

REVIEW OF FINANCIAL RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2022



LADUN®

شركة لادن للاستثمار
Ladun Investment Company



LADUN SQUARE
لادن سكوير

Committed To Deliver Enduring Value To Its Valued Customers



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Management Review Report

For The Six Months Ended June 30, 2022

The Management is pleased to present, together with reviewed consolidated financial statements of the Company, for the first half of FY 2022 (1H2022) ended on June 30, 2022.

Highlights

1. Consolidated Revenue for the 1H2022 stand at SR 513.89 Million, 28% higher compared to the same period last year (SPLY i.e., SR 402.4 Million).
2. All businesses and operating segments continued to deliver satisfactory performance.
3. Gross margin showed significant improvement in H1 2022 to 15.93%, from 8.07% same period last year (Absolute value growth is 152%). The improvement stems from kickoff new projects, take advantage of value-chain management, completion of projects and enhancing efficiency.
4. The General and administrative (GNA) expenses stand at 38.72 Million which is 72% higher as a result of growth in top line, introducing benchmark employees' benefits (MarkCompetitiveness), new hiring to meet the expansion needs of business, as planned, & one-time reward in successful listing of company.
5. Profit before tax (PBT) grew 85% to SAR 34.12 Million from 18.40 Million last year (Excluding SR 57.58 Million one-off transaction's gain realized from sale of investment in subsidiary). This gain exclusion is made in all calculations/ graphs for an Apple-to-Apple Comparison and to note the significant improvement in the financial results under review.
6. The Net Profit grew 89% higher than SPLY reaching SR 30.01 Million. Net Profit for the SPLY was SR 15.91 Million excluding gain from sale of investment.
7. Earnings per Share (EPS) for the first six-month period stand at SAR 0.60.

First Half 2022 PERFORMANCE (in SR million)



REVENUE

EBITDA

NET INCOME

Revenue Breakdown	1H2022	1H2021	%
Rents and Compound Management	22.90	19.45	18%
Sale of Residential Units-On the Map	249.66	207.25	20%
Construction-NHC & Government Projects	134.99	34.60	290%
Maintenance and operation	1.55	0.48	225%
Industries (HVAC, Aluminum, Precast, ICF (Factories) & Elevator sales)	48.46	23.45	107%
Developed Lands & Properties	56.33	117.18	-52%
Total	513.89	402.40	28%



Business Performance

The financial performance was significantly higher than the SPLY during 1H2022, driven by higher volume of execution from on-going projects, starting new projects and focus on capital discipline.

Financial Performance SAR in Millions	Six Months Ended		Change %
	30- Jun 2022	30- Jun 2021	
Revenue	513.89	402.40	28%
Gross Profit	81.88	32.49	152%
Gross margin	15.93%	8.07%	
Income from Operations beofre tax	34.12	18.40	85%
EBITDA*	67.93	41.53	64%
EPS**	0.60	0.43	39%

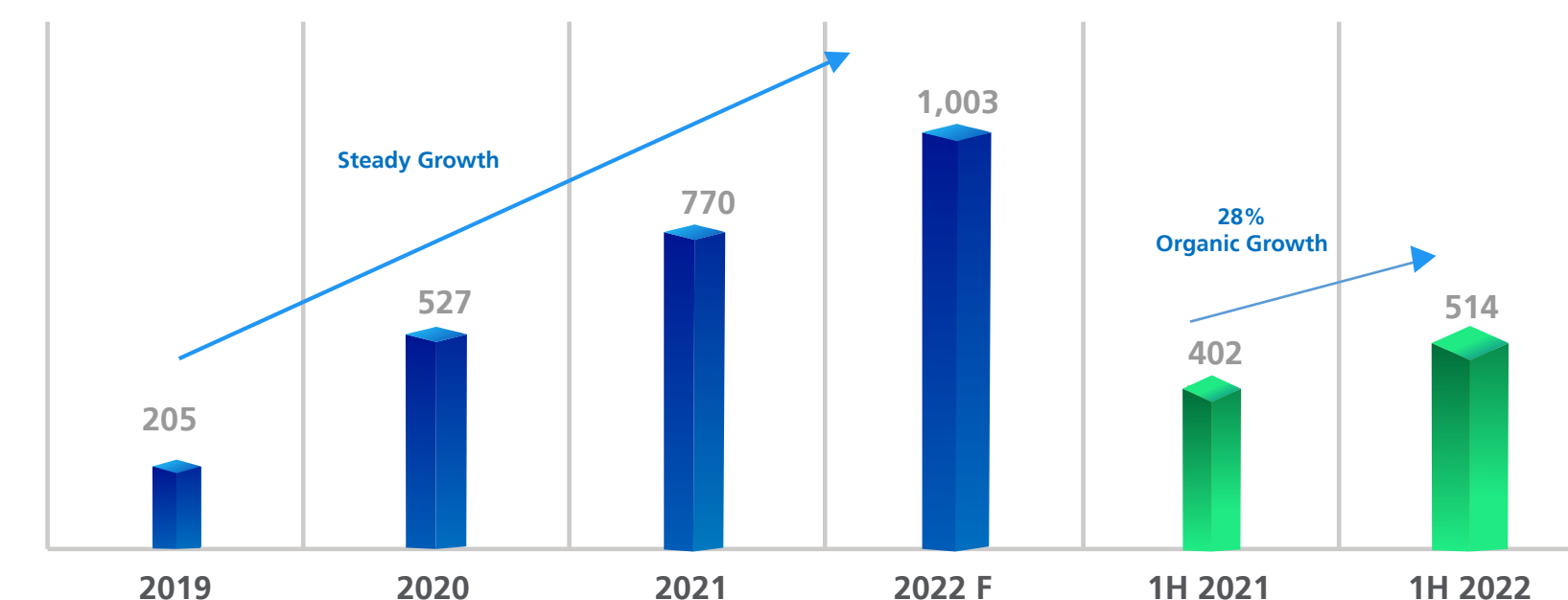
All amounts in SAR Million unless otherwise stated, USD/SAR conversion used is 3.75.

