

# Disciplined strategy execution



Dear Stakeholders,

## Introduction

### Expansion with resilient, sustainable growth

In 2025, BinDawood Holding continued the aggressive execution of the Company's strategic plan, strengthening its leadership position in Saudi Arabia's retail sector through strategic store openings, selective M&A at attractive valuations, and investments in digital and operational capabilities. Our growth brought momentum not only in scale but also in quality, with a view to ensuring long-term resilience across market cycles. The strategic expansion we started in 2022 has continued to evolve the Company from its original roots in retail towards a broader-based commercial conglomerate.

### Diversification with enhanced margins

We continued to broaden our portfolio across our four chosen sectors: retail, distribution, technology and manufacturing. Simultaneously we drove efficiency and profitability through investment in vertical integration, AI-enabled operations and value-added services. This approach enabled higher margins, new revenue streams and the creation of a more integrated, customer-centric business model.

### Customer loyalty remains our crown jewel

As always, during the year we fully committed to maintaining our customers' trust by continuously improving our services, enhancing our offerings and adapting to their requirements. Our investments in technology, coupled with the wise use of the critical information it produces, continued to ensure that our strategic decision making was based on hard data. Our ever-present responsiveness to our customers' needs made a major contribution to our positive performance across the year.

## Strategic acquisitions

In line with the revised strategic direction the Board adopted in 2022, rather than simply setting a growth target within a network of retail stores or through online sales, we decided to diversify the business in order to have better control over a much wider spectrum of related commercial elements. We have approached the strategic side of our retail business differently from our competitors, many of whom outsource their departments to third parties, or create concessions in their stores in favour of specialist suppliers covering electronics, spices or bakery. In contrast, rather than outsourcing, we have deliberately acquired entities where we see growth prospects, subsequently raising their profiles by leveraging the inherent strength which our large retail footprint provides.

In line with this strategy we have started to acquire a range of businesses which complement our existing core retail offer, allowing us simultaneously to achieve differentiation better and faster than would otherwise have been the case. We have taken a materially different approach to many others in our sector. This requires a clear vision, intimate market knowledge, confidence in our brand and the ability to invest. We have all of these.

In October we completed the acquisition of 51% of Toy Triangle, a leading regional developer and distributor of a large range of international toy brands such as Lego, Barbie, UFC and Little Tikes. This long-standing Saudi business, in operation for more than 30 years, is present across the GCC and beyond. Toy Triangle has also been instrumental in developing regional toy brands. Combined with our existing business, Happy Time, the merged entity is the largest toy distributor in the Saudi market. Given our extensive network of retail stores across the Kingdom, the operational synergies and potential for growth through category expansion and new product development are clear. This acquisition highlights BDH's attractiveness to companies wishing to grow market share in the region. In looking for the right distribution partner, they typically require three things; firstly, effective access to the market; secondly, financial strength; and thirdly, retail expertise. We have all three.

In December we agreed the purchase of a majority stake in Wonder Bakery, a Dubai-based industrial scale bakery manufacturer, established in 2014 and specialising in fresh and frozen bakery products for the hotel, restaurant, café, airline and retail sectors. The business employs more than 200 people, has over 600 B2B customers and operates from a high-tech state of the art facility in Dubai Industrial City, with a 62,000 square feet manufacturing plant capable of producing up to 50,000 tons of fresh and frozen bakery products and hot and cold kitchen products annually. The company serves GCC markets (Qatar, Bahrain and Kuwait) and plans international expansion, positioning it as one of the leading regional manufacturers of fresh and frozen bakery products.

The acquisition represents a strategic step that supports BDH in expanding our regional footprint from KSA into the UAE. As well as strengthening our presence in the fast growing bakery manufacturing sector and enhancing our ability to achieve supply chain optimisation, the transaction also provides BDH with direct access to a state of the art production facility that operates under the umbrella of globally accredited food and health safety certifications.

This investment supports BDH's long term growth by improving control over production quality, ensuring consistency in the supply of bakery products to our retail and wholesale businesses, and enabling faster product innovation. It also creates opportunities for cost optimisation, cross market collaboration and future expansion into additional regional markets. In this regard, the acquisition aligns with our strategy to build a strong integrated food ecosystem and reinforces our commitment to offering safe, reliable and Shari'ah compliant Halal products to our customers.

