

The background of the slide is a photograph of a family walking through a retail store. A woman in a black hijab and abaya is on the left, holding the hand of a young boy in a blue t-shirt. To his right is a young girl in a pink top. On the far right, a man in a white thobe and ghutra is walking, carrying a white shopping bag. The store has clothing racks and a sign with Arabic text "ملاص" (Malas) visible in the background.

Cenomi Retail

Earnings Presentation

For the year ended 31 December 2023 ("FY + Q4 23")

Disclaimer

This presentation has been prepared solely for use as an investor presentation for Cenomi Retail. (the “Company”). By attending or by reading this presentation, you agree to be bound by the following limitations.

The information contained in this presentation is for background purposes only and does not purport to be comprehensive and has not been independently verified, nor does it constitute or form part of any invitation or inducement to engage in any investment activity, nor does it constitute an offer or invitation to buy or subscribe to any securities in any jurisdiction, or a recommendation in respect of buying, holding or selling any securities.

No representation or warranty, express or implied, is made as to, and no reliance should be placed by any person for any purpose on the information contained in this presentation, fairness, accuracy, completeness or correctness of the information or opinions contained in this presentation.

The information in this presentation is subject to change, update, revision, verification and amendment and such information may change materially. The Company is under no obligation to update or keep current the information contained in this presentation and any opinions expressed in it is subject to change without notice. This presentation has not been approved by any competent regulatory authority.

Neither this presentation nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. The contents of this presentation are not to be construed as legal or financial.

The distribution of this presentation may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein come should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This presentation may include statements that are, or may be deemed to be, “forward-looking statements” with respect to the Company’s financial position, results of operations and business and certain of the Company’s plans, intentions, expectations, assumptions, goals and beliefs. The contents of this presentation have been prepared by and are the sole responsibility of the Company.

Table of Contents

TOPICS	Page No.
 Cenomi Retail Strategic Review	08
 Operational Overview	13
 Financial Overview	16
 Appendix	29

Cenomi Retail at a glance



SAR 5.2 BN
Revenues
 SAR 1.0 BN (Q4)

▼ 5.3% YOY FY 2023



SAR (105.5) MN
EBITDA
 SAR (452.2) MN (Q4)

▼ 119.1% YOY FY 2023



SAR 1.1 BN
Net loss
 SAR 1.0 BN (Q4)

▼ 3,118.6% YOY FY 2023



SAR 1.1 BN
International Revenue
 SAR 291.8 MN (Q4)

▲ 7.7% YOY FY 2023



SAR 319.1 MN
Online Sales
 SAR 76.8 MN (Q4)

