



# Management Discussion & Analysis

13 February 2026



**Lulu Retail reports preliminary FY 2025 results**  
**Records 4.1% revenue growth in 2025 to \$7.9bn (AED29.1 bn)**  
**Declares H2 dividend of \$98.4 million (AED361.5 million, 3.5 fils per share)**  
**20 new stores opened**

Lulu Retail Holdings PLC (“Lulu” or the “Company”), the largest pan-GCC full-line retailer announced its preliminary and unaudited financial results for the three month and twelve month periods ended 31 December 2025 (“Q4 2025” and “FY 2025”).

### Key highlights

- FY 2025 revenue grew 4.1% year-on-year, supported by LFL growth of 2.3% during the period. Growth was primarily driven by strong performance in the Fresh category. Together with favourable consumption trends and continued e-commerce demand, this resulted in higher volumes. In Q4 2025, revenue totalled \$1.9 billion, up 2.4% year-on-year
- FY 2025 EBITDA totalled \$782.2 million, with margins at 9.9%. In Q4 2025, EBITDA totalled \$183.9 million, with a margin of 9.5%, reflecting a slight movement in gross margin and higher operating expenses in selected categories
- Net profit totalled \$204.5 million in FY 2025
- Lulu continued to capture the structural shift toward digital channels, with e-commerce growing 51.8% year-on-year in Q4 2025 and 38.6% year-on-year for FY 2025, further strengthening its omni-channel proposition
- Higher-margin private label products remained in demand, with penetration increasing to 29.8% of retail sales in FY 2025, compared to 29.6% in FY 2024
- The Happiness loyalty programme expanded to 8.4 million members, with more than two-thirds of sales tracked to members, enhancing customer engagement and data-led execution
- For H2 2025, the Board of Directors has recommended a dividend of \$98.4 million, equivalent to 3.5 fils per share, reflecting Lulu Retail’s commitment to delivering shareholder returns while maintaining financial flexibility to support future growth. This brings the total FY 2025 dividend to \$196.9 million, or 7 fils per share
- Lulu is investing into the future, shaping the retail business for the years to come
- Lulu is pleased to confirm its 2026 guidance provided at Q3 2025

**Saifee Rupawala, Chief Executive Officer of Lulu Retail, commented:** *“We are pleased to report our 2025 results. The year concluded with 20 new store openings, taking our total to 267 stores and delivering record revenue of almost \$8 billion. Our existing portfolio and growing e-commerce presence positions us to continue our disciplined expansion strategy across the GCC. Our high cash generation and confidence in the outlook allows us to propose a H2 dividend of 3.5 fils per share, taking the total to 7 fils per share for 2025. This offers an attractive yield to shareholders who we thank for their continued support.”*

## Operational highlights

### Store network

Lulu Retail continued to expand its store footprint in 2025, making good progress on its strategic growth pillar, having opened a total of 20 new stores in FY 2025. This was supported by the launch of seven new stores in Q4 2025 alone, made up of two hypermarkets, four express stores, and one mini market, adding a total of 23,498 square meters of selling space.

Over the twelve month period, Lulu opened a total of six hypermarkets, 11 express stores and three mini markets, increasing total selling space by 5.6% year-on-year to 1.38 million square meters. Approximately 70% of Lulu stores opened in FY 2025 are express and mini market format, in line with evolving customer preferences. During FY 2025, three stores (two express and one mini market) were closed.

As at the end of December 2025, Lulu operated a total of 123 hypermarkets, 118 express stores and 26 mini markets. New store rollouts remain a key focus for Lulu, particularly in UAE and KSA which are expected to account for two thirds of new openings between 2026 and 2028.

	As at 31 December 2025	As at 31 December 2024
UAE	116	107
KSA	65	59
Oman	32	32
Qatar	24	24
Kuwait	17	16
Bahrain	13	12
<b>Total Store Network</b>	<b>267</b>	<b>250</b>

### Loyalty

Lulu's Happiness loyalty program continued to gain strong traction throughout the year, expanding across all GCC countries and reaching approximately 8.4 million members by the end of 2025. This is a remarkable achievement following its launch in January 2023 and compared to 5.5 million members at the end of 2024. The program has been instrumental in enhancing customer loyalty and spending with materially higher average basket size compared to non-loyalty customers. Approximately 67% of revenue was linked to loyalty members for the year 2025. Lulu remains focused on leveraging loyalty data to increase customer retention across its existing stores, with the Happiness program providing valuable data insights that are driving sales and targeted promotions.

