeting capabilities to include display and awareness ad products and Enhance machine learning algorithms to optimize customer-partner matching based on time of day.

Talabat has built a sophisticated, difficult-to-replicate data engine that improves with scale at the core of its technology. The Company collects c. 13 TB (Terabytes) of data each day from more than six million active customers, 64K+ active partners, 115K+ active riders, and millions of daily transactions. This data is utilized for model buildings that provide a competitive advantage to the Company, enable superior customer experience, improve partner monetization, and enhance rider efficiency.

Talabat is a fully owned subsidiary of Delivery Hero, a global leader in the online food ordering and delivery sector. The ownership by Delivery Hero enables Talabat to leverage Delivery Hero's extensive technological resources and operational expertise, which are crucial to maintaining a competitive edge in the market. Talabat and Delivery Hero have entered into a transfer pricing agreement where inter-company prices are fixed as a percentage of platform revenues. This pricing model ensures that transactions between the two entities are conducted at arm's length, as per the global standards and external benchmarks. The primary services provided by Delivery Hero to Talabat are centered around group technology. Talabat utilizes Delivery Hero's technological infrastructure for its rider and picker app, logistics, and vendor portal. This integration is important for optimizing operational efficiency and enhancing service delivery.

Talabat gains significant advantages from technology sharing with Delivery Hero, particularly in logistics and operational efficiency. By leveraging Delivery Hero's advanced technological systems, Talabat enhances its rider and picker app, optimizing delivery processes and improving overall service quality. Additionally, this collaboration facilitates access to global best practices and innovative solutions, allowing Talabat to adapt these insights to local market needs. The sharing of technology also allows continuous improvement in data analytics and product development, enabling Talabat to stay competitive and responsive to customer demands.

## Robust Financial Performance Driven by Strong Margins

**Revenue of the Company grew 27.3% YOY from USD 1.8 Bn in FY2022 to USD 2.2 Bn in FY2023**

Talabat generated GMV of USD 6.1 Bn in FY2023, growing at a strong CAGR of 23.9% from USD 3.9 Bn in FY2021 from delivery of Food and Grocery & Retail products. The growth is attributable to the rising order volumes in all operational regions. GMV (Gross Merchandise Value) is the total value paid by customers (including VAT, delivery fees, other fees, and subsidies). The GMV also increased 21.3% YOY from USD 4.4 Bn in 9M23 to USD 5.4 Bn in 9M24 due to strong consumer demand, improved order frequency, and healthy growth in Grocery & retail business.

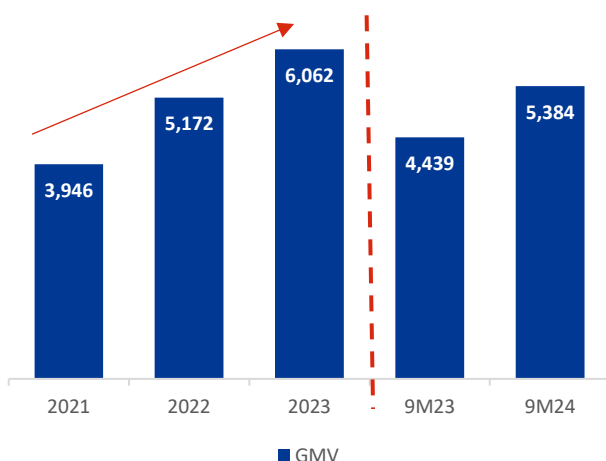
The Company generated revenue of USD 2.2 bn in FY2023 with a GMV to revenue conversion rate of 37.0% compared to revenue of USD 1.8 bn with a conversion rate of 34.1% in FY2022. Talabat generates revenue from multiple sources including advertising and listing fees, delivery and service fees, subscription fees and other income, and commission fees. Total revenue of the Company increased 31.9% YOY from USD 1.6 Bn in 9M23 to USD 2.1 Bn in 9M24 due to further upside from non-commission revenues, delivery & service fees, and proprietary tMart business. Talabat's GMV to revenue conversion reached 39.6% in 9M24 compared to 36.4% during 9M23 due to improved monetization measures.

Adjusted EBITDA is defined as earnings from continuing operations before income taxes, financial results, depreciation and amortization according to management reporting, and non-operating earnings effects. The adjusted EBITDA of the Company increased 48.1% YOY from USD 217 Mn in FY2022 to USD 321 Mn in FY2023 attributed to an increase in revenue and gross margin expansions coupled with cost efficiencies in marketing, IT, and G&A expenses. Adjusted EBITDA margin as a percentage of revenue also expanded from 12.6% in FY2022 to 14.8% in FY2023. Adjusted EBITDA margin also rose from 4.2% in FY2022 to 5.3% of GMV in FY2023 and from 12.3% in FY2022 to 14.3% of management-reported revenue in FY2023. In addition, adjusted EBITDA increased 63.4% YOY from USD 219 Mn in 9M23 to USD 358 Mn in 9M24, with adjusted EBITDA margin increasing from 13.6% in 9M23 to 16.8% of management reported revenue in 9M24. Adjusted EBITDA margin as a percentage of GMV also grew from 4.9% in 9M23 to 6.7% in 9M24.

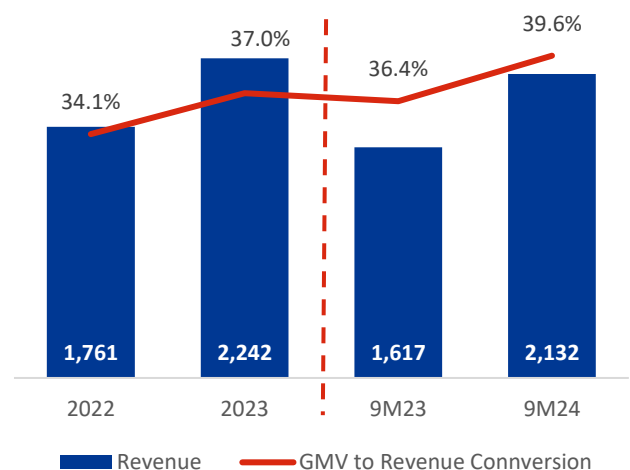
The Company generated free cash flow (FCF) of USD 301 Mn in FY2023 compared to USD 168 Mn in FY2022 due to growth in net profit, lower capex and higher cash generated from working capital. Cash conversion also rose from 77.4% in FY2022 to 93.6% in FY2023. Free cash flow also increased 68.1% YOY from USD 205 Mn in 9M23 to USD 345 Mn in 9M24 due to lower capex, positive working capital effects, and low effective tax rate.

**Adjusted EBITDA of Talabat increased 48.1% YOY from USD 217 Mn in FY2022 to USD 321 Mn in FY2023**

**Figure 17: GMV of Talabat (USD, Mn)**



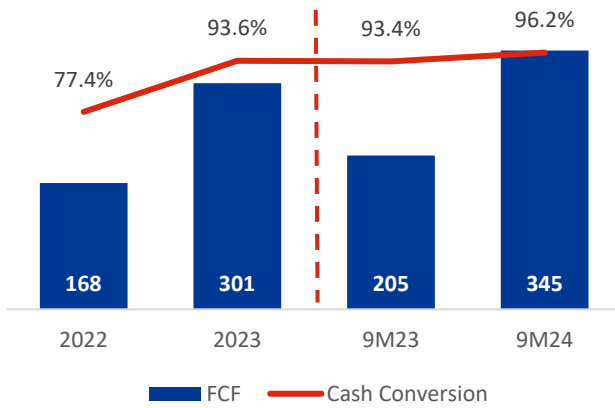
**Figure 18: Revenue<sup>1</sup> of Talabat (USD Mn), As % of GMV**



Source: Company Information

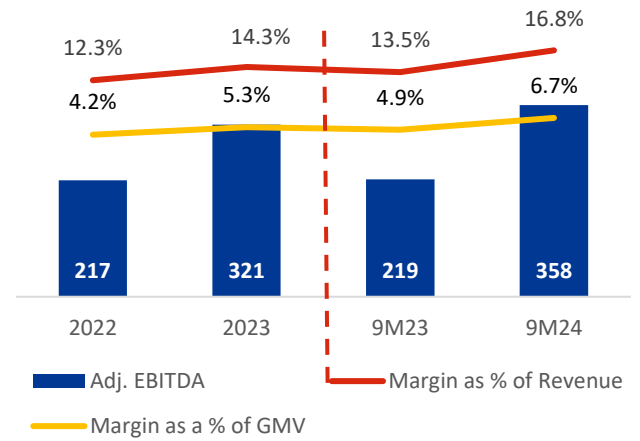
Source: Company Information, <sup>1</sup>Management reported revenue

Figure 19: FCF (USD Mn), Cash Conversion<sup>1</sup>



Source: Company Information, <sup>1</sup>Cash Conversion as a % of Adj. EBITDA

Figure 20: Adj. EBITDA (USD Mn), Adj. EBITDA Margins



Source: Company Information



## Environmental, Social, and Corporate Governance (ESG)

### Developing High-Performance Culture through Employee Engagement and Talent Development

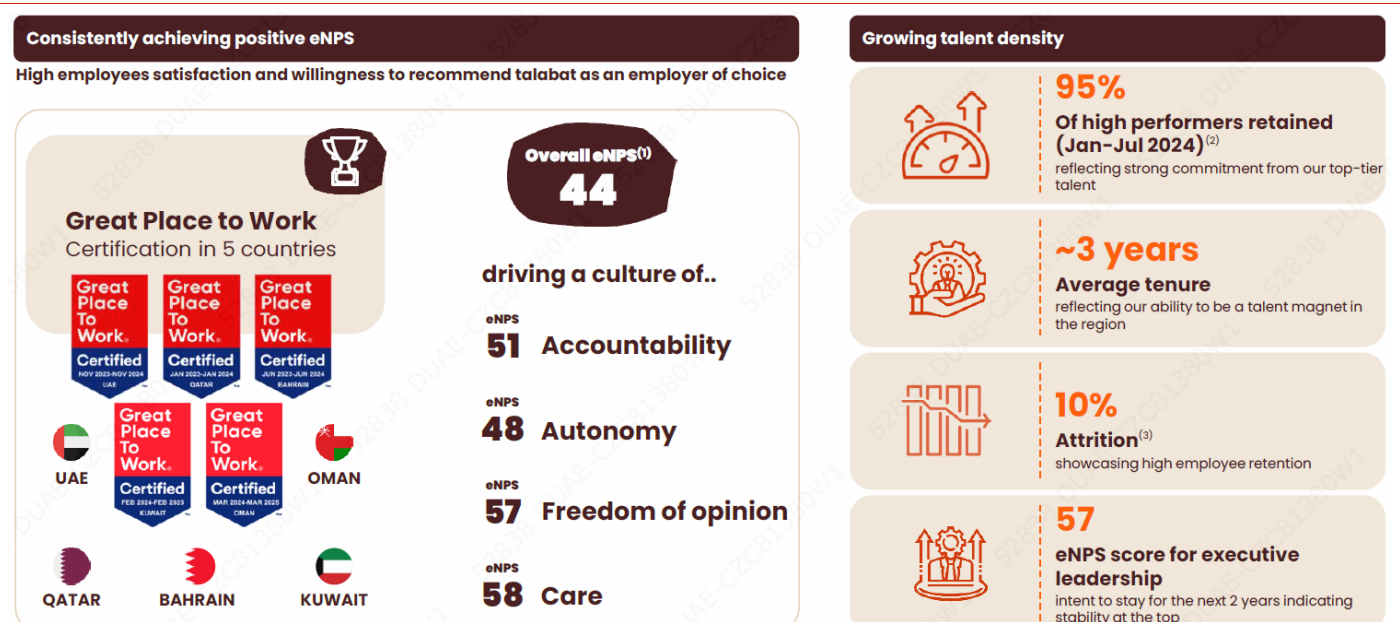
Talabat earned a 'Great Place To Work' certification across five GCC countries, underpinning its strong commitment to employee welfare and organizational culture

Talabat is committed to fostering a high-performance culture through an engaged workforce and focuses on increasing talent density. The Company's sustainability strategy is built on four core pillars community service, talent diversity, workforce development, and climate action. These pillars are supported by an extensive ESG framework, which enables Talabat to embed sustainability into the core of its operations. The Company consistently achieved positive eNPS (Net Promoter Score) and maintains its position as an employer of choice, driven by high levels of employee satisfaction. Talabat prioritizes employee welfare, promotes a strong organizational culture, and approaches talent management with the highest level of dedication and integrity. The Company's strong focus has enabled it to achieve a "Great Place To Work" certification across its operations in five GCC countries like the UAE, Oman, Qatar, Bahrain, and Kuwait.

The Company achieved an eNPS of 44 as of July 2024. In terms of Accountability, Freedom of Opinion, and Care, Talabat recorded an eNPS score of more than 50. It also achieved an eNPS score of 48 for autonomy. These results underscore the Company's commitment to promoting a positive, diverse, and equitable workplace.

Talabat also reported strong numbers in other aspects of talent acquisition and management. The Company's top-tier talent recorded a retention rate of 95% from January-July 2024, indicating that most high-performing employees are committed towards the Company. Furthermore, the employee attrition rate also stood low at 10%, highlighting high employee retention. The Company can also retain its talent for an average tenure of 3 years or more, which underpins the Company's ability to act as a talent magnet in the region. Talabat also recorded an eNPS score of 57 for executive leadership, which underscores high stability in the leadership position. These initiatives highlight the Company's focus on growing its talent density and becoming a talent magnet in the MENA region through initiatives dedicated to building a high-performance culture.

Figure 21: Metrics showing Employees Engagement and Loyalty



Source: Company Information, <sup>1</sup>Engagement NPS (Net promoter score) = % Promoters - % Detractors, <sup>2</sup>Number of high performer leavers until July 2024 / Total number of high performers during EOY 2023, <sup>3</sup>Number of leavers until end of July 2024 / Headcount from January – July 2024

Talabat partners with world's prestigious institutions for its leadership development programmes, such as INSEAD and Harvard Business School, which underpins its strong commitment to employee growth and career development

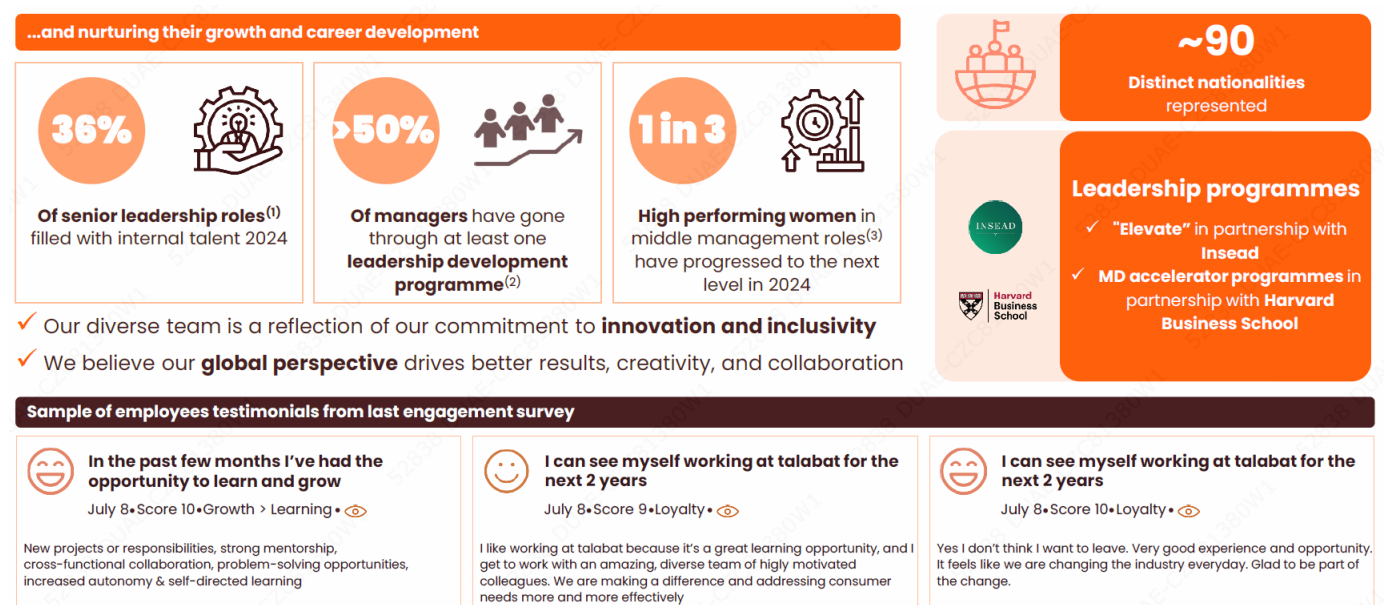
## Empowering Talent Through Career Development and Leadership Programme

Talabat is nurturing its global talent through career development and providing learning opportunities to its employees. The Company's diverse team base comprises individuals from 90 distinct nationalities. Talabat provides its employees with new projects and problem-solving opportunities. The Company offers leadership programs to further support career progression to prepare employees for senior-level positions. The Company's leadership programmes have the ability to train the employees for senior-level positions, which is evident from the fact that Talabat's 36% of senior leadership roles are filled with internal talent in 2024. Additionally, more than 50% of the Company's managers have undergone at least one leadership development programme, reinforcing its commitment to talent growth and leadership excellence. The Company also believes in talent diversity and gives career progression opportunities to high performing women hence, one out of every three women has advanced to middle management roles in the Company.

The Company promotes participation in cross-functional projects so that employees get to broaden the skill sets and get exposure to different areas of the organisation. This kind of exposure enhances problem-solving abilities, communication skills, and teamwork, which are vital for career development.

Talabat has partnerships with some of the world's prestigious institutions for its leadership development programmes, including "Elevate" in partnership with INSEAD and the MD accelerator programme in collaboration with Harvard Business School. The Company and its diverse team prioritise creativity and teamwork, promoting innovation and achieving stronger organisational results. The Company's employee development and career advancement programs have resulted in positive feedback, underpinned by the latest employee engagement survey. Talabat's Employees rated the Company 10 in key areas such as growth, learning, and loyalty, which highlights strong engagement and the effectiveness of the career development opportunities. This underscores the Company's commitment to nurturing a supportive environment for employee growth and success.

**Figure 22: Career Progression for Employees and Leadership Development Programmes**



Source: Company Information, <sup>1</sup>Refers to employees in M3+ (Director and above) as defined internally, <sup>2</sup>50%+ of managers have gone through at least 1 leadership development program to drive a learning culture in their teams as of July 2024, <sup>3</sup>Number of females promoted from M1 to M2 and M2 to M3 / Total number of females in M1 and M2 rated at 4 & 5; based on EOY 2023 and MY 2024

## Talabat's Sustainability Strategic Framework Impacts Community Positively

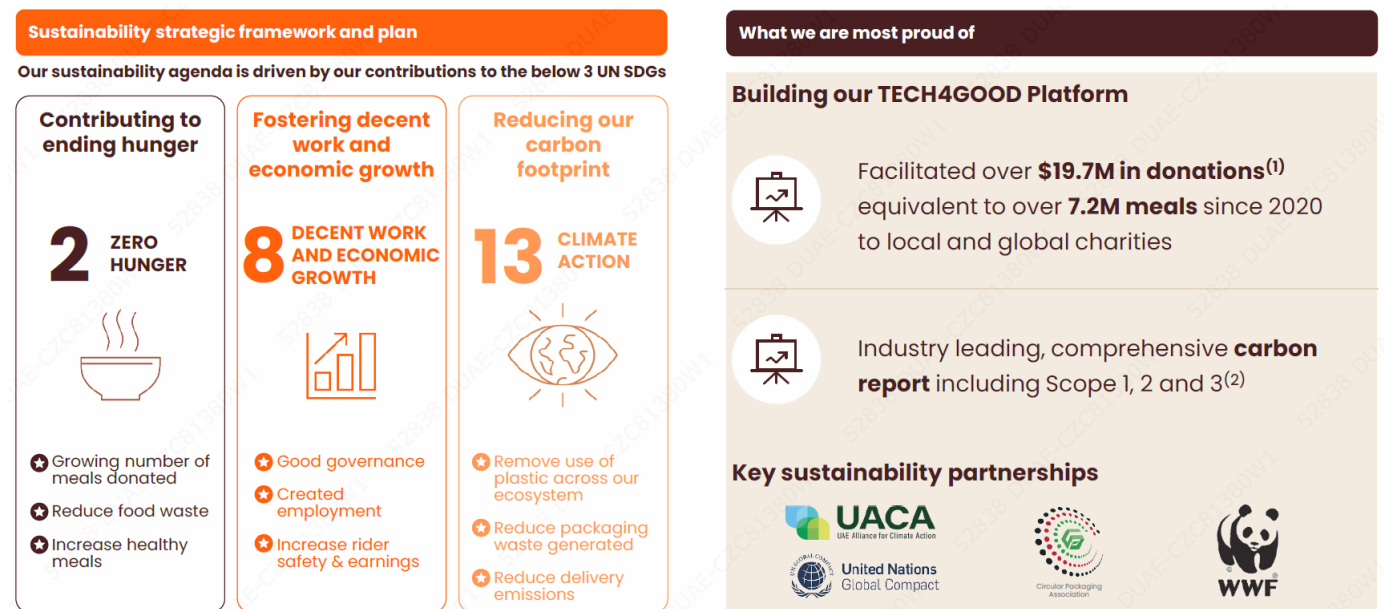
Talabat established a strategic sustainability framework aligned with three key UN SDGs, such as ending hunger, promoting decent work and economic growth, and reducing its carbon footprint

Talabat TECH4GOOD platform, facilitated USD 19.7 Mn in donations through virtual charities since FY2020

Talabat is committed to sustainability-driven business models that have the potential to stimulate economic growth. The Company has established a strategic sustainability framework aligned with three key UN Sustainable Development Goals (SDGs), such as ending hunger, promoting decent work and economic growth, and reducing its carbon footprint. To address hunger problems, Talabat is committed to increasing the number of meals donated, minimizing food waste, and expanding its range of healthy meal options. To promote decent work and economic growth, the Company is emphasizing good governance, creating more job opportunities, and enhancing rider safety and earnings. Additionally, to mitigate its carbon footprint, Talabat has also implemented climate action initiatives focused on eliminating plastic usage across its ecosystem, reducing packaging waste, and minimizing delivery emissions. This comprehensive approach demonstrates the Company's commitment to sustainability and responsible business practices.

The Company has also built its TECH4GOOD platform, facilitating over USD 19.7 Mn in donations through virtual charities since FY2020. This contribution equates to more than 7.2 million meals donated by the Company to local and global charities. Additionally, the Company has built an industry-leading comprehensive carbon report that includes Scope 1 emissions, which are direct emissions owned or controlled by the Company, as well as Scope 2 and Scope 3 emissions, which are indirect emissions resulting from the Company's activities but originating from sources not owned or controlled by it. Talabat also maintains key sustainability partnerships with organizations such as the United Nations Global Compact, UACA (UAE Alliance for Climate Action), Circular Packaging Association, and WWF, underscoring its strong commitment to sustainability and responsible business practices.

Figure 23: Talabat's Sustainability Strategic Framework and Key Sustainability Partnerships



Source: Company Information, <sup>1</sup>Refers to employees in M3+ (Director and above) as defined internally, <sup>2</sup>50%+ of managers have gone through at least 1 leadership development program to drive a learning culture in their teams as of July 2024, <sup>3</sup>Number of females promoted from M1 to M2 and M2 to M3 / Total number of females in M1 and M2 rated at 4 & 5; based on EOY 2023 and MY 2024

## Strengthening Local and Regional Ties Through Social Initiatives

**Talabat actively engages in local and regional social initiatives that empower businesses, enhance community well-being, and support sustainability efforts**

Talabat is an active member in several communities that undertakes many local and regional level social initiatives. Community Engagement is valuable for the Company as it boosts productivity, helps build connections and brings fulfillment in the lives of the employees. It is one of the ways the organization gives back to the society and get familiar with the needs of the people nearby. These social initiatives create Talabat's reputation favourably and deepen customer loyalty.

Talabat launched several community-focused social programs, including the annual "Summer Together" initiative, which provides rest areas and air-conditioned buses to support riders during the summer months. The Company has also formed a strategic partnership with the Jordanian Food Bank, encouraging customers to donate food parcels, with employees actively participating in the distribution efforts. Additionally, Talabat has initiated sustainability-focused pilot projects in Qatar that align with Qatar's National Vision 2030. These include an electric vehicle (EV) initiative aimed at testing EVs in Doha to support decarbonization efforts and a biodegradable packaging initiative in collaboration with Enerva, Qatar's first premium biodegradable bioplastic manufacturer. This initiative aims to promote local entrepreneurship and sustainability by facilitating the large-scale manufacturing and distribution of sustainable cutlery products.

Talabat is actively involved in regional social initiatives designed to empower businesses. As a leading player in the region, the Company supports the local government's core mission to enable and empower businesses like itself. Talabat has leveraged its prominent position to participate in regulatory discussions and contribute to outcomes that affect the region and beyond. Additionally, the Company serves as a valued partner in regulatory conversations, influencing the broader ecosystem of the industry.

