

Lumi Rental Company announces SAR 45 million net profit in 1Q 2024

- Lumi's total revenue in 1Q 2024 surged by 44% YoY, propelled by robust growth across all business segments.
- The company's active fleet expansion strategy resulted in a 39% increase in total fleet vehicles, totaling 33.9 thousand, which outpaced market growth and enhanced the company's market share.
- Utilization rates in the Rental segment improved by 3.5 percentage points YoY to 70.2%, driven by more effective fleet management and marketing strategies.
- Lumi's revenue distribution across Saudi Arabia demonstrates extensive operational reach, with the Northern region contributing 53.7% to the Rental revenue in 1Q 2024.
- Rigorous fleet age management in both the Lease and Rental segments ensures that the vehicles consistently meet high client standards.
- The Used Car Sales segment saw a 70% increase in vehicles sold in 1Q 2024 YoY, with 71.1% purchase price recovery, demonstrating the effectiveness of Lumi's vehicle disposal strategy.
- Total expenses increased by 51% YoY, mainly due to the higher cost of vehicles sold and a rise in G&A expenses, supporting strategic investments aimed at bolstering Lumi's growth and competitive edge.
- Adjusted¹ EBITDA for 1Q 2024 reached SAR 293 million, marking a 47% increase YoY, with an Adjusted¹ EBITDA margin of 76.4%, showcasing strong operational effectiveness amid rising expenses.
- Net profit for the company in 1Q 2024 was SAR 45 million.
- Continued strategic investments in vehicles, amounting to SAR 334 million in 1Q 2024, were primarily debt-financed, aligning with Lumi's initiatives for fleet expansion and securing a larger market share.

Riyadh, 14 May 2024 – In 1Q 2024, Lumi Rental Company continued its impressive growth trajectory, demonstrating a strong financial performance that reinforced its leadership position in the mobility sector. The company's fleet grew by 39% year-on-year to 33.9 thousand vehicles, outpacing market growth. This expansion is a key part of Lumi's strategy to scale operations and enhance service quality. The vehicle utilization rate in the rental segment reached 70.2% during the quarter.

Total revenue for the period surged by 44% year-over-year to SAR 384 million, driven by robust demand across Lumi's diversified service offerings. The Used Car Sales segment led this growth with a 54% increase in revenue year-on-year, followed by the Lease and Rental segments, which grew by 53% and 25% respectively. This revenue growth contributed to an Adjusted¹ EBITDA of SAR 293 million, a 47% increase from 1Q 2023, with a margin of 76.4%. Net profit for 1Q 2024 was SAR 45 million, down 11% from 1Q 2023, achieving a net profit margin of 11.6%.

¹ Adjusted EBITDA = EBITDA + Cost of vehicles sold

Operational and Financial Review²

Operating Indicators Highlights

	1Q 2024	1Q 2023	YoY, %	4Q 2023	QoQ, %
Total fleet, th vehicles ³	33.9	24.4	+39%	33.3	+2%
Rental Segment					
Fleet, th vehicles ³	11.2	9.7	+15%	12.4	-10%
Utilization, %	70.2%	66.7%	+3.5 ppts	69.8%	+0.4 ppts
Average fleet age, years	1.0	1.5	-32%	1.1	-7%
Rental rate per vehicle ⁴ , SAR th	39.1	41.0	-5%	37.8	+3%
Lease Segment					
Fleet, th vehicles ³	22.8	14.8	+54%	20.8	+9%
Average fleet age, years	1.6	2.3	-32%	1.9	-18%
Lease rate per vehicle ⁴ , SAR th	23.2	23.1	+1%	23.4	-1%
Used Car Sales Segment					
Sold vehicles, th units ⁵	2.2	1.3	+70%	1.6	+39%
Purchase price recovery, %	71.1%	73.0%	-1.9 ppts	68.0%	+3.1 ppts
Sale price per vehicle, SAR th ⁶	64.3	70.9	-9%	60.6	+6%

In 1Q 2024, Lumi Rental Company sustained growth across all operational segments, highlighted by strategic fleet expansion and an enhanced focus on customer service and digital transformation.

