

A large, white, open square frame on the left side of the slide, with a small vertical line extending from the top and bottom center of the square.

Cenomi Retail

Earnings Presentation

For the year ended 31 December 2024



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Presenters



Salim Fakhouri
Chief Executive Officer



Ahmed Abdelkareem
Deputy Chief Financial Officer

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cENomi

At a Glance



Cenomi Retail at a glance

The leading franchise retailer in Saudi Arabia, and the only listed business of its type in the Middle East



880 stores



360 Saudi retail stores



c. 367K sqm



271 F&B outlets



9 countries



249 International stores

Financial highlights



SAR 4.8 BN
Revenues
▲ 3.7% YOY



SAR 3.2 BN
Kingdom of Saudi Arabia Retail Revenues
▼ 1.7% YOY



SAR 469 MN
EBITDA
▲ vs loss of SAR 115 MN



SAR 1.3 BN
International Retail Revenues
▲ 26.5% YOY



SAR 197 MN
Net loss
▲ vs loss of SAR 1.1 Bn



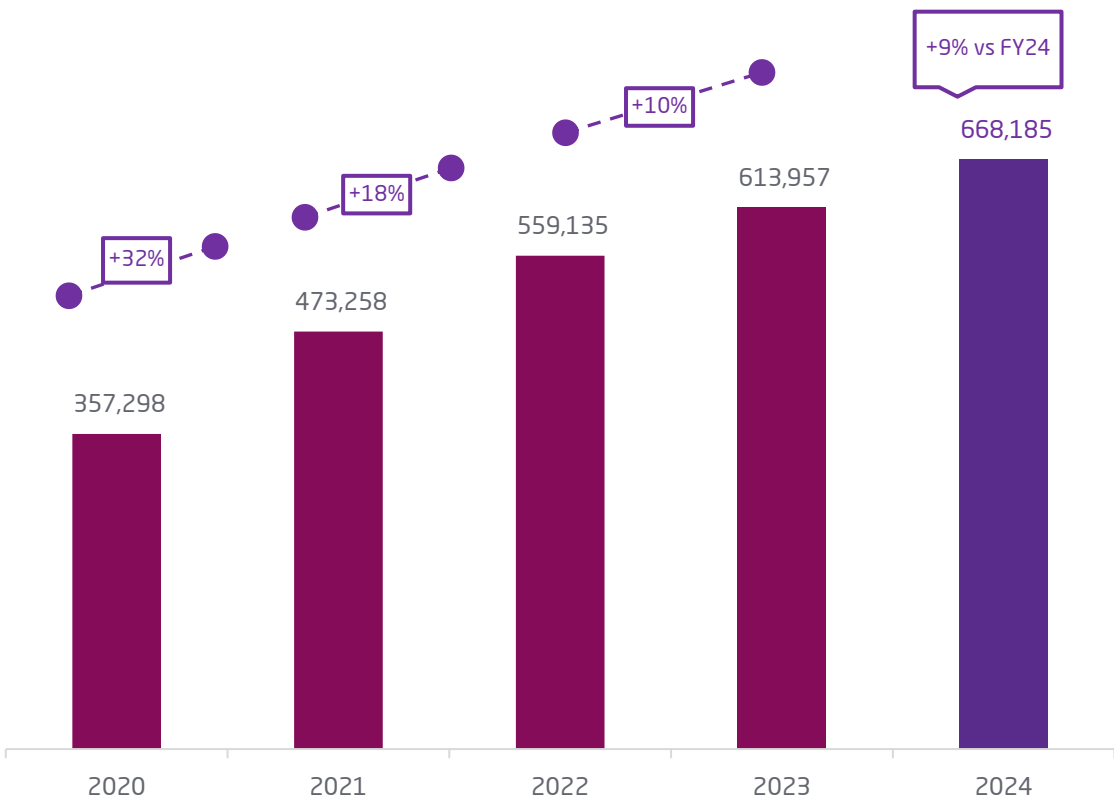
SAR 363 MN
Online Sales
▼ 2.9% YOY



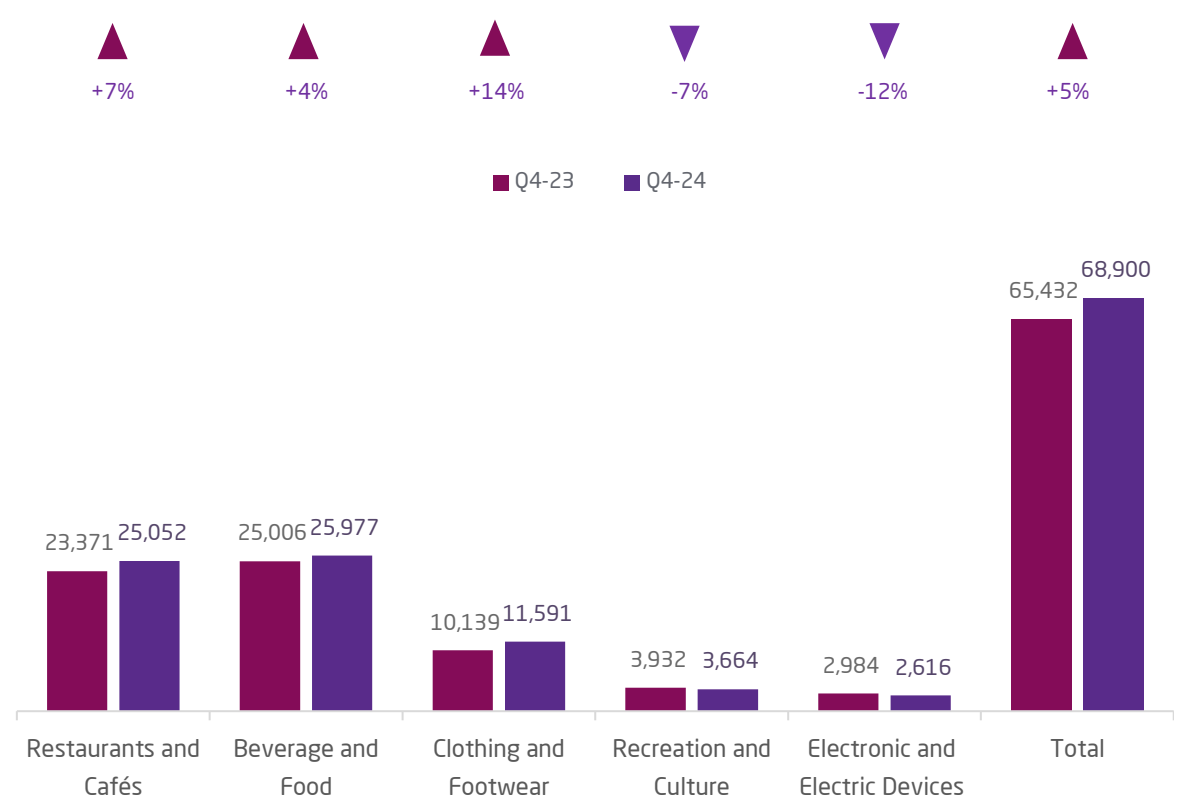


KSA consumer spending on rising trend

 POS Transactions* - KSA Market (SAR Million)



 POS Transactions* - KSA Market (SAR Million)



* Source: SAMA

Strategic and Operational Review



Transforming portfolio, expanding brand champions and enhancing operational efficiency

'Saudi First' Strategy



Geography

- Double down on Saudi market and wider MENA region
- Strategic openings in the Kingdom of Saudi Arabia and store renovations
- Focus on Tier 1 Champion Brands

