Spinneys

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

FOR THE PERIOD ENDED 31 MARCH 2026

Spinneys ("Spinneys" or the "Company"), the region's leading premium fresh food retailer, has announced its financial results for the three-month period ended 31 March 2026, marking a resilient performance for the quarter despite the regional conflict situation. First quarter revenue grew to AED 1,014 million, increasing 11.9% vs. Q1 2025, 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 was stable, at AED 101 million, with profit for the period increasing by 1.9% to AED 87 million. Spinneys managed to keep availability levels strong thanks to its robust sourcing model and integrated supply chain which was able to withstand the freight complexities.

Performance highlights:

- Q1 2026 revenue reached AED 1,014 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 184 million, up 1.2%
- Profit before tax stable at AED 101 million
- Profit for the period increased 1.9% to AED 87 million
- Spinneys robust integrated sourcing model kept availability strong during the regional conflict in March 2026.

Statement by Sunil Kumar, Chief Executive Officer:

"Our strong first-quarter performance, delivered against a backdrop of regional uncertainty, is a testament to the resilience of our business model and the commitment of our people across the region. Our strong revenue, profitability and store footprint in these conditions underscore the strength of our customer relationships and the advantages of our integrated sourcing and supply chain. We have also been relatively fortunate in the current environment, with around 88% of our stores located in residential communities rather than in tourist or office-led locations, meaning that the majority of our business has been impacted less from the disruption seen elsewhere as a result of the regional conflict. This community-based footprint, combined with the stability and leadership of the UAE, allows companies like Spinneys to invest with confidence, keep shelves full and continue serving the communities that rely on us every day."

Financial Highlights

AED (m)	Q1 2026	Q1 2025	YoY (%)	Like-for-Like Growth (%)
Revenue	**1,014**	906	11.9%	7.4%
Gross Profit	**406**	375	8.4%	-
Adj. EBITDA[1]	**184**	182	1.2%	-
Profit Before Tax	**101**	102	- 0.7%	-
Profit for the Period	**87**	85	1.9%	-

[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 11.9% year-on-year, reaching AED 1,014 million in the first quarter with a very strong January and February while sales slowed during March due to the regional conflict. Top-line growth was driven by like-for-like sales growth of 7.4% and the opening of thirteen new stores across the UAE and Saudi Arabia since April 2025, and particularly strong performance in Fresh and Private Label sales, with penetration growing by 0.6% and 1.9%, respectively. Online sales penetration grew to 18.8% during the period, as compared to 15.6% in Q1 2025.

Profitability: Overall profitability was healthy for the quarter. Gross profit increased by 8.4% year-on-year to AED 406 million, with a decrease in gross profit margin of 40.1% compared to 41.3% in 2025.

Adjusted EBITDA[2] totaled AED 184 million in the first quarter, up 1.2% year-on-year, with an adjusted EBITDA margin[3] of 18.2%.

Profit before tax was stable at AED 101 million at 10% profit before tax margin, while profit for the period increased by 1.9% to AED 87 million at 8.6% profit margin.

Transaction growth: Transaction volume grew by 8.5% year-on-year to 10.8 million in the first quarter, reflecting resilience under difficult regional circumstances, while the average basket size increased to AED 92.9 as compared to AED 89.9 in Q1 2025 up 3.4%.

Supply chain resilience under pressure

The month of March 2026 saw Spinneys' supply chain thoroughly tested as regional conflict introduced significant volatility, disruption risk and freight complexity across key corridors. In anticipation of potential bottlenecks, the company activated a series of contingency plans, including diversified sourcing options, forward-buying of critical categories and closer coordination with logistics partners to protect availability on the everyday essentials customers rely on. These measures enabled Spinneys to keep service levels high, maintain strong on-shelf availability and continue delivering on its promise of quality and freshness, despite the challenging backdrop.

At the same time, Spinneys used this period to reinforce its role as a community partner, launching initiatives that extended support beyond its stores. Programmes such as The Chef's Counter were introduced to open up space, visibility and new revenue opportunities for homegrown chefs and food founders, many of whom were facing increased financial pressure. Combining operational resilience with targeted community support, helped Spinneys strengthen the ecosystems it is part of, from regional suppliers and partners to the local food businesses and neighbourhoods it serves.

