



# Management Discussion & Analysis

11 May 2026



**Lulu reports Q1 2026 results**  
**Records \$2.0bn in revenue (AED7.4 bn)**  
**11 new stores opened**

Lulu Retail Holdings PLC (“Lulu” or the “Company”), the largest pan-GCC full-line retailer announced its financial results for the three month ended 31 March 2026 (“Q1 2026”).

**Key highlights**

- Q1 2026 revenue of \$2.0bn (-2.9% year-on-year), with solid growth in January and February offset by a slowdown in March, primarily driven by weaker non-food demand amid evolving geopolitical conditions
- The Company recorded gross profit of \$449m, EBITDA of \$192m, and net income of \$47m, reflecting weakness in non-food categories in March but partially mitigated by cost discipline across operations
- Proactive contingency planning ensured uninterrupted operations throughout the quarter, with all stores remaining open and fully stocked
- 11 new stores were opened during Q1 2026, in line with the planned rollout strategy and the Company remains on track to deliver its full-year target of 18-20 new stores
- New openings are focussed on Express format, which offers a capital-light expansion model, faster ramp-up and improved returns
- E-commerce momentum accelerated with sales reaching \$150m, +61% year-on-year and reaching 7.9% of retail sales. Performance supported by ongoing omni-channel enhancements and improved fulfilment capabilities
- Private label penetration increased by nearly 1% to 30.2% of retail sales, driven by strong customer preference for value-oriented offerings whilst benefitting overall margin mix
- A renewed focus on the Happiness loyalty programme drove further engagement, with linked sales reaching c.70% in Q1 2026, supported by the addition of 610k new members during the quarter
- In light of the evolving geopolitical environment, the Company is reviewing its 2026 guidance and will provide an update in due course

**Saifee Rupawala, Chief Executive Officer of Lulu, commented:** *“We are proud to have served our customers throughout a difficult period of time. The fact that our stores have all remained open for business and well stocked is testament to the hard work of our staff alongside support across the six GCC countries. The year started well, but some slowdown in department stores was seen in March. Nevertheless we have been able to open 11 new stores and are confident that we have the platform and offering for our customers which will deliver growth as trading conditions normalise.”*

## Operational highlights

### Store network

Lulu continued to expand its store footprint in Q1 2026. 11 new Express stores were opened with six in the UAE, two in KSA, two in Kuwait and one in Oman, adding 20,153 square meters of selling space.

The Group's expansion remains focused on the Express format, which supports a more capital-efficient and scalable growth model. Total retail selling space increased by 1.5% during the quarter to 1.405 million square meters as of 31 March 2026. At the end of Q1 2026, Lulu operated 123 Hypermarkets, 129 Express and 25 Mini Markets. One Mini Market in the UAE (227 sqm) was closed during the quarter following a business review.

New store rollouts are expected to remain weighted towards UAE and KSA, which continue to offer growth opportunities for the medium term.

	As at 31 March 2026	As at 31 December 2025
UAE	121	116
KSA	67	65
Oman	33	32
Qatar	24	24
Kuwait	19	17
Bahrain	13	13
<b>Total Store Network</b>	<b>277</b>	<b>267</b>

### Loyalty

Lulu's Happiness loyalty programme continued to gain traction in Q1 2026, expanding across GCC markets and reaching approximately 9 million members. The programme remains a key driver of customer engagement.

Loyalty-linked sales increased to c.70% during the quarter, reflecting strong adoption and continued focus on targeted promotions and data-driven customer engagement. Lulu remains focused on leveraging loyalty insights to drive retention and enhance spending across its store network and online.

### Strategic progress

In addition to store openings, e-commerce remains a key growth driver. Sales increased 61% year-on-year to \$150 million, representing 7.9% of retail sales (up 315 basis points). Growth was led by Lulu's own platforms, with transaction volumes broadly doubling following app and website enhancements.

The Company also progressed its productivity and efficiency agenda, delivering cost benefits across operations. Operating costs declined in mature stores, keeping overall operating expense growth (excluding depreciation) to 1.1% year-on-year.

## Financial highlights

### Group revenue

Revenue for Q1 2026 declined 2.9% year-on-year to \$2,020 million. Trading in January and February was in line with expectations. However, performance softened in March, primarily due to weaker non-food demand. Revenue in the quarter was supported by 11 new store openings alongside strong e-commerce growth.

Sales performance across categories was mixed. Consumer Packaged Goods and Fresh Food delivered year-on-year growth, while Lifestyle declined modestly and Electrical recorded a sharper contraction, largely concentrated in March.

E-commerce momentum continued to accelerate, with sales rising 61% year-on-year to \$150 million, representing 7.9% of retail sales (+315 basis points year-on-year). Growth was driven by the Company's own channels, which continue to outperform aggregators. Transaction volumes broadly doubled year-on-year, supported by the refreshed app and website. The Company will continue to scale omnichannel fulfilment, expand non-food categories online and introduce AI-led personalisation.

The softer trading environment supported increased demand for private label products, with penetration rising to 30.2% (+1% year-on-year). This shift towards value offerings contributed positively to gross margin performance during the quarter.

### EBITDA

EBITDA for Q1 2026 totalled \$192 million. Despite the impact of new store openings, operating expenses (excluding depreciation) increased by only 1.1% year-on-year, reflecting continued cost discipline and efficiency initiatives across the business. Notably, the existing store base benefited from optimisation, centralisation and process related initiatives.