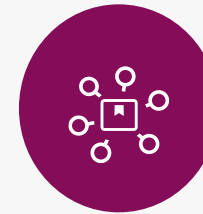
Lead with winning brands



Brands

- 24 brands sold part of the brand optimization program
- Scale current leading brands to their full potential
- Spearhead growth with Brand Champions (BC) and Tier 1 in potential selective countries such as commonwealth countries

Evolve to Drive Growth of Tier 1 Champion brands



Category

- Defend & maintain Fashion & Accessories market leadership
- Replicate Fashion & Accessories leadership in F&B

Rise to meet the online opportunity



Channel

- Double down on mono-brand sites to achieve record market online penetration rates
- Open new online market channels

Continuing our path to enhanced potential and profitability

Phase 1: Fix The House

- Rationalize brand and store portfolio
- Exit/stabilize non-strategic markets
- Revamp processes and systems to ensure efficiency
- Onboard new Brand Champions in core markets
- Deleverage company and secure cash for growth

2023-2024



2024-2026

Phase 2: Embark on Growth

- Invest to scale existing brands across markets
- Identify white space opportunities and secure new franchise in key markets

Phase 3: Achieving Optimal Potential

- Scale existing brands to maximum potential ensuring comprehensive coverage of key cities in target markets
- Invest in scaling new brands

2026+



Our turnaround strategy is steadily advancing across all fronts

Brand Rationalization



- 24 brands sold, in FY-24
- Reducing 56 % of total store network in the Kingdom of Saudi Arabia

Store Rationalization



- 17 closed stores in Q4'24 and 45 store openings, for a net opening of 28 stores
- 558 closed stores in FY'24 and 93 opened stores, for a net closure of 465 stores

Operational Enhancement



- Revenue per store increased 75% YoY in Q4'24 and 59% YoY in FY'24
- Gross Floor Area decreased 15 % YoY in Q4'24, due to the brand optimization program and store closures

Market Rationalization



- Exiting USA

Continued focus on optimizing market, brand & store footprint



Retail

Q4'24	<ul style="list-style-type: none"> 10 stores opened 7 stores closed 3 net openings
FY'24	<ul style="list-style-type: none"> 41 stores opened 523 stores closed 482 net closures

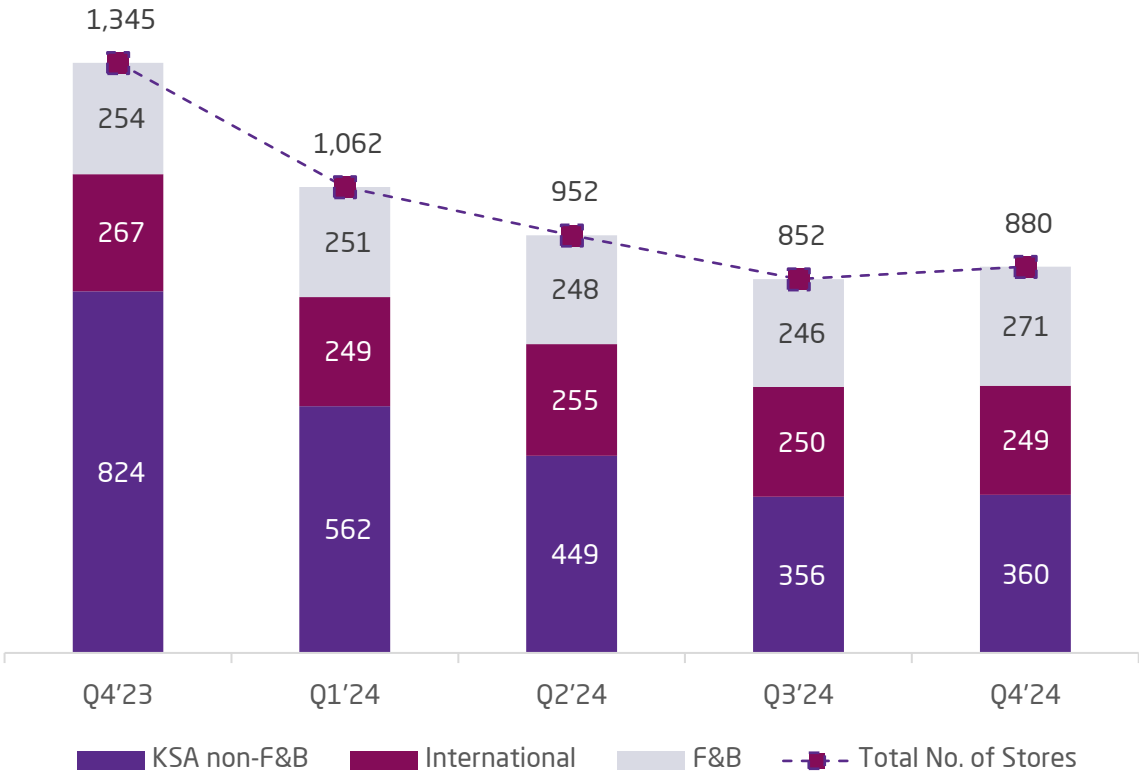


F&B

Q4'24	<ul style="list-style-type: none"> 35 stores opened 10 stores closed 25 net openings
FY'24	<ul style="list-style-type: none"> 52 stores opened 35 stores closed 17 net openings



Store network evolution



Financial Overview



Financial performance overview

	Q4'24	FY'24
Revenues	SAR 1.3 BN 14.3%	SAR 4.8 BN 3.7%
Gross Profit	SAR 207 MN 101.9%	SAR 632 MN 5.8%
EBITDA	SAR 110 MN vs loss of SAR 445 MN	SAR 469 MN vs loss of SAR 115 MN
Net Loss	SAR 149 MN vs SAR 1.0 BN	SAR 197 MN vs SAR 1.1 BN



Highlights

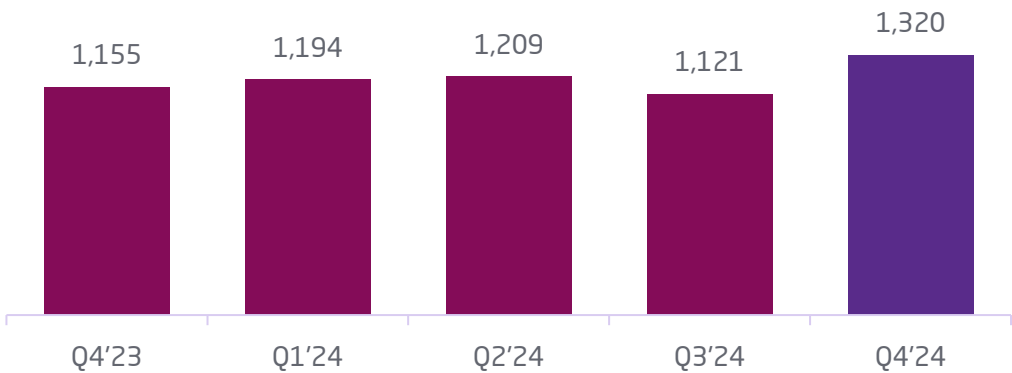
- Retail revenues in the Kingdom of Saudi Arabia were up 23.9% QoQ and 9.1% YoY in Q4'24, supported by strategic measures to enhance customers' retail experience (store renovations) and boost performance (such as "White Friday" and "Pay Day")
- International portfolio sustained its strong momentum, delivering YoY revenue growth of 36.7% in Q4'24, and 26.5% YoY in FY'24
- Wide-ranging cost rationalization initiatives boost EBITDA performance during the period
- Brand optimization program on track, with capital gains of SAR 210 million in FY-24, and a total of 24 brands sold
- Continued focus on reinforcing financial position through deleveraging, with net debt reduction of 31.6% YoY
- Substantial reduction in net loss in Q4'24 and FY'24

