

Dear Stakeholders,

2023 was a year of real progress for BinDawood Holding and its operating companies. As normality returned to our core market after three turbulent years, we delivered a strong financial performance which proved the inherent resilience of the business and reflected the impact of a number of key strategic initiatives previously put in place.



The overall positivity in the Kingdom's macro-economic environment is widespread and palpable. In addition to our existing customer base, we witnessed a large influx of tourists and business visitors who are increasingly visiting Saudi Arabia. Accessibility to Saudi Arabia is improving rapidly, as more and more international businesses seek to participate in the unprecedented economic transformation that is taking place in the Kingdom on the back of sweeping social and commercial reforms.

The heart of our business currently lies in our two well-established brands, Danube and BinDawood, both of which continued on an upward trajectory during 2023. Danube serves the higher income clientele with a premium offering while BinDawood caters more to the value segment. Notwithstanding the differentiation in product mix and pricing between the two brands, we always compete very strongly on price and make no compromises on service levels.

One of the key strengths of our business today is our understanding of, and use of, data in a dramatically enhanced way compared to pre-pandemic. Our loyalty programme, through which we reach more than 4.7 million customers, allows us the opportunity to gather and analyse important and accurate information about their consumption habits – vital information that was previously not readily available to us. This allows us to manage our business in an optimal way, by running marketing and promotional campaigns that target the right products to the right customers at the right prices. Our significant investment in technology is now paying material dividends; we believe digital technology and AI will prove to be one of the core pillars of our success in the years ahead.

Our store footprint is growing fast. We are investing heavily in the rollout of different store formats, not just in the Western region, but in fact across much of the Kingdom. Our first mega dark store will be complete and ready for operation in H1 2024. This large format dark store will enable us to increase the number and frequency of local deliveries, which in turn will allow us to grow our business in that territory by providing quicker and better fulfilment for our local convenience stores. These local convenience stores represent a new format for us. We expanded our presence by opening 2 convenience stores in 2023, bringing the total count to 7 stores, with the intention of growing this number in the coming year. While the majority of these stores are currently situated in the Western region, we plan to expand this format into the Central region and beyond.

We also opened an additional three Danube stores during 2023, taking the total number of Danube stores to 62. Our BinDawood Supermarkets now number 25, giving a group-wide total of 87 stores. We plan to open approximately another 10 stores during 2024.

The two corporate acquisitions we made 18 months ago are progressing well. Both of those companies, Ykone, the global influencer marketing company with a presence in 12 countries and International Applications Company, the online platform, are profitable and are making a valuable contribution to the ongoing marketing of the group.

We made further progress during the year in strengthening our governance, risk management and compliance. We completed our five-year strategic plan, which sets out the vision of the group over the short to medium term. This has given us confidence about our strategic direction as well as an understanding of the underlying processes, procedures, policies and people which we will need in order to achieve that vision. We also finalised our 'Corporate Governance Roadmap', our 'Board and Its Committees Evaluation Report' and our comprehensive 'Risk Management Plan'.

In recognition of the importance of human capital to the realisation of our ambitious plans, we decided in December 2023 to put together an employee share option scheme which will be launched during 2024. We hope that this scheme will not only reward those who have worked so hard historically, but will also continue to motivate and retain talent within the Company going forward.

I am pleased to report that during 2023 we continued to create new opportunities for Saudi nationals. We consistently reach the required targets for Saudization, and we continue to open up broader opportunities for Saudis in our stores, including for women. Many of these positions now extend into sales and supervisory management roles.

Across all our different locations, we are increasingly becoming conscious of our responsibilities as a business towards "green" issues and sustainability more generally. In 2023, using external consultants, we commenced the process of establishing a formal sustainability roadmap. Our vision is to reduce our power consumption, lower our carbon footprint and, in particular, take the optimal approach to waste recycling, focusing on packaging and plastic. This important work is being driven by our commercial team, hand in hand with our key suppliers, with a mandate to establish mutual benefits across our supply chain within the sustainability landscape.



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In terms of our financial performance during 2023, I am happy to report that the business is clearly back on track after three unpredictable and most unusual pandemic-related years. In 2023, we achieved record sales, restored our gross margin to pre-pandemic levels and kept our operating expenses to sales ratio consistent despite the roll out of new stores. Further details of our financial performance are set out in the Financial Review section of this Annual Report.

I would like to thank all of the group's employees for their efforts in making 2023 a truly transformational year. Their hard work and dedication has produced outstanding results. I encourage them all to continue on this same trajectory so that our future together will be rewarding in every way.

I also thank all the Company's key business partners, particularly our trusted suppliers, whose friendship and commitment are important to the success of our business.

The Board and the Executive Management team remained unchanged during the year. We have great strength at both levels and we recognise the incisive knowledge, both local and international, as well as the independence and objectivity of thought which all these key people bring with them.

Lastly, I convey my sincere gratitude and heartfelt thanks to the Government of the Kingdom of Saudi Arabia and The Custodian of the Two Holy Mosques, His Majesty King Salman bin Abdulaziz Al Saud for his wise and visionary leadership, and His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, Crown Prince of the Kingdom of Saudi Arabia, for driving Saudi Arabia's Vision for 2030.

It is an exciting time to be operating in the Kingdom and I look forward to the future with great optimism.

Abdulrazzag BinDawood
Chairman of the Board of Directors
of BinDawood Holding