The total fleet grew to 33.9 thousand vehicles, marking a 39% increase from 24.4 thousand vehicles in 1Q 2023 and a 2% increase from 4Q 2023. This growth is attributed to our aggressive fleet expansion strategy, designed to meet the rising demand for mobility solutions across the Kingdom. Key drivers of this expansion include a diversified vehicle offering tailored to various customer needs, investments in digital platforms to enhance rental experiences, and a strategic focus on supporting the booming tourism sector in line with Vision 2030.

Lumi's **Rental segment** fleet expanded from 9.7 to 11.2 thousand vehicles, achieving a 15% growth year-on-year and declined 10% vs 4Q 2023 driven by strategic optimizations and the sale of vehicles that reached the end of their useful life. Utilization improved by 3.5 percentage points year-on-year to 70.2%, with a slight 0.4 percentage point improvement quarter-on-quarter, primarily driven by enhanced utilization among B2B clients. With the rapid fleet expansion at the end of 2023, the average rental rate per vehicle decreased by 5% in 1Q 2024 year-on-year to SAR 39.1 thousand, due to the temporary lag in revenue contribution from newly added vehicles compared to the levels of 1Q 2023. Compared to 4Q 2023, the rental rate improved by 3% quarter-on-quarter, supported by optimized fleet utilization and reduced vehicle numbers quarter-on-quarter.

The **Lease segment** fleet expanded significantly by 54% year-on-year from 14.8 to 22.8 thousand vehicles and by 9% versus 4Q 2023. This segment benefits from a similarly rigorous approach to fleet age management, ensuring that our leased vehicles meet the high standards expected by our clients. The lease rate per vehicle remained broadly flat year-on-year and quarter-on-quarter, due to completed deliveries to major clients that initially left vehicles idle at the end of 4Q 2023.

The company's **Used Car Sales segment** exhibited a 70% increase in sold vehicles year-on-year and 39% quarter-on-quarter, rising to 2.2 thousand units. This indicates the efficiency of our vehicle disposal strategy and our ability to maximize recovery value, reflected in a 71.1% purchase price recovery rate in 1Q

² Figures and percentages in this document may not precisely total due to rounding

³ End of the period

⁴ Based on the average number of vehicles, annualized for quarterly numbers

⁵ Over the period

⁶ Based on the average number of sold vehicles, annualized for quarterly numbers

2024. The average vehicle sale price in the UCS segment grew to SAR 64.3 thousand, marking a 6% increase quarter-on-quarter, driven by the fleet mix adjustments and targeted sales strategies.

Income Statement Highlights

SAR Mn	1Q 2024	1Q 2023	YoY, %	4Q 2023	QoQ, %
Revenue	384	267	+44%	314	+22%
<i>Lease</i>	127	83	+53%	115	+10%
<i>Rental</i>	115	92	+25%	103	+12%
<i>Used Car Sales</i>	142	92	+54%	97	+47%
Cost of revenue	(271)	(172)	+57%	(201)	+34%
Gross profit	113	95	+20%	113	+1%
Operating expenses	(36)	(31)	+17%	(63)	-43%
EBIT	77	64	+21%	50	+55%
EBITDA	165	132	+25%	103	+60%
Adjusted⁷ EBITDA	293	199	+47%	188	+56%
Total finance cost	(31)	(12)	+162%	(24)	+29%
Profit before zakat	46	52	-11%	26	+80%
Zakat expense	(1)	(2)	-20%	0	-24120%
Net profit	45	50	-11%	26	+74%
Gross Profit Margin	29.5%	35.5%	-6.0 pts	35.9%	-6.4 pts
EBIT Margin	20.1%	23.9%	-3.8 pts	15.9%	+4.3 pts
EBITDA Margin	43.0%	49.3%	-6.3 pts	32.9%	+10.1 pts
Adj.⁷ EBITDA Margin	76.4%	74.6%	+1.9 pts	59.9%	+16.5 pts
Net profit Margin	11.6%	18.8%	-7.2 pts	8.2%	+3.5 pts

In 1Q 2024, Lumi achieved a total revenue of SAR 384 million, marking a 44% increase from SAR 267 million in 1Q 2023 and a 22% rise compared to 4Q 2023. This robust growth across all three business segments underpinned this performance. The Lease segment's revenue surged by 53% year-on-year to SAR 127 million, while the Rental segment expanded by 25% compared to 1Q 2023, contributing SAR 115 million. The Used Car Sales segment experienced a 54% year-on-year increase, reaching SAR 142 million, buoyed by strategic fleet management and favorable market conditions.

