



Nahdi records SAR 888 million in net profit for FY 2022, increasing 9.3% over FY 2021, accelerating delivery of strategy

Jeddah, Saudi Arabia - 20th March 2023: Nahdi Medical Company (“Nahdi” or “the Company”), Saudi Arabia’s leading purpose-driven healthcare and wellbeing company, today reported its financial results for the fiscal year 2022 (“FY22”).

Summary

Operational highlights	Financial highlights		
1,086 Nahdi pharmacies 3 NahdiCare Polyclinics 48 NahdiCare Express Clinics (non-urgent care) 143 cities and villages served* <small>*Including KSA & UAE</small>	Revenue (SAR billion)	Net Profit (SAR million)	Earnings per share (EPS) (SAR)
	8.6 2022	888 2022	6.8 2022
	8.1 2021	813 2021	6.3 2021
	8.6 2020	849 2020	6.5 2020
	7.8 2019	692 2019	5.3 2019
	7.4 2018	611 2018	4.7 2018

Eng. Yasser Joharji, CEO at Nahdi Medical Company said:

“At Nahdi, we are driven by our purpose, inspired by our Guests, and led by our strategy. 2022 will be remembered as a landmark year in which we set new benchmarks, accelerated the delivery of our strategy, became a publicly listed company, grew our regional footprint, and added beats to the lives of more Guests than ever before. In summary, we created more value for our key stakeholders as evidenced by a strong set of operational and financial results.

I would like to express my gratitude to our Board of Directors for its strategic counsel, our Nahdi employees for relentlessly and passionately giving their best to better serve our Guests, and our partners for their commitment and support allowing us to reach new heights and look to the future with optimism.”



Financial Performance

The Company recorded FY22 revenue of SAR 8.6 billion, representing a 6.8% increase over the previous year. The growth was primarily driven by the strong performance of the pharma segment, the return of religious tourism to the Holy Mosques in Makkah and Madinah to normal levels, and other strategic initiatives beginning to create value.

FY22 gross profit increased by 6.5% to reach SAR 3.52 billion compared to last year driven by revenue growth. This helped to deliver gross margin at 40.9% which is consistent with last year.

FY22 net profit was SAR 888 million, increasing 9.3% over the previous year, with net margin also steady at 10.3%, reflecting a combination of revenue growth and efficient opex and capex management.

During 2022, Nahdi maintained a zero-debt position and strong cash generation, with cash and cash equivalents sitting at over SAR 1 billion as of year-end. Total assets increased to reach SAR 4.9 billion, a rise of 15.1% from SAR 4.3 billion at the end of 2021, driven by growth in current assets particularly the cash position, mainly on account of business growth and an enhanced cash conversion cycle.

Demonstrating the sustainable profitability of the business, return on assets (ROA) reached 18.0% for 2022. Similarly, return on equity (ROE), maintained historical levels, reaching 39.6% for 2022. Both indicators remain significantly higher than the retailers' industry averages.

Commenting on the financial results, **Mohammed Alkhubani, Chief Financial Officer of Nahdi, said:**

“During a landmark year that witnessed a highly successful IPO and the achievement of several strategic milestones, sealing our leading position in our segment, Nahdi delivered a strong set of financial results in line with the guidance provided to our shareholders and the broader market.

“We achieved a mid-single-digit topline growth and maintained a double-digit bottom line margin; EBITDA maintained its positive trajectory to reach SAR 1.6 billion for the year growing at 6.3% compared to last year and yielding a margin of 18.6%. This was also achieved by managing capex and opex effectively to yield steady margins.



Moreover, the Company continued to generate healthy cashflows from operations which allowed us to invest in our strategic growth avenues, all the while holding a zero-debt position.

“We remain on track to deliver on our medium-term financial guidance of achieving mid-single digit revenue growth and maintaining bottom-line margin in our core pharmaceutical retail business, while pursuing exponential growth in our emerging healthcare business, expanding our regional footprint, and launching our state-of-the-art IMDAD distribution center to further drive efficiency and productivity returns.”