Domestic retail and international portfolio drive revenue growth



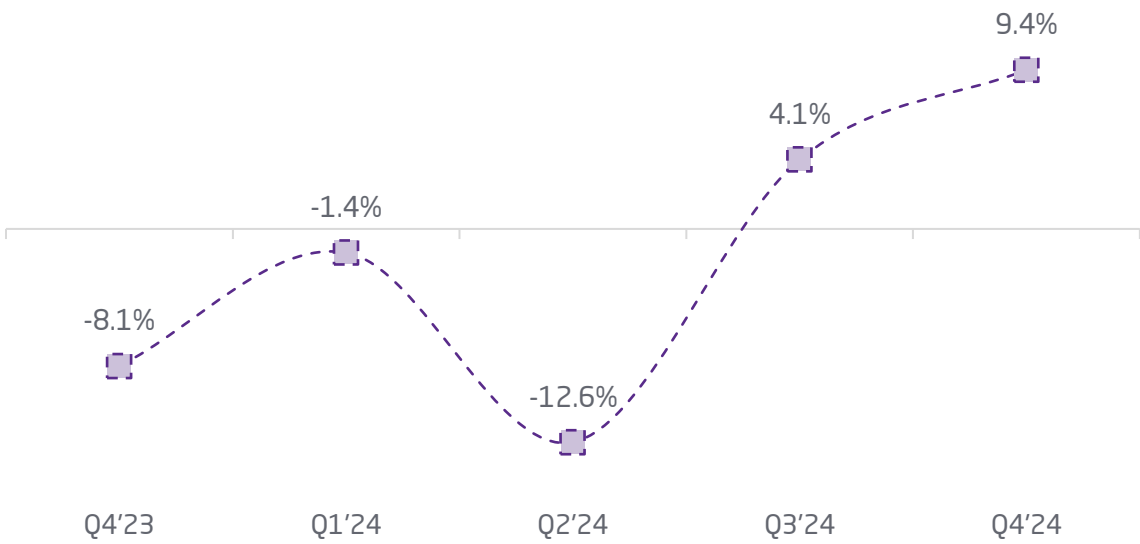
Revenue, SAR MN

- Retail revenues in the Kingdom of Saudi Arabia increased 9.1% YoY, while international retail achieved 36.7% growth in Q4'24, outweighing the impact of a 15.1% decline in F&B



LFL consolidated sales growth, %

- LFL growth driven by enhancement of customer experience through store renovations, store openings and strategic retail price positioning



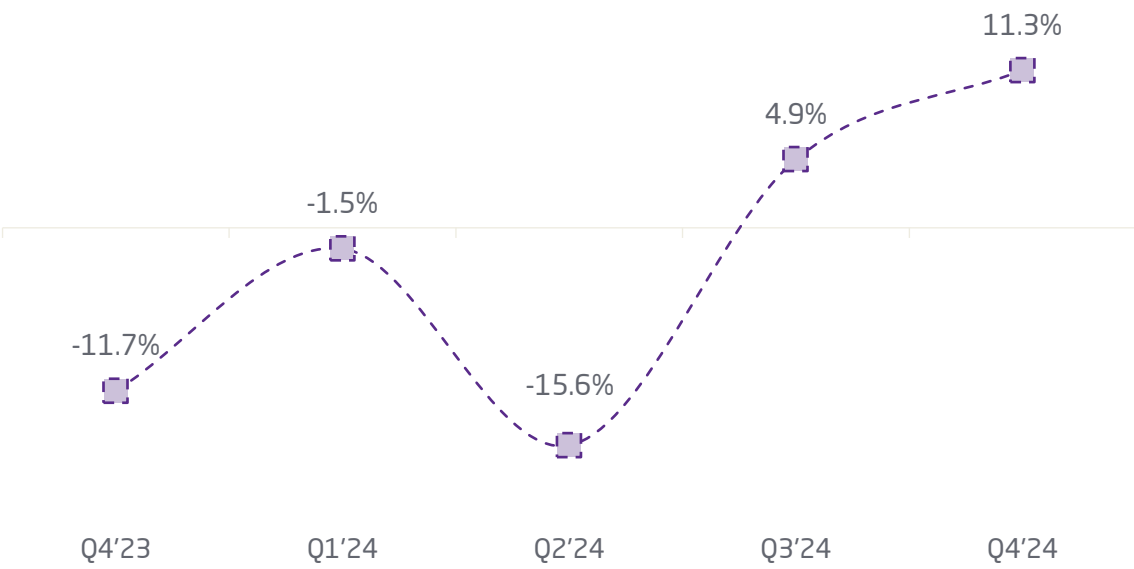
** Financials for 2021 and 2023 were on a fiscal year basis however has been adjusted to reflect calendar year figures. 2023 financials have been recorded on a calendar year basis.*

Strategic sales measures drive revenue growth and profitability



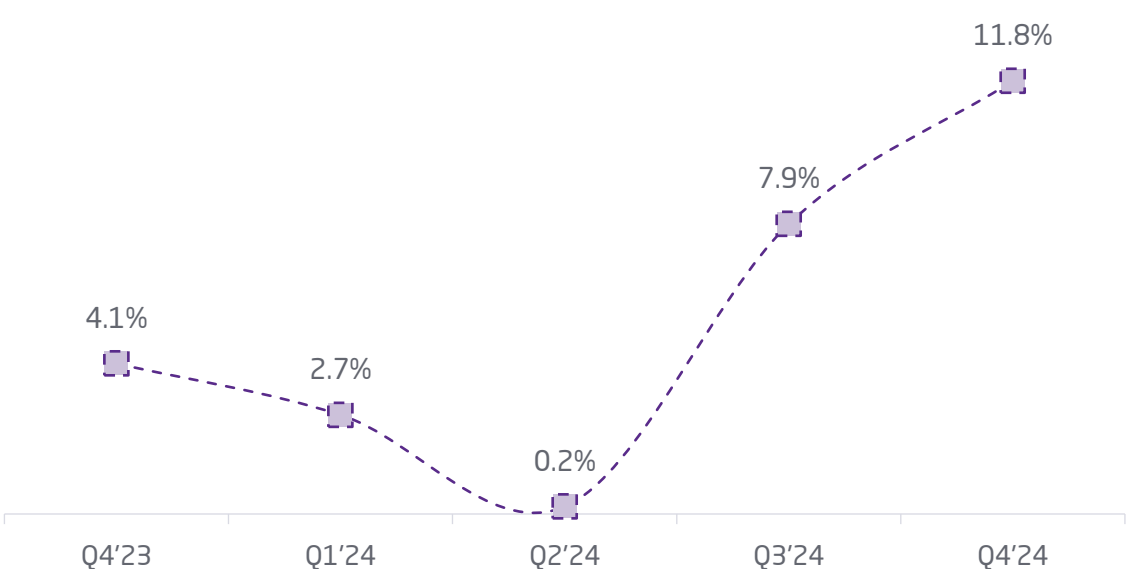
LFL Saudi retail sales growth %

- Domestic LFL sales witnessed a growth of 11.3%, supported by strategic measures to improve customers' retail experience and other initiatives to boost performance (such as "White Friday" and "Pay Day")