However, the company's cost of revenue also rose significantly to SAR 271 million, up 57% year-over-year, primarily driven by the higher cost of vehicles sold. This accelerated cost growth pressured the gross profit margin, which decreased to 29.5% in 1Q 2024, down by 6.0 percentage points year-on-year. Nevertheless, gross profit in 1Q 2024 still saw a healthy increase, totaling SAR 113 million, 20% higher than in 1Q 2023 and flat vs 4Q 2023.

Operating expenses for the quarter grew by 17% year-on-year to SAR 36 million, reflecting the company's continued investment in personnel, technology, and infrastructure to support future growth and maintain a competitive edge.

⁷ Adjusted EBITDA = EBITDA + Cost of vehicles sold

EBITDA for the period reached SAR 165 million, a solid 25% increase from the previous year, showcasing Lumi's operational effectiveness. However, the EBITDA margin was 43.0% in 1Q 2024, down by 6.3 percentage points from 1Q 2023, due to rising expenses.

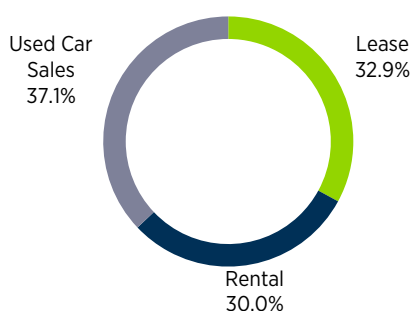
Adjusted⁸ EBITDA (EBITDA + Cost of vehicles sold) totaled SAR 293 million in 1Q 2024, representing a 47% increase year-on-year. The Adjusted⁸ EBITDA margin stood at 76.4%, an improvement of 1.9 percentage points from 1Q 2023 and 16.5 percentage points from 4Q 2023.

The total finance costs for the quarter saw a 2.6-fold increase to SAR 31 million, primarily due to increased borrowing and elevated interest rates.

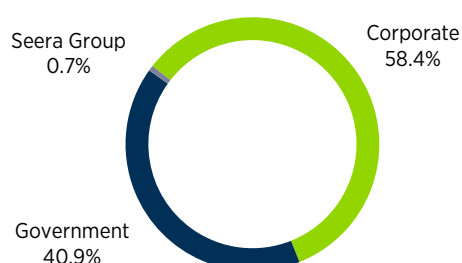
Net profit for 1Q 2024 declined by 11% year-on-year and increased by 74% quarter-on-quarter to SAR 45 million, demonstrating Lumi's strong market position and its capacity to deliver profitable growth amid strategic investments, yet staying under pressure from the elevated finance costs.

Revenue Overview

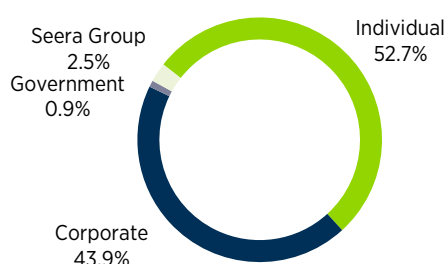
Total Revenue by segment, 1Q 2024



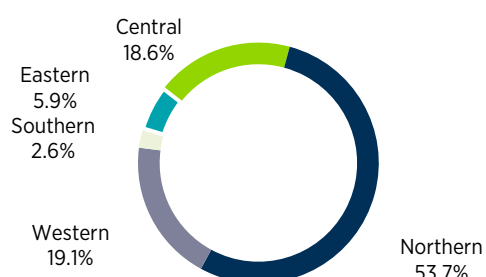
Lease Revenue by customer, 1Q 2024



Rental Revenue by customer, 1Q 2024



Rental Revenue by KSA region, 1Q 2024



The total revenue distribution for Lumi in 1Q 2024 shows a well-balanced contribution from key operational segments, illustrating the effectiveness of the company's strategic positioning and broad market appeal.

The **Lease segment** accounted for 32.9% of the total revenue, predominantly driven by a robust corporate client base which represents 58.4% of the lease revenue. This highlights the company's strong relationships and trusted services in the corporate sector, essential for sustained revenue growth in this segment.