▲ 23.7% YOY FY 2023



14 Weeks
Inventory Turnover
 17 Weeks (YE-22)

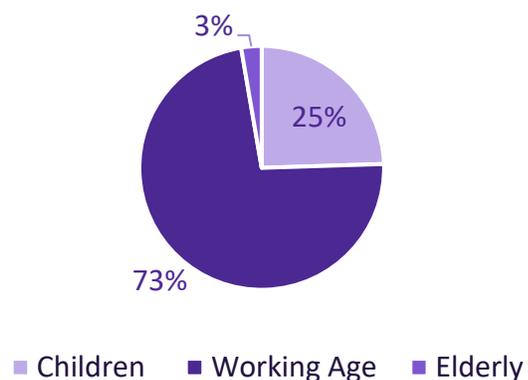
▼ 18.8% YOY FY2023



The Saudi market represents a secular growth opportunity

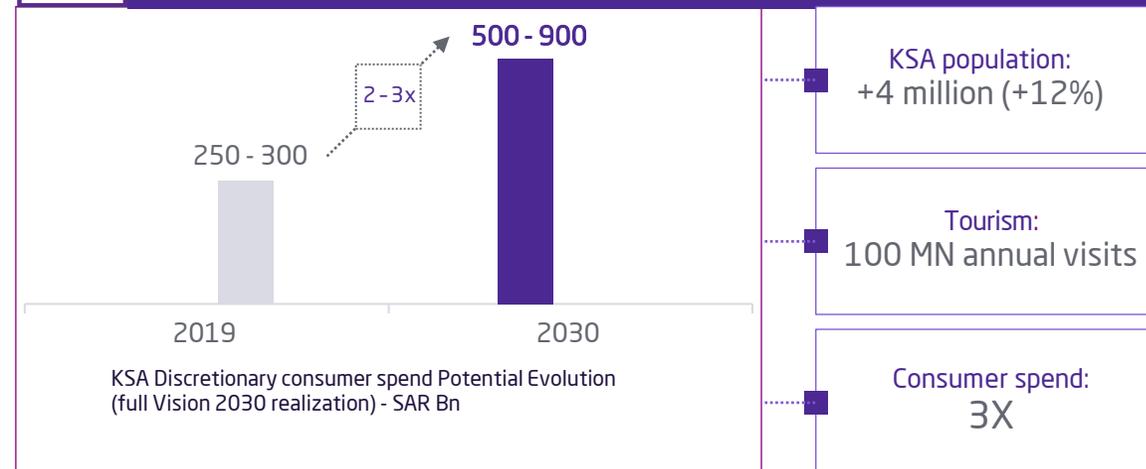
01

Youthful demographics with 63% of population under 30



02

A booming consumer outlook



03

Strong GDP Per Capita PPP in comparison to world and MENA average



04

Unprecedented Vision 2030 and strong growth

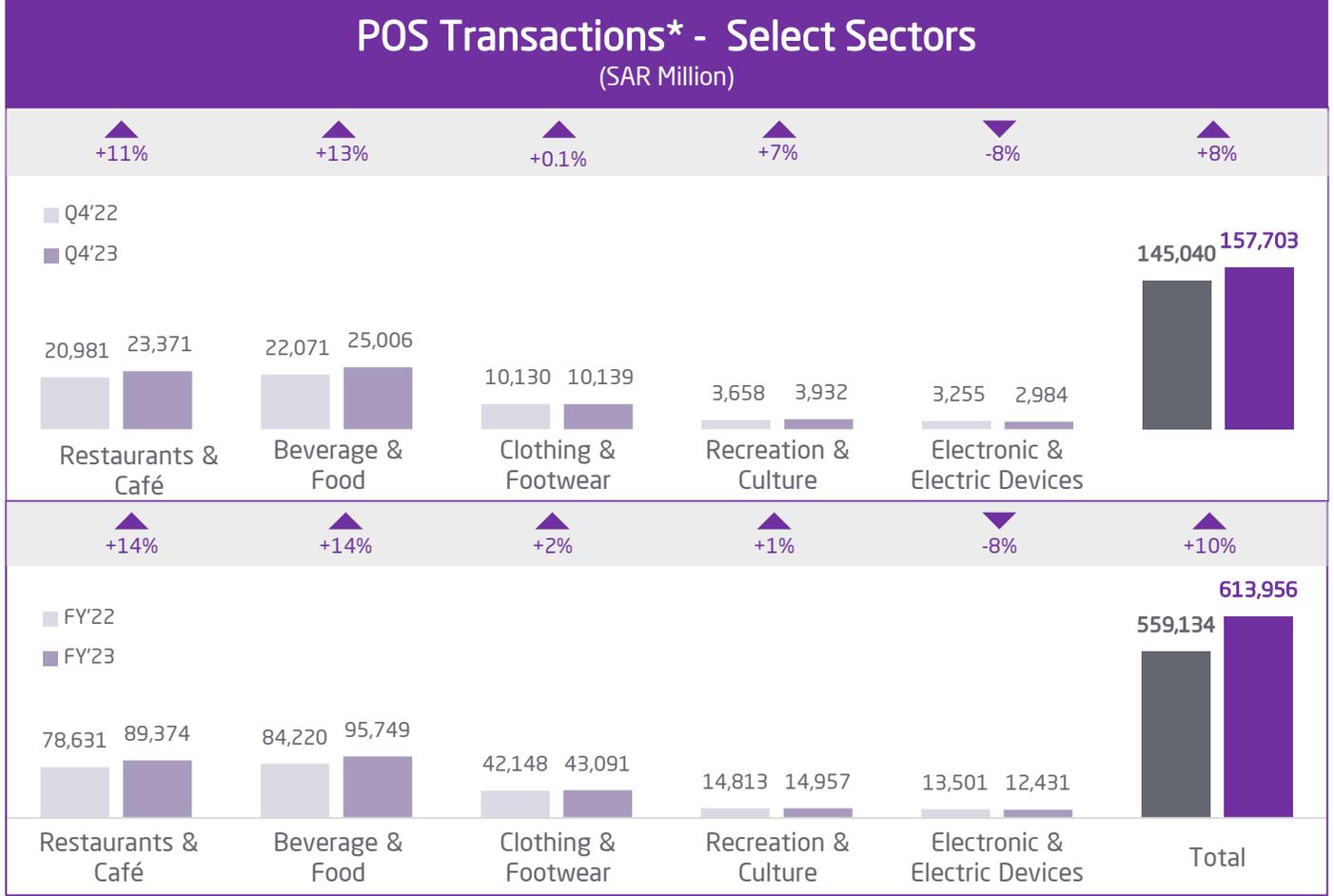
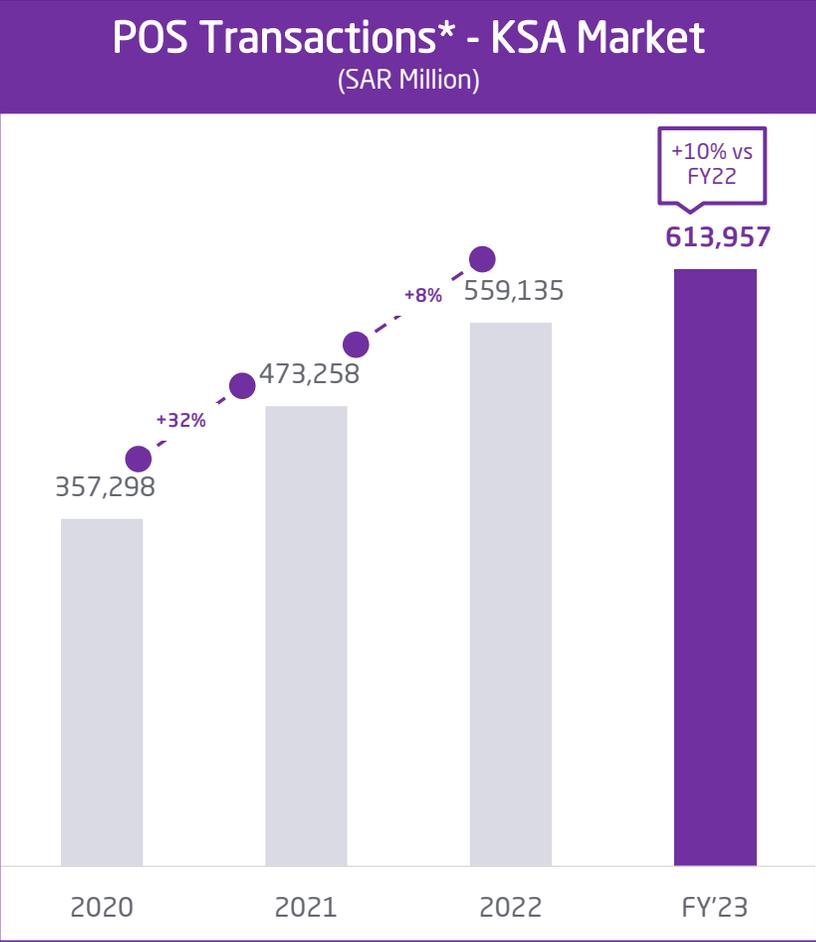