We now aim to establish a Wonder Bakery manufacturing facility within KSA, enabling the transfer of technical and operational know-how to the local market and contributing to the development of national capabilities in the food manufacturing sector. This aligns with the objectives of Saudi Vision 2030, which focus on increasing local content, developing the industrial sector and ensuring sustainable food supply chains, thereby enhancing the resilience of the national economy and its ability to meet market demand.



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In the technology sector, and following the earlier acquisition of the Indian content marketing specialist Barcode, our subsidiary FTRF made two acquisitions during 2025: firstly, in July, the talent management agency The Digital Prototype; and secondly, in December, the creative production house for luxury brands Mirror Mirror. These transactions add more services in the influencer marketing space, with an increased number of clients and better reach in the countries in which they operate.

## Integration and innovation

In the years since the pandemic, we have increasingly benefitted from the wise use of technology and data. Our loyalty programme has now been taken up by 11 million of our customers. By integrating our customer data across grocery and pharmacy, we have started to unlock new personalised opportunities which drive retention and increase market reach. The adoption of cutting-edge digital technologies, combined with the pursuit of strategic acquisitions, reflects our commitment to innovation and sustainable growth. Accordingly, during 2025 we continued to advance our multi-format retail strategy through focused expansion and cross-vertical integration, which in turn have helped drive margin enhancement and enabled us to capitalise on the great potential for synergies between our inter-connected businesses.



Our distribution subsidiary Jumairah Trading Company ("JTC"), for example, which we acquired in 2024, is now managing all the bag sections within our retail outlets: school bags, travel bags, brands including Delsi and Kipling, as well as new additions in 2025 including Prolife, Eolo and Jansport. JTC is proving to be a significant value driver, facilitating a more integrated and efficient supply chain and actively leveraging BDH's extensive BinDawood and Danube retail platforms to introduce a wider array of brands and expand its distribution network. This enhanced synergy not only optimises our internal operations but also positions us to offer a more comprehensive product selection to our customers, further solidifying our market leadership in KSA.

Our most recent acquisition, Toy Triangle, is already managing the toy departments within our supermarkets. Since our acquisition of Zahrat al Rawdah last year, we have already introduced 27 pharmacies into our stores, bringing the total Zahrat network up to 204 across Saudi Arabia. We are committed to accelerating this integration, with a target of over 50 integrated locations planned within the next two years. Even at this early stage, we can see the changing habits of our customers – many used to go to independent pharmacies for their personal and baby care items, whereas now they have the convenience of buying those products from us under one roof, at the same time as they get their groceries. Our strategy ultimately always focuses on the needs of the customer. We never forget that.

Reflecting further innovation, during the year we invested in the building of a fully automated state-of-the-art meat processing plant in Jeddah which processes Australian bred beef with premium meat cuttings under the Trecot brand. Our substantial retail and distribution capabilities provide a strong platform for the delivery and sale of products from that factory, which came on stream in Q4 2025.

Further evidence of our agility was apparent in 2025 when we opened our two auto fulfilment centres in the Western region, to service all our dark stores and convenience outlets. The underlying logistics technology, to which we have exclusive access in KSA with our partner Swisslog, brings a quantum leap in efficiency with enormous time and cost savings in our fulfilment processes. We are now able to move away from traditional carton and pallet distribution techniques in favour of much smarter bespoke picking which allows us to mix shipments to order, specific to each store's needs. The right stock goes to the right store in the right quantities, bringing working capital efficiencies and freedom from the long-established restrictions inherent in minimum quantity methodologies.

In this way, technology is no longer a support function but a strategic enabler for BDH, driving growth, operational excellence and a superior customer experience, whilst positioning the Company for sustainable success in the years ahead.



### BinDawood Holding won Best Retail Company of the Year – Food & Consumer Goods Category at the IMAGES RetailME Awards 2025.

