

**MANAGEMENT DISCUSSION AND ANALYSIS
REPORT
FOR THE PERIOD ENDED 31 MARCH 2025**

Spinneys ("Spinneys" or the "Company"), the region's leading premium fresh food retailer, is pleased to report its financial results for the three-month period ended 31 March 2025. First quarter revenue hit a record high of AED 906 million, increasing 11.3% vs. Q1 2024, driven by three new store openings during the quarter, increased Fresh and Private Label sales, strong like-for-like growth, and higher Online penetration. Profit before tax grew by 23.2% to AED 102 million, with profit for the period increasing by a healthy 14% to AED 85 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:

- Q1 2025 revenue hit record high of AED 906 million, 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 182 million, up 20.6%, at an industry-leading margin of 20.1%
- Profit before tax grew 23.2% to AED 102 million, with profit for the period up 14% to AED 85 million
- 10 new stores opened across the UAE and Saudi Arabia over the last 12 months

Statement by Sunil Kumar, Chief Executive Officer:

"We have carried the momentum we built in 2024 into 2025, and this is evident in our Q1 results. The continued execution of our growth strategy has again resulted in exceptionally strong financial performance. We have achieved robust growth in revenue driven by increased like-for-like sales coupled with the expansion of our store network in the UAE and Saudi Arabia. Three new store openings in Dubai in the first quarter demonstrate that there is still a significant white space opportunity available to us, even where our footprint is strongest."

"While the UAE remains the core of our operations, we continue to explore growth opportunities throughout the GCC and look forward to more store openings in Saudi Arabia. These will include our first store in Jeddah in the second half of the year, which comes on the back of exceptionally strong consumer demand for us to expand beyond Riyadh, where we opened our first two Saudi stores in 2024."

Financial Highlights

AED (m)	Q1 2025	Q1 2024	YoY (%)	Like-for-like Growth (%)
Revenue	906	815	11.3%	6.7%
Gross Profit	375	336	11.7%	
Adj. EBITDA ¹	182	151	20.6%	
Profit Before Tax	102	83	23.2%	
Profit for the period	85	75	14%	

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 11.3% year-on-year, reaching AED 906 million in the first quarter. Top-line growth was driven by like-for-like sales growth of 6.7% and the opening of ten new stores across the UAE and Saudi Arabia since April 2024, and particularly strong performance in Fresh and Private Label sales, with penetration growing by 1% and 1.2%, respectively. Online sales penetration grew to 15.6% during the year, as compared to 13.7% in Q1 2024.

Profitability: Gross profit increased by 11.7% year-on-year to AED 375 million, with a stable gross profit margin of 41.3% compared to 41.2% 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 182 million in the first quarter, up 20.6% year-on-year, with an adjusted EBITDA margin³ of 20.1%, compared to 18.5% in 2024.

Quarterly profit before tax grew by 23.2% to AED 102 million at an 11.2% profit before tax margin (up from 10.2% in Q1 2024), while profit for the period increased by 14% to AED 85 million at a 9.4% profit margin (up from 9.2% in Q1 2024).

Transaction growth: Transaction volume grew by 7.8% year-on-year to 9.9 million in the first quarter, reflecting growing customer demand on the back of supportive macroeconomic dynamics, while the average basket size increased to AED 92 as compared to AED 89 in Q1 2024, up 2.9%.

Continued Strategic Execution

Store network expansion: Spinneys continued to successfully execute its growth strategy through the expansion of its store footprint. From 1 April 2024 to 31 March 2025 the Company opened 8 new stores in the UAE and 2 in Saudi Arabia, resulting in a significant increase in gross selling area. In a post period event in April 2025, Spinneys opened one further store in Dubai's Nad Al Sheba Mall.

Digital transformation: In line with its digital transformation programme, Spinneys has widened coverage of the Spinneys Swift delivery option within its upgraded customer app, enhancing ordering convenience. Additionally, the Company has ensured that The Kitchen by Spinneys' range of high-quality, convenience-focused 'on-the-go' products is available on select online platforms.

