

Nahdi Medical Company

INVESTORS PRESENTATION

Q3 2023



Financial Highlights as of 9M 2023

SOLID 9M FINANCIAL RESULTS	STRONG CASH FLOW GENERATION	SHAREHOLDER VALUE CREATION
Revenue SAR 6.5bn	Free Cash Flow SAR 894mn	ROA 14.1%
Operating Income SAR 776mn Margin 11.9%	FCF Conversion Rate 72%	ROE 31.7%
Net Profit SAR 722mn Margin 11.1%	3.9% of revenue	DPS SAR 2.5
EPS SAR 5.6	ZERO DEBT	SAR 325mn H1 Dividend Payout

We exist to add beats to our Guests' lives everyday



Vision

To be the most loved & trusted health and wellbeing partner for all our Guests



Mission

To exceed all our Guests' expectations by providing superior personalised lifecare experiences every day, everywhere



Values

- Integrity
- Leading with Purpose
- Care
- Excellence
- Collaboration

35+
years
of building trust

#1
pharmacy chain
In KSA with 1,105 stores

143
cities
serving 95% of KSA population

100mn+
Guests / yr
served across pharmacies

73%
Of transactions
Generated by Loyal Guests

5,236
staff *

5 polyclinics
along with virtual consultation

c. SAR 40mn
revenue
International Expansion
in UAE

* Total number of Nahdi and Nahdi Subsidiary staff is 10,313 as end of 9M, 2023

Our Passion for People always delivers value to our Guests



HRSE Award
Employer of the Year
2023

Invested in the success of our people



Awarded GPTW the 6th consecutive time and highly ranked throughout Saudi, GCC & Asia since 2014



is at the heart of Nahdi. More than **500,000 hours** of training conducted annually

Always cultivating Saudi talents

Strong Partnerships

24

Universities. providing more than **2,000** training opportunities in 2023.



Human Resource
Development Fund



Human Resources and
Social Development

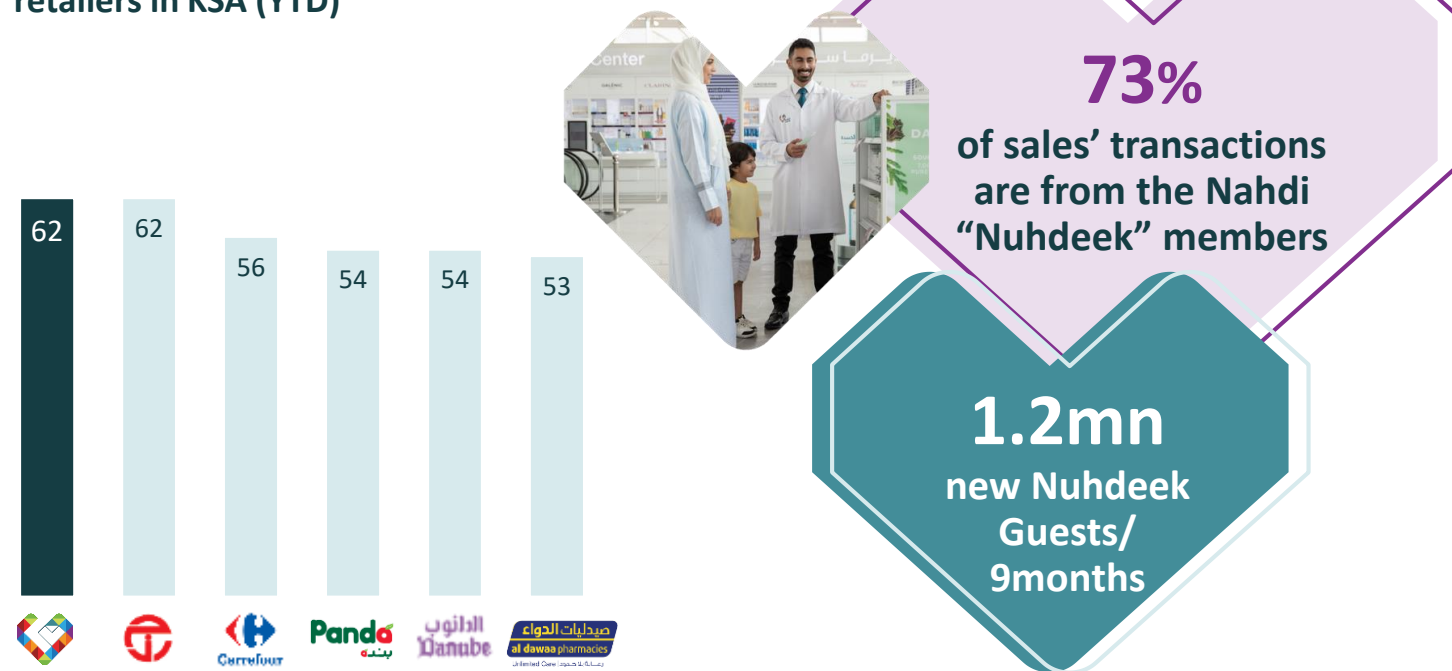
~100%

of hiring in 2023 consisting of Saudi nationals.

