

CENOMI RETAIL ACHIEVES IMPROVEMENT IN PROFIT, AND APPOINTS NEW CEO, ACCELERATING TRANSFORMATION PROGRAM

- *Cenomi Retail reports solid financial results in FY22, with a 15% rise in net profit*
- *Stable revenue performance, with international portfolio continuing on growth trajectory*
- *"Cenomi" launched as a full rebrand, marking a new era of growth and prosperity*
- *Brand portfolio rationalization underway, with 26 non-strategic brands earmarked for divestments, to focus on Champion Brands and enhance profitability*
- *Appointment of Dr Günther Helm as new CEO, to spearhead the organization's continued transformation program*

Riyadh, Saudi Arabia, 30 March 2023: Cenomi Retail, Saudi Arabia's pioneering retail brand partner, today announced its financial results for the Short Annual Year (nine months), ending 31 December 2022 ("FY22"). The company reported a 15% improvement in net profit, amounting to SAR 95 million, with stable revenues of SAR 4,543 million. This was primarily driven by a sustained improvement in performance of the international retail portfolio, particularly the CIS. Nevertheless, the top line performance was diluted by the accounting adjustments related to the four exited F&B brands, as part of the brand rationalization program.

Following an approval from the Company's General Assembly, the fiscal year has changed from 31 March to match the Gregorian year, ending 31 December. The change takes effect starting in the current calendar year 2022, with the company issuing "audited" financial statements and reporting financial results for the Short Annual Year (nine months), which started on 1 April 2022 and ended on 31 December 2022.

As the company strategically aligns its business with Champion Brands and operating excellence, several key milestones on its transformation journey were successfully achieved during the period. This includes the strategic brand rationalization program, with the goal of divesting 26 non-strategic brands, four of which have already been exited. This is expected to impact revenues by approximately SAR 288 million, while boosting profits by SAR 25 million once the program is completed. The company also confirmed its ongoing commitment to growing its F&B footprint, by completing the acquisition of 30 directly operated Subway stores in Saudi Arabia to add to its franchisee portfolio. Further store openings will support Champion Brands Subway and Cinnabon in 2023. In addition, a recent staff optimization review, in the head office and stores, led to downsizing of 15% of the HQ headcount, delivering an annualized saving of SAR 50 million. Importantly, the company continues to add to its leadership team, with the appointment of the new Chief Technology and Information Officer to drive system wide digitalization and efficiency.

In line with Cenomi Retail's continued focus on optimizing its operations and effectively managing its inventory levels, the company had recorded a one-off inventory charge of SAR 290 million in the reviewed quarter ending 31 December 2022, reported on 9 February 2023. As part of the full year audit process, given that this one-off charge pertained to previous periods, an amount of SAR 290 million is now being

recognized in the reporting year ending on 31 March 2020, resulting in a restatement of the financial statements for that year. This one-off inventory charge is not expected to have further financial or operational impact.

Appointment of Chief Executive Officer

Cenomi Retail recently announced the appointment of Dr Günther Helm as Chief Executive Officer. He will join the company on 1 April 2023, spearheading the organization's continued transformation program, leading its new focused strategy and continuing to drive towards extensive cost optimization and best in class retail operations. Dr Helm brings more than two decades of global retail industry experience, 15 spent in C-suite level roles.

He joins from his position as CEO with Germany's Müller Holding, the country's largest multi-category retailer with 850 stores in seven countries, 35,000+ employees and a strong online retail presence. Under his leadership, Müller delivered a company-wide transformation master plan, driving operational efficiency, digitalization and cost optimization.

Ahmed Belbesy, Chief Financial Officer at Cenomi Retail commented:

"Cenomi Retail delivered robust financial results in FY22, with net profit increasing 15%. We maintained a stable revenue performance during the period, as our international portfolio continued its growth trajectory, predominantly supported by positive results from the CIS. With our brand rationalization program currently underway, we are targeting to expand our footprint across key international growth markets, through collaborating with Champion Brands, that will enable us to achieve our strategic operational and financial objectives in 2023 and beyond."