Certain figures and percentages included in this document have been subject to rounding adjustments.

*Income from operations plus depreciation, amortization and impairment.

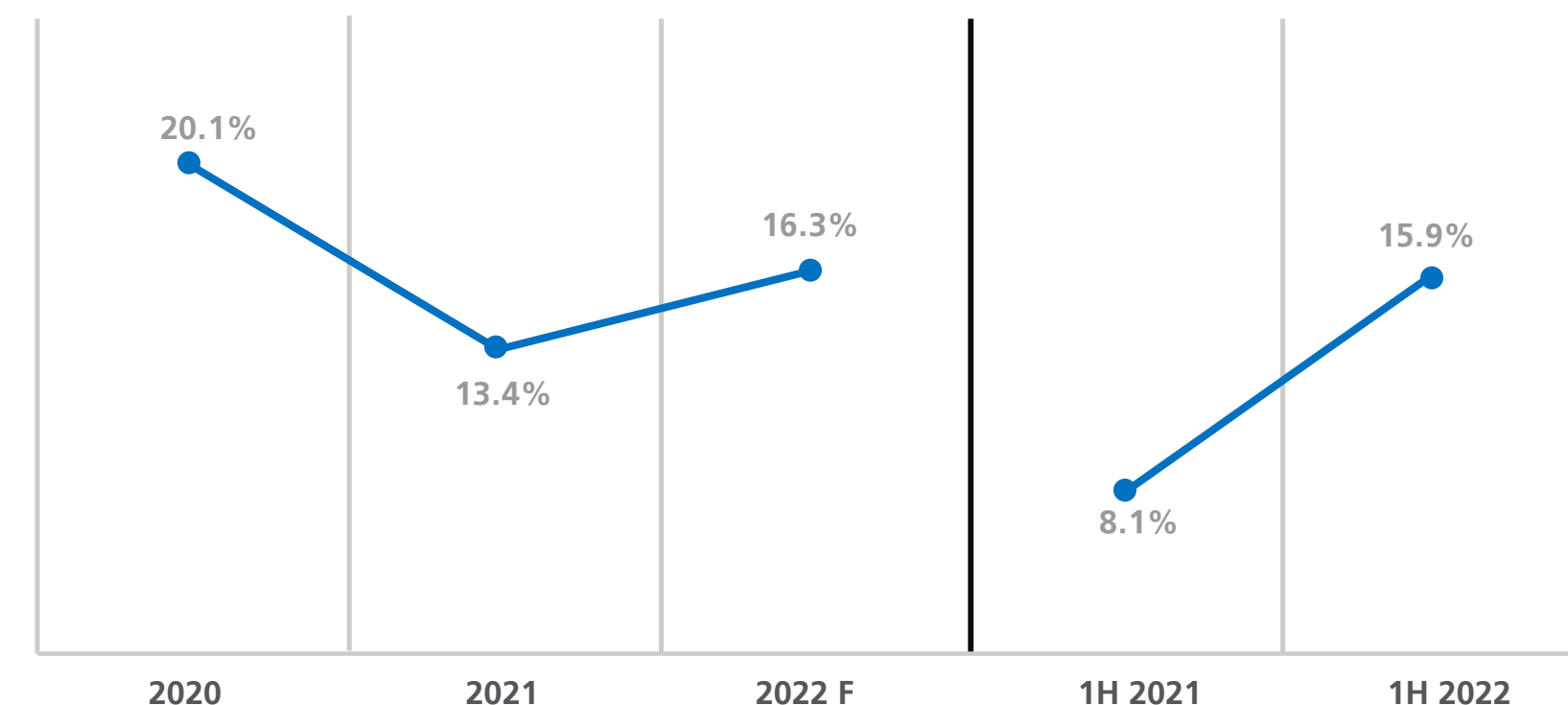
** EPS for June -21 is based No. of shares before capital incremental done in Sep 2021

NET INCOME (SAR MILLION)



All 2022F numbers are based on forecast as envisaged for 2H2022.

