MANAGEMENT DISCUSSION AND ANALYSIS REPORT

FOR THE PERIOD ENDED 30 JUNE 2026

Spinneys

Spinneys ("Spinneys" or the "Company"), the region's leading premium fresh food retailer, has announced its financial results for the three-month and six-month period ended 30 June 2026. First-half revenues reached AED 1.9 billion, increasing 5.1% vs. H1 2025, driven by 11 new store openings since July 2025, increased Fresh and Private Label sales, stable like-for-like growth, and higher Online penetration. Profit before tax remained stable at AED 203 million, with profit for the period increasing by 2.5% to AED 175 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:

- H1 2026 revenue increased 5.1% to AED 1.9 billion, 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 369 million, up 1.2%
- Profit for the period up 2.5% to AED 175 million
- 11 new stores opened across the UAE and Saudi Arabia over the last 12 months, taking gross selling area above 1 million square feet for the first time
- Spinneys' integrated sourcing model and active mitigation measures ensured availability of products in the stores amidst the H1 2026 freight disruption and delays
- Board approves interim dividend of AED 122.4 million, or 3.40 fils per share for H1 2026
- Post period end, Spinneys increased its shareholding in Spinneys KSA from 50% to 70%

Statement by Sunil Kumar, Chief Executive Officer:

"Our performance in the first half of 2026 underlines the resilience of the Spinneys business in a period of significant regional disruption, and demonstrates the strength of our integrated sourcing model in keeping shelves full and customers served across all of our markets. Even as supply chains came under pressure, our international sourcing offices, long-term partnerships, and disciplined inventory management enabled us to maintain strong availability to protect the customer experience, while continuing to deliver healthy top- and bottom-line results. At the same time, we chose to support our communities by launching a focused local hiring drive, reinforcing our commitment to creating sustainable employment and building capability in our core markets. We were also pleased with the successful launch of our chefs' counter concept, which is designed to showcase and support local F&B companies, giving our customers access to differentiated, locally made food experiences that reflect the diversity and dynamism of the region."

"What continues to set Spinneys apart is our culture that our people live every day. Our willingness to step up, adapt quickly, and stay close to our customers has been central to our resilience through the first half of 2026. Looking ahead to the remainder of the year, we remain focused on deepening our presence in our core markets, introducing our brand to new markets, and investing in local talent and partnerships so that we can create long-term, sustainable value for our customers, communities, and shareholders."

Spinneys

Financial Highlights

AED (m)	Q2 2026	Q2 2025	YoY Growth (%)	H1 2026	H1 2025	YoY Growth (%)
Revenue	**895**	910	-1.6%	**1,909**	1,816	5.1%
Gross Profit	**377**	378	-0.2%	**784**	753	4.1%
Adj. EBITDA[1]	**185**	183	1.3%	**369**	365	1.2%
Profit Before Tax	**102**	100	1.7%	**203**	202	0.5%
Profit	**88**	85	3.1%	**175**	170	2.5%

Top-Line Growth with Resilient Profitability

Revenue: Increased by 5.1% year-on-year, reaching AED 1.9 billion in the first six months of 2026. Top-line growth was driven by like-for-like sales growth of 1.9% and the opening of eleven new stores across the UAE and Saudi Arabia since July 2025, and particularly strong performance in Fresh (64.5%) and Private Label sales (47.3%), with penetration growing by 20bps and 260bps, respectively. Online sales penetration increased to 19.1% during the year, as compared to 16.2% in H1 2025. There was an impact on the sales during the regional conflict in March and April, however, sales gradually recovered post the school reopening.

Profitability: Gross profit increased by 4.1% year-on-year to AED 784 million in the six months ended 30 June 2026, with a robust gross profit margin of 41.0% compared to 41.5% in 2025, achieved through efficient sourcing and supply chain management and Spinneys' highly successful Private Label strategy, which emphasizes high-margin products. There was a slight softening in the GP margin in H1 2026 amid higher freight costs and inflationary pressures driven by extended transit times and ongoing logistical disruptions in the region.