Guest Satisfaction continues to drive our long-term Strategy

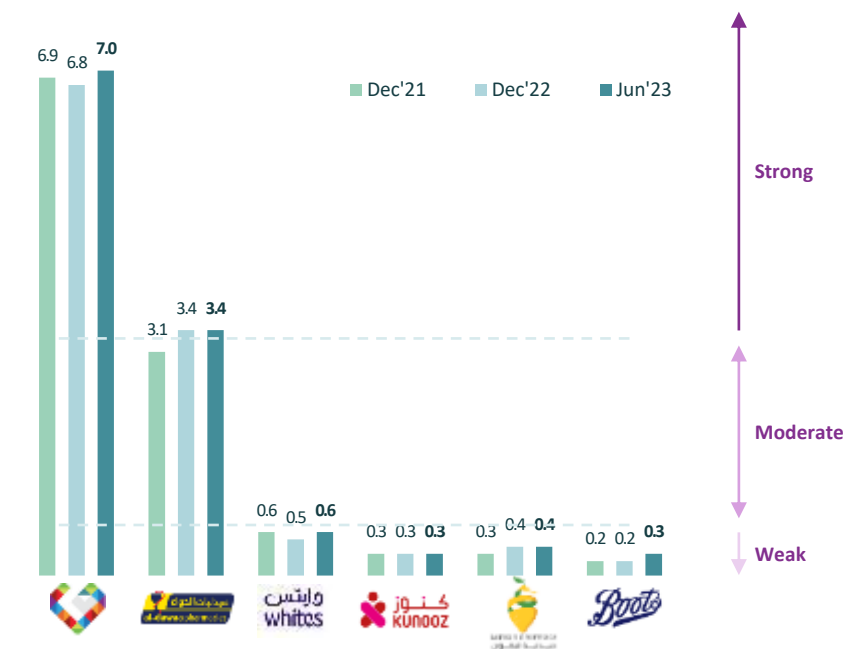
Significant brand following

Net Promoter Score (NPS) of
retailers in KSA (YTD)



Stronger brand equity YoY

Nielsen Store Equity Index¹



#2 in healthcare
sector



Most Admired Retailer
Pharmacy & Healthcare

KANTAR BRANDZ
2023 MOST VALUABLE
SOUTHEAST ASIAN BRANDS

#7 most valuable Saudi
Brand 2023

Source: Company disclosure, Nielsen

1. Methodology used to identify the brand equity of pharmacies and underlying drivers based on brand saliency, brand positioning, future store visit consideration, guest recommendation, store preference and willingness to pay

Nahdi will continue to hone its strong omnichannel offering to boost market share while investing in strategic growth areas

Expand our Omnichannel Footprint & Strengthen Core Retail offering

Brick & Mortar



Store Mix Optimization
Revenues from Destination stores typically **2x** those of Neighborhood stores

Geographic Diversification
6 KSA regions
(avg. 17% contribution/region)

Balanced Portfolio of Assortments & Categories:
5 Categories (avg. 20% contribution/category)

UAE
3x YoY revenue growth
12 pharmacies across Abu Dhabi, Dubai, and Sharjah

Private Label & Direct Imports

Robust Revenue Generation
14% vs 13% contribution (9months)

8.1% growth (9 months)



SAR **1BN+**

Annualized Revenue

209 Brands

Online

Growing Revenue Contribution
16% vs 13% (9 months)

More Unique Visitors
increased by 15% (9 months) to 2.5 million from 2.2 million



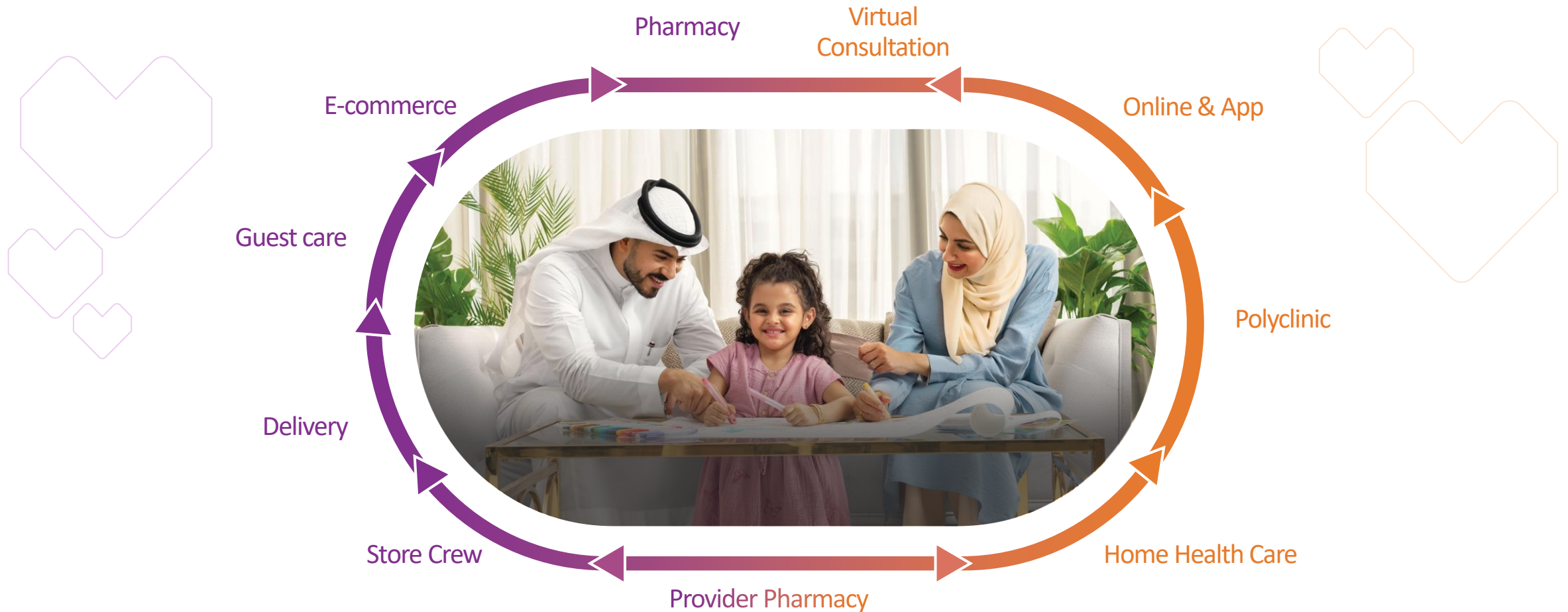
More Sessions
increased by 30% (9 months)
137million from 105million