A key strategic development during 2025 was the expansion of our convenience store portfolio. We are accelerating this growth primarily through three brands: Danube Dash, BinDawood Dash and our newest convenience store offering. Our initial target is to open 500 of these new convenience stores over the course of the next five years. In retail grocery, 9 new stores opened their doors to customers, taking the total store count to 103 by the end of FY 2025. One additional store was opened in Qatar, under a franchise agreement, post FY 2025 in February 2026. One further BOCU coffee shop will open in Riyadh in Q1 2026, offering premium coffee along with bakery items.

We continue to evaluate strategic fintech partnerships with a view to introducing innovative financial services, such as flexible payment solutions, credit facilities and loyalty-driven financial products. These initiatives aim to complement our core retail business, strengthen customer engagement and unlock new revenue streams. Implementation of these initiatives is planned in a phased manner, with e-commerce and automation enhancements already underway which are expected to scale further in the next 12–18 months. Fintech collaborations are targeted for pilot launches over the same period, with broader rollout contingent on regulatory approvals and market readiness.

#### 2025 results

We were honoured during the year to receive external recognition which reflects the Company's high standards, our contribution to the Saudi sectors in which we operate and the positive culture of BDH and its people. BinDawood Holding won Best Retail Company of the Year – Food & Consumer Goods Category at the IMAGES RetailME Awards 2025.

The outcome for the year reflects our focus, as always, on the needs and wants of our customers and our continued determination to set the benchmark in our sector for customer service. It also reflects the substantial resources we dedicated in 2025 to the execution of our diversification strategy and to the significant investments we continued to make in technology.

Against this backdrop, the Company delivered solid results in FY 2025 in comparison with FY 2024, with revenue reaching SAR 6,348.0 million, showing growth of 11.8%.

Despite the challenges brought about by rapidly changing consumer behaviour across the Kingdom, our agility and resilience as a business helped us to record 1.5% growth in retail grocery sales, mainly driven by new store openings, the full-year effect of outlets launched in 2024, and enhanced coverage in key markets which drove higher footfall and stronger customer engagement. Zahrat Al Rawdah, our recently acquired pharmacy business, achieved pro-forma year-on-year (February–December 2025 vs February–December 2024) revenue growth of 6.2%, accompanied by an improvement in profitability. The distribution business delivered a strong performance, supported by exclusive product additions, Back-to-School campaigns and deeper integration with BDH's retail channels. Our technology segment showed growth of 26.3%, underpinned by Ykone's steady performance in the Middle East, improved momentum in Western Europe, and the full-year contribution from its Indian operations.

Our ability to strengthen gross profit margins to 34.1% in FY 2025, compared with 33.4% in FY 2024, highlights our consistent drive for operational efficiencies, the wise use of data from our loyalty programme, the strength of our supplier relationships and widespread synergies in our supply chain. Gross profit in FY 2025 increased by 14.4% to SAR 2,165.7 million.

Operating expenses during the year increased by 16% to SAR 1,775.9 million, compared to SAR 1,531 million in FY 2024. The increase was mainly due to consolidation of the retail pharmacy acquisition, the full-year impact of the distribution business, retail grocery expansion, and higher costs from the mega dark store pilot phase.

FY 2025 net profit recorded a modest decline of 3.6%, reaching SAR 270.0 million compared to SAR 280.2 million in FY 2024, mainly due to financial charges relating to the funding of the strategic acquisitions.

A more detailed breakdown of our financial performance is set out later in this Annual Report, in the CFO's Financial Review.

#### Outlook

In 2026, our focus will remain on targeted initiatives that drive efficiency, synergies, innovation and sustainable growth. Several vertical integration projects currently underway are expected to optimise operations, reduce costs and enhance profitability across the Company.

We will continue the overall process of building our diversified portfolio across our chosen areas of strength: retail, distribution, technology and manufacturing.

Our energy will be channeled towards the three most important priorities: firstly, the continued execution of our strategic plan; secondly, enhancing the synergies between our existing assets and future acquisitions; and thirdly, helping our staff to serve our customers even better, always seeking ways to take the customer experience to the next level.

Focusing on these priorities, we will continue to deliver growth whilst retaining a high degree of control across our businesses both vertically and horizontally, harnessing our proven ability to act with real agility in the execution of our strategy.

**Ahmad A. R. BinDawood**  
Chief Executive Officer