### Market Highlights

Revenue \$m	Three month period ended 31 March 2026		
	Q1'26	Q1'25	%Δ
UAE	754	742	+1.7%
KSA	364	410	(11.3%)
Oman	298	322	(7.5%)
Qatar	292	304	(4.0%)
Kuwait	186	171	9.0%
Other	126	131	(4.3%)
<b>Lulu Retail</b>	<b>2,020</b>	<b>2,080</b>	<b>(2.9%)</b>

- **UAE:** Revenue grew 1.7% year-on-year, supported by CPG and Fresh Food, before moderating in March. Gross profit and EBITDA margins declined slightly due to pressure in Electrical and Lifestyle, whilst operating expenses remained stable.

- **KSA:** Revenue declined 11.3% year-on-year, driven by weakness in non-food, particularly Electrical. Gross margin improved on cost initiatives, while EBITDA margin declined due to lower sales and reduced supplier support.
- **Oman:** Revenue declined 7.5% year-on-year, impacted by weaker non-food. Gross margin improved slightly, while EBITDA margin declined due to lower revenue and higher costs.
- **Qatar:** Revenue declined 4.0% year-on-year, with Food growth offset by non-food weakness. Gross and EBITDA margins improved, supported by better supplier terms and disciplined pricing.
- **Kuwait:** Revenue grew 9.0% year-on-year, driven by strong CPG and Fresh Food demand. Margins declined due to mix pressures and higher aggregator-related costs.
- **Others:** Revenue trends were mixed. Margins saw slight pressure, partly offset by cost control measures.

### **Net profit**

The Company reported net income of \$47 million in Q1 2026. While trading was in line with expectations in January and February, the slowdown in March resulted in an overall decline in profitability for the quarter. Despite this, the underlying business model remains resilient, supported by disciplined cost management and a balanced category mix.

### **Capital expenditure**

Capital expenditure remained stable in Q1 2026, with capex at 1.3% of revenue, in line with the prior period.

### **Cash flow and balance sheet**

The Company's balance sheet remains strong, supporting both shareholder distributions and resilience in a challenging operating environment. Working capital improved over the quarter, contributing to overall cash flow performance.

Net debt decreased slightly compared to year-end, with higher lease liabilities offset by lower financial debt. Net debt stood at \$2.5 billion, representing a net debt/EBITDA ratio of 3.3x on an IFRS 16 basis and 0.9x excluding lease liabilities, compared to 1.1x at the end of the last reported period.

### **Guidance**

After careful consideration, in light of evolving geopolitical situation, the Company has decided to put its 2026 full year guidance under review. However, it confirms the store opening plan is on track.



**Earnings conference call**

Lulu Retail will host an earnings conference call followed by a Q&A session for investors and analysts on Tuesday 12<sup>th</sup> May 2026, at 4:30 pm UAE time. Interested parties can join the call by clicking [here](#).

## Summary financials

### Income Statement

\$'000	Q1 2026	Q1 2025
Revenue	2,020,067	2,080,326
Cost of Revenue	(1,570,894)	(1,615,805)
Gross profit	449,173	464,521
Other operating income	78,749	80,290
Operating Expenses	(432,108)	(426,264)
Finance cost, net	(42,354)	(40,045)
Profit before tax from continuing operations	53,460	78,502
Income tax expense	(6,664)	(8,804)
<b>Net profit for the period</b>	<b>46,796</b>	<b>69,698</b>

### Cash Flow Statement

\$'000	Q1 2026	Q1 2025
<b>Cash and cash equivalents at beginning of the period</b>	<b>329,543</b>	<b>346,208</b>
Net cash generated from operating activities	201,869	266,576
Net cash used in investing activities	(25,153)	(25,192)
Net cash used in financing activities	(88,941)	(100,492)
Effects of foreign exchange rate changes	(3,122)	(22)
<b>Cash and cash equivalents at end of the period</b>	<b>414,196</b>	<b>487,078</b>

### Balance Sheet

\$'000	As at 31 March 2026	As at 31 December 2025
Non-current assets	3,311,294	3,216,710
Current assets	2,383,269	2,223,399
<b>Total assets</b>	<b>5,694,563</b>	<b>5,440,109</b>
Total equity, net	1,055,773	1,004,763
Total non-current liabilities	2,103,823	2,007,078
Total current liabilities	2,534,967	2,428,268
Total liabilities	4,638,790	4,435,346
<b>Total equity and liabilities</b>	<b>5,694,563</b>	<b>5,440,109</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 277 hypermarket, express and mini market stores across the six GCC countries, as of 31 March 2026. The Group also operates a growing e-commerce presence through its mobile app, webstore and partner channels. To serve more than 690,000 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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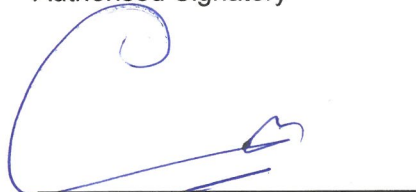
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### Cautionary statement regarding forward-looking statements

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.

No representation or warranty is given that any forward-looking statement or forecast will be achieved. Accordingly, no reliance should be placed on any forward-looking statements contained in this document.

Authorised Signatory

A handwritten signature in blue ink, consisting of a large, stylized loop followed by a horizontal line and a small flourish at the end.

Saifuddin Rupawala  
Chief Executive Officer & Director