

**MANAGEMENT DISCUSSION AND ANALYSIS
REPORT
FOR THE PERIOD ENDED 30 JUNE 2025**

Spinneys ("Spinneys" or the "Company"), the region's leading premium fresh food retailer, has announced its financial results for the three-month and six-month period ended 30 June 2025. First-half revenues reached AED 1.8 billion, increasing 13.7% vs. H1 2024, driven by six new store openings during the first half, increased Fresh and Private Label sales, strong like-for-like growth, and higher Online penetration. Profit before tax grew by 24.4% to AED 202 million, with profit for the period increasing by a strong 16.2% to AED 170 million, after absorbing the impact of 6% additional tax on applicability of Pillar Two Rules which provides for a minimum tax of 15%, thus, reflecting Spinneys' industry-leading efficiency and margin profile.

Performance highlights:

- H1 2025 revenue increased 13.7% to AED 1.8 billion, driven by like-for-like sales growth, new store openings, increase in Online sales and higher penetration of Fresh and Private Label sales
- Adjusted EBITDA of AED 365 million, up 20.0%, at an industry-leading margin of 20.1%
- Profit before tax grew 24.4% to AED 202 million, with profit for the period up 16.2% to AED 170 million
- 9 new stores opened across the UAE and Saudi Arabia over the last 12 months
- Board approves interim dividend of AED c.120 million, or 3.32 fils per share for H1 2025

Statement by Sunil Kumar, Chief Executive Officer:

"Our strong performance in the first half of 2025 reflects the strength of the Spinneys brand and our continued focus on delivering fresh, high-quality food experiences to our customers across the region. Strong like-for-like growth, the success of our Fresh and Private Label ranges, and the acceleration of our online and store expansion strategy have all contributed to robust top- and bottom-line results. We were especially encouraged by the successful launch of Discovery by Spinneys, our new premium private label range, which has already resonated strongly with customers. This marks the beginning of a broader journey to bring exclusive, high-quality products to our customers."

"What truly sets Spinneys apart is the strong culture we've built — one rooted in ownership, service, and teamwork. Our people are the heartbeat of our business, and their commitment to excellence continues to drive our growth and resilience. As we look ahead, we remain focused on deepening our presence in core markets, continuing our expansion in Saudi Arabia, enhancing operational efficiencies, and creating long-term value for our stakeholders."

Financial Highlights

AED (m)	Q2 2025	Q2 2024	YoY Growth (%)	H1 2025	H1 2024	YoY Growth (%)
Revenue	910	783	16.2%	1,816	1,598	13.7%
Gross Profit	378	323	16.9%	753	659	14.2%
Adj. EBITDA ¹	183	153	19.3%	365	304	20.0%
Profit Before Tax	100	80	25.7%	202	163	24.4%
Profit	85	72	18.5%	170	146	16.2%

¹ Adjusted EBITDA is profit before tax plus depreciation and impairment of property, plant and equipment, depreciation and impairment of right-of-use assets, impairment of goodwill, finance costs minus finance income.

Record Top-Line Growth with Best-in-Class Profitability

Revenue: Increased by 13.7% year-on-year, reaching AED 1.8 billion in the first six months of 2025. Top-line growth was driven by like-for-like sales growth of 12.1% and the opening of nine new stores across the UAE and Saudi Arabia since July 2024, and particularly strong performance in Fresh (64.3%) and Private Label sales (44.7%), with penetration growing by 0.5% and 1.9%, respectively. Online sales penetration grew to 16.2% during the year, as compared to 13.6% in H1 2024.

Profitability: Gross profit increased by 14.2% year-on-year to AED 753 million in the six months ended 30 June 2025, with a stable gross profit margin of 41.5% compared to 41.3% in 2024, achieved through efficient sourcing and supply chain management and Spinneys' highly successful Private Label strategy, which emphasizes high-margin products.