### Strategic developments, market outlook and capital allocation

Digital capabilities were strengthened through the rollout of quick commerce services across GCC markets, offering 45–90-minute delivery. Lulu also signed strategic MOUs with suppliers, government entities and developers to support sourcing capabilities and future expansion. The Company advanced sustainability initiatives through the use of biodiesel-powered vehicles and solar panel installations at selected stores.

The GCC retail sector is expected to remain resilient, supported by population growth, tourism activity and stable underlying demand, despite a competitive and value-conscious environment in some markets. Sector growth is increasingly driven by operational efficiency, omni-channel capability and effective customer engagement. Lulu's diversified regional presence and value-focused proposition position the Company to sustain growth while maintaining competitiveness.

The regional economic outlook remains stable, underpinned by government spending and infrastructure investment, although global uncertainties and cautious consumer sentiment persist. Inflation has moderated relative to prior periods, but cost and interest rate dynamics continue to influence spending patterns. In this environment, disciplined cost management and scale advantages remain critical to performance.

Capital expenditure during FY25 amounted to approximately US\$134.1 million, primarily directed toward new store openings. In 2026 the Company expects to open between 18 and 20 new stores, with projected capital expenditure of approximately 1.2% to 1.5% of sales. Planned investments remain aligned with the Company's capital allocation framework and growth strategy.

During the year, the Company continued to make progress with its growth initiatives. These included network expansion, operational efficiency enhancements, digital development and private label growth. These initiatives were implemented in line with the strategic priorities and continue to support long-term value creation.

## Financial highlights

### Group revenue

Lulu Retail delivered solid revenue growth in Q4 2025, with revenue reaching \$1.9 billion in the period, up 2.4% year-on-year. FY 2025 revenue increased by 4.1% year-on-year to \$7.9 billion, with revenue growth driven by particularly strong performance in UAE and Kuwait, alongside broad-based growth across key product categories. The Fresh segment grew by 3.5% year-on-year in Q4 2025 and 6.4% in FY 2025. The growth was underpinned by favourable consumption patterns and stronger e-commerce demand leading to uptick in volumes.

Omni-channel remains a key focus area for Lulu, with e-commerce sales increasing to \$451.1 million in FY 2025, growing by 38.6% year-on-year. E-commerce sales increased by 51.8% year-on-year in Q4 2025, a continuation of the strong growth momentum seen throughout the year. E-commerce sales now represent 6.0% of total retail revenue.

In Q4 2025, Lulu's higher-margin private label products category continued to have steady performance with \$549.2 million in retail sales contribution. Private label penetration stood at 29.8% in Q4 2025 compared to 30.8% in Q4 2024. For the full year, private label products contributed 29.8% of total retail revenue vs 29.6% in FY 2024.

Like-for-like (LFL) sales contributed \$180 million in FY2025, up 2.3% year-on-year, with growth



supported by initiatives to boost footfall and Lulu’s strong focus on optimizing the product mix across stores to align with customer preferences alongside a strong uptick in private label revenue and e-commerce sales. Q4 2025 LFL sales remained relatively resilient, down 1.1% year-on-year, mainly attributable to temporary softness in Electrical and Lifestyle categories and moderated performance in KSA and Oman.

### EBITDA

The Company reported FY 2025 EBITDA of \$782.2 million, delivering a margin of 9.9%. Operational efficiencies helped offset a modest movement in gross margin. Profitability reflects continued investment in new store openings and expanded aggregator partnerships, supporting long-term growth.

Lulu’s EBITDA performance in FY 2025 was supported by its improved product mix and an increase in sales across higher-margin categories, including private label products. Lulu’s private label products span across fresh food, consumer packaged goods, lifestyle products, and electrical goods.

Q4 2025 EBITDA totaled \$183.9 million, with an EBITDA margin of 9.5%, compared to 11.6% in Q4 2024. EBITDA was primarily impacted by additional staff costs and rent from new stores and increased aggregator commission payments.

### Market Highlights

Revenue \$m	Twelve month period ended 31 December			Three month period ended 31 December		
	2025	2024	%Δ	2025	2024	%Δ
UAE	2,920	2,745	+6.4%	721	682	+5.7%
KSA	1,518	1,478	+2.7%	361	370	(2.3%)
Oman	1,189	1,176	+1.1%	284	290	(1.9%)
Qatar	1,122	1,099	+2.1%	282	282	+0.1%
Kuwait	696	661	+5.4%	173	159	+8.8%
Other	489	462	+5.9%	118	111	+6.3%
<b>Lulu Retail</b>	<b>7,934</b>	<b>7,621</b>	<b>+4.1%</b>	<b>1,940</b>	<b>1,894</b>	<b>+2.4%</b>