FDI in KSA on strong upward trajectory (11X in 2022 vs 2017)



21% 5-year CAGR in retail spend across KSA indicating a strong consumer market

KSA consumer spending trends finish the year on a strong note



* Source: SAMA Monthly Statistical Bulletin December 31, 2023

Saudi Arabia presents an unparalleled opportunity

Shifting consumer behaviour



Shift to lifestyle categories:
More demand for F&B,
Leisure and Entertainment



Increasing e-commerce adoption
and digital savviness

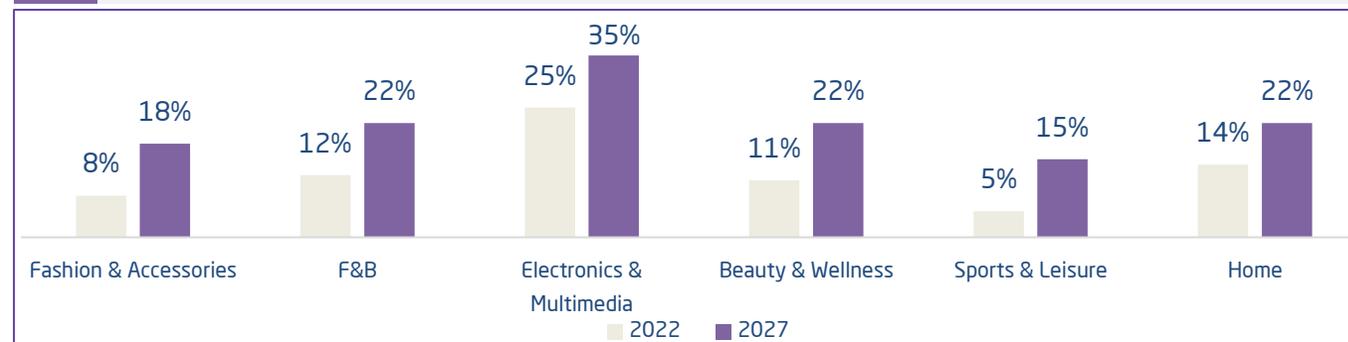
The birth of The New Saudi consumer presents unique growth prospects

KSA Retail Spend Overview (2022-2027, in SAR MN)