**Figure 24: Talabat' Local to Regional Level Social Engagement Initiatives**



Source: Company Information, <sup>1</sup>These projects include an EV initiative to pilot test EVs in Doha for decarbonisation as well as a biodegradable packaging initiative in partnership with Enerva, Qatar's first premium biodegradable bioplastic manufacturer, to support local entrepreneurship and sustainability by promoting large-- scale manufacturing and distribution of sustainable cutlery products



## Key Investment Highlights

### Expanding Addressable Market Driven by Favourable Macro Trends

**Talabat's core markets real GDP growth is estimated to grow 2.3%, significantly outpacing the expected growth of 1.4% in Western countries during FY2023-2028**

#### Favourable Macro Tailwinds and Untapped Opportunities to Drive Growth

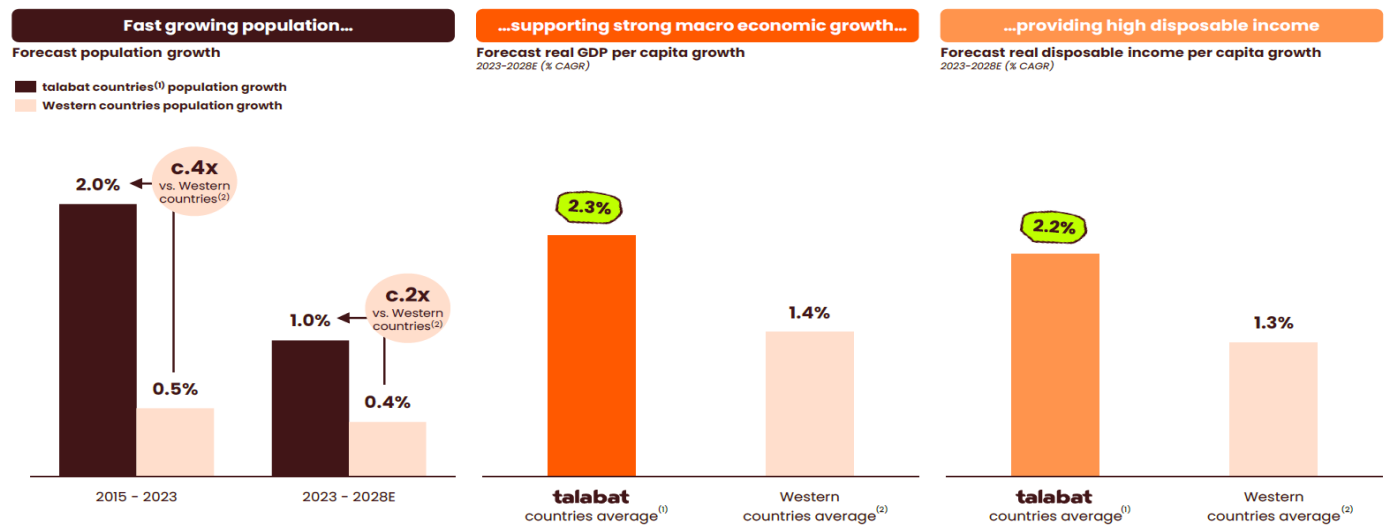
Talabat is strategically positioned to capitalize on favorable macroeconomic trends that are expected to drive substantial growth across its core markets. According to OC&C and Redseer analysis data from Euromonitor International, the Company's addressable markets, including Bahrain, Kuwait, Oman, Qatar, and the UAE, experienced a population growth of 2.0% from FY2015 to FY2023, significantly outpacing the 0.5% growth recorded in Western countries including (United States, Canada, and key Western European markets including Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom) during the same period. The population growth trend is further expected to continue, with Talabat's core markets expected to grow at 1.0%, compared to the 0.4% for the Western countries during FY2023 to FY2028. Additionally, real GDP growth in Talabat's markets is estimated to grow 2.3%, significantly outpacing the expected growth of 1.4% in Western countries during FY2023-2028. Similarly, disposable income per capita in Talabat's markets is projected to grow at 2.2%, compared to the 1.3% for Western countries, providing a solid tailwind for consumer demand. The urbanization trends further enhance the growth potential, with the GCC region in Talabat's portfolio reporting an urbanization rate of 92%, compared to the global average of 57% in FY2023. Additionally, the demographics trend in the Company's GCC markets provides a further competitive edge, as 72% of the population in Bahrain, Kuwait, Oman, Qatar, and the UAE is under the age of 40, compared to only 44% in Western countries, indicating a younger and more dynamic consumer base for the Company. These favourable macroeconomic and demographic trends position Talabat to effectively capture market share and sustain long-term growth across its core markets.

**Talabat is strategically positioned to capitalize on the significant, underpenetrated opportunities within the food service and, grocery & retail sectors, which underpins its potential to capture a larger market share and establish leadership in the industry**

Talabat is strategically positioned to capitalize on the significant, underpenetrated opportunities within the food service and, grocery & retail sectors, which underpins its potential to capture a larger market share and establish leadership in the industry. According to the OC&C Model Euromonitor International data, the TAC for the foodservice spend in drive-through, collection & delivery across Talabat's core countries (UAE, Bahrain, Kuwait, Oman, Qatar, Egypt, Iraq and Jordan) currently stands at USD 21 Bn, with projections to grow at a CAGR of 14% from FY2023-2029. Talabat's current GMV for the food service business is USD 4.8 Bn in FY2023, underscoring substantial room for expansion. Similarly, the total TAC for Grocery and high potential retail e-commerce categories in Talabat's countries is valued at USD 103 Bn and is expected to grow at a CAGR of 8% from FY2023-2029. Talabat's GMV for the grocery & retail segment stood at USD 1.3 Bn in FY2023, indicating significant potential for growth and greater market penetration. The consumer spending on food service and retail in Talabat countries is also twice that of Western countries, which underpins the region's higher demand dynamics. Additionally, Talabat is well-positioned to benefit from the untapped potential in the online penetration in grocery market. Online grocery penetration in Talabat's markets stands at 3.5%, which is comparatively low compared to China at 13.2% and the USA at 10.1%, indicating ample growth potential in the shift to digital commerce. This favorable growth trajectory across foodservice, retail, and online channels enhances Talabat's ability to leverage emerging opportunities, expand its market presence, and unlock substantial long-term value within these sectors.

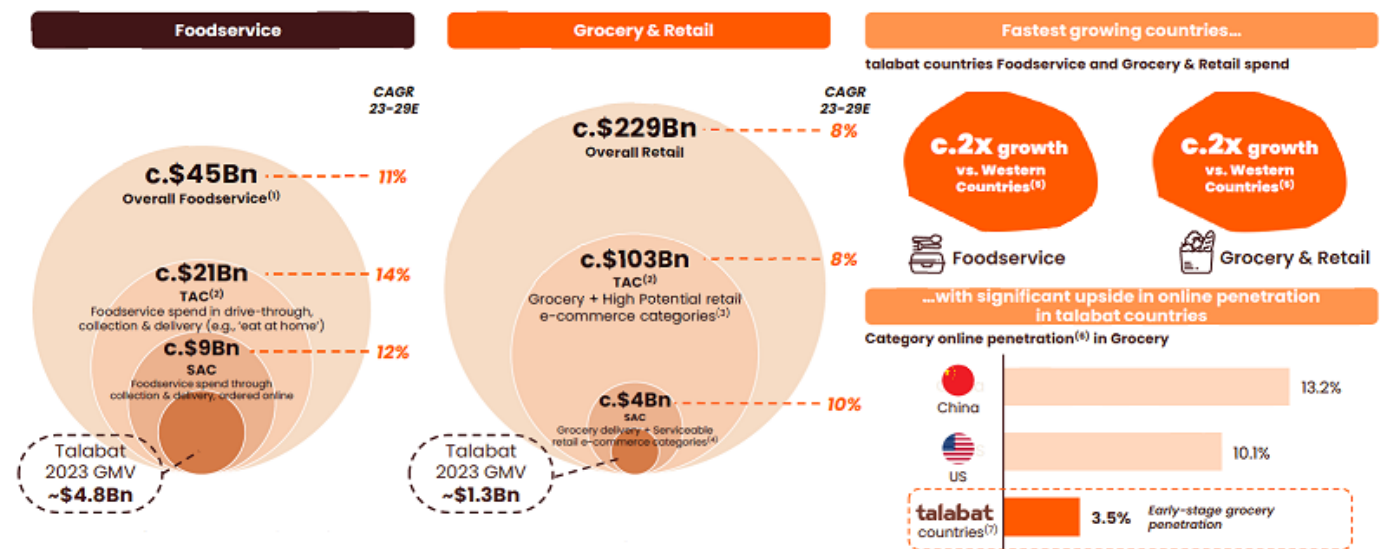


Figure 25: Favourable Macro Trends in Talabat's countries



Source: Company Information, OC&C and Redseer analysis from Euromonitor International data, <sup>1</sup>Weighted average for Talabat's GCC countries –Bahrain, Kuwait, Oman, Qatar, UAE, <sup>2</sup>Weighted average for Western countries include North America (United States, Canada) and Western Europe (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom)

Figure 26: Food Service and Grocery & Retail TAC



Source: Company Information, <sup>1</sup>Spend on meals and refreshments, including soft drinks and hot drinks but excluding alcoholic drinks except where they are served with a meal, in a hotel, full-service restaurant, café, bar, fast food outlet, street stall/kiosk, home delivery/takeaway outlet or self-service cafeteria (cafes/bars, stalls/kiosks etc.); excludes contract foodservice (e.g. hospitals, military, schools), <sup>2</sup>TAC values may not sum to USD 125 Bn due to rounding, <sup>3</sup>Includes high potential categories for Grocery & Retail based on logistics ease / price – incl. flowers, fashion, pharmacy, health & beauty, small electronics & pet care, <sup>4</sup>Categories incl. flowers, pharmacy, health & beauty, small electronics, <sup>5</sup>Weighted average growth rate; Western countries include North America (United States, Canada) and Western Europe (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom), <sup>6</sup>Online penetration calculated as serviceable addressable category / total addressable category, <sup>7</sup>Talabat countries include all countries – UAE, Bahrain, Kuwait, Oman, Qatar, Egypt, Iraq and Jordan

## Strong Growth Potential from Non-GCC Regions and Leadership in GCC Regions to Strengthen Market Presence

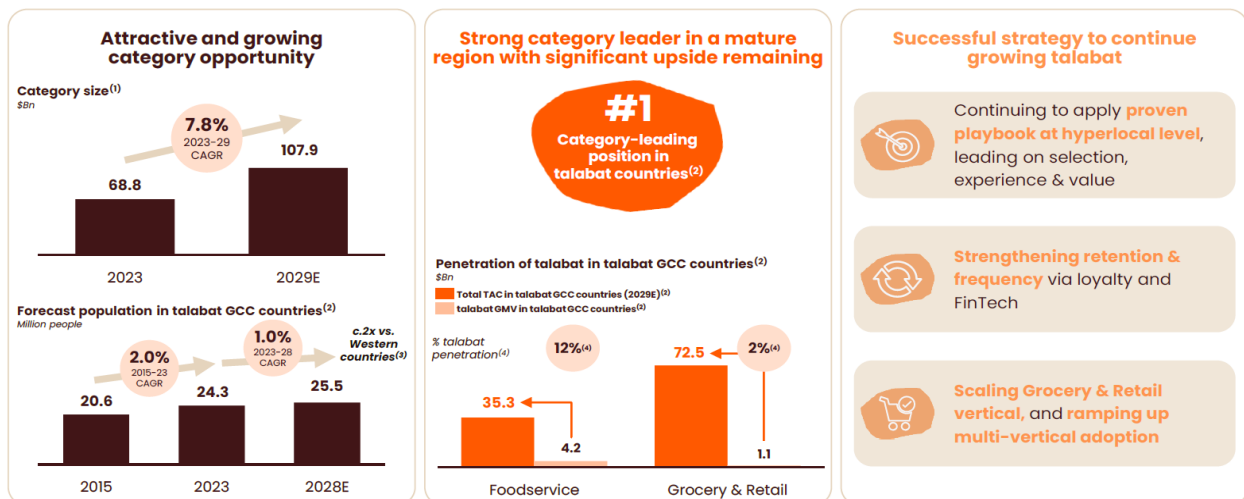
The total addressable market for food service and Grocery & Retail in the GCC is projected to grow from USD 68.8 Bn in FY2023 to USD 107.9 Bn in FY2029

Talabat is focused on building the leading platform across the attractive GCC markets, where the Company continues to see strong growth and category penetration. According to OC&C and Redseer analysis from Euromonitor International data, the total addressable category market for food service and Grocery & Retail in the GCC region is projected to grow at a robust CAGR of 7.8%, from USD 68.8 Bn in FY2023 to USD 107.9 Bn in FY2029. Additionally, population growth in the GCC countries is expected to grow at a CAGR of 1.0%, from 24.3 Mn in FY2023 to 25.5 Mn in FY2028. This expanding market opportunity, combined with favorable population growth, is well-positioned to support Talabat's growth strategy, driving both expansion and profitability in the region. Talabat is also strategically leveraging its proven hyperlocal strategy, focusing on leadership in selection, customer experience, and value while enhancing customer retention and frequency through its loyalty and FinTech offerings. The Company is also focusing on scaling its grocery & retail vertical and driving multi-vertical adoption, which are key enablers of its growth. The expanding addressable market, coupled with population growth, is expected to support Talabat's strategic initiatives, allowing it to further solidify its presence in the GCC region.

In non-GCC regions, the total addressable market for food service and grocery & retail is expected to grow from USD 56.0 Bn in FY2023 to USD 100.3 Bn in FY2029, presenting significant growth opportunities for Talabat to expand its platform and market reach

Talabat is also expected to experience significant growth and category penetration in non-GCC countries, which are highly underpenetrated markets. The total addressable market for Foodservice and Grocery & Retail in Talabat non-GCC regions is projected to grow at a CAGR of 10.2%, from USD 56.0 Bn in FY2023 to USD 100.3 Bn in FY2029. Additionally, population growth in Talabat's non-GCC countries is forecasted to grow at a CAGR of 1.5%, from 161.1 Mn in FY2023 to 173.9 Mn in FY2028. This expanding market presents a substantial growth opportunity for Talabat to extend its platform and increase its market reach in these regions. Additionally, the Company has outlined a clear roadmap to drive this expansion further, which includes applying its proven hyperlocal strategy, leadership in selection, customer experience, and value. The Company also focuses on growing its loyalty program in other countries beyond Jordan. Additionally, Talabat is focused on scaling its grocery and retail vertical, promoting online payment adoption, and expanding its reach geographically. This positions Talabat to capitalize on the untapped potential in non-GCC markets, driving long-term growth and solidifying its leadership across diverse geographies.

Figure 27: Talabat's strategy for building a leading platform in GCC countries



Source: Company Information, OC&C and Redseer analysis from Euromonitor International data, <sup>1</sup>Category size shown as the total addressable category for Foodservices and Grocery & retail for GCC region, <sup>2</sup>Talabat's GCC countries- Bahrain, Kuwait, Oman, Qatar, UAE, <sup>3</sup>Weighted average growth rate; Western countries include North America (United States, Canada) and Western Europe (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom), <sup>4</sup>Talabat Penetration calculated as GMV / total addressable category in that category

## Leader in Technological Innovation with a Unique Product-Driven Focus and AI Expertise

### Leadership in On-Demand Delivery through Advanced Technology

**Talabat has positioned itself as the leading on-demand delivery platform in the MENA region, with over 6 Mn active customers and an average order frequency of 6.5x as of July 2024**

**With system reliability of 99.95%, Talabat has increased its customer base at a CAGR of 25% from 2.2 Mn in January 2020 to 6.0 Mn in July 2024**

Talabat's robust tech stack has driven its growth to become the leading on-demand delivery platform in the MENA region. Talabat is a fully owned subsidiary of Delivery Hero, a global leader in the online food ordering and delivery sector. The ownership by Delivery Hero enables Talabat to leverage Delivery Hero's extensive technological resources and operational expertise, which are crucial to maintaining a competitive edge in the market. The Company and Delivery Hero have established a transfer pricing agreement in which inter-company prices are set as a percentage of platform revenues. This pricing model aligns transactions between the entities with arm's length principles, meeting global standards and external benchmarks. Delivery Hero's primary services for Talabat focus on group technology, as Talabat relies on Delivery Hero's technological infrastructure for its rider and picker app, logistics, and vendor portal. This integration is essential for streamlining operations and improving service quality.

Talabat has evolved as a key technology leader with over 6 Mn active customers and an average order frequency of 6.5x as of July 2024. The Company's platform supports a vast network of more than 64,000 active partners and 115,000 active riders. Talabat operates in eight high-potential countries across the MENA region through its multi-vertical ecosystem that includes market-leading online food ordering, delivery, takeaway, and grocery & retail services. This robust infrastructure and scale reinforce its leadership in the rapidly expanding on-demand delivery market.

Talabat's systems are optimized for high throughput and minimal latency, achieving an impressive system reliability of 99.95% while processing millions of orders daily. This strong technology infrastructure underpins Talabat's commitment to delivering exceptional customer, partner, and rider experiences. The Company's customer base experienced substantial growth with a CAGR of 25% from 2.2 Mn in January 2020 to 6.0 Mn in July 2024. The Company's customers benefit from access to over 155 cuisines and categories, with rapid service characterized by an average delivery time of less than 30 minutes. Additionally, the Company offers a highly differentiated food and grocery ordering experience underpinned by advanced personalization technology. Leveraging machine learning models, it provides tailored recommendations that enhance upselling and cross-selling opportunities. Its personalized promotions, based on customer preferences, significantly drive engagement and conversion rates. Furthermore, the Company maximizes cross-vertical synergies by leveraging data insights to introduce customers to additional services, such as transitioning from food delivery to grocery delivery, which strengthens customer lifetime value and fosters deeper engagement across the platform. This focus on personalization and seamless multi-vertical integration contributed to an EBITDA of USD 14 Mn from FY2023 to July 2024, underscoring the Company's strong financial performance.

Riders on Talabat's platform benefit from cutting-edge routing algorithms designed for large-scale operations. The Company gains significant benefits from shared technology with Delivery Hero, especially in logistics and operational efficiency. By utilizing Delivery Hero's advanced systems, Talabat strengthens its rider and picker app, streamlining delivery processes and elevating service quality. Predictive algorithms allow riders to schedule shifts in advance, aligning with demand forecasts for optimal work hours. Additionally, real-time tracking, GPS integration, and smart scheduling systems enhance safety and performance, leading to timely and efficient deliveries and increasing rider satisfaction. As of July 2024, Talabat achieved a 94% rider safety score, reflecting its commitment to riders well-being. In addition, from FY2020 to

Talabat's orders generated through AdTech products grew from 9 Mn in FY2021 to 33 Mn in FY2023, highlighting the effectiveness of advertising tools in improving order generation

1H24, the Company expanded its coverage area by 15% and improved average delivery times by 17%, underscoring its ongoing efforts to enhance operational efficiency and rider experience.

Partners on Talabat's platform gain access to a substantial and targeted audience for effective advertising. The Company's cutting-edge advertising technology, built on a robust data infrastructure, empowers partners to create customized campaigns directly within the ecosystem. The partners can efficiently manage ad campaigns, track performance, and optimize real-time marketing budgets with self-service tools, unlocking considerable growth potential. This approach enhances visibility and increases conversion rates, resulting in measurable ROI through optimized ad placements and precise audience segmentation. Additionally, Talabat provides its partners with a comprehensive suite of advertising tools, including premium positioning, GEMs, display ads, keyword ads, and deal targeting, designed to enhance visibility and drive growth through targeted promotional strategies.

As of July 2024, the Company's premium positioning tools, such as Sponsored Listings, achieved a 27% adoption rate, delivering a 4.9x return on ad spend (ROAS) by significantly improving partner visibility and ranking on the listing page. The GEMs tool, which offers targeted discounts to attract new customers, recorded a 25% adoption rate, providing the partners with a 3.6x ROAS during the same period. Additionally, display ads, which increase brand awareness through digital banners, recorded a 1.1% adoption rate, yielding a 4.0x ROAS to the Company's partners as of July 2024. The keyword ads tool allows partners to bid on specific keywords for prominent placement in search results and recorded a 2.2% adoption rate and 4.8x ROAS as of July 2024. Talabat's deal targeting tool, which is focused on offering discounts to new or churned customers, recorded an adoption rate of 22% by the partners and achieved an impressive 13.8x ROAS as of July 2024. These tools collectively strengthen the Company's position in the advertising market, providing partners with scalable opportunities for customer acquisition and revenue generation. Talabat's AdTech offerings generated tangible growth for its partners while significantly enhancing the Company's profitability. The Company's orders generated through AdTech products grew from 9 Mn in FY2021 to 33 Mn in FY2023, highlighting the effectiveness of advanced tools in improving order generation. Additionally, the Company's AdTech revenue recorded a robust CAGR of 52%, from USD 84 Mn in FY2021 to USD 194 Mn in FY2023. AdTech revenue as a percentage of GMV also grew from 2.1% in FY2021 to 3.2% in FY2023, underscoring the significant upside potential of offerings in driving long-term profitable growth for Talabat.

Figure 28: Talabat's Multi-vertical Experiences

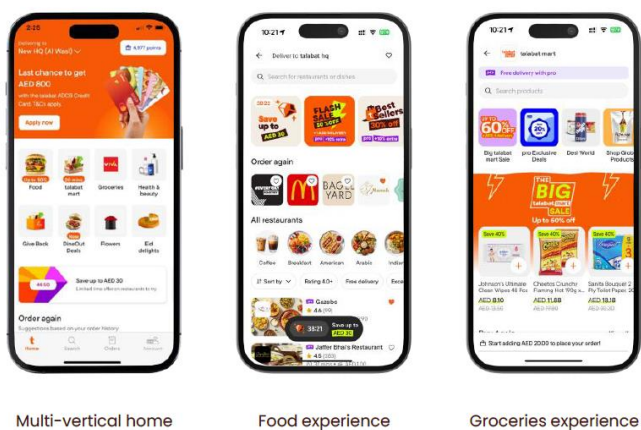
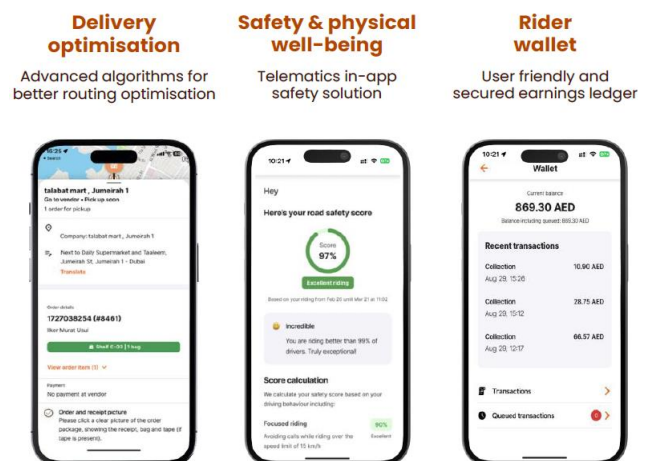


Figure 29: Talabat's Robust Technology for Riders



Source: Company Information



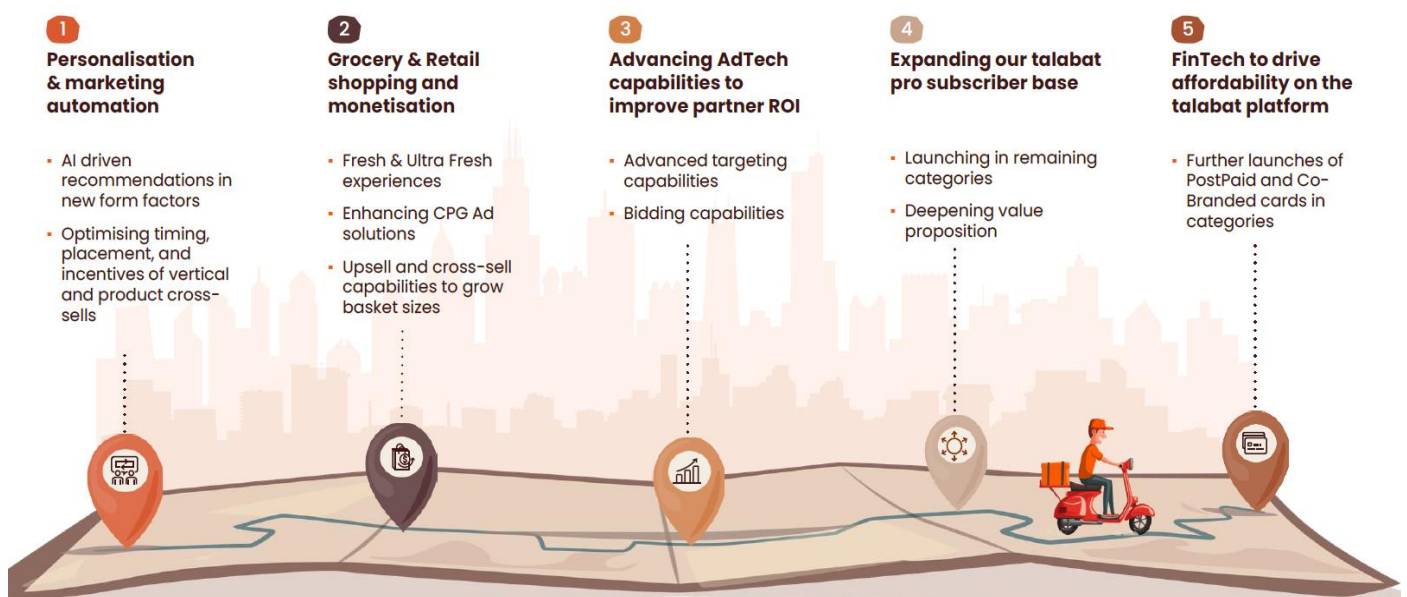
## Robust Scalable Technology Backed by a Clear Growth Strategy

**Talabat's future growth strategy focuses on leveraging personalization, retail innovation, AdTech advancements, subscription expansion, and FinTech solutions to drive sustainable growth and strengthen market penetration**

Talabat employs a highly scalable tech stack that is designed to support double the current order volume, ensuring the platform can grow in line with the rising demand. The Company's unified technology infrastructure can process millions of transactions daily across various verticals and categories, enabling seamless operations. Talabat also provides a strong focus on Data security. The data is stored in an encrypted format and undergoes regular third-party audits in accordance with Delivery Hero's security framework. Talabat actively engages in innovation, running thousands of experiments annually to optimize performance and user experience. In addition, the Company follows an agile development approach with daily software releases and weekly app store updates, ensuring the platform remains at the forefront of technological advancements. This strategic focus on scalability, security, and innovation reinforces Talabat's leadership position in the region.

Talabat's future growth strategy is underpinned by a clear roadmap focused on personalisation, retail innovation, AdTech advancements, subscription expansion, and FinTech solutions. In personalisation and marketing automation, the Company is leveraging AI-driven recommendations across new channels while optimizing the timing, placement, and incentives for vertical and product cross-sells. In the Grocery and Retail sector, Talabat aims to enhance Fresh and Ultra-Fresh experiences, strengthen CPG ad solutions, and increase basket sizes through targeted upsell and cross-sell initiatives. Additionally, investments in advanced AdTech capabilities, such as improved targeting and bidding systems, are expected to drive higher ROI for partners. Talabat also plans to grow its Pro subscriber base by expanding into new categories and enhancing its value proposition. Lastly, the platform's FinTech efforts will foster affordability with further launches of PostPaid services and co-branded cards, reinforcing customer loyalty across various segments. This comprehensive strategy positions Talabat to deliver sustainable growth and deepen market penetration.

**Figure 30: Talabat's Five Steps Future Growth Strategies**



Source: Company Information



## Fully Multi-Vertical Ecosystem Driving Expansion from Food to Grocery and Retail

**Talabat's multi-vertical expansion from food to grocery and retail significantly boosted customer retention, with a 31% increase in the retention rate and a 4.1x increase in monthly customer spending**

**The MENA region offers strong growth potential, with the total retail sector expected to grow at a CAGR of 8.0%, positioning Talabat to capture a larger market share**

**As of July 2024, the Company operates 129**

### Strategic Expansion into Grocery & Retail to Strengthen Platform Growth

Talabat is strategically expanding its offerings from food to grocery and retail, which is expected to enhance its order frequency, increase customer spending, and drive overall platform growth. The Company is focused on establishing a profitable grocery and retail business that is anticipated to broaden its total addressable market (TAC) and improve long-term earnings potential. Currently, excluding the Grocery & Retail segment, Talabat records an average monthly food order frequency of 3.8x and a monthly spend of USD 54 per customer during July 2024. However, with the integration of multi-vertical services encompassing both food and grocery, the Customers who ordered only food had an average monthly order frequency of 3.8, while those ordering from both food and grocery segments experienced a 3.4x increase to 13.4. Furthermore, the average monthly spends for customers ordering only food was USD 54, while those ordering from both segments saw a 4.1x increase to USD 221. Talabat retention rate also grew by 31% specifically for customers who engaged across multiple verticals (food and grocery), highlighting enhanced customer loyalty in this segment. The Company's increasing emphasis on expanding into the grocery and retail sectors is expected to drive substantial growth potential and further enhance its overall platform development.