[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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AED (m)	Three-month period ended 31 March		Variance
	2026	2025	
Revenue from contracts with customers	**1,003**	894	109
Rental income	**11**	12	(1)
Revenue	**1,014**	906	108
Cost of sales	**(608)**	(531)	(77)
Gross Profit	**406**	375	31
Other income	**2**	6	(4)
Selling, general and administrative expenses	**(224)**	(199)	(25)
Depreciation and impairment of right-of-use assets	**(47)**	(44)	(3)
Depreciation and impairment of property, plant and equipment	**(30)**	(27)	(3)
Finance costs	**(13)**	(14)	1
Finance income	**7**	5	2
Profit for the period before tax	**101**	102	(1)
Income tax expense	**(14)**	(17)	3
Profit for the period	**87**	85	2

Overall retail revenue increased by 11.9% YoY to reach AED 1,014 million, driven by like-for-like sales growth from existing stores of 7.4%. This was supported by the opening of 13 new locations, with the store footprint now totalling 93 as at the period end.

Gross profit increased by 8.4% year-on-year to AED 406 million, with a decrease in gross profit margin of 40.1% compared to 41.3% in 2025.

Adjusted EBITDA totalled AED 184 million in the first quarter, up 1.2% year-on-year, with an adjusted EBITDA margin of 18.2%.

Profit before tax was stable at AED 101 million at 10% profit before tax margin, while profit for the period increased by 1.9% to AED 87 million at 8.6% profit margin.

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AED (m)	31 March 2026	31 December 2025	Variance
Property, plant and equipment	**429**	435	(6)
Intangible assets	**34**	34	-
Right-of-use assets	**837**	872	(35)
Investment in an associate	**1**	-	1
Deferred tax assets	**1**	1	-
Inventories	**136**	171	(35)
Trade receivables, prepayments and other receivables	**114**	142	(28)
Amounts due from related parties	**4**	5	(1)
Cash and short-term deposits	**871**	776	95
Total assets	**2,427**	2,436	(9)
Employees' end of service benefits	**89**	87	2
Deferred tax liability	**1**	1	-
Trade payables, accruals and other payables	**885**	827	58
Lease liabilities	**996**	1,029	(33)
Interest-bearing loans and borrowings	**6**	6	-
Amounts due to related parties	**14**	19	(5)
Income tax payable	**75**	61	14
Total liabilities	**2,066**	2,030	36
Total equity	**361**	406	(45)
Total equity and liabilities	**2,427**	2,436	(9)

Assets

As at 31 March 2026, total assets amounted to AED 2,427 million, compared to AED 2,436 million as at 31 December 2025.

- Decrease in right-of-use assets was primarily due to depreciation charge amounting to AED 47 million, which was offset by leases entered into in respect of new stores/renewals amounting to AED 12m.
- Decrease in inventories was primarily driven by a reduction in gross inventories of AED 28m compared to the balance as at 31 December, when the Group typically builds up stock in preparation for the festive season. There was a further decline due to significant delays and disruptions in the Strait of Hormuz as a result of ongoing geopolitical situation. In addition, there was an increase of AED 7m in the provision for old and obsolete inventories required for delayed or disrupted shipments which carry a risk of expiry. Average inventory holding period is 23 days during the period ended 2026 (2025: 27 days).

- Decrease in trade receivables, prepayments and other receivables are mainly due to lower sales as of 31 March 2026 Vs 31 December 2025 and decrease in advance to the Liquidity Provider and also in prepaid insurance on account of amortisation.
- Cash and bank balances include AED 746 million placed in short-term deposits, generating interest at the current market rate.

Liabilities

As at 31 March 2026, total liabilities amounted to AED 2,066 million, compared to AED 2,030 million as at 31 December 2025, reflecting an increase of AED 36 million.

- Increase in trade payables, accruals and other payables is mainly due to dividends payable of AED 130m (the shareholders approved and declared a final dividend for the year ended 31 December 2025 on 16 March 2026, which were subsequently settled in April 2026), which was partially offset by a decrease in trade payables by AED 64m due to seasonality as less purchases were made during March as compared to November/December (festive/tourist season) and bonus accrual (paid during January 2026), which was partially offset by an increase in other accruals in the UAE and KSA (an overall increase due to opening of new stores).
- Decrease in lease liabilities was primarily due to the payment of lease liabilities amounting to AED 58 million, which was partially offset by leases entered into in respect of new stores/renewals amounting to AED 12 million and accretion of interest amounting to AED 13 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 period ended 31 March 2026.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

AED (m)	Three-month period ended 31 March	
	2026	2025
Cash from Operating Activities before changes in working capital	**183**	**164**
Changes in working capital	**(25)**	**12**
Net Cash flow from Operating Activities	**158**	**176**
Net Cash flow from / (used in) Investing Activities	**(97)**	**43**
Net Cash used in Financing Activities	**(45)**	**(36)**
Cash and Cash Equivalents	**125**	**243**

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 62.9% in 2026, demonstrates operational efficiency and enables consistent dividend pay-outs while simultaneously funding expansion.

Sunil Kumar
CEO