- **UAE:** Revenue grew 5.7% in Q4 2025 and 6.4% in FY 2025, driven by strong LFL growth during FY 2025. This was led by strong growth in fresh food and electrical goods. The segment reported adjusted EBITDA of \$89.7 million in Q4 2025 and \$357.5 million for FY 2025.
- **KSA:** During Q4 2025, the CPG and Fresh departments delivered strong growth; however, this was offset by softer electrical goods sales, resulting in 2.3% lower revenue. Despite this, customer numbers continued to rise, supported by strong Lulu e-commerce traffic. For FY 2025, revenue increased +2.7% year-on-year, driven by resilient performance in CPG and Fresh categories, partially offset by market-driven softness in lifestyle and electrical goods.

New store additions further contributed to top-line growth. The segment reported adjusted EBITDA of \$11.4 million in Q4 2025 and \$70.7 million for FY 2025.

- **Oman:** In Q4 2025, the market continued to show resilience, with volumes remaining stable and customers increasingly prioritizing value focused choices. While average basket values moderated due to this shift — particularly within the supermarket division — the business maintained steady throughput levels. The Electrical and CPG categories saw softer performance during the quarter, but this was partially balanced by stable overall volumes. For FY 2025, Oman delivered 1.1% revenue growth, supported by strong electrical goods performance during the first nine months and consistent momentum in the wholesale segment. The segment reported adjusted EBITDA of \$32.9 million in Q4 2025 and \$132.4 million for FY 2025, reflecting healthy profitability and disciplined operational choices.
- **Qatar:** Delivered steady revenue growth of 2.1% year-on-year in FY 2025, supported by positive LFL across most categories. In Q4 2025, revenue grew marginally by 0.1%, reflecting resilient demand in the CPG segment and higher sales volumes. This growth was partially offset by softer performance in Electrical and Lifestyle categories. The Company observed increased customer footfall during the quarter. The segment reported adjusted EBITDA of \$33.0 million in Q4 2025 and \$133.0 million for FY 2025.
- **Kuwait:** Delivered strong revenue growth of 8.8% year-on-year in Q4 2025, driven primarily by robust supermarket performance, which accounted for approximately 72% of the growth during the quarter. E-commerce penetration remains high, supported by aggregator platforms. The segment reported adjusted EBITDA of \$26.8 million in Q4 2025 and \$98.9 million for FY 2025.
- **Other operating segments:** Mainly comprise of retail operations in Bahrain and 19 on-the-ground sourcing centers. The Bahrain retail operation showed steady performance in 2025, with revenue increasing by 1.6% year-on-year.

### Net profit

The Company delivered net profit of \$204.5 million in FY 2025, maintaining a healthy net profit margin of 2.6%. The modest year-on-year movement of 0.26% primarily reflects changes at the EBIT margin level. However, this was partially mitigated by lower interest expenses. While the Company experienced modest margin compression in 2025, the underlying profitability of its business model remains robust and 2026 guidance provides for net profit margin expansion.

### Capital expenditure

Capital expenditure totaled \$134.1 million in FY 2025, representing 1.7% of total revenue compared to \$136.8 million, or 1.8% of revenue in FY 2024. The lower capital expenditure reflects Lulu's transition to an asset-light model, which requires lower capital investment.

### Cash flow and balance sheet

Cashflow totalled \$648.0 million in FY 2025, reflecting a healthy cash conversion ratio of 82.9% which improved 0.23% compared to FY 2024. The strong performance was driven primarily by lower capex during the year, despite EBITDA being marginally lower compared to last year. Cash conversion was further aided by lower capital expenditure in FY 2025, where c.70% of stores opened in the year were smaller express and mini market formats.

The Company's balance sheet remains stable and able to fund future growth as well as shareholder distributions. Net debt decreased slightly through the year to close at \$2.5 billion at year end. This equates to a net debt/EBITDA position of 3.2x on an IFRS 16 basis and 1.1x excluding lease liabilities, down from 1.3x and the end of the previous year.

### **Dividend**

Lulu's Board of Directors has proposed a dividend of 0.95 cents (3.5 fils) per share for H2 2025, subject to shareholder approval at the upcoming Annual General Meeting (AGM). This represents a payout of \$98.4 million. For the full year, this aggregates to an annual dividend of \$196.9m (7 fils per share).

The strong financial results achieved in FY25, underpinned by healthy cashflows and disciplined capital management, have enabled the Board to recommend this payout. Going forward, Lulu remains committed to its dividend policy of 75% of annual distributable profit after tax, paid semi-annually. The policy reflects the company's commitment to shareholder returns while ensuring sufficient retained earnings to support future growth and operational resilience.