Operational Performance

Four strategic pillars continue to drive Nahdi’s performance in its journey to add beats to its Guests’ lives everyday:

1. *Strengthening the core retail offering*

- In 2022, Nahdi continued to grow its retail pharmacy market share with by focusing on expanding its offering in its strategic product categories.
- During 2022, revenue from solely Private Label & Direct Import products exceeded the SAR 1 billion threshold for the first time and currently contributes around 13% to the total revenue.
- Nahdi won the Brand of the Year 2022 in the Healthcare and Pharmaceutical category for the fourth year in a row, at the World Branding Awards.

2. *Expanding the omnichannel retail footprint*

- During FY22, Nahdi optimized its store mix as the Company continues shifting its proposition from convenience to experience, physically and digitally. This was reflected by the opening of 43 new larger sized pharmacies and the closing of 105 smaller pharmacies. Nahdi was successful in retaining most of its Guests in the process, resulting in better throughput and productivity at the relevant stores and an increased average basket size. Testament to this development is the opening of Nahdi’s largest flagship pharmacy in the Kingdom in the center of Riyadh, with a total area of 2,700 square meters and packed with the Company’s innovative capabilities.
- From the convenience of their homes Guests also have access to services such as Nahdi’s e-commerce platforms, store-to-home delivery, click-and-collect, and the

newly introduced E-pharmacist service which provides free virtual consultation services and more to all Guests via Nahdi App.

- To support Nahdi's growing operations, it opened its innovative new distribution center, IMDAD, earlier in 2022. It serves all the healthcare needs of Guests across the GCC through state-of-the-art distribution and supply chain capabilities and sets a solid foundation for the future, including its first bonded zone.
- At the end of 2022, Nahdi expanded its digital health and wellbeing offerings in the region via the Nahdi Global service, which represents a new revenue stream and offers Guests a massive range of global products sourced from trusted international manufacturers and delivered efficiently to their doorsteps at competitive prices while ensuring the highest quality standards.
- Nahdi's omnichannel platform provides Guests with seamless online and offline optionality and in 2022 exceeded the SAR 1 billion threshold in online sales contributing more than 13% to revenue.
- Nahdi expanded its presence in the UAE from one pharmacy in 2021 to seven pharmacies by the end of 2022, with 461% annual revenue growth and further expansion plans underway. Guests in the UAE benefit from the same seamless experience of Nahdi's e-commerce platforms and will benefit from the E-pharmacist and Nahdi Global services soon.

3. *Evolving into a leading omnihealth platform*

- Nahdi is leading the charge in redefining the future of healthcare in the Kingdom by seamlessly integrating primary healthcare, pharmacy, and digital services.
- Nahdi began scaling up its omnihealth platform in 2022 to increasingly become a national hub in primary healthcare. The Company currently operates three polyclinics, with a fourth recently added in Q1 2023, that have served hundreds of thousands of Jeddah residents, while home healthcare services reaching around 3,200 total visits as of the end of 2022.
- Moreover, the number of NahdiCare Express clinics (non-urgent care) increased significantly from 7¹ to 48 and the total number of virtual medical consultation sessions reached approximately 276,000 from 57,000 at the end of 2022.
- Nahdi built a strategic partnership with world-class medical providers to enhance the Guest experience and be the most trusted health and wellbeing partner. In 2022,

¹ By mid of 2021



NahdiCare clinics recorded around 500,000 visitors and Nahdi's healthcare segment recorded a revenue of SAR 49 million.

4. *Enabling key strategic functions*

- With a total of roughly 5.5 million digital transactions in 2022, the Company is undergoing a large-scale digital transformation to tap into emerging and disruptive technologies at every level of its operations. Data and analytics are being applied to enhance personalization and the overall experience. The Company continues to identify and integrate cutting-edge technology and industry-leading automation throughout its operations, facilities, and supply chains to drive process improvements, maximize efficiency and productivity, and reduce costs.
- The Company's semi-automated state-of-the-art distribution center, IMDAD, contributes to its best-in-class supply chain capabilities and builds capacity towards a virtual endless shelf and smart fulfilment across its network.
- Continuous development is at the heart of Nahdi, with more than 500,000 training hours delivered to Nahdi employees throughout the year. Lastly, Nahdi partnered with 24 universities to train more than 1,000 university students with the knowledge and skillsets required of future pharmacists in the job market.

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