

# Jahez International Company for Information System Technology. (HOLD, TP: SAR 15.4, 6017.SE) 1Q26 Results Review

*Snoonu consolidation boosting topline growth; logi serving external B2B customers opens new revenue stream. Rating changed to HOLD due to recent price appreciation.*

1Q26 result was led by Snoonu which pushed non-KSA GMV to 39.2% of group (vs. 10.1% in 1Q25). GMV grew 39.5% Y/Y to SAR 2.3bn and net revenue grew 37.9% Y/Y to SAR 725.1mn. The organic KSA picture is relatively weaker as KSA net revenue declined 12.0% Y/Y to SAR 394mn as delivery fee compression persisted, and KSA adj. EBITDA fell 43.6% Y/Y to SAR 30mn (margin 7.6%). Group adj. EBITDA declined 14.7% Y/Y to SAR 43.6mn (margin 6.0%, -370bps Y/Y) but improved 4.1% Q/Q from SAR 41.9mn in 4Q25, due to slight sequential stabilization. Net loss was SAR 9.2mn versus a profit of SAR 35.3mn in 1Q25, driven by a D&A surge of 226% Y/Y to SAR 43.3mn, reduction in finance income (SAR 0.8mn vs. SAR 11.2mn in 1Q25), and higher marketing investment. KSA sequential order improvement (20.3mn vs. 19.9mn in 4Q25 despite full Ramadan impact), non-KSA EBITDA turning positive, and positive OCF of SAR 157mn point to a gradual normalization trajectory.

- On operational front, GMV reached SAR 2.3bn (+39.5% Y/Y, +7.8% Q/Q), driven by 21.3% Y/Y order growth to 31.7mn and AOV growth of 15.0% Y/Y to SAR 72.5. The non-KSA AOV (SAR 84.3) is now higher than KSA (SAR 65.9). KSA GMV declined 8% Y/Y to SAR 1.4bn due to continued delivery fee compression and competitive promotional activity but rose approximately 3% Q/Q. KSA processed 20.3mn orders in 1Q26, up 2% Q/Q, showing an improvement versus the typical seasonal pressure in Ramadan. Our estimates, using TGA data, show that KSA market share recovered from 16.1% in 4Q25 to 17.2% in 1Q26. Non-KSA GMV of SAR 0.9bn grew 16% Q/Q, led by Qatar (Snoonu GMV +67.5% Y/Y). The Noon grocery partnership continues to scale as KSA grocery GMV grew 2.5x Y/Y, with approximately 52% of that growth attributable to the Noon-on-Jahez channel in the first quarter since commercial rollout in Dec'25. Management said that the KSA take rate holds at 15% to 16%, while average delivery fee per KSA order is between SAR 10 to 11. Promotional intensity moderated slightly as group promotional compensation and cashbacks were SAR 53.9mn (6.9% of gross revenue) in 1Q26 versus 8.6% in 1Q25.
- Net revenue of SAR 725.1mn grew 37.9% Y/Y and 4.0% Q/Q. Gross revenue (pre-promotions) was SAR 779.1mn (+35.4% Y/Y). By revenue line: commission revenue grew 34.1% Y/Y to SAR 329.9mn (45.5% of net revenue). Delivery fee revenue grew 10.8% Y/Y to SAR 272.0mn (37.5% of net revenue) as Snoonu consolidation more than offset KSA delivery fee headwinds. Revenue from sales of goods and subscriptions surged 3.4x Y/Y to SAR 82.3mn as Snoonu's diversified vertical revenues including grocery, courier, q-commerce helped. Advertising and marketing revenue grew 46.2% Y/Y to SAR 44.9mn, i.e. a high-margin line. E-payment fee revenue grew 51.9% Y/Y to SAR 44.4mn. Other revenue of SAR 5.6mn was high versus SAR 0.02mn in 1Q25. By segment: KSA Delivery Platforms revenue of SAR 394.2mn declined 12.0% Y/Y due to delivery fee pressures. Non-KSA Delivery Platforms revenue of SAR 308.9mn grew 5.6x Y/Y. Logi net revenue was SAR 105.1mn, down 5.9% Y/Y. Other Activities revenue was SAR 22.8mn, down 7.2% Y/Y, as Marn undergoes repositioning toward higher-quality merchant cohorts to improve its credit-risk profile.
- Gross profit grew 34.3% Y/Y to SAR 169.1mn, with gross margin contracting 62bps Y/Y to 23.3%. This came despite 12% KSA revenue decline. Cost of revenue grew 39.0% Y/Y to SAR 556.0mn, the primary drivers being Snoonu's full cost base (cost of delivery SAR 285.6mn, +11.7% Y/Y; salaries and benefits SAR 118.0mn, +41.5% Y/Y; cost of goods sold SAR 66.6mn, +3.3x Y/Y; D&A SAR 23.0mn, +181.3% Y/Y from Snoonu intangibles and Logi fleet; and platform costs SAR 32.0mn, +74.9% Y/Y).