Margin Trend

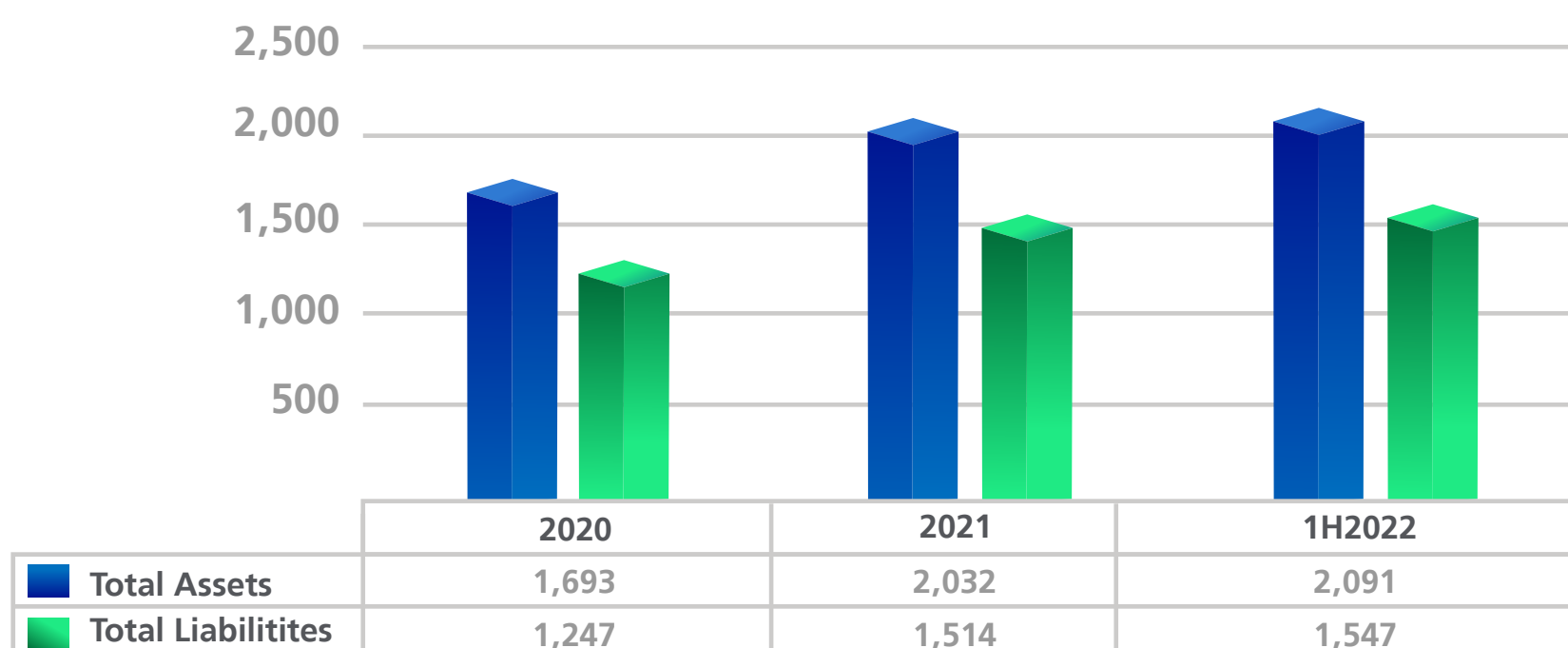




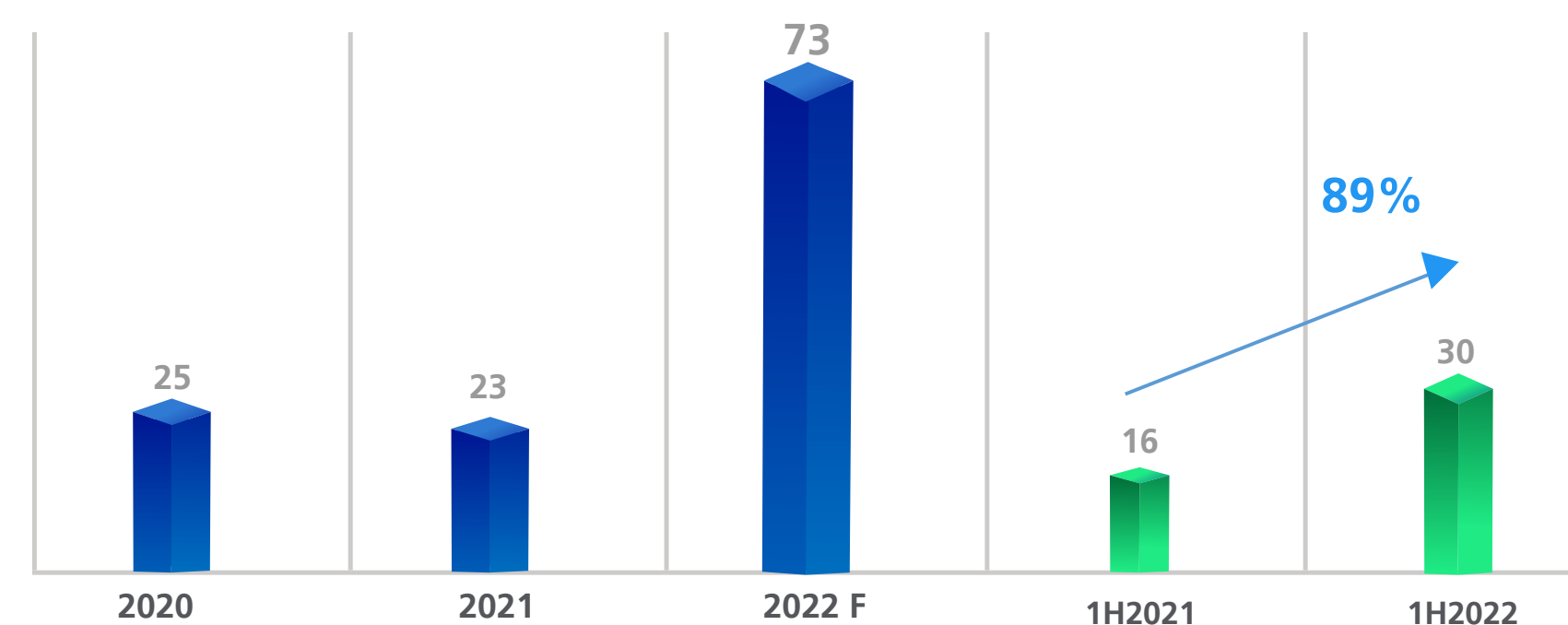
Business Performance

Summarized Consolidated Balance Sheet SAR in Millions	2020	2021	1H2022
Total Assets	1,693	2,032	2,091
Total Liabilities ^T	1,247	1,514	1,547
Equity Attributable To Equity Holders Of The Parent	446	517	544