"The appointment of Dr Günther Helm as CEO marks the start of a new and exciting era for Cenomi Retail, as he brings a wealth of experience spanning over two decades in the global retail industry. He will lead the company's transformation program, focusing on operational excellence, cost efficiencies, and digital transformation, thus paving the way for sustainable growth in the future."

FY22 Highlights – improvement in profit, with top-line stability aided by international portfolio and online channels

Cenomi Retail recorded a flat revenue performance at SAR 4,543 million in FY22, as a result of the decline in F&B sales, which has largely offset the positive impact from the international portfolio. This result was due to the exit of four brands as part of the brand rationalization program.

- **Saudi retail** revenues amounted to SAR 3,309 million, a YoY decrease of 2%. Taking into account the exited brands, Saudi retail, and in particular fashion and apparel, have actually returned to growth, which bodes well for the remainder of the year.
- **International retail operations** continued to thrive, with revenues of SAR 882 million, up 13% YoY, with Jordan and the CIS countries maintaining their positive momentum. Cenomi Retail is still focusing on expanding its market share in key growth markets across the globe.
- **F&B segment** recorded a decline in revenues of 5% YoY to SAR 352 million. This was due to Cenomi Retail's brand rationalization program, which saw the exit of Azal restaurants and Shawarma Almuhalhel, translating to a revenue impact of SAR 46 million in Q3. During the period, the company completed the acquisition of 30 Subway stores (sub franchisor) across the Kingdom, and is looking to

add a further 17 stores, in addition to 15 new Cinnabon outlets, which are scheduled for opening in 2023. Cenomi Retail will continue to explore the introduction of novel and distinctive concepts that are intended to meet the rapidly shifting needs of today's consumers.

- **Inventory optimization** measures have continued during the period, with a one-off inventory charge of SAR 290 million recorded previously, in the quarter ending 31 December 2022, and published in February 2023. It is worth highlighting that this charge pertained to legacy inventory balances, and, as such, and to meet the requirements of the full year audit of 2022, the entire amount of SAR 290 million is now being recorded in the fiscal year ending 31 March 2020, due to which a restatement of the financial figures during that year was needed. Inventory levels have dropped by 28% from SAR 1.4 billion at the end of March 2022 to SAR 1 billion, thus allowing the business to grow from a more efficient base.

Ends

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Income Statement

SAR Million	Short Annual Year ending 31 Dec 2022 "FY22"	Short Annual Year ending 31 Dec 2021 "FY21"	% Change
Revenue	4,543	4,528	0.3%
Cost of Revenue	(3,834)	(3,719)	3.1%
Gross Profit (Loss)	710	809	-12.3%
<i>Gross Profit Margin</i>	<i>15.6%</i>	<i>17.9%</i>	<i>(2.3)</i>
Selling & Distribution Expenses	(140)	(142)	-1.7%
General & Administrative Expenses	(186)	(264)	-29.4%
Other Operating Expense	(7)	(32)	-79.0%
Depreciation and Amortization	(126)	(141)	-10.6%
Other Operating Income	71	110	-35.4%
Operating Income (Loss)	322	340	-5.5%
<i>Operating Income Margin</i>	<i>7.1%</i>	<i>7.5%</i>	<i>(0.4)</i>
Financial Charges	(214)	(200)	6.7%
Change in fair value of other investment	4	-	
Gain on disposal of subsidiary	13	-	
Share of loss of associates	(10)	(4)	138.0%
Profit (Loss) before Zakat & Tax	115	136	-15.2%
Zakat and Income Tax	(21)	(53)	-61.2%
Net Profit (Loss) for the Period	95	83	14.5%
<i>Net Profit Margin</i>	<i>2.1%</i>	<i>1.8%</i>	<i>0.3</i>
Attributable to:			
Shareholders of the Company	94	85	9.54%
Non-Controlling Interest	1	(3)	-135.8%
Earnings per Share Basic and Diluted	0.82	0.74	9.5%
Pre-IFRS 16 EBITDA	331	369	-10.3%
<i>EBITDA Margin</i>	<i>7.3%</i>	<i>8.2%</i>	<i>(0.9)</i>

