

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

Spinneys ("Spinneys" or the "Company"), the region's leading premium fresh food retailer, has announced its financial results for the third quarter and nine-month periods ended 30 September 2025. Nine-month revenues reached AED 2.6 billion, increasing 12.8% compared to the same period in 2024. This was driven by ten new store openings, higher fresh and private label sales participation, strong like-for-like growth, and higher online penetration. Profit before tax grew by 24.4% to AED 253 million, with profit for the period increasing by a strong 16.4% to AED 212 million. This is after absorbing the impact of 6% additional corporate tax, based on the applicability of Pillar Two Rules which provide for a minimum tax of 15%, thus, reflecting Spinneys' industry-leading efficiency and margin profile.

Performance highlights:

- 9M 2025 revenue increased 12.8% to AED 2.6 billion, driven by like-for-like sales growth, new store openings, an increase in online sales and higher penetration of Fresh and Private Label sales
- Adjusted EBITDA of AED 503 million, up 19.5%, with industry leading margin of 19.4%
- Profit before tax grew 24.4% to AED 253 million, with profit for the period up 16.4% to AED 212 million
- 10 new stores opened across the UAE in 2025

Statement by Sunil Kumar, Chief Executive Officer:

"Our strong performance in 2025 continues, reflecting our ongoing focus on strategic store expansion, the enhancement of our fresh food and private label assortments, and the integration of digital innovation across our business. During the quarter we were especially proud to announce our entry into Kuwait and the Philippines, which represent significant milestones in our regional and international growth journey. Even as we navigate an evolving regulatory and tax environment, our operational discipline and ability to deliver value across our markets continue to set Spinneys apart and position us for long-term success."

Financial Highlights

AED (m)	Q3 2025	Q3 2024	YoY Growth (%)	9M 2025	9M 2024	YoY Growth (%)
Revenue	777	701	10.8%	2,593	2,299	12.8%
Gross Profit	327	289	13.0%	1,079	948	13.9%
Adj. EBITDA ¹	138	116	18.3%	503	421	19.5%
Profit Before Tax	50	40	24.6%	253	203	24.4%
Profit	41	35	17.2%	212	182	16.4%

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 12.8% year-on-year, reaching AED 2.6 billion in the first nine months of 2025. Top-line growth was driven by like-for-like sales growth of 10.3% and the opening of thirteen new stores across the UAE and Saudi Arabia since October 2024. Revenue was particularly a reflection of strong performance in Fresh (64.3%) and Private Label sales (45.3%), with participation growing by 1.1% and 2.4%, respectively. Online sales penetration grew to 16.6% during the year, compared to 13.9% during the same period in 2024.

Profitability: Gross profit increased by 13.9% year-on-year to AED 1.08 billion for the nine months ended 30 September 2025, with a stable gross profit margin of 41.6% compared to 41.2% in 2024, achieved through supply chain and sourcing efficiencies as well as the continued success of the fresh assortment and Spinneys private label ranges.

Adjusted EBITDA² totaled AED 503 million in 9M 2025, up 19.5% year-on-year, with an adjusted EBITDA margin³ of 19.4%, compared to 18.3% in 2024.

Profit before tax grew by 24.4% to AED 253 million in the first nine months of 2025 at a 9.7% profit before tax margin (up from 8.8% from the same period last year), while profit for the period increased by 16.4% to AED 212 million at a 8.2% profit margin (up from 7.9% from the same period last year).

Transaction growth: Transaction volume grew by 12.3% year-on-year to 30.3 million transactions in the first nine months of 2025, reflecting growing customer demand on the back of supportive macroeconomic dynamics, while the average basket size decreased slightly to AED 84.2 from AED 85.8 in 2024. This is attributed to the success of new smaller store formats focused on convenience as well as food on the go, which yield smaller basket sizes with higher margins.

Continued Strategic Execution

Store network expansion: Spinneys continued to successfully execute its growth strategy through the expansion of its store footprint. The Company opened 10 new stores in the UAE, resulting in a significant increase in gross selling area. In post period events, Spinneys opened two further stores in the UAE, namely Spinneys Bay Square in Business Bay and the Kitchen by Spinneys in DAFZ.

Recognition by partners: Spinneys has also advanced its position in the influential Advantage Group survey, being recognized as the leading retailer in the UAE as ranked by suppliers. This achievement underscores the Company's strong relationships with its partners and its ongoing commitment to operational excellence, innovation, and exceptional standards across the business. The recognition affirms Spinneys' reputation as a partner of choice in the retail industry.