| SAR mln            | 1Q26  | 4Q25  | 1Q25 | Q/Q % | Y/Y % |
|--------------------|-------|-------|------|-------|-------|
| Revenues           | 725   | 697   | 526  | 4%    | 38%   |
| Cost of Goods      | -556  | -505  | -400 | 10%   | 39%   |
| Gross Profit       | 169   | 153   | 126  | 11%   | 34%   |
| Operating Expenses | -172  | -158  | -89  | 9%    | 94%   |
| Impairment Losses  | -8    | -37   | -3   | -79%  | 180%  |
| Operating Profit   | -11   | -43   | 34   | -75%  | N/A   |
| Net Finance Income | -3    | -1    | 10   | 244%  | N/A   |
| Other gains/losses | 3     | -12   | -6   | N/A   | N/A   |
| Zakat and Taxes    | 0     | 0     | -5   | -52%  | -98%  |
| Net Income         | -12   | -56   | 33   | -79%  | N/A   |
| EPS                | -0.06 | -0.27 | 0.16 | -79%  | N/A   |

| Margins (%)      |      |      |      |         |          |
|------------------|------|------|------|---------|----------|
| Gross Margin     | 23.3 | 21.9 | 24.0 | 145 bps | -62 bps  |
| Operating Margin | -1.5 | -6.1 | 6.5  | 463 bps | -799 bps |
| Net Margin       | -1.6 | -8.0 | 6.3  | 637 bps | -794 bps |

## Rating Summary and Forecasts

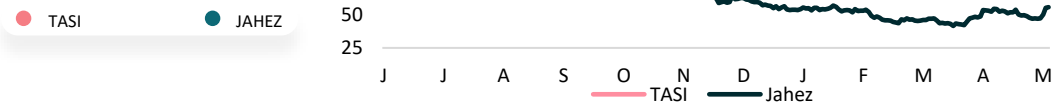
### Rating Summary

|                       |             |
|-----------------------|-------------|
| Rating                | HOLD        |
| Market Price          | 14.0        |
| 12-month Target Price | 15.4        |
| Upside / Downside     | 9.8%        |
| Mkt Cap (SAR mn)      | 2,942.0     |
| 52 week High/Low      | 28.46/10.72 |

### Forecasts

|                     | 12/25 A | 12/26 E | 12/27 F | 12/28 F |
|---------------------|---------|---------|---------|---------|
| Net Income (SAR mn) | 58      | 160     | 205     | 269     |
| PER (x)             | 50.8    | 18.4    | 14.3    | 11.0    |
| PBV (x)             | 2.1     | 1.9     | 1.8     | 1.6     |
| EPS (SAR)           | 0.3     | 0.8     | 1.0     | 1.3     |
| DPS (SAR)           | 0.0     | 0.0     | 0.0     | 0.0     |
| RoE (%)             | 4.1     | 10.5    | 12.3    | 14.5    |
| Dividend Yield (%)  | 0.0     | 0.0     | 0.0     | 0.0     |

### Price Chart



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- Total operating expenses surged 96.2% Y/Y to SAR 179.9mn, predominantly due to three factors: Snoonu's full cost base consolidation, KSA marketing investment, and Marn's ECL charge. Marketing and advertising expenses increased 105% Y/Y to SAR 90.8mn, as the company invested for customer reactivation and retention. KSA platform opex increased 31.7% Y/Y to SAR 83.8mn while non-KSA adds SAR 73.2mn to opex (vs. SAR 11.4mn in 1Q25). G&A expenses rose 81.8% Y/Y to SAR 58.9mn. R&D expenses grew 84.4% Y/Y to SAR 22.5mn. ECL charge was SAR 7.7mn (vs. SAR 2.7mn in 1Q25) largely due to Marn.
- Operating loss was SAR 9.3mn versus operating profit of SAR 34.3mn in 1Q25. Group adj. EBITDA declined 14.7% Y/Y to SAR 43.6mn but improved 4.1% Q/Q, and is tracking close to management's full-year guidance. By segment: KSA EBITDA of SAR 30.0mn (margin 7.6%) declined 43.6% Y/Y. Non-KSA EBITDA turned positive to SAR 12.2mn (margin 4.0%) from a loss of SAR 1.9mn in 1Q25. Logi EBITDA grew 88.9% Y/Y to SAR 8.5mn (margin 8.1%, +410bps Y/Y). While, other activities' EBITDA loss deepened to SAR -7.2mn (vs. -4.8mn in 1Q25).
- Depreciation and Amortization surged 2.3x Y/Y to SAR 43.3mn. Finance income shrunk 93% Y/Y to SAR 0.8mn as the cash balance halved Y/Y to SAR 511mn. Finance cost rose to SAR 4.2mn (from SAR 0.9mn in 1Q25). Zakat was SAR 0.12mn (vs. SAR 5.3mn in 1Q25), reduced on the lower cash leading to lower zakat base. Share of profit from equity-accounted investees contributed SAR 1.1mn (vs. a loss of SAR 0.7mn in 1Q25). Group net loss was SAR 11.7mn. Loss attributable to shareholders was SAR -9.2mn (vs. profit of SAR 35.3mn in 1Q25).
- Cash increased SAR 82.3mn Q/Q, supported by strongly positive operating cash flow. Total debt was SAR 161.2mn, broadly stable. Operating cash flow swung to SAR 157.1mn (vs. negative SAR 47.9mn in 1Q25), driven by working capital improvement of SAR 169mn (proceeds due to customers +SAR 47.7mn; accrued expenses +SAR 55.3mn; trade payables +SAR 14.8mn), more than offsetting the SAR 11.5mn net loss. There was a build-up in customer wallet balances with proceeds due to customers of SAR 320.3mn (up SAR 47.7mn Q/Q), which grows with GMV, and provides working capital cushion.