Balance Sheet

SAR Million	31 Dec 2022	31 Mar 2022	% Change
Assets			
Property, Plant and Equipment	1,324	1,358	-2.5%
Right-of-Use Assets	3,111	3,276	-5.0%
Goodwill and Intangible Assets	1,121	1,083	3.5%
Investment Property	1	2	-8.1%
Equity-accounted investees	62	62	0.2%
Other investments	314	300	4.9%

Derivative asset	35	30	18.6%
Total Fixed Assets	5,969	6,110	-2.3%
Inventories	1,000	1,395	-28.3%
Advances, Deposits and Other Receivables	704	475	48.3%
Prepayments, Rentals and Insurance	35	64	-44.3%
Cash & Cash Equivalents	193.8	198	-2.1%
Total Current Assets	1,933	2,131	-9.3%
Total Assets	7,902	8,241	-4.1%
Equity & Liabilities			
Share Capital	1,148	2,100	-45.3%
Reserves (Statutory, Foreign Currency and Fair Value)	(524)	(520)	0.9%
Fair value reserve	42	13	224.9%
Accumulated Losses	(292)	(1,341)	-78.2%
Equity Attributable to the Shareholders of the Company	373	252	47.9%
Non-Controlling Interest	(92)	(107)	-14.0%
Total Equity	281	145	93.6%
LT Loans and Borrowing	115	-	
Lease Liabilities	2,734	2,846	-3.9%
Post-Employment Benefits	96	103	-6.8%
Total Non-Current Liabilities	2,945	2,949	-0.1%
Trade and other payables	1,097	1,496	-26.7%
Bank Overdraft	50	50	-0.7%
Zakat & Tax Liabilities	70	90	-22.0%
Lease Liability – current portion	641	632	1.4%
ST Loans and Borrowings	2,817	2,878	-2.1%
Total Current Liabilities	4,675	5,147	-9.2%
Total Liabilities	7,621	8,096	-5.9%
Total Equity & Liabilities	7,902	8,241	-4.1%

Pro forma Income Statement

SAR Million Calendar year	2022	2021	2020
Revenue	5,930	5,661	4,185
Gross Profit (Loss)	891	755	(1,032)
Operating Income (Loss)	353	87	(1,174)
Pre-IFRS 16 EBITDA	349	45	(1,221)
Net Profit (Loss) for the Period	51	(264)	(1,677)

About Cenomi Retail:

Cenomi Retail, formed as Fawaz A. Alhokair & Co in 1990 by Fawaz, Salman and Abdulmajeed Alhokair. The company has since become the leading franchise retailer in the KSA and the only listed business of its type in the Middle East. Since the opening of its first store in 1991, Cenomi Retail has grown considerably and now trades in circa 1,560 stores across 100 shopping malls in 11 countries, with a retail platform operating on a total GLA of more than 464 thousand square meters. All of this is managed by a workforce numbering more than 10,500. Cenomi Retail currently represents around 67 brands, spanning womenswear, menswear, kids and baby, department stores, shoes and accessories, cosmetics in addition to operating a series of restaurants and coffee shops. For more information, please visit www.cenomiretail.com

Forward-Looking Statements

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as "according to estimates", "anticipates", "assumes", "believes", "could", "estimates", "expects", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the knowledge of", "will", "would" or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding our business and management, our future growth or profitability and general economic and regulatory conditions and other matters affecting us.

Forward-looking statements reflect our management's ("Management") current views of future events, are based on Management's assumptions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause our actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements. Our business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to become inaccurate. These risks include fluctuations prices, costs, ability to retain the services of certain key employees, ability to compete successfully, changes in political, social, legal or economic conditions in Saudi Arabia, worldwide economic trends, the impact of war and terrorist activity, inflation, interest rate and exchange rate fluctuations and Management's ability to timely and accurately identify future risks to our business and manage the risks mentioned above.