SAR **1BN+**

Annualized Revenue

Nahdi's key differentiator is its diversified ecosystem consisting of an integrated omnichannel and primary healthcare platform

Nahdi Ecosystem



Nahdi strategically invests for the long term by scaling its primary healthcare proposition, creating more value for Guests

Evolve into a leading omnihealth platform



Healthcare Performance

- Revenue doubled vs last year
- Profitability enhanced to reach **15%+** in the medium term
- Clinic Guests' visits for 9months: 485k vs. 178k (+172%)
- Virtual Consultations increased 94% to 555K from 286K consultations last year

Prescription (Build & Borrow)

SAR 86mn healthcare revenue generated **SAR100mn** to pharmacies (factor 1.2x pharmacies' medicine revenue)

Omni Health

Guest spend increased **3x** when exposed to full omni health eco system

Current Challenges



Market Dynamics

Increasing pressure on disposable income leads to higher price sensitivity and emergence of more aggressive price competition from online players & new emerging channels in Saudi

Business Performance

Solid 6% growth in core categories (i.e., Medicine) which was offset by the decline (-3.8%) in front shop categories due to increased price competition



Mitigation Actions

Front Shop Turnaround

- ✓ Invest in pricing to sustain competitiveness vs online and new channels
- ✓ Expedite full potential of Nahdi Online and Global
- ✓ Continue nurture strategic partnerships with our vendors / partners

Continue Pharma Growth Momentum

- ✓ Capitalize from synergy between healthcare and pharmacy
- ✓ Expand provider pharmacies
- ✓ Strengthen relationship with private insurance companies

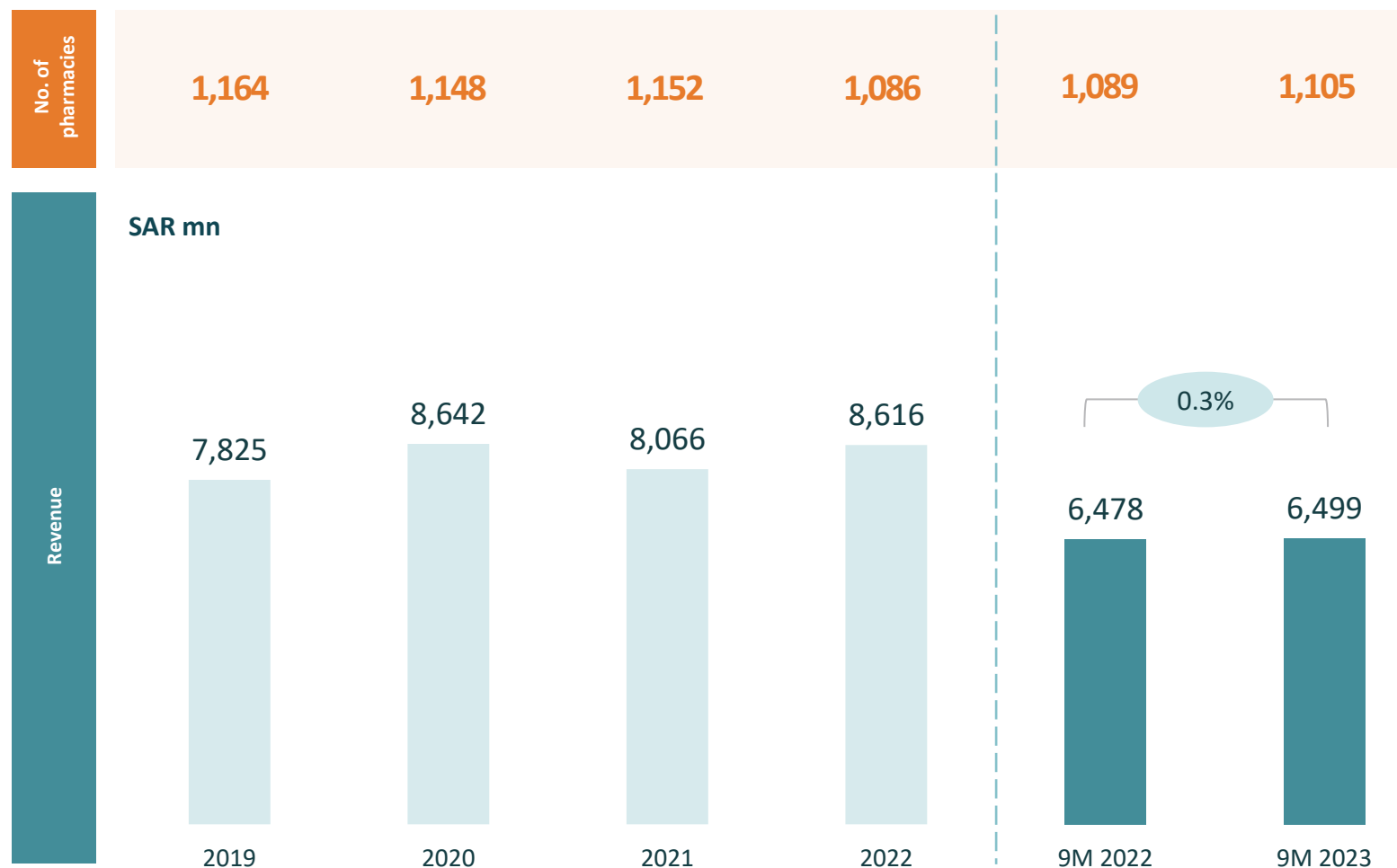
Maintain Healthy Financial Position

- ✓ Refuel program to drive cost optimization & efficiencies
- ✓ Efficient working capital management to maintain strong cash position
- ✓ Creating further value by enhancing diversified portfolio to drive key strategic investments