LFL International retail sales growth %

- International LFL sales continued to improve, as a result of increased promotional and marketing activities, and robust performance by CIS countries



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Zara & Inditex witnessing growth during the period

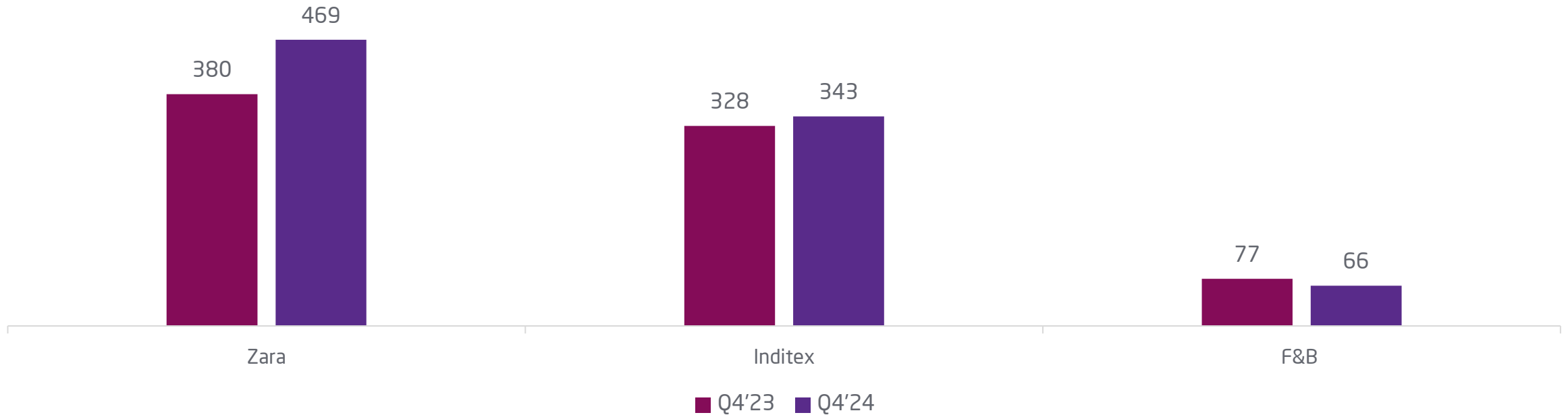


Fashion & F&B Revenues (SAR Million)

+23.5% LFL

+4.8% LFL

-14.9% LFL

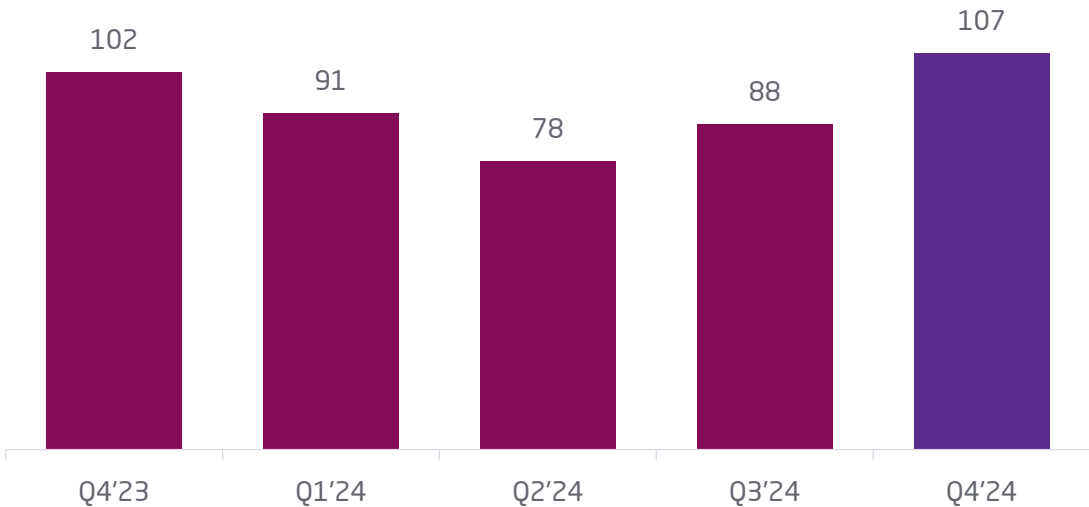


Online sales maintaining strong contribution to consolidated revenues



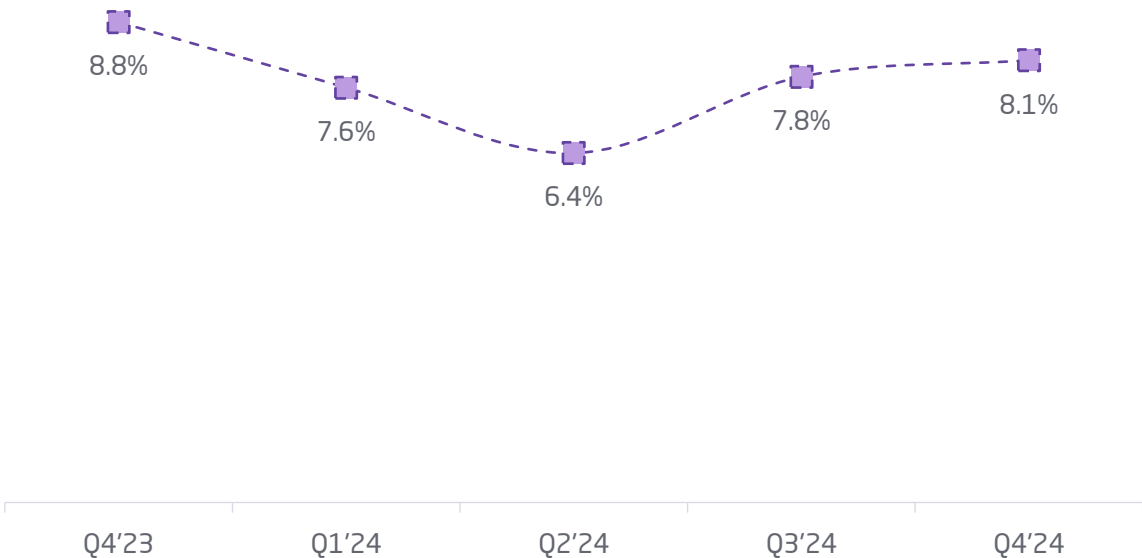
Online revenues, SAR MN

- Online sales increased 4.5% YoY in Q4'24 as Zara and Inditex online sales witnessed an increase of 27.8% YoY in Q4'24



E-commerce, % of total revenues

- Accessibility, convenience and technology adoption expected to further increase overall revenue share by e-commerce

