

**MANAGEMENT DISCUSSION AND ANALYSIS
REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025**

Spinneys (“Spinneys” or the “Company”), the region’s leading premium fresh food retailer, has announced its financial results for the twelve-month and three-month periods ending 31 December 2025. Annual revenues reached AED 3.6 billion, increasing 13.1% compared to the same period in 2024. This was driven by thirteen new store openings, strong like-for-like growth and higher online penetration. Profit before tax grew by 22.4% to AED 395 million, with profit for the period increasing by a strong 14.5% to AED 332 million on the back of higher fresh and private label sales participation. 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:

- FY2025 revenue increased 13.1% to AED 3.6 billion, driven by like-for-like sales growth, new store openings and an increase in online sales
- 13 new stores opened across the UAE and KSA in 2025
- Adjusted EBITDA of AED 731 million, up 15.9%, with industry leading margin of 20.0% driven by higher Fresh and Private Label sales
- Profit before tax grew 22.4% to AED 395 million, with profit for the period up 14.5% to AED 332 million
- Board recommends a final dividend of AED 129.6 million, equivalent to 3.60 fils per share, which will result in full year dividend at 75% of profit for the year

Statement by Sunil Kumar, Chief Executive Officer:

“Our strong performance in 2025 reflects the strength of the Spinneys brand as well as the effectiveness of our strategy to deliver high quality fresh food and convenience across every channel. We achieved double-digit revenue growth while expanding our footprint and enhancing our profitability, demonstrating the resilience of our model and the loyalty of our growing customer base. As we look ahead, we remain focused on advancing our expansion plans in the GCC and Southeast Asia, further growing our digital platforms, and continuing to set new benchmarks for premium grocery retail.”

Financial Highlights

AED (m)	Q4 2025	Q4 2024	YoY Growth (%)	FY2025	FY2024	YoY Growth (%)
Revenue	1,053	927	13.7%	3,647	3,226	13.1%
Gross Profit	452	388	16.6%	1,531	1,336	14.7%
Adj. EBITDA ¹	228	210	8.8%	731	631	15.9%
Profit Before Tax	142	120	18.8%	395	323	22.4%
Profit	120	108	11.4%	332	290	14.5%

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.

Revenue: Increased by 13.1% year-on-year, reaching AED 3.6 billion in the twelve-month period ending 31 December 2025. Top-line growth was driven by like-for-like sales growth of 10.7% and the opening of thirteen new stores across the UAE and Saudi Arabia since January 2025. Online sales penetration grew to 17.0% during the year, compared to 14.1% during the same period in 2024.

Profitability: Gross profit increased by 14.7% year-on-year to AED 1.5 billion for the twelve-months ending 31 December 2025, with a stable gross profit margin of 42.0% compared to 41.4% in 2024, achieved through supply chain and sourcing efficiencies as well as the continued success of the fresh assortment and Spinneys private label ranges. Fresh sales now account for 64.2% of sales with Private Label sales reaching 45.4%, growing by 0.9% and 2.1%, respectively.

Adjusted EBITDA² totaled AED 731 million for the twelve-months ending 31 December 2025, up 15.9% year-on-year, with an adjusted EBITDA margin³ of 20.0%, compared to 19.5% in 2024.

Profits before tax grew by 22.4% to AED 395 million for the twelve-months ending 31 December 2025, while profit after tax increased by 14.5% to AED 332 million for the twelve-months ending 31 December 2025.

Transaction growth: Transaction volume grew by 13.1% year-on-year to 42.2 million transactions for the twelve-months ending 31 December 2025, reflecting growing customer demand on the back of supportive macroeconomic dynamics, while the average basket size decreased slightly to AED 85.2 from AED 87.1 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.

Store network expansion: Spinneys continued to successfully execute its growth strategy through the expansion of its store footprint. The Company opened 13 new stores in the UAE and KSA, resulting in a 12.4% increase in gross selling area with a total gross selling area of 906 thousand square foot as of 31 December 2025. In a post period event, Spinneys opened one further store in the UAE, Spinneys Two Towers in Barsha Heights.