The **Rental segment** contributed 30.0% to the overall revenue and showcased Lumi's ability to attract a diverse customer base. Corporate clients constituted 43.9% of rental revenue, while individual customers made up 52.7%. This distribution underscores Lumi's dual strength in catering to both personal mobility

⁸ Adjusted EBITDA = EBITDA + Cost of vehicles sold

needs and corporate transportation requirements, reinforcing its market presence across various consumer groups.

The **Used Car Sales segment** accounted for 37.1% of total revenue, reflecting the company's efficient fleet management strategy and the successful realization of vehicle value at the end of their lifecycle. This segment's performance is indicative of Lumi's capability to maximize returns on fleet investments and manage asset turnover effectively.

Geographically, revenue distribution underlines Lumi's expansive operational reach and excellence throughout Saudi Arabia. The Northern region made a particularly significant contribution, accounting for 53.7% of Rental revenue in 1Q 2024, with the Western and Central regions also making substantial contributions. This geographic spread not only points to Lumi's strong presence in key economic and tourist hubs but also highlights its commitment to ensuring service accessibility and quality across the nation, including in the Eastern and Southern regions.

Costs Overview

SAR Mn	1Q 2024	1Q 2023	YoY, %	4Q 2023	QoQ, %
Cost of vehicles sold	128	68	+90%	85	+51%
Vehicle depreciation	78	60	+29%	44	+77%
Salaries & other benefits	20	11	+77%	17	+20%
Repairs & maintenance	11	7	+42%	24	-56%
Insurance	12	8	+48%	12	+1%
Other	22	17	+25%	20	+9%
Total Cost of revenues	271	172	+57%	201	+34%
G&A expenses	33	24	+40%	53	-37%
Impairments, trade & other rec.	1	7	-84%	5	-77%
Employee incentive	2	0	NA	5	-57%
Total Operating expenses	36	31	+17%	63	-43%
Total Expenses	307	203	+51%	264	+16%

The cost of revenues grew by 57%, mirroring Lumi's active fleet expansion and the resultant rise in operational activities. The 90% uptick in the cost of vehicles sold highlights the effective monetization of the used car segment, capitalizing on fleet lifecycle management. Key operational costs such as repairs, maintenance, and insurance saw marked increases, reflecting Lumi's commitment to fleet quality and customer satisfaction, important for retaining competitive edge in the industry.

Operating expenses increased by 17%, primarily due to a 40% increase in General and Administrative (G&A) expenses, indicative of scaling administrative functions to support growing operations. The 84% reduction in impairments of trade & other receivables points to enhanced credit management strategies. Lumi also introduced an employee incentive scheme, investing in its workforce to support its growth.

Overall, Lumi's total expenses for 1Q 2024 were SAR 307 million, up 51% from last year. This increase is tied directly to investments in expanding the fleet, improving service quality, and scaling operations to meet growing demand.

Balance Sheet Highlights

SAR Mn	1Q 2024	4Q 2023	YtD, %
<i>Vehicles</i>	2,870	2,712	+6%
<i>Other non-current assets</i>	114	146	-21%
Total Non-Current Assets	2,985	2,858	+4%
<i>Trade receivables</i>	293	242	+21%
<i>Other current assets</i>	170	146	+17%
Total Current Assets	463	389	+19%
Total Assets	3,448	3,246	+6%
Total Non-Current Liabilities	1,151	1,006	+14%
<i>Trade payables</i>	604	726	-17%
<i>Other current liabilities</i>	621	489	+27%
Total Current Liabilities	1,224	1,215	+1%
Total Liabilities	2,376	2,221	+7%
<i>Share capital</i>	550	550	+0%
<i>Retained earnings</i>	470	426	+11%
Total Equity	1,072	1,025	+5%
Total Debt ⁹	1,627	1,346	+21%
Cash & cash equivalents	39	41	-5%
Net Debt ¹⁰ to Equity	1.5x	1.3x	+0.2x
Net Debt ¹⁰ / EBITDA	3.0x	2.6x	+0.4x
Net Debt ¹⁰ / Adjusted ¹¹ EBITDA	1.8x	1.7x	+0.1x

As of March 31, 2024, total assets for the company grew to SAR 3,448 million, a 6% increase from the end of 2023. This increase was largely due to a 6% rise in vehicle value, reaching SAR 2,870 million. Additionally, a 21% increase in trade receivables from the start of the year reflected higher revenue volumes in 1Q 2024.