The MENA region presents significant growth opportunities for the grocery and retail sector, supported by solid market fundamentals and substantial scope for expansion. This positions Talabat to capture a larger market share and solidify its leadership in the industry. The region's demographic profile, characterized by large households, bulk purchasing patterns, and a young, convenience-driven population, creates a robust consumer base for the Company. Furthermore, the fragmented market structure and underserved areas offer solid conditions for growth. Cultural preferences for premium products and fresh produce, particularly during critical seasonal events, are further expected to fuel demand, enhancing Talabat's growth prospects. The Company also has a considerable potential for expansion owing to the rising grocery & retail sector market. According to Euromonitor, Talabat's total addressable category (TAC) for grocery and high potential retail e-commerce categories stood at c. USD 103 Bn in FY2023 and is projected to grow at a CAGR of 8% from FY2023-2029. In addition, SAC (serviceable addressable category) for grocery delivery and serviceable retail e-commerce categories currently valued at USD 4 Bn, is expected to grow at a CAGR of 10% during the same period. Moreover, MENA's overall retail industry, valued at USD 229 Bn in FY2023, is forecasted to grow at a CAGR of 8.0% through FY2029. In the grocery and retail sector, the Company achieved a GMV of USD 1.3 Bn in FY2023, which underpins its ability to capture a greater share of the expanding market. This growth trajectory enhances Talabat's ability to leverage emerging opportunities and increase its market potential within the sector.

Talabat's growth strategy is anchored in selection, customer experience (CX), and value, creating a robust foundation for category leadership and long-term expansion. By connecting customers with the right partners efficiently, the Company ensures that customers always find what they need, developing strong customer engagement. The Company's platform delivers competitive pricing, matching offline prices and offering personalized promotions to drive value. Talabat is strengthening its focus on its core pillars to achieve market leadership in its key markets. The Company achieved a strong CAGR of 38% from FY2019-2023 in customers adopting multi-vertical formats. In addition, 28.0% of the Talabat's customers are multiple verticals customers as of December 2023, reflecting strong synergies within its platform. The Company's platform is projected to grow 3.0x, supported by vast opportunities in the grocery segment, as the Company's current penetration remains at only 1.0%. This significant untapped potential across

tMarts stores, delivering high-quality private-label products and has 9,300+ Local Shops in partnership with supermarkets, speciality stores, pharmacies, etc

verticals underscores the Company's ability to drive accelerated growth by enhancing customer connectivity and expanding its market footprint.

The Company is further capitalizing on the growing grocery and retail market through two complementary business models designed to address distinct consumer needs and shopping behaviors. It operates Talabat tMarts and Talabat Local hops, both strategically aligned to capture a larger market share by addressing different customer needs. Talabat tMarts are delivery-only stores located in leased warehouses that focus on conveniences and frequent product needs, such as snacks and beverages. As of July 2024, the Company operates 129 tMarts, delivering high-quality private-label products with consistent freshness and quality. The Company's tMarts model is underpinned by its efficient delivery system, achieving a 99.0% success rate with a delivery time of less than 30 minutes, ensuring minimal cancellations across the value chain. Complementing the tMarts model, Talabat Local Shops serves as a marketplace connecting customers with over 9,300+ neighbourhood supermarkets, speciality stores, pharmacies, and more. The Company's Local Shops consist of a vast selection of 700K+ unique SKUs and offer a diverse product range, including groceries, electronics, flowers, and health and beauty products. The Company drives value through a 25.0% promotion penetration, fully funded by CPG brands and vendors, showcasing its ability to leverage partnerships effectively. The Company's complementary business model enables it to address a broader range of customer needs, from daily essentials to stock replenishment, positioning it to capture a larger share of consumer spending. This integrated approach strengthens Talabat's market presence and platform growth potential across the region.

Figure 31: Talabat's tMarts and Local shops business model



Source: Company Information, <sup>1</sup>Inclusive of tMarts that have been leased but are not yet operational, <sup>2</sup>Seamless orders: Percentage of customer-placed orders that are successfully delivered without any cancellation by the rider, partner or customer, <sup>3</sup>Average delivery time for July 2024, <sup>4</sup>Local shops partners that have generated at least 1 order in July 2024, <sup>5</sup>Unique SKUs (stock keeping unit) represent the total number of distinct products available to customers across Grocery & Retail in all markets as of July 2024, <sup>6</sup>Promotion penetration: The percentage of orders delivered that included at least one item with a promotion, resulting in a lower price for the customer

## Robust Technology Solutions to Overcome Challenges and Enhance Customers and Partners Experience

**Talabat employs a technology-driven four-step process to effectively overcome the challenges in the online grocery and retail sector**

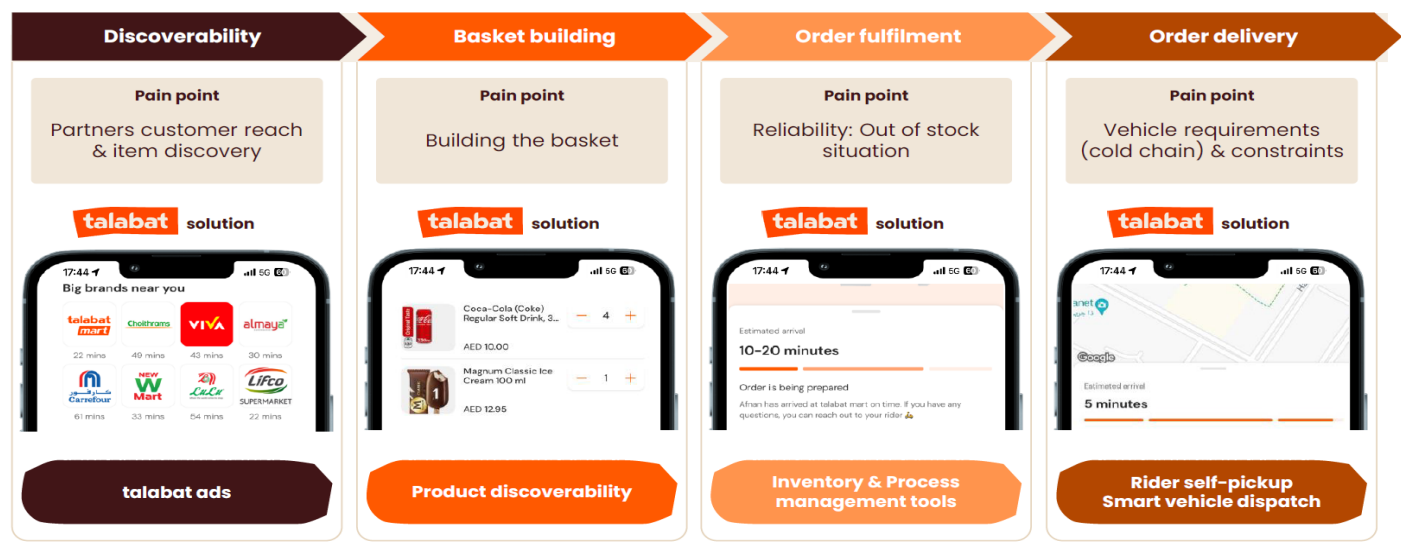
Talabat is effectively addressing the challenges of online grocery and retail by leveraging technology at every stage of its operations. The Company employs a comprehensive four-step process, which includes discoverability, basket building, order fulfillment, and order delivery, ensuring seamless operations and an enhanced customer experience. To improve product discoverability, Talabat helps its partners overcome product visibility challenges and expand customer reach through its innovative Talabat Ads platform, which significantly increases product visibility and engagement. During the basket-building phase, Talabat enables seamless product exploration, allowing customers to easily discover and add items, which drives higher order values. In the order fulfillment process, the Company mitigates out-of-stock situations by utilizing advanced inventory management and process optimization tools, ensuring product availability and operational efficiency. In the order delivery step, Talabat optimizes cold-chain logistics and streamlines vehicle dispatch through rider self-pickup mechanisms and smart dispatch systems, improving delivery efficiency and minimizing logistical constraints. The Company's four steps process positions it to drive growth, deliver exceptional customer experiences, and maintain a competitive edge in the evolving online grocery and retail landscape.

To enable seamless basket-building for its customers, Talabat leverages its technology-driven approach that enhances the shopping experience. Through search selection, the platform facilitates multi-vertical item discovery, ensuring customers can find the best products tailored for any special occasion. Furthermore, through variant selection, the Company's customers can access diverse options, making it easier to explore alternatives and maximize savings. The Company also provide its customers with a valuable experience that provides the flexibility to purchase products in precise weights and quantities, aligning with individual preferences. Additionally, Talabat provides tailored deals and value offerings, which gives customers access to exclusive savings and increases engagement. This comprehensive solution enhances customer satisfaction and drives higher basket values, reinforcing Talabat's value proposition.

**The Company's advanced solutions enabled its CPG partners to achieve a 3x ROAS and its grocery and retail partners to achieve a 4x ROAS**

The Company also empowers CPG companies and retail partners through its advanced retail media solutions, enhancing product discoverability and customer engagement. By leveraging proprietary, integrated ads and data platforms powered by first-party data, Talabat enables more precise targeting and improved customer reach for CPG companies. As a result of the Company's platform campaigns, targeted sampling, and product ads, the Company's CPG partners realized a 3.0x ROAS. Additionally, Talabat enables grocery and retail partners to increase brand awareness and order volumes through strategic content placements. The platform further drives visibility and product conversions through display ads and sponsored listings. Talabat's strategic initiatives enabled its partners to optimize marketing efforts by achieving a 4.0x ROAS. Talabat's strategic initiatives underscore its commitment to delivering impactful results, solidifying its role as a critical partner in driving growth and enhancing marketing effectiveness for CPG and retail companies.

**Figure 32: Talabat's Robust Technology to Overcome Challenges in Online Grocery & Retail**



Source: Company Information

### Inorganic Expansion to Strengthen the Platform and Drive Financial Growth

**Talabat tMarts and Talabat Local Shops achieved a CAGR of 76% and 64% in GMV, respectively during FY2021-2023**

Talabat's expansion from food into grocery and retail has significantly benefited the Company, as both TMarts and Local Shops demonstrated a strong financial track record driven by rapid and sustained growth. Talabat tMarts achieved a CAGR of 76.0% in GMV, while the Local Shops segment reported a GMV CAGR of 64.0% during FY2021-2023. The Company further aims to double down on its product selection by increasing partnerships, expanding product categories, and enhancing assortment variety. Additionally, it plans to unlock further customer value by focusing on more purchase occasions and encouraging larger basket size factors, which is expected to drive GMV growth across both businesses. Talabat's profitability also improved, with the gross margins increasing for both tMarts and Local shops. As of FY2023, Talabat tMarts recorded a gross margin of 5.9% as a percentage of GMV, while the Local Shops business achieved a 5.7% margin during the same period. The Company further focus on expanding into higher-margin areas, including retail media, and investing in high-margin product ranges such as imports, private labels, and fresh products. Additionally, it is actively investing in technology to streamline operations and lower costs, which is anticipated to boost its margins. Talabat also maintains an attractive NWC profile, with Talabat tMarts generating a positive NWC impact. The Company plans to further optimize infrastructure through strategic store location management and improve negotiation terms with partners, which is anticipated to enhance NWC efficiency across its operations.

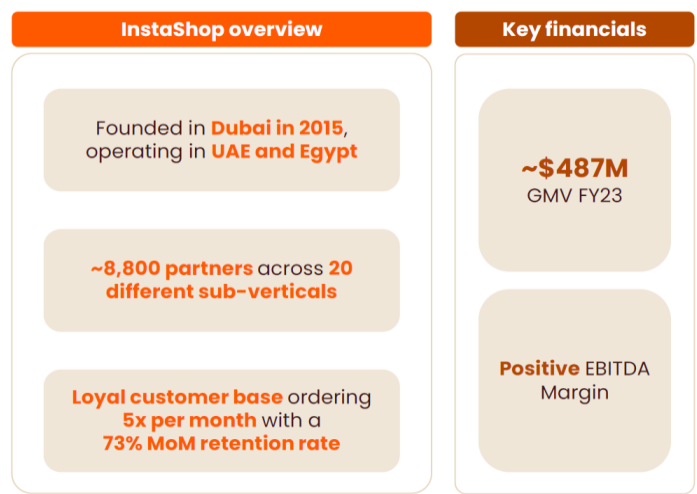
**InstaShop partners with c.8,800 vendors across 20 sub-verticals, providing Talabat with a significant boost in the Grocery and Retail delivery segment**

Talabat is well-positioned to benefit from its strategic acquisition of InstaShop which is expected to close in FY2025. InstaShop is the leading platform founded in Dubai that operates across the UAE and Egypt. InstaShop partners with c.8,800 vendors across 20 sub-verticals, providing Talabat with a significant boost in the Grocery and Retail delivery segment. As of FY2023, InstaShop generated USD 487 Mn in GMV and delivered positive EBITDA margins, which is further expected to support Talabat's financial strength and market presence. The Company further aims to expand its partner network through cross-listing, optimizing fleet operations, and enhancing product and technology integrations. This strategic move is expected to broaden the Company's geographic and market reach, streamline operations, and drive higher profitability in the highly competitive Grocery and Retail sector.

**Figure 33: Talabat's tMarts and Local Shops Financial Performance**



**Figure 34: Instashop Overview and Key Financials**



Source: Company Information, <sup>1</sup>Gross margin is Gross Profit divided by GMV, <sup>2</sup>EBITDA margin as of 2023, <sup>3</sup>EBITDA margin is EBITDA divided by GMV

## Long-Term Growth Potential Supported by Strategic and Operational Initiatives

### Favourable Macro Tailwinds in Target Market to Support Long-term Growth

**Talabat is well-positioned to capitalize on favourable macro tailwinds that are expected to drive substantial growth across its core markets**

Talabat is well-positioned to capitalize on strong macroeconomic trends that are expected to drive substantial growth across its core markets. The Company's addressable markets spanning the UAE, Bahrain, Kuwait, Qatar, Oman, Egypt, Jordan, and Iraq are forecasted to benefit from favorable economic tailwinds and are expected to outperform Western markets, including North America (U.S. and Canada) and Western Europe (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the UK). The rising population, disposable income, urbanization and internet penetration in the Talabat countries are expected to drive accelerated growth in Talabat's customer base, creating significant market opportunities for the Company.

Talabat offers substantial upside potential through deeper category penetration. The Company's current average monthly order per capita stood at 0.4x. The average monthly orders per capita could potentially reach 90.0x if all addressable customers on the Talabat platform place three orders per day over a 30-day period. Talabat also has a proven track record of customer acquisition, as the Company's number of new customers acquired grew at a CAGR of 19% from FY2019-2023. The Company further focuses on increasing customer reach by continuously enhancing product variety, refining the customer experience, and offering better value. Additionally, Talabat is expanding its footprint and accelerating growth in the grocery and retail segments to drive multi-vertical adoption and unlock new growth opportunities.

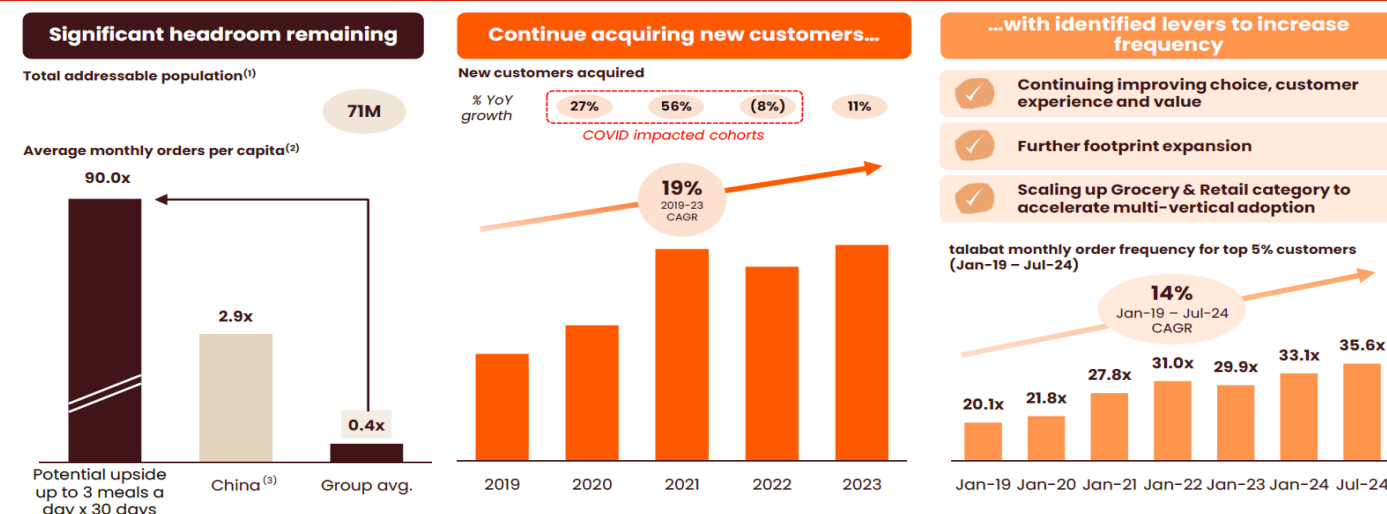
**Talabat has a proven track record of customer acquisition, as its number of new customers acquired grew at a CAGR of 19.0% from FY2019-2023**

Talabat holds significant untapped growth potential in the Non-GCC markets. The Company currently operates in only 19% of Iraq's and 42% of Egypt's major cities such as cities with a population of more than 100K, highlighting substantial room for geographic expansion. Both Iraq and Egypt present substantial opportunities for the Company as high-growth emerging markets, providing favorable conditions to scale operations and capture increased market share. In addition to Non-GCC opportunities, Talabat also continues to demonstrate strong growth potential within its core GCC markets. The Company's core GCC markets achieved an average order per capita of 1.28x, with solid potential for further growth. The core GCC markets are expected to provide significant opportunities for the Company, particularly as the UAE experiences above-average growth, leading to higher order frequency and enhanced customer engagement. Additionally, Talabat continues to achieve double-digit growth from its operation



in Kuwait in 2024. This substantial potential in the Non-GCC and core GCC regions positions the Company to expand its footprint and capture a larger market share across these dynamic markets.

**Figure 35: Talabat's Huge Upside Potential Remaining from Deeper Category Penetration**



Source: Company information, Category numbers based on Euromonitor, Statista, Partner Interviews, Expert Interviews, Consumer Survey, OC&C and Redseer category analysis; Population numbers based on World Bank, <sup>1</sup>Addressable population defined as population aged 15-64 living in urban areas (estimated as (total population) x (% age group) x (% urbanisation)), <sup>2</sup>Calculated as average monthly orders FY 2023 / addressable population, <sup>3</sup>China comprises only Meituan which has a category share of 72% (2022) according to broker research; Calculation of total addressable population and average monthly orders per capita in line with methodology used for Talabat countries; Total population of China as per World Bank; Addressable population defined as population aged 15-64 living in urban areas (estimated as (total population) x (% age group) x (% urbanisation))

## Expansion of Talabat PostPaid and Pro Programs to Drive Customer Engagement & Retention

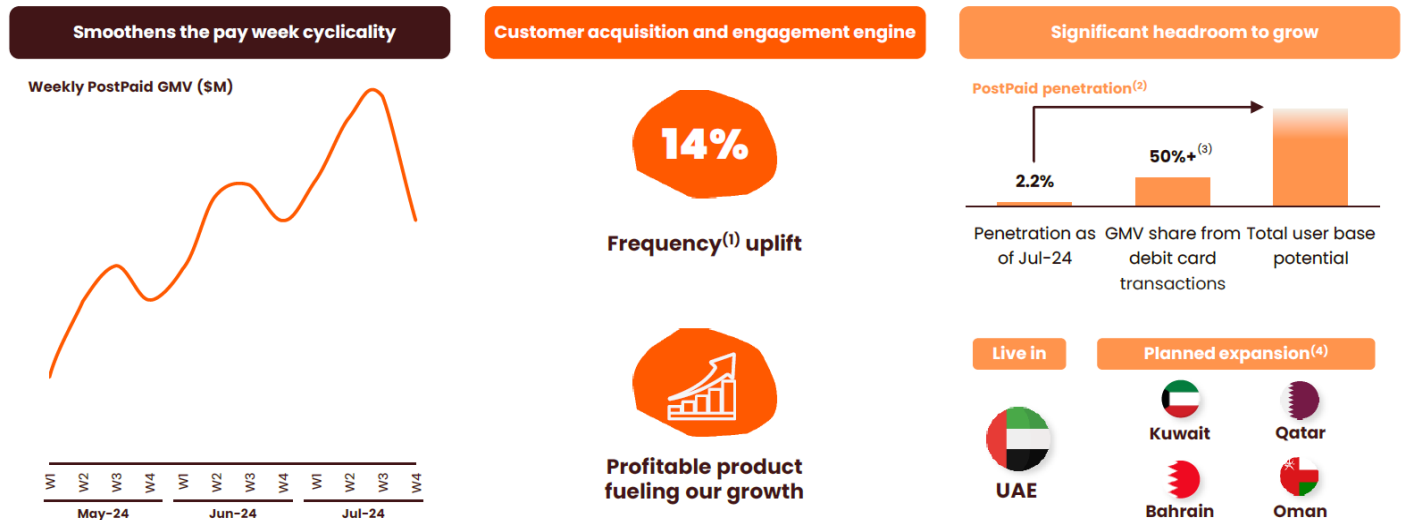
**Talabat's PostPaid and Talabat Pro programs significantly increased customer retention, order frequency, and partner incentives**

Talabat is strategically positioning its PostPaid product as a driver for customer engagement and retention. The Company's PostPaid reached its profitability within two years of its launch. The key benefit of the Company's PostPaid facility is its ability to mitigate the pay-week cyclicality observed among its customers, a behavioural pattern where PostPaid usage peaks during the third week of the month and declines towards the last week. This smoothing effect has led the Company to achieve a notable 14% uplift in the order frequency. Furthermore, as of July 2024, Talabat's PostPaid service penetration remains modest at 2.2%, highlighting significant growth potential, particularly given the substantial GMV contribution from debit card transactions, representing a largely untapped market. This creates an opportunity for Talabat to drive broader customer adoption and expand service reach. The Company's PostPaid services are currently active in the UAE, however, the Company has ambitious plans to expand its offerings to other countries, including Kuwait, Qatar, Bahrain, and Oman which underpins its strong growth potential for the product.

The Company also continues to scale its Talabat Pro program to strengthen customer loyalty and accelerate partner growth. The introduction of Talabat's Pro program led to a 12-month retention uplift of 25% for users who joined talabat Pro in July 2023, while talabat Pro also led to a frequency uplift of 22% for users active on Talabat Pro in July 2024. Additionally, the Gross Profit per customer increased by 32% for customers that joined Talabat pro and paid subscription fees in July 2024. Additionally, the Company's program created significant value for Talabat's partners, with partner-funded incentives for Talabat Pro users experiencing a robust 136% CAGR from USD 1.2 Mn in FY2023 to USD 4.2 Mn as of July 2024. As of July 2024, the Company's Talabat Pro product has significant room for expansion, as its current penetration rate stood at 7.6%. The Company's Talabat Pro products are active in the UAE, Qatar, Oman,

Kuwait, Bahrain, and Jordan. The Company plans to expand its talabat pro offerings to Egypt and Iraq. The expansion of these products is expected to further enhance Company's customer retention and engagement, positioning it for strong growth.

**Figure 36: Talabat's Postpaid Product's Untapped Potential**



Source: Company information as of July 2024, <sup>1</sup>Frequency uplift is measured based on a pre-post analysis (post 3 months of adoption) i.e., the data refers to delta in frequency of PostPaid users 3 months after the adoption. Analysis includes all users who adopted between November 2021 to January 2024, <sup>2</sup>Calculated as PostPaid users divided by the Total users, <sup>3</sup>As of July 2024; Excluding Iraq, online payments are tiny as just launched; 4. Full expansion of PostPaid offering planned in other non-GCC countries subject to regulatory approvals

## Elevating Growth Through Innovative AdTech and CPG Solutions

**Talabat's AdTech revenue grew, with a solid CAGR of 52%, from USD 84 Mn in FY2021 to USD 194 Mn in FY2023**

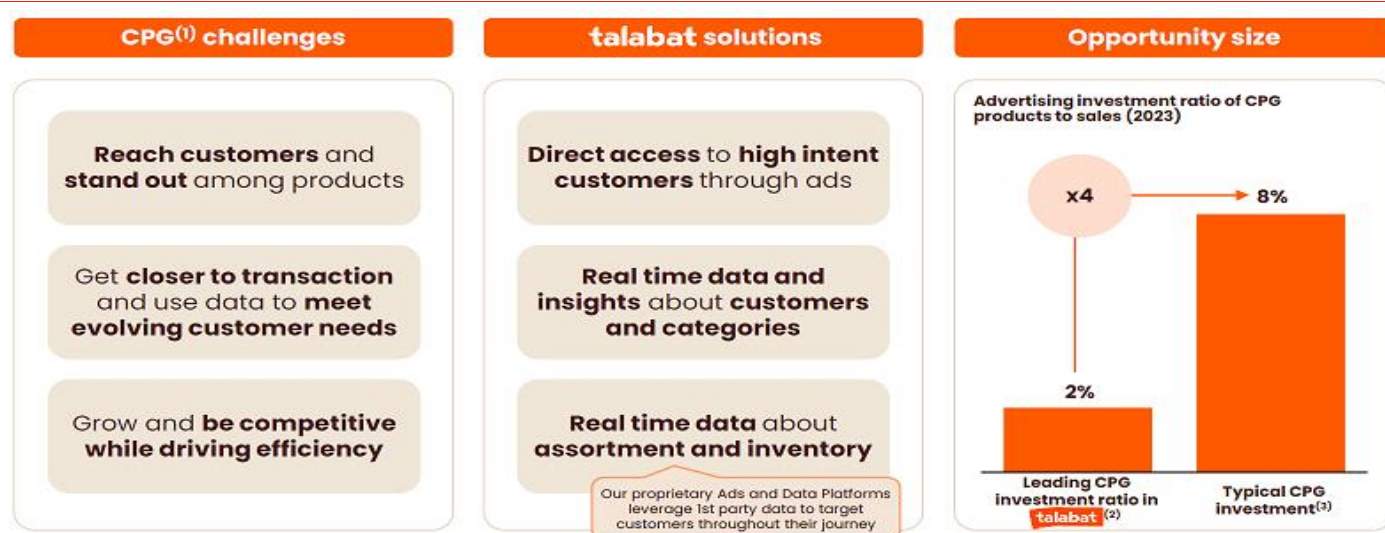
Talabat is strengthening its supply partnerships by enhancing returns for restaurant partners and reducing their operational costs. The Company demonstrated robust growth in AdTech revenue, as it recorded a strong CAGR of 52% from USD 84 Mn in FY2021 to USD 194 Mn in FY2023. Furthermore, AdTech revenue as a percentage of the GMV grew from 2.1% in FY2021 to 3.2% in FY2023. The global industry peers achieved AdTech penetration of up to 7% of GMV, indicating that Talabat has substantial room to grow its AdTech revenue. This presents a strong opportunity for the Company to unlock market potential and drive future growth.

