

Delivering our growth strategy after two challenging years



2021 was a challenging year for most businesses globally. The pandemic and the consequential restrictions on travel and the application of social distancing norms caused widespread disruption to businesses, particularly in the retail sector. BinDawood Holding was no exception to this trend. Sales of the Company for 2021 declined by 15% over 2020. There were several factors that contributed to the decline such as pantry buying at the onset of the pandemic and then just prior to the introduction of higher VAT in 2020 and much lesser flow of pilgrims in 2021.



BinDawood Supermarkets was honoured to win the award for 'Best Supermarket Services for Hajj and Umrah Pilgrims' at the World Hajj and Umrah Committee global awards in Jeddah

In the face of declining sales, the Company remained steadfast on its core values of providing exceptional quality and service and not forsaking margin to spur sales. The Company ended the year with a gross margin of 32.8% which was 0.4% higher than that in the previous year, an improvement that the management and employees of the Group can be justifiably proud of since it was achieved through strict control on costs, shrinkage, and wastage. Equally creditable was the fact that at the year-end the Company had zero debt and a cash balance of SAR 484M even though Net Profit declined from SAR 447.7M in 2020 to SAR 240.8M, driven by the reduction in sales.

We approach the new year with hope. Thanks to the quick and efficient response of the Government in handling the pandemic, I feel the worst is behind us. Travel restrictions are gradually being eased the world over and tourism is expected to show a sharp rebound, with the number of pilgrims entering the Kingdom forecast to increase quite significantly over the previous year, a welcome development for the Company. Whilst there are headwinds in terms of inflationary pressures and some supply chain disruptions, I believe these will be overcome by the several progressive measures that the Government of Saudi Arabia is taking to promote growth.

As in any challenging year, we have learnt certain valuable lessons. It is clear to us that online grocery has become an essential adjunct of the customer experience and is poised to grow exponentially, a trend that was inevitable and has only been accelerated by the pandemic. It is also evident that a digital revolution is underway and that we must innovate and remain nimble if we are to remain relevant. In recognition of these developments, we have acquired a 62% majority in IATC, a company that was previously responsible for running the BinDawood Holding mobile applications and its online platform. The transaction is subject to customary closing conditions and completion of regulatory approval and is expected to close in the second half 2022. Furthermore, BinDawood Holding will invest a further amount of up to SAR 160 million in IATC over a two-year period to support the development of the platforms and the roll-out of a network of state-of-the-art dark stores and fulfilment centres to optimize operations, fully integrate the customer experience and provide shorter lead delivery times. This will help us to better integrate the online channel and provide our customers with a seamless omnichannel experience.

In addition, we have appointed a Chief Transformation Officer with a mandate to critically appraise the current systems and processes and be prepared to disrupt them through technological innovation and a Chief Operations Officer to facilitate our continuous store expansion domestically and in attractive GCC markets.



Despite these challenges, the resilience of BinDawood Holding's wider growth strategy was sustained by its sharp focus on quality, the introduction of a new framework for supplier relationships and the protection of its debt-free cash position.

I want to take this opportunity to thank the entire Board of Directors for their guidance, leadership, and courage throughout 2021. Their influence in steering the Company through a period of continued uncertainty within our sector has ensured that BinDawood Holding delivered value for its customers, community stakeholders, suppliers, and shareholders throughout the year.

Our staff, including those on the frontline of our in-store operations, have also played a crucial role during challenging times, and I thank them for their continued loyalty and hard work. I am extremely proud of the dedication they demonstrated during the year.

I want to 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.

Chairman of the Board of Directors of BinDawood Holding
Abdulrazzag BinDawood