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 September		Variance	Nine-month period ended 30 September		Variance
	2025	2024		2025	2024	
Revenue from contracts with customers	761	687	74	2,551	2,260	291
Rental income	16	14	2	42	39	3
Revenue	777	701	76	2,593	2,299	294
Cost of sales	(450)	(412)	(38)	(1,514)	(1,351)	(163)
Gross Profit	327	289	38	1,079	948	131
Other income	2	2	-	9	6	3
Selling, general and administrative expenses	(192)	(175)	(17)	(585)	(533)	(52)
Depreciation and impairment of right-of-use assets	(49)	(42)	(7)	(139)	(124)	(15)
Depreciation and impairment of property, plant and equipment	(30)	(25)	(5)	(87)	(66)	(21)
Finance costs	(14)	(13)	(1)	(42)	(37)	(5)
Finance income	6	4	2	18	9	9
Profit for the period before tax	50	40	10	253	203	50
Income tax expense	(9)	(5)	(4)	(41)	(21)	(20)
Profit for the period	41	35	6	212	182	30

Overall retail revenue increased by 12.8% YoY to reach AED 2,551 million, driven by like-for-like sales growth from existing stores of 10.3%. This was supported by the opening of new locations, with the store footprint totalling 87 as at the period end.

Gross profit increased by 13.9% year-on-year to AED 1.08 billion for the nine months ended 30 September 2025, with a stable gross profit margin of 41.6% compared to 41.2% in 2024, achieved through supply chain and sourcing efficiencies as well as the continued success of the fresh assortment and Spinneys private label ranges.

Adjusted EBITDA totaled AED 503 million in 9M 2025, up 19.5% year-on-year, with an adjusted EBITDA margin of 19.4%, compared to 18.3% 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 253 million in the first nine months of 2025 at a 9.7% profit before tax margin (up from 8.8% from the same period last year), while profit for the period increased by 16.4% to AED 212 million at a 8.2% profit margin (up from 7.9% from the same period last year). 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 16.2% for 9M 2025.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AED (m)	30 September 2025	31 December 2024	Variance
Property, plant and equipment	428	426	2
Intangible assets	34	34	-
Right-of-use assets	888	924	(36)
Deferred tax assets	1	1	-
Inventories	164	157	7
Trade receivables, prepayments and other receivables	138	111	27
Amounts due from related parties	8	4	4
Cash and short-term deposits	566	536	30
Total assets	2,227	2,193	34
Employees' end of service benefits	87	79	8
Trade payables, accruals and other payables	745	692	53
Lease liabilities	1,046	1,060	(14)
Interest-bearing loans and borrowings	6	7	(1)
Amounts due to related parties	19	24	(5)
Income tax payable	40	32	8
Total liabilities	1,943	1,894	49
Total equity	284	299	(15)
Total equity and liabilities	2,227	2,193	34

Assets

As at 30 September 2025, total assets amounted to AED 2,227 million, compared to AED 2,193 million as at 31 December 2024, reflecting an increase of AED 34 million.

- Decrease in right-of-use assets was primarily due to depreciation and impairment charge amounting to AED 139 million, which was offset by modification/extension of existing leases and leases entered into in respect of new stores amounting to net AED 103m.
- Increase in inventories amounting to AED 14m was primarily due to the opening of new stores during the period in the UAE, which was partially offset by an increase in the provision for old and obsolete inventories by AED 7m. Average inventory holding period is 29 days during 9M 2025 (9M 2024: 29 days).
- Increase in trade receivables, prepayments and other receivables was mainly due to an increase in prepaid insurance (staff medical and properties) by AED 7m on account of annual renewal during

March/April, increase in refundable security deposits provided to landlords by AED 4m, advance to the liquidity provider amounting to AED 3m and increase in receivables from online sales partners due to higher online sales penetration by AED 9m as compared to the last period.

- Cash and bank balances include AED 487 million placed in short-term deposits, generating interest at the current market rates.

Liabilities

As at 30 September 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) by AED 31 million and increase in other payables mainly towards funding from the KSA partner amounting to AED 18 million.
- Decrease in lease liabilities was primarily due to the payment of lease liabilities amounting to AED 159 million, which was partially offset by modification/extension of existing leases and leases entered into in respect of new stores amounting to AED 103 million and accretion of interest amounting to AED 42 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 nine-month period ended 30 September 2025, which was partially offset by the payment of corporate tax liability for the year ended 31 December 2024 amounting to AED 32m.

CONSOLIDATED STATEMENT OF CASH FLOWS

AED (m)	Nine-month period ended 30 September	
	2025	2024
Cash from Operating Activities before changes in working capital	479	435
Changes in working capital	18	(95)
Net Cash flow from Operating Activities	497	340
Net Cash flow used in Investing Activities	(48)	(142)
Net Cash used in Financing Activities	(390)	(252)
Cash and Cash Equivalents	119	300

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 80.9% in 2025, demonstrates operational efficiency and enables consistent dividend pay-outs while simultaneously funding expansion.


 Sunil Kumar
 CEO