

## H1 2022 Financial Results

# BinDawood Holding H1 2022 Results: Sales up 6.6%, driven by BinDawood stores

Jeddah, Saudi Arabia; 24 August 2022 – BinDawood Holding Co. (Tadawul: 4161 and the “Company”), one of the leading grocery retail operators of hypermarkets and supermarkets in the Kingdom of Saudi Arabia (‘KSA’), today reported its half-year 2022 financial results.

### Financial Highlights

(SAR M)	H1 2022	H1 2021	% Up / (Down)		H2 2021	% Up / (Down)
Revenue	2,396.1	2,247.2	6.6%		2,134.9	12.2%
Gross Profit	761.8	772.8	(1.4%)		666.1	14.4%
Net Profit	107.8	157.1	(31.4%)		83.5	29.1%

(SAR M)	Q2 2022	Q2 2021	% Up / (Down)		Q1 2022	% Up / (Down)
Revenue	1,220.9	1,122.8	8.7%		1,175.2	3.9%
Gross Profit	378.1	399.4	(5.3%)		383.7	(1.5%)
Net Profit	42.3	95	(55.5%)		65.5	(35.4%)

### Comments from Ahmad AR. BinDawood, CEO of BinDawood Holding:

*“Our strong start to the year in terms of sales has been driven by a return of pilgrims for Hajj and Umrah, coupled with marketing and promotions carried out during Ramadan and Back to School seasons. The slight reduction in gross margin was due to the effect of promotional and loyalty program activities and the conscious management decision to reduce margins in certain product categories to spur sales. The reduction in gross margin coupled with higher operating expenses due to store openings and other affiliated costs have resulted in lower net profits for the second quarter and half-year 2022. These costs are expected as we build for the future. What is important is our store count is continuing to grow, our revenues are normalizing, we have made two serious acquisitions (both of which closed in July 2022) that will benefit the business significantly in the long-run and overall, we are generating strong free cash flows and remain debt free. In this current macro-economic situation, it is a position we are happy to be in.”*

## Financials: H1 2022

Revenue increased 6.6% year-on-year to SAR 2,396.1 million in H1 2022 as compared to SAR 2,247.2 million in H1 2021. Sales in the first half of 2022 was driven by BinDawood stores, which had sales of SAR 779.8 million, an increase of SAR 145.6 million on the same period last year and SAR 204.8 million on a sequential basis. Furthermore, sales were supported by the return of Ramadan and Back to School seasons.

In terms of stores performance, BinDawood's Haramain stores saw a marked increase in sales, SAR 154.2 million in H1 2022 versus SAR 39.1 million in H1 2021. This was a combination of easing in certain pandemic restrictions for residents and the return of pilgrims for Hajj and Umrah. Furthermore, non-pilgrim focused stores had sales of SAR 494 million, 4.4% higher, indicating a stronger across the board performance by BinDawood stores.

Danube stores posted similar sales numbers on a year-on-year basis, SAR 1,616.3 million in H1 2022 versus SAR 1,613.1 million in H1 2021. On a sequential basis, it was 3.6% higher reflecting a ramp up in sales of the new stores opened in the second half of 2021.

Gross profit was SAR 761.8 million or 31.8% of sales in H1 2022 versus SAR 772.8 million in H1 2021 or 34.4% of sales in H1 2021 and SAR 666.1 million or 31.2% of sales in H2 2021. The drop in gross profit and margin was due to the effect of promotional and loyalty program activities and the conscious management decision to reduce margins in certain product categories to generate higher sales.

Operating expenses were SAR 628.1 million in H1 2022 versus SAR 573 million in H1 2021 and SAR 601 million in H2 2021. Both the fixed and variable cost element of operating expenses were higher due to new stores and costs associated with stores in the process of opening, costs related to the acquisition of International Applications Trading Company ("IATC") by Future Tech Retail ("FTR") and an increase in general and administrative salaries. Some of the increases were of a non-recurrent nature.