Liabilities also increased to SAR 2,376 million by March 31, 2024, primarily due to new debt taken on to expand the vehicle fleet. The company's total debt was SAR 1,627 million at the end of 1Q 2024. Meanwhile, trade payables decreased by 17% year-to-date, primarily due to decreased vehicle procurement in the first quarter.

The leverage, measured by the Net debt to Equity ratio, intensified to 1.5x by the end of 1Q 2024, up by 0.2x from the end of 2023. Furthermore, the Net debt¹⁰ / Adjusted¹¹ EBITDA ratio moved from 1.7x at the end of 2023 to 1.8 by the end of 1Q 2024. The company managed to maintain liquidity levels throughout 1Q 2024. Cash and cash equivalents stood at SAR 39 million, experiencing a 5% decline year-to-date.

⁹ Total Debt = Long-term loans + Current portion of long-term loans

¹⁰ Net Debt = Long-term loans + Current portion of long-term loans - Cash and cash equivalents

¹¹ Adjusted EBITDA = EBITDA + Cost of vehicles sold

Cash Flow Highlights

SAR Mn	1Q 2024	1Q 2023	YoY, %	4Q 2023	QoQ, %
Profit after Zakat	45	50	-11%	26	+74%
Non-cash adjustments	254	157	+62%	174	+46%
Working capital changes	(212)	(83)	+154%	221	NA
Cash flow, operating activities	87	124	-30%	421	-79%
Investments in vehicles, net	(334)	(291)	+15%	(808)	-59%
Zakat, interest & end-of-service benefits	(29)	(11)	+154%	(15)	+84%
Net cash, operating activities	(276)	(178)	+55%	(403)	-32%
Net cash, investing activities	(2)	(16)	-85%	11	NA
Net cash, financing activities	276	178	+55%	358	-23%
Net changes in cash & equivalents	(2)	(16)	-87%	(34)	-94%

In 1Q 2024, Lumi experienced pressure on its cash flow from operating activities, which totaled SAR 87 million, marking a 30% decrease from 1Q 2023. This decline was primarily attributed to higher working capital needs in the quarter. The first quarter of 2024 also saw substantial investments in vehicle acquisitions amounting to SAR 334 million, reflecting a 15% increase year-on-year, however, this investment pace was slower compared to 4Q 2023.

The net cash used in investing activities during the first quarter of 2024 was SAR 2 million, primarily allocated to non-vehicle capital expenditures.

Additionally, net cash inflow from financing activities saw a significant rise to SAR 276 million in 1Q 2024, a 55% increase compared to 1Q 2023. This increase was driven by higher proceeds from new loans and borrowings, reflecting active vehicle procurement efforts to support operational growth.

Amid these substantial reinvestment and expansion activities, Lumi's cash and cash equivalents saw a slight decrease by SAR 2 million, closing the quarter at SAR 39 million as of March 31, 2024. This demonstrates the company's focused investment in growth while managing to maintain a stable liquidity position.

Earnings Call

The company plans to conduct an earnings call to discuss 1Q 2024 financial results with analysts and investors in the near future. Stakeholders will be provided with additional information regarding the date and time of the call. For any further questions or queries, please reach out to Investor Relations.

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About Lumi Rental Company

Lumi Rental Company (Lumi, Tadawul: 4262) is a leading rental and lease provider based in Riyadh, Kingdom of Saudi Arabia. The company's model is distinguished by a powerful operational infrastructure and a scalable asset base, enabling it to serve a broad spectrum of customer needs across both B2C and B2B segments. Lumi's differentiator in the market lies in its extensive fleet of diverse vehicle types and its innovative approach to customer service, underscored by a substantial investment in digital channels. The company's total fleet size amounted to 33.3 thousand vehicles as of the end of 2023. Lumi posted revenue of SAR 1,106 million in 2023 (+41% year-on-year), an EBITDA of SAR 503 million (45.5% margin), and a net profit of SAR 161 million (14.5% margin).

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