### **Guidance**

The company was pleased to achieve its 2025 guidance provided at the time of Q3 2025 results. For 2026, the company confirms its guidance remains unchanged:

- 4-5% revenue growth
- Flat EBITDA margin
- 10% growth in net profit
- Opening of 18 – 20 new stores.

### **Continued progress on strategic growth pillars**

Lulu's growth strategy is focused on four key pillars: enhancing its existing store network, expanding its store network, driving operational efficiencies and delivering revenue upside through private label and loyalty program expansion. The FY 2025 operational and financial performance is evidence of Lulu's strong operating model and the Company's continued progress on its strategic growth pillars. Lulu remains confident in delivering on its 2026 expectations, reinforcing its position as a growth-oriented, customer-centric market leader.

### **Earnings conference call**

Lulu Retail will host an earnings conference call followed by a Q&A session for investors and analysts on Monday 16<sup>th</sup> February 2026, at 3:30 pm UAE time. Interested parties can join the call by clicking [here](#).

## Summary financials

### Income Statement

\$'000	Q4 2025	Q4 2024	FY 2025	FY 2024
Revenue	1,939,983	1,894,089	7,933,970	7,620,802
Cost of Revenue	(1,499,054)	(1,451,132)	(6,111,134)	(5,855,917)
Gross profit	440,929	442,957	1,822,836	1,764,885
Other operating income	69,203	75,297	302,553	299,869
Operating Expenses	(423,364)	(394,749)	(1,731,157)	(1,656,799)
Finance cost, net	(39,008)	(52,651)	(162,201)	(169,375)
Profit before tax from continuing operations	47,760	70,854	232,031	238,580
Income tax expense	(6,148)	(6,109)	(27,499)	(22,300)
<b>Profit for the period from continuing operations</b>	<b>41,612</b>	<b>64,745</b>	<b>204,532</b>	<b>216,280</b>
Profit from discontinued operations	-	-	-	32,916
<b>Net profit for the period</b>	<b>41,612</b>	<b>64,745</b>	<b>204,532</b>	<b>249,196</b>

### Cash Flow Statement

\$'000	FY 2025	FY 2024
<b>Cash and cash equivalents at beginning of the period</b>	346,208	278,870
Net cash generated from operating activities	596,362	358,129
Net cash used in investing activities	(130,235)	(136,753)
Net cash used in financing activities	(484,091)	(151,386)
Effects of foreign exchange rate changes	1,299	(2,652)
<b>Cash and cash equivalents at end of the period</b>	<b>329,543</b>	<b>346,208</b>

### Balance Sheet

\$'000	As at 31 December 2025	As at 31 December 2024
Non-current assets	3,216,710	3,204,281
Current assets	2,223,399	2,246,231
<b>Total assets</b>	<b>5,440,109</b>	<b>5,450,512</b>
Total equity, net	1,004,763	992,856
Total non-current liabilities	2,007,078	1,935,726
Total current liabilities	2,428,268	2,521,930
Total liabilities	4,435,346	4,457,656
<b>Total equity and liabilities</b>	<b>5,440,109</b>	<b>5,450,512</b>



## About Lulu Retail

Founded in 1974, Lulu Retail, together with its subsidiaries, is the largest pan-GCC full-line retailer by selling space, sales and number of stores, operating 272 hypermarket, express and mini market stores across the six GCC countries, as of 13 February 2026. The Group also operates a growing e-commerce presence through its mobile app, webstore and partner channels. To serve more than 680,000 daily shoppers from 130 nationalities every day, the Group sources products from 85 countries, enabled by an on-the-ground sourcing presence in 19 countries. The Group's strong brand recognition and trust among consumers in the GCC is enabling the growth of its existing stores, expansion of its store network and elevated loyalty across its customer base.

### **Investor Relations enquiries**

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**Cautionary statement regarding forward-looking statements**

Nothing in this document is intended to be or should be construed as a profit forecast. Any statements made in this document that may be considered “forward-looking” are based upon various assumptions, including, management’s review of historical operating trends, information contained in the Company’s records and other data obtained from third parties. Although the Company believes that these assumptions were reasonable when made, they are inherently subject to significant risks, uncertainties and contingencies. Forward-looking statements are not guarantees of future performance. Risks, uncertainties, contingencies could cause the actual results of operations, financial condition and liquidity of the Company to differ materially from those results expressed or implied in the document by such forward-looking statements.

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Authorised Signatory

A handwritten signature in black ink, appearing to be "Saifuddin", written over a horizontal line.

Saifuddin Rupawala  
Chief Executive Officer & Director