The Company's net profit was SAR 107.8 million in H1 2022 compared to SAR 157.1 million in H1 2021 and SAR 83.5 million in H2 2021, representing a net profit margin of 4.5%, 7%, and 3.9%, respectively. The reduction in net profit reflects the cumulative impact of a decline in gross profit and higher operating expenses.

The Company's financial position continued to be strong with no bank debt. Cash generated from operations in H1 2022 was SAR 564.9 million versus SAR 479.2 million in H1 2021. The increase of 17.9% in H1 2022 was due to an improvement in working capital efficiency. Net Working Capital amounted to SAR 479.1 million on 30 June 2022 as compared with SAR 582 million on 30 June 2021 and SAR 600.5 million on 31 December 2021.

As of 30 June 2022, the Company had a cash balance of SAR 722.6 million including short term deposits, which represented a decrease of 7.2% as compared to 31 March 2022 due to the cash dividend paid in May 2022. The Board of Directors have approved a half-year dividend of SAR 0.90 per share, or SAR 102.9 million. The cash dividend is payable to stockholders of record by the close of business within two weeks of 11 September 2022.

In the first half of the year, the Company announced the signing of a definitive agreement – via its subsidiary, FTR to acquire 62% of the shares of International Applications Trading Company (IATC) which developed and operates the Danube Online e-commerce platform and online mobile applications of the Danube and BinDawood brands, in addition to the provision and management of services relating to the online platform and mobile applications. The transaction closed in July 2022. The acquisition is aligned with BinDawood

Holding's objectives to enhance its position in e-commerce, optimize operations and fortify its omnichannel presence, poising the business for future growth.

On 27 July 2022, FTR announced its second acquisition, an 80.5% stake in Ykone, a subsidiary of TF1 Group, a French leader in content production, publishing and distribution. The acquisition took place through FTR's wholly owned subsidiary in France. Ykone is a profitable influencer marketing agency with a proprietary technology offering, focused on travel, beauty, fashion and luxury brands, with a presence in Europe, Asia, the US and Middle East. It provides end to end services on strategy, talent management, content production and monitoring to more than 200 leading brands across the globe including the MENA region. The investment is expected to appreciably increase in value, help BinDawood Holding to establish a deeper relationship with principals who may avail of Ykone's services and also provide it with international expertise for targeting on-line customers.

#### **Financials: Q2 2022**

Second quarter revenue was SAR 1,220.9 million, up 8.7% higher versus SAR 1,122.8 million in Q2 2021, and sequentially was 3.9% higher. As explained above, the improved sales were driven by the return of Ramadan season.

Gross profit was SAR 378.1 million in Q2 2022 or 31% of sales versus SAR 399.4 million in Q2 2021 or 35.6% of sales. Gross profit for Q1 2022 was SAR 383.7 million, or 32.6% of sales. The year-on-year drop in gross profit and margin was primarily related to Ramadan season promotional and loyalty campaigns.

Operating expenses were SAR 315.3 million in Q2 2022 versus SAR 284.4 million in Q2 2021. The year-on-year increase reflects the impact of new store openings, the transaction related expenses on IATC acquisition and staff related costs and expenses.

The Company's Q2 2022 net profit was SAR 42.3 million versus Q2 2021 net profit of SAR 95 million. The increase was a direct reflection of the higher operating expenses and lower gross margins.

Cash generated from operations in Q2 2022 was SAR 144.8 million versus SAR 420.1 million in Q1 2022.

---ENDS---

#### **About BinDawood Holding Co.**

BinDawood Holding is one of the leading grocery retail operators of hypermarkets and supermarkets in the KSA. The Company has a total of 80 stores of which 52 are hypermarkets, 26 are supermarkets and 2 are express stores, each located strategically across KSA, operating two complementary brands: BinDawood and Danube.

#### **Investor Enquiries**

Hassan Javaid, Head of Investor Relations [interim]

[hassan.javaid@danubeco.com](mailto:hassan.javaid@danubeco.com)