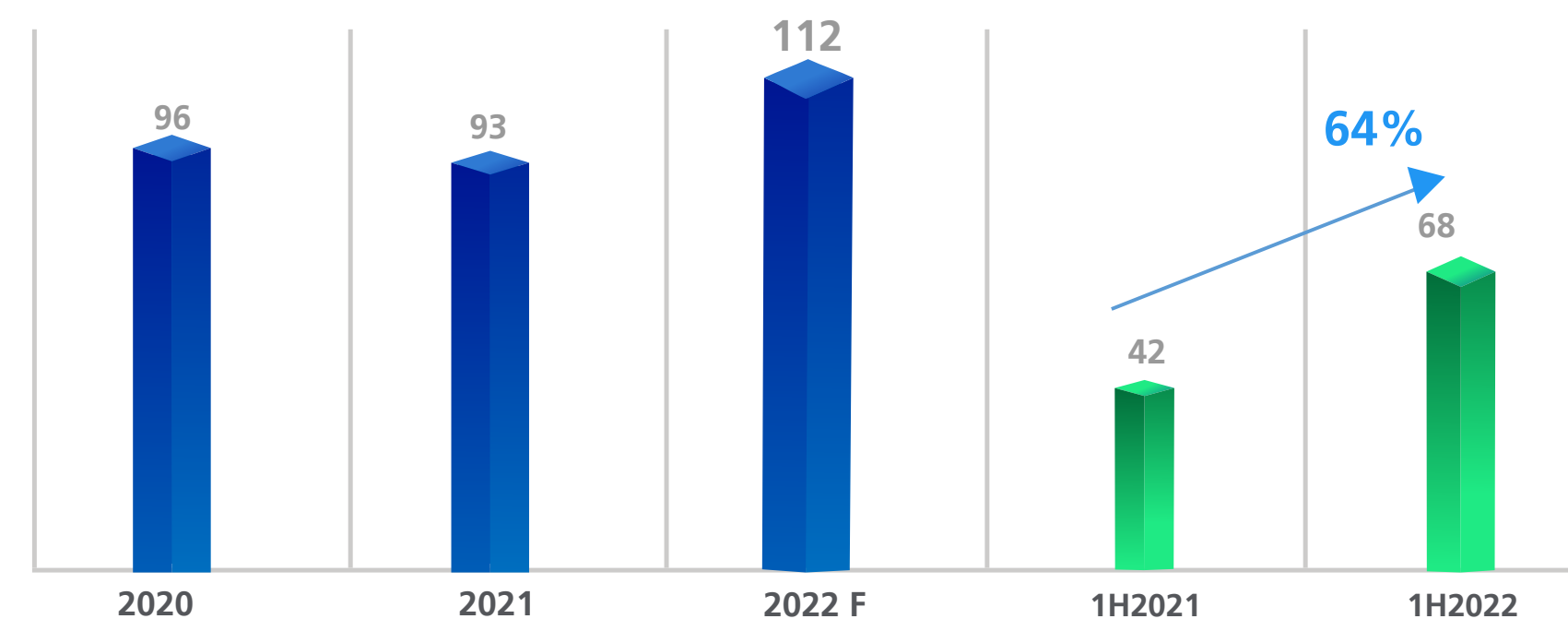
GROWING ASSETS



NET INCOME (SAR MILLION)



EBITDA (SAR MILLION)





Key Information

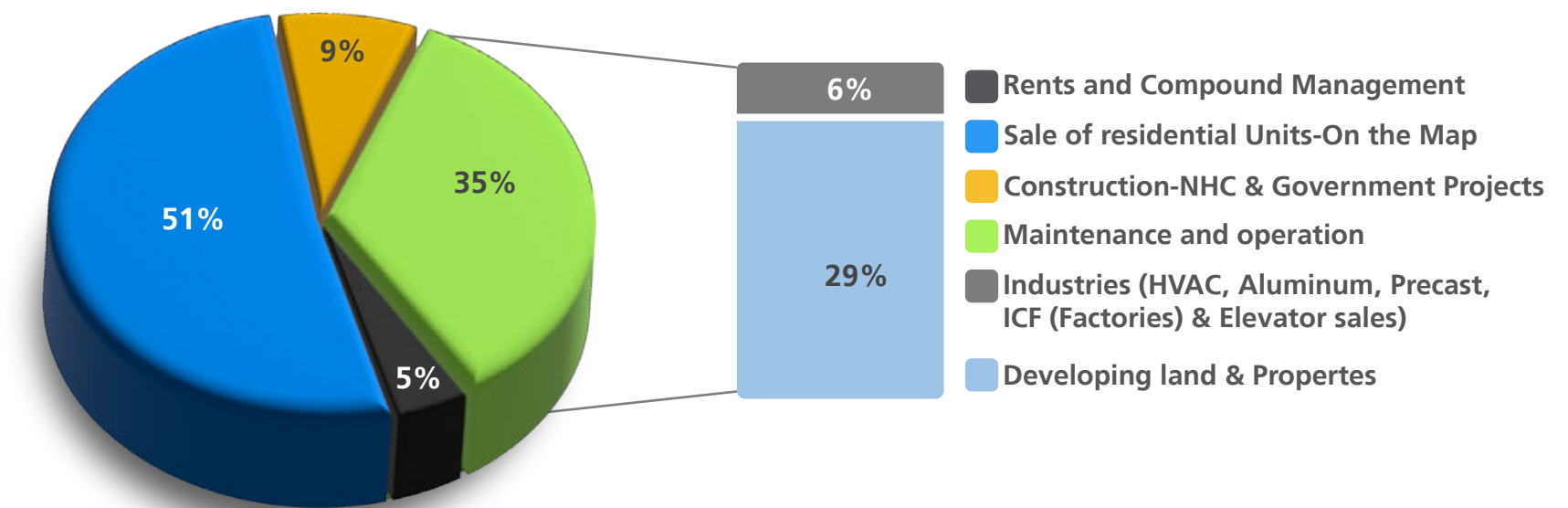
- Continuous works to deliver housing projects (Off-Plan sale) in Mecca and Jeddah.
- Namar Land Project's infrastructure is developed and set for Commercial Sale and is expected to be fetching a total of over SAR 150 Million from sales proceeds of 84 Units (Entertainment & Commercial Plots).
- Ladun Square, Company has successfully rented out the Property to Saudi Real Estate Development Fund "SRDF" on an annual rental income of SAR 17.25 Million + 15% VAT.
- New Production Lines-BICF & BPCO factories, as detailed below, are set for commercial production and respective Products' Lines have been approved by National Housing Company (NHC) as major construction material for the awarded & upcoming projects.
- Three Major Leased Properties are ended in 2H 2022 which will have positive impact on company cash flow because of high cost of the leases Vs rental income as well as high fluctuation in rental rates.
- Replacing Income Stream - Company had strategically planned outgoing revenue stream to be compensated by new Properties/ Compounds i.e. Lavenda, Leen and VeVan "Gated-compounds in Narjs Riyadh" which are expected to generate SR 10.4 million in total (long term leased properties developed by Ladun until 2038). Aqua compound owned by Ladun has reached 48% occupancy rate after Anchor tenant "Flynas" left. We expect exceeding 90% occupancy rate before the end of 2022