Adjusted EBITDA totaled AED 369 million in the first half of 2026, up 1.2% year-on-year, with an adjusted EBITDA margin[2] of 19.4%, compared to 20.1% in 2025.

Profit before tax remained stable at AED 203 million in the first half of 2026 at a 10.7% profit before tax margin, while profit for the period increased by 2.5% to AED 175 million at a 9.1% profit margin.

Transaction growth: Transaction volume grew by 6.1% year-on-year to 21.8 million in the first half of 2026, while the average basket size decreased slightly to AED 86.40.

[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.
[2] Adjusted EBITDA margin: Adjusted EBITDA divided by revenue

Operational Agility & Supply Chain Optimization

Throughout the second quarter, Spinneys demonstrated strong operational agility in navigating regional supply chain disruptions and complex freight dynamics. Active mitigation strategies helped manage stock levels, with total availability in the range of 83% - 88% in the second quarter. Sales growth was supported by keeping customers satisfied with the availability of product substitutes when certain items were out of stock.

Sea cargo was successfully rerouted to other regional ports to avoid the Strait of Hormuz disruptions. This meant shipment delays were drastically reduced to 9 days in June, down from a peak delay of 38 days in March. Complementing these maritime adjustments, Spinneys drove supply chain innovation by completing 26 road freight shipments from the UK/EU, establishing a permanent, cost-effective alternative transport corridor for European medium shelf-life products.

Sales growth returned following the reopening of schools and the return to in-person learning, alongside a recovery in office activity. This momentum drove post–Eid Al Adha sales above prior-year levels. Gross margins remained stable in Q2 2026, supported by disciplined cost management and targeted pricing actions to offset freight and vendor inflation.

Store Network Expansion

Spinneys continued to successfully execute its growth strategy through the expansion of its store footprint. From 1 July 2025 to 30 June 2026 the Company opened 11 new stores in the UAE and Saudi Arabia, resulting in a significant increase in gross selling area crossing the 1 million square foot GSA for the first time.

Spinneys

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AED (m)	Three-month period ended 30 June		Variance	Six-month period ended 30 June		Variance
	2026	2025		**2026**	2025	
Revenue from contracts with customers	**882**	896	(14)	**1,885**	1,790	95
Rental income	**13**	14	(1)	**24**	26	(2)
Revenue	**895**	910	(15)	**1,909**	1,816	93
Cost of sales	**(518)**	(532)	14	**(1,125)**	(1,063)	(62)
Gross Profit	**377**	378	(1)	**784**	753	31
Other income	**2**	1	1	**4**	7	(3)
Selling, general and administrative expenses	**(194)**	(196)	2	**(419)**	(395)	(24)
Depreciation and impairment of right-of-use assets	**(45)**	(45)	-	**(92)**	(89)	(3)
Depreciation and impairment of property, plant and equipment	**(31)**	(30)	(1)	**(61)**	(57)	(4)
Finance costs	**(14)**	(14)	-	**(27)**	(28)	1
Finance income	**7**	6	1	**14**	11	3
Profit for the period before tax	**102**	100	2	**203**	202	1
Income tax expense	**(14)**	(15)	1	**(28)**	(32)	4
Profit for the period	**88**	85	3	**175**	170	5

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Gross profit increased by 4.1% year-on-year to AED 784 million in the six months ended 30 June 2026, with a robust gross profit margin of 41.0% compared to 41.5% in 2025, achieved through efficient sourcing and supply chain management and Spinneys' highly successful Private Label strategy, which emphasizes high-margin products. There was a slight softening in the GP margin in H1 2026 amid higher freight costs and inflationary pressures driven by extended transit times and ongoing logistical disruptions in the region.

Adjusted EBITDA totaled AED 369 million in the first half of 2026, up 1.2% year-on-year, with an adjusted EBITDA margin of 19.4%, compared to 20.1% in 2025.