Category	Market Size 2022	Market Size 2027	CAGR 2022-2027
Groceries	179,216	226,429	4.8%
F&B	99,769	137,861	6.7%
Fashion & Accessories	74,460	106,324	4.7%
Electronics & Multimedia	38,179	46,223	3.9%
Entertainment	30,810	37,543	5.3%
Beauty & Wellness	20,273	28,050	5.1%
Home	15,169	20,246	4.9%
Sports & Leisure	6,000	7,600	5.3%



KSA Online Market Share by category (2022-2027, in %)

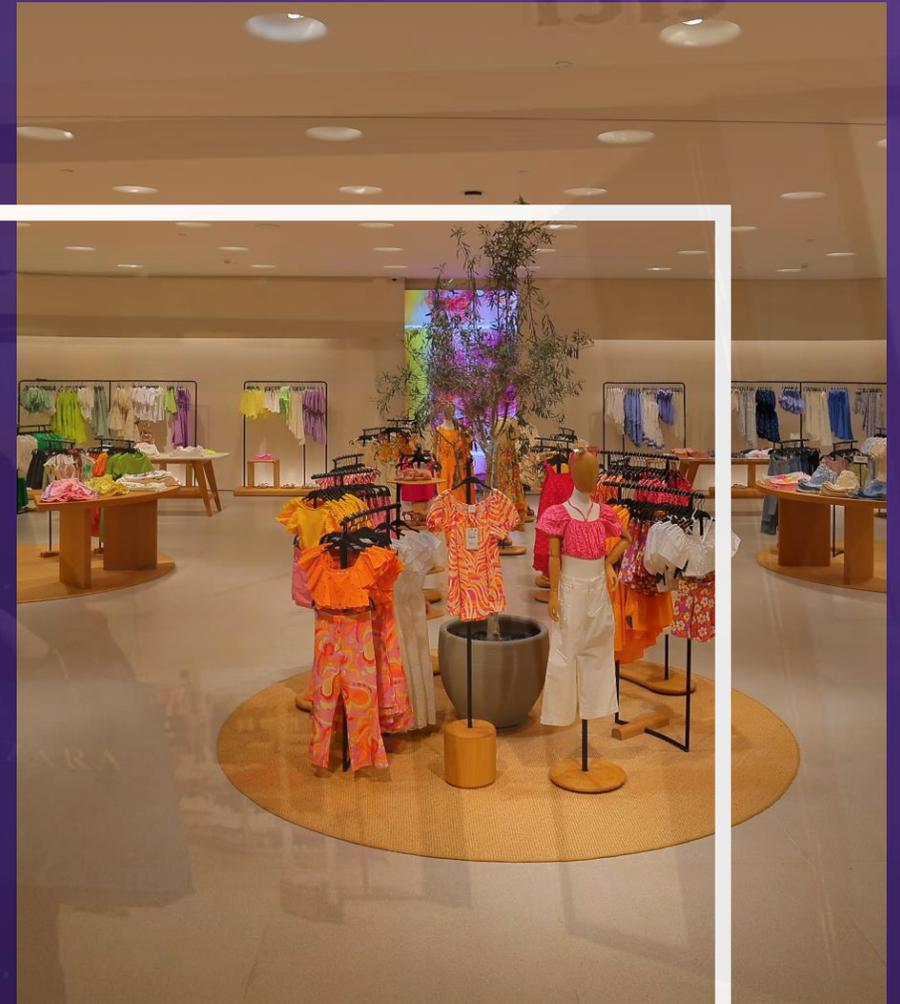


ZARA

01



Cenomi Retail Strategic Review



Transforming portfolio, expanding brand champions and enhancing operational efficiency



Geography



'Saudi First' Strategy

- Exited the Balkans, exiting Morocco and the US and rationalized Egypt operations
- Double down on Saudi market and wider MENA region



Category



Evolve from apparel champion to multi category lifestyle retailer

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



Brands



Lead with winning brands

- Rationalize portfolio by exiting non-strategic brands
- Scale current leading brands to their full potential
- Spearhead growth with Brand Champions (BC) and Tier 1 (T1)



Channel



Rise to meet the online opportunity

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

Navigating towards enhanced potential and profitability

Focus	Phase 1: Fix The House (2023-2024)	Phase 2: Embark on Growth (2024-2026)	Phase 3: Achieving Optimal Potential (2026+)
Turnaround	● ● ○	● ○ ○	○ ○ ○
Growth	● ○ ○	● ● ○	● ● ●
	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Invest to scale existing brands across markets Identify white space opportunities and secure new franchise in key markets 	<ul style="list-style-type: none"> Scale existing brands to maximum potential ensuring comprehensive coverage of key cities in target markets Invest in scaling new brands

Solid progress made across all fronts towards turnaround strategy



Market Rationalization

- Successfully exited the Balkans through the closure of 8 stores and exiting Morocco
- Exiting US operations
- Restructured operations in Egypt by closing 31 out of 68 stores



