LuLu RETAIL

Q3 2026

MANAGEMENT DISCUSSION & ANALYSIS

5 NOVEMBER 2026

LuLu Retail Holdings PLC



Lulu reports Q3 2026 results
Revenue increased 2.0% to $1.9bn (AED7.1bn)
Five new stores opened
E-commerce sales increased 53% year-on-year

Lulu Retail Holdings PLC ("Lulu" or the "Company"), the largest pan-GCC full-line retailer, announced its financial results for the three-month period ended 30 September 2026 ("Q3 2026").

Key highlights

- Q3 2026 revenue increased 2.0% year-on-year to $1.94bn, supported by new store openings and continued e-commerce growth.
- The Company recorded gross profit of $444m, EBITDA of $175m and net income of $29m. Profitability was supported by disciplined operating expenses despite input cost pressures and limited pricing pass-through.
- Food sales grew year-on-year in every month of Q3 2026. Non-food performance trends improved compared with Q2 2026.
- Capital expenditure for 9M 2026 totalled $78m, or 1.3% of sales, compared with $83m and 1.4% of sales in the prior-year period.
- Five new stores opened in Q3 2026, comprising two Hypermarkets, two Express stores and one Mini Market, bringing year-to-date openings to 22.
- E-commerce sales reached $177m in Q3 2026, increasing 53% year-on-year and accounting for 9.7% of retail sales. Sales through Lulu's own platform more than doubled year-on-year.
- Private label sales and Happiness loyalty-linked sales remained resilient, reflecting continued progress in key strategic initiatives.

Saifee Rupawala, Chief Executive Officer of Lulu, commented: *"Although uncertainty remains, I am pleased to see that trading conditions have continued to normalise. Revenue growth in Q3 is encouraging and this gives us optimism as we go into Q4 and next year. From a strategy perspective, tight focus on operating expenses has ensured the Company remains profitable. This has included a reduction in costs at our existing stores. Ongoing strategic initiatives include rapid e-commerce expansion where sales on our own platform have more than doubled year-to-date. This combined with new store openings positions us to continue growing in the years ahead."*

Operational highlights

Store network

Lulu further strengthened its retail network during Q3 2026 with the addition of five new stores, comprising two Hypermarkets, two Express stores and one Mini Market. Of these openings, two were located in KSA and one each in UAE, Oman and Kuwait, contributing an additional 18,776 square metres of selling space. Year-to-date openings reached 22 stores. The Company has also identified a pipeline of further store openings between 2027 and 2031, weighted towards the earlier years of the period.

The Group continues to prioritise smaller-format stores as part of its expansion strategy, supporting a more capital-efficient, flexible and scalable growth model. Total retail selling space reached 1.427 million square metres as of 30 September 2026, representing a 1.3% increase during the quarter. At the end of Q3 2026, Lulu's store portfolio comprised 125 Hypermarkets, 132 Express stores and 31 Mini Markets.

Looking ahead, approximately one third of the identified 2027–2031 store pipeline is expected to be located in the UAE, particularly Abu Dhabi and Dubai and approximately one third in KSA, focused on western and central regions. The remaining third will be across other GCC markets. Over three quarters of planned openings are expected to be Express or Mini Market formats, with openings subject to the Company's required investment returns.

	As at 30 September 2026	As at 30 June 2026
UAE	124	123
KSA	73	71
Oman	34	33
Qatar	24	24
Kuwait	20	19
Bahrain	13	13
Total store network	**288**	**283**

Strategic progress

Lulu's food business remained resilient during Q3 2026, with food sales growing year-on-year in every month of the quarter. The Company continues to focus on customer value, assortment relevance, a stronger fresh food proposition and private label offerings. Its Happiness loyalty programme and digital channels remain important priorities for customer engagement, while replenishment, sourcing and inventory initiatives are designed to support availability and operational efficiency.

Non-food sales continued to be affected by weak consumer sentiment in Q3 2026, although trends improved compared with Q2 2026. Lulu remains focused on strengthening the relevance and availability of its non-food assortment, expanding digital channels and managing inventory and promotional activity with discipline. Alongside these initiatives, the Company continues to prioritise operating-cost control across its existing stores as it pursues profitable growth.

Despite the near-term margin pressures, the Company continues to pursue projects to grow revenue and margins longer term. The Group continues to advance its digital transformation and operational efficiency initiatives, with its supply chain forecasting and replenishment solution now deployed across over 80% of stores. Further opportunities for margin enhancement and revenue diversification are being pursued through operational optimisation, data monetisation and retail media.

Loyalty programme

Lulu's Happiness loyalty programme maintained strong momentum in Q3 2026, with membership reaching 10.0 million across the GCC. The platform continues to play an important role in strengthening customer relationships and engagement. Around 70% of sales during the quarter were linked to loyalty members, highlighting continued customer participation. Lulu continues to leverage loyalty data, personalised promotions and ecosystem partnerships to drive customer retention, increase spend and deepen engagement across channels.

Financial highlights

Group revenue

Revenue for Q3 2026 increased 2.0% year-on-year to $1,935 million. Food revenue grew year-on-year in each month of the quarter, while non-food sales continued to be impacted by weak consumer sentiment. Nevertheless, non-food performance trends improved compared with Q2 2026. Revenue also benefited from five new store openings and continued strong e-commerce growth.

