

UAE Consumers Sector

Resilient Consumer Demand and Operational Execution Support Sector Outlook

Sector Weighting:
MARKET WEIGHT

We highlight Agthia Group as our preferred pick within the UAE consumer sector, underpinned by resilient demand across its core consumer staples portfolio, improving profitability and a well-defined operational transformation strategy. The company is benefiting from a balanced portfolio across Water & Food, Agri-Business and Protein & Frozen, reducing earnings volatility while providing multiple avenues for growth. The company's continued focus on productivity initiatives, procurement efficiencies and portfolio optimisation is expected to support further margin expansion, complemented by an increasing contribution from innovation-led and value-added products. Agthia also remains focused on accelerating innovation, expanding its premium product portfolio and strengthening its digital capabilities, supporting long-term revenue diversification. As of 1Q26, Agthia also maintained a healthy cash balance of AED 462 Mn and additional liquidity headroom of c. AED 600 Mn, providing ample financial flexibility to support organic expansion, capacity investments and potential inorganic growth opportunities. Overall, we expect the company to remain a key beneficiary of its transformation strategy, with continued operational improvements, innovation-led growth and expanding production capabilities supporting a more resilient earnings profile and sustainable long-term growth.

The consumer sector operating environment in the UAE is expected to remain supportive heading into the 2Q26 reporting season, underpinned by resilient non-oil economic activity, favourable demographic trends and sustained tourism momentum. While real GDP growth is forecast to moderate to 1.7% in 2026, largely reflecting a temporary slowdown in hydrocarbon and non-hydrocarbon activity, growth is expected to accelerate in 2027 as hydrocarbon production recovers alongside continued expansion in the non-oil economy. Inflation is projected to remain contained and below global averages, supported by stable housing costs and government measures to moderate essential food prices, thereby preserving household purchasing power. Healthy business activity, ongoing public investment and continued economic diversification should further underpin domestic consumption. In addition, government initiatives to enhance tourism infrastructure, expand destination offerings and improve connectivity across the emirates are expected to sustain visitor inflows, supporting retail, food service and other consumer-facing industries. Collectively, these structural drivers are expected to provide a favourable backdrop for the sector through the remainder of 2026.

Despite continued regional uncertainty, we expect the UAE consumer sector to deliver another resilient quarter, with demand across essential categories remaining broadly stable while discretionary spending is likely to recover more gradually. Companies are expected to continue focusing on value-led offerings, expanding private-label portfolios, strengthening digital and omnichannel capabilities, and driving operational efficiencies across procurement and supply chain operations to support profitability. We also expect ongoing store expansion, capacity investments and customer acquisition initiatives to remain key growth drivers, reflecting confidence in the sector's long-term fundamentals. Heading into the 2Q26 earnings season, investor focus is likely to centre on the resilience of consumer demand, the sustainability of margin performance amid evolving freight and input cost dynamics, and companies outlook for growth through the 2H26.

Market Weight:

With 5x BUYs and 1x HOLD we remain MARKET WEIGHT on UAE Consumers.

Stocks	Target Price	CMP	Gain	Rating	P/E ¹	EV/EBITDA ¹	Dividend Yield ¹
ADNH Catering PLC	1.25	0.65	+92.3%	BUY	8.65	5.76	12.9%
Agthia Group PJSC	5.70	3.46	+64.7%	BUY	13.00	8.17	5.5%
Americana Restaurants	2.50	2.05	+22.0%	BUY	18.61	6.67	4.4%
Emirates Mobility	4.50	3.90	+15.4%	BUY	12.96	9.99	5.5%
Lulu Retail Holdings PLC	1.50	0.95	+57.9%	BUY	16.12	4.01	5.9%
Talabat Holding PLC	1.30	1.25	+4.0%	HOLD	24.27	15.09	3.7%

Source: FABS Estimate, ¹Data refers to FY2026

Key Management Takeaways Ahead of 2Q26 Earnings

Agthia

1Q26 Snapshot

- The company's transformation strategy continued to gain traction, with operational improvements translating into stronger profitability despite a mixed demand environment.
- Water & Food remained the key growth engine, supported by healthy volume growth, market-share gains and premium product offerings.
- The Protein & Frozen segment continued its recovery, supported by capacity expansion in Saudi Arabia and improving utilization.
- Innovation remained an important growth contributor, with new product launches supporting revenue diversification.
- Cash generation and working capital improved materially, reflecting stronger operational execution.

Key Area to watch in 2Q26

- Sustain margin expansion through productivity initiatives and sourcing efficiencies.
- Progress in the Protein & Frozen turnaround.
- Monitor commodity and freight cost movements while maintaining disciplined pricing.

LuLu Retail Holding

1Q26 Snapshot

- Consumer demand remained resilient across essential categories, although discretionary spending softened during March amid regional geopolitical uncertainty.
- Store expansion, private-label penetration and digital channels continue to underpin the company's long-term growth strategy despite near-term pressure on reported earnings.
- Management maintained its focus on operational discipline and supply-chain resilience, while continuing to invest in customer engagement and omnichannel capabilities.

Key Area to watch in 2Q26

- Recovery in discretionary spending across non-food categories.
- Continued growth in the store network in line with the Company's 2026 rollout plan.
- Accelerate omnichannel capabilities and increase online sales penetration.
- Continued growth in e-commerce and private-label contribution to enhance margins.
- Maintain strict cost discipline while managing logistics and supply-chain costs.

Americana Restaurants

1Q26 Snapshot

- Consumer demand remained resilient despite geopolitical uncertainty, supported by value-oriented offerings and healthy transaction growth.
- Margin expansion was driven by operational efficiencies, procurement savings and disciplined pricing rather than aggressive price increases.
- KFC continued to outperform, while localized menu innovation supported customer engagement across brands.
- Home-delivery demand remained strong, supported by changing consumer behaviour during periods of regional uncertainty.

- Store expansion continued in line with management's long-term development strategy.

Key Area to watch in 2Q26

- LFL sales momentum across major markets.
- Margin performance amid freight and commodity cost volatility.
- Execution of store rollout plans.
- Consumer demand trends in the UAE and Saudi Arabia.

Talabat

1Q26 Snapshot

- The company continues to strengthen its position as a multi-vertical digital platform, with Grocery & Retail becoming an increasingly important contributor to growth.
- Management remains focused on expanding customer engagement through its Everyday App strategy while balancing investment spending with profitability.
- Cash generation remained robust, enabling continued shareholder distributions alongside strategic investments.

Key Area to watch in 2Q26

- Competitive intensity across core delivery markets.
- Growth trajectory of Grocery & Retail relative to Food Delivery.
- Customer acquisition and retention trends.
- Regulatory developments and their potential impact on industry pricing.

Key Developments in the Consumer Sector

Diverging Inflation Trends Across the UAE, Saudi Arabia, and Egypt

Inflation dynamics remain mixed across key regional markets, with moderate inflation expected in the UAE, stable housing-driven price pressures in Saudi Arabia, and persistently elevated inflation in Egypt. In the UAE, the CBUAE expects inflation at 2.3% in 2026, mainly reflecting supply-side pressures arising from heightened regional geopolitical uncertainty and its impact on global energy prices, shipping costs, and food prices. Despite these headwinds, inflation is projected to remain moderate and below global averages, supported by easing housing cost pressures and continued government regulation of staple food items. Looking ahead, inflation is forecast to moderate to 1.9% in 2027, as supply-side pressures ease and lower energy prices help maintain overall price stability. Saudi Arabia's inflation increased by 1.8% YOY in May 2026, primarily driven by increases in housing, water, electricity, gas, and other fuel prices, as well as higher transport and restaurant and accommodation services costs. Housing remained the largest contributor to headline inflation, supported by continued growth in residential rents, while higher prices for personal goods and services also added to the upward pressure. On a monthly basis, CPI increased by 0.2%, reflecting sequential increases in transport, housing and food prices. Egypt's inflationary environment remained elevated in May 2026, with annual urban headline inflation moderating slightly to 14.6% YOY in May 2026 from 14.9% in April 2026, mainly due to easing non-food price pressures. However, food inflation accelerated to 7.6% YOY in May 2026, compared with 6.7% in April 2026, driven by seasonal Eid Al-Adha demand and increased volatility in fruit and vegetable prices. Meanwhile, annual core inflation held steady at 13.8% YOY in May 2026, supported by higher core food inflation and relatively stable services inflation.

Tourism Recovery Continues to Support Consumer Demand

Tourism remains a key driver of consumer spending in the UAE, although visitor activity moderated during 1Q26 following temporary regional airspace disruptions that affected international flight schedules and transit traffic. Dubai International Airport (DXB) handled 18.6 Mn passengers during 1Q26, with traffic particularly impacted in March as airspace restrictions constrained regional connectivity. Since then, travel demand has shown encouraging signs of recovery, supported by the gradual restoration of airline schedules and normalisation of regional airspace. Similarly, Zayed International Airport recorded average daily passenger traffic exceeding 93,000 travellers, surpassing comparable levels recorded a year earlier and underscoring the resilience of Abu Dhabi's aviation sector. Looking ahead, continued investment in tourism infrastructure, enhanced international connectivity and government initiatives to strengthen the UAE's tourism ecosystem are expected to support further growth in visitor arrivals, providing a favourable demand backdrop for consumer-facing businesses through the remainder of 2026.

PMI Trends Reflect Diverging Regional Business Conditions

Business conditions across the region remained subdued in May 2026 amid ongoing geopolitical tensions and supply-chain disruptions. The S&P UAE PMI edged up to 52.6 in May 2026 from 52.1 in April, although it remained below its historical average of 54.3, indicating continued but moderate expansion in non-oil private sector activity. Business output strengthened to a three-month high, supported by improving demand conditions, ongoing project execution and government-driven initiatives. However, operating conditions remained challenging as supply-chain disruptions intensified, resulting in the sharpest deterioration in supplier delivery times since April 2020. Higher

input cost pressures also persisted, with input price inflation reaching its second-highest level in nearly two years, prompting businesses to reduce purchasing activity for the first time in nine months. Overall, while the non-oil economy continued to expand, the pace of growth remained constrained by regional geopolitical tensions and ongoing supply-chain challenges. Saudi Arabia's non-oil private sector showed stronger momentum, with the S&P Global PMI rising to 52.8 in May 2026 from 51.5 in April 2026, reflecting an improvement in overall business conditions. Business activity accelerated to a three-month high, supported by the normalisation of operations and firmer domestic demand. While new orders continued to expand, the pace of growth remained relatively modest as delayed customer spending and heightened competitive pressures weighed on demand. On the supply side, operating conditions improved, with supplier delivery times shortening for the first time since February. Meanwhile, input cost inflation moderated from April's recent peak, although businesses continued to face elevated costs for raw materials, freight and supplier services. Meanwhile, in Egypt, PMI rose slightly from 46.6 in April 2026 to 47.1 in May 2026, but remained below the 50 thresholds, indicating a continued contraction in non-oil business activity. The downturn was driven by weak demand conditions and intensifying cost pressures, with input prices surging at the fastest pace since January 2023 due to higher fuel and electricity costs and currency depreciation. Firms responded by accelerating employment cuts at the fastest pace since June 2020 and raising selling prices sharply to offset margin pressures. Supply-chain disruptions also worsened significantly amid ongoing global shipping challenges and regional conflict impacts, further weighing on operating conditions.