The Company is driving growth through a comprehensive suite of innovative advertising products designed to empower partners and optimize campaign performance. Its self-service ads portal enables its partners to secure premium cost-per-click (CPC) positions, gem campaigns, and targeted deals, with a strategic focus on automation. The Company's portal recorded strong adoption, with penetration increasing from 26% in March 2023 to 47% as of July 2024. The Company focuses on further enhancing automation to better serve its partners and customer needs. Additionally, the Company's advanced targeting functionality allows its partners to engage new and lapsed users through CPC campaigns and discount offerings. As of July 2024, the Company's targeted ad penetration reached 28%, with significant growth potential ahead. The Company further aims to expand these capabilities by introducing display and awareness ad products, which are expected to drive increased spend on targeted campaigns and improve partner performance. Furthermore, Talabat's smart auction system provides dynamic, performance-based CPC pricing, helping partners maximize campaign visibility and overall value. As of July 2024, the Company's click-to-order conversion rate reached 14%, with further potential for improvement. The Company is further enhancing its machine learning algorithms to optimize customer-partner matching, incorporating factors such as time-of-day performance.

**The Company's retail media solutions enable CPG partners to optimize operations and enhance margins**

Talabat's grocery & retail categories are well-positioned to benefit from the rapid expansion of online retail. Increasing online penetration and higher marketing investments will create strong tailwinds for CPG growth. Through its retail media solutions, Talabat supports CPG companies in achieving the business goals while offering significant opportunities to enhance margins. The Company provides solutions to address key challenges faced by CPG companies. For instance, when CPG brands struggle to reach customers or differentiate themselves among competing products, Talabat provides direct access to high-intent customers through targeted ads. Additionally, for companies seeking to leverage data to meet evolving consumer needs, Talabat offers real-time insights into customer behavior, trends, and product categories. To further enhance efficiency and competitiveness, the Company also delivers real-time data on assortment and inventory, enabling CPG partners to optimize operations and grow effectively. These strategic solutions position Talabat as a key enabler of CPG success, helping partners capture growth opportunities and drive operational efficiency.

**Figure 37: Talabat's Retail Media Solution for CPG Partners**



Source: Company Information, <sup>1</sup>Consumer Packaged Goods ("CPG") refers to products that consumers use daily and require regular replenishment, such as food, beverages, personal care, and household items, <sup>2</sup>For Talabat, it is calculated by dividing the revenue from CPG advertising in 2023 by the total revenue from Grocery & Retail for the same period, <sup>3</sup>For the leading player in grocery and retail, the margin is calculated as 2023 advertising revenue divided by the combined revenue from online and physical stores, and advertising revenue

## Robust Financial Performance with Growing Revenue and Healthy Free Cash Flow

### Healthy Growth in GMV Underpins Strong Revenue Visibility

**We expect Talabat's GMV to grow at a CAGR of 16.8% from USD 6.1 Bn in FY2023 to USD 13.2 Bn in FY2028**

Talabat generated a strong growth in GMV from its delivery of Food and Grocery & Retail products. The Company's GMV grew at a CAGR of 24% from USD 3.9 Bn in FY2021 to USD 6.1 Bn in FY2023. The strong growth in the GMV is mainly attributable to the higher demand, order frequency and the expansion of the multi-vertical customer base. Additionally, Talabat's GMV grew 21.3% YOY from USD 4.4 Bn in 9M23 to USD 5.4 Bn in 9M24 primarily due to improved order frequency, stronger consumer demand and strong growth in the Grocery & Retail business. The GCC countries contributed 86% of the total GMV, while the non-GCC markets contributed 14% of the total GMV in 9M24. We expect the Company's GMV to grow at a CAGR of 16.8% from USD 6.1 Bn in FY2023 to USD 13.2 Bn in FY2028.

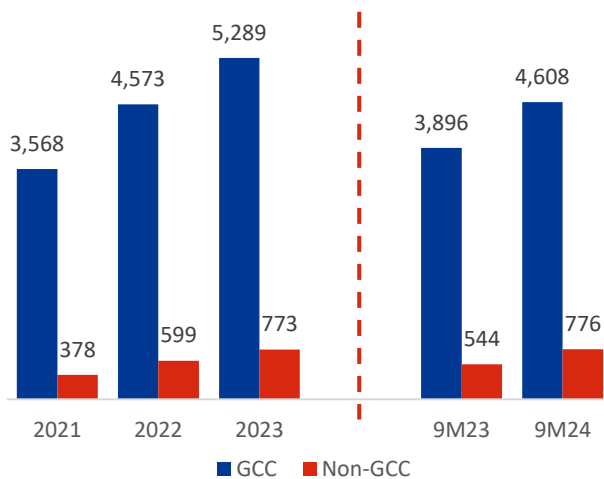
Talabat's total revenue grew 27.0% to USD 2.2 Bn in FY2023 with a GMV to revenue conversion rate of 37.0% compared to revenue of USD 1.8 bn with a conversion rate of 34.1% in FY2022. The Company generates revenue from multiple sources including advertising and listing fees, delivery and service fees, subscription fees and other income, and commission fees. The

We expect revenue and gross profit to grow at a CAGR of 18.7% and 19.1%, respectively, during FY2023-2028

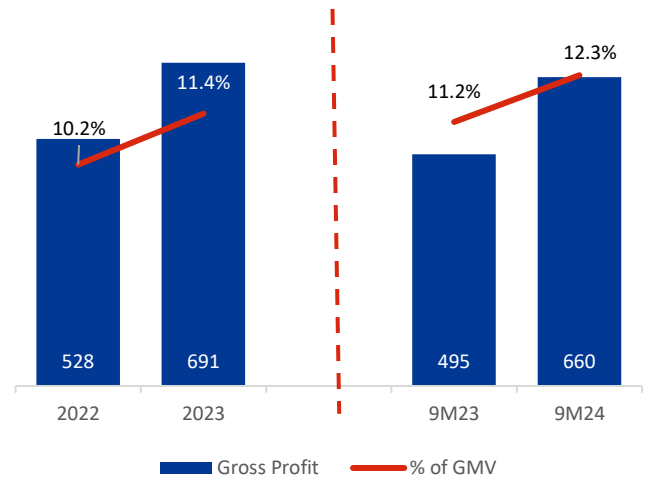
Company's commission and fees grew from USD 737 Mn in FY2022 to USD 847 Mn in FY2023. Subscription fees and other income grew 45.1% to USD 663 Mn in FY2023. Similarly, delivery and service fees and advertising and listing fees grew 27.3% and 34.7% to USD 537 Mn and USD 194 Mn, respectively in FY2023. Furthermore, the Company's revenue grew 31.9% YOY to USD 2,132 Mn in 9M24 primarily due to further upside from non-commission revenues, delivery & service fees, and tMart business. Talabat's GMV to revenue conversion also grew from 36.4% during 9M23 to 39.6% in 9M24 due to improved monetization measures. We expect the Company's management reported revenue to grow at a CAGR of 18.7% from USD 2.2 Bn in FY2023 to USD 5.3 Bn in FY2028.

The Company's gross profit grew 31.0% to USD 691 Mn in FY2023. Talabat recorded a GMV to the gross profit conversion rate of 11.4% compared to 10.2% in FY2022. Gross margins grew from 30.0% in FY2022 to 30.8% in FY2023, primarily due to better economic unit and cost optimization. In addition, the Company's gross profit rose 33.3% YOY to USD 660 Mn in 9M24, with an increase in gross margins as a percentage of management reported revenue from 30.6% in 9M23 to 31.0% in 9M24. We expect the gross profit to grow at a CAGR of 19.1% from USD 691 Mn in FY2023 to USD 1,656 Mn in FY2028.

**Figure 38: Gross Merchandise Value (GMV, USD Mn)**

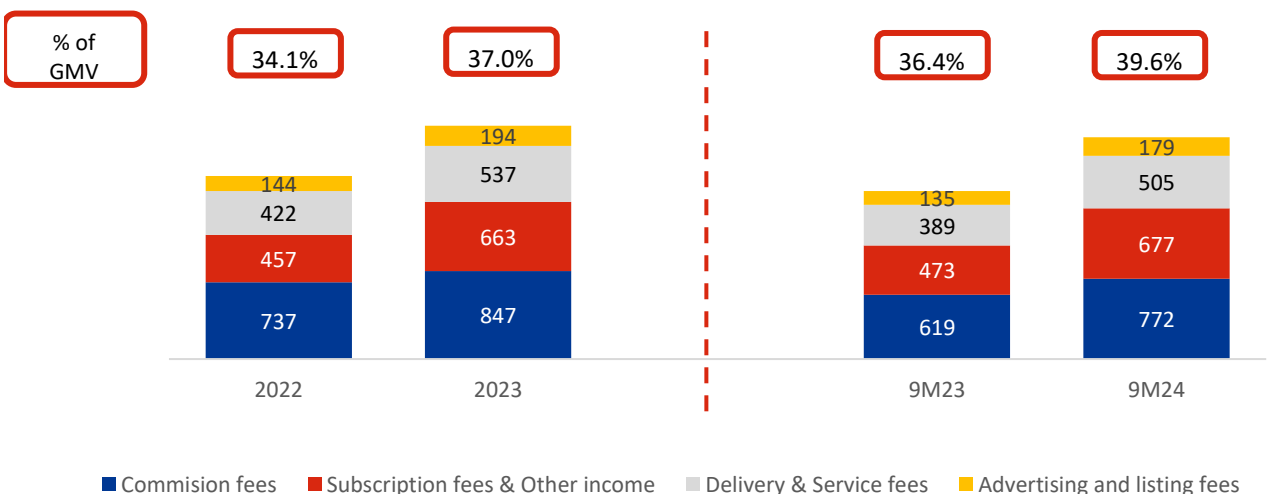


**Figure 39: Gross Profit (USD Mn) and % of GMV**



Source: Company Information

**Figure 40: Revenue by Segment<sup>1</sup> (USD Mn)**



Source: Company Information, <sup>1</sup>Based on management reporting revenue

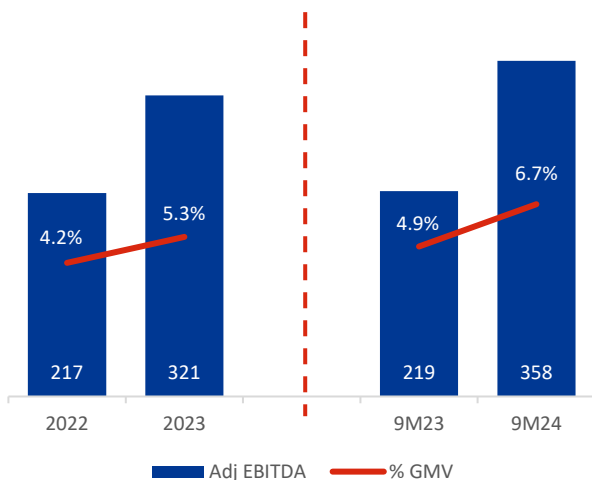
**Talabat's adjusted EBITDA and free cash flow are projected to grow at a CAGR of 24.5% and 22.5%, respectively, during FY2023-2028**

## Strong Financial Position and Healthy Free Cash Flow Drives Growth Potential

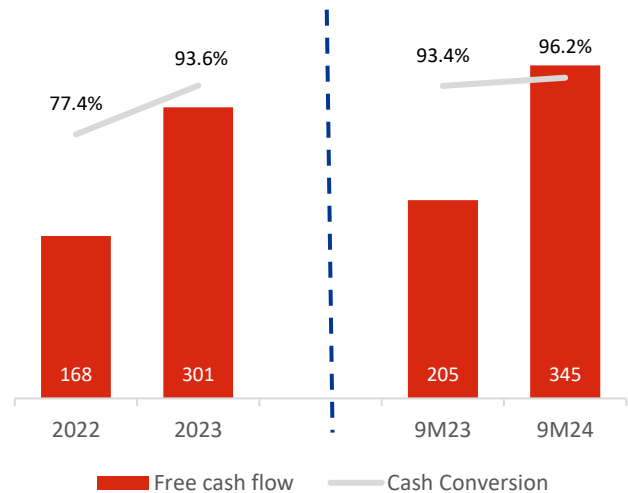
Talabat's adjusted EBITDA grew 48.1% from USD 217 Mn in FY2022 to USD 321 Mn in FY2023. The growth in adjusted EBITDA is mainly attributed to higher revenue and gross margin growth coupled with cost efficiencies in marketing, IT, and G&A expenses. Adjusted EBITDA margin as a percentage of revenue also expanded from 12.3% in FY2022 to 14.3% in FY2023. Adjusted EBITDA margin as a percentage of GMV also rose from 4.2% in FY2022 to 5.3% of GMV in FY2023. In addition, adjusted EBITDA increased 63.4% YOY from USD 219 Mn in 9M23 to USD 358 Mn in 9M24, with adjusted EBITDA margin increasing from 13.6% in 9M23 to 16.8% in 9M24. Adjusted EBITDA margin as a percentage of GMV also grew from 4.9% in 9M23 to 6.7% in 9M24. We forecast the Company's adjusted EBITDA to grow at a CAGR of 24.5% from USD 321 Mn in FY2023 to USD 961 Mn in FY2028. Adjusted EBITDA margins as a percentage of GMV are also expected to expand from 5.3% in FY2023 to 7.3% in FY2028.

The Company also generated a free cash flow (FCF) of USD 168 Mn in FY2022 to USD 301 Mn in FY2023 attributable to growth in net profit, lower capex and higher cash generated from working capital. Cash conversion also rose from 77.4% in FY2022 to 93.6% in FY2023. Furthermore, the Company's free cash flow increased from USD 205 Mn in 9M23 to USD 345 Mn in 9M24, mainly due to lower capex, positive working capital effects, and a low effective tax rate. We expect Talabat's free cash flow to grow at a CAGR of 22.5% from USD 301 Mn in FY2023 to USD 832 Mn in FY2028.

**Figure 41: Adjusted EBITDA<sup>1</sup> (USD Mn) and % of GMV<sup>2</sup>**



**Figure 42: Free Cash Flow (USD Mn) and Cash Conversion**



Source: Company Information, <sup>1</sup>Adjusted EBITDA is defined as earnings from continuing operations before income taxes, financial result, depreciation and amortisation according to management reporting, and non-operating earnings effects. Non-operating earnings effects comprise, in particular (i) expenses for share-based compensation, (ii) expenses for services related to corporate transactions, financing measures and certain legal matters, (iii) expenses for reorganisation measures and (iv) other non-operating expenses, and income, especially the result from disposal of tangible and intangible assets, the result from sale and abandonment of subsidiaries, impairments of goodwill, allowances for other receivables, and non-income taxes, <sup>2</sup>Based on management reporting revenue



## Highly Experienced Management Team

Highly experienced & passionate management team with a proven execution track in business

### Experienced Management Team with a Proven Track Record in the Business

Talabat has a highly experience and passionate management team with proven execution track record in business. The Management team of Talabat comprises of Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Business Officer, Vice President Strategy & People, Chief Product Officer and Senior Vice President Grocery & Retail.

Figure 43: Talabat's management team



Source: Company Information

### Talabat - Management

#### Chief Executive Officer – Tomaso Rodriguez



Mr Tomaso Rodriguez was appointed by the Talabat's board of directors in 2024. Since 2019, Mr Tomaso served as the Company's CEO in the MENA region. Mr Tomaso launched his career in 2008 by founding Agency Management, later acquired by a major consumer goods company. Mr Tomaso also led Regional Operations in the Asia-Pacific region at Uber Eats and managed Uber in Italy and Greece. He also served as the Head of GrabFood, where he expanded its food delivery business from 1 to 250 cities in 18 months in 2018. Mr Tomaso graduated from Università degli Studi di Padova, Italy, and holds an MBA from Collège des Ingénieurs, Paris.

#### Chief Financial Officer – Khaled Alfakesh



Mr Khaled Alfakesh joined Talabat as Chief Financial Officer in 2016. He leads a team of over 200 professionals and oversees the Company's financial, legal, risk management, taxation, and capital control functions. Mr Kahled has over 20 years of experience in corporate finance and governance and plays a critical role in driving Talabat's growth. Mr Khaled served as Group Financial Controller at The Sultan Centre for 10 years before joining Talabat. Mr Khaled holds a bachelor's degree in commerce from Damascus University. He is passionate about innovation, driving growth, and leading diverse teams.



#### **Chief Business Officer – Jeremy Doute**

Mr Jeremy Doute joined Talabat in September 2020 as Chief Business Officer. Mr Jeremy manages Talabat's eight markets and collaborates with managing directors to grow business across the region. Previously, Mr Jeremy was the Vice President of Talabat UAE, leading operations and growth with a team of over 250 people. Mr Jeremy spent eight years at Jumia in Africa, ending as Executive Vice President, and worked as a management consultant at McKinsey & Company before joining Talabat. He holds a Business bachelor's degree from ESSEC Business School and an MBA from Harvard Business School.



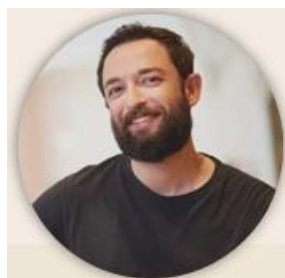
#### **Chief Product Officer – Yi-Wei Ang**

Mr Yi-Wei Ang joined Talabat in 2020 as Chief Product Officer and oversees the development of the Technology, Product & Design teams in Cairo and Dubai. Mr Yi-Wei Ang also oversees the Branding department. Mr Yi-Wei was VP of Product at Property Finder and Director of Product at TradeGecko, which was acquired by Intuit before joining Talabat. Mr Yi-Wei also held positions at Microsoft and IBM. Mr Yi-Wei has extensive global experience, having lived in Singapore, Seattle, Vancouver, Toronto, Beijing, Hong Kong, and Kuala Lumpur, establishing him as a leading figure in product management. Mr Yi-Wei graduated from the University of Toronto in 2013 and holds a Bachelor of Applied Science in Industrial Engineering.



#### **Senior Vice President Grocery & Retail – Wassim Makarem**

Mr Wassim Makarem serves as a Senior Vice President Non-Food at Talabat. Mr Wassim Makarem is at the forefront of driving Talabat's regional quick commerce initiatives, leading the Company's non-food business across the MENA region. With a keen focus on building and scaling businesses, Mr Wassim fosters strategic thinking, innovation and adaptation across various markets. Previously serving as VP of Non-Food, Mr Wassim played a pivotal role in building high-performing teams that significantly enhanced sustainable growth, profitability, and customer experience. Mr Wassim, in his earlier tenure leading Talabat Kuwait, also showcased his strategic acumen in fostering accelerated growth. Mr Wassim holds a bachelor's degree in Computer Science from the American University of Beirut and an MBA from Maastricht University.



#### **Chief Operations Officer - Pedram Assadi**

Pedram Assadi joined talabat in 2024 as Chief Operations Officer, leading operations, commercial, marketing and customer experience regionally. Mr Pedram brings over a decade of experience in scaling high-growth food and grocery delivery companies across three regions. Mr Pedram previously served as chief executive officer of Foodora and Yemeksepeti at Delivery Hero, where he led the quick commerce and delivery business across eight European markets. Before that, Mr Pedram was the chief operations officer of Foodpanda, where he significantly expanded operations and scaled the business across the Asia Pacific region. In the MENA region, Mr Pedram founded a food delivery startup in Dubai and also launched and led Uber Eats' operations as one of its first employees. His diverse background includes roles at leading tech-companies like Amazon, IBM, and Rocket Internet. Mr Pedram holds a degree in International Business Administration from the Rotterdam School of Management, Erasmus University.



#### **Vice President of People & Strategy - Stefano Vecchio**

Mr Stefano Vecchio serves as VP of People & Strategy at Talabat, where he leverages his global experience to drive strategic initiatives. Mr Stefano oversees organisational objectives and key results, governance, and leads the “New Ventures” function, spearheading key projects like Talabat DineOut Deals, and Talabat loyalty programmes. Mr Stefano leads the people and culture department and oversees communications, public affairs and sustainability as well. Mr Stefano has over 20 years in diverse sectors including Ride-Hailing and Consumer Goods, Stefano’s prior roles include positions at Fiat Automobiles, Bain & Company, Axiata, Ernst & Young, and Grab. He holds a degree in Economics and Business Law from Università Cattolica del Sacro Cuore and studied in Amsterdam through the Erasmus Exchange Program.

**Talabat has a highly capable and experienced Board comprising of six members**

#### **Highly capable and experienced Board Members**

The Board of Directors of Talabat comprises Chairperson, Vice Chairperson, Executive Director, Non-Executive Director, and two Independent Non-Executives. The Board composition comprises of six members which includes one executive, three Delivery Hero representatives and two independent representatives.

#### **Talabat – Board of Directors**

##### **Chairperson – Mr. Pieter-Jan Vandepitte**



Mr Pieter was appointed in Aug-2015 as COO of Delivery Hero (DH). He is responsible for the International Markets, global lead for Sales, Customer Care and Business Intelligence. Mr Pieter worked as a CFO for Peak Games, International VP for Groupon, co-founder of Citydeal, before it was acquired by Groupon, management consultant at McKinsey, and M&A and Transaction support at Deloitte. Mr Pieter has a Master’s degree in Commercial Engineering from the University of KU Leuven and holds an MBA from INSEAD Business School.

##### **Vice Chairperson – Mr. Andreas Krause**



Mr Andreas joined DH as General Counsel in 2016 after working for the founding shareholder of the Company. His expertise spans across regulatory compliance, M&A, corporate governance, and digital business models. He started his career at an international law firm before transitioning to work for incubators and venture capital firms. He is a solicitor in both Germany and England/Wales, LLM in International Business Law from the National University of Singapore and Executive MBA from IE Madrid.

##### **Executive Director - Mr. Tomaso Rodriguez**



Mr Tomaso Rodriguez was appointed by the Talabat’s board of directors in 2024. Since 2019, Mr Tomaso served as the Company’s CEO in the MENA region. Mr Tomaso launched his career in 2008 by founding Agency Management, later acquired by a major consumer goods company. Mr Tomaso also led Regional Operations in the Asia-Pacific region at Uber Eats and managed Uber in Italy and Greece. He also served as the Head of GrabFood, where he expanded its food delivery business from 1 to 250 cities in 18 months in 2018. Mr Tomaso graduated from Università degli Studi di Padova, Italy, and holds an MBA from Collège des Ingénieurs, Paris.



**Non-Executive Director - Ms. Marie-Anne Popp**

Ms Marie worked as a DH's interim CFO since Jul-2024. She joined DH in September 2023 as SVP Finance. Ms Marie previously worked as an SVP Corporate Finance at Adidas. She also worked 19 years at General Electric, including as CFO Emerging Markets and Head of Project Finance for the MENA region. She holds an MBA from Harvard Business School and has finished her Master of Economics from ESCP.



**Independent, Non-Executive - Mr. Abdullah Alharoun**

Mr Abdullah worked as an Attorney based in Kuwaiti City and the Boston Area. He is expert on Kuwaiti law and has extensive experience acting on complex matters for major local and multinational clients across various industries. He admitted to practice as an attorney in the State of Kuwait, the State of New York, and the Commonwealth of Massachusetts. Mr Abdullah has done LLM from Columbia Law School, LLB from Queen Mary, University of London, and BSc in Environmental Sciences from Dalhousie University (Canada)



**Independent, Non-Executive - Mr. Muhammad Hussain Ghati**

Mr Muhammad worked as a Chairman of Binghatti, one of the Middle-East's largest property development companies with an investment value exceeding USD 10 Bn. He has been the recipient of multiple awards and honorary recognitions and has been listed on Forbes Top 100 Most Impactful Real Estate Leaders in the Middle-East. Mr Muhammad holds a Bachelor's degree in Architecture and Design.

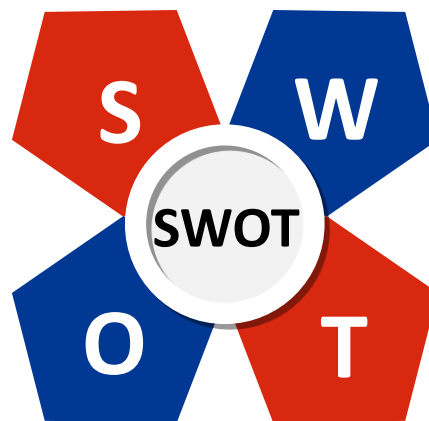
## SWOT Analysis

### STRENGTHS

- **Diverse Product Offerings:** Talabat's multi-vertical ecosystem includes food, grocery, and retail delivery, strengthening its market position across the MENA region.
- **Technological Leadership:** The company is recognized for its innovative use of AI, machine learning, and data analytics, making it a pioneer in technological advancements within the region.
- **Extensive Riders and Partners Network:** As of July 2024, the Company has c.64K active partners and a rapidly expanding pool of c.115K riders, demonstrating Talabat's scale and influence.
- **Favourable Macro-Tailwinds:** The Company operates in a region characterized by high internet penetration, increasing urbanization, and a growing population with rising disposable income.
- **Strong Brand Recognition:** As of July 2024, Talabat serves more than 6 Mn active customers and enjoys high brand awareness, with majority of the customers using Talabat over other platforms.

### WEAKNESSES

- **Dependence on MENA Region:** Talabat's operations are concentrated in the MENA region, making it exposed to economic and political changes in these countries.
- **Reliance on Delivery Infrastructure:** The Company's platform success heavily depends on the efficiency of its logistics network, and disruptions can significantly affect service delivery.
- **Lower Penetration in Loyalty Programs:** As of July 2024, the Company's penetration in its loyalty program stood low at 7.6% compared to the global leading peers of 48%.



### OPPORTUNITIES

- **Growing Online Penetration:** The rising online penetration in the food and grocery industries within Talabat's countries provides expansion opportunities.
- **Expansion into Non-GCC Countries:** The Company has immense growth potential in less mature, non-GCC markets like Egypt, Jordan, and Iraq, where penetration is still low.
- **Scaling Multi-vertical Offerings:** Talabat is expanding beyond food delivery into groceries, retail, and fintech, providing more opportunities for growth.
- **AdTech Solutions:** Talabat's AdTech solutions provides partners with innovative marketing tools, creating an additional revenue stream for the Company.