E-commerce continued to deliver strong growth in Q3 2026. Sales increased 53% year-on-year to $177 million, accounting for 9.7% of retail sales which is +335 basis points year-on-year. The quarter growth rate was aligned to the year-to-date figure of +55%. Growth was led by Lulu’s own digital platform, where sales more than doubled year-on-year and continued to outpace sales growth through third-party aggregators. This performance reflects the ongoing shift towards online shopping and the Company’s continued focus on expanding its omnichannel offering.

Private label sales remained resilient in Q3 2026, with penetration reaching 30.2%. Together with the Happiness programme, private label remained an important driver of customer value and engagement.

EBITDA

EBITDA for Q3 2026 totalled $175 million. Gross profit was $444 million, with pressure from higher input costs and limited pricing pass-through. Disciplined cost management helped limit the increase in total operating expenses to 1.2% year-on-year. Operating costs across the mature store network declined modestly, with the overall increase in expenses primarily attributable to new store openings.

Market highlights

Revenue $m	Three-month period ended 30 September		
	Q3'26	**Q3'25**	**%Δ**
UAE	729	695	4.9%
KSA	342	366	(6.6%)
Oman	291	288	1.2%
Qatar	252	258	(2.3%)
Kuwait	188	171	9.9%
Other	133	118	12.4%
Lulu Retail	**1,935**	**1,896**	**2.0%**

- **UAE**: Revenue increased 4.9% year-on-year to $729 million, CPG and Fresh Food continued to perform strongly during the quarter, reflecting a continued recovery in consumer activity.
- **KSA**: Revenue declined 6.6% year-on-year to $342 million, driven by weakness in non-food.
- **Oman**: Revenue increased 1.2% year-on-year to $291 million, driven by strong performance in CPG and Fresh Food segment.
- **Qatar**: Revenue declined 2.3% year-on-year to $252 million, with food growth offset by non-food performance.
- **Kuwait:** Revenue increased 9.9% year-on-year to $188 million, supported by strong CPG and Fresh Food demand.
- **Others:** Revenue increased 12.4% year-on-year to $133 million driven by external sales from our sourcing centres.

Net profit

The Company reported net income of $29 million in Q3 2026, compared with $36 million in Q3 2025. Profitability was maintained despite input cost pressures and limited pricing pass-through, supported by disciplined cost management and lower operating costs across the mature store network.

Capital expenditure

Capital expenditure remained stable in Q3 2026, with capex at 1.4% of revenue compared with 1.5% in the same quarter last year. For the first nine months of 2026, capex totalled $78 million, or 1.3% of sales, compared with $83 million and 1.4% of sales in the prior-year period.

Cash flow and balance sheet

The Company's balance sheet remains strong and supports its operational and expansion priorities. Working capital increased during Q3 2026, primarily reflecting higher inventory levels following a strategic decision to invest in inventory.

Financial debt increased compared with the 2025 year-end position, reflecting higher working capital investment and the dividend payment during the quarter. Net debt stood at $2.77 billion, representing net debt/EBITDA of 3.8x on an IFRS 16 basis and 1.7x excluding lease liabilities.

Earnings conference call

Lulu Retail will host an earnings conference call followed by a Q&A session for investors and analysts on Friday, 6 November 2026, at 9:30 AM UAE time. Interested parties can join the call by clicking here.

Summary financials

Income statement

$'000	Q3 2026	Q3 2025
Revenue	**1,935,059**	**1,896,216**
Cost of Revenue	(1,491,550)	(1,447,304)
Gross profit	443,509	448,912
Other operating income	76,608	73,437
Operating Expenses	(445,583)	(440,315)
Finance cost, net	(40,563)	(42,098)
Profit before tax	33,971	39,936
Income tax expense	(4,874)	(3,979)
Net profit for the period	**29,097**	**35,957**

Cash flow statement

$'000	9M 2026	9M 2025
Cash and cash equivalents at beginning of the period	**329,543**	**346,208**
Net cash generated from operating activities	271,200	340,345
Net cash used in investing activities	(76,033)	(81,231)
Net cash used in financing activities	(237,192)	(344,113)
Effects of foreign exchange rate changes	(2,728)	289
Cash and cash equivalents at end of the period	**284,790**	**261,498**

Balance sheet

$'000	As at 30 September 2026	As at 31 December 2025
Non-current assets	3,276,856	3,216,710
Current assets	2,429,553	2,223,399
Total assets	**5,706,409**	**5,440,109**
Total equity, net	950,583	1,004,763
Total non-current liabilities	2,085,712	2,007,078
Total current liabilities	2,670,114	2,428,268
Total liabilities	4,755,826	4,435,346
Total equity and liabilities	**5,706,409**	**5,440,109**

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 288 Hypermarket, Express and Mini Market stores across the six GCC countries, as of 30 September 2026. The Group also operates a growing e-commerce presence through its mobile app, webstore and partner channels. To serve more than 669,000 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.

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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

Saifuddin Rupawala
Chief Executive Officer & Director