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2Q26 preview: **ADNH Catering PLC (ADNHC)**

Double-digit growth in Food services revenue to support bottom line

Current Price	Target Price	Upside/Downside (%)	Rating
AED 0.65	AED 1.25	+92.3%	BUY

2Q26 estimate

ADNH Catering (ADNHC/the Company) is projected to report an increase of 13.8% YOY in net profit to AED 39 Mn in 2Q26. The increase in net profit is primarily attributed to an anticipated increase in revenue coupled with decrease in G&A expenses, impairment loss of trade receivable and income tax expenses, partially offset by forecasted increase in cost of sales. Revenue is projected to rise 6.0% YOY to AED 454 Mn in 2Q26, driven by a projected increase in food services revenue, partially offset by expected decline in support services revenue. Food services segment is expected to grow 11.3% YOY to AED 298 Mn in 2Q26, while revenue from Support Services segment is anticipated to decline 2.8% YOY to AED 156 Mn in 2Q26. On the other hand, the cost of revenue is expected to rise 12.3% YOY to AED 384 Mn in 2Q26. Consequently, gross profit is expected to fall significantly by 18.9% YOY to AED 70 Mn in 2Q26. Gross profit margin is anticipated to fall from 20.2% in 2Q25 to 15.4% in 2Q26. G&A expenses are projected to decline 3.6% YOY to AED 23 Mn in 2Q26. The Company is expected to record net finance expense of AED 0.2 Mn in 2Q26 compared to AED 0.4 Mn in 2Q25. The Company's impairment losses on trade receivables are expected to decrease substantially to AED 3 Mn in 2Q26 from AED 23 Mn in 2Q25. Moreover, ADNHC's EBITDA is estimated to grow 36.7% YOY to AED 76 Mn in 2Q26, while the EBITDA margin is expected to expand from 13.0% in 2Q25 to 16.8% in 2Q26. The share of profit from joint venture is expected to grow from 0.3 Mn in 2Q25 to AED 0.4 Mn in 2Q26. Income tax expense is anticipated to decrease 14.5% YOY to AED 4 Mn in 2Q26.

2026 forecast

We estimate ADNHC's net profit to decline 4.4% YOY to AED 167 Mn in 2026, driven by forecasted rise in cost of sales, income tax expenses, and lower other income, partially offset by an anticipated increase in revenue, coupled with forecasted decline in G&A exp, net finance expenses, and impairment loss of trade receivables. Revenue is anticipated to grow 5.8% YOY to AED 1,845 Mn in 2026, supported by expected increases in revenue across the Food Services and Support Services segments. Revenue from food services segment is anticipated to grow 6.3% YOY to AED 1,194 Mn in 2026. Similarly, revenue from Support Services Segment is projected to rise 5.0% YOY to AED 650 Mn in 2026. On the other hand, cost of sales is forecasted to increase 7.3% YOY to AED 1,555 Mn in 2026. As a result, gross profit is likely to decrease 1.4% YOY to AED 290 Mn in 2026 while margins are expected to contract from 16.9% in 2025 to 15.7% in 2026. Moreover, G&A expenses are anticipated to decrease 2.3% YOY to AED 93 Mn in 2026. Net finance cost is projected to decline from AED 4 Mn in 2025 to AED 1 Mn in 2026. The Company is expected to generate other income of AED 1 Mn in 2026, compared to AED 4 Mn in 2025. Impairment loss of trade receivables is projected to decline from AED 21 Mn in 2025 to AED 11 Mn in 2026. The Company's EBITDA is forecasted to decrease 3.4% YOY to AED 256 Mn in 2026. EBITDA margin is likely to decline 133 bps YOY to 13.9% in 2026. Share of profit from joint venture is likely to rise from AED 1.0 Mn in 2025 to AED 1.4 Mn in 2026. Income tax expense is expected to grow 3.4% YOY to AED 17 Mn in 2026. The Company's NCI is forecasted to rise from AED 1 Mn in 2025 to AED 3 Mn in 2026.

1Q26 outturn

ADNHC reported a 13.2% YOY increase in revenue to AED 464 Mn in 1Q26, primarily driven by an increase in revenue from food services segment partially offset by a marginal decline in support services segment. Food services revenue rose 21.7% YOY to AED 307 Mn in 1Q26, driven by new contracts and the acquisition of ADNHC Catering Company LLC KSA, accounting for 66.2% of total revenue. In contrast, support services revenue declined marginally by 0.3% YOY to AED 157 Mn,

contributing 33.8% of total revenue during 1Q26. Cost of sales increased at a faster pace, rising 18.7% YOY to AED 405 Mn in 1Q26, which led to a 13.9% YOY decline in gross profit to AED 59 Mn in 1Q26. As a result, gross profit margin decreased from 16.8% in 1Q25 to 12.8% in 1Q26, mainly due to higher growth in direct costs compared to revenue. G&A expenses declined 2.4% YOY to AED 24 Mn in 1Q26. ADNHC's EBITDA declined 10.3% YOY to AED 54 Mn in 1Q26, with EBITDA margin narrowing from 14.6% in 1Q25 to 11.5% in 1Q26. The EBITDA decline is largely due to the temporary impact of geopolitical tensions in the region. Net finance expense improved, declining from AED 0.8 Mn in 1Q25 to AED 0.4 Mn in 1Q26, due to lower finance cost, partially offset by lower finance income. The Company also recorded an impairment reversal of AED 0.1 Mn in 1Q26, compared to a loss of AED 0.9 Mn in 1Q25. Meanwhile, share of profit from joint venture declined from AED 0.4 Mn in 1Q25 to nil in 1Q26. Income tax charges decreased 8.5% YOY to AED 4 Mn in 1Q26, while profit attributable to non-controlling interests increased from nil in 1Q25 to 1 Mn in 1Q26.

Target price and recommendation

We maintain a BUY rating on ADNHC Catering PLC with a target price of AED 1.25. The Company's share price declined 1.9% since our last rating. ADNHC reported a 22.0% YOY decline in net profit to AED 30 Mn in 1Q26, primarily impacted by higher cost of sales and margin compression, despite strong top-line growth. Revenue increased 13.2% YOY to AED 464 Mn in 1Q26, driven by organic growth of AED 12 Mn, underpinned by new business wins across Business & Industry, Defence, and Private Healthcare segments, alongside an AED 42 Mn contribution from the ADNHC Catering Company LLC - KSA acquisition. However, profitability remained under pressure amid higher input costs, logistical disruptions, and the temporary impact of regional geopolitical tensions, which led to volume disruptions and margin compression. However, ADNHC continues to exhibit strong resilience, underpinned by its diversified business model across diverse sectors, geographies, and public-private exposure, allowing it to offset softness in certain segments with stability in others. ADNHC continues to benefit from robust contract momentum, having secured 20 new contracts, taking the total contract count to 504 as of 31 March 2026, with new wins contributing AED 37 Mn in annualized revenues, currently in the mobilisation phase. The Company also maintained an industry-leading client retention rate of 99.4%, exceeding its internal target of 95.0%, reinforcing revenue visibility and operational stability. ADNHC maintains robust cash generation, with cash conversion at 73% in 1Q26, supported by its asset-light operating model and long-term contracts, reinforcing balance sheet strength and dividend sustainability. The Company's diversified revenue mix, with a growing contribution from private sector clients, further enhances margin quality and reduces concentration risk. ADNHC is also actively strengthening and diversifying its supply chain to mitigate input cost volatility, which is expected to support margin recovery over the medium term. Additionally, continued growth in higher-margin support services and operational efficiencies is anticipated to further underpin profitability. From a growth perspective, ADNHC is well-positioned to capitalize on structural opportunities, including geographic expansion in KSA, deeper penetration across Emirates, and potential market share gains amid industry disruption, as clients increasingly prefer large, reliable operators during uncertain periods. Additionally, the Company continues to evaluate selective acquisition opportunities to enhance scale and expand its market presence. The Company is expected to return to its prior near and medium-term growth guidance once the impact of the ongoing challenges subsides. In the near term, ADNHC expects revenue to grow by 5–7%, driven by organic expansion, supported by the consolidation of Food Nation and Compass Arabia, as well as the exit from the ZadSource business. The Company targets a renewal rate of 95%+, with EBITDA margins of c.13.5%, capex at 1.5% of revenue, and new contract wins contributing 8–10% of total revenue. Over the mid-term, ADNHC expects to sustain revenue growth of 5–7% and maintain a renewal rate of 95%+, while improving EBITDA margins to c.14%. Capex intensity is expected to moderate to c.1.0% of revenue, with new contract wins continuing to contribute 8–10% of total revenue. Moreover, the Company paid a final dividend of AED 90 Mn in April 2026, bringing the total dividend distribution for 2025 to AED 180 Mn. Thus, based on our analysis, we assign a BUY rating on the stock.

ADNH Catering PLC – Valuation¹

(at CMP)	2024	2025	2026F
P/E (x)	9.60	8.34	8.65
P/B (x)	2.70	2.39	2.44
EV/EBITDA (x)	6.31	5.53	5.76
BVPS	0.243	0.274	0.269
EPS	0.068	0.079	0.076
DPS	0.027 ²	0.080	0.084
Dividend Yield (%)	4.2%	12.3%	12.9%

FABS estimate & Co Data

¹ADNHC Company was listed on ADX in October 2024. Thus, the financial multiple for the prior FY2023 is unavailable.

²Dividend yield for 2024 includes the AED 60 Mn special dividends.