### THREATS

- **Competitive Pressure:** The MENA's online Food and Grocery & Retail delivery sector is intensely competitive, with major players dominating the market.
- **Economic Volatility:** The economic and political instability in the MENA region could impact both consumer spending and operational efficiency.
- **Regulatory Challenges:** The expansion of Talabat into new markets, exposes it to the risk of stringent regulations related to labor practices, taxation, and data privacy.



## Industry Overview

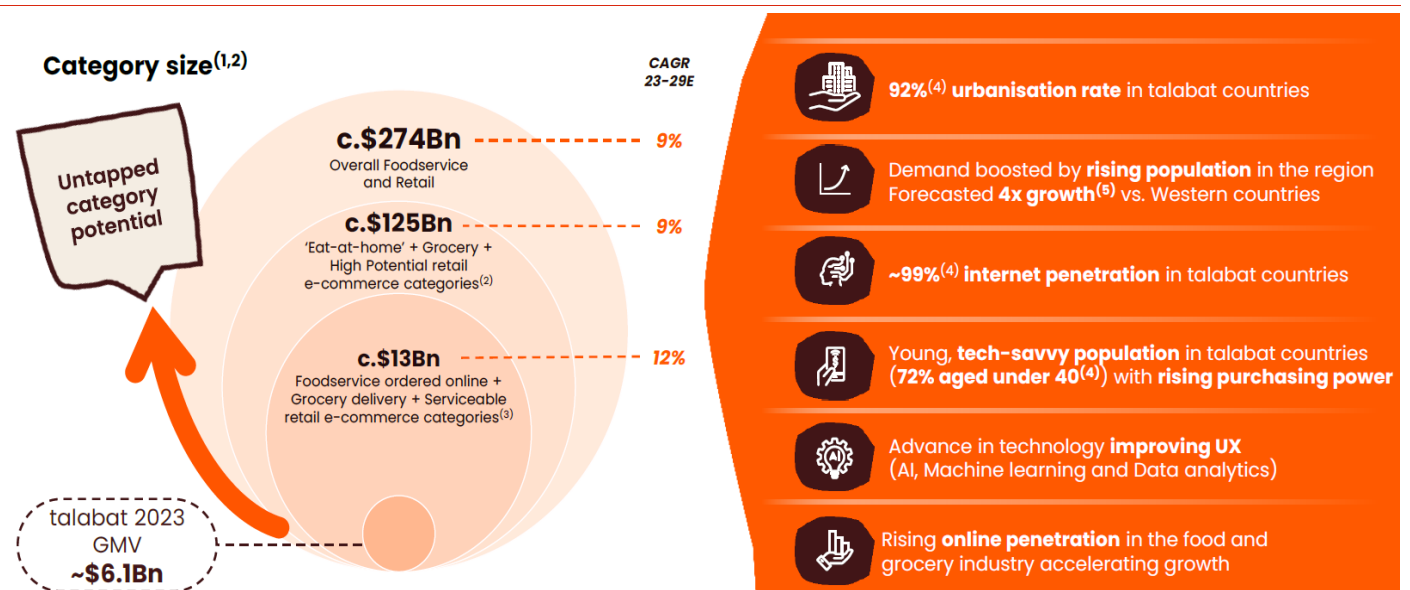
### Strong Macroeconomic Trends to Benefit the Online Food and Grocery & Retail industry

**Growth in Real GDP, rising tech-savvy population, internet penetration, urbanization to boost online Food and Grocery & Retail sector growth**

The MENA region is poised for substantial growth in the online food and grocery sector, driven by robust macroeconomic fundamentals including strong real GDP growth, high purchasing power, rising urbanization, and increasing internet penetration. In Talabat's key markets, the food service and retail sectors are expected to see significant expansion. According to the OC&C model data from Euromonitor International, the online foodservice, grocery, and serviceable retail e-commerce categories including sectors such as flowers, pharmacy, health & beauty, and small electronics stood at USD 13 Bn in FY2023. These categories are further projected to grow at a CAGR of 12% during FY2023-2028. Furthermore, the eat-at-home, grocery, and high-potential retail e-commerce categories market reached USD 125 Bn in FY2023, and is further anticipated to grow at a CAGR of 9% during the same period. The broader food service and retail market in Talabat's countries reached USD 274 Bn in FY2023. This market is expected to grow further with a CAGR of 9% during FY2023-2029. The expanding total addressable market in these key categories is set to support Talabat's growth trajectory, driving platform adoption and expansion. As of FY2023, the Talabat's GMV stood at only USD 6.1 Bn in FY2023, which underpins significant untapped category potential, presenting ample opportunities for Company's future growth.

Urbanization across key markets, including the UAE, Bahrain, Kuwait, Qatar, and Oman also reached 92% in FY2023, while internet penetration in the GCC reached 99% during the same period. This, coupled with strong population growth in countries like the UAE, Kuwait, Qatar, Bahrain, Egypt, Oman, Jordan, and Iraq are projected to grow four times faster than in Western nations is expected to drive substantial growth in the online Food and Grocery & Retail sectors. Moreover, the region's 72% of population is anticipated to be under the age of 40, highlighting a young, tech-savvy demographic, which is likely to fuel continued market growth. The region's rapid urbanization, digital connectivity, and a youthful population, position Talabat well for continued growth in the thriving online retail market.

Figure 44: Category Size and CAGR growth



Source: OC&C Model from Euromonitor International, Statista, Partner Interviews, Expert Interviews, Consumer Survey, Company Information, OC&C and Redseer analysis (Only GMV number based on company information), <sup>1</sup>This presentation does not provide a complete representation of any competitively relevant categories and the actual competitive constraints exercised, as competition comes from a number of different channels including offline ordering channel,

<sup>2</sup>Includes high potential categories for Grocery & Retail based on logistics ease / price – incl. flowers, fashion, pharmacy, health & beauty, small electronics & pet care, <sup>3</sup>Categories incl. flowers, pharmacy, health & beauty, small electronics, <sup>4</sup>Weighted average 2023 figures in GCC region (UAE, Bahrain, Kuwait, Qatar, Oman),

Weighted average 2023-2028 figures across all Talabat countries (UAE, Kuwait, Qatar, Bahrain, Egypt, Oman, Jordan, and Iraq)

## Population Growth and Higher Disposable Income to Drive Demand in Talabat Countries

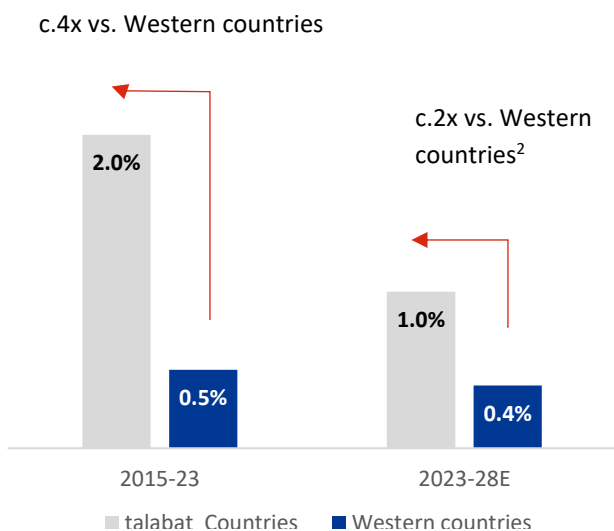
The population in Talabat countries is growing at a faster rate than in Western countries and also experiencing higher growth in disposable per capita income

The population growth dynamics in the Talabat countries such as Bahrain, Kuwait, Oman, Qatar, and the UAE present a contrast to the lower growth observed in many Western nations. During 2015-23, these Talabat countries experienced a remarkable weighted average population growth rate of 2.0% compared to the 0.5% growth rate seen in a variety of Western countries, including the United States, Canada, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and United Kingdom. The 4x difference highlights the unique demographic trends in the GCC region, driven by factors such as immigration, youthful demographics, and economic opportunities that attract a diverse workforce.

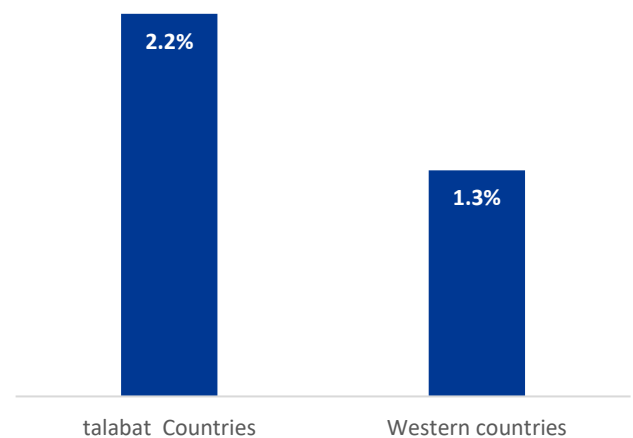
Looking forward, the population growth trajectory of Talabat countries is projected to maintain its momentum, with a compound annual growth rate (CAGR) of 1.0% anticipated from 2023 to 2028. In comparison, Western countries are forecasted to grow at a significantly slower rate of 0.4% CAGR during the same period. This continued population increase in Talabat countries not only represents a growing customer base but also signals an expanding market for the online food and Grocery & retail delivery industry. Additionally, economic factors are set to enhance this growth further. The forecasted real disposable income per capita in Talabat countries is expected to grow at a robust CAGR of 2.2% for FY2023-2028, outpacing the 1.3% CAGR expected in Western countries. This increase in disposable income is significant, as it is likely to lead to higher spending in the online food and grocery sectors. Consumers in Talabat regions are expected to make more frequent purchases, with a tendency towards higher-value orders, thus boosting revenue for businesses in the online food and Grocery & retail delivery industry.

As the demographic landscape evolves, the rising population and disposable income is set to create a favourable environment for the online Food and Grocery delivery sectors. Talabat is well-positioned to capitalize on the increasing demand, leveraging technology and innovative service models to meet the preferences of a growing and customer base with higher disposable income.

**Figure 45: Population Growth of Talabat Countries<sup>1</sup> vs Western Countries<sup>2</sup>**



**Figure 46: Forecasted Growth in Disposable Per Capita during 2023-28 Income in Talabat Countries<sup>1</sup> vs Western Countries<sup>2</sup>**



Source: OC&C and Redseer analysis from Euromonitor International data, <sup>1</sup>Weighted average for Talabat's GCC countries – Bahrain, Kuwait, Oman, Qatar, UAE, <sup>2</sup>Weighted average for western countries include North America (United States, Canada) and Western Europe (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom)

## Talabat Dominates GCC and Non-GCC Food Delivery Markets and Well Positioned for Healthy Growth in Underserved Regions

GCC region has an addressable population of 17.5 Mn with average monthly orders per capita of just 1.28x

Talabat has established itself as a dominant player in the on-demand food delivery industry, particularly across the GCC and non-GCC regions. Within the GCC countries, Talabat benefits from a relatively underpenetrated market, with an addressable population of 17.5 Mn. Despite the large potential, the region's average monthly orders per capita stand at just 1.28x, far below the Chinese per capita monthly order of 2.9x. This low penetration provides substantial growth opportunities for food delivery services, positioning Talabat strategically to capitalize on this untapped demand. In terms of market share, Talabat is the clear market leader in all GCC countries of operations. In the UAE, Talabat generates three times more sales than its nearest competitor. In Kuwait, it delivers eight times more sales, and in Qatar, it surpasses its closest rival by a factor of three. The company also has a commanding lead in Bahrain, where its sales are four times greater than those of the next competitor. In Oman, Talabat's sales are ten times higher than those of its closest rival. The major competitors such as Deliveroo, Careem, Jahez, Snoonu, TM! Done, Ahlan, Noon, Cari, Rafeeq, Katch!, and Cravez are important players in the GCC space. It is even a market leader in non-GCC countries like Jordan, Egypt, and Iraq. The addressable population in these non-GCC markets is much larger, totalling 53.6 Mn. However, the average monthly orders per capita are significantly lower at just 0.13x, compared to the GCC and Chinese markets. This presents another vast opportunity for Talabat to grow its user base and further strengthen its market position as the on-demand food delivery sector in these countries is similarly underpenetrated. In Jordan, Talabat generates four times more sales than its nearest competitor, and in Egypt, it delivers 10x more sales. In Iraq, Talabat's sales are twice as high as those of its closest rival. Key competitors in these non-GCC markets include Careem, Noon, Talabatay, Elmenus, and Akelni.

**Figure 47: Talabat Market Position in GCC Countries**

	GCC Countries					Non-GCC Countries		
Talabat Market Position	UAE	Kuwait	Qatar	Bahrain	Oman	Jordan	Egypt (Otlob)	Iraq
Operation Commencement	2012	2004	2013	2012	2012	2017	1999	2021
Total Population (Mn)	11.0	4.9	3.1	1.6	5.3	11.6	117.2	46.4
Total addressable Population (Mn) <sup>1</sup>	17.5					53.6		
Orders per capita <sup>2</sup>	1.28x					0.13x		
Talabat Size vs next competitor <sup>3</sup>	3x+	8x+	3x+	4x+	10x+	4x+	10x+	2x+
Market position	#1	Strong #1	#1	#1	Strong #1	#1	Strong #1	#1
Main competitors	<i>Deliveroo</i>	<i>Deliveroo</i>	<i>Deliveroo</i>	<i>Jahez</i>	<i>TM! Done</i>	<i>Careem</i>	<i>Noon</i>	<i>Talabatey</i>
	<i>Careem</i>	<i>Jahez</i>	<i>Snoonu</i>	<i>Ahlan</i>			<i>Elmenus</i>	
	<i>Noon</i>	<i>Cari</i>	<i>Rafeeq</i>				<i>Akelni</i>	
	<i>Cari</i>	<i>Katch!</i>						
		<i>Cravez</i>						

Source: Company Information, <sup>1</sup> Addressable population defined as population aged 15-64 living in urban areas (estimated as (total population) x (% age group) x (% urbanisation)), <sup>2</sup> Calculated as average monthly orders FY 2023 / addressable population, <sup>3</sup> Relative size of talabat Foodservice delivery sales versus Foodservice delivery sales of next largest online intermediary platform by geography – as of H1 2024 (based on OC&C category analysis)

## Macroeconomic Environment

### IMF Provides a Waxing and Waning Outlook on Global Economy

**As per the IMF estimates, the global economy grew 3.3% in FY2023 and is expected to grow at 3.2% in FY2024 and 3.3% in FY2025**

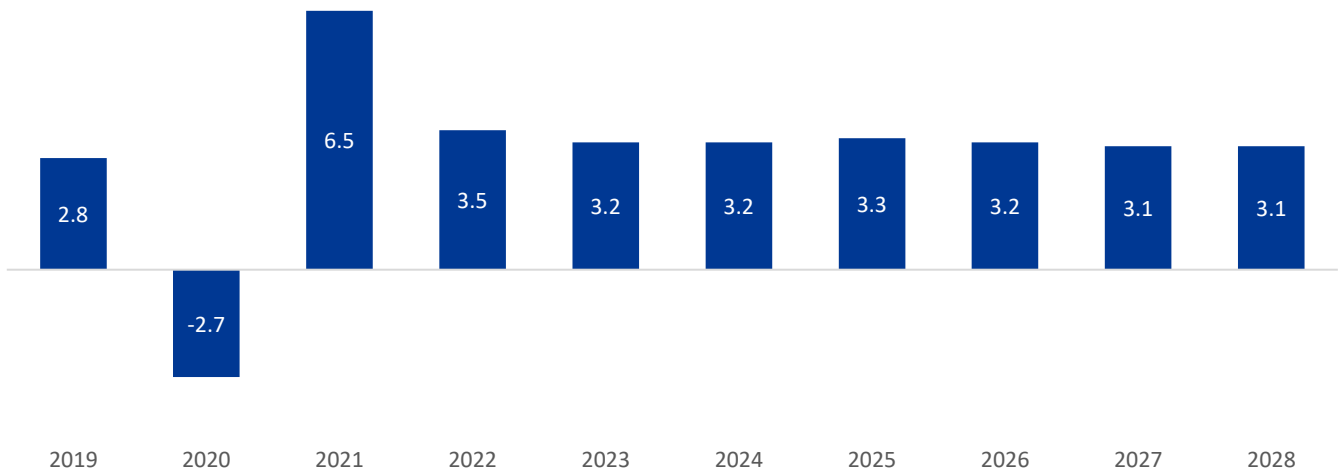
The global economy demonstrated resilience in 2023, maintaining steady growth amidst significant challenges. However, according to IMF's July 2024 World Economic Outlook (WEO) Update, the global economy stands in a sticky spot. The growth projection remains unchanged compared to April 2024 estimates. According to the IMF's World Economic Outlook released in July 2024, the global economy grew 3.3% in FY2023 and is projected to expand 3.2% in FY2024 and 3.3% in FY2025. Nevertheless, mixed momentum in the economic activities in the mid-year has decreased differences in economic performances across countries as economies become more stable. Additionally, higher service price inflation is slowing down the progress of disinflation, making it difficult for central banks around the world to adjust interest rates. Thus, rising upside risks on inflation is increasing the prospects of higher-for-longer interest rates. To overcome these risks and maintain the momentum, IMF believes that the policymakers should carefully make decisions for achieving price stability and rebuild economic reserves.

IMF provided a waxing and a waning outlook on the global economy in its July 2024 World Economic Outlook Update report. It expects commodity prices to increase, with non-oil prices increasing by 5% in FY2024. Energy prices are estimated to decline 4.6% in FY2024, lower than the previous outlook in April 2024. The projected decline in energy prices is mainly due to ongoing OPEC+ supply cuts partially offset by weak demand from China. Major central banks are expected to cut interest rates in 2H24 while the timing and extent of the cuts will depend upon the ongoing inflation situation.

**IMF expects global headline inflation to decline from 6.7% in FY2023 to 5.9% in FY2024 and further fall to 4.4% in FY2025**

Global inflation is declining at a slower pace as inflation in the services sector remains higher than the average levels despite a stronger decline in prices for goods. The growth in nominal wage remains higher than inflation in few countries owing to wage negotiation agreements made earlier in FY2024 and higher inflation levels expected in the short term. Furthermore, the rise in US inflation delayed prospects of interest rate cuts, resulting in higher chances of rate cuts in other advanced economies like the Eurozone and Canada where the inflation is easing in line with expectations. According to the IMF, global headline inflation is expected to decline from 6.7% in FY2023 to 5.9% in FY2024 and 4.4% in FY2025. Inflation in advanced economies is estimated to decline from 4.6% in FY2023 to 2.7% and 2.1% in FY2024 and FY2025 respectively. On the other hand, inflation in emerging markets and developing markets is estimated to fall marginally from 8.3% in FY2023 to 8.2% in FY2024 and to 6.0% in FY2025. However, a slower decline is expected in advanced economies as services prices are likely to stay high coupled with higher commodity prices. Nevertheless, a gradual decline in labor markers along with an expected decline in energy prices should bring headline inflation to target levels by the FY2025 year-end. On the other hand, inflation is anticipated to stay higher in emerging and developing markets compared to advanced economies. The median inflation levels in the emerging market and developing economy are back to pre-pandemic levels due to a decline in energy prices.

**Figure 48: Annual change in World Real GDP Growth Rate – FY2019-28 (%)**



Source: IMF, World Economic Outlook, July 2024

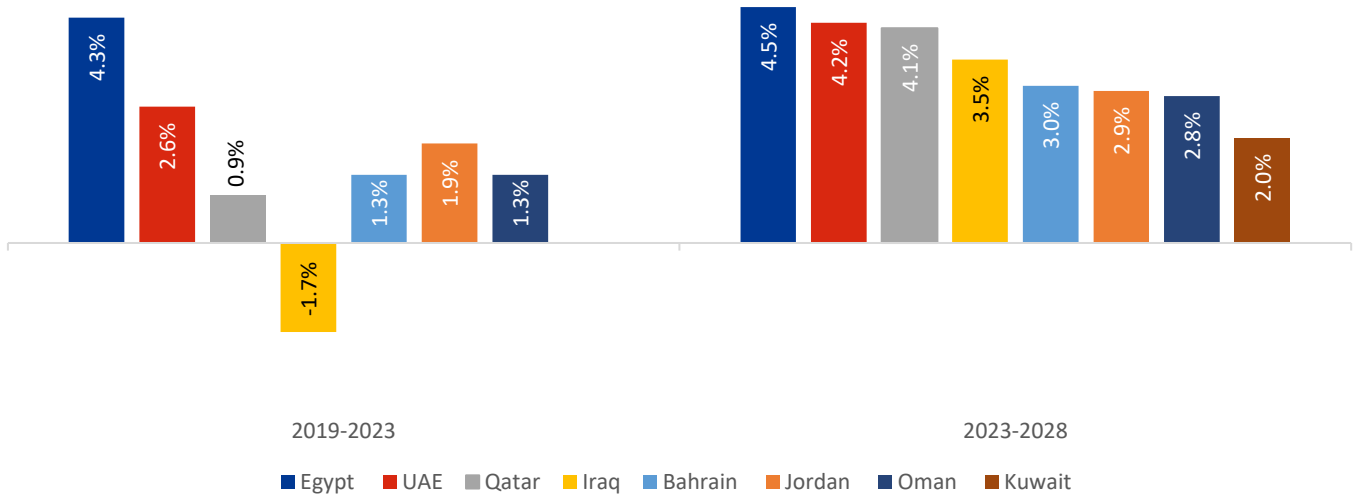
### Strong Macroeconomic Outlook across Addressable Countries Underpins Talabat's Growth

**Robust real GDP growth across Talabat's markets is projected to support the Company's sustainable growth and enhance its market presence**

According to the IMF WEO April 2024, the Talabat addressable markets are expected to record steady growth in coming years. The real GDP across countries such as Egypt, UAE, Qatar, Bahrain, Jordan, and Oman, excluding Iraq and Kuwait, recorded a growth during FY2019-2023. Furthermore, all the Talabat addressable countries are projected to record stronger growth over FY2023-2028. Egypt's economy recorded real GDP growth of 4.3% CAGR from FY2019-2023 and is expected to accelerate further to 4.5% during FY2023-2028. Similarly, the UAE experienced a solid performance with real GDP expanding at a CAGR of 2.6% during FY2019-2023, with further forecasts indicating stronger growth at 4.2% over FY2023-2028. Qatar registered a modest CAGR of 0.9% from FY2019-2023 in real GDP growth and is expected to significantly improve and grow at a CAGR of 4.1% during FY2023-2028. Iraq's economy recorded a contraction with a CAGR of -1.7% from FY2019-2023. However, the country is anticipated to recover with a CAGR growth of 3.5% during FY2023-2028. Bahrain also experienced modest growth with a CAGR of 1.3% during FY2019-2023. However, the country is anticipated to accelerate with a CAGR of 3.0% during FY2023-2028. Jordan's economy grew at a CAGR of 1.9% from FY2019-2023 and is projected to grow at a CAGR of 2.9% during FY2023-2028. Oman's economy grew at a CAGR of 1.3% from FY2019-2023 and is projected to grow at a CAGR of 2.8% during FY2023-2028. Additionally, Kuwait is expected to maintain steady growth with a projected CAGR of 2.0% during FY2023-2028. Talabat is well-positioned to capitalize on robust macroeconomic trends, enabling it to take advantage of expanding markets, rising consumer demand, and favourable business conditions. These factors are anticipated to strengthen the Company's presence in key regions and drive sustainable growth.



Figure 49: Real GDP CAGR Growth in Talabat's countries



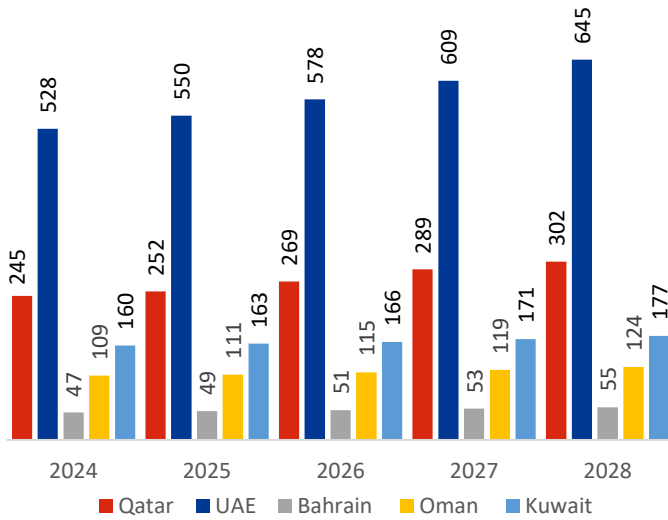
Source: IMF, World Economic Outlook, April 2024

### Talabat Well Positioned to Take Advantage of Favourable Macro Tailwinds

**Sizeable economy in key addressable markets is anticipated to support Talabat's growth strategy**

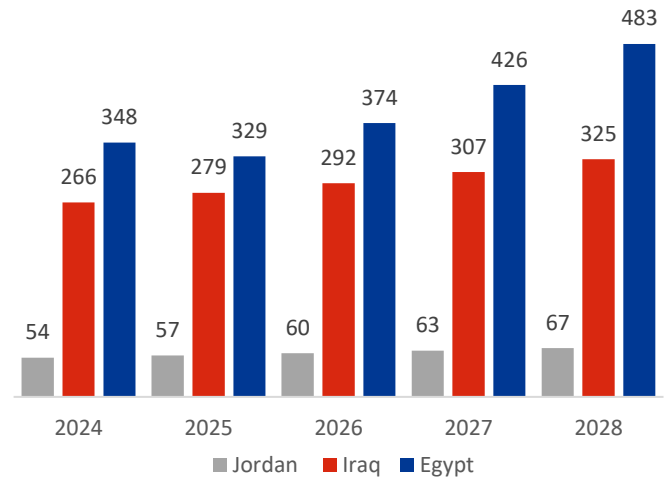
Talabat's addressable markets not only have strong growth momentum in the coming years, but also present sizeable economy. Qatar's economy is projected to grow from USD 234 Bn in FY2023 to USD 302 Bn in FY2028, driven by robust growth in the non-oil economy, supported by new infrastructure projects, rising tourism activity, and LNG expansion initiatives. Similarly, the UAE's economy is forecasted to increase from USD 504 Bn in FY2023 to USD 645 Bn in FY2028, fueled by strong performance in non-oil sectors such as tourism, construction, manufacturing, and financial services, along with continued foreign demand for real estate sector. The UAE's economic growth is also further supported by increased hydrocarbon GDP, attributable to increased crude oil production. Bahrain's economy is anticipated to grow from USD 45 Bn in FY2023 to USD 55 Bn in FY2028, driven by both the non-oil and oil sectors, with additional growth supported by the expected completion of the Bapco Modernization Program by FY2025. Kuwait's economy is projected to grow from USD 162 Bn in FY2023 to USD 177 Bn in FY2028, underpinned by strong growth in the non-oil sector driven by rising domestic demand, infrastructure development, and the assumed implementation of structural reforms. Oman's economy is projected to grow from USD 109 Bn in FY2023 to USD 124 Bn in FY2024. Jordan's economy GDP is expected to grow from USD 51 Bn in FY2023 to USD 67 Bn in FY2028. Iraq's economy GDP is projected to grow from USD 266 Bn in FY2023 to USD 325 Bn in FY2028. Furthermore, Egypt's economy GDP is anticipated to grow from USD 348 Mn in FY2024 to USD 483 Mn in FY2028. These economic forecasts present a solid outlook for Talabat's markets, highlighting strong growth potential across its key regions. Talabat is well-positioned to leverage on expanding markets, rising consumer demand, and favourable business conditions, all of which are expected to drive sustainable growth.