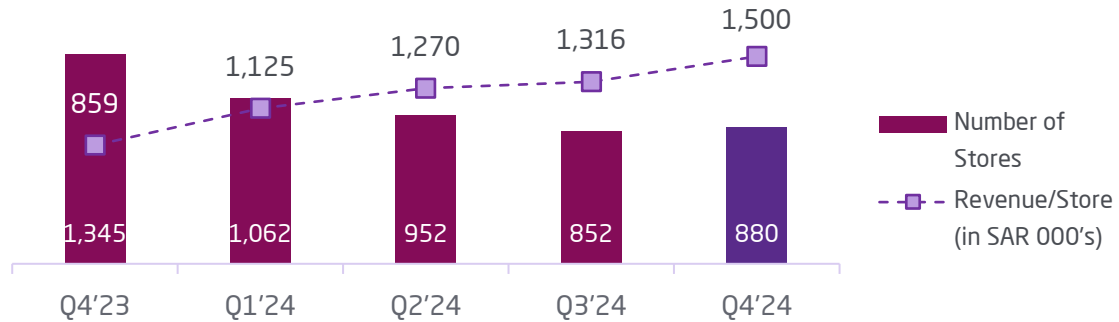


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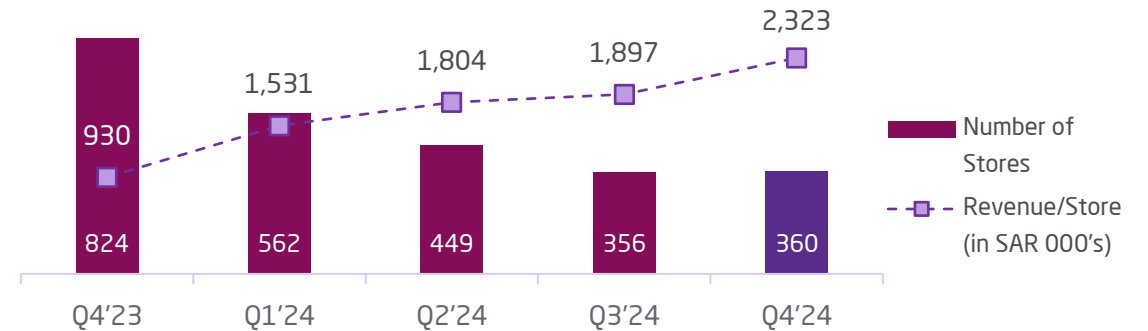
Portfolio optimization enabling solid revenue per store



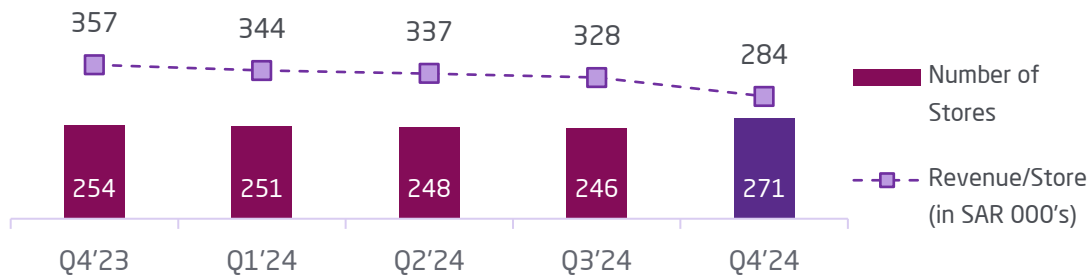
Revenue Per Store (Group)



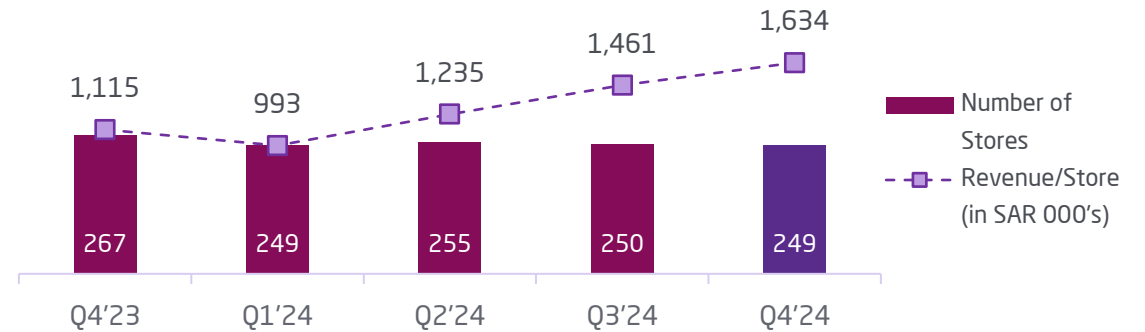
Revenue Per Store (KSA)



Revenue Per Store (F&B)



Revenue Per Store (International)



*Annualized figures are based on the period run rates

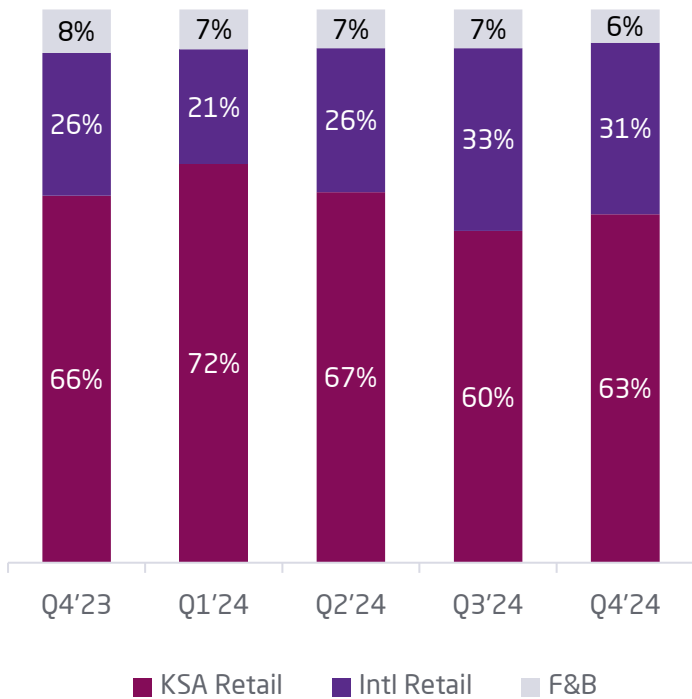
**Quarterly figures have been re-classified due to prior business assumptions