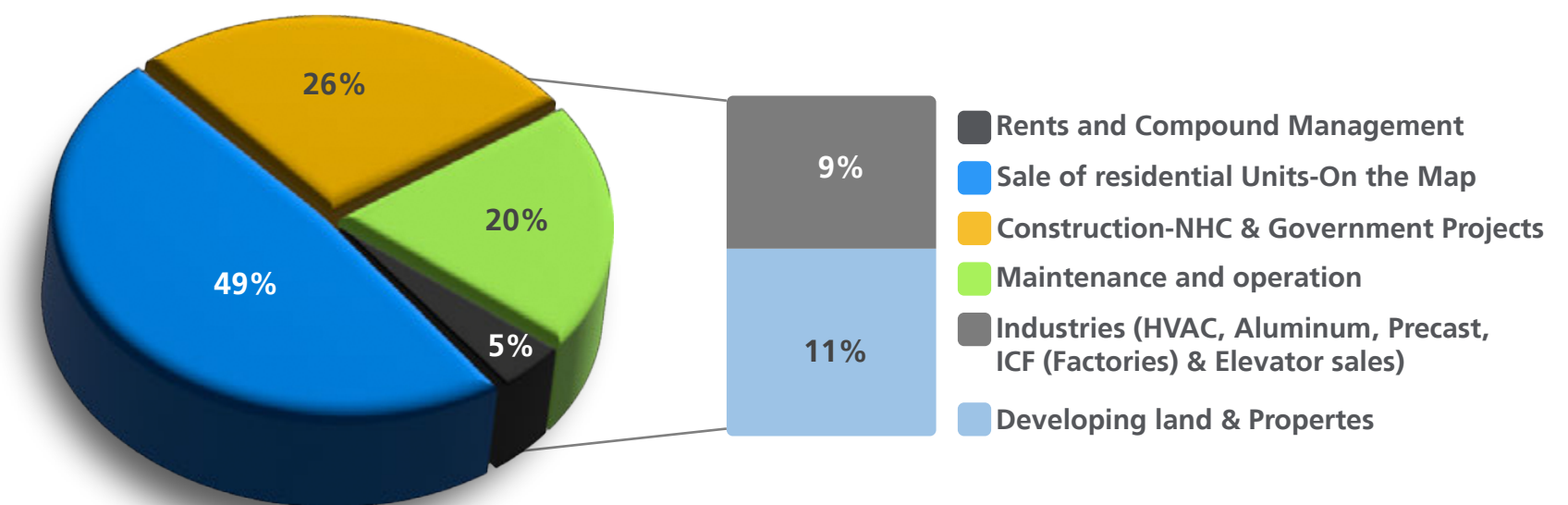
Business Sustainability

Ladun Group has sustained the business across all segments as evident from below graph;

Segment Revenue-1H2021



Segment Revenue-1H2022

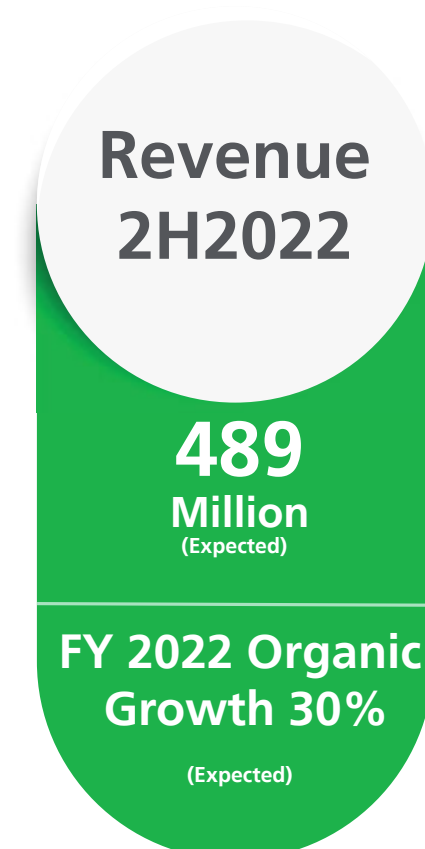




Future Outlook

In line with the Company's growth aspirations, the management is committed to not only delivering projects in time but also to increase planned manpower to execute forecasted business during 2H2022.

We expect Topline Revenue to be SAR 1,003 Million during FY 2022 an increase of 30.29% over LY 2021 with constant margins improvement. We, further, expect business from National Housing Company (NHC) for the construction of residential villas under government sponsored schemes.



Manufacturing Lines Added Improved Margins Envisaged in FY 2023-24

Additionally, Group, on May 20, 2022, commenced commercial production of its two new factories;

1. Built Insulated Concrete Forms (Modern Building Technology, BICF)
2. Built Operate Precast Company (BPCO)

We are pleased to inform our valued investors that Ladun group has successfully commenced production of ICF & Precast building materials.