Figure 50: GCC's – Size of the Economy (USD Bn)



Source: IMF REO April 2024

Figure 51: Size of the Economy (USD Bn)



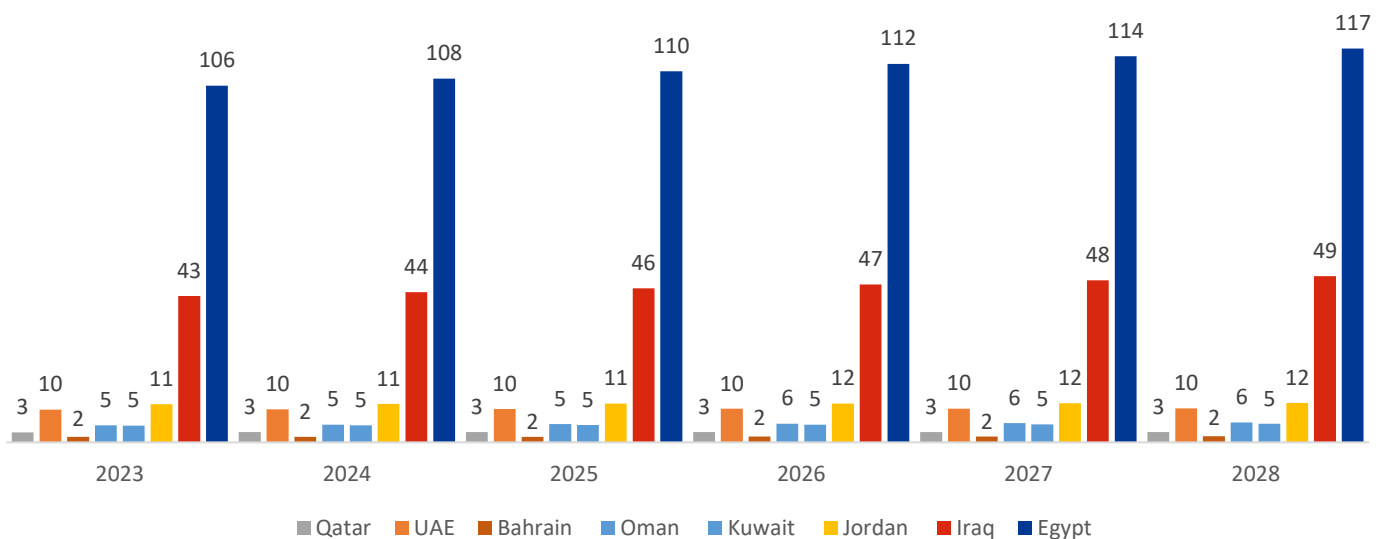
Source: IMF REO April 2024

## Growing Populations in Key Markets Present Significant Opportunities for Talabat

The expanding population provides Talabat the opportunity to scale its operations and diversify its offerings, positioning it for strong growth

According to the IMF WEO, April 2024, the total population across the Talabat addressable countries is expected to experience strong growth. Qatar's population is projected to increase marginally from 2.9 Mn in FY2023 to 3.1 Mn by FY2028. In the UAE, the total population is expected to rise from 9.7 Mn in FY2023 to 10.1 Mn in FY2028. Bahrain's total population is anticipated to grow at a CAGR of 2.5%, from 1.5 Mn in FY2023 to 1.8 Mn in FY2028. Oman's total population is projected to expand from 5.0 Mn in FY2023 to 5.9 Mn in FY2028, while Kuwait's total population is expected to grow at a CAGR of 2.0%, increasing from 4.9 Mn to 5.5 Mn during the same period. Additionally, Jordan's total population is projected to rise from 11.3 Mn in FY2023 to 11.7 Mn in FY2028. Furthermore, Iraq and Egypt are expected to witness population growth at a CAGR of 2.6% and 2.0%, respectively, with Iraq's population increasing from 43 Mn in FY2023 to 49 Mn in FY2028 and Egypt's from 106 Mn in FY2023 to 117 Mn in FY2028. This growing population across the addressable countries is anticipated to allow Talabat to scale its operations and enhance its market penetration.

Figure 52: Population Growth across Talabat's Countries (Mn)



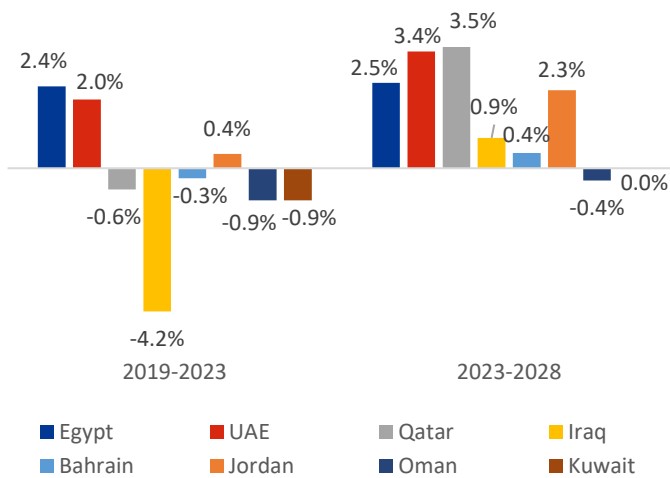
Source: IMF, World Economic Outlook, April 2024

## Rising Personal Disposal Income to Boost Demand for Talabat's Food and Grocery & Retail Segments

Rising real GDP per capita and personal disposable income across Talabat countries are expected to create opportunities for the Company to expand its product range and delivery options

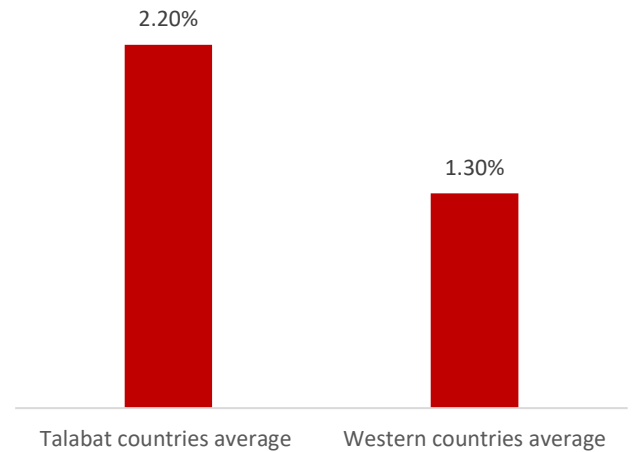
According to the IMF WEO, April 2024, except Oman, the other Talabat's addressable regions are anticipated to record a real GDP per capita growth during FY2023-2028. Egypt recorded a CAGR of 2.4% in real GDP per capita and is expected to grow at a CAGR of 2.5% during FY2023-2028. Similarly, the UAE's real GDP per capita grew at a CAGR of 2.0% from FY2019-2023 and is further projected to grow at a CAGR of 3.4% during FY2023-2028. Furthermore, Qatar and Iran, which had recorded a contraction with a CAGR of -0.6% and -4.2%, respectively, during FY2019-2023, are anticipated to recover to a positive CAGR of 3.5% and 0.9%, respectively, during FY2023-2028. Similarly, Bahrain's real GDP per capita growth is anticipated to recover with a CAGR growth of 0.4%, compared to a contraction of 0.3% in FY2019-2023. Jordon's real GDP per capita growth is anticipated to grow at a CAGR of 2.3% during FY2023-2028. Additionally, the projected real disposable income per capita growth in the average Talabat countries is projected to grow at a CAGR of 2.2% during FY2023-2028, compared to the Western countries including North America (United States, Canada) and Western Europe (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom) highlighting strong growth in the consumer demand from the Talabat countries. The rising real GDP per capita growth and disposable income are anticipated to significantly support Talabat as rising individual incomes will tend to spend more on convenience-oriented services, such as online food and grocery delivery. Additionally, with higher disposable incomes, demand for premium products, diverse offerings, and value-added services is likely to grow, creating opportunities for Talabat to expand its product range and delivery options.

Figure 53: Real GDP per Capita Growth Rate (% CAGR)



Source: IMF, World Economic Outlook, April 2024

Figure 54: Forecasted Real Disposable Income Per Capita Growth FY2023-2028 (% CAGR)



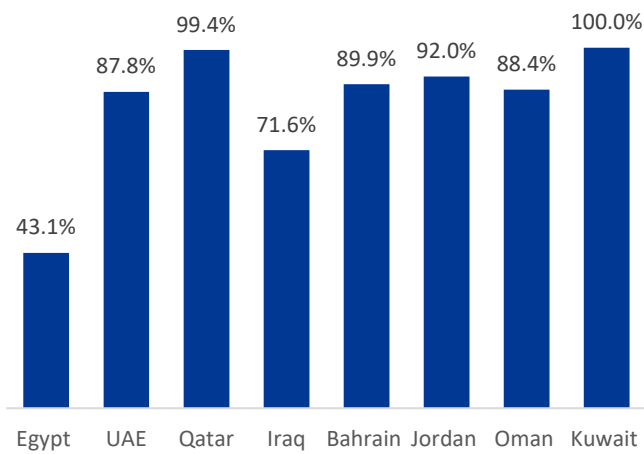
Source: Company Information

## Higher Urbanization and Internet Penetration rate to Support Talabat's Platform Growth

Rising internet penetration and urbanization rates to expand the customer base, enhance operational efficiencies, and drive future growth

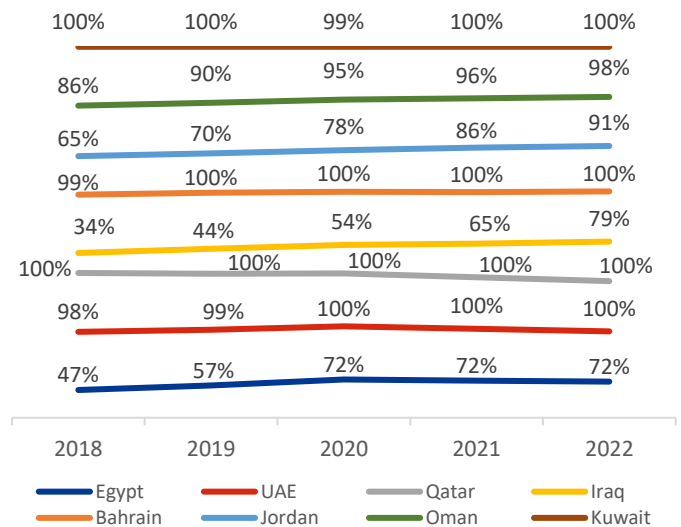
The increasing rates of urbanization and internet penetration across Talabat's addressable markets present a solid growth opportunity for the Company. Egypt's urbanization rate reached 43.1% in FY2023, while its internet penetration grew from 47% in FY2018 to 72% in FY2022. The UAE's urbanization rate increased to 87.8% in FY2023, with internet penetration rising from 98% in FY2018 to 100% in FY2022. Similarly, Qatar's urbanization rate increased to 99.4% in FY2023, while its internet penetration remained 100% from FY2018-2023, indicating total internet usage across the population. Iraq's internet penetration more than doubled, from 34% in FY2018 to 79% in FY2023, with an urbanization rate of 71.6% in FY2023. Bahrain and Kuwait's internet penetration reached 100% in FY2022, with urbanization rates at 89.9% and 100%, respectively, in FY2023. Additionally, Jordan's internet penetration grew from 65% in FY2018 to 91% in FY2022, while Oman's penetration rate increased from 86% to 98% during the same period. These macroeconomic trends are expected to significantly benefit Talabat by expanding its customer base and improving operational efficiencies. The rising internet penetration across the regions is anticipated to accelerate greater consumer engagement on Talabat's digital platforms, driving demand for seamless online ordering solutions. Additionally, the rising urbanization rates will result in more concentrated populations in cities, which will enable the Company to streamline its logistics, reduce delivery times, and handle greater order volumes in smaller geographic areas. These macroeconomic factors are expected to enhance the Company's customer engagement, optimize operational performance, and drive strong future growth.

**Figure 55: Urbanization rate as of FY2023 (%)**



Source: World Bank

**Figure 56: Internet penetration as a (%) of total population**



Source: World Bank

## Valuation Methodology

### Target Fair Value Analysis

**We arrive at Talabat's fair value of AED 2.0 per share based on a mix of valuation methods**

#### DCF, DDM, AND RELATIVE VALUATION

We have used a mix of Discounted Cash Flow (DCF), Comparable Company Method (CCM), and Dividend Discount Model (DDM) valuation methods to arrive at the fair value of Talabat. The Company is the leading on-demand delivery platform for online food ordering, delivery, takeaway, and the Grocery & Retail marketplace in eight countries across the MENA (Middle East and North Africa) region. The Company is a fully owned subsidiary of the global delivery powerhouse Delivery Hero. As of July 2024, the Company's platform supports a vast network of more than c. 64,000 active partners and c. 115,000 active riders. The Company operates in eight countries: UAE, Qatar, Kuwait, Oman, Bahrain, Jordan, Egypt, and Iraq. Talabat primarily generates revenue through commission on GMV (Gross Merchandise Value) generated by partners (Restaurants and local shops), delivery and service fees service charged to customers, subscription fees charged on products like Talabat Pro, fees related to advertising services provided to partners, listing fees charged to partners for listing their products on the platform, and other income. The revenue generated through commission fees and delivery & service fees is based upon the GMV generated by the platform. Talabat operates on an asset-light model with minimal requirements for capital expenditure.

We have assigned a higher weight to DCF valuation based on its reliability in capturing future cash flow projections over multiple periods as opposed to other valuation methods. In CCM valuation, an average of EV/EBITDA and P/Sales multiple is used to value the Company as the P/Sales multiple is useful for valuing high-growth, early-stage companies and offers a cleaner comparison for firms with varying levels of profitability or differing accounting practices. EV/EBITDA multiple allows us to compare companies of various sizes with different capital structures. Talabat intends to distribute 90% of its net profit as dividends in FY2026 and onwards. We assumed in the subsequent years the Company will also maintain similar payout. The Company also intends to pay Target Minimum Dividend payment equivalent to USD 100 Mn for 4Q24 and USD 400 Mn for FY2025 relating to the performance of the respective financial period; thus, we have valued the Company using the DDM valuation method, in which the dividend paid to shareholders is used to value the Company.

#### CONSOLIDATED VALUATION TALABAT

Name of Entity	Valuation (USD, Mn)	Weight (%)	Total Valuation (USD, Mn)
<b>Valuation of the Talabat based on -</b>			
Discounted Cash Flow	13,307	70.0%	9,315
Dividend Discount Model	11,457	15.0%	1,718
Relative Valuation (Average P/Sales and EV/EBITDA)	10,918	15.0%	1,638
<b>Total Valuation (USD, Mn)</b>			<b>12,671</b>
<b>Total Valuation (AED, Mn)</b>			<b>46,535</b>
<b>Equity Value per Share (AED)</b>			<b>2.00</b>



The performance of Talabat is analyzed in detail to arrive at fair value estimates. We took a fair estimate across the income statements and financial positions to arrive at their valuation. The valuation brought a fair value of AED 2.0 per share. The weightage assigned to the DCF, DDM, and CCM valuation methods stood at 70%, 15%, and 15%, respectively.

### 1) Discounted Cash Flow Valuation

**We arrived at a value of AED 2.1 per share using DCF valuation**

We relied upon the guidance provided by the Company management for the next five financial years, starting from FY2024 and ending FY2028, to arrive at the valuation through DCF methodology. We have further extended the cash flow by an additional three years, as we believe that until FY2028, the Company will continue to record a double-digit growth rate in GMV. After that, we expect the growth in GMV to gradually normalize. We derived the Company's terminal value using the Gordon Model and extrapolated last year's adjusted free cash flows at a terminal growth rate of 3.0% to perpetuity. To arrive at Ke (Cost of Equity), we have used the 10-year government bond yield of 5.6%, a Country risk premium of 4.4%, and a beta of 1.0. After applying all these, we arrived at the cost of equity of 10.0%. We have used a 10-year US Government Yield and further added a 10-year Dubai Government CDS spread to arrive at an appropriate risk-free rate. Talabat doesn't have any external debt historically, and further, the Company does not plan to undertake debt. Additionally, Talabat has already converted all related party loans into equity. Therefore, we have used free cash flow to equity to arrive at the valuation using the DCF methodology.

#### I. DCF Valuation of Talabat

	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E
<b>All figures in USD Mn, unless stated</b>							
Net Income	464	553	657	780	928	1,067	1,174
(+/-) Lease IFRS Rent	(20)	(23)	(27)	(30)	(34)	(39)	(45)
(+/-) Depreciation & amortization	58	62	67	75	83	92	101
(+/-) CAPEX	(31)	(35)	(40)	(46)	(52)	(60)	(68)
(+/-) Working Capital	32	41	46	53	55	57	60
<b>Free Cash Flow to Equity (FCFE)</b>	<b>504</b>	<b>597</b>	<b>703</b>	<b>831</b>	<b>979</b>	<b>1,117</b>	<b>1,222</b>
Discount factor	0.91	0.83	0.76	0.69	0.62	0.57	0.52
<b>Present Value of FCFE</b>	<b>461</b>	<b>496</b>	<b>531</b>	<b>571</b>	<b>612</b>	<b>635</b>	<b>631</b>
<b>Total Present value of FCFE</b>							3,937
Terminal Value							9,371
Terminal growth rate							3.0%
Weighted average cost of capital							10.0%
<b>Equity Value</b>							<b>13,307</b>

Source: FAB Securities Research

#### a) Sensitivity of DCF to Key Assumptions

**Sensitivity analysis generates the highest valuation of USD 18.3 Bn and the lowest valuation of USD 10.6 Bn**

Our DCF valuation is based on a cost of equity (COE) of 10.0%. A sensitivity analysis shows that a change of +/- 0.5% in the weighted average cost of capital and terminal growth rate will provide a valuation range of USD 10.6 Bn to USD 18.3 Bn. The table below shows the sensitivity between the change in terminal growth rate and the weighted average cost of capital.

## 1. DCF Sensitivity to Terminal Growth Rate and WACC

Terminal Growth	WACC					
		9.0%	9.5%	10.0%	10.5%	11.0%
	2.0%	13,976	12,946	12,048	11,257	10,557
	2.5%	14,796	13,637	12,635	11,761	10,993
	3.0%	15,754	14,434	13,307	12,333	11,484
	3.5%	16,888	15,366	14,084	12,988	12,040
	4.0%	18,251	16,470	14,991	13,743	12,677

## 2) Relative Valuation

We are using EV/EBITDA and P/Sales multiple in CCM valuation to value the firm

In the CCM valuation, we have used an average of EV/EBITDA and P/Sales multiple to value Talabat. We have used the valuation of regional and global companies operating in the food delivery sector to compare their business models for relative valuation. The P/Sales multiple is useful for valuing high-growth, early-stage companies and offers a cleaner comparison for firms with varying levels of profitability or differing accounting practices, and the EV/EBITDA multiple allows us to compare companies of various sizes with different capital structures.

## II. Relative Valuation of Talabat

(All Figures in Million USD, unless stated)

### Based on EV/EBITDA Multiple

EBITDA (FY2025)	585
Applicable Multiple	18.7x
Premium/(Discount to Median Multiple)	0.0%
Peer Median Valuation	18.7x

### Enterprise Value

10,943

Net (Debt)/Cash (As of 3Q24)

222

### Equity Value

11,165

Source: Company Information, FAB Securities Research

(All Figures in Million USD, unless stated)

### Based on P/Sales Multiple

Net Management reported Revenue (FY2025)	3,430
Applicable Multiple	3.1x
Premium/ (Discount to Median Multiple)	0.0%
Peer Median Valuation	3.1x

### Equity Value

10,671

Source: Company Information, FAB Securities Research

### III. Peers Valuation

	Market Cap	EV/EBITDA (x)		P/Sales (x)	
Company. Name	(USD, Mn)	2024	2025	2024	2025
International Companies					
JAHEZ INTERNATIONAL CO	1,765	39.0	33.1	3.1	2.7
DELIVEROO PLC	2,828	14.6	10.1	1.0	1.0
DOORDASH INC	64,711	31.2	22.6	6.0	5.1
ZOMATO LTD	25,385	199.6	83.6	10.8	7.6
GRAB HOLDINGS LTD	16,137	43.3	26.5	5.8	5.0
UBER TECHNOLOGIES INC	154,243	24.6	18.7	3.5	3.0
MEITUAN-CLASS B	149,666	20.7	16.1	3.1	2.7
OCADO GROUP PLC	3,812	29.0	16.4	1.0	0.9
MAPLEBEAR INC	11,642	12.1	10.6	3.5	3.2
GOTO GOJEK TOKOPEDIA TBK PT	4,880	NA	NA	5.7	4.7
Average		46.0x	26.4x	4.3x	3.6x
Median		29.0x	18.7x	3.5x	3.1x
Max <sup>1</sup> (Quartile 3)		39.0x	26.5x	5.8x	4.9x
Min <sup>2</sup> (Quartile 1)		20.7x	16.1x	3.1x	2.7x

Source: Bloomberg, <sup>1</sup> Values correspond to Quartile 3, <sup>2</sup> Values correspond to Quartile 1

### 3) Dividend Discount Valuation (DDM)

Using the DDM approach,  
we arrive at a fair value of  
USD 11.4 Bn

Talabat maintains a policy to declare regular dividends to shareholders in the forecasted period. The company intends to distribute dividends semiannually, with the initial payment occurring in the first half of the year and the subsequent payment in the second half. Talabat intends to distribute 90% of its net profit as dividends in FY2026 and onwards. It also intends to pay Target Minimum Dividend payment equivalent to USD 100 Mn for 4Q24 and USD 400 Mn for FY2025 relating to the performance of the respective financial periods. The dividend is forecasted based on the management estimate. All forecasted dividends are discounted to present value using the cost of equity of 10.0%. We have also arrived at our terminal growth rate of 3.0% assuming the Company's business will continue to operate until perpetuity.

### I. Dividend Discount Valuation

	FY2024E	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E
<b>All figures in USD million, unless stated</b>								
<b>Total Dividend</b>	<b>100</b>	<b>400</b>	<b>470</b>	<b>568</b>	<b>679</b>	<b>817</b>	<b>960</b>	<b>1,057</b>
Discount factor	1.0	0.91	0.83	0.76	0.69	0.62	0.57	0.52
<b>Present value of Dividend</b>	<b>100</b>	<b>366</b>	<b>391</b>	<b>430</b>	<b>467</b>	<b>511</b>	<b>546</b>	<b>546</b>
<b>Total Present Value of Dividend</b>								<b>3,255</b>
Terminal Value								<b>8,101</b>
Terminal growth rate								<b>3.0%</b>
Cost of Equity								<b>10.0%</b>
<b>Equity Value</b>								<b>11,357</b>

Source: Company Information, FAB Securities Research

## Key Financial Metrics

### Financial Performance at a Glance

#### Growth Dynamics

**Talabat is the leading on-demand delivery platform in the MENA region with operations in the eight countries**

Talabat is a fully owned subsidiary of the global delivery powerhouse Delivery Hero and operates in the MENA region (UAE, Qatar, Kuwait, Oman, Bahrain, Jordan, Egypt, and Iraq). The Company is the leading on-demand delivery platform for online food ordering, delivery, takeaway, and the Grocery and retail marketplace in eight countries across the MENA (Middle East and North Africa) region.

On-demand delivery service offered by Talabat provides consumers with quick access to food, groceries, and retail products from restaurants and shops. The Company partners with these businesses and allows them to list their offerings on the Talabat platform in exchange for listing fees, making it easier for customers to place orders. Once an order is placed, Talabat notifies the partnered restaurant or shop and dispatches a rider to deliver the items to the customer's specified location. Talabat generates revenue by charging a commission and delivery fees from both partners and customers, respectively for its services. Additionally, the platform serves as an advertising space for partners and other brands, providing another source for revenue generation. The Company also offers subscription-based services to customers for additional benefits.

Talabat has built strong partnerships with c. 64K restaurants and local shops, extending its delivery capabilities to a wide range of products, including food, groceries, flowers, and health and wellness items. The Company also operates 129 tMart stores, which serve as delivery-only dark stores, reinforcing its commitment to convenience and efficiency. The Company employs a fleet of more than 115K active riders (as of July 2024) to deliver food and grocery products with an average delivery time of less than 30 minutes and are integral to maintaining the Company's promise of fast delivery.

**The Company started as a food delivery platform and expanded its services to offer Grocery & Retail products**

The Talabat platform served more than six million active customers in July 2024 with an impressive average order frequency of 6.5x per active customer. The Company employs a team of c. 440 tech experts (FTEs) as of July 2024 for innovation and seamless operations and operates two tech hubs based in Dubai and Cairo. It commenced operation in Kuwait in 2004 with a goal to make food ordering simple and easy. Talabat expanded in the UAE, Bahrain, and Oman in 2012 and started operations in Qatar in 2013. The Company was acquired by Delivery Hero in 2015 and expanded its operations in Jordan in 2017. Also, Talabat launched its own delivery services in 2017 for seamless operations. The Company reached the major landmark of 100 Mn lifetime orders in 2018. In addition to the food delivery services, Talabat also launched Grocery & Retail delivery services in 2019 and expanded in Iraq in 2021.

Gross Merchandise Value (GMV) represents the total value paid by customers for the products ordered through the Talabat platform. This includes VAT, delivery fees, other fees, and subsidies. The Company generated a GMV of USD 6.1 Bn in FY2023 with a 17.2% YOY growth attributed to stronger order volumes across all regions. Additionally, the GMV also rose 21.3% YOY to USD 5.4 Bn in 9M24 compared to USD 4.4 Bn in 9M23 due to strong consumer demand, improving order frequency, and robust growth in Grocery & Retail business. The multi-vertical platform of the Company also experienced topline growth due to increasing contributions from Grocery & Retail services, which contributed c. 25% of GMV in 9M24. We expect GMV to grow at a CAGR of 16.8% from USD 6.1 Bn in FY2023 to USD 13.2 Bn in FY2028. The increasing population, higher internet penetration, growth in per capita disposable income, expansion of

tech-savvy generation, and availability of better convenience through on-demand services are expected to drive the GMV growth in the forecasted period.