## Investment Thesis

- *In 1Q26, despite delivery revenue pressure, the KSA gross margin improved 160bps Y/Y to 26.5% as the revenue mix shifts toward commissions and advertising, both higher-margin than delivery fees. Marketing costs are front-loaded investment, with 2H26 targeted as the recovery window as competitor promotional intensity softens, delivery fee economics gradually stabilize, and higher-quality engagement layers (UI upgrade, Noon partnership, Qitaf/Mokafaa loyalty integrations) scale further.*
- *The Snoonu is positively impacting, with non-KSA EBITDA of SAR 12.2mn in 1Q26 (vs. a SAR 1.9mn loss in 1Q25). Snoonu is growing fast, Qatar GMV grew 67.5% Y/Y, and the Qatari regulatory removal of both commission and delivery fee caps is directly accretive to Snoonu's revenue and margin going forward. Snoonu soft launched in Kuwait on May 12'26 as a multi-vertical super-app, leveraging Jahez's existing merchant/logistics infrastructure. Oman and Bahrain launches are targeted for 2H26. Snoonu's differentiated technology stack including AI-powered personalization, multi-vertical architecture, and gamified loyalty, positions it as a broader platform than some single-vertical food delivery competitors.*
- *Logi's EBITDA grew 88% Y/Y to SAR 8.5mn at 40% of Jahez platform volume. Medium-term target of 60% of group orders will offer further cost efficiency advantage as in-house delivery reduces per-delivery costs by 10-20%. Logi is also beginning external B2B discussions during off-peak capacity, which could represent an incremental revenue opportunity.*
- *Marn's repositioning to higher-quality merchant cohorts is the right medium-term move but creates near-term P&L drag. Jahez wrote off SAR 13.1mn of trade receivables in 1Q26, which likely relate to Marn. The write-offs show ongoing credit-quality cleanup. Company is pursuing Marn's GCC expansion via the Snoonu platform, which can make it a meaningful merchant ecosystem revenue contributor.*
- *We maintain TP at SAR 15.40. However, following recent price appreciation, we downgrade our rating to HOLD from BUY. The FY26 guidance of SAR 200-220mn adj. EBITDA requires 2H26 recovery. This we opine is achievable as KSA delivery fee economics stabilize gradually as competitive intensity softens and marketing opex may revert toward more normal levels. Furthermore, non-KSA EBITDA will likely grow sequentially on the back of Qatar fee cap removal and Kuwait ramp. Fwd PE multiple of 18x reflects is broadly in line with the market multiple reflecting continued investor concern regarding competition, with management continuing to suggest in calls that regulatory action could occur. This represents short term upside risk, while over the medium term we see Snoonu acquisition as significantly adding to Jahez's technology stack and ability to quickly enter new market segments.*

## Rating and Risks

We are HOLD rated on JAHEZ and 12-month target price is SAR 15.4. Upside risks include faster-than-expected KSA delivery fee normalization, Snoonu international exceeding early-stage contribution targets, Logi attaining higher volume capture, Noon partnership driving grocery GMV above expectations and advertising and commission revenue mix shift continuing on KSA platform. Downside risks include prolonged KSA competitive intensity, Marn credit losses accelerating beyond current provisioning, and any Snoonu related intangible impairment charges (goodwill of SAR 1.07bn).

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## Rating Framework

### Buy

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

### Hold

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

### Sell

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

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