



**MANAGEMENT DISCUSSION AND ANALYSIS  
REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2024**

Spinneys (“Spinneys” or the “Company”), the region’s leading premium fresh food retailer, is pleased to report its financial results for the year ended 31 December 2024. Annual revenue hit a record high of AED 3.2 billion, increasing 12.3% year-on-year, driven by new store openings, increased fresh and private label sales, strong like-for-like growth, and higher online penetration. Profit before tax grew by 26.2% to AED 323 million, with profit for the year increasing by a healthy 13.9% to AED 290 million, despite the introduction of corporate tax and reflecting Spinneys’ industry-leading efficiency and margin profile.

**Performance highlights:**

- Annual revenue hit a record high of AED 3.2 billion in 2024, driven by like-for-like sales growth, new store openings and geographic expansion into Saudi Arabia
- Adjusted EBITDA of AED 631 million, up 12.1%, at an industry-leading margin of 19.5%
- Profit before tax grew 26.2% to AED 323 million, with profit for the year up 13.9% to AED 290 million despite corporate tax impact
- Seven new stores opened across the UAE and Saudi Arabia in 2024, strengthening presence in key growth markets, with 10-12 new stores expected to open in 2025
- The Board recommends a final dividend of c. AED 101 million, to be distributed in April 2025 subject to AGM approval

**Statement by Sunil Kumar, Chief Executive Officer:**

*“2024 has been a milestone year for us, characterised by the continued execution of our growth strategy resulting in exceptionally strong financial results. Following our historic IPO on DFM, we achieved robust growth in revenue driven by increased like-for-like sales coupled with the expansion of our footprint in the UAE and Saudi Arabia. New store openings in key locations, both in Dubai and Riyadh, reflect our commitment to regional growth as we pursue the opportunities presented by sustained economic and demographic tailwinds in the GCC’s two most attractive markets.*

*“While the UAE remains the beating heart of our operations, we are strategically expanding to better serve customers throughout the Gulf. With a focus on ever-evolving customer demands, efficient sourcing and innovation, we’re positioned to deliver sustainable growth and an unmatched shopping experience to communities across the region. Looking ahead to 2025, we are confident in our ability to maintain this momentum, accelerating our expansion, deepening and diversifying our offering, and further building our market leadership.”*

**Financial Highlights**

AED (m)	FY 2024	FY 2023	YoY (%)
Revenue	<b>3,226</b>	2,871	12.3%
Gross Profit	<b>1,336</b>	1,205	10.8%
Adj. EBITDA <sup>1</sup>	<b>631</b>	562	12.1%
Profit Before Tax	<b>323</b>	256	26.2%
Profit for the year	<b>290</b>	254	13.9%

<sup>1</sup> 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, Best-in-Class Profitability

**Revenue:** Increased by 12.3% year-on-year, reaching AED 3.2 billion for the twelve-month period. Top-line growth was driven by annual like-for-like sales growth of 11.3% and the opening of seven new stores in the UAE and Saudi Arabia, with particularly strong performance in Fresh Sales and Private Label, which grew by 1.8% and 2.5 %, respectively. Online sales penetration grew to 14.1% during the year, as compared to 12.5% in 2023.

**Profitability:** Full-year gross profit increased by 10.8% year-on-year to AED 1.3 billion, with a stable gross profit margin of 41.4% vs. 42% in 2023, achieved through efficient sourcing and supply chain management and Spinneys' highly successful private label strategy, which emphasizes high-margin products. The slight decline in gross margin is attributed to lower margins in Saudi Arabia and temporarily higher wastage in newly opened stores, which was partially offset by the increase in fresh and private label share of sales.

Adjusted EBITDA<sup>2</sup> totaled AED 631 million in 2024, up 12.1% year-on-year, with an adjusted EBITDA margin<sup>3</sup> of 19.5%, including the impact of one-off IPO-related costs incurred in H1 2024 and more than AED 10 million in pre-opening expenses in Saudi Arabia.

Twelve-month profit before tax grew by 26.2% to AED 323 million at a 10% profit before tax margin (up from 8.9% in 2023), while profit for the year increased by 13.9% to AED 290 million at a 9% profit margin (up from 8.9% in 2023), after absorbing the impact of the 9% corporate tax introduced in the UAE in January 2024.

**Transaction growth:** Transactions grew by 10.5% year-on-year to 37.3 million, reflecting growing customer demand on the back of supportive macroeconomic dynamics, while the average basket size remained stable at AED 87 as compared to AED 86 in 2023, up 1.4%.

### Strategic Execution

**Store network expansion:** Spinneys continued to successfully execute its growth strategy through the expansion of its store footprint. From January to December 2024, the Company opened five new stores in the UAE and two in Saudi Arabia, resulting in a significant increase in gross selling area.

**Digital transformation:** In line with its digital transformation programme, Spinneys launched a new customer app featuring the Swift delivery option, 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.

**Strong brand position:** Spinneys continues to strengthen its market position through the power of its brand equity, with momentum sustained throughout the year. In 2024, the Company celebrated its 100th anniversary and was named 'Grocery Retailer of the Year' at both the RetailME Awards and Good Food Awards.

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<sup>2</sup> 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.