Talabat primarily generates revenue through commission on GMV (Gross Merchandise Value) earned by partners (Restaurants and local shops), delivery and service fees service charged to customers, subscription fees charged on products like Talabat Pro, fees related to advertising services provided to partners, listing fees charged to partners for listing their products on the platform, and other income. The revenue generated through commission fees and delivery & service fees is based upon the GMV generated by the platform. The management reported revenue of the Company increased 27.3% YOY from USD 1.8 Bn in FY2022 to USD 2.2 Bn in FY2023 and GMV to management reported revenue conversion also improved from 34.1% in FY2022 to 37.0% in FY2023. Additionally, the management reported revenue also increased 31.9% YOY from USD 1.6 Bn in 9M23 to USD 2.1 Bn in 9M24 due to further upside from non-commission revenues, delivery & service fees, and growth in tMart business. The ratio of GMV to management-reported revenue reached 39.6% in 9M24 compared to 36.4% in 9M23 due to improved monetization measures. We anticipate the management reported revenue to grow at a CAGR of 18.7% from USD 2.2 Bn in FY2023 to USD 5.3 Bn in FY2028 due to growth in GMV, increasing contribution from tMart stores, and a rise in AdTech revenues. The ratio of GMV to management-reported revenue is also expected to expand from 37.0% in FY2023 to 40.1% in FY2028.

The gross profit of the Company increased 30.9% YOY from USD 528 Mn in FY2022 to USD 691 Mn in FY2023 and the gross margin as a percentage of GMV also grew from 10.2% in FY2022 to 11.4% in FY2023. Additionally, gross profit also rose 33.3% YOY to USD 660 Mn in 9M24 from USD 495 Mn in 9M23 due to better unit economics & cost optimization. We expect the gross profit of Talabat to grow at a CAGR of 19.1% from USD 691 Mn in FY2023 to USD 1,656 Mn in FY2028. Gross profit margin as a percentage of GMV is also expected to grow from 11.4% in FY2023 to 12.6% in FY2028. This margin improvement is supported by higher revenue growth compared to GMV, further cost optimization, and improving unit economics.

Talabat's adjusted EBITDA grew 48.1% YOY to USD 321 Mn in FY2023 from USD 217 Mn in FY2022 and the adjusted EBITDA margin also improved from 4.2% in FY2022 to 5.3% of GMV in FY2023 due to expansion in gross margins, efficiencies in marketing and G&A costs, and growth in GMV. Adjusted EBITDA is defined as earnings from continuing operations before income taxes, financial results, and depreciation & amortization according to management reporting, including non-operating earnings effects. We expect adjusted EBITDA to grow at a CAGR of 24.5% from USD 321 Mn in FY2023 to USD 961 Mn in FY2028. EBITDA margin is also anticipated to expand from 5.3% in FY2023 to 7.3% of GMV in FY2028. The expected growth in efficiency in marketing and G&A costs, increasing contribution from advertising revenue, and cost improvements will drive the margins.

**Talabat's adjusted EBITDA grew 48.1% YOY to USD 321 Mn in FY2023 from USD 217 Mn in FY2022**

The adjusted net profit of the Company inclined 67.5% from USD 153 Mn in FY2022 to USD 257 Mn in FY2023 owing to growth in GMV, improved margins, and low depreciation & amortization expenses due to Talabat's asset-light business model. The adjusted net profit margin as a percentage of GMV of the Company also rose from 3.0% in FY2022 to 4.2% of GMV in FY2023. Additionally, the adjusted net profit grew 72.0% YOY from USD 158 Mn in 9M23 to USD 271 Mn in 9M24. We anticipate adjusted net profit to grow at a CAGR of 24.3% from USD 257 Mn in FY2023 to USD 763 Mn in FY2028. The net profit margin as a percentage of GMV is also expected to increase from 4.2% in FY2023 to 5.8% in FY2028.

Talabat's net cash generated from operating activities increased from USD 220 Mn in FY2022 to USD 375 Mn in FY2023 due to the positive impact from working capital and growth in profit. Net cash flow from investing activities stood negative at USD 50 Mn in FY2023 compared to negative USD 63 Mn in FY2022. Furthermore, cash used in financing activities stood at USD



387 Mn in FY2023 compared to USD 174 Mn in FY2022 due to repayments of loans from related parties and dividend paid to existing shareholders in FY2023.

Talabat incurred a cumulative capex of USD 90 Mn during FY2022-23. We expect the Company to incur a capex of USD 42 Mn in FY2024 and a cumulative capex of USD 194 Mn from FY2024-28. The Company operates on an asset-light model, with no significant investments in dark stores is anticipated in forecasted period.

**Figure 57: Summary financials (USD, Mn)**

	2022	2023	2024E	2025E	2026E	2027E	2028E
<b>GMV</b>	5,172	6,062	7,426	8,725	10,034	11,489	13,155
<b>Revenue</b>	1,761	2,242	2,881	3,430	3,970	4,575	5,272
<b>Gross Profit</b>	528	691	904	1,077	1,247	1,437	1,656
<b>Adj. EBITDA</b>	217	321	479	585	691	814	961
<b>Adj. Net profit</b>	153	257	372	454	542	643	763
<i>GMV to Revenue</i>	34.1%	37.0%	38.8%	39.3%	39.6%	39.8%	40.1%
<i>Gross Profit Margin as % of GMV</i>	10.2%	11.4%	12.2%	12.3%	12.4%	12.5%	12.6%
<i>Adj. EBITDA Margin as % of GMV</i>	4.2%	5.3%	6.5%	6.7%	6.9%	7.1%	7.3%
<i>Adj. Net Profit Margin as % of GMV</i>	3.0%	4.2%	5.0%	5.2%	5.4%	5.6%	5.8%
<i>Net Debt/EBITDA</i>	0.1	0.1	-1.0	-1.3	-1.3	-1.4	-1.5

Source: Company Information, FAB Securities research 2024-28

## Financials

**We expect the GMV of the Company to grow at a CAGR of 16.8% from USD 6.1 Bn in FY2023 to USD 13.2 Bn in FY2028**

**The active customers of the Company grew from 2.2 Mn in January 2020 to more than 6.0 Mn in July 2024**

### Gross Merchandize Value

Gross Merchandise Value (GMV) represents the total value customers pay for the products ordered through the Talabat platform. This also includes VAT, delivery fees, other fees, and subsidies. The Company generated a GMV of USD 6.1 bn in FY2023 with a 17.2% YOY growth attributed to stronger order volumes across all regions. The GMV also rose 21.3% YOY to USD 5.4 Bn in 9M24 compared to USD 4.4 Bn in 9M23 due to strong consumer demand, improving order frequency, and robust growth in Grocery & Retail business. In terms of country mix, GCC countries represented c. 86% of total GMV in 9M24 while the remaining c. 14% is generated from non-GCC countries including Egypt, Jordan, and Iraq. GCC countries GMV rose c. 18% YOY in 9M24 while non-GCC countries GMV expanded c. 43% YOY at a faster rate due to a lower base.

In 2019, Talabat expanded its offering by launching Grocery and Retail delivery services. The GMV grew at c. 130% CAGR from FY2019-23 to reach c. USD 1.3 Bn in FY2023 from delivery of Grocery & retail products, underscoring the company's successful diversification beyond food delivery. The Grocery & Retail business of Talabat is based on two complementary business models, customized to different shopping goals of customers. The Company owns and operates delivery-only dark stores, with 129 strategically located outlets as of July 2024. These dedicated warehouses are designed to meet customers' instant needs, focusing on convenience and speed. Another business model for the Grocery & Retail segment operates as a marketplace that connects customers with their favourite neighbourhood supermarkets, specialty stores, pharmacies, and more. Talabat partnered with c. 9.3K local shops as of July 2024, creating a broad network that allows customers access to a wide variety of products.

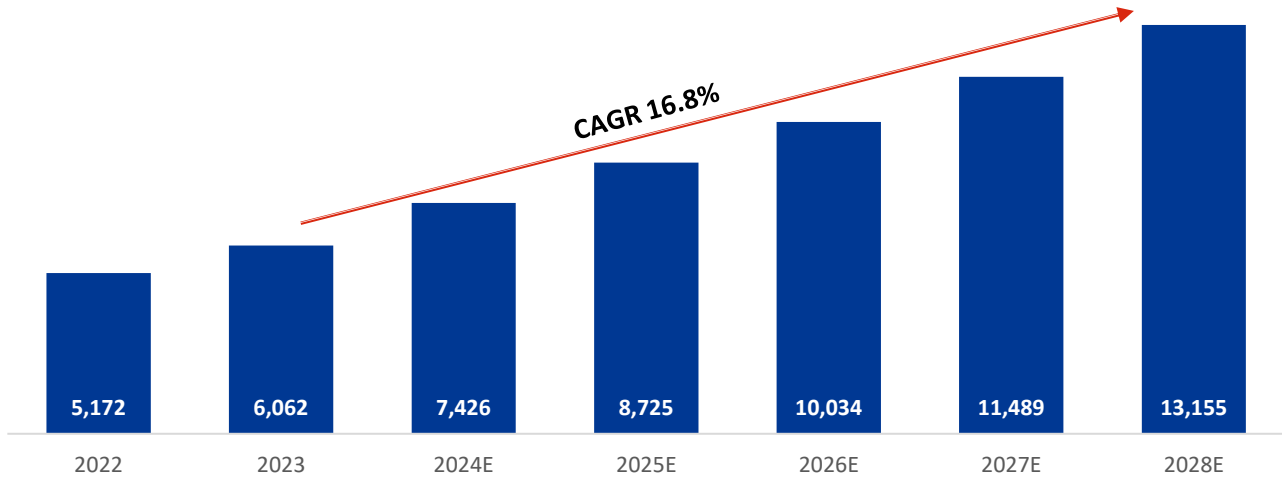
The Grocery & Retail segment serves as a vital asset for the company, significantly boosting customer engagement and order frequency. Multi-vertical users, those who shop across both food and Grocery & Retail, exhibit an impressive 3.4x higher ordering activity compared to food-only customers. This heightened engagement is attributed to the diverse product offerings available, encouraging users to place multiple orders throughout the day, from grocery items to cosmetics and flowers. Moreover, the presence of Grocery & Retail not only increases the volume of these additional orders but also leads to a notable uplift in food orders. This indicates that Grocery & Retail enhances overall customer stickiness and loyalty. By integrating this segment into its offerings, Talabat created more opportunities for interaction, ultimately driving higher revenue and strengthening its market position.

Talabat partnered with c. 55.1K restaurants including local cuisines and multinational food chains to provide customers with on-demand food delivery services. The active customers of the Company grew from 2.2 Mn in January 2020 to more than 6.0 Mn in July 2024. The number of active users is further expected to grow in the forecasted period due to favorable macro tailwinds in the region, which is expected to drive the demand for food services. The average order frequency of active customers stood at 6.5x in July 2024, which is expected to increase further in the medium term.

The Company also launched multiple programs such as Talabat PostPaid to smoothen the pay-week cyclicity, and loyalty programs such as Talabat Pro for higher customer acquisition, engagement, and retention. These active measures are expected to support GMV growth in the forecasted period. We expect GMV to grow at a CAGR of 16.8% from USD 6.1 Bn in FY2023 to USD 13.2 Bn in FY2028. The increasing population, higher internet penetration, growth in per capita disposable income, rise in tech-savvy generation, supportive infrastructure, and

availability of better convenience through on-demand services are expected to drive the GMV growth in the forecasted period.

**Figure 58: Gross Merchandize Value (USD, Mn)**



Source: Company Information, FAB Securities research 2024-28

## Revenue

**Management reported revenue of Talabat is expected to grow at a CAGR of 18.7% from USD 2.2 Bn in FY2023 to USD 5.3 Bn in FY2028**

Talabat's revenue model is multifaceted, primarily relying on commission fees derived from Gross Merchandise Value (GMV) generated by its partners, which include restaurants and local shops. This commission structure allows Talabat to support its partners in maximizing sales, as their earnings are directly tied to the performance of these businesses on the platform. In addition to commission fees, Talabat also generates revenue through delivery and service fees charged to customers, ensuring that the cost of logistics and delivery is covered while enhancing the overall user experience.

The Company offers subscription services, such as Talabat Pro, which provide customers with exclusive benefits and discounts, creating a steady stream of recurring income. Talabat also charges partners for advertising services, helping them to promote their products effectively to a broader audience. This AdTech component is particularly valuable, as it enables Consumer Packaged Goods (CPG) companies and partners to leverage targeted advertising for increased visibility and growth opportunities. The advertising revenue is also directly included in the revenue and is a high-margin segment with only information technology (IT) related costs. Listing fees are charged to partners to list their offerings on the Talabat platform, further diversifying Talabat's income sources, and making the revenue model robust and adaptable to market demands.

Other direct income streams include revenue generated from retail sales, payment processing fees, and additional income streams, such as promotional campaigns and partnerships. This comprehensive approach not only drives financial growth but also enhances the value proposition for both customers and partners, making Talabat's revenue model robust and adaptable to market demands. Overall, Talabat's diverse revenue streams contribute to a sustainable business model that benefits all stakeholders involved.

The Company generates the highest revenue from the commission charged to partners. Commission charged to partners grew 14.8% YOY from USD 737 Mn in FY2022 to USD 847 Mn in FY2023. It is charged as a portion of GMV, and we expect the commission fees to rise at a CAGR of 17.2% from USD 847 Mn in FY2023 to USD 1,873 Mn in FY2028 due to anticipated growth in GMV. The delivery and service fees charged to customers increased 27.3% YOY from

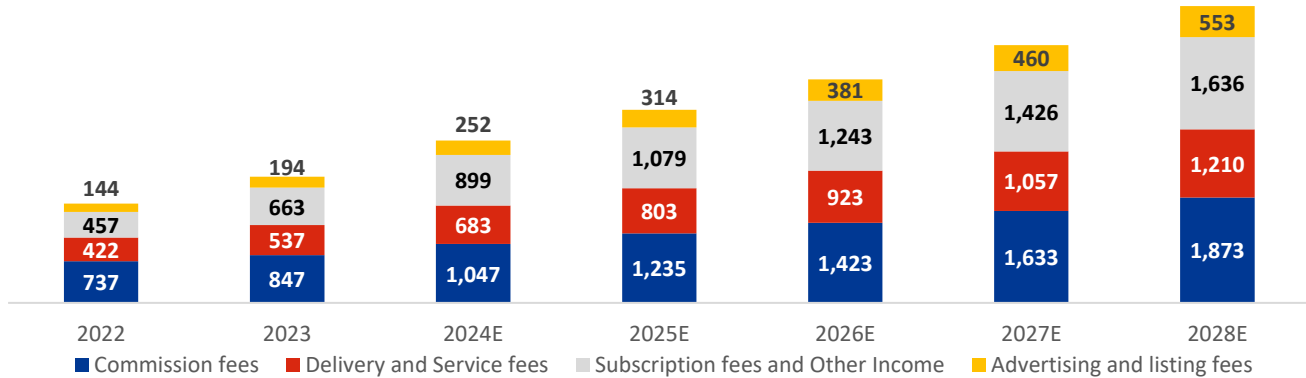
USD 422 Mn in FY2022 to USD 537 Mn in FY2023 and is expected to grow at a CAGR of 17.6% from USD 537 Mn in FY2023 to USD 1,210 Mn in FY2028 due to projected increase in GMV and growing order volumes.

Subscription fees and other income rose 45.1% YOY from USD 457 Mn in FY2022 to USD 663 Mn in FY2023 and are forecasted to grow at a CAGR of 19.8% to USD 1,636 Mn in FY2028 due to increasing penetration of subscription-based services and expected growth in retail sales. Advertising and listing fees charged to CPGs and partners increased 34.5% YOY from USD 144 Mn in FY2022 to USD 194 Mn in FY2023 and is projected to grow at a CAGR of 23.3% to USD 553 Mn in FY2028. Revenue of AdTech programs as a percentage of GMV was 3.2% in FY2023 against a global peer benchmark of c. 7.0%. Listing fees are charged to partners on a recurring basis.

The total management reported revenue of the Company increased 27.3% YOY from USD 1.8 Bn in FY2022 to USD 2.2 Bn in FY2023 and the ratio of GMV to management reported revenue conversion also improved from 34.1% in FY2022 to 37.0% in FY2023. Additionally, revenue also increased 31.9% YOY from USD 1.6 Bn in 9M23 to 2.1 Bn in 9M24 due to further upside from non-commission revenues, delivery & service fees, and growth in tMart business. GMV to revenue conversion reached 39.6% in 9M24 compared to 36.4% in 9M23 due to improved monetization measures. We anticipate that management reported revenue would grow at a CAGR of 18.7% from USD 2.2 Bn in FY2023 to USD 5.3 Bn in FY2028 due to growth in GMV, increasing contribution from tMart stores, and a rise in AdTech revenues. The GMV to management reported revenue conversion is also expected to increase from 37.0% in FY2023 to 40.1% in FY2028.

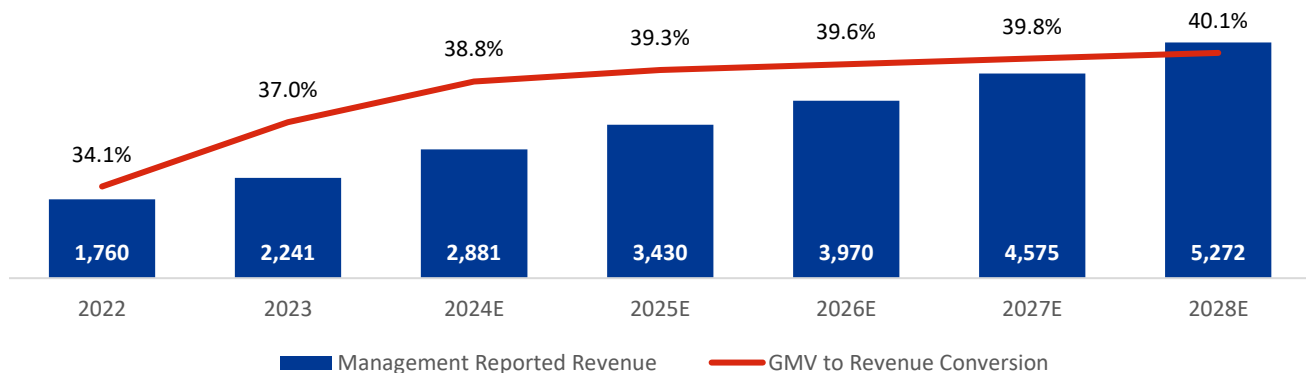
**The GMV to management reported revenue conversion is expected to increase from 37.0% in FY2023 to 40.1% in FY2028**

**Figure 59: Management Reported Revenue by Segment (USD, Mn)**



Source: Company Information, FAB Securities research 2024-28

**Figure 60: Total Management Reported Revenue (USD, Mn)**



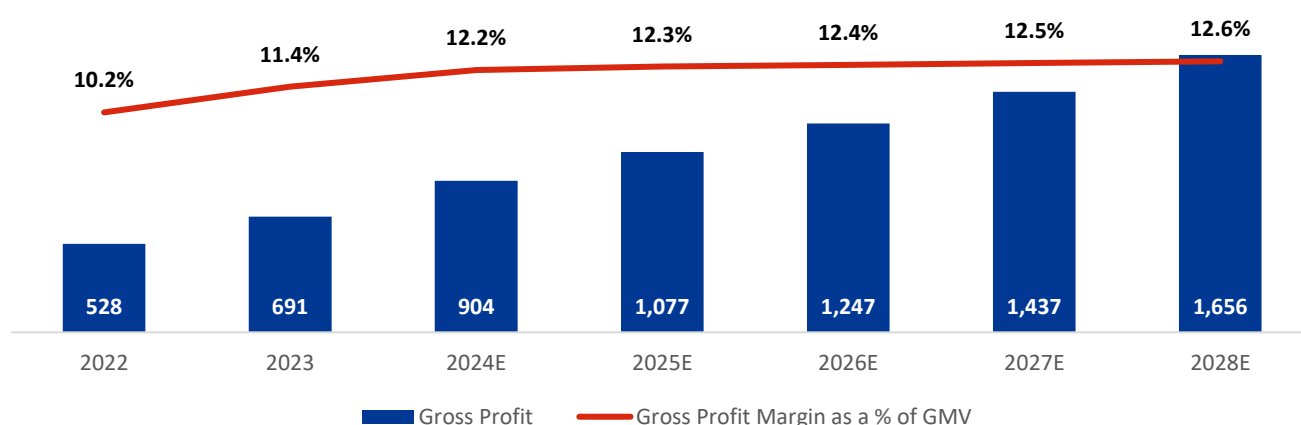
Source: Company Information, FAB Securities research 2024-28

## Gross Profit

**We expect gross profit of the Company to grow at a CAGR of 19.1% from USD 691 Mn in FY2023 to USD 1,656 Mn in FY2028**

The gross profit of Talabat grew 30.9% YOY to USD 691 Mn in FY2023 and the gross profit margin as a percentage of GMV expanded from 10.2% in FY2022 to 11.4% in FY2023. Additionally, the gross profit also rose 33.3% YOY from USD 495 Mn in 9M23 to USD 660 Mn in 9M24 and the gross profit margin as a percentage of GMV improved from 11.2% in 9M23 to 12.3% of GMV in 9M24 due to healthy unit economics & cost optimization including improved logistics efficiency, AdTech products gaining momentum, continued growth in service fees, and improved profitability of Grocery & Retail business. Gross profit margin expansion was partially offset by faster revenue growth from non-GCC countries which currently generate relatively lower profit margins and higher contributions from the Grocery & Retail segment. We expect the gross profit of Talabat to continue to grow at a CAGR of 19.1% from USD 691 Mn in FY2023 to USD 1,656 Mn in FY2028. Gross profit margin as a percentage of GMV is also anticipated to expand from 11.4% in FY2023 to 12.6% of GMV in FY2028. We expect the Company to continue to focus on Grocery & Retail products which offer lower margins than food products, however, margin is expected to improve in the forecasted period resulting in a higher gross profit margin.

**Figure 61: Gross Profit (USD, Mn) and Gross Profit Margin as % of GMV**



Source: Company Information, FAB Securities research 2024-28

## Adjusted EBITDA

**We expect Adj. EBITDA to grow at a CAGR of 24.5% from USD 321 Mn in FY2023 to USD 961 Mn in FY2028**

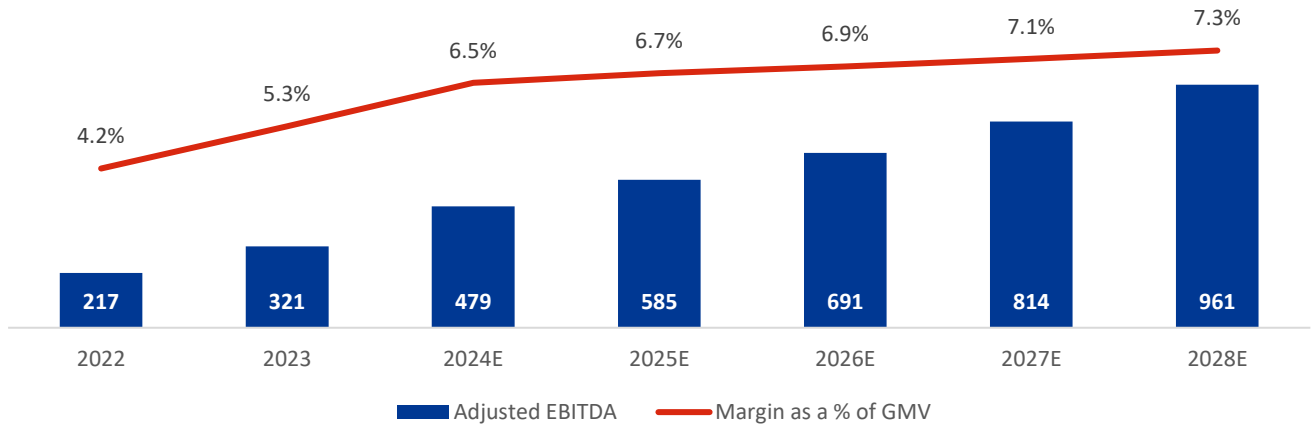
Adjusted EBITDA is defined as earnings from continuing operations before income taxes, financial results, and depreciation & amortization according to management reporting, and non-operating earnings effects. Non-operating earnings effects include expenses for share-based compensation, expenses for services related to corporate transactions, financing measures and certain legal matters, expenses for reorganization measures and, other non-operating expenses, and income, especially the result from disposal of tangible and intangible assets, the result from sale and abandonment of subsidiaries, impairments of goodwill, allowances for other receivables, and non-income taxes.

Talabat's adjusted EBITDA grew 48.1% YOY to USD 321 Mn in FY2023 from USD 217 Mn in FY2022 and the adjusted EBITDA margin as a percentage of GMV improved from 4.2% in FY2022 to 5.3% of GMV in FY2023 due to healthy GMV growth, expansion in gross profit margins, low and stable operating cost base, improving efficiencies in G&A and IT expenses attributed to economies of scales, and improved marketing efficiency with reduced customer acquisition and restaurant support costs as a percentage of GMV. We expect adjusted EBITDA to grow at a CAGR of 24.5% from USD 321 Mn in FY2023 to USD 961 Mn in FY2028. EBITDA



margin as a percentage of GMV is also anticipated to expand from 5.3% in FY2023 to 7.3% of GMV in FY2028. The projected growth in adjusted EBITDA and margin expansion is due to expected improvement in the efficiency of marketing and G&A costs, rising contribution from advertising revenue, and cost improvements in IT and other expenses.