Brand Rationalization

- Finalized the disposal of 16 brands and 226 stores was signed with Abdullah Al Othaim Fashion Company
- Disposal of additional 5 brands as part of amended agreement signed with Abdullah Al Othaim Fashion Company



Store Rationalization

- Closure of 303 stores in the past 12 months:
 - 266 retail stores
 - 37 F&B outlet



Operational Enhancement

- Average revenues per retail store:
 - Saudi Arabia +13.4%
 - International markets +24.2%
- Revenue (excluding online sales) per SQM grew +20.8%



Governance

- 40+ Operational Policies & Procedures developed to align with best practice governance



Rolled out a full-fledged program to deliver best in class governance and controls

Topic	Achieved so far	Currently progressing in
People	<ul style="list-style-type: none"> Developed new simplified plug & play model to establish consistent Cenomi Retail Way of Operating Define clear roles and responsibilities across 10+ functions within Core operations and Head office 	<ul style="list-style-type: none"> Operationalize the design by introducing the new organizational model Implement the changes starting with key senior roles and building up critical capabilities
Processes	<ul style="list-style-type: none"> 140 business processes designed to harmonize ways of working across all business units and countries Single accountabilities secured along end-to-end processes to boost cross functional collaboration 	<ul style="list-style-type: none"> Train personnel to execute the new standard ways of working in line with best practices Further integrate process automation priorities within System & Technology Roadmap
Governance	<ul style="list-style-type: none"> Defined areas requiring build up of critical controls in line with best practices for Corporate Governance Developing a set of 40+ Policies within a Corporate Governance Framework for Cenomi Retail 	<ul style="list-style-type: none"> Finalize design of key GRC Policies and procedures to institutionalize compliance with regulatory requirements
Change	<ul style="list-style-type: none"> 50+ functional leads and SMEs engaged in workshops and contributing to co-creation of the future operating model and execution of Quick Wins 	<ul style="list-style-type: none"> Mobilize core team for implementation and communicate change across the organization

02



Operational Overview



Continued efforts towards optimizing market, brand & store footprint

 Retail	
Q4'23 Retail	<ul style="list-style-type: none"> 20 stores opened 18 stores closed 2 net openings
Q3'23 Retail	<ul style="list-style-type: none"> 13 stores opened 56 stores closed 43 net closures
Q2'23 Retail	<ul style="list-style-type: none"> 6 stores opened 85 stores closed 79 net closures
Q1'23 Retail	<ul style="list-style-type: none"> 8 stores opened 107 stores closed 99 net closures
 F & B	
Q4'23 F&B	<ul style="list-style-type: none"> 17 stores opened 14 stores closed 3 net openings
Q3'23 F&B	<ul style="list-style-type: none"> 6 stores opened 12 stores closed 6 net closures
Q2'23 F&B	<ul style="list-style-type: none"> 8 stores opened 5 stores closed 3 net openings
Q1'23 F&B	<ul style="list-style-type: none"> 10 stores opened 6 stores closed 4 net openings

Market Rationalization



Successfully exited the Balkans with closure of 8 stores
 Rationalized operations in Egypt with closure of 31 stores
 Exiting Morocco and the US

Brand Rationalization



Signed agreement with Abdullah Al Othaim Fashion Company for the disposal 16 brands and 226 stores. Amended agreement resulted in disposal of 5 additional brands

