14/15 **Strategic Report** Strategy and Business Model

Our goal

Our ultimate objective is to create a sustainable business capable of delivering value directly and indirectly to all our stakeholders: our customers, employees, suppliers, communities and shareholders.

Our vision

We aspire to be the best grocery retail brand in Saudi Arabia and the GCC, and a leader in this growing market sector. We are dedicated to offering an exceptional shopping experience.

We strive to be known by our customers and partners for our commitment to quality products, outstanding customer service and strong supplier relationships. Our people enable our success. We always aim to recruit, train and retain the best available talent. We continuously explore new market opportunities and seek to innovate and transform our business to excel within the changing commercial and economic landscape.

Our strategy

BinDawood Holding has a welldefined growth strategy, the key pillars of which include improving the performance of the existing stores, achieving full potential for recently opened stores, focusing on providing a unique shopping experience across both the Danube and BinDawood brands, continuous store expansion, strategic acquisitions and strengthening of the online platforms.

BinDawood Holding has taken the following steps to further its strategic five-year plan, formulated in 2020:

Created the role of Chief Operations Officer, responsible for developing operational capability and strategy across the Company, and driving forward our business outside the Kingdom.

Successfully rolled out our new loyalty programme which has increased store footfall, enabled us to gain a deeper understanding of the preferences of our customers and thereby allowed us to improve our product offering as well as our marketing strategy. The loyalty programme customers accounted for more than 70% of our customer base in 2023.

Executed two acquisitions by purchasing controlling interests in Ykone and International Applications Company, which demonstrate our strategy in action. These two companies directly complement our core operations, whilst adding shareholder value through an increase in their stand alone valuations since the date of acquisition.

Expanded our dark stores network, which goes to the heart of the online strategy in that it enables us to increase fulfilment of online orders whilst ensuring faster delivery, the two most important ingredients to measure the success of any online platform.

Commenced new segment expansion, with the introduction of our Express store format.

Embarked on international growth through the opening of our first store outside the Kingdom in Bahrain.

Reduced the number of related party transactions carried out, in line with our policy of maintaining good Governance and maximising transparency in all our dealings.

As previously, the Board continues to look at strategic acquisition opportunities that will strengthen and complement its retail offering in Saudi Arabia or allow the Company to establish a presence in other attractive GCC markets. The Company's strong cash position and the absence of debt gives it considerable flexibility in undertaking M&A activity, but the Board continues to take a prudent view in assessing such opportunities to ensure they are value accretive.

Our relationships

We exist in order to satisfy the requirements of our key stakeholders:

Inputs

- A data-driven understanding of our customers informs our decision making
- We have created 87 conveniently located stores across the Kingdom
- We recently made a significant acquisition to improve our online offering
- We have introduced a comprehensive customer loyalty programme

they are partners in our success We support our staff through a high-quality management team

• We introduced a whistle blowing policy in 2021 We approved a new HRMS (Human

Resource Management System), Employees due to be launched in 2024

- buy-back scheme in 2024, to support our new employee stock option plan
- We build long-term mutually beneficial relationships based on trust and respect
- We are ethical in our dealings with our suppliers, ensuring timely payments and transparent sharing of knowledge and experience
- Our investment in technology and our state-of-the-art logistics infrastructure facilitates interaction with our suppliers
- We invest in energy efficient assets to reduce our environmental impact
- We buy from sustainable, ethical and resilient supply chains
- · We seek feedback from the communities we serve and act upon it

• We manage the Company operationally and financially with their interests in mind We prioritise cost management,

- efficient working capital management and cash generation
- We communicate with our shareholders in a transparent manner



Suppliers

Communities

Shareholders

Customers

- Our employees are our key asset -
- We announced the approval of a share

Outcomes

- An exceptional shopping experience with the Kingdom's widest range of quality products
- Unmatched quality of products and service from store staff who care about our customers and the communities in which we operate
- A loyal, long-term customer base who have a deep appreciation of our two brands
- All our employees have the opportunity to succeed. We have a zero-tolerance policy against discrimination
- Our staff have the tools and training to do their jobs well
- Colleagues can express their opinions with respect and confidentiality
- Minimal disruptions to the supply chain • Our suppliers ensure the integrity and quality of the products we sell
- We have a preferred status on product allocations and pricing terms
- We strive to materially reduce our carbon, plastic, pollution and food waste footprint
- We are making a positive contribution to every local community we serve
- Our communities appreciate the employment we create and the services we provide
- We attract long term institutional investors
- Our strong balance sheet gives adequate resources to undertake both organic and inorganic expansion of the business in order to maximise shareholder value, as demonstrated with our two acquisitions in 2022

BinDawood Holding

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