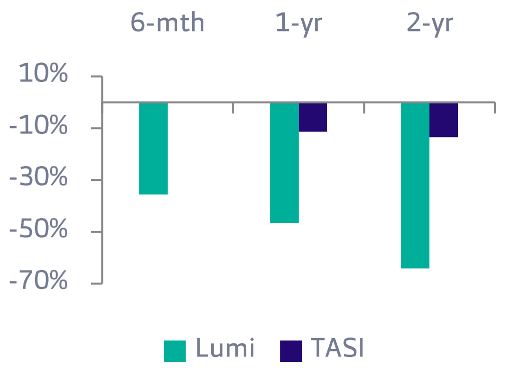
Margins Contraction Pressures Earnings

February 26, 2026

Upside to Target Price	60.0%	Rating	Buy
Expected Dividend Yield	0.0%	Last Price	SAR 40.00
Expected Total Return	60.0%	12-mth target	SAR 64.00

Market Data	
52-week high/low	SAR 77.5/40.8
Market Cap	SAR 2,200 mln
Shares Outstanding	55 mln
Free-float	28.4%
12-month ADTV	157,882
Bloomberg Code	LUMI AB



Lumi	4Q2025	4Q2024	Y/Y	3Q2025	Q/Q	RC Estimate
Sales	426	402	6%	414	3%	418
Gross Profit	101	113	(11%)	113	(11%)	114
Gross Margins	24%	28%		27%		28%
Operating Profit	67	81	(17%)	85	(21%)	85
Net Profit	38	49	(23%)	53	(28%)	52

(All figures are in SAR mln)

- Lumi reported 4Q25 revenue of SAR 426 mln, up +6% Y/Y and +3% Q/Q, slightly above our estimate of SAR 418 mln. Leasing revenue increased by +8% Y/Y, driven by higher revenue per vehicle, which offset the decline in fleet size. On a Q/Q basis, revenues remained broadly stable with no material change. Rental revenue also grew by +5% Y/Y, supported by improved rental rate per vehicle, while fleet growth had a limited impact amid a -9.7 ppt decline in utilization to 75.2%. On a Q/Q basis, revenues were largely stable, recording a modest +0.9% increase. Used car sales increased by +4% Y/Y and +9% Q/Q. Y/Y growth was driven by higher revenue per vehicle due to a favorable mix shift, while Q/Q growth was supported by higher volumes sold, offsetting the decline in revenue per vehicle. Total fleet stood at 34.4k vehicles at year-end, broadly stable Y/Y.
- Gross profit declined by -11% Y/Y and Q/Q, primarily reflecting higher cost of used car sales in line with increased used car revenues. On a Y/Y basis, higher salary expenses and insurance costs did not help, while Q/Q performance was impacted by a notable increase in maintenance and repair costs. Consequently, gross margin contracted to 24% in 4Q25, below our expectations.
- Operating profit reached SAR 67 mln in 4Q25, below our estimate of SAR 85 mln, declining -17% Y/Y and -21% Q/Q, impacted by lower gross profit and higher G&A expenses (+9% Y/Y, +7% Q/Q). Operating margin decreased to 16%, down from 20% in 4Q24 and 3Q25, and below our expectations.
- Lumi reported net profit of SAR 38 mln, down -23% Y/Y and -28% Q/Q, impacted by higher costs and the absence of supportive items during the quarter.
- We have reduced our target price to SAR 64.00 to reflect current margin levels, while maintaining our Buy recommendation. Despite pressures recorded in 4Q25, full-year results reflect continued operating momentum, supported by revenue and net profit growth, alongside improved operating cash flow and lower net debt, reinforcing the company's financial position.

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Stock Rating

Buy	Neutral	Sell	Not Rated
Expected Total Return Greater than +15%	Expected Total Return between -15% and +15%	Expected Total Return less than -15%	Under Review/ Restricted

The expected percentage returns are indicative, stock recommendations also incorporate relevant qualitative factors

For any feedback on our reports, please contact research@riyadcapital.com

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