Store Rationalization

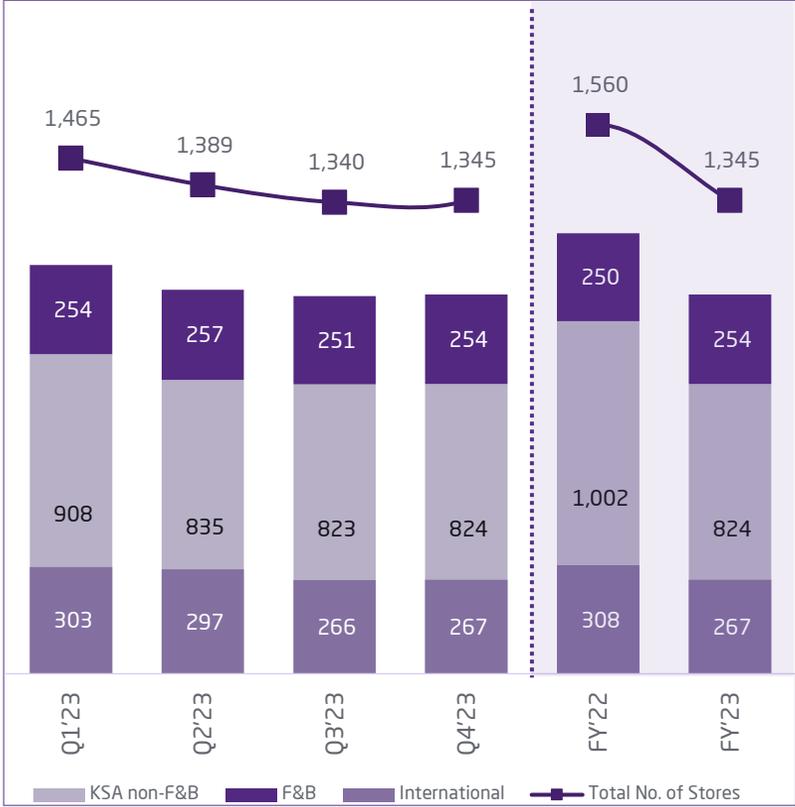


A total closure of 303 stores in the past 12 months
 In Q4, closed 32 retail stores and F&B outlets and are now at the tail end of the major reset in our store footprint

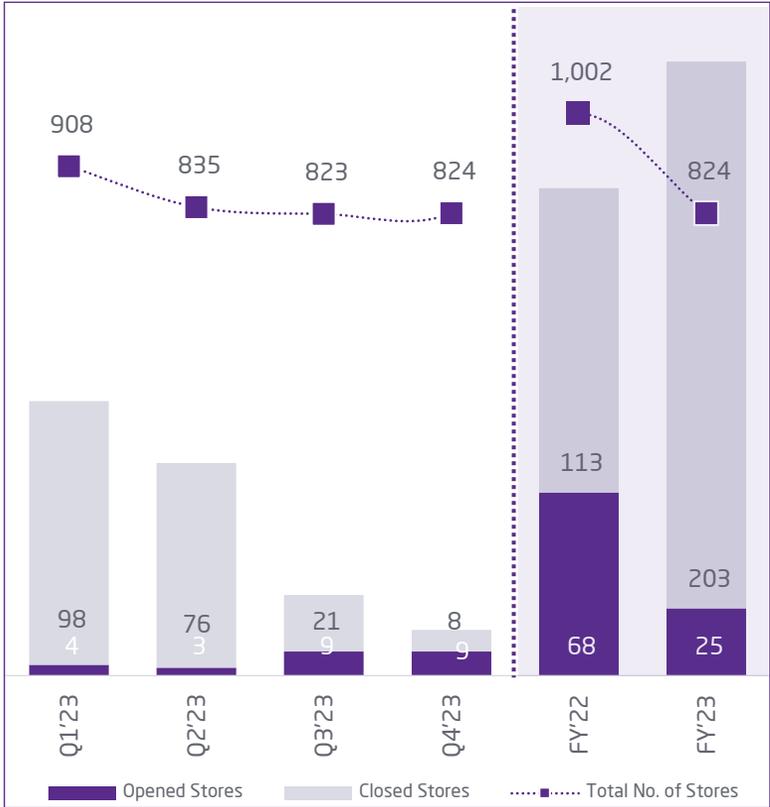


Tangible progress in store optimization evident in network evolution

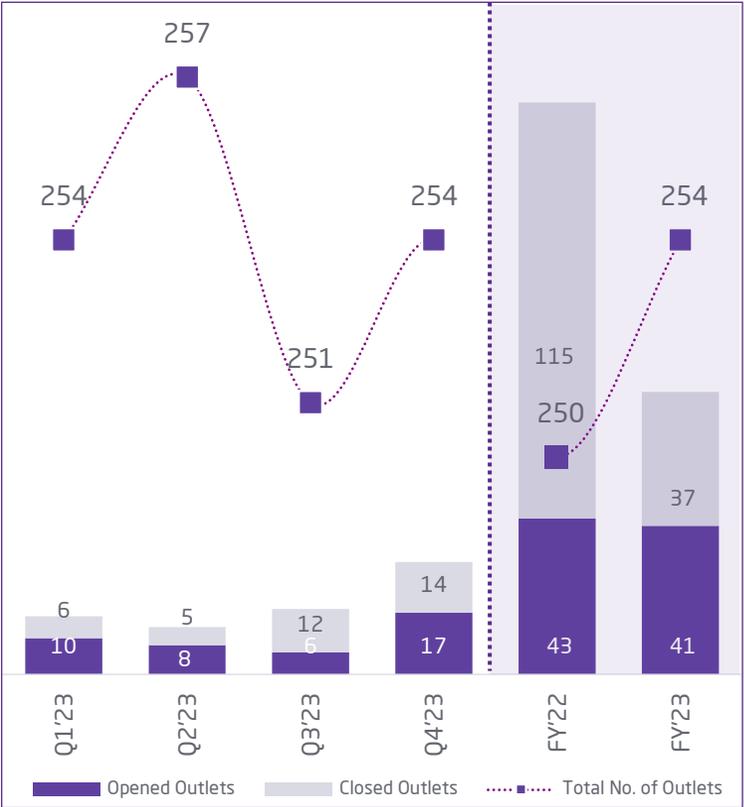
Store network evolution



Saudi retail store network evolution



F&B store network evolution



03



Financial Overview



Financial performance overview



Total revenues decreased 5.3% to SAR 5.2 BN

- KSA retail revenue dropped 6.8%, after closing 178 stores in KSA.
- F&B revenue declined 21.2% to SAR 379.2 MN.
- Offset by a 23.7% surge in online sales and a 7.7% increase in international retail revenue.