ADNH Catering PLC - P&L

AED Mn	2Q25	1Q26	2Q26F	YOY Ch	QOQ Ch	2025	2026F	YOY Ch
Revenue	428	464	454	6.0%	-2.3%	1,743	1,845	5.8%
Cost of sales	-342	-405	-384	12.3%	-5.3%	-1,449	-1,555	7.3%
Gross Profit	86	59	70	-18.9%	17.8%	294	290	-1.4%
G&A exp	-24	-24	-23	-3.6%	-2.8%	-95	-93	-2.3%
Net Finance income	0	0	0	-52.4%	-47.1%	-4	-1	NM
Other Income	0	0	0	289.8%	NM	4	1	NM
Impairment loss of trade receivables	-23	0	-3	-88.2%	NM	-21	-11	NM
EBITDA	56	54	76	36.7%	42.0%	265	256	-3.4%
Profit before tax	39	35	44	12.4%	25.1%	191	186	-2.8%
Share of profit from joint venture	0	0	0	25.5%	NM	1	1	44.2%
Income tax expense	-5	-4	-4	-14.5%	7.3%	-16	-17	3.4%
Profit after tax and before NCI	35	31	40	16.1%	28.4%	176	170	-3.1%
NCI	0	1	1	NM	-17.3%	1	3	NM
Profit / (loss) after tax	35	30	39	13.8%	29.9%	175	167	-4.4%

FABS estimate & Co Data

ADNH Catering PLC - Margins

	2Q25	1Q26	2Q26F	YOY Ch	QOQ Ch	2025	2026F	YOY Ch
Gross Profit	20.2%	12.8%	15.4%	-474	264	16.9%	15.7%	-116
EBITDA	13.0%	11.5%	16.8%	375	523	15.2%	13.9%	-133
Net Profit	8.1%	6.5%	8.7%	59	216	10.0%	9.0%	-97

FABS estimate & Co Data

2Q26 Preview: **Agthia Group PJSC**

Double-digit growth across Consumer Business & Agri-Business to support a return to profit

Current Price	Target Price	Upside/Downside (%)	Rating
AED 3.46	AED 5.70	+64.7%	BUY

2Q26 estimate

Agthia Group (AGTHIA/the Company) is expected to report a net profit of AED 58 Mn in 2Q26, compared with a net loss of AED 41 Mn in 2Q25. The positive net profit is due to anticipated increase in revenue, finance income, and decline in operating expenses, partially offset by forecasted rise in cost of sale, NCI, and the recognition of income tax expenses. The Company's revenue is expected to increase 10.3% YOY to AED 1,257 Mn in 2Q26, supported by the anticipated growth across Consumer-Business segment and Agri-Business segment. Consumer-Business is forecasted to expand 11.8% YOY to AED 942 Mn in 2Q26, due to expected increase in revenue from Protein & Frozen, Water & Food, partially offset by projected decline in revenue from Snacking (Al Foah, Bakery, BMB and Abu Auf). Agri-Business is forecasted to grow 6.0% YOY to AED 315 Mn in 2Q26. Cost of sales is projected to rise 4.3% YOY to AED 877 Mn in 2Q26. Hence, gross profit is expected to grow 27.0% YOY to AED 380 Mn in 2Q26 with margins expected to increase from 26.2% in 2Q25 to 30.2% in 2Q26. S&D expenses are expected to increase 19.2% YOY to AED 189 Mn in 2Q26, while G&A expenses are anticipated to fall 35.6% YOY to AED 101 Mn in 2Q26. R&D costs are projected to increase 12.4% YOY to AED 2 Mn in 2Q26. Other income is expected to increase significantly from AED 4 Mn in 2Q25 to AED 10 Mn in 2Q26. As a result, operating expenses are likely to decline 10.0% YOY to AED 281 Mn in 2Q26. The Company's EBITDA is anticipated to increase from AED 43 Mn in 2Q25 to AED 106 Mn in 2Q26. While EBITDA margin is expected to grow from 3.8% in 2Q25 to 8.4% in 2Q26. The Company is expected to report an operating profit of AED 99 Mn in 2Q26 compared to the loss of AED 13 Mn in 2Q25. Finance income is projected to increase from AED 2 Mn in 2Q25 to AED 3 Mn in 2Q26. While finance expense is expected to remain broadly stable at AED 27 Mn in 2Q26 compared to 2Q25. The share of profit from investment in a joint venture is expected to reach AED 1 Mn in 2Q26 compared to AED 0.3 Mn in 2Q25. The Company is expected to record the income tax expenses of AED 11 Mn in 2Q26 compared to credit of AED 1 Mn in 2Q25. Additionally, profit attributable to non-controlling interest (NCI) is forecasted to increase from AED 4 Mn in 2Q25 to AED 6 Mn in 2Q26.

2026 forecast

Agthia's net profit is expected to increase significantly from AED 86 Mn in 2025 to AED 236 Mn in 2026. This growth is primarily driven by the anticipated increase in revenue, finance income, and share of profit from investment in a joint venture, partially offset by projected rise in cost of sales, operating expenses, finance expenses, income tax expenses, and NCI. The Company's revenue is projected to increase 7.0% YOY to AED 5,184 Mn in 2026, supported by expected revenue growth across Agri-Business and Consumer Business segments. Agri-Business is forecasted to expand 6.5% YOY to AED 1,303 Mn in 2026 while total Consumer Business is expected to grow 7.1% YOY to AED 3,881 Mn in 2026, supported by anticipated growth in revenue across Protein & Frozen, Water & Food and Snacking (Al Foah, Bakery, BMB and Abu Auf). The cost of sales is anticipated to increase 4.0% YOY to AED 3,574 Mn in 2026. Hence, gross profit is also expected to increase 14.3% YOY to AED 1,610 Mn in 2026. S&D expenses are projected to rise 16.1% YOY to AED 778 Mn in 2026. While G&A expenses are expected to decrease 10.0% YOY to AED 467 Mn in 2026. R&D costs are projected to increase 18.0% YOY to AED 9 Mn in 2026. Other income is forecasted to increase significantly from AED 15 Mn in 2025 to AED 41 Mn in 2026. Thus, operating expenses are expected to increase 2.6% YOY to AED 1,212 Mn in 2026. EBITDA is projected to grow 21.7% YOY to AED 564 Mn in 2026, with the EBITDA margin expected to improve 132 bps YOY to 10.9% in 2026. Operating profit is forecasted to increase significantly to AED 398 Mn in 2026, as compared to AED 227 Mn in 2025. Finance income is expected to increase 12.4% YOY to AED 13 Mn in 2026, while finance expense is

forecasted to rise 2.0% YOY to AED 109 Mn in 2026. The share of profit from investment in a joint venture is expected to increase from AED 2 Mn in 2025 to AED 4 Mn in 2026. Income tax and zakat expenses are projected to increase significantly from AED 34 Mn in 2025 to AED 46 Mn in 2026. Additionally, profit attributable to non-controlling interest (NCI) is anticipated to increase from AED 15 Mn in 2025 to AED 25 Mn in 2026.

1Q26 outturn

AGTHIA's revenue increased 3.3% YOY to AED 1,327 Mn in 1Q26, driven by higher volumes and favorable pricing, partially offset by sales mix. Revenue from the Protein & Frozen segment increased 4.1% YOY to AED 257 Mn in 1Q26, driven by strong performance at Atyab and Nabil, partially offset by weaker performance in the Frozen subsegment amid ongoing business reset and operational realignment efforts. Water & Food segment revenue grew 14.6% YOY to AED 330 Mn in 1Q26, driven by strong growth in the UAE Water business, supported by higher bottled water sales, continued expansion in the Home & Office Services (HOS) business, and positive volume growth in international water operations. Snacking segment revenue declined 13.0% YOY to AED 357 Mn in 1Q26, primarily due to weaker sales at Al Foah and BMB amid ongoing business recalibration, portfolio rationalization, route-to-market optimization efforts, lower export sales due to regional logistics disruptions, and softer travel retail demand in the UAE, partially offset by strong revenue growth at Abu Auf driven by healthy consumer demand. Agri-Business segment revenue increased 13.0% YOY to AED 382 Mn in 1Q26, primarily driven by AED 51.4 Mn of one-off sales related to the UAE food security program. Excluding this one-off contribution, underlying revenue declined 2.2% YOY due to intensified competition in the Flour business. The company's direct costs fell 1.6% YOY to AED 908 Mn in 1Q26. Thus, gross profit rose 15.9% YOY to AED 419 Mn in 1Q26, while gross profit margin expanded from 28.2% in 1Q25 to 31.6% in 1Q26, driven by gross margin expansion in the Water & Food, Protein & Frozen, and Snacking segments, partially offset by margin pressure in the Agri-Business segment. Selling and distribution expenses increased 22.1% YOY to AED 180 Mn in 1Q26. While G&A expense increased 23.6% YOY to AED 113 Mn in 1Q26. R&D costs increased 12.8% YOY to AED 2 Mn in 1Q26. Other income grew 23.4% YOY to AED 10 Mn in 1Q26. Consequently, operating expenses increased 22.6% YOY to AED 285 Mn in 1Q26. AGTHIA's EBITDA increased 4.1% YOY to AED 193 Mn in 1Q26, driven by gross margin expansion in the Water & Food segment and solid growth in Agri-Business, partially offset by continued pressure in the Snacking segment amid the Group's ongoing portfolio reset and transformation initiatives. EBITDA margin improved marginally from 14.5% in 1Q25 to 14.6% in 1Q26. Snacking segment EBITDA declined 11.6% YOY to AED 47 Mn in 1Q26. However, EBITDA margin expanded 21 bps YOY to 13.2% in 1Q26, driven by a significant improvement in Al Foah's profitability following the business reset, partially offset by margin pressure at BMB and Abu Auf. Protein & Frozen segment EBITDA declined marginally 0.7% YOY to AED 15 Mn in 1Q26, while EBITDA margin decreased 29 bps YOY to 5.9% in 1Q26, primarily due to lower profitability at Atyab amid higher selling and distribution expenses and KSA ramp-up costs, partially offset by improved margins at Nabil and Al Ain Egypt. Water & Food Segment EBITDA grew 15.6% YOY to AED 59 Mn in 1Q26. EBITDA margin also expanded 15 bps YOY to 17.9% in 1Q26, supported by higher gross profit margins driven by improved profitability in the HOS business and UAE bottled water portfolio, partly offset by higher selling expenses. Additionally, Agri-business EBITDA increased 4.2% YOY to AED 71 Mn in 1Q26, Meanwhile, EBITDA margin contracted 156 bps YOY to 18.6% in 1Q26, reflecting pressure on gross profit margins amid intensified competition, partially offset by lower SG&A expenses. Thus, operating profit increased 3.8% YOY to AED 134 Mn in 1Q26, and operating profit margin increased marginally 4 bps YOY to 10.1% in 1Q26. Furthermore, finance income increased from AED 3 Mn in 1Q25 to AED 4 Mn in 1Q26, while finance expenses decreased 6.3% YOY to AED 26 Mn in 1Q26. The tax and zakat expenses decreased 20.7% YOY to AED 16 Mn in 1Q26. The company's share to non-controlling interest holders remained broadly stable at AED 5 Mn in 1Q26, compared to 1Q25. Consequently, net profit attributable to shareholders increased 13.2% YOY to AED 92 Mn in 1Q26, while net profit margin expanded from 6.4% in 1Q25 to 7.0% in 1Q26.