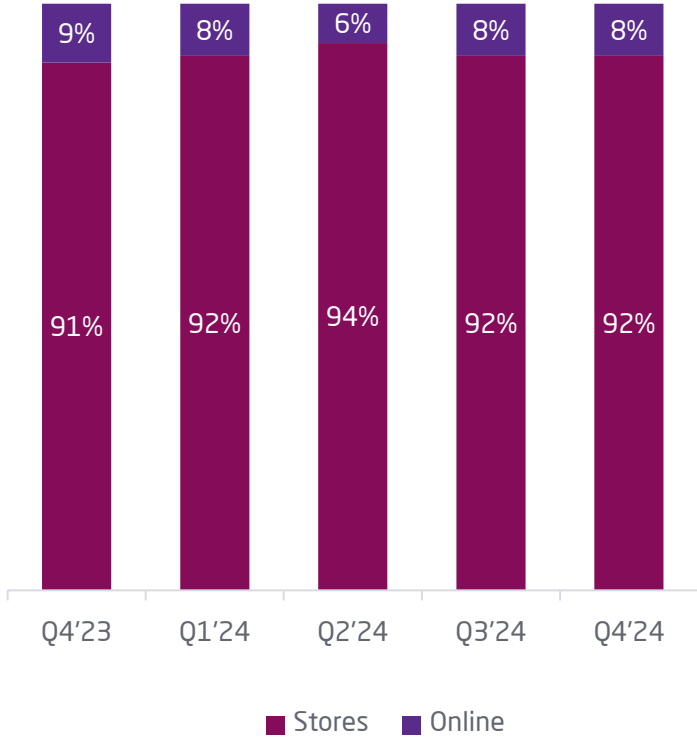
Revenue diversification



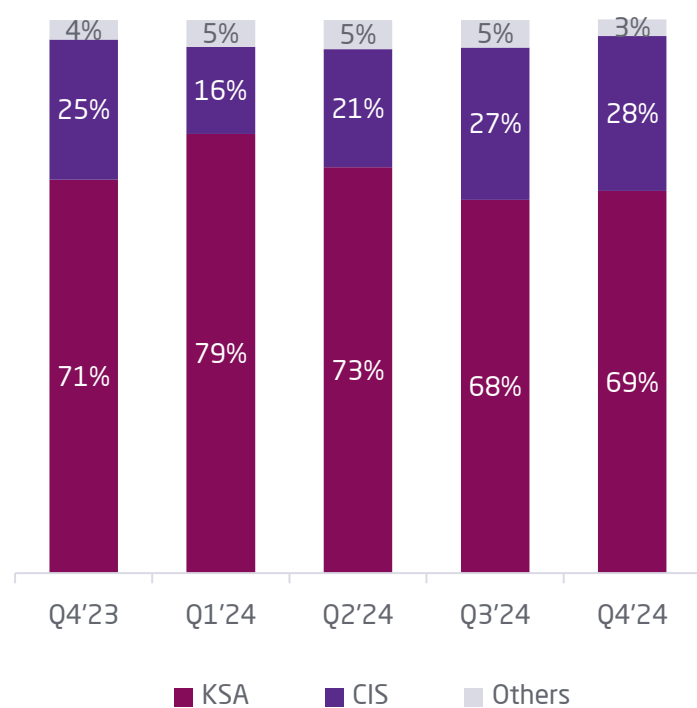
Revenue by division



Revenue by channel



Revenue by geography

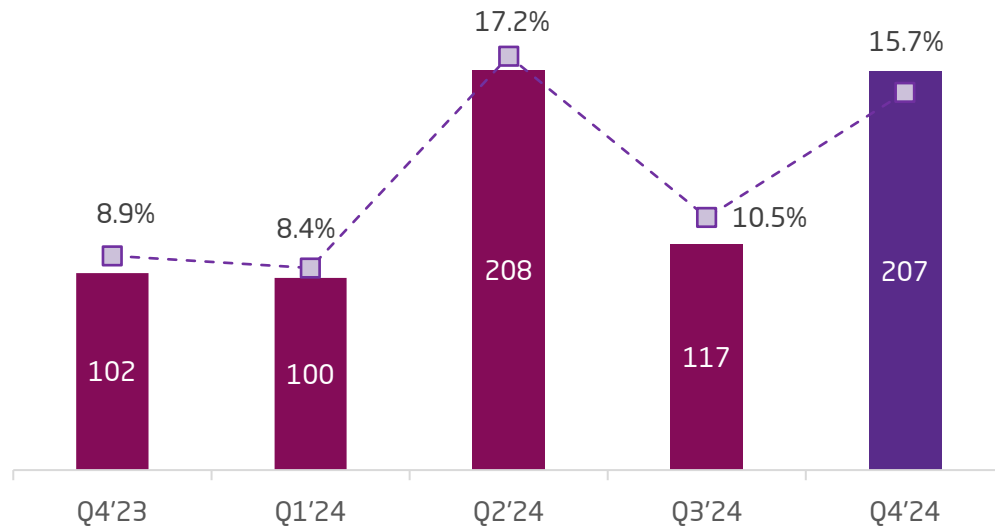


Strategic retail price positioning and cost optimization help sustain margins



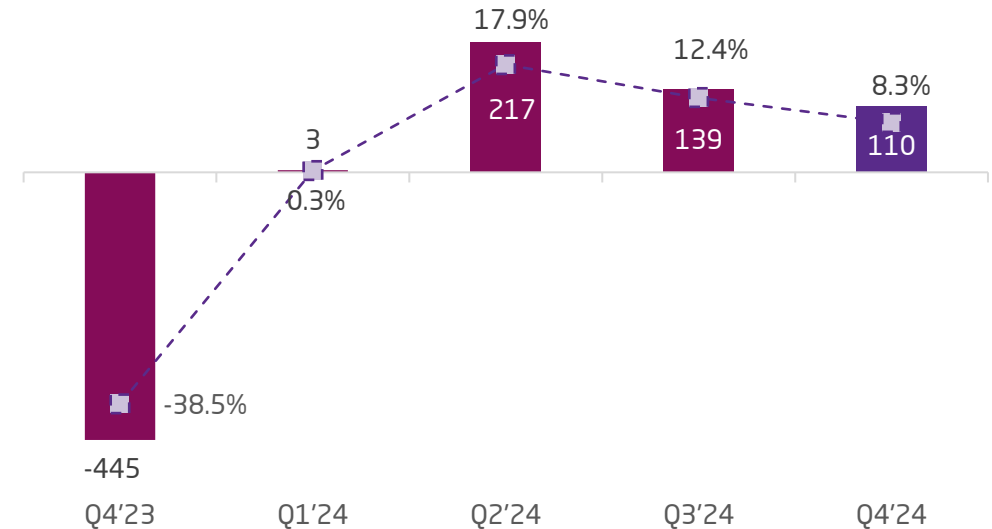
Gross Profit, SAR MN - GPM, %

- Gross Profit increased significantly, by 102 % YoY in Q4-24 to SAR 207 million, which resulted in an improvement in the gross profit margin from 8.9% to 15.7%



EBITDA, SAR MN - EBITDA Margin, %

- EBITDA turned positive in Q4-24, to SAR 110 million, compared to negative EBITDA of SAR 445 million, due to the continued improvement in operational performance and the company's focus on cost optimization