The increase in operational efficiency led to a 2.0% decline in cost of revenues.



Net debt down 17.0% to SAR 2.5 BN compared to 2.9 BN at YE'22.



Net losses reached SAR 1.1 BN

- 11.9% rise in distribution costs
- 66.2% increase in administrative expenses
- Goodwill cost of 370.0 MN and asset impairment cost of SAR 276.4 MN incurred

Financial highlights



SAR 5.2 BN
Revenue
 SAR 1.0 BN (Q4)
 ▼ 5.3% vs FY'22



SAR (105.5) MN
EBITDA
 SAR (452.2) MN (Q4)
 ▼ 119.1% vs FY'22



SAR 646.5 MN
Gross Profit
 SAR 89.6 MN (Q4)
 ▼ 23.5% vs FY'22



SAR 1.1 BN
Net Loss
 SAR 1.0 BN (Q4)
 ▼ 3,118.6% vs FY'22

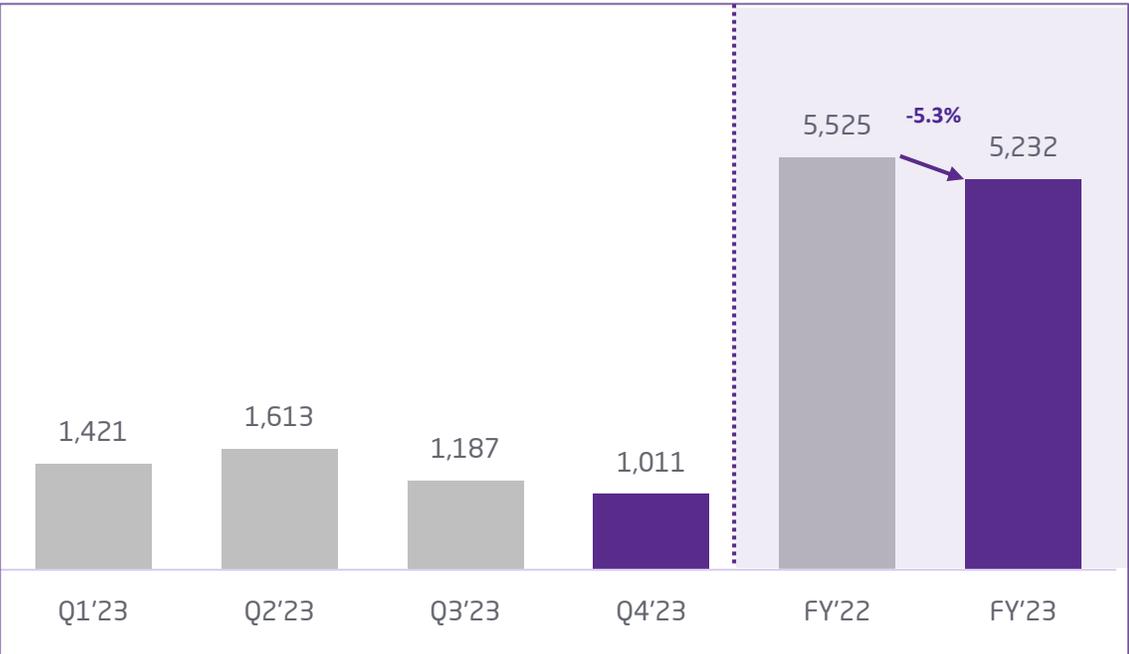


Reported revenues impacted by retail portfolio transformation. However, revenue per store grew 9.8%