Target price and recommendation

We maintain our BUY rating on Agthia with a target price of AED 5.70. Agthia reported a solid start to 2026, with net profit increasing 13.2% YOY to AED 92 Mn in 1Q26. Revenue growth was supported by higher volumes and favorable pricing, while profitability benefited from improved margins in the Water & Food segment. These gains were partially offset by competitive pressure in Agri-Business and weaker performance in parts of the Snacking segment, reflecting the Group's ongoing portfolio optimization and transformation initiatives. Furthermore, revenue growth was supported by AED 61.6 Mn in revenue from strategic product innovations, representing 4.8% of underlying revenue in 1Q26 and an increase of 35.6% YOY. The Company also recorded digital revenue of AED 92.0 Mn in 1Q26, equivalent to 7.2% of underlying sales, reflecting a 22.5% YOY increase. Thus, these initiatives continued to support revenue growth and demonstrate the Company's ongoing progress in expanding innovation-led products and digital channels. The Company also continued to improve operational efficiency through productivity and cost optimization initiatives. Net productivity savings reached 2.5% of COGS in 1Q26, while export revenue from its Egypt platform increased 32.5% YOY to AED 23.9 Mn in 1Q26. Additionally, the Group launched a head office cost optimization program to streamline support functions and improve overhead efficiency. Egypt remained a key growth market for the Group in 1Q26, with revenue increasing 12.9% YOY to AED 271 Mn. The performance was supported by a 32.5% YOY increase in export revenue to AED 23.9 Mn and continued expansion of Abu Auf's retail footprint, which added 19 net new stores and delivered 27.3% revenue growth, demonstrating the increasing contribution of the Group's international operations to overall revenue growth. Furthermore, The Company continued to expand its protein business in Saudi Arabia through the commissioning of its Jeddah production facility. The investment of AED 110 Mn provides annual production capacity of c. 9,500 tonnes and is expected to strengthen Agthia's manufacturing footprint in the Kingdom, supporting long-term growth in the Protein & Frozen segment. Agthia continued to expand its digital capabilities during 1Q26, by enhancing the Home & Office Services (HOS) app and launching a new website and AI-powered WhatsApp chatbot for the Al Ain water brand. Additionally, sustainability initiatives generated AED 2.9 Mn in savings through productivity projects, while the Group reduced its electricity, emissions, and water intensity ratios by 21.4%, 19.9%, and 13.6% YOY, respectively in 1Q26. The Company continued to expand its product portfolio through strategic product innovation across its key business segments. Furthermore, new product launches included convenience and indulgence offerings in Snacking, ready-to-eat and value-added products in Protein & Frozen, new flour solutions in Agri-Business, and portfolio extensions in the Water & Food segment. These initiatives generated AED 61.6 Mn in revenue during 1Q26, representing 4.8% of underlying revenue and growing 35.6% YOY, reflecting the Company's continued focus on product diversification and innovation-led revenue growth. The Company also continued to improve working capital efficiency during the quarter. Net working capital as a percentage of sales declined to 8.0% in 1Q26 from 15.8% in 1Q25, supported by lower inventories and receivables. Consequently, the cash conversion cycle improved by 15 days YOY to 40 days, reflecting stronger working capital management and improved cash conversion. The Board proposed a cash dividend of AED 98 Mn, or 11.792 fils per share for 2H25. Thus, based on these factors, we continued to maintain a BUY rating on this stock.

Agthia - Valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
P/E (x)	12.75	11.82	11.18	9.87	34.11	13.00
P/B (x)	1.06	1.04	1.00	1.04	1.11	1.14
EV/EBITDA (x)	8.98	7.80	5.98	6.04	9.52	8.17
BVPS	3.321	3.385	3.501	3.377	3.163	3.081
EPS	0.275	0.297	0.314	0.356	0.103	0.270
DPS	0.165	0.165	0.176	0.210	0.221	0.192
Dividend Yield (%)	4.8%	4.8%	5.1%	6.1%	6.4%	5.5%

FABS estimate & Co Data

Agthia - P&L

AED Mn	2Q25	1Q26	2Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Revenue	1,140	1,327	1,257	10.3%	-5.2%	4,846	5,184	7.0%
Cost of sale	-841	-908	-877	4.3%	-3.4%	-3,437	-3,574	4.0%
Gross profit	299	419	380	27.0%	-9.3%	1,408	1,610	14.3%
S&D expense	-158	-180	-189	19.2%	4.9%	-670	-778	16.1%
G&A expense	-156	-113	-101	-35.6%	-11.3%	-518	-467	-10.0%
R&D costs	-2	-2	-2	12.4%	11.5%	-8	-9	18.0%
Other (exp) / inc	4	10	10	177.6%	-3.0%	15	41	NM
Operating expenses	-313	-285	-281	-10.0%	-1.2%	-1,181	-1,212	2.6%
EBITDA	43	193	106	146.1%	NM	463	564	21.7%
Operating profit	-13	134	99	NM	NM	227	398	NM
Finance income	2	4	3	43.6%	-30.6%	12	13	12.4%
Finance expense	-27	-26	-27	0.4%	6.9%	-107	-109	2.0%
Share of loss from invest in JV	0	0	1	NM	NM	2	4	89.4%
Profit before tax and zakat	-38	113	75	NM	NM	135	306	NM
Income tax & zakat	1	-16	-11	NM	NM	-34	-46	35.5%
Profit of the year	-37	97	64	NM	NM	101	260	NM
Non-controlling interest	-4	-5	-6	44.9%	26.6%	-15	-25	NM
Net Profit	-41	92	58	NM	NM	86	236	NM

FABS estimate & Co Data

Agthia - Margins

	2Q25	1Q26	2Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	26.2%	31.6%	30.2%	397	-137	29.1%	31.1%	200
Operating Profit	-1.2%	10.1%	7.8%	902	-228	4.7%	7.7%	299
EBITDA	3.8%	14.6%	8.4%	465	-615	9.6%	10.9%	132
Net Profit	-3.6%	7.0%	4.6%	823	-233	1.8%	4.5%	278

FABS estimate & Co Data

2Q26 preview: Americana Restaurants International PLC (AMR)

Revenue growth supported by growth across all brands

Current Price	Target Price	Upside/Downside (%)	Rating
AED 2.05	AED 2.50	+22.0%	BUY

2Q26 estimate

Americana Restaurants (Americana/the Company) is expected to report an increase of 15.4% YOY in net profit attributable to equity shareholders to USD 69 Mn in 2Q26. This increase is primarily driven by an expected increase in revenue, partially offset by increase in cost of sales, operating expenses, finance costs and income tax expense. The company's revenue is projected to increase 10.2% YOY to USD 709 Mn in 2Q26, owing to an expected increase in revenue from brands such as KFC, Hardees, Krispy Kreme, Pizza Hut and marginal decrease in other category. COGS is anticipated to increase 9.4% YOY to USD 325 Mn in 2Q26. Consequently, gross profit is expected to grow 10.8% YOY to USD 384 Mn in 2Q26, while the gross margin is expected to improve 30 bps YOY to 54.2% in 2Q26. S&M expenses are expected to increase 7.5% YOY to USD 241 Mn in 2Q26, while G&A expenses are forecast to increase by 23.1% YOY to USD 58 Mn in 2Q26. Furthermore, other income is anticipated to increase 20.0% YOY to USD 3 Mn in 2Q26. As a result, total operating expenses are expected to increase 9.1% YOY to USD 297 Mn in 2Q26. The Company's EBITDA is expected to rise 10.3% YOY to USD 169 Mn in 2Q26, while the EBITDA margin is anticipated to improve by 4 bps YOY to 23.8% in 2Q26. As a result, operating profit is likely to grow 16.8% YOY to USD 88 Mn in 2Q26, while the operating profit margin is anticipated to increase by 70 bps YOY to 12.4% in 2Q26. Finance income is projected to decrease 15.5% YOY to USD 3 Mn in 2Q26. On the other hand, finance cost is projected to increase 3.4% YOY to USD 11 Mn in 1Q26. Additionally, the zakat charge is forecasted to increase by 26.7% YOY to USD 11 Mn. The Company's non-controlling interest is anticipated to increase from negative USD 0.2 Mn in 2Q25 to negative USD 0.1 Mn in 2Q26.

2026 forecast

We estimate Americana Restaurants' net profit attributable to equity shareholders to rise 16.2% YOY to USD 255 Mn in 2026. This increase is primarily attributed to projected growth in revenue and other income, coupled with a decline in finance costs, partially offset by an expected rise in COGS, S&M and G&A expenses, zakat expense, and non-controlling interest along with a decline in finance income. Americana's revenue is expected to grow 7.4% YOY to USD 2,695 Mn in 2026, driven by growth in revenue across all brands. Meanwhile, COGS is anticipated to rise 6.1% YOY to USD 1,213 Mn in 2026. As a result, gross profit is likely to increase 8.5% YOY to USD 1,481 Mn in 2026. Gross margins are expected to increase 56 bps YOY to 55.0% in 2026. S&M expenses are projected to grow 7.0% YOY to USD 949 Mn in 2026, while G&A expenses are expected to increase 6.8% YOY to USD 216 Mn in 2026. Additionally, other income is anticipated to rise 6.0% YOY to USD 14 Mn in 2026. As a result, total operating expenses are expected to increase 6.3% YOY to USD 1,151 Mn in 2026. EBITDA is forecast to grow 10.1% YOY to USD 656 Mn, with the EBITDA margin expected to rise 59 bps YOY to 24.3% in 2026. As a result, operating profit is likely to surge 16.9% YOY to USD 330 Mn in 2026, while the operating profit margin is anticipated to rise from 11.3% in 2025 to 12.3% in 2026. Finance income is expected to decrease from USD 16 Mn in 2025 to USD 13 Mn in 2026, while finance costs are expected to fall 1.8% YOY to USD 43 Mn in 2026. Additionally, zakat expenses are projected to increase from USD 36 Mn in 2025 to USD 42 Mn in 2026. Furthermore, non-controlling interest is anticipated to increase from negative USD 1 Mn in 2025 to positive USD 4 Mn in 2026.

