

BinDawood Holding Reports Q1 FY 2023 Financial Results

BinDawood Holding reports 7.9% comparative increase in net profit in Q1 FY 2023 excluding one-time rent relief.

Jeddah, Saudi Arabia; 22 May 2023 – 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 first quarter 2023 financial results.

Financial Highlights (SAR Million)

	Q1 FY 2023	Q1 FY 2022	% Up / (Down)	Q4 FY 2022
Revenue	1,381.2	1,175.2	17.5%	1,318.3
Gross Profit	416.6	383.7	8.6%	368.1
Net Profit	52.2	65.5	(20.3%)	64.9
Net Profit*	52.2	48.4	7.9%	24.7

(*) Net Profit excluding non-recurring rent relief of SAR 17.1m in Q1 2022 and SAR 40.2m in Q4 2022

The Board of Directors approved the distribution of cash dividends of SAR 1 per share, totaling SAR 114.3 million for the second half of FY 2022

COMMENTS FROM AHMAD AR. BINDAWOOD, CEO OF BINDAWOOD HOLDING:

“The measures implemented by the Company in 2022 started to yield positive outcomes during the 1st quarter 2023. During this quarter, both the financial performance and underlying fundamentals of our business have improved, resulting in stronger operational metrics and quality of earnings.

Our revenue for Q1 was SAR 1.4bn, reflecting a year-on-year increase of 17.5% and a sequential increase of 4.8%. Comparing Q1 FY 2023. The Increase of pilgrims, both domestic and international pilgrims, resulted in a significant uplift in the Haramain stores in Makkah and Madinah. We have also witnessed an increase in the number of customers enrolling in our loyalty customer program. That number currently stands at approximately 3.8 million and has become a source of repeat sales over the last year. The above factors have contributed to double digit growth in retail sales of the Company. This was further enhanced by the increase in the new digital revenue segment that includes Future Retail for Information Technology Company (“FTR”).

The Company witnessed a sequential increase in gross margin by approximately 2.3% due to better product mix, cooling down of inflationary conditions, more advantageous contractual terms with suppliers. However, the gross margin was lower than c. 2.4% vs. Q1FY2022.

In Q1 FY 2023, our net profit, before accounting for non-recurring rental reliefs, rose by 7.9% to SAR 52.2 million from SAR 48.4 million in the corresponding period of the prior year. Sequentially, the net profit has more than doubled.

Going forward, we plan to continue cost rationalization measures in conjunction with better supplier negotiations and improved operational efficiencies. The measures contemplated include re-sizing and relocation of stores based on strategic and technical research of customers footfall.

Over the rest of 2023, we plan to roll out 6-7 new stores across all the three formats we operate in – Hypermarkets, Supermarkets and Express stores with a strategic focus on major cities in Western and Central Regions. In addition, we will continue exploring international opportunities, both organic and inorganic, to achieve geographical diversity. Our strong liquidity and debt-free position allows us to undertake acquisitions whenever an attractive opportunity is identified.

We are continuing to augment our presence in the rapidly growing online space by adding more dark stores including a mega-dark store. The Company had 13 dark stores & 23 online locations within its stores at the end of Q1 FY 2023.

In summary, Q1 FY 2023 represents a new beginning of complete normalcy after two challenging years, and we are confident that our positive trajectory will continue in the coming periods.”

Financials: Q1 2023

In Q1 2023, the Company achieved revenues of SAR 1,381.2 million, representing a year on year increase of 17.5%. Sequentially, Q1 2023 revenue increased by 4.8% from SAR 1,318.3 million in Q4 2022. The sales of Danube and BinDawood were SAR 873.1 million and SAR 446.3 million respectively, reflecting a year on year growth of 7.3% and 23.6%. The Increase of pilgrims performing Umrah resulted in a significant uplift in the Haramain stores in Makkah and Madinah. Our revenue growth also benefitted from better preparation for Ramadan season compared to the previous two seasons. The digital segment, comprised of Future Retail for Information Technology Company, also contributed to the overall increase in revenues.

Gross profit for Q1 2023 was SAR 416.6 million as compared to SAR 383.7 million in Q1 2022 and SAR 368.1 million in Q4 2022. Gross margin of 30.2% in Q1 2023 was lower than the 32.6% margin achieved in the corresponding period of the previous year. However, on sequential basis the gross margin was improved by approximately 2.3% than the margin of 27.9% posted in Q4 2022, reflecting the positive impact of better product mix, cooling down of inflationary conditions, more advantageous contractual terms with suppliers. Operating expenses in Q1 2023 were SAR 342.1 million versus SAR 312.8 million in Q1 2022 and SAR 330.1 million in Q4 2022. The increase vs. Q1 2022 is due to expenses related to branch openings and tech subsidiary operating cost. The expenses in Q4 2022 included certain one-time credits.

The Company reported a Q1 2023 net profit of SAR 52.2 million, up 7.9% year on year from SAR 48.4 million in Q1 2022 after the exclusion of non-recurring rent reliefs of SAR 17.1 million. The Company's financial position continued to be strong with no bank debt. Cash generated from operations in Q1 2023 was SAR 403.2 million versus SAR 420.1 million in Q1 FY 2022 and SAR 76.2 million in Q4 2022. The Board of Directors has approved the distribution of cash dividends of SAR 1.00 per share in total amounting to SAR 114.3 million. The cash dividend is payable to stockholders who own shares by the end of the trading day on Wednesday 31/05/2023G and registered with the Securities Depository Center (Edaa) at the end of the second trading day following the date of entitlement.

As of 31 March 2023, the Company had a cash balance of SAR 705.2 million versus SAR 509.3 million on 31 December 2022.

ABOUT BINDAWOOD HOLDING CO:

BinDawood Holding Co. (the Company) is one of the leading grocery retail operators of hypermarkets and supermarkets in the Kingdom of Saudi Arabia. The Company has a total of 83 stores, of which 54 are

Hypermarkets, 26 are Supermarkets and 3 are Express stores. The stores are strategically located across KSA with one international store in Bahrain. The Company operates its stores under two complementary brands: BinDawood & Danube and also has a strong online presence with 13 dark stores and 23 in-store online operations.

In 2022, the Company made two major acquisitions:

(1) Ykone S.A.S ('Ykone'), a profitable international influencer marketing agency with a proprietary technology offering, focused on retail, travel, beauty, fashion and luxury brands, with presence in Europe, Asia, the USA and the Middle East.

(2) International Applications Company Ltd ('IAC'), the company which developed and currently operates BinDawood Holding's Danube and BinDawood ecommerce channels.

INVESTOR ENQUIRIES:

Hassan Javaid, Finance Director & Head of Investor Relations | hassan.javaid@danubeco.com