Q3 market share
increased by
50bps vs. Q2 2023

These initiatives have
already
yielded results in
Aug /Sep 2023

Consistent track record of value creation



Revenue remained flat at SAR 6.5bn (+0.3%) YoY 9M 2023

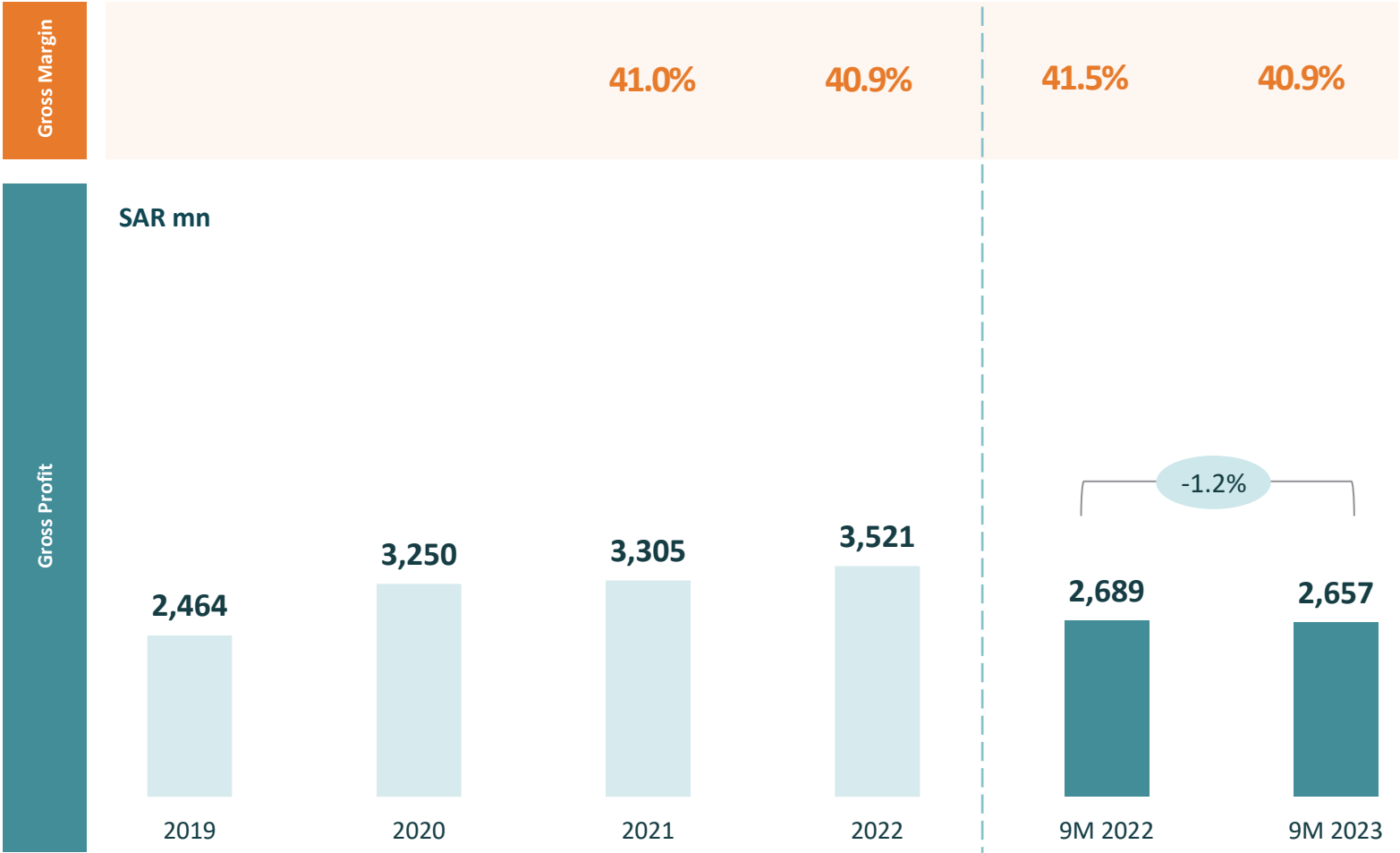
Medicine drove the growth by 6% (supported by provider, private insurance and prescription flow from healthcare).

This growth came despite a -2% driven by high base of Corona omicron in 2022.

Front shop declined by -3.8%.

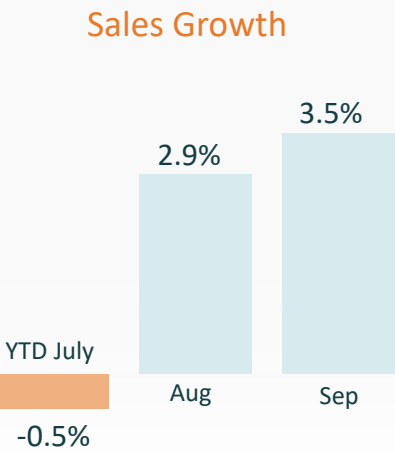
Both Healthcare and UAE businesses also grew vs same period last year.