1Q26 outturn

Americana restaurant's revenue grew 13.3% YOY to USD 650 Mn in 1Q26, owing to 6.7% growth in LFL sales driven by brand initiatives and pricing strategies alongside with addition of new store across all key markets. KFC's revenue grew 14.3% YOY to USD 391 Mn, Hardees' revenue rose 12.7% YOY to USD 115 Mn, Pizza Hut's revenue increased 8.0% YOY to USD 81 Mn, while Krispy Kreme's revenue

increased 4.5% YOY to USD 23 Mn and the other brand's revenue grew 25.0% YOY to USD 40 Mn in 1Q26. The company's COGS increased 6.5% YOY to USD 288 Mn in 1Q26. As a result, gross profit increased 19.4% YOY to USD 362 Mn in 1Q26, with gross margin increasing from 52.8% in 1Q25 to 55.7% in 1Q26. S&M expenses increased by 8.7% YOY to USD 231 Mn in 1Q26, with G&A expenses increasing 14.2% YOY to USD 55 Mn in 1Q26. However, the other income declined significantly by 25.7% YOY to USD 4 Mn in 1Q26. Thus, total operating expenses rose 9.7% YOY to USD 282 Mn in 1Q26. Americana's EBITDA rose by 31.9% YOY to USD 161 Mn in 1Q26, with the EBITDA margin increased from 21.2% in 1Q25 to 24.7% in 1Q26. Operating profit surged to USD 79 Mn in 1Q26 from USD 46 Mn in 1Q25, whereas the operating margin expanded from 7.9% in 1Q25 to 12.2% in 1Q26. The Company's finance income increased by 18.9% YOY to USD 5 Mn in 1Q26, while finance costs increased by 9.8% YOY to USD 11 Mn in 1Q26. Income tax and zakat expenses increased from USD 7 Mn in 1Q25 to USD 10 Mn in 1Q26.

Target price and recommendation

We maintain our BUY rating on Americana Restaurants with a target price of AED 2.50. The Company delivered another strong quarter in 1Q26, with revenue increasing 13.3% YOY to USD 649.7 Mn, supported by robust like-for-like sales growth of 6.7%, continued store expansion and sustained momentum across its core Power Brands portfolio. Revenue growth was largely driven by successful product innovation, localized menu offerings, targeted pricing and effective marketing campaigns. Power brands continued to contribute 94% of total revenue, highlighting the resilience of the company's core brand portfolio. The ongoing shift towards digital channels continued to enhance customer engagement, with higher kiosk adoption and home delivery penetration reinforcing sales growth while improving operating efficiency. The sales mix continued to shift towards higher-growth digital channels, with home delivery increasing to 51% of revenues from 46% a year ago, while kiosk adoption also improved, supporting customer convenience and operating efficiencies. Profitability remained a key highlight during the quarter, with EBITDA rising 31.9% YOY to USD 161 Mn and EBITDA margin expanding 350 bps YOY to 24.7%, supported by strong operating leverage, disciplined cost management, and lower inventory costs. Net profit nearly doubled to USD 63 Mn, reflecting higher operating earnings and improved margin performance. Inventory cost as a percentage of revenue declined 1.9% YOY to 27.3%, benefiting from supply chain optimization and supplier negotiations. Americana continued to execute its expansion strategy with 17 new stores added during the quarter, taking its total network to 2,741 outlets, with 156 stores currently under construction and a broader development pipeline across secured and approved sites, the company remains well positioned to achieve its FY26 guidance of 120–130 net new store additions. Americana Restaurants entered into a strategic partnership with ADNOC Distribution to roll out up to 200 quick service restaurants across ADNOC's service station network in the UAE, Saudi Arabia and Egypt. The partnership will expand Americana's presence across high-traffic roadside locations, enhancing brand visibility and customer accessibility. Capital expenditure increased to USD 42.4 Mn, representing 6.5% of revenue, primarily reflecting investments in new store openings and recent acquisitions, while the company maintained an efficient working capital position. Thus, based on our analysis, we maintain our BUY rating on the stock.

Americana - Relative Valuation¹

(at CMP)	2022	2023	2024	2025	2026F
PE (x)	18.33	18.31	29.91	21.62	18.61
PB (x)	16.70	10.81	12.04	9.69	9.07
EV/EBITDA (x)	8.36	7.96	9.27	7.25	6.67
BVPS (AED)	0.124	0.191	0.172	0.214	0.228
EPS (AED)	0.113	0.113	0.069	0.096	0.111
DPS (AED)	0.093	0.078	0.055	0.088	0.090
Dividend Yield	4.5%	3.8%	2.7%	4.3%	4.4%

FABS Estimate & Co Data

¹Americana Restaurants was listed in 2022; hence, the previous year's multiples are unavailable.

Americana - P&L

USD Mn	2Q25	1Q26	2Q26F	YOY Ch.	QOQ Ch.	2025	2026F	Change
Revenue	644	650	709	10.2%	9.1%	2,509	2,695	7.4%
COGS	-297	-288	-325	9.4%	12.7%	-1,144	-1,213	6.1%
Gross Profit	347	362	384	10.8%	6.2%	1,365	1,481	8.5%
S&M Expenses	-224	-231	-241	7.5%	4.4%	-886	-949	7.0%
G&A Expenses	-47	-55	-58	23.1%	5.6%	-203	-216	6.8%
Other Income	2	4	3	20.0%	-35.5%	13	14	6.0%
Total Operating Exp.	-272	-282	-297	9.1%	5.0%	-1,082	-1,151	6.3%
EBITDA	153	161	169	10.3%	5.3%	596	656	10.1%
EBIT	75	79	88	16.8%	10.4%	283	330	16.9%
Financing income	4	5	3	-15.5%	-31.5%	16	13	-13.1%
Financing cost	-10	-11	-11	3.4%	-2.9%	-44	-43	-1.8%
Profit Before ZAKAT	68	73	80	17.1%	9.7%	254	300	18.3%
Zakat	-9	-10	-11	26.7%	12.2%	36	42	18.0%
Net Profit	60	63	69	15.6%	9.3%	218	258	18.3%
Non-controlling interest	0	0	0	NM	NM	-1	4	NM
Net profit	60	63	69	15.4%	9.3%	219	255	16.2%

FABS Estimate & Co Data

Americana - Margins

	2Q25	1Q26	2Q26F	YOY Ch.	QOQ Ch.	2025	2026F	Change
Gross Profit	53.9%	55.7%	54.2%	30	-148	54.4%	55.0%	56
EBITDA	23.8%	24.7%	23.8%	4	-86	23.7%	24.3%	59
Operating Profit	11.7%	12.2%	12.4%	70	14	11.3%	12.3%	99
Net Profit	9.3%	9.7%	9.7%	44	2	8.7%	9.4%	71

FABS estimate and Co data

2Q26 preview: Emirates Mobility (EMOBILITY)

Higher Operating Costs Weigh on Profit Growth

Current Price	Target Price	Upside/Downside (%)	Rating
AED 3.90	AED 4.50	+15.4%	BUY

2Q26 estimate

Emirates Mobility Company (EMOBILITY, The Company) is projected to report a marginal decline of 0.9% YOY in net profit attributable to equity shareholders to AED 86 Mn in 2Q26, primarily due to anticipated rise in direct expenses, general & administrative expenses, coupled with forecasted decline in net gain from financial assets at fair value through profit or loss, other income, rise in finance cost and tax expenses, partially offset by projected growth in revenue, finance income, and decline in non-controlling interest. Revenue is expected to rise 8.2% YOY to AED 201 Mn in 2Q26, primarily due to projected growth in revenue from EMOBILITY, partially offset by anticipated decline in revenue from Excellence. Revenue from EMOBILITY is forecasted to grow 13.2% YOY to AED 130 Mn in 2Q26, due to projected growth in number of enrolled students in EMOBILITY and weighted average fees in EMOBILITY. Revenue from Excellence is forecasted to decrease 5.8% YOY to AED 67 Mn in 2Q26, primarily due to anticipated lower weighted average fees, partially offset by forecasted higher enrolled students. Direct expenses are projected to rise 2.8% YOY to AED 66 Mn in 2Q26. However, gross profit is likely to increase 11.0% YOY to AED 135 Mn in 2Q26. G&A expenses are forecasted to expand 15.3% YOY to AED 44 Mn in 2Q26. As a result, operating profit is expected to increase 9.0% YOY to AED 91 Mn in 2Q26. Similarly, operating profit margin is likely to increase 34 bps YOY to 45.0% in 2Q26. EMOBILITY's EBITDA is expected to remain broadly stable at AED 110 Mn in 2Q26 compared to 2Q25. Furthermore, we expect the EBITDA margin to decline from 59.0% in 2Q25 to 54.5% in 2Q26. Finance income is forecasted to expand 31.7% YOY to AED 10 Mn in 2Q26. Similarly, finance cost is projected to increase from AED 1 Mn in 2Q25 to AED 4 Mn in 2Q26. Income tax expenses are anticipated to increase 7.6% YOY to AED 16 Mn in 2Q26. Likewise, non-controlling interest is expected to decline 7.3% YOY to AED 3 Mn in 2Q26.