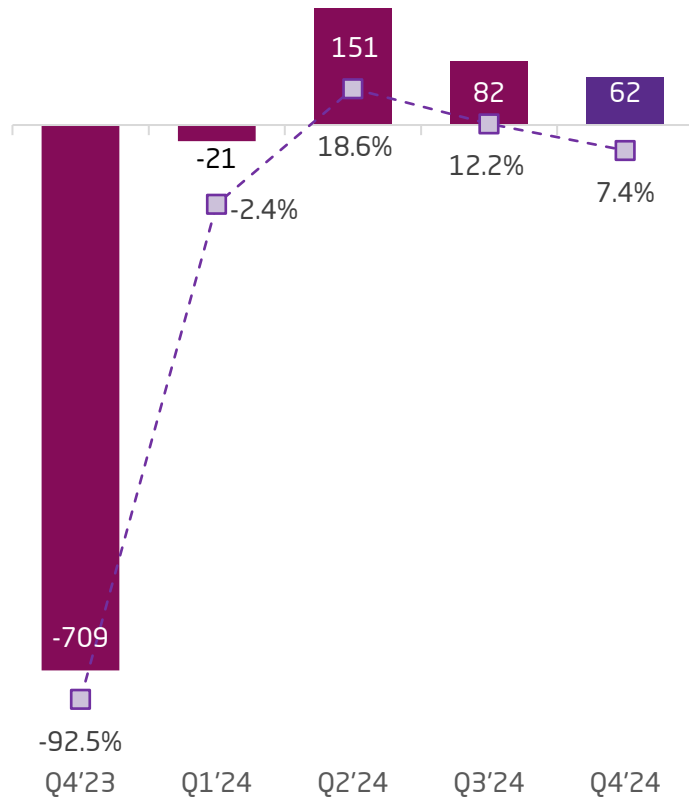


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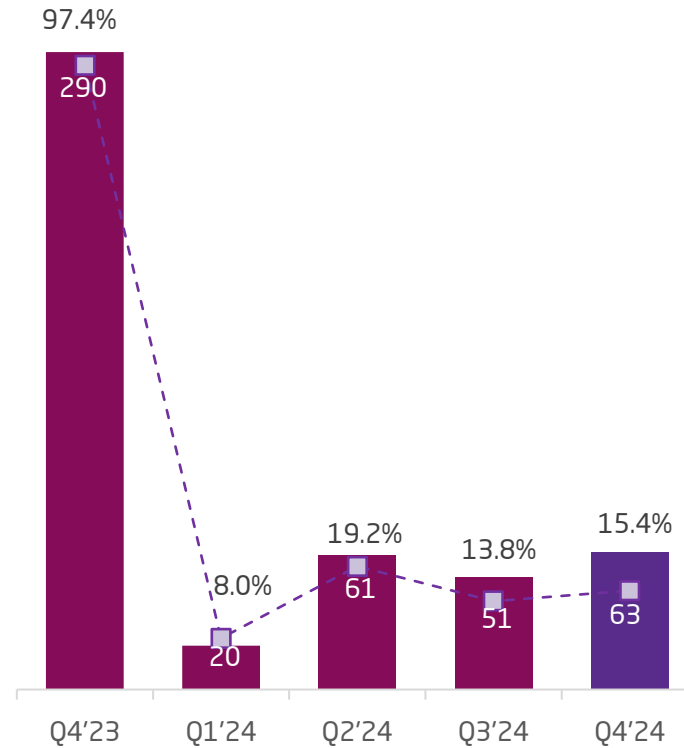
EBITDA performance across segments



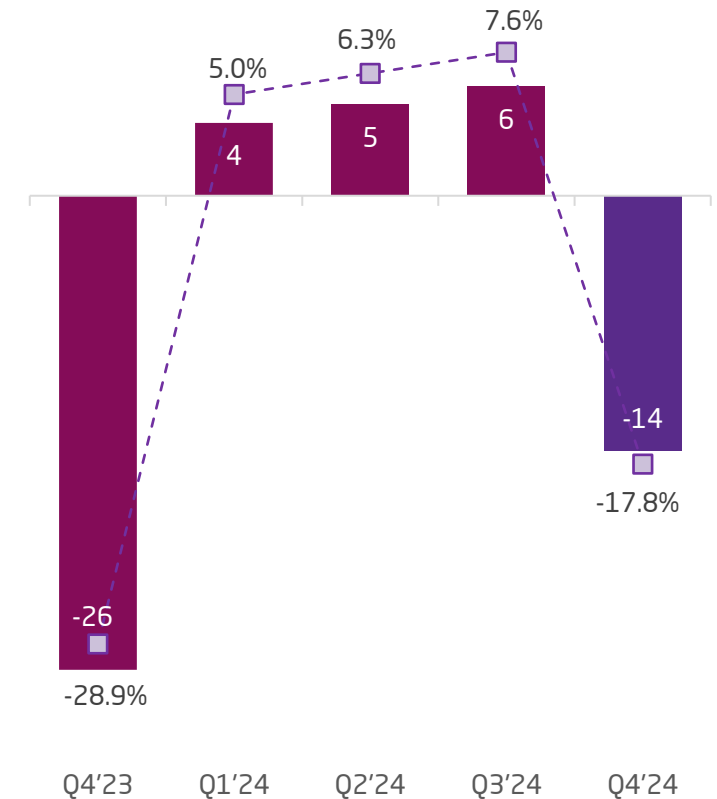
EBITDA KSA Retail, SAR MN - EBITDA Margin, %



EBITDA Intl, SAR MN - EBITDA Margin, %



EBITDA F&B, SAR MN - EBITDA Margin, %

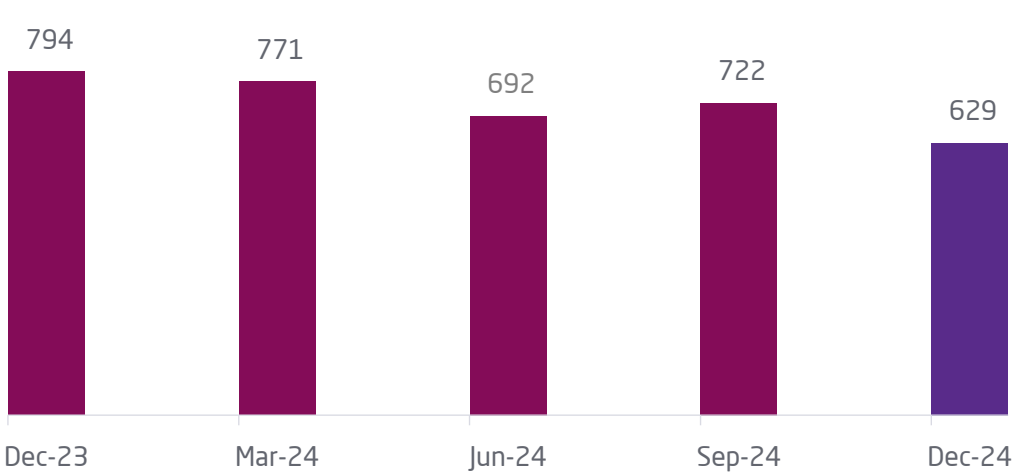


Inventory optimization leading to enhanced efficiency



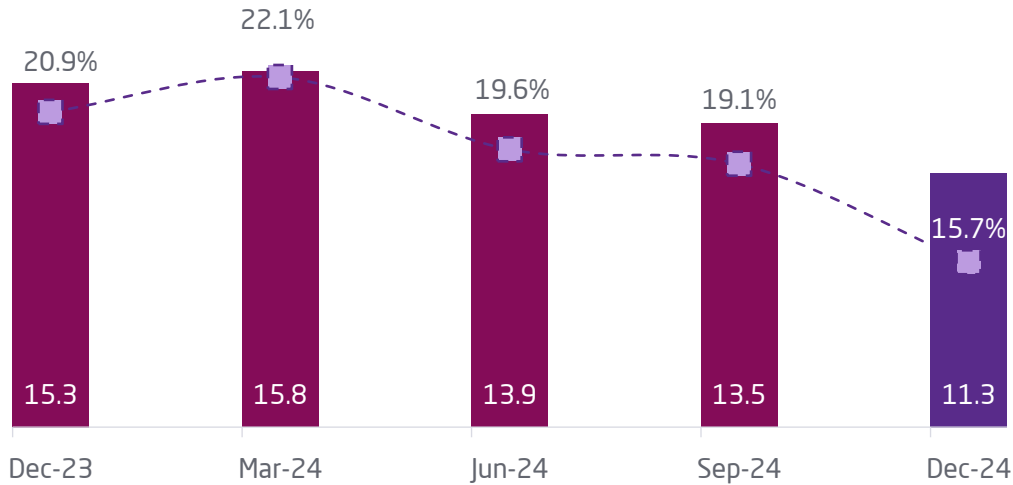
Inventory balance (SAR MN)

- Inventory continues to be within an acceptable range, reaching SAR 629 MN, as focus increases on inventory optimization



Inventory efficiency ratios

- Effective management of inventory, including streamlined procurement techniques, and supply chain optimization, resulting in enhanced efficiency ratios



Weeks on hand
 Inventory % of Sales exc. F&B

* Financials for 2021 and 2023 were on a fiscal year basis however has been adjusted to reflect calendar year figures. 2023 financials have been recorded on a calendar year basis.