Board Recommends AED 129.6 million Final Dividend

The Company's Board of Directors has recommended a final dividend of AED 129.6 million, equivalent to 3.60 fils per share. Subject to shareholder approval at the Annual General Meeting, the dividend is expected to be distributed in April 2026. Coupled with an interim dividend of AED 119.5 million paid during Q3 2025, the company will have paid out AED 249.1 million equivalent to 75% of profit after tax for the year ended 31 December 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)	FY 2025	FY 2024	Variance
Revenue from contracts with customers	3,589	3,171	418
Rental income	58	55	3
Revenue	3,647	3,226	421
Cost of sales	(2,116)	(1,890)	(226)
Gross Profit	1,531	1,336	195
Other income	12	13	(1)
Selling, general and administrative expenses	(812)	(717)	(95)
Depreciation and impairment of right-of-use assets	(188)	(175)	(13)
Depreciation and impairment of property, plant and equipment	(116)	(96)	(20)
Finance costs	(56)	(51)	(5)
Finance income	24	13	11
Profit for the year before tax	395	323	72
Income tax expense	(63)	(33)	(30)
Profit for the year	332	290	42

Overall retail revenue increased by 13.2% YoY to reach AED 3,589 million, driven by like-for-like sales growth from existing stores of 10.7%. This was supported by the opening of 13 new locations, with the store footprint now totalling 90 as at the year end.

Gross profit increased by 14.7% year-on-year to AED 1.5 billion for the year ended 31 December 2025, with a stable gross profit margin of 42.0% compared to 41.4% in 2024, achieved through supply chain and sourcing efficiencies as well as the continued success of the fresh assortment and Spinneys private label ranges. Fresh sales now account for 64.2% of sales with Private Label sales reaching 45.4%, growing by 0.9% and 2.1%, respectively.

Adjusted EBITDA totalled AED 731 million for the year ended 31 December 2025, up 15.9% year-on-year, with an adjusted EBITDA margin of 20.0%, compared to 19.5% in 2024.

Profits before tax grew by 22.4% to AED 395 million for the year ended 31 December 2025, while profit after tax increased by 14.5% to AED 332 million for the year ended 31 December 2025.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AED (m)	FY 2025	FY 2024	Variance
Property, plant and equipment	435	426	9
Intangible assets	34	34	-
Right-of-use assets	872	924	(52)
Deferred tax assets	1	1	-
Inventories	171	157	14
Trade receivables, prepayments and other receivables	142	111	31
Amounts due from related parties	5	4	1
Cash and short-term deposits	776	536	240
Total assets	2,436	2,193	243
Employees' end of service benefits	87	79	8
Deferred tax liability	1	-	1
Trade payables, accruals and other payables	827	692	135
Lease liabilities	1,029	1,060	(31)
Interest-bearing loans and borrowings	6	7	(1)
Amounts due to related parties	19	24	(5)
Income tax payable	61	32	29
Total liabilities	2,030	1,894	136
Total equity	406	299	107
Total equity and liabilities	2,436	2,193	243

Assets

As at 31 December 2025, total assets amounted to AED 2,436 million, compared to AED 2,193 million as at 31 December 2024, reflecting an increase of AED 243 million.

- Decrease in right-of-use assets was primarily due to depreciation and impairment charge amounting to AED 188 million, which was offset by modification/extension of existing leases and leases entered into in respect of new stores amounting to net AED 136m.
- 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 11 million. Average inventory holding period is 28 days during the year ended 2025 (2024: 28 days).
- The increase in trade receivables, prepayments and other receivables was mainly attributable to higher refundable security deposits provided to landlords amounting to AED 12 million, an advance receivable from the liquidity provider of AED 7 million, and an increase in receivables from online sales partners of AED 7 million, driven by higher online sales penetration compared to the prior year.

- Cash and bank balances include AED 667 million placed in short-term deposits, generating interest at the current market rate.

Liabilities

As at 31 December 2025, total liabilities amounted to AED 2,030 million, compared to AED 1,894 million as at 31 December 2024, reflecting an increase of AED 136 million.

- Increase in trade payables, accruals and other payables mainly due to an increase in trade payables (an overall increase in business due to opening of new stores and organic growth, leading to higher procurement volumes and, consequently, an increase in outstanding payables at year-end) by AED 69 million, increase in accruals (an overall increase in business due to opening of new stores and organic growth) by AED 47 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 222 million, which was partially offset by modification/extension of existing leases and leases entered into in respect of new stores amounting to AED 136 million and accretion of interest amounting to AED 55 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 year ended 31 December 2025, which was partially offset by the payment of corporate tax liability for the year ended 31 December 2025 amounting to AED 32m.

CONSOLIDATED STATEMENT OF CASH FLOWS

AED (m)	FY 2025	FY 2024
Cash from Operating Activities before changes in working capital	706	651
Changes in working capital	88	(65)
Net Cash flows from Operating Activities	794	586
Net Cash flows used in Investing Activities	(291)	(574)
Net Cash flows used in Financing Activities	(453)	(306)
Cash and Cash Equivalents	109	60

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 93.6% in 2025, demonstrates operational efficiency and enables consistent dividend pay-outs while simultaneously funding expansion.



Sunil Kumar
CEO