2026 forecast

We project EMOBILITY's net profit attributable to equity shareholders to decline 4.8% YOY to AED 317 Mn in 2026, fuelled by forecasted increase in direct costs, decline in net gain from financial assets at fair value through profit or loss, gain on sale of assets held for sale, rise in finance costs, and increased tax expenses, partially offset by anticipated increase in revenue, decline in general and administrative expenses coupled with projected growth in rental income, share of results from associates, other income and finance income. Revenue is anticipated to grow 3.1% YOY to AED 794 Mn in 2026, mainly supported by forecasted increase in Training and testing services, and introduction of the Charge point segment in 2026. Training and testing services revenue is forecasted to grow marginally 0.8% YOY to AED 742 Mn in 2026, due to anticipated rise in revenue from Excellence, partially offset by forecasted decline in revenue from EMOBILITY. Revenue from EMOBILITY is anticipated to decline from AED 443 Mn in 2025 to AED 431 Mn in 2026, driven by the expected decrease in number of enrolled students in EMOBILITY. Revenue from Excellence is anticipated to rise 6.0% YOY to AED 311 Mn in 2026, driven by a projected increase in number of enrolled students in Excellence. Revenue from the other segment is forecasted to decline to AED 34 Mn in 2026 compared to AED 35 Mn in 2025. Additionally, the Company is expected to incur revenue of AED 18 Mn from Chargepoint segment in 2026. The Company's direct expenses are forecasted to increase 8.9% YOY to AED 293 Mn in 2026. Thus, gross profit is likely to decline marginally 0.1% YOY to AED 501 Mn in 2026. G&A expenses are expected to fall 3.8% YOY to AED 175 Mn in 2026. Thus, EBIT is forecasted to increase 2.1% YOY to AED 326 Mn in 2026. While, we expect EBIT margin to decrease 40 bps YOY to 41.1% in 2026. EMOBILITY's EBITDA is expected to fall 3.8% YOY to AED 408 Mn in 2026. EBITDA margin is expected to decline from 55.1% in 2025 to 51.4% in 2026. Net gain from financial assets at fair value through profit or loss is expected to fall from AED 7 Mn in

2025 to AED 3 Mn in 2026. The Company's rental income is anticipated to increase from AED 4 Mn in 2025 to AED 6 Mn in 2026. Gain on sale of assets held for sale is forecasted to decrease substantially from AED 41 Mn in 2025 to AED 1 Mn in 2026. While share of results from associates is anticipated to grow substantially from AED 4 Mn in 2025 to AED 15 Mn in 2026. Other income is projected to increase 10.2% YOY to AED 15 Mn in 2026. Finance income is projected to increase 14.6% YOY to AED 38 Mn in 2026. Similarly, finance costs are anticipated to increase from AED 10 Mn in 2025 to AED 17 Mn in 2026. Income tax expenses are forecasted to increase by 1.1% YOY to AED 58 Mn in 2026. Similarly, NCI is projected to remain constant at AED 13 Mn in 2026 compared to 2025.

1Q26 outturn

EMOBILITY's revenue grew from AED 167 Mn in 1Q25 to AED 189 Mn in 1Q26, supported by higher student enrolments in EMOBILITY, partially offset by lower enrolments in Excellence. The Company's enrolled students in EMOBILITY increased from 40k in 1Q25 to 46k in 1Q26, supported by sustained demand and strong enrolment momentum. However, enrolments in Excellence declined from 11.0k in 1Q25 to 10.5k in 1Q26. The Company's direct expenses rose 11.4% YOY to AED 68 Mn in 1Q26 driven by higher operating activity and business expansion. As a result, gross profit increased 14.0% YOY to AED 121 Mn in 1Q26. Similarly, gross margin increased from 63.3% in 1Q25 to 63.8% in 1Q26, indicating operating leverage. General and administrative expenses increased from AED 35 Mn in 1Q25 to AED 42 Mn in 1Q26. Consequently, operating profit increased 11.1% YOY to AED 79 Mn in 1Q26. However, the operating profit margin declined from 42.6% in 1Q25 to 41.8% in 1Q26, driven by higher G&A expenses. EMOBILITY's EBITDA increased from AED 84 Mn in 1Q25 to AED 92 Mn in 1Q26. EBITDA Margin declined from 50.1% in 1Q25 to 48.9% in 1Q26. Net loss from financial assets at fair value through profit or loss (FVTPL) widened from AED 2 Mn in 1Q25 to AED 5 Mn in 1Q26. Other income increased from AED 2 Mn in 1Q25 to AED 3 Mn in 1Q26. The Company's finance expense grew from AED 1 Mn in 1Q25 to AED 4 Mn in 1Q26. Similarly, finance income increased 17.1% YOY to AED 9 Mn in 1Q26. The tax charges amounted to AED 12 Mn in 1Q26, compared to AED 11 Mn in 1Q25. The profit attributable to NCI holders fell 30.7% YOY to AED 1 Mn in 1Q26.

Target price and recommendation

We maintain our BUY rating on EMOBILITY with unchanged target price of AED 4.50. EMOBILITY reported a strong 9.6% YOY increase in net profit in 1Q26, primarily driven by double-digit revenue growth, supported by sustained demand in its core driver training business and continued expansion across its broader mobility portfolio. The number of enrolled students in EMOBILITY increased from 40k in 1Q25 to 46k in 1Q26, reflecting sustained demand and continued enrollment momentum. However, enrollments in Excellence declined from 11.0k in 1Q25 to 10.5k in 1Q26, partially offset by higher average fees. This reflects strong underlying demand in EMOBILITY's core operations, while pricing strength in Excellence supported revenue despite softer enrollment trends. EMOBILITY is well positioned to diversify its revenue base beyond its core driver training business through the planned launch of its ChargePoint network, targeted to go live in August 2026. The Company plans to deploy over 150 EV charging stations comprising more than 1,800 public charging sockets across the UAE, strengthening its presence in the country's rapidly expanding electric mobility ecosystem while creating a recurring revenue stream to support long-term earnings growth. Furthermore, EMOBILITY's acquisition of a 51% stake in PerformisLab strengthens its technology capabilities and supports its transition towards AI-driven mobility solutions. The acquisition enhances the Company's presence in smart driver training and testing while creating opportunities to commercialize AI-based automation solutions, supporting long-term revenue diversification and operational efficiencies. Mwasalat, EMOBILITY's integrated transportation subsidiary, provides public transportation, taxi operations, car rentals and leasing, school transportation, and vehicle maintenance services across the UAE. The subsidiary continues to strengthen EMOBILITY's diversified mobility portfolio, reporting a 21% YOY increase in revenue to AED 214 Mn and a 35% YOY rise in EBITDA to AED 61 Mn in 1Q26, driven by higher transport activity and new customer acquisitions. Net profit also increased 7% YOY to AED 16 Mn, reflecting improving operating leverage and reinforcing Mwasalat's role as a stable contributor to the Company's long-term earnings growth. EMOBILITY's Excellence business continues

to expand its premium mobility offerings across driver training, courier services, limousine operations, and vehicle maintenance. Revenue increased 11% YOY to AED 70 Mn in 1Q26, supported by resilient demand, although EBITDA declined 2% YOY to AED 9.9 Mn and net profit fell 40% YOY to AED 3 Mn due to higher operating costs in the limousine business. EMOBILITY is integrating AI across its mobility ecosystem to automate operations, improve customer engagement, and optimize fleet management. The Company's AI strategy is expected to enhance productivity, strengthen competitive positioning, and drive long-term value creation. The Company prioritizes its 2026 growth strategy through strategic acquisitions, EV charging infrastructure expansion, AI-driven innovation, and geographic expansion across the UAE. These initiatives are expected to diversify revenue streams, enhance operating efficiencies, and support sustainable long-term earnings growth. Furthermore, EMOBILITY maintains a resilient outlook for 2026, guiding for total revenue of AED 762–801 Mn, a gross profit margin of 59%–65%, and an EBITDA margin of 55%–63%, despite adopting more conservative assumptions to reflect the evolving regional environment. The Company also plans CAPEX of AED 90–114 Mn (AED 36–49 Mn for EDC and AED 54–65 Mn for EPI), underscoring its commitment to expanding its mobility platform while supporting sustainable long-term growth. The Company's shareholders approved a cash dividend of 20 fils per share, equivalent to 40% of paid-up capital, totalling AED 216 Mn for 2025. Therefore, we maintain our BUY rating on the stock.

Emirates Mobility - Valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
P/E (x)	2.12	1.41	16.01	15.43	12.85	12.96
P/B (x)	0.44	0.37	3.72	3.46	3.09	2.88
EV/EBITDA (x)	0.44	-0.44	14.90	13.60	8.14	9.99
EPS	1.871	2.822	0.248	0.257	0.309	0.306
BVPS	8.972	10.823	1.067	1.147	1.286	1.380
DPS	0.042	0.121	0.170	0.170	0.200	0.221
Dividend Yield (%)	1.1%	3.0%	4.3%	4.3%	5.0%	5.5%

FABS estimate & Co Data, In Jan 2024 the company did the stock split by reducing the share nominal value by 50 fils

Emirates Mobility - P&L

AED Mn	2Q25	1Q26	2Q26F	YOY Ch.	QOQ Ch.	2025	2026F	Change
Revenue	186	189	201	8.2%	6.6%	770	794	3.1%
Direct expenses	-65	-68	-66	2.8%	-2.7%	-269	-293	8.9%
Gross profit	122	121	135	11.0%	11.9%	501	501	-0.1%
G&A Expenses	-38	-42	-44	15.3%	6.4%	-182	-175	-3.8%
EBIT	83	79	91	9.0%	14.7%	320	326	2.1%
EBITDA¹	110	92	110	0.1%	18.9%	425	408	-3.8%
Net gain from financial assets at FVTPL	7	-5	1	-83.5%	-121.9%	7	3	-51.5%
Change in FV of investment property	0	0	0	NM	NM	0	0	NM
Rental income	2	0	0	NM	NM	4	6	39.7%
Gain on sale of assets held for sale	-	1	0	NM	NM	41	1	-96.7%
Loss on remeasurement of contingent consideration	-	0	0	NM	NM	-10	0	-100.0%
Share of results from associates		3	4	NM	NM	4	15	320.4%
Dividend income	0	0	0	NM	NM	0	0	#DIV/0!
Other Income	7	3	4	-46.3%	34.9%	13	15	10.2%
Finance income	7	9	10	31.7%	3.2%	33	38	14.6%
Finance costs	-1	-4	-4	182.9%	2.2%	-10	-17	72.2%
Profit / (loss) before tax from continuing operations	105	86	105	0.1%	21.5%	403	388	-3.8%
Income tax expense	-15	-12	-16	7.6%	34.2%	-58	-58	1.1%
Profit / (loss) after tax from continuing operations	90	75	89	-1.1%	19.5%	346	330	-4.6%
Non-controlling interest	-3	-1	-3	-7.3%	79.1%	-13	-13	2.4%
Profit attributable to the owner	87	73	86	-0.9%	18.3%	333	317	-4.8%

FABS estimate & Co Data, ¹Calculated EBITDA

Emirates Mobility - Margins

	2Q25	1Q26	2Q26F	YOY Ch.	QOQ Ch.	2025	2026F	Change
Gross Profit	65.3%	63.8%	67.0%	171	315	65.1%	63.1%	-197
Operating Profit	44.7%	41.8%	45.0%	34	319	41.5%	41.1%	-40
EBITDA	59.0%	48.9%	54.5%	-441	566	55.1%	51.4%	-368
Net Profit	46.8%	38.7%	42.9%	-392	425	43.2%	39.9%	-331

FABS estimate & Co Data, ¹Based on calculated EBITDA

2Q26 preview: Lulu Retail Holdings PLC

Weak top-line performance expected to weigh on profitability

Current Price	Target Price	Upside/Downside (%)	Rating
AED 0.95	AED 1.50	+57.9%	BUY

2Q26 estimate

Lulu Retail Holdings PLC (Lulu / the Company) is projected to report a 22.0% YOY decrease in net profit to USD 45 Mn in 2Q26, primarily due to decline in revenue growth, and other operating income coupled with increase in net finance cost partially offset with decline in cost of revenue, other operating expenses and income tax. Revenue is anticipated to decline 4.5% YOY to USD 1,927 Mn in 2Q26. Cost of revenue is projected to decrease by 3.6% YOY to USD 1,494 Mn in 2Q26. Consequently, gross profit is expected to decline 7.4% YOY to USD 434 Mn in 2Q26 with margins falling 72 bps YOY to 22.5% in 2Q26. Other operating income is expected to decrease 3.2% YOY to USD 77 Mn in 2Q26, while operating expenses is also expected to decrease 5.4% YOY to USD 417 Mn in 2Q26. Net finance cost is expected to increase 4.0% YOY to USD 43 Mn in 2Q26. As a result, EBITDA is expected to decline 6.9% YOY to USD 190 Mn in 2Q26. Thus, EBITDA margins are expected to decline by 25 bps YOY to 9.9% in 2Q26. Profit before tax is projected to fall 22.9% YOY to USD 51 Mn in 2Q26, while income tax expense is forecasted to decline 28.9% YOY to USD 6 Mn in 2Q26.