Adjusted EBITDA² totaled AED 365 million in the first half of 2025, up 20.0% year-on-year, with an adjusted EBITDA margin³ of 20.1%, compared to 19.0% in 2024.

Profit before tax grew by 24.4% to AED 202 million in the first half of 2025 at an 11.1% profit before tax margin (up from 10.2% in H1 2024), while profit for the period increased by 16.2% to AED 170 million at a 9.4% profit margin (up from 9.2% in H1 2024).

Transaction growth: Transaction volume grew by 12.2% year-on-year to 20.6 million in the first half of 2025, reflecting growing customer demand on the back of supportive macroeconomic dynamics, while the average basket size remained flat at AED 88.

Continued Strategic Execution

Store network expansion: Spinneys continued to successfully execute its growth strategy through the expansion of its store footprint. From 1 July 2024 to 30 June 2025 the Company opened 8 new stores in the UAE and one in Saudi Arabia, resulting in a significant increase in gross selling area. In post period events, Spinneys opened three further stores in the UAE namely, Spinneys Mina Port, The Kitchen by Spinneys Wafi Mall and Waitrose Yas Noya.

Aligned with global retail shifts: Spinneys continues to embed key consumer and operational trends into its growth strategy — including preventative wellness, in-store innovation, and employee empowerment. These themes were reinforced during the recent Consumer Goods Forum in Amsterdam, where CEO Sunil Kumar shared insights on the evolving Middle Eastern retail landscape, further positioning Spinneys as a regional thought leader.

New Premium Private Label: Spinneys recently launched *Discovery by Spinneys*, a new premium private label range aimed at elevating perceptions of private label quality. The line offers curated, globally sourced products, starting with an exclusive Scottish strawberry variety that broke category sales records and earned praise for its standout flavour. The launch reflects strong demand for differentiated offerings, with further category expansions planned through 2025.

² Adjusted EBITDA is profit before tax plus depreciation and impairment of property, plant and equipment, depreciation and impairment of right-of-use assets, impairment of goodwill, finance costs minus finance income.

³ Adjusted EBITDA margin: Adjusted EBITDA divided by revenue

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AED (m)	Three-month period ended 30 June		Variance	Six-month period ended 30 June		Variance
	2025	2024		2025	2024	
Revenue from contracts with customers	896	770	126	1,790	1,574	216
Rental income	14	13	1	26	24	2
Revenue	910	783	127	1,816	1,598	218
Cost of sales	(532)	(460)	(72)	(1,063)	(939)	(124)
Gross Profit	378	323	55	753	659	94
Other income	1	1	-	7	4	3
Selling, general and administrative expenses	(196)	(171)	(25)	(395)	(358)	(37)
Depreciation and impairment of right-of-use assets	(45)	(42)	(3)	(89)	(82)	(7)
Depreciation and impairment of property, plant and equipment	(30)	(23)	(7)	(57)	(41)	(16)
Finance costs	(14)	(12)	(2)	(28)	(24)	(4)
Finance income	6	4	2	11	5	6
Profit for the period before tax	100	80	20	202	163	39
Income tax expense	(15)	(8)	(7)	(32)	(17)	(15)
Profit for the period	85	72	13	170	146	24

Overall retail revenue increased by 13.7% YoY to reach AED 1,790 million, driven by like-for-like sales growth from existing stores of 12.1%. This was supported by the opening of new locations, with the store footprint now totalling 83.

Gross profit increased by 14.2% year-on-year to AED 753 million, with a stable gross profit margin of 41.5% compared to 41.3% in 2024, achieved through efficient sourcing and supply chain management and Spinneys' highly successful Private Label strategy, which emphasizes high-margin products.

Adjusted EBITDA totalled to AED 365 million in the first half, up 20% year-on-year, with an adjusted EBITDA margin of 20.1%, compared to 19% in 2024. Impact on comparative period of one-off IPO related costs incurred in H1 2024 amounting to AED 4m, and preopening expenses in Saudi Arabia amounting to more than AED 10m.

