

# Investing for growth



## Dear Stakeholders,

### Overview

A changing pattern of economic and social factors influenced the focus and results of BDH in 2025. Despite macroeconomic volatility and a tough trading environment, the naturally defensive and resilient nature of the grocery sector supported our stable performance during the year.

In terms of the forces which we do control, we made good progress. We successfully expanded BDH's physical and digital footprint across KSA, whilst maintaining our clear focus on organic growth aligned with Vision 2030's priorities, particularly within tourism-related sectors. In a favourable M&A environment, we seized two specific opportunities to enhance scale, consciously diversifying the Group's interests in line with our stated strategy, whilst complementing our existing portfolio. We increased vertical integration across our online, distribution and logistics channels, strengthening cost control and margins. We also accelerated digitalisation and operational efficiency initiatives, supporting profitability and customer engagement.

What emerged during the year was a clear strategic framework based on four sectors, in each of which we will look to build market-leading positions over the medium term: retail, distribution, technology and manufacturing.

Details of the Group's performance in FY 2025 are set out in the CEO's and the CFO's Statements. I see a clear pattern that has emerged since the pandemic, which is that every year this very dynamic regional marketplace contains challenges and headwinds but also simultaneously an increasingly broad range of strategic opportunities. 2025 was demonstrably a year in which we not only coped well with the former but also capitalised effectively on the latter.

### Successful execution of our strategy

BDH's investment programme during the year was guided by a long-term value creation mindset rather than by short-term returns. The focus was on building a resilient and scalable platform by broadening income sources, allocating capital to high-growth opportunities and maintaining flexibility to adapt to evolving industry dynamics, thereby strengthening the Group's leadership position across all its sectors.

The strategic decision taken in 2022 to diversify the Group beyond our retail roots, leveraging the strength of our core grocery businesses, continued apace in 2025.

In Q4, BDH signed an agreement to acquire 51% of Wonder Bakery, a Dubai-based industrial bakery, as part of our vertical integration strategy. The acquisition strengthens BDH's position in the bakery segment by expanding our product range and manufacturing capabilities while leveraging Wonder Bakery's established B2B customer base across the airline, hospitality, retail and food service channels. This integration supports our regional growth strategy by enhancing supply chain efficiency, improving product availability and reinforcing our food and bakery portfolio across the GCC. We will open a branch of Wonder Bakery in Saudi Arabia which will enhance our local expertise in industrial baking and increase the range of products in our supermarkets. Completion of the transaction is expected in H1 2026.

In October, we acquired a majority stake in the games manufacturing and distribution business Toy Triangle, a Saudi company with long-standing heritage in the toy sector, an existing presence in KSA, the UAE, Qatar and Kuwait, and exclusive territorial rights to leading brands such as Lego, Barbie and Pokemon. After merging Toy Triangle with our existing business Happy Time, the combined entity is the largest toy distributor in the GCC. The acquisition, which will benefit from synergies with our existing distribution channels, potentially brings us closer to providing an integrated education and entertainment ('edutainment') environment for children, in line with the objectives of Saudi Vision 2030.

Zahrat al Rawdah, the KSA pharmacy business whose acquisition we closed in February 2025 as part of our strategic diversification into the health and wellness sector, saw stronger margins and profitability during FY 2025. Since acquisition, Zahrat has expanded its footprint by integrating 27 pharmacies inside BinDawood and Danube stores, bringing the total pharmacy network to 204 locations across Saudi Arabia. We are fully committed to accelerating this integration process across more stores, with a target of over 50 integrated locations planned within the next two years.

With a view to leveraging our existing strengths in retail and distribution, in 2025 we also commissioned a fully automated state of the art meat processing plant which processes Australian bred beef with premium meat cuttings. The factory, sited in Jeddah, started commercial production in Q4 2025.

During the year we launched an accelerator programme for the roll out of our convenience stores with the introduction of our new brand. We are really ambitious to scale up this business rapidly, with a view to opening around 300-500 branches within 5 years across the Kingdom. This brand is a good example of our organic growth – a local neighbourhood store concept which we have created, rather than acquired, and which offers a broad range of well-known branded products at affordable prices, giving confidence to our customers.

### Technology-enabled growth

We continued to make substantial, ongoing investments in technology as a strategic driver of growth. Artificial intelligence has transitioned from concept to practical application, helping us unlock value across multiple areas of the business. AI is already enhancing product assortment decisions, streamlining ordering and replenishment processes, and improving the overall customer experience.

Our store teams can leverage AI-enabled tools on their mobile devices to access real-time product, pricing and availability information directly on the shop floor, boosting efficiency and responsiveness. Similarly, we are now providing our suppliers with timely, accurate and actionable insights, strengthening collaboration with our trusted partners and optimising the supply chain.

We continually invest in ERP systems which improve our merchandising, accounts and finance operations. We recently implemented a new HR system which enables all employees to engage in self-service across all necessary functions direct from their own mobile phones. We also implemented Slim Inventory, a US cloud-based software, which is helping us to reduce our stock levels using AI. The many benefits include on time ordering, quantity management, seasonal flexibility and greater control over the availability of faster moving items. Additionally, AI has enabled the integration of all our banking payments into one platform, significantly increasing efficiencies across our back office functions.

Our subsidiaries are also benefiting from technology-driven transformation. International Apps is now using AI and data analytics to enhance operational efficiency and make smarter business decisions, ultimately delivering an exceptional experience for customers. Similarly Ykone leverages digital tools and AI-powered insights to deliver highly targeted marketing and influencer campaigns across the Middle East, India and Western Europe, enhancing customer engagement and brand impact.

### Outlook

Looking forward to 2026, BDH plans to advance several vertical integration initiatives designed to improve operational efficiency, optimise costs and reinforce profitability. Our diversified portfolio – based around our four chosen sectors of retail, distribution, technology and manufacturing – provides a robust foundation for continued resilience and sustainable growth. In the year ahead, we will maintain our focus on strategic investments, technology investment and a customer-centric approach, all of which will, I believe, further consolidate BDH's position as a leading player in Saudi Arabia's evolving economy.

The region remains a highly dynamic environment and, within this, the Kingdom is especially so. Continued population growth, combined with ongoing large-scale investment in infrastructure projects, is driving Saudi Arabia's economy to new levels, as we rapidly approach milestones which previously seemed a long way away: EXPO in 2030 and the World Cup in 2034. In this context, the further diversification during 2025 of BinDawood Holding's core interests in our four sectors of choice reflects our confidence in the bright future which lies ahead.

### Acknowledgements

I would like to express my gratitude to the Government of the Kingdom of Saudi Arabia, and to His Majesty King Salman bin Abdulaziz Al Saud, Custodian of the Two Holy Mosques, for his visionary leadership, as well as to His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud, Crown Prince of the Kingdom, for championing Saudi Arabia's Vision 2030. Their guidance continues to create a dynamic environment for growth and innovation.

I also extend my sincere thanks to our customers and all commercial partners, particularly our valued suppliers, whose trust and collaboration are central to our shared success.

Finally, I am extremely grateful to all employees across the Group for their exceptional dedication throughout 2025. Their talent, commitment and expertise are the driving force behind our achievements; the success we witnessed this year is a direct reflection of their hard work and professionalism.

### Abdulrazzag BinDawood

Chairman of the Board of Directors of BinDawood Holding