<sup>3</sup> Adjusted EBITDA margin: Adjusted EBITDA divided by revenue

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AED (m)	FY 2024	FY 2023	Variance
Revenue from contracts with customers	3,171	2,822	349
Rental income	55	49	6
<b>Revenue</b>	<b>3,226</b>	<b>2,871</b>	<b>355</b>
Cost of sales	(1,890)	(1,666)	(224)
<b>Gross Profit</b>	<b>1,336</b>	<b>1,205</b>	<b>131</b>
Other income	13	19	(6)
Selling, general and administrative expenses	(717)	(661)	(56)
Depreciation and impairment of right-of-use assets	(175)	(181)	6
Depreciation and impairment of property, plant and equipment	(96)	(78)	(18)
Impairment of goodwill	-	(3)	3
Finance costs	(51)	(45)	(6)
Finance income	13	-	13
<b>Profit for the year before tax</b>	<b>323</b>	<b>256</b>	<b>67</b>
Income tax expense	(33)	(2)	(31)
<b>Profit for the year</b>	<b>290</b>	<b>254</b>	<b>36</b>

Overall retail revenue increased by 12.4% YoY to reach AED 3,171 million, driven by like-for-like sales growth from existing stores of 11.3%. This was supported by the opening of new locations, with the store footprint now totalling 80.

Gross profit increased by 10.8% YoY to AED 1,336 million, with a stable gross profit margin of 41.4%, achieved through efficient sourcing, tight vertically-integrated supply chain management utilising cost advantages connected to supplier proximity, and Spinneys' highly successful private label strategy, emphasizing sales of high-margin products. This growth was partly offset by lower margins in Saudi Arabia and higher wastage in new stores. The increase in gross profit was mainly driven by the increase in private label participation from 40.8% to 43.3% and in fresh participation from 61.5% to 63.3%. Other contributing factors included: customary disciplined approach to cost management; "Fresh premium" offering, targeting affluent customers belonging to mid-high income socio-economic groups; and Spinneys' strong and unique brand reputation which helps to secure favourable supplier terms, optimizing both front- and back-end margins.

Adjusted EBITDA totalled AED 631 million, up 12.1% YoY, with an adjusted EBITDA margin of 19.5%, including the impact of one-off IPO-related costs incurred in H1 2024 and more than AED 10 million in pre-opening expenses in Saudi Arabia.

Profit before tax grew by 26.2% to AED 323 million, representing a 10% profit before tax margin, with full year profit after tax reaching AED 290 million, an increase of 13.9% after absorbing the impact of the recently introduced 9% corporate tax in the UAE. The effective tax rate for the Group stood at 10.2% for 2024.

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AED (m)	FY 2024	FY 2023	Variance
Property, plant and equipment	426	409	17
Intangible assets	34	34	-
Right-of-use assets	924	808	116
Deferred tax assets	1	1	-
Inventories	157	133	24
Trade receivables, prepayments and other receivables	111	109	2
Amounts due from related parties	4	7	(3)
Cash and short-term deposits	536	354	182
<b>Total assets</b>	<b>2,193</b>	<b>1,855</b>	<b>338</b>
Employees' end of service benefits	79	68	11
Trade payables, accruals and other payables	692	704	(12)
Lease liabilities	1,061	923	138
Interest-bearing loans and borrowings	6	7	(1)
Amounts due to related parties	24	39	(15)
Income tax payable	32	-	32
<b>Total liabilities</b>	<b>1,894</b>	<b>1,741</b>	<b>153</b>
<b>Total equity</b>	<b>299</b>	<b>114</b>	<b>185</b>
<b>Total equity and liabilities</b>	<b>2,193</b>	<b>1,855</b>	<b>338</b>

#### Assets

As at 31 December 2024, total assets amounted to AED 2,193 million, compared to AED 1,855 million as at 31 December 2023, reflecting an increase of AED 338 million.

- Increase in property, plant and equipment was primarily due to additions of AED 113 million relating to refurbishment of existing stores and capital work-in-progress relating to new stores, which was partially offset by the depreciation (amounting to AED 89 million) and impairment charge (AED 7 million).

- Increase in right-of-use assets was primarily due to leases entered into in respect of new stores, which was offset by depreciation charge amounting to AED 167 million and impairment charge of AED 8 million.
- Increase in inventories was primarily due to the opening of new stores, which was partially offset by an increase in the provision for old and obsolete inventories by AED 12 million.
- Cash and bank balances include AED 476 million placed in short-term deposits, generating interest at the current market rate.

### Liabilities

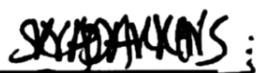
As at 31 December 2024, total liabilities amounted to AED 1,894 million, compared to AED 1,741 million as at 31 December 2023, reflecting an increase of AED 153 million.

- The increase in lease liabilities was primarily due to leases entered into in respect of new stores/factory, accretion of interest of AED 50 million, which was partially offset by the payment of lease liabilities amounting to AED 203 million.
- Decrease in trade payables due to 31 December 2023 falling on the weekend in the UAE, resulting in payment being made to suppliers in 2024, which is not the case in the current year, which was partially offset by an increase in accruals (an overall increase in business due to opening of new stores and organic growth).
- Income tax payable increased due to the applicability of the UAE Corporate Tax Law, applicable to the Group with effect from 1 January 2024.

### CONSOLIDATED STATEMENT OF CASH FLOWS

AED (m)	FY 2024	FY 2023
Cash from Operating Activities before changes in working capital	651	568
Changes in working capital	(65)	203
Net Cash flow from Operating Activities	586	771
Net Cash flow used in Investing Activities	(574)	(83)
Net Cash used in Financing Activities	(306)	(373)
<b>Cash and Cash Equivalents</b>	<b>60</b>	<b>354</b>

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 58.9% in 2024, demonstrates operational efficiency and enables consistent dividend pay-outs while simultaneously funding expansion.



**Sunil Kumar**  
Chief Executive Officer