Profit before tax grew by 24.4% to AED 202 million at an 11.1% profit before tax margin (up from 10.2% in H1 2024), while profit for the period increased by 16.2% to AED 170 million at a 9.4% profit margin (up from 9.2% in H1 2024). Impact of 6% additional tax on applicability of Pillar Two Rules which provides for a minimum tax of 15%, effective from January 2025, affects profit for the period vs. 2024. The effective tax rate for the Group stood at 15.9% for H1 2025.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AED (m)	30 June 2025	31 December 2024	Variance
Property, plant and equipment	423	426	(3)
Intangible assets	34	34	-
Right-of-use assets	894	924	(30)
Deferred tax assets	1	1	-
Inventories	136	157	(21)
Trade receivables, prepayments and other receivables	130	111	19
Amounts due from related parties	6	4	2
Cash and short-term deposits	688	536	152
Total assets	2,312	2,193	119
Employees' end of service benefits	83	79	4
Trade payables, accruals and other payables	726	692	34
Lease liabilities	1,044	1,061	(17)
Interest-bearing loans and borrowings	6	6	-
Amounts due to related parties	21	24	(3)
Income tax payable	63	32	31
Total liabilities	1,943	1,894	49
Total equity	369	299	70
Total equity and liabilities	2,312	2,193	119

Assets

As at 30 June 2025, total assets amounted to AED 2,312 million, compared to AED 2,193 million as at 31 December 2024, reflecting an increase of AED 119 million.

- Decrease in right-of-use assets was primarily due to depreciation and impairment charge amounting to AED 89 million, which was offset by modification/extension of existing leases and leases entered into in respect of new stores amounting to net AED 59m.
- Decrease in inventories was primarily due to general decrease of inventories amounting to AED 18m as compared to 31st December level, where the Group buys and prepares for the festive/tourist season and increase in the provision for old and obsolete inventories by AED 3m.
- Increase in trade receivables, prepayments and other receivables was mainly due to an increase in prepaid insurance (staff medical and properties) by AED 12m on account of annual renewal during March/April.
- Cash and bank balances include AED 582 million placed in short-term deposits, generating interest at the current market rates.

Liabilities

As at 30 June 2025, total liabilities amounted to AED 1,943 million, compared to AED 1,894 million as at 31 December 2024, reflecting an increase of AED 49 million.

- Increase in trade payables, accruals and other payables mainly due to an increase in accruals (an overall increase in business due to opening of new stores and organic growth), which was partially offset by decrease in trade payables by AED 10m due to seasonality as less purchases were made during June as compared to December (festive/tourist season).
- Decrease in lease liabilities was primarily due to the payment of lease liabilities amounting to AED 104 million, which was partially offset by leases entered into in respect of new stores amounting to AED 67 million and accretion of interest amounting to AED 28 million.
- Income tax payable increased due to the tax provision @ 9% and additional tax @ 6% on applicability of Pillar Two Rules on UAE profits for six-month period ended 30 June 2025.

CONSOLIDATED STATEMENT OF CASH FLOWS

AED (m)	Six-month period ended 30 June	
	2025	2024
Cash from Operating Activities before changes in working capital	364	316
Changes in working capital	36	34
Net Cash flow from Operating Activities	400	350
Net Cash flow from/ (used in) Investing Activities	2	(88)
Net Cash used in Financing Activities	(205)	(98)
Cash and Cash Equivalents	256	517

The Company's prudent investment approach and inherent negative working capital deliver robust cash flow generation. This provides a strong lever allowing Spinneys to self-fund growth, while simultaneously supporting shareholder value creation. Spinneys' free cash flow conversion rate, which was 95.5% in 2025, demonstrates operational efficiency and enables consistent dividend pay-outs while simultaneously funding expansion.



Sunil Kumar
CEO