Grocerant concept: Spinneys continued to evolve its 'grocerant' concept with the successful launch of The Kitchen by Spinneys at Dubai Mall in Q2, named by IGD as one of the '35 Global Must-See Stores in 2025,' followed by a second opening at Dubai's Creek Beach in Q4. The latest location combines The Kitchen by Spinneys and a small grocery section, elevating customer experience and are planning to open 2 locations during 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 31 March		Variance
	2025	2024	
Revenue from contracts with customers	893	804	89
Rental income	13	11	2
Revenue	906	815	91
Cost of sales	(531)	(479)	(52)
Gross Profit	375	336	39
Other income	6	3	3
Selling, general and administrative expenses	(199)	(188)	(11)
Depreciation and impairment of right-of-use assets	(44)	(40)	(4)
Depreciation and impairment of property, plant and equipment	(27)	(18)	(9)
Finance costs	(14)	(12)	(2)
Finance income	5	2	3
Profit for the period before tax	102	83	19
Income tax expense	(17)	(8)	(9)
Profit for the period	85	75	10

Overall retail revenue increased by 11.2% YoY to reach AED 893 million, driven by like-for-like sales growth from existing stores of 6.7%. This was supported by the opening of new locations, with the store footprint now totalling 81.

Gross profit increased by 11.7% year-on-year to AED 375 million, with a stable gross profit margin of 41.3% compared to 41.2% in 2024, achieved through efficient sourcing and supply chain management and Spinneys' highly successful Private Label strategy, which emphasizes high-margin products.

Adjusted EBITDA totaled AED 182 million in the first quarter, up 20.6% year-on-year, with an adjusted EBITDA margin of 20.1%, compared to 18.5% in 2024. Impact on comparative period of one-off IPO related costs incurred in Q1 2024 amounting to AED 10m, and preopening expenses in Saudi Arabia amounting to more than AED 3m.

Profit before tax grew by 23.2% to AED 102 million at an 11.2% profit before tax margin (up from 10.2% in Q1 2024), while profit for the period increased by 14% to AED 85 million at a 9.4% profit margin (up from 9.2% in Q1 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 16.4% for 2024.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AED (m)	31 March 2025	31 December 2024	Variance
Property, plant and equipment	421	426	(5)
Intangible assets	34	34	-
Right-of-use assets	896	924	(28)
Deferred tax assets	1	1	-
Inventories	158	157	1
Trade receivables, prepayments and other receivables	111	111	-
Amounts due from related parties	8	4	4
Cash and short-term deposits	660	536	124
Total assets	2,289	2,193	96
Employees' end of service benefits	80	79	1
Trade payables, accruals and other payables	808	692	116
Lease liabilities	1,040	1,061	(21)
Interest-bearing loans and borrowings	6	6	-
Amounts due to related parties	23	24	(1)
Income tax payable	48	32	16
Total liabilities	2,005	1,894	111
Total equity	284	299	(15)
Total equity and liabilities	2,289	2,193	96

Assets

As at 31 March 2025, total assets amounted to AED 2,289 million, compared to AED 2,193 million as at 31 December 2024, reflecting an increase of AED 96 million.

- Cash and bank balances include AED 417 million placed in short-term deposits, generating interest at the current market rate.
- Decrease in property, plant and equipment was primarily due to the depreciation (amounting to AED 26 million) and impairment charge (AED 1 million), which was partially offset by additions of AED 22 million relating to refurbishment of existing stores and capital work-in-progress relating to new stores.
- Decrease in right-of-use assets was primarily due to depreciation charge amounting to AED 44 million, which was offset by modification/extension of existing leases and leases entered into in respect of new stores amounting to AED 18m.

Liabilities


As at 31 March 2025, total liabilities amounted to AED 2,005 million, compared to AED 1,894 million as at 31 December 2024, reflecting an increase of AED 111 million.

- Increase in trade payables, accruals and other payables mainly due to dividends payable of AED 101m (the shareholders approved and declared a final dividend for the year ended 31 December 2024 on 17 March 2025, which were subsequently settled in April) and an increase in accruals (an overall increase in business due to opening of new stores and organic growth).
- Decrease in lease liabilities was primarily due to the payment of lease liabilities amounting to AED 50 million, which was partially offset by modification/extension of existing leases, leases entered into in respect of new stores and accretion of interest amounting to AED 32 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 the three- month period ended 31 March 2025.

CONSOLIDATED STATEMENT OF CASH FLOWS

AED (m)	Three-month period ended 31 March	
	2025	2024
Cash from Operating Activities before changes in working capital	177	158
Changes in working capital	13	30
Net Cash flow from Operating Activities	190	188
Net Cash flow used in Investing Activities	43	(120)
Net Cash used in Financing Activities	(50)	(53)
Cash and Cash Equivalents	243	370

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 96.9% in 2025, demonstrates operational efficiency and enables consistent dividend pay-outs while simultaneously funding expansion.


 Sunil Kumar
 CEO