

## CENOMI RETAIL DELIVERS TOPLINE GROWTH IN Q1 2023

- Overall revenue of SAR 1.421 billion, up 2.4% year-on-year
- International portfolio continues upward trajectory with 10.4% growth year-on-year
- Online sales showcased exceptional growth of 84.7% year-on-year
- EBITDA down 34.3% year-on-year with a contribution of SAR 91.7 million
- Announced the appointment of a new CEO, Dr Günther Helm, to lead the company's strategic focus of aligning with leading global brands

**Riyadh, Saudi Arabia, 23 May 2023:** Cenomi Retail, Saudi Arabia's pioneering retail brand partner, today announced its financial results for the three months ended 31 March 2023. The company reported revenue of SAR 1.421 billion and EBITDA of approximately SAR 91.7 million.

Revenue for the first quarter was primarily driven by Cenomi Retail's strategic focus on leading with tier one global brands and pursuing strong international growth, particularly in the Commonwealth of Independent States (CIS) region. The quarterly results were supported by a return to growth in the core Saudi market which demonstrated a year-on-year increase of 4.6% as well as a quarter-on-quarter increase of 4.7%. Additionally, the increase in online sales was a positive contributor to this quarter's results.

During the period, Cenomi Retail continued with its strategy of focusing on champion brands. Amidst positive market conditions with Saudi Arabia returning to growth, the performance of Zara in KSA increased by 7%. Additionally, the other Inditex group brands, including Massimo Dutti and Zara Home, collectively delivered growth of 4%.

The company experienced exceptional revenue growth in its international locations, particularly in the CIS region, which witnessed a substantial increase of 45.8% compared to the same period in 2022. Sales via online channels amounted to SAR 87.8 million in revenue, an increase of 84.7% compared to Q1-22.

In March 2023, the company announced the appointment of a new CEO, Dr Günther Helm, who formally began his role on 1 April 2023, after the end of the reported period. Dr Helm will spearhead Cenomi Retail's continued transformation program and will progress its new focused strategy and drive towards extensive cost optimization and best in class retail operations.

**Ahmed Belbesy, Chief Financial Officer at Cenomi Retail,** commented: "Despite a challenging macroeconomic environment, the first quarter saw momentum in the implementation of our strategy. The retail sector in the Kingdom is rapidly evolving amid shifting consumer demographics and increased competition for consumers' share of wallet. It is against this backdrop that we embarked on our transformation strategy, which demonstrated tangible outcomes in the first quarter, underpinned by our focus on champion brands, online retail and international expansion."

## Operational highlights

In line with the continued optimization of the store footprint in the first quarter, the company closed approximately 113 stores comprising 107 fashion stores and six F&B establishments. In contrast, the company opened eight fashion stores and 10 F&B stores during the same period. Overall, these actions resulted in a net closure of 99 fashion stores and a net opening of four F&B stores. The F&B brands exhibited a positive net position, indicating a return to growth in comparison to the previous quarter, which saw 75 net store closures as a result of four brand exits under the brand rationalization program.

## Financial highlights

During the first quarter of Q1-23, revenue witnessed growth of 2.4% y-o-y to SAR 1,421 million, driven by growth in both KSA and the international portfolio which exhibited a y-o-y improvement of 4.6% and 10.4%, respectively. The overall revenue increase was partially offset by a 28.2% y-o-y decline in revenue from F&B to SAR 93.1 million in Q1-23 compared to SAR 129.6 million in Q1-22. This decline was primarily influenced by the divestment of the Azal Brands and Shawarma Almuhalhil during Q4-22. Hence, the y-o-y impact on like-for-like (LFL) sales amounted to -5.7% which was additionally influenced by the commencement of the holy month of Ramadan in the last week of March.

The company experienced a y-o-y decline in gross profit, with a decrease of 8.0% from SAR 181.3 million in Q1-22 to SAR 166.9 million in Q1-23. This decline can be attributed to a -4.0% increase in the cost of revenue, primarily influenced by a 9.4% y-o-y rise in the cost of goods sold, in addition to an extension of the discounting period during the month of February 2023.

During the reported period, Selling, General and Administrative Expenses (SG&A) witnessed a substantial y-o-y increase of -67.3%, reaching SAR 140.6 million compared to SAR 84.1 million in Q1-22. This significant rise in expenses can be attributed to end of year credit adjustments as the March 2022 quarter was the fourth quarter of the then full year 2022 ending on 31 March as per the old fiscal year.

The operating income this quarter amounted to SAR 48.9 million, a decline of 51.9% y-o-y. The decline is driven by increase in the Selling, General and Administrative Expenses (SG&A) however the decline was offset by the increase in other operating income to SAR 72.7 million in Q1-23, compared to SAR 50.3 million in the corresponding period last year. This increase was primarily driven by an additional SAR 46.5 million in Capex support received from landlords

Cenomi Retail reported a SAR -44.3 million net loss in Q1-23 compared to the loss of SAR -44.6 million recorded in Q1-22.

In Q1-23, Cenomi Retail reported an EBITDA of SAR 91.7 million, indicating a 34.3% y-o-y decrease compared to the SAR 139.6 million achieved in Q1-22. Profitability remained under pressure, with the company also witnessing

a significant drop in EBITDA margin. This stood at 6.5% for Q1-23, reflecting a 3.6 pp drop from the EBITDA margin of 10.1% reported in the same period last year.