Superior gross profit margin

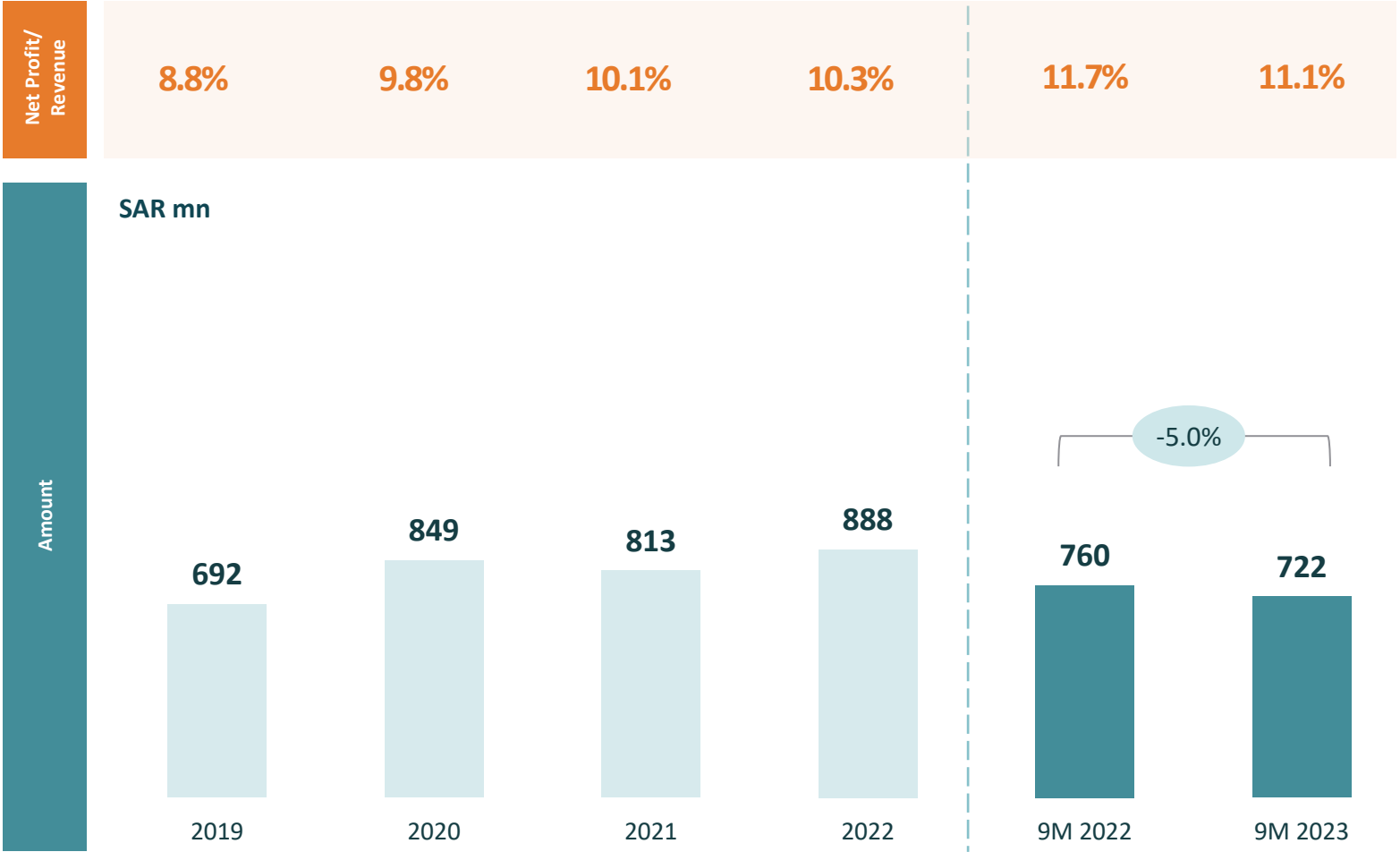


Gross profit almost flat.
Driven by flat revenue and investment in sales promotion and healthcare to restore growth momentum.

The investment in gross margin has resulted in market share gains.