The first shipment has been dispatched to Wave Projects under NHC approved Standard and Specifications as contracted with Built Contracting Company, a wholly owned subsidiary of Ladun Group.



Major Achievements At The Corner

During 2H2022, Ladun expects to deliver following projects and is pleased to share the moments with our valued clients.



Jawahar Al Russaifah Project, Mecca.
" Off-Plan sale " Apartments



Venan Project, Jeddah.
" Off-Plan sale " Apartments



NHC - Al Duwadimi, Riyadh.
" contracting " Built Co.



NHC - Al Majma'ah, Riyadh.
" contracting " Built Co.



Namar - Developed Infrastructure, Riyadh.
" Off-Plan sale " Lands



Vevan Compound, Narjis, Riyadh.
" Villas for rents



Inflation Effects on Business Performance

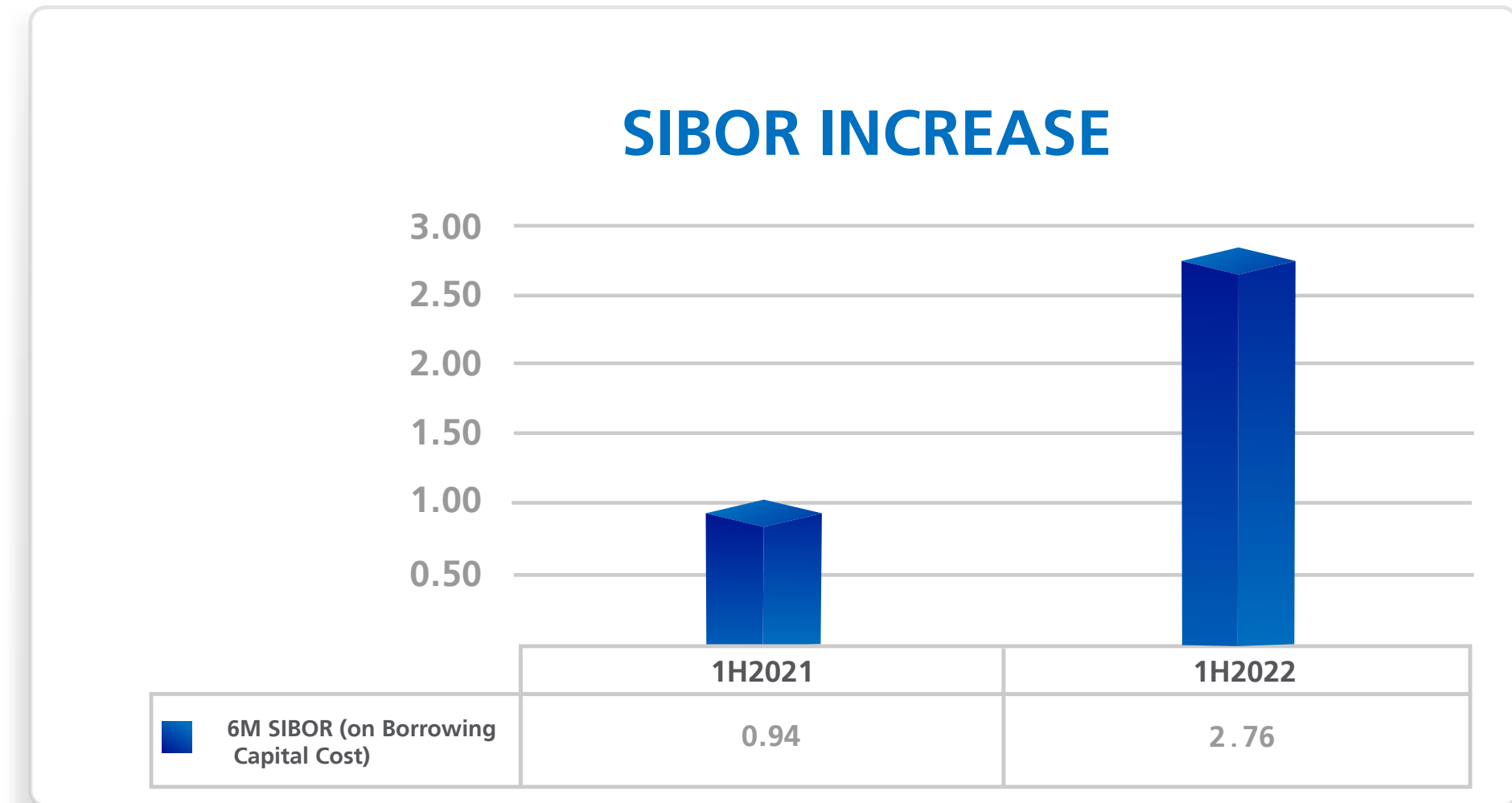
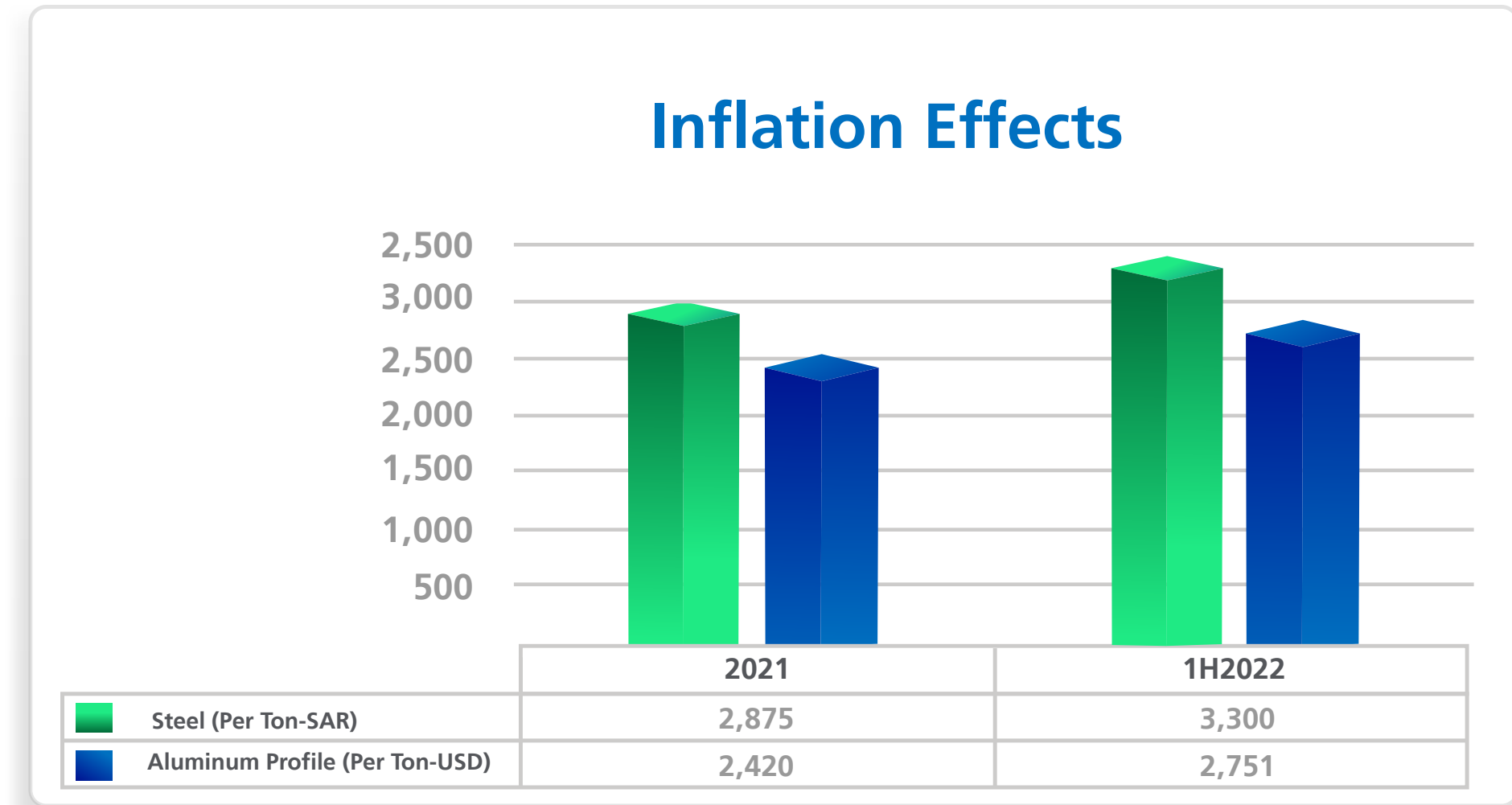
Post Pandemic, World economies started recovering from the harsh effects of Covid-19 and later increasing Oil prices. Reduced production lines and affected supply-chain of several commodities, during Pandemic, have increased the prices and inflationary impact adversely affecting business margins.

We, at Ladun Group, are also affected by the higher prices of major materials e.g., Copper, Aluminum Profile, Steel, which did not allow us to improve our margins significantly.

Due to Higher volume of revenue achieved during 1H2022, we have managed to absorb some of the costs as well as pass major of those increases to the customers.

Money Market Rates have also adversely affected the borrowing costs as 6M-1Y SIBOR had significantly increased during the period.

Inflation Effects	2021	1H2022	Change %
Steel (Per Ton-SAR)	3,300	2,875	15%
Aluminum Profile (Per Ton-USD)	2,420	2,715	12%
	1H2021	1H2022	Change %
6M SIBOR (on Borrowing Capital Cost)	0.94	2.76	194%



حديد (بالطن - ريال سعودي)
قطاع الألمنيوم (لكل طن - دولار امريكي)

النصف الأول من 2021

النصف الأول من 2022



Thank You