## Income Statement

SAR Million	Q1 2023	Q1 2022	% Change
<b>Revenue</b>	<b>1,420.6</b>	<b>1,386.7</b>	<b>2.4%</b>
<b>Cost of Revenue</b>	-1,253.7	-1,205.4	-4.0%
<b>Gross Profit (Loss)</b>	<b>166.9</b>	<b>181.3</b>	<b>-8.0%</b>
<b>Gross Profit Margin</b>	<b>11.7%</b>	<b>13.1%</b>	<b>-1.3pp</b>
<b>Selling &amp; Distribution Expenses</b>	-52.5	-27.3	-92.5%
<b>General &amp; Administrative Expenses</b>	-88.1	-56.8	-55.2%
<b>Other Operating Expense</b>	-7.2	-5.5	-30.5%
<b>Depreciation and Amortization</b>	-42.9	-38.0	-12.9%
<b>Other Operating Income</b>	72.7	50.3	44.5%
<b>Operating Income (Loss)</b>	<b>48.9</b>	<b>101.6</b>	<b>-51.9%</b>
<b>Operating Income Margin</b>	<b>3.4%</b>	<b>7.3%</b>	<b>-3.9pp</b>
<b>Financial Charges</b>	-87.1	-50.7	-71.9%
<b>Impairment loss on goodwill</b>	-	-70.5	100.0%
<b>Share of loss of associates</b>	-1.6	-11.7	86.2%
<b>Profit (Loss) before Zakat &amp; Tax</b>	<b>-39.8</b>	<b>-31.3</b>	<b>-27.4%</b>
<b>Zakat and Income Tax</b>	-4.5	-13.3	66.5%
<b>Net Profit (Loss) for the Period</b>	<b>-44.3</b>	<b>-44.6</b>	<b>0.7%</b>
<b>Net Profit Margin</b>	<b>-3.1%</b>	<b>-3.2%</b>	<b>0.1pp</b>
<b>Attributable to:</b>			
Shareholders of the Company	-43.8	-40.8	-7.32%
Non-Controlling Interest	-0.5	-3.8	86.0%
<b>Earnings per Share Basic and Diluted</b>	<b>-0.38</b>	<b>-0.36</b>	<b>-7.3%</b>
<b>EBITDA</b>	<b>91.7</b>	<b>139.6</b>	<b>-34.3%</b>
<b>EBITDA Margin</b>	<b>6.5%</b>	<b>10.1%</b>	<b>-3.6pp</b>

## Balance Sheet

SAR Million	31 Mar 2023	31 Dec 2022	% Change
<b>Assets</b>			
Property, Plant and Equipment	1,344.4	1,324.3	1.52%
Right-of-Use Assets	2,883.6	3,110.8	-7.3%
Goodwill and Intangible Assets	1,127.7	1,120.8	0.6%
Investment Property	1.4	1.4	0.9%
Equity-accounted investees	70.9	62.1	14.1%
Other investments	294.4	314.2	-6.3%
Derivative asset	33.0	35.1	-6.1%
<b>Total Non-Current Assets</b>	<b>5,755.4</b>	<b>5,968.9</b>	<b>-3.6%</b>
Inventories	1,137.2	1,000.3	13.7%
Advances, Deposits and Other Receivables	607	718.2	-15.5%
Prepayments, Rentals and Insurance	53.7	35.4	51.5%
Cash & Cash Equivalents	145.0	193.8	-25.2%
<b>Total Current Assets</b>	<b>1,942.9</b>	<b>1,947.7</b>	<b>-0.2%</b>
<b>Total Assets</b>	<b>7,698.3</b>	<b>7,916.6</b>	<b>-2.8%</b>
<b>Equity &amp; Liabilities</b>			
Share Capital	1,147.7	1,147.7	0.0%
Reserves (Statutory, Foreign Currency and Fair Value)	-540.8	-524.1	3.2%
Fair value reserve	42.1	42.1	0.1%
Accumulated Losses	-336.0	-292.2	15.0%
Equity Attributable to the Shareholders of the Company	313	373.5	-16.2%
Non-Controlling Interest	-93.2	-92.1	1.2%
<b>Total Equity</b>	<b>219.8</b>	<b>281.3</b>	<b>-21.9%</b>
<b>LT Loans and Borrowing</b>	<b>100.0</b>	<b>115.0</b>	<b>-13.0%</b>
Lease Liabilities	2,540.0	2,734.5	-7.1%
Post-Employment Benefits	103.7	95.9	8.1%
<b>Total Non-Current Liabilities</b>	<b>2,743.7</b>	<b>2,945.4</b>	<b>-6.8%</b>
Trade and other payables	1,275.0	1,111.4	14.7%
Bank Overdraft	50.3	49.8	1.1%
Zakat & Tax Liabilities	62.6	70.5	-11.2%
Lease Liability – current portion	596.1	640.9	-7.0%
ST Loans and Borrowings	2,750.8	2,817.4	-2.4%
<b>Total Current Liabilities</b>	<b>4,734.8</b>	<b>4,689.9</b>	<b>1.0%</b>
<b>Total Liabilities</b>	<b>7,478.5</b>	<b>7,635.3</b>	<b>-2.1%</b>
<b>Total Equity &amp; Liabilities</b>	<b>7,698.3</b>	<b>7,916.6</b>	<b>-2.8%</b>

**Discussions with Cenomi Centers**

On 7 May 2023, a statement was made announcing that initial discussions of a possible combination between Cenomi Retail and Cenomi Centers have taken place. Further announcements will be made in the event of any material development.

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**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 over 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 10,000. Cenomi Retail currently represents over 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](http://www.cenomiretail.com)

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