Attractive **net profit** profile



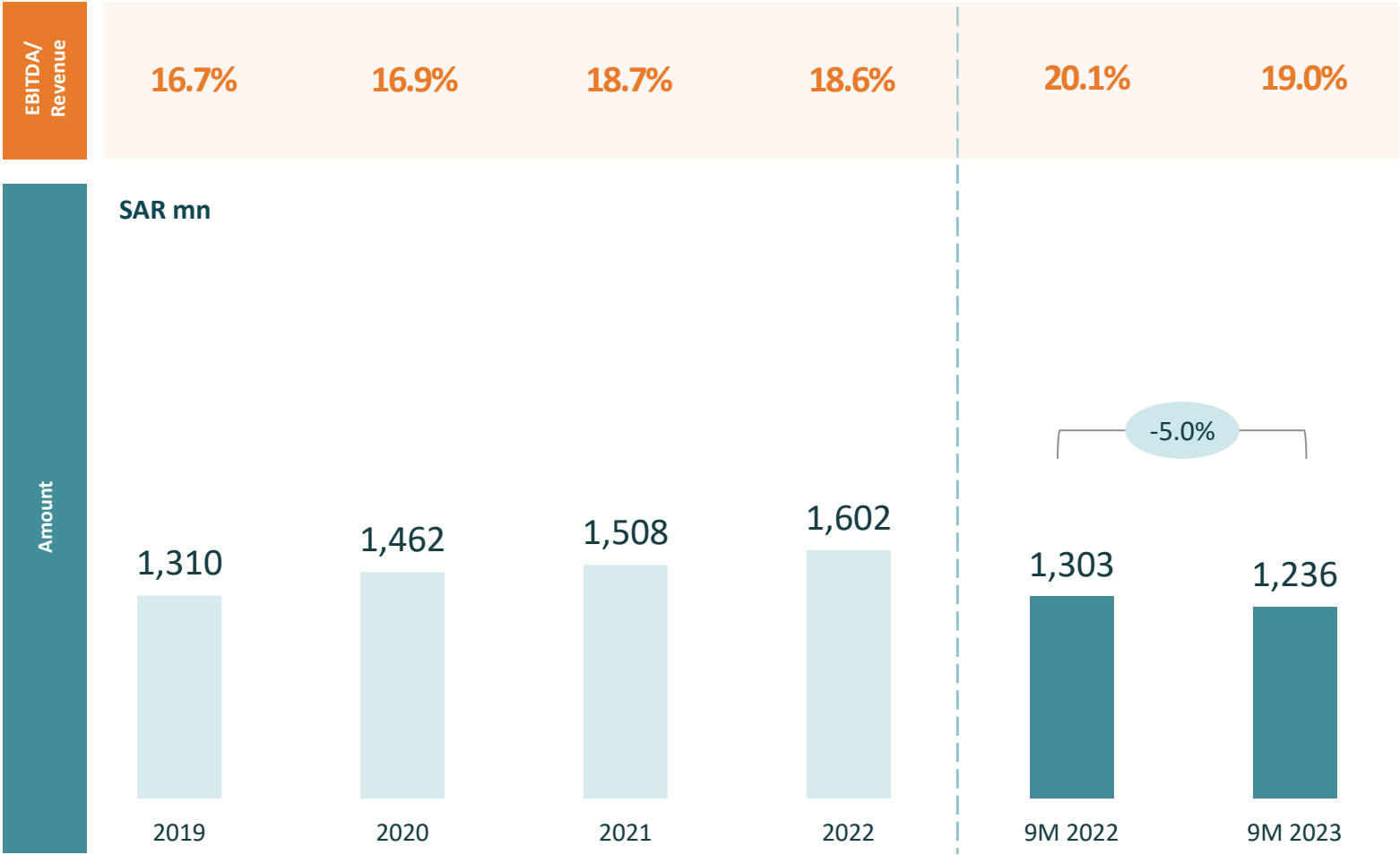
Net Profit down 5% YTD YoY 9M 2023

Resulting from the lower gross profit and a slight increase in operating expenses mainly to support business initiatives such as:

- 1) Nahdi’s digital transformation
- 2) Provider pharmacy business;
- 3) Marketing support for the online platform

Returns from Islamic deposits helped to partially offset the profit decline.

Strong EBITDA outcomes

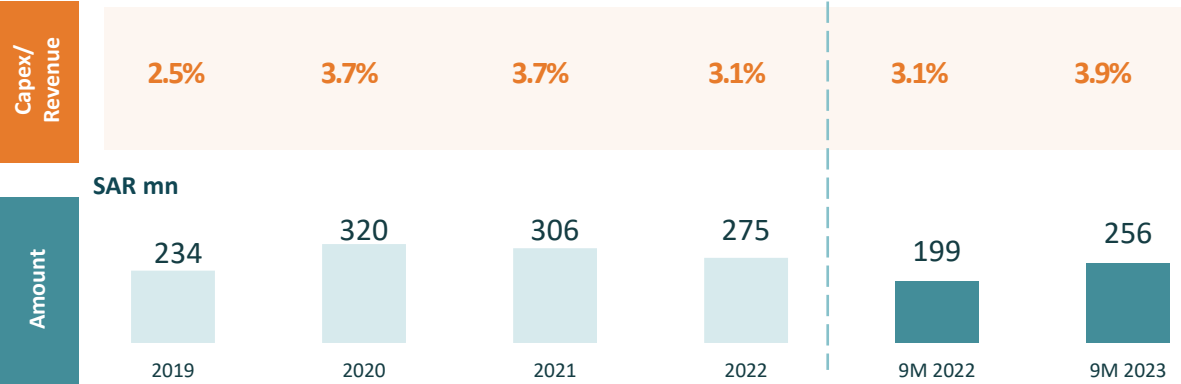


Highly profitable business

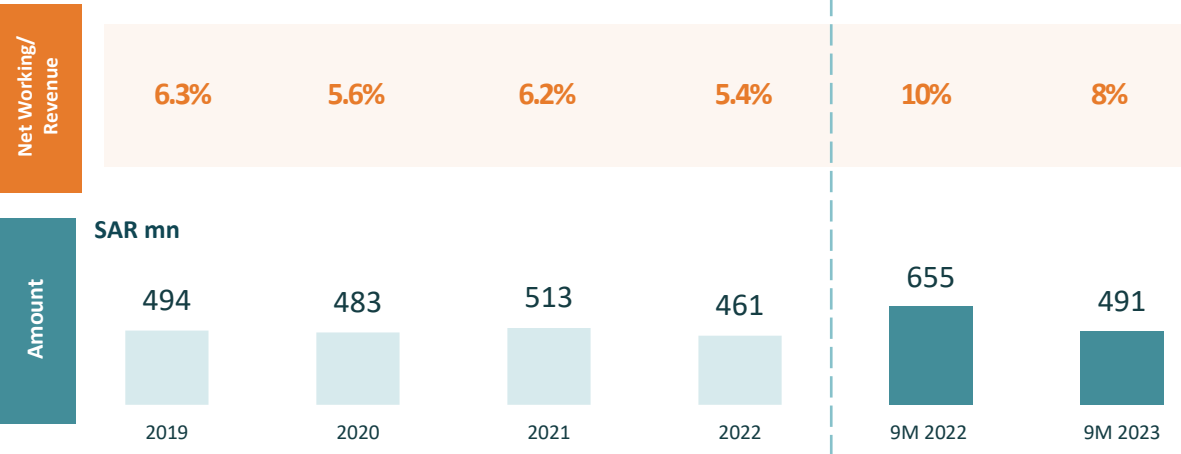
Consistently delivering best in class retail EBITDA margin