Profit before tax remained stable at AED 203 million in the first half of 2026 at a 10.7% profit before tax margin, while profit for the period increased by 2.5% to AED 175 million at a 9.1% profit margin.

Profitability remained stable because of sourcing efficiency while impacted by gross margin compression and fixed cost elements such as depreciation, rental payout etc.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AED (m)	30 June 2026	31 December 2025	Variance
Property, plant and equipment	**420**	435	(15)
Intangible assets	**34**	34	-
Right-of-use assets	**902**	872	30
Investment in an associate	**5**	-	5
Deferred tax assets	**1**	1	-
Inventories	**141**	171	(30)
Trade receivables, prepayments and other receivables	**148**	142	6
Amounts due from related parties	**4**	5	(1)
Cash and short-term deposits	**843**	776	67
Total assets	**2,498**	2,436	62
Employees' end of service benefits	**88**	87	1
Deferred tax liability	**1**	1	-
Trade payables, accruals and other payables	**785**	827	(42)
Lease liabilities	**1,062**	1,029	33
Interest-bearing loans and borrowings	**6**	6	-
Amounts due to related parties	**17**	19	(2)
Income tax payable	**89**	61	28
Total liabilities	**2,048**	2,030	18
Total equity	**450**	406	44
Total equity and liabilities	**2,498**	2,436	62

Assets

As at 30 June 2026, total assets amounted to AED 2,498 million, compared to AED 2,436 million as at 31 December 2025, reflecting an increase of AED 62 million.

- Decrease in property, plant and equipment was primarily due to depreciation charge amounting to AED 61 million, which was partially offset by additions amounting to AED 47 million.
- Increase in right-of-use assets was primarily due to leases entered in respect of new stores/renewals amounting to AED 125 million, which was partially offset by depreciation charge amounting to AED 92 million and reversal due to termination of lease amounting to AED 3 million.
- Investment in an associate of AED 5 million relates to the Group's investment in Philippines.
- Decrease in inventories was primarily driven by a reduction in gross inventories of AED 38m 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. The above increase was partially offset by net decrease in the

provision for old and obsolete inventories by AED 8m mainly due to release of aged stock, shrinkage and specific provision by 8m. Average inventory holding period is 25 days during the period ended 30 June 2026 (30 June 2025: 25 days).

- Cash and bank balances include AED 746 million placed in short-term deposits, generating interest at the current market rates.

Liabilities

As at 30 June 2026, total liabilities amounted to AED 2,048 million, compared to AED 2,030 million as at 31 December 2025, reflecting an increase of AED 18 million.

- Decrease in trade payables, accruals and other payables was mainly due to decrease in trade payables by AED 52m due to seasonality as less purchases were made during May/June as compared to November/December (festive/tourist season) and bonus accrual (paid during January 2026), which was partially offset by increase in other accruals in the UAE and KSA (an overall increase due to opening of new stores).
- Increase in lease liabilities was primarily due to lease entered in respect of new stores/renewals amounting to AED 125 million and accretion of interest amounting to AED 27 AED million, which was partially offset by the payment of lease liabilities amounting to AED 116 million and reversal due to termination of lease amounting to AED 3 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 six-month period ended 30 June 2026.

CONSOLIDATED STATEMENT OF CASH FLOWS

AED (m)	Six-month period ended 30 June	
	2026	2025
Cash from Operating Activities before changes in working capital	**336**	**337**
Changes in working capital	**(11)**	**36**
Net Cash flow from Operating Activities	**325**	**373**
Net Cash flow (used in) /from Investing Activities	**(117)**	**1**
Net Cash used in Financing Activities	**(219)**	**(177)**
Cash and Cash Equivalents	**97**	**256**

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 77.5% in 2026, demonstrates operational efficiency and enables consistent dividend pay-outs while simultaneously funding expansion.

Sunil Kumar
CEO