**Figure 62: Adjusted EBITDA (USD, Mn) and EBITDA Margin<sup>1</sup>**



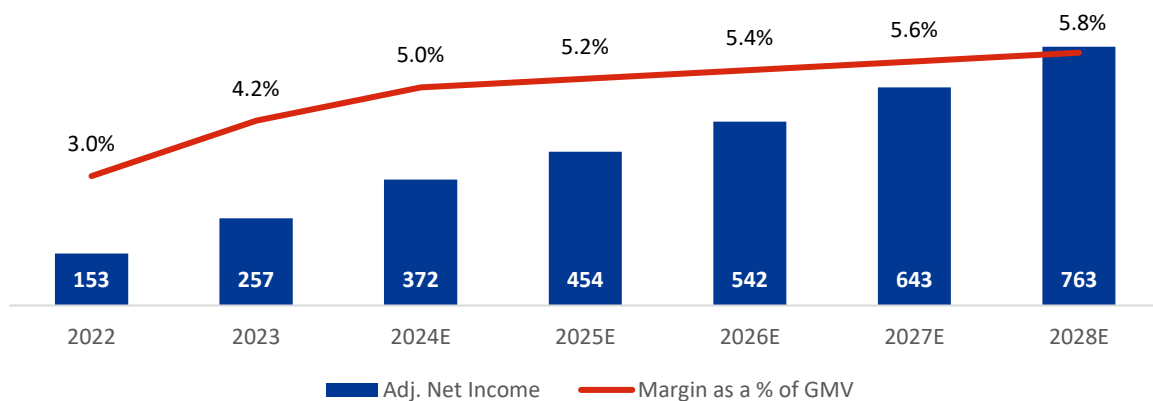
Source: Company Information, FAB Securities research 2024-28, <sup>1</sup>Margin as a % of GMV

### Adjusted Net Income

**We expect adjusted net income to rise at a CAGR of 24.3% from USD 257 Mn in FY2023 to USD 763 Mn in FY2028**

The adjusted net income of the Company inclined 67.5% YOY from USD 153 Mn in FY2022 to USD 257 Mn in FY2023 owing to growth in GMV, improved operating margins, and low depreciation & amortization expenses due to Talabat's asset-light business model. The adjusted net profit margin of the Company as a percentage of GMV also rose from 3.0% in FY2022 to 4.2% in FY2023. Additionally, the adjusted net profit grew 72.0% YOY from USD 158 Mn in 9M23 to USD 271 Mn in 9M24, and the adjusted net profit margin as a percentage of GMV also increased from 3.5% in 9M23 to 5.0% in 9M24 due to increased cost efficiencies, Talabat's asset-light business model resulting in the lower depreciation & amortization, and relatively limited income tax burden in countries of operation. We anticipate adjusted net profit to grow at a CAGR of 24.3% from USD 257 Mn in FY2023 to USD 763 Mn in FY2028. The adjusted net profit margin as a percentage of GMV is also expected to increase from 4.2% in FY2023 to 5.8% in FY2028. Increasing GMV, improving margins, and expected cost efficiencies due to economies of scale are expected to support adjusted net income and margins in the forecasted period.

**Figure 63: Adjusted Net Income (USD, Mn) and Adj. Net Income Margin**



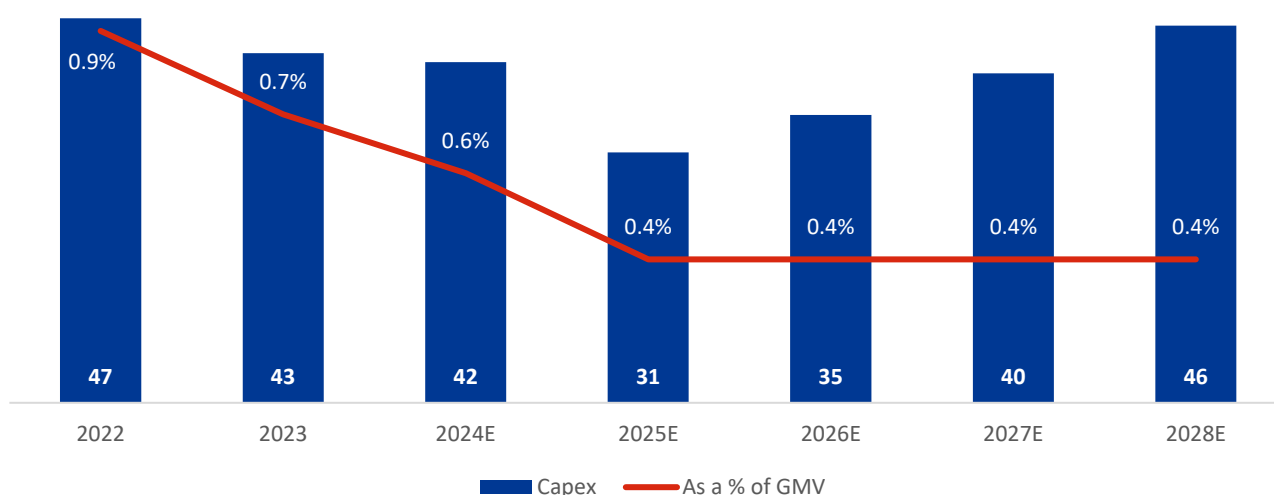
Source: Company Information, FAB Securities research 2024-28

## Capital Expenditure

**We expect the Company to incur a cumulative capex of USD 194 Mn during FY2024-28**

Talabat operates on an asset-light model with minimal requirements for capital expenditure. The Company incurred a cumulative capex of USD 90 Mn, equivalent to 0.8% of GMV generated during FY2022-23. The spending on capex further declined to USD 31 Mn in 9M24, equivalent to 0.6% of GMV in 9M24. We expect the Company to continue with an asset-light model and incur a cumulative capex of USD 194 Mn, equivalent to an average of 0.4% of annual GMV during FY2024-28.

**Figure 64: Capex (USD, Mn)**



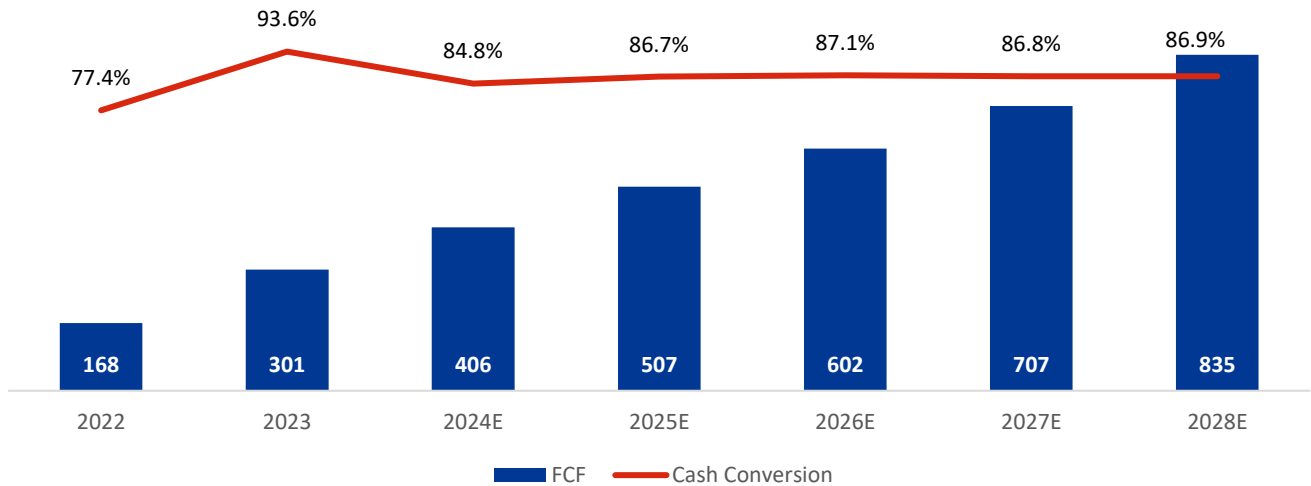
Source: Company Information, FAB Securities research 2024-28

## Cash Flow Generation

**We expect Talabat to generate a cumulative free cash flow of USD 3.1 Bn during FY2024-28**

Free cash flow (FCF) is defined as Adjusted EBITDA - change in working capital (change in working capital excludes receivables from payment service providers and restaurant liabilities) – capex – IFRS 16 lease payments - tax. Free cash flow excludes interest income and expenses. Talabat generated a free cash flow of USD 168 Mn in FY2022 and USD 301 Mn in FY2023 with a cash conversion of 77.4% and 93.6%, respectively. The cash conversion is calculated by dividing the free cash flow by adjusted EBITDA. The free cash flow margin as a percentage of GMV also improved from 3.2% in FY2022 to 5.0% of GMV in FY2023. Additionally, FCF also rose 68.1% YOY from USD 205 Mn in 9M23 to USD 345 Mn in 9M24 due to asset-light business model with low capex requirements, cash inflow from working capital, efficiency in cash conversion cycle in the Grocery & Retail business, and lower effective tax rate. We expect Talabat to generate a cumulative cash flow of USD 3.1 Bn during FY2024-28 with an average cash conversion of 86.5%.

**Figure 65: Free cash flows (USD Mn), Cash Conversion<sup>1</sup>**



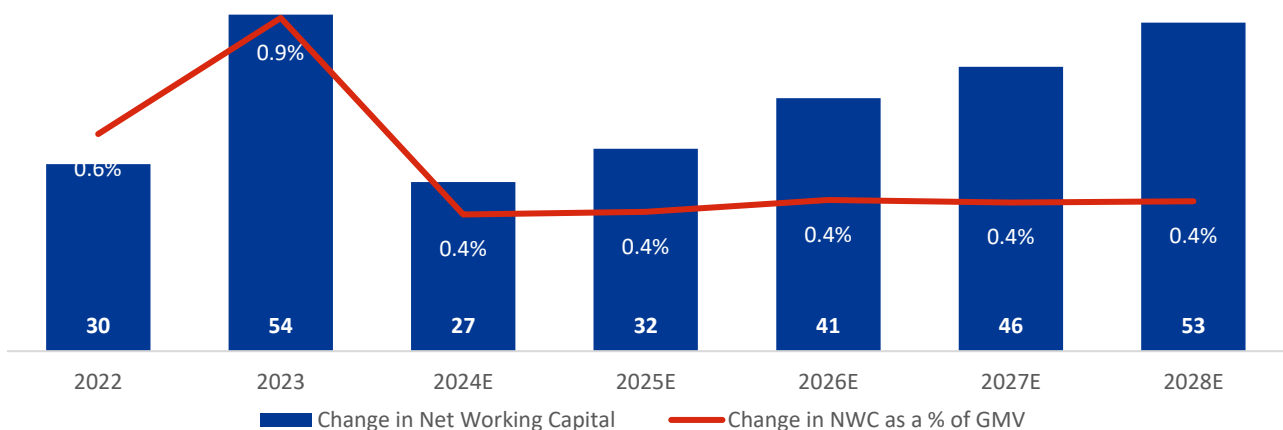
Source: Company Information, FAB Securities research 2024-28, <sup>1</sup>cash conversion = FCF / Adjusted EBITDA

### Working Capital

**We expect Talabat to generate a positive cumulative working capital of USD 201 Mn during FY2024-28**

Talabat's working capital is comprised of inventories, trade & other receivables, due from related parties, due to related parties, and trade and other payables. Talabat generated a positive working capital of USD 54 Mn in FY2023 compared to USD 30 Mn in FY2022 from working capital excluding receivables from payment service providers and restaurant liabilities. The Company's inventory days stood at 2 days (calculated using GMV) in FY2022-23. Talabat's receivable days stood at 6 days in FY2023, down from 7 days in FY2022. Payable days stood at 20 days in FY2023, up from 19 days in FY2022. We anticipate receivable days to average 6 days, payable days to average 19 days, and inventory days to average 2 days during FY2024-28. We further expect the Company to generate a cumulative positive working capital of USD 201 Mn from working capital during FY2024-28.

**Figure 66: Change in Net Working Capital (USD, Mn)**



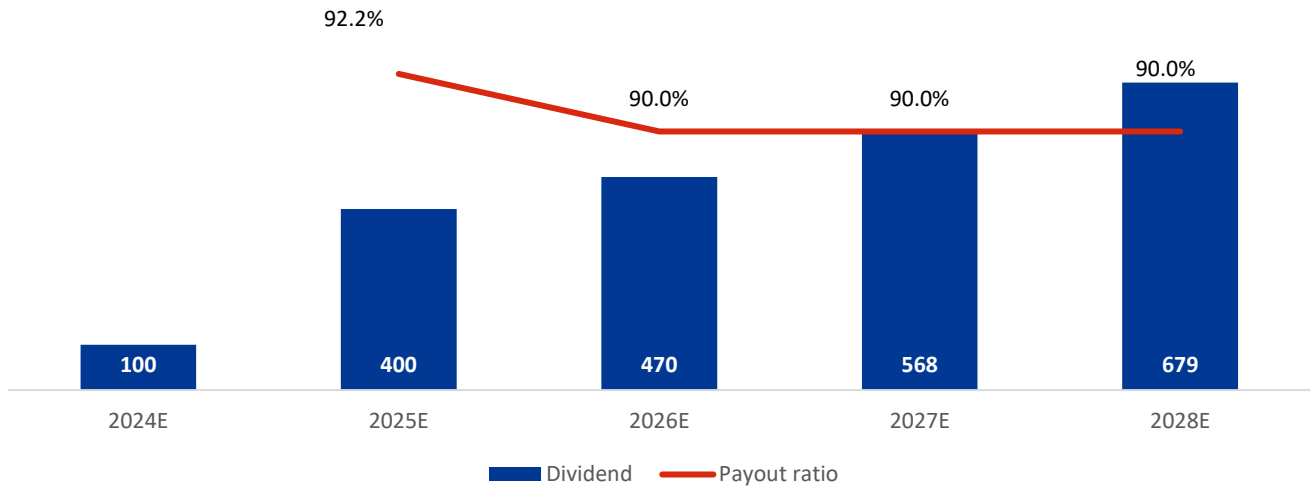
Source: Company Information, FAB Securities research 2024-28

## Dividend

**We expect Talabat to pay a cumulative dividend of USD 2.2 Bn for FY2024-28**

Talabat intends to pay a minimum dividend of USD 100 Mn in April 2025 in respect of the financial results of 4Q24. The Company expects a minimum dividend distribution of USD 400 Mn for the FY2025 to be payable in October 2025 and April 2026. After FY2025, Talabat intends to pay dividends semi-annually, with an interim payment based on the first-half financial results to be paid in October of that calendar year, and a second payment following the publication of full-year financial results being paid in April of the following calendar year, in each case with a target payout of 90.0% as a percentage of profit before tax. We expect the Company to declare a cumulative dividend of USD 2.2 Bn for the period FY2024-28. It is expected to pay a cumulative dividend of USD 1.9 Bn during FY2024-28.

**Figure 67: Dividend Declared to Shareholders (USD Mn), Payout Ratio<sup>1</sup>**



Source: Company Information, FAB Securities research 2024-28, <sup>1</sup>Payout Ratio = Dividend paid / Profit After Tax

## Income Statement, (USD, Mn)

	2022A	2023A	2024E	2025E	2026E	2027E	2028E
<b>GMV</b>	<b>5,172</b>	<b>6,062</b>	<b>7,426</b>	<b>8,725</b>	<b>10,034</b>	<b>11,489</b>	<b>13,155</b>
<b>Management Reported Revenue</b>	<b>1,761</b>	<b>2,242</b>	<b>2,881</b>	<b>3,430</b>	<b>3,970</b>	<b>4,575</b>	<b>5,272</b>
Adjustments	43	67	82	96	110	126	145
<b>IFRS Revenue</b>	<b>1,718</b>	<b>2,175</b>	<b>2,800</b>	<b>3,334</b>	<b>3,859</b>	<b>4,448</b>	<b>5,127</b>
Cost of revenues	-1,190	-1,484	-1,895	-2,257	-2,613	-3,012	-3,471
<b>Gross Profit</b>	<b>528</b>	<b>691</b>	<b>904</b>	<b>1,077</b>	<b>1,247</b>	<b>1,437</b>	<b>1,656</b>
Marketing expense	-138	-132	-149	-166	-189	-214	-242
IT expense	-49	-56	-59	-70	-79	-90	-101
General administrative expense	-149	-147	-163	-188	-211	-236	-263
Other income	38	26	23	27	32	37	42
Other expenses and impairment	-61	-115	-141	-168	-187	-206	-227
<b>Adjusted EBITDA<sup>1</sup></b>	<b>217</b>	<b>321</b>	<b>476</b>	<b>582</b>	<b>691</b>	<b>814</b>	<b>961</b>
<b>Operating Profit</b>	<b>168</b>	<b>268</b>	<b>415</b>	<b>513</b>	<b>613</b>	<b>729</b>	<b>865</b>
Net finance costs	-19	-24	-6	4	4	6	8
Foreign exchange loss, net	-37	-25	-58	-30	-30	-25	-25
<b>Profit Before Tax</b>	<b>112</b>	<b>220</b>	<b>350</b>	<b>487</b>	<b>587</b>	<b>710</b>	<b>848</b>
Income tax expense	-12	-8	-39	-54	-65	-78	-93
<b>Net profit</b>	<b>100</b>	<b>212</b>	<b>312</b>	<b>434</b>	<b>523</b>	<b>632</b>	<b>755</b>
Adjustments	54	45	60	20	19	11	8
<b>Adj. net income<sup>2</sup></b>	<b>153</b>	<b>257</b>	<b>372</b>	<b>454</b>	<b>542</b>	<b>643</b>	<b>763</b>
EPS (fils)	1.6	3.3	4.9	6.8	8.2	10.0	11.9
EPS (Adjusted Net Profit) (fils)	2.4	4.1	5.9	7.2	8.5	10.1	12.0

Source: Company Information, FAB Securities research (2024E-28E), <sup>1</sup>Adjusted EBITDA = EBITDA – Share-based compensation – other adjustments. <sup>2</sup>Adjusted net income = net profit - foreign exchange income (loss) + interest expense on loans - interest income

## Key Ratios:

	2022A	2023A	2024E	2025E	2026E	2027E	2028E
<b>YoY % Change</b>							
GMV	31.1%	17.2%	22.5%	17.5%	15.0%	14.5%	14.5%
Revenue	NA	27.3%	28.5%	19.0%	15.7%	15.2%	15.2%
Adj. EBITDA	NA	48.1%	49.1%	22.1%	18.1%	17.9%	18.0%
Operating Profit	NA	59.3%	54.6%	23.7%	19.5%	18.9%	18.7%
Adj. net income	NA	67.5%	44.6%	22.1%	19.4%	18.6%	18.7%
<b>% of GMV</b>							
Mgmt. reported revenue	34.1%	37.0%	38.8%	39.3%	39.6%	39.8%	40.1%
Gross margin	10.2%	11.4%	12.2%	12.3%	12.4%	12.5%	12.6%
Adj. EBITDA margin	4.2%	5.3%	6.5%	6.7%	6.9%	7.1%	7.3%
Operating Profit margin	3.3%	4.4%	5.6%	5.9%	6.1%	6.3%	6.6%
Adj. Net income margin	3.0%	4.2%	5.0%	5.2%	5.4%	5.6%	5.8%
<b>Margin as a % of Mgmt. Revenue</b>							
Gross margin	30.0%	30.8%	31.4%	31.4%	31.4%	31.4%	31.4%
Adj. EBITDA margin	12.3%	14.3%	16.6%	17.1%	17.4%	17.8%	18.2%
Operating Profit margin	9.6%	12.0%	14.4%	15.0%	15.4%	15.9%	16.4%
Adj. Net income margin	8.7%	11.5%	12.9%	13.2%	13.6%	14.0%	14.5%
<b>Leverage</b>							
Net Debt/EBITDA	0.1	0.1	-1.0	-1.3	-1.3	-1.4	-1.5
<b>Return ratios</b>							
ROE	44.6%	117.5%	50.5%	53.9%	55.0%	56.4%	57.5%
ROA	9.7%	20.6%	27.3%	30.5%	31.4%	32.4%	33.2%
ROCE	23.9%	42.1%	58.6%	55.9%	56.4%	56.8%	57.4%
<b>Free Cash Flow</b>							
Free cash flow (FCF) <sup>1</sup>	168	301	406	507	602	707	835
FCF conversion <sup>2</sup>	77.4%	93.6%	84.8%	86.7%	87.1%	86.8%	86.9%

Source: Company Information, FAB Securities research (2024E-28E). <sup>1</sup>Free cash flow = Adjusted EBITDA – Capex – IFRS Lease Payment - Change in WC- Taxes.

<sup>2</sup>FCF Conversion = FCF / Adjusted EBITDA.



## Balance Sheet (USD, Mn)

	2022A	2023A	2024E	2025E	2026E	2027E	2028E
<b>Assets</b>							
<b>Non-current Assets</b>							
Property and equipment	115	137	157	167	182	203	228
Intangible assets and goodwill	312	314	318	324	331	341	353
Loans to related parties	57	69	0	0	0	0	0
Trade and other receivables	3	4	5	6	7	8	9
<b>Total non-current assets</b>	<b>487</b>	<b>525</b>	<b>480</b>	<b>496</b>	<b>520</b>	<b>552</b>	<b>590</b>
<b>Current Assets</b>							
Inventories	29	34	39	45	52	60	68
Trade and other receivables	96	101	123	145	166	190	218
Loans to related parties	0	0	0	0	0	0	0
Due from related parties	2	21	1	1	1	1	1
Cash and cash equivalents	411	348	501	733	927	1,147	1,396
<b>Total Current assets</b>	<b>537</b>	<b>504</b>	<b>664</b>	<b>924</b>	<b>1,147</b>	<b>1,399</b>	<b>1,683</b>
<b>Total assets</b>	<b>1,024</b>	<b>1,029</b>	<b>1,144</b>	<b>1,421</b>	<b>1,667</b>	<b>1,950</b>	<b>2,274</b>
<b>Equities and Liabilities</b>							
<b>Equity</b>							
Net Ultimate Parent's investment	223	180	617	804	950	1,119	1,312
<b>Total equity</b>	<b>223</b>	<b>180</b>	<b>617</b>	<b>804</b>	<b>950</b>	<b>1,119</b>	<b>1,312</b>
<b>Liabilities</b>							
<b>Non-current Liabilities</b>							
Loans from related parties	425	382	0	0	0	0	0
Trade and other payables	1	1	1	1	2	2	2
Lease liabilities	45	60	72	89	110	133	159
Employees' end of service benefits	9	14	18	22	26	30	34
<b>Total non-current Liabilities</b>	<b>480</b>	<b>458</b>	<b>91</b>	<b>113</b>	<b>137</b>	<b>164</b>	<b>195</b>
<b>Current Liabilities</b>							
Due to related parties	29	39	21	21	21	21	21
Trade and other payables	271	331	385	447	517	595	685
Lease liabilities	16	17	24	30	37	44	53
Income tax liabilities	4	5	5	5	6	7	8
<b>Total current liabilities</b>	<b>321</b>	<b>391</b>	<b>436</b>	<b>503</b>	<b>581</b>	<b>667</b>	<b>767</b>
<b>Total Liabilities</b>	<b>801</b>	<b>848</b>	<b>527</b>	<b>616</b>	<b>718</b>	<b>831</b>	<b>962</b>
<b>Total equity and liabilities</b>	<b>1,024</b>	<b>1,029</b>	<b>1,144</b>	<b>1,421</b>	<b>1,667</b>	<b>1,950</b>	<b>2,274</b>

Source: Company Information, FAB Securities research (2024E-28E)

## Cash Flow Statement (USD, Mn)

	2022A	2023A	2024E	2025E	2026E	2027E	2028E
<b>Cash flow from operating activities</b>							
<b>Net Profit</b>	100	212	312	434	523	632	755
<i>Adjustments to reconcile profit</i>							
Depreciation of property and equipment	35	40	45	51	55	60	67
(Gain) / loss on disposal of property and equipment	0	-1	-1	0	0	0	0
Amortisation of intangible assets	6	4	7	7	7	7	8
Interest expense on lease liabilities	3	3	5	6	7	8	9
(Gain) / loss on termination of leases	4	2	0	0	0	0	0
Employees' end-of-service benefits	4	7	9	10	12	13	14
Provision for expected credit loss	3	5	0	0	0	0	0
Interest expense on loans from related parties	19	31	19	0	0	0	0
Interest income	-3	-10	-17	-10	-11	-14	-17
Equity settled share-based transactions	24	14	20	24	28	32	37
Income tax expense	12	8	39	54	65	78	93
Unrealised foreign exchange losses	35	23	58	30	30	25	25
Impairment charge	4	0	0	0	0	0	0
<b>Operating cash flows before movement in working capital</b>	<b>247</b>	<b>337</b>	<b>495</b>	<b>606</b>	<b>714</b>	<b>841</b>	<b>991</b>
<b>Change in Working Capital</b>							
(Increase)/decrease in inventory	-8	-5	-4	-7	-7	-8	-9
(Increase)/decrease in trade and other receivables	-37	-11	-23	-22	-23	-25	-29
Increase in due from related parties	-3	-19	20	0	0	0	0
Decrease/(increase) in due to related parties	-11	10	-17	0	0	0	0
Increase in trade and other payables	43	64	54	62	70	78	90
<b>Cash generated from operations</b>	<b>230</b>	<b>374</b>	<b>525</b>	<b>638</b>	<b>755</b>	<b>887</b>	<b>1,044</b>
Employees' defined benefit obligations paid	-1	-2	-5	-6	-8	-9	-10
Interest received	3	10	17	10	11	14	17
Income tax paid	-12	-8	-38	-53	-64	-77	-92
<b>Net Cash Inflows from Operating Activities</b>	<b>220</b>	<b>375</b>	<b>499</b>	<b>589</b>	<b>694</b>	<b>814</b>	<b>958</b>
<b>Cash Flows from Investing Activities</b>							
Purchase of property and equipment	-41	-31	-31	-17	-20	-23	-26
Proceeds from disposal of property and equipment	5	2	4	0	0	0	0
Addition of intangible assets	-8	-10	-11	-13	-15	-17	-20
Loans provided to related parties	-19	-12	-186	0	0	0	0
<b>Net Cash Outflow from Investing Activities</b>	<b>-63</b>	<b>-50</b>	<b>-223</b>	<b>-31</b>	<b>-35</b>	<b>-40</b>	<b>-46</b>

<b>Cash Flow from Financing Activities</b>							
Proceeds from issuance of shares	0	4	0	0	0	0	0
Repayment on account of shareholder's contribution	0	-1	0	0	0	0	0
Dividends paid	-192	-290	-100	-300	-435	-519	-624
Payment of principal portion of lease liabilities	-17	-20	-18	-20	-23	-27	-30
Payment of interest on lease liabilities	-3	-3	-5	-6	-7	-8	-9
Proceeds of loans from related parties	113	43	0	0	0	0	0
Repayment of loans from related parties	-76	-120	0	0	0	0	0
<b>Net Cash Inflow/ Outflow from Financing Activities</b>	<b>-174</b>	<b>-387</b>	<b>-122</b>	<b>-326</b>	<b>-465</b>	<b>-554</b>	<b>-663</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>-18</b>	<b>-63</b>	<b>153</b>	<b>232</b>	<b>194</b>	<b>220</b>	<b>249</b>
Exchange Differences	11	0	0	0	0	0	0
Cash and Cash Equivalents at the Beginning of the Year	417	411	348	501	733	927	1,147
<b>Cash and Cash Equivalents at the End of the Year</b>	<b>411</b>	<b>348</b>	<b>501</b>	<b>733</b>	<b>927</b>	<b>1,147</b>	<b>1,396</b>

Source: Company Information, FAB Securities research (2024E-28E)

## FAB Securities Contacts

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### Research Analysts

Ahmad Banihani +971-2-6161629 [ahmad.banihani@Bankfab.com](mailto:ahmad.banihani@Bankfab.com)

### Sales & Execution

Trading Desk Abu Dhabi Head Office	+971-2-6161777	<a href="#">Online Trading Link</a>
Trading Desk Dubai DFM Branch	+971-4-5659593	
Institutional Desk	+971-4-5658395	
Sales and Marketing	+971-2-6161622	

### Customer Service

Abu Dhabi Office +971-2-6161600

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