Zero debt with strong cash flow from operations and working capital; better positioning Nahdi to support business growth in high interest rate environment

Capex

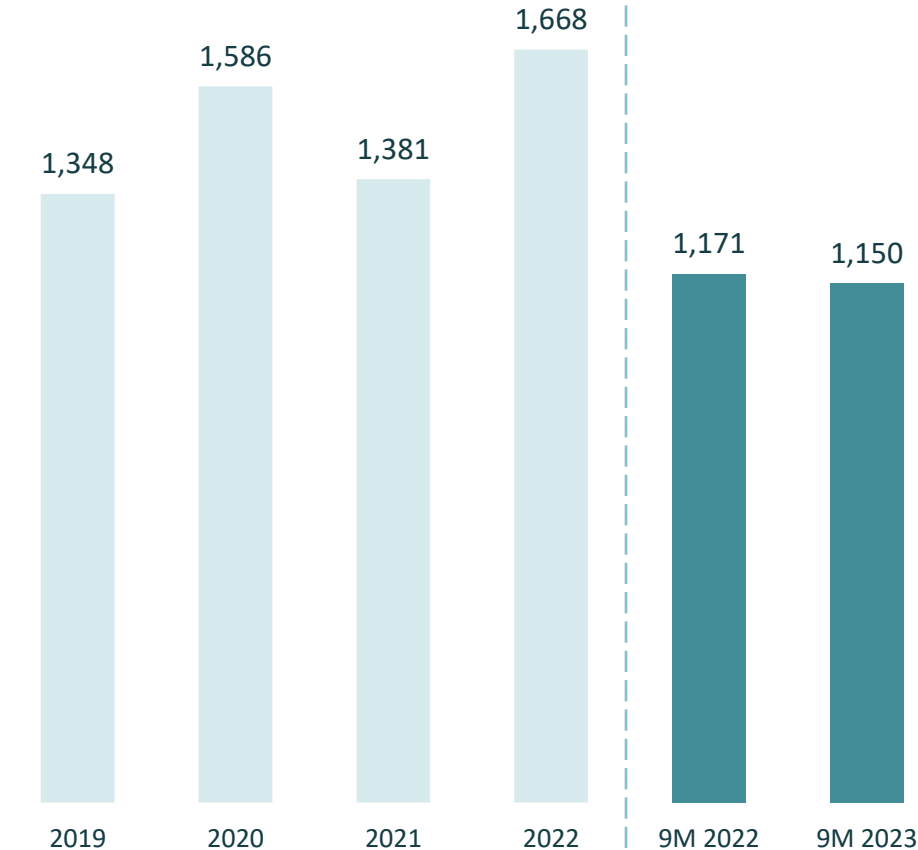


Net Working Capital



Net Cash generated from operating activities

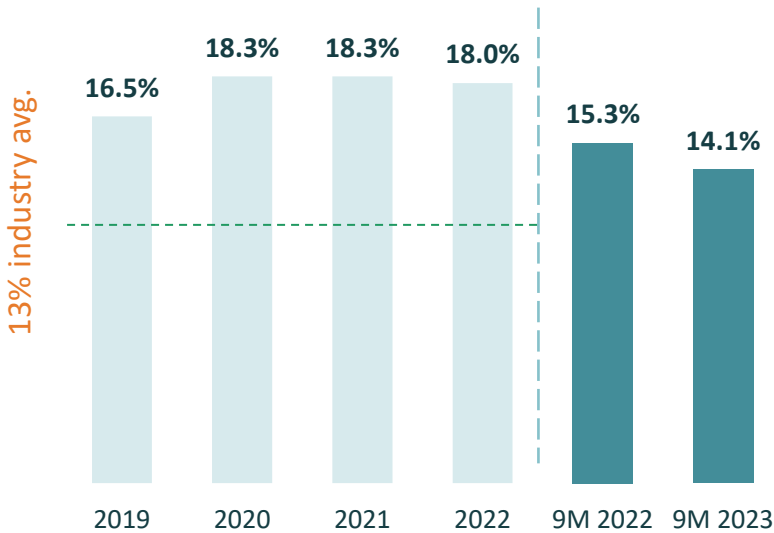
SAR mn



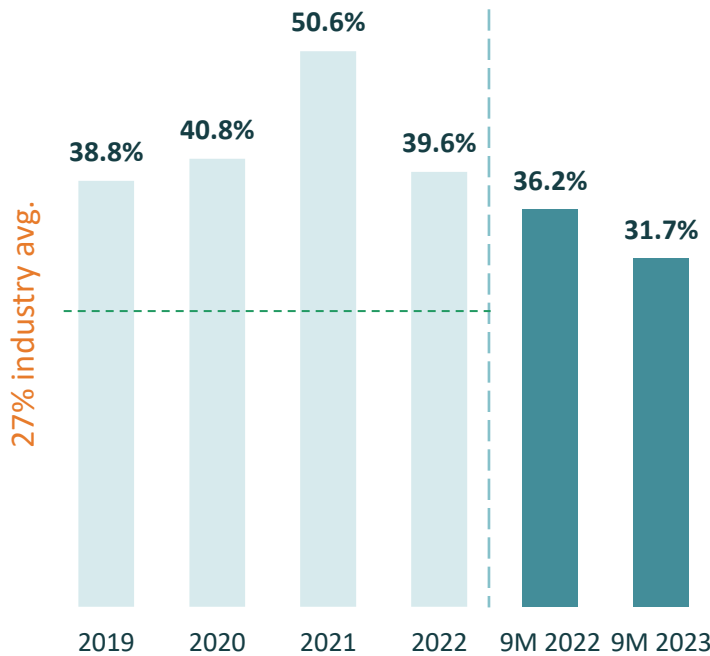
Source: Company disclosure

Superior returns on assets & equity

Return on Assets ¹



Return on Equity ²



Best-in-class ROA / ROE

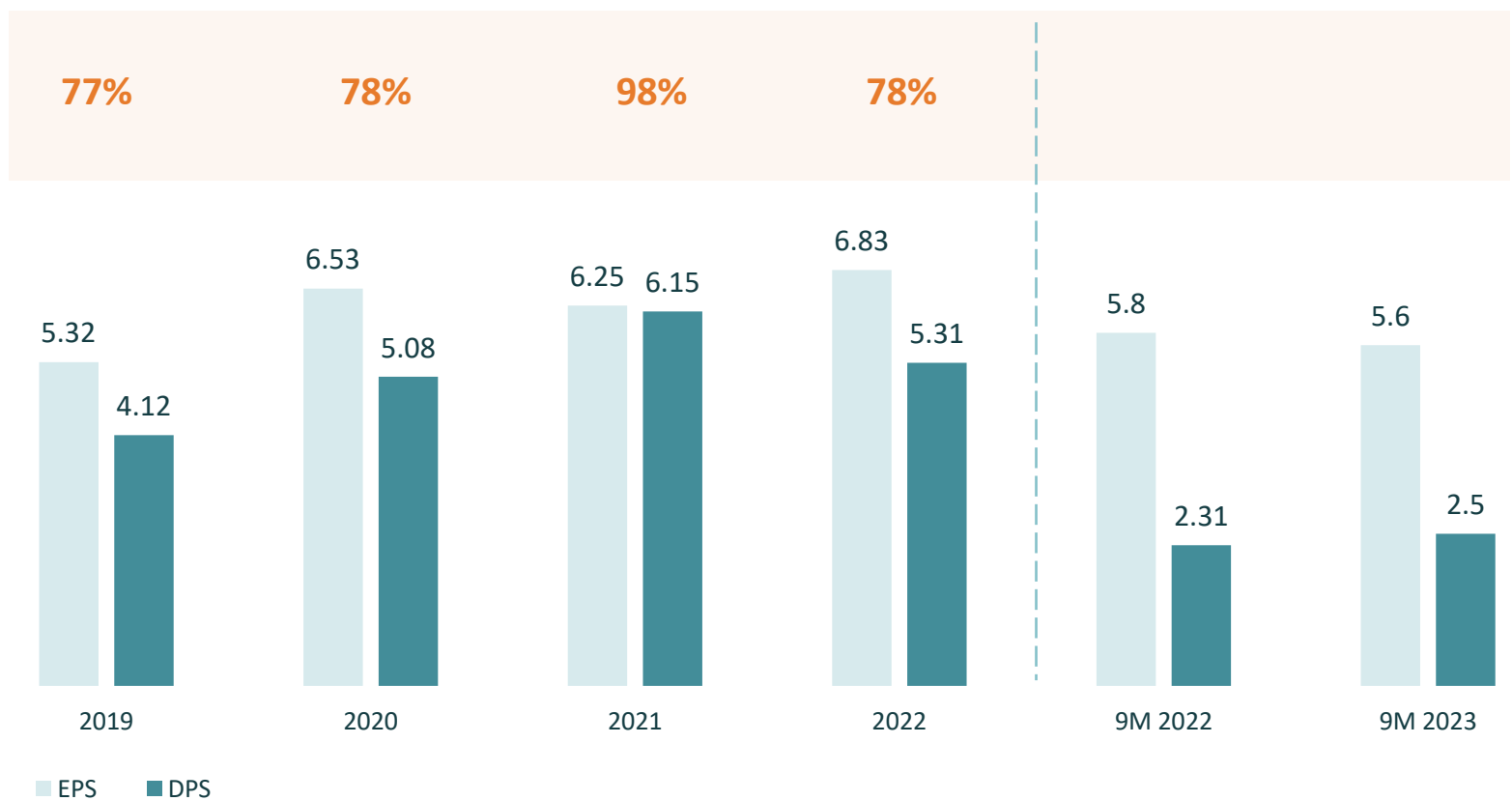
Highly profitable business with industry leading ROE and ROA in 9M 2023

Source: Company disclosure
1. Calculated as net profit of the year divided by total assets
2. Calculated as net profit of the year divided by total equity

Consistent dividend distribution to shareholders

Dividend Payout %

SAR/Share



Sustainable and consistent Dividend payouts

In line with the company’s dividend distribution policy supported by strong financial performance and high liquidity position.

Winning with our Guests



Engage
Guests & Partners



Drive
Efficiencies & Capabilities



Invest
in Innovation



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nahdi

THANK YOU

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