2026 forecast

We expect Lulu Retail's net profit to decrease by 18.8% YOY to USD 166 Mn in 2026. The decline in net profit is primarily driven by forecasted increase in cost of revenue, operating expenses and net finance cost partially offset by increase in revenue growth, operating income coupled with decrease in income tax expenses. Revenue is anticipated to grow 1.2% YOY to USD 8,026 Mn in 2026, reflecting continued expansion in the company's retail network and steady performance across its operating markets. At the cost level, cost of revenue is projected to increase 1.8% YOY to USD 6,220 Mn in 2026, resulting in gross profit contracting marginally 0.9% YOY to USD 1,806 Mn in 2026. As a result, gross profit margins are expected to decline by 48 bps YOY to 22.5% in 2026. Other operating income is expected to increase 4.0% YOY to USD 315 Mn in 2026, while operating expenses are forecasted to rise 1.7% YOY to USD 1,761 Mn in 2026. Similarly, net finance cost is anticipated to increase 5.3% YOY to USD 171 Mn in 2026. Consequently, EBITDA is expected to decline 4.7% YOY to USD 745 Mn in 2026, with margins decreasing marginally by 57 bps YOY to 9.3% in 2026. Profit before tax is anticipated to decrease 18.6% YOY to USD 189 Mn in 2026. Income tax expenses are projected to decline 17.6% YOY to USD 23 Mn in 2026.

1Q26 outturn

Lulu Retail's revenue declined 2.9% YOY to USD 2,020 Mn in 1Q26, primarily driven by declined in revenue from KSA, Oman and Qatar, partially offset by increase in sales in UAE and Kuwait. Private label continued its growth, alongside food innovation and expanding the production portfolios across high end verticals, increasing the penetration from 29.3% in 1Q25 to 30.2% in 1Q26. E-commerce sales increased 61% YOY to USD 150 Mn, accounting for 7.9% of retail sales, up 315 bps YOY. Lulu delivered a mixed regional performance in 1Q26. Revenue from the UAE increased 1.7% YOY to USD 754 Mn, supported by resilient demand in the Consumer-Packaged Goods (CPG) and Fresh Foods categories. The KSA revenue declined significantly by 11.3% YOY to USD 364 Mn, largely due to softness in electrical segment partially offset by Fresh Foods segment. Oman's revenue also witnessed a decline of 7.5% YOY to USD 298 Mn, largely due softer sales in non-food segment. Similarly, revenue from Qatar declined 4.0% YOY to USD 292 Mn mainly due to slowness in non-food segment partially offset by food segment. However, Kuwait's revenue grew by 9% YOY to USD 186 Mn, driven by increase in demand for CPG and Fresh Foods. The company's cost of revenue decreased by 2.8% YOY to USD 1,571 Mn in 1Q26. Thus, gross profit declined 3.3% YOY to USD 449 Mn, while gross profit margins declined marginally by 9 bps to 22.2% in 1Q26. Other operating

income declined 1.9% YOY to USD 79 Mn, whereas operating expenses grew 1.4% YOY to USD 432 Mn in 1Q26. Net finance costs increased by 5.8% YOY to USD 42 Mn in 1Q26. EBITDA declined from USD 214 Mn in 1Q25 to USD 192 Mn in 1Q26, with EBITDA margin at 9.5%, down 78 bps YOY, primarily due to increase in operating expenses and cost related to setting up of new stores. The profit before tax stood at USD 53 Mn in 1Q26 as compared to USD 79 Mn in 1Q25. The company's income tax expenses decreased from USD 9 Mn in 1Q25 to USD 7 Mn in 1Q26.

Target price and recommendation

We maintain our BUY rating on Lulu Retail with a target price of AED 1.50. Lulu reported a decline in 1Q26, with net profit declined to USD 47 Mn from USD 70 Mn in 1Q25, as revenue impacted in key GCC markets particularly during March. However, the company continued to execute its long-term growth strategy by adding 11 new stores during the quarter, taking its retail network from 255 outlets in 1Q25 to 277 in 1Q26 outlets comprising 123 hypermarkets, 129 express stores and 25 mini markets. The expansion remains centered on the capital-efficient Express format, increasing the total selling area by 8.1% YOY and 1.5% QOQ to 1.41 Mn sqm, with 80% of new stores opening in UAE and KSA, at this region has sustained advantage for growth and revenue generation. Subsequent to 1Q26, Lulu accelerated its network expansion with the opening of an Express store at The Square Plaza in Abu Dhabi, four Mini Markets across high-footfall locations in Riyadh and Dammam in KSA and another Mini Market in Oud Al Muteena in Dubai, taking the tally to 283 stores as of June 2026. These openings strengthen Lulu's presence in densely populated urban and transit locations, improving customer accessibility while enhancing long-term revenue growth through higher convenience led traffic. The company reaffirmed to achieve the target guidance of new stores in 2026, even with current market uncertainties. The company's digital and customer engagement initiatives continued to gain traction during the quarter. E-commerce revenue surged 61.0% YOY supported by improvements in the company's proprietary digital platforms. Lulu is further strengthening its omni-channel ecosystem through expansion of its fulfilment network, broader quick-commerce coverage and investments aimed at scaling non-food categories. Meanwhile, the Happiness loyalty programme expanded to from 8.4 Mn in 4Q25 to approximately 9.0 Mn members following the addition of 610k members in 1Q26, with loyalty-linked sales rising to 69.9% of total retail revenue. Overall customer count reached c. 692k in with addition of 7k customers in 1Q26. Private label remains an important earnings growth driver, with penetration improving to 30.2% of retail sales in 1Q26, supported by increasing mix of value-oriented products, reflecting evolving consumer preferences. Lulu maintained resilient business continuity despite the geopolitical uncertainty in the region and it reported no material disruption across its sourcing network or store operations, supported by diversified procurement channels, strategic inventory planning and disciplined management of logistics and working capital. Its balance sheet also remains healthy, with capex maintained at 1.3% of revenue, cash conversion of 86.6% and net leverage improving to 0.9x excluding lease liabilities, providing sufficient financial flexibility to continue funding expansion while preserving shareholder returns. The underlying growth drivers remain intact supported by continued network expansion, increasing digital penetration, rising private label contribution and sustained customer engagement through its loyalty programme alongside the cooling down of geopolitical tension in the region, we expected the company to continue strengthening its operating franchise while earnings remain temporarily affected by expansion related costs. Thus, based on our analysis, we maintain our BUY rating on the stock.

Lulu Retail - Valuation

	2024	2025	2026F
(at CMP)			
P/E (x)	10.74	13.09	16.12
P/B (x)	2.70	2.66	2.69
EV/EBITDA (x)	4.20	4.11	4.01
BVPS (AED)	0.353	0.357	0.353
EPS (AED)	0.089	0.073	0.059
DPS (AED)	0.030	0.070	0.056
Dividend Yield (%)	3.2%	7.4%	5.9%

FABS estimate & Co Data, Lulu Retail was listed in 2024; hence, the previous years' multiples are unavailable. ¹Dividend yield for 2024 is based on the 3 fils per share the Company announced for 2H'24.

LuLu Retail - P&L

USD Mn	2Q25	1Q26	2Q26F	YOY Ch	QOQ Ch	2025	2026F	YOY Ch
Revenue	2,017	2,020	1,927	-4.5%	-4.6%	7,934	8,026	1.2%
Cost of revenue	-1,549	-1,571	-1,494	-3.6%	-4.9%	-6,111	-6,220	1.8%
Gross profit	468	449	434	-7.4%	-3.5%	1,823	1,806	-0.9%
Other operating income	80	79	77	-3.2%	-2.1%	303	315	4.0%
Operating expenses	-441	-432	-417	-5.4%	-3.4%	-1,731	-1,761	1.7%
Finance cost, net	-41	-42	-43	4.0%	0.8%	-162	-171	5.3%
EBITDA	204	192	190	-6.9%	-1.1%	782	745	-4.7%
Profit before tax	66	53	51	-22.9%	-5.0%	232	189	-18.6%
Income tax expense	-9	-7	-6	-28.9%	-8.6%	-27	-23	-17.6%
Net profit from con. Ops.	57	47	45	-22.0%	-4.5%	205	166	-18.8%
PAT from dis. operations	0	0	0	NM	NM	0	0	NM
Net profit	57	47	45	-22.0%	-4.5%	205	166	-18.8%

FABS Estimate & Co Data

LuLu Retail - Margins

	2Q25	1Q26	2Q26F	YOY Ch	QOQ Ch	2025	2026F	YOY Ch
Gross Profit	23.2%	22.2%	22.5%	-72	26	23.0%	22.5%	-48
EBITDA	10.1%	9.5%	9.9%	-25	35	9.9%	9.3%	-57
Net Profit	2.8%	2.3%	2.3%	-52	0	2.6%	2.1%	-51

FABS estimate and Co data

2Q26 preview: Talabat Holding PLC

Structural growth drivers remain strong

Current Price	Target Price	Upside/Downside (%)	Rating
AED 1.25	AED 1.30	+4.0%	HOLD