Concluding Remarks



Key takeaways



Topline

International operations driving revenue growth, particularly the CIS, with domestic operations also witnessing improvement



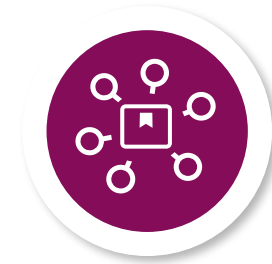
Profitability

Reduction in net losses to SAR 197 million in FY-24, with a continued focus on cost optimization



Financial position

Balance sheet remains key area of focus, with net debt reduction of 31.6% YoY



Brand Optimization

Continued progress total of 24 brands sold

Appendix



Income Statement

SAR MN	Q4-23	Q4-24	Change	FY-23	FY-24	Change
Revenue	1,155	1,320	14%	4,671	4,845	4%
Cost of revenue	-1,052	-1,114	6%	-4,075	-4,213	3%
Gross profit/(loss)	102	207	102%	597	632	6%
<i>Margin</i>	<i>8.9%</i>	<i>15.7%</i>	<i>6.8pp</i>	<i>12.8%</i>	<i>13.0%</i>	<i>0.3pp</i>
Selling and distribution expenses	-36	-32	-10%	-147	-126	-14%
General and administrative expenses	-152	-60	-61%	-383	-281	-27%
Other operating expense	-323	-34	-90%	-332	-35	-90%
Other operating income	-37	28	-177%	151	279	85%
EBITDA	-445	110	-125%	-115	469	-506%
<i>Margin</i>	<i>-38.5%</i>	<i>8.3%</i>	<i>46.8pp</i>	<i>-2.5%</i>	<i>9.7%</i>	<i>12.1pp</i>
Goodwill Impairments	-370	-95	-74%	-370	-95	-74%
Depreciation, amortization	-36	-43	19%	-136	-136	0%
Operating profit / (loss)	-851	-28	-97%	-622	237	-138%
Net finance costs	-63	-69	10%	-311	-298	-4%
Change in fair value of other investment	-33	0	-100%	-33	0	-100%
Share of loss of equity-accounted investees	-3	-19	507%	-10	-24	132%
Profit / (loss) before zakat and income tax	-950	-116	-88%	-976	-85	-91%
Zakat and Income tax expense	-18	-22	23%	-49	-61	24%
Loss for the year from continuing operations	-967	-138	-86%	-1,025	-145	-86%
Gain (Loss) for the year from discontinued operations	-56	-11	-80%	-88	-52	-40%
Profit / (loss) for the year	-1,024	-149	-85%	-1,113	-197	-82%
Non-controlling interests	62	1	-98%	65	6	-91%
Net profit group share	-1,086	-150	-86%	-1,178	-204	-83%

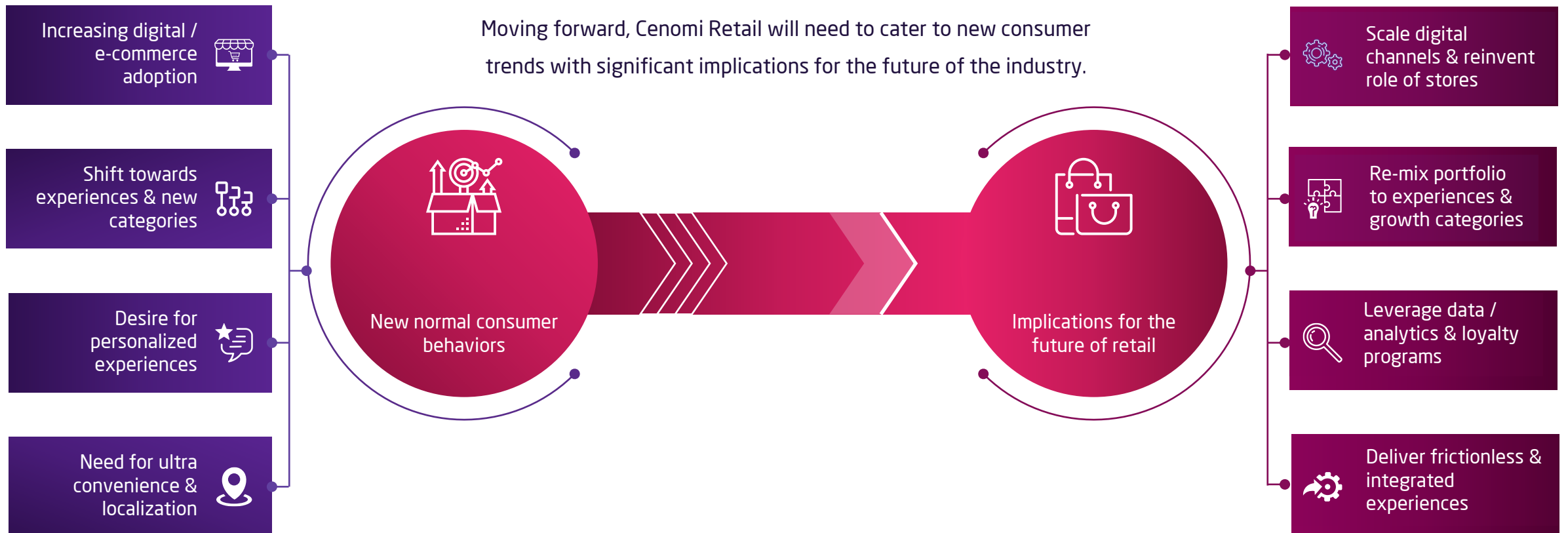
Balance Sheet

SAR MN	31 Dec 23	31 Dec 24	Change
Assets			
Property, Plant and Equipment	1,150	1,081	-6%
Right-of-Use Assets	2,045	1,455	-29%
Goodwill and Intangible Assets	756	627	-17%
Investment Property	1	1	-10%
Investment in associates and joint venture	65	46	-29%
Other investments	74	84	14%
Total Fixed Assets	4,091	3,295	-19%
Inventories	794	632	-20%
Advances, Deposits and Other Receivables	302	169	-44%
Prepayments, Rentals and Insurance	26	35	36%
Cash & Cash Equivalents	235	256	9%
Assets included in disposal group classified as held for sale	310	198	-36%
Total Current Assets	1,667	1,291	-23%
Total Assets	5,758	4,586	-20%

SAR MN	31 Dec 23	31 Dec 24	Change
Equity & Liabilities			
Share Capital	1,148	1,148	0%
Reserves (Statutory, Foreign Currency and Fair Value)	-565	-617	9%
Fair value reserve	42	83	98%
Accumulated Losses	-1,404	-1,607	14%
Equity Attributable to the Shareholders of the Company	-779	-993	28%
Non-Controlling Interest	-28	-25	-10%
Total Equity	-806	-1,018	26%
LT Loans and Borrowing	209	82	-60%
Lease Liabilities	1,556	1,189	-24%
Derivative liability	32	0	-100%
Post-Employment Benefits	89	74	-17%
Total Non-Current Liabilities	1,885	1,345	-29%
Trade and other payables	1,400	1,800	29%
Bank Overdraft	47	0	-100%
Zakat & Tax Liabilities	87	99	15%
Lease Liability – current portion	579	358	-38%
ST Loans and Borrowings	2,298	1,760	-23%
Liabilities included in disposal group classified as held for sale	268	241	-10%
Total Current Liabilities	4,679	4,259	-9%
Total Liabilities	6,564	5,604	-15%
Total Equity & Liabilities	5,758	4,586	-20%

Consumer trends

Moving forward, Cenomi Retail will need to cater to new consumer trends with significant implications for the future of the industry.



Presenters



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THANK YOU