2Q26 estimate

Talabat Group (Talabat/the Company) is projected to report a decline in net profit of 30.1% YOY to USD 85 Mn in 2Q26, primarily driven by higher cost of revenue, increased operating expenses and higher foreign exchange losses, partially offset by revenue growth, lower other expenses and lower income tax expense. GMV is projected to increase 8.0% YOY to USD 2,634 Mn, while IFRS revenue is forecasted to increase by 5.2% YOY to USD 1,032 Mn in 2Q26. Cost of revenue is expected to increase 12.8% YOY to USD 764 Mn in 2Q26. As a result, gross profit is projected to decline 11.7% YOY to USD 268 Mn, with gross margin expected to decline from 12.5% in 2Q25 to 10.2% of GMV in 2Q26. Marketing expenses are expected to increase 4.8% YOY to USD 53 Mn in 2Q26, while IT expenses are projected to rise 32.7% YOY to USD 21 Mn in 2Q26. General & administrative expenses are expected to increase 8.9% YOY to USD 55 Mn, while other income is forecasted to decline by 15.9% YOY to USD 4 Mn in 2Q26. The other expenses & impairment are anticipated to decrease 15.6% YOY to USD 40 Mn in 2Q26. Thus, operating profit is expected to decrease 28.2% YOY to USD 105 Mn in 2Q26 with margins declining from 6.0% in 2Q25 to 4.0% in 2Q26. Talabat's adjusted EBITDA is expected to decline 16.3% YOY to USD 141 Mn in 2Q26, with EBITDA margin likely to decline 156 bps to 5.4% in 2Q26. The net finance costs is expected at USD 2 Mn in 2Q26 compared to finance income of USD 2 Mn in 2Q25, while net foreign exchange loss is expected to be USD 5 Mn in 2Q26 compared to a negligible loss of USD 0.32 Mn in 1Q25. Income tax expenses are projected to decline 52.3% YOY to USD 13 Mn in 2Q26.

2026 forecast

Talabat's net profit is expected to decline 30.3% YOY to USD 326 Mn in 2026 primarily due to higher cost of revenue, increased operating expenses, lower other income, net finance costs and foreign exchange losses, partially offset by higher revenue growth and lower income tax expenses. GMV is projected to increase 20.2% YOY to USD 11,322 Mn in 2026, while IFRS revenue is expected to grow 15.8% YOY to USD 4,459 Mn in 2026. Cost of revenue is expected to increase 21.4% YOY to USD 3,264 Mn in 2026. Thus, gross profit is expected to increase 2.8% YOY to USD 1,195 Mn in 2026, with the gross margin declining from 12.3% in 2025 to 10.6% in 2026. Marketing expenses are expected to increase 18.4% YOY to USD 249 Mn, while IT expenses are projected to increase 27.9% YOY to USD 85 Mn in 2026. General & Administrative expenses are anticipated to rise 32.4% YOY to USD 249 Mn while other income is expected to decline 4.2% YOY to USD 12 Mn in 2026. Other expenses & impairments are projected to increase 23% YOY to USD 208 Mn in 2026. Operating profit is anticipated to decline 23.1% YOY to USD 416 Mn in 2026 with margins declining from 5.7% in 2025 to 3.7% in 2026. Adjusted EBITDA is anticipated to decrease 18.2% YOY to USD 510 Mn in 2026, with EBITDA margins likely to decline from 6.6% in 2025 to 4.5% in 2026. Net finance costs are projected at USD 9 Mn, compared to finance income of USD 12 Mn in 2025 with foreign exchange losses of USD 20 Mn in 2026 compared to foreign exchange gain of USD 2 Mn in 2025. Income tax expenses are expected to decline 30.3% YOY to USD 61 Mn in 2026.

1Q26 outturn

GMV including instashop grew 19% YOY to USD 2,685 Mn in 1Q26 largely driven by growth in both GCC and non-GCC market, increase in customer base, Eid seasonality and supported by continued growth in non-food categories. GMV of Talabat from GCC region grew 12% YOY to USD 2,121 Mn in 1Q26 with all GCC market delivering double digit growth. GMV for non-GCC region by 52% YOY to USD 564 Mn, accounting for 21% of total GMV in 1Q26 as compared to 16% in 1Q25. Additionally, the revenue including instashop grew 22.9% YOY to USD 1,048 Mn in 1Q26. The cost of revenue

increased by 35.7% YOY to USD 784 Mn. Resultantly, gross profit increased 3.1% YOY to USD 264 Mn in 1Q26. Gross profit margin (as % of GMV) declined to 9.8% in 1Q26 from 12.3% in 1Q25. Marketing expenses increased by 19.4% YOY to USD 43 Mn in 1Q26, while the IT expenses rose by 10.5% YOY to USD 21 Mn, also the G&A expenses increased by 25.1% YOY to USD 58 Mn in 1Q26. The other income increased from USD 2 Mn in 1Q25 to USD 3 Mn in 1Q26, while the other expenses and impairments increased from USD 36 Mn in 1Q25 to USD 40 Mn in 1Q26. As a result, Talabat operating profit declined 13.1% YOY to USD 106 Mn, with an operating margin (as % GMV) of 4.0% in 1Q26. Adjusted EBITDA remained flat at USD 141 Mn in 1Q26 as compared to 1Q25. The Adjusted EBITDA margin (as a % of GMV) decreased from 6.8% in 1Q25 to 5.3% in 1Q26. The net finance cost increased from USD 2 Mn in 1Q25 to USD 4 Mn in 1Q26, while forex loss was USD 2 Mn in 1Q26 as compared to forex gain of USD 1 Mn in 1Q25. The income tax expenses increased from USD 21 Mn in 1Q25 to USD 22 Mn in 1Q26.

Target price and recommendation

We revise our rating from BUY to HOLD on Talabat with an unchanged target price of AED 1.30. Talabat continues to strengthen its leadership position across the online food delivery and grocery market, supported by sustained customer acquisition, expanding multi-vertical adoption and growing monetisation initiatives. During 1Q26, the Company delivered resilient growth despite operating in a regional geopolitical disruption alongside increased competitive intensity. GMV grew 18% YOY on a constant currency basis, supported by strong customer acquisition, improved Ramadan execution and increased stay-at-home consumption during the regional conflict which allowed the company to capture higher demand across both food delivery and grocery services. Talabat's ecosystem strategy is gaining traction, with Talabat Pro subscribers now contributing nearly half of platform GMV. Multi-vertical engagement continued to strengthen during 1Q26, with customers using multiple services contributing 76% of platform GMV, up from 72% a year earlier, reflecting that the customers adopting both food and grocery services, which supports higher customer lifetime value and improving retention. The active partner base expanded 18% YOY to 93k, supported by accelerated onboarding of local merchants, while the rider fleet increased 25% YOY to 168k, enabling the company to maintain service quality despite heightened demand during the quarter. Partner funded customer savings increased to a record 7.0% of GMV, and advertising monetisation continued to improve, with AdTech revenue margin increasing to 3.4% of GMV, demonstrating the growing contribution of higher-margin ancillary revenue streams. Talabat remains focus on executing its USD 175 Mn strategic investment programme comprising approximately USD 55 Mn to defend food leadership against increasing competition and USD 120 Mn to accelerate development of the everyday app through Talabat Mart expansion, loyalty enhancements and new retail services. Investments continue to be directed towards Talabat Mart expansion, dark stores, loyalty enhancements and new retail initiatives. Talabat continues to generate strong free cash flow supported by its asset-light operating model and favourable working capital dynamics, providing sufficient flexibility to fund growth investments while maintaining an attractive shareholder return policy. During the quarter, the Company paid a USD 219 Mn dividend for 2H25 and remains committed to distributing 90% of FY26 net income through dividends. Thus, based on our analysis we maintain BUY rating on the stock.

Talabat - Valuation

	2024	2025	2026F
(at CMP)			
P/E (x)	22.91	16.95	24.27
P/B (x)	14.72	11.32	14.24
EV/EBITDA (x)	14.34	12.34	15.09
BVPS	0.085	0.110	0.088
EPS	0.055	0.074	0.051
DPS (AED)	0.017	0.066	0.046
Dividend Yield (%)	1.4%	5.3%	3.7%

FABS estimate & Co Data

¹The company was listed in Dec 2024, hence dividend yield for 2024 is considering the interim dividend (4Q24).

Talabat - P&L

USD Mn	2Q25	1Q26	2Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
GMV	2,439	2,685	2,634	8.0%	-1.9%	9,421	11,322	20.2%
IFRS Revenue	981	1,048	1,032	5.2%	-1.5%	3,851	4,459	15.8%
Cost of revenue	-677	-784	-764	12.8%	-2.5%	-2,688	-3,264	21.4%
Gross profit	304	264	268	-11.7%	1.6%	1,163	1,195	2.8%
Marketing expense	-50	-43	-53	4.8%	23.0%	-210	-249	18.4%
IT expense	-15	-21	-21	32.7%	-0.1%	-66	-85	27.9%
General administrative expense	-51	-58	-55	8.9%	-5.0%	-188	-249	32.4%
Other income	5	3	4	-15.9%	23.7%	12	12	-4.2%
Other expenses and impairment	-47	-40	-40	-15.6%	-0.8%	-169	-208	23.0%
Operating profit	146	106	105	-28.2%	-1.4%	541	416	-23.1%
Adj. EBITDA	169	141	141	-16.3%	0.0%	624	510	-18.2%
Net finance costs	2	4	-2	NM	NM	12	-9	NM
Foreign exchange loss, net	0	-2	-5	NM	NM	2	-20	NM
Earning Before Tax and Staff Bonus	148	108	97	-34.1%	-10.2%	555	387	-30.3%
Income Tax	-27	-22	-13	-52.3%	-42.0%	-88	-61	-30.3%
Profit to shareholders	121	87	85	-30.1%	-2.2%	468	326	-30.3%

FABS estimate & Co Data, ¹Details for the FY2024 and 3Q24 are not provided by the Company, since the Company was listed in Dec 2024. So, the audited financials for the rest of the line items are not available for the historical period.

Talabat – Margins (As a % of GMV)

	2Q25	1Q26	2Q26F	YOY Ch	QOQ Ch	2025	2026F	Change
Gross Profit	12.5%	9.8%	10.2%	-227	35	12.3%	10.6%	-179
EBITDA	6.9%	5.3%	5.4%	-156	10	6.6%	4.5%	-211
Operating Profit Margin	6.0%	4.0%	4.0%	-200	2	5.7%	3.7%	-207
Net Profit	5.0%	3.2%	3.2%	-176	-1	5.0%	2.9%	-209

FABS estimate & Co Data

Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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