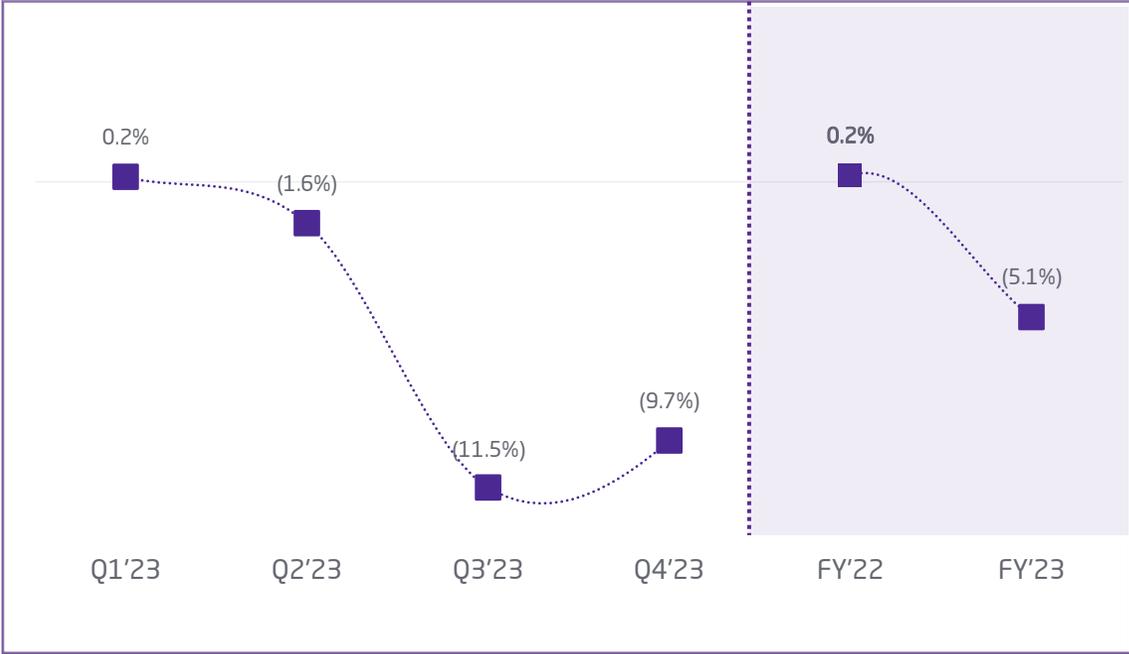
Revenue, SAR million

- Revenue were impacted by the business transformation and a volatile retail market. However, the turnaround yielded a 9.8% improvement in revenue per store on a group level.




LFL consolidated sales growth, %

- Weak LFL in FY 2023 mostly driven by tail brands while Champion Brands remained resilient

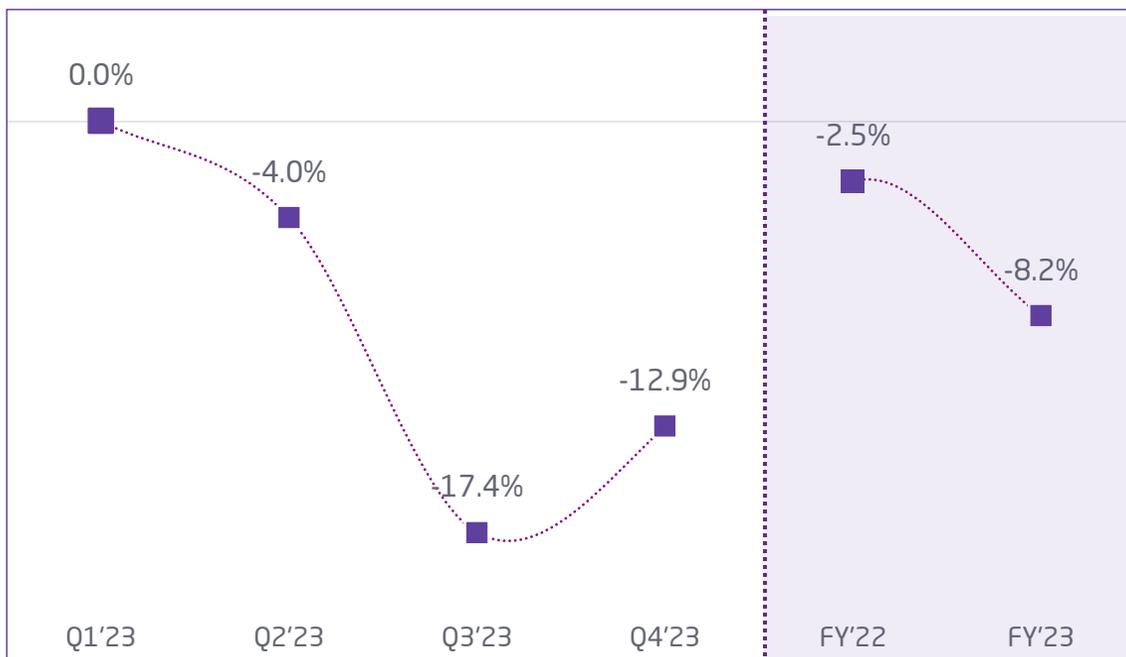


Champion Brands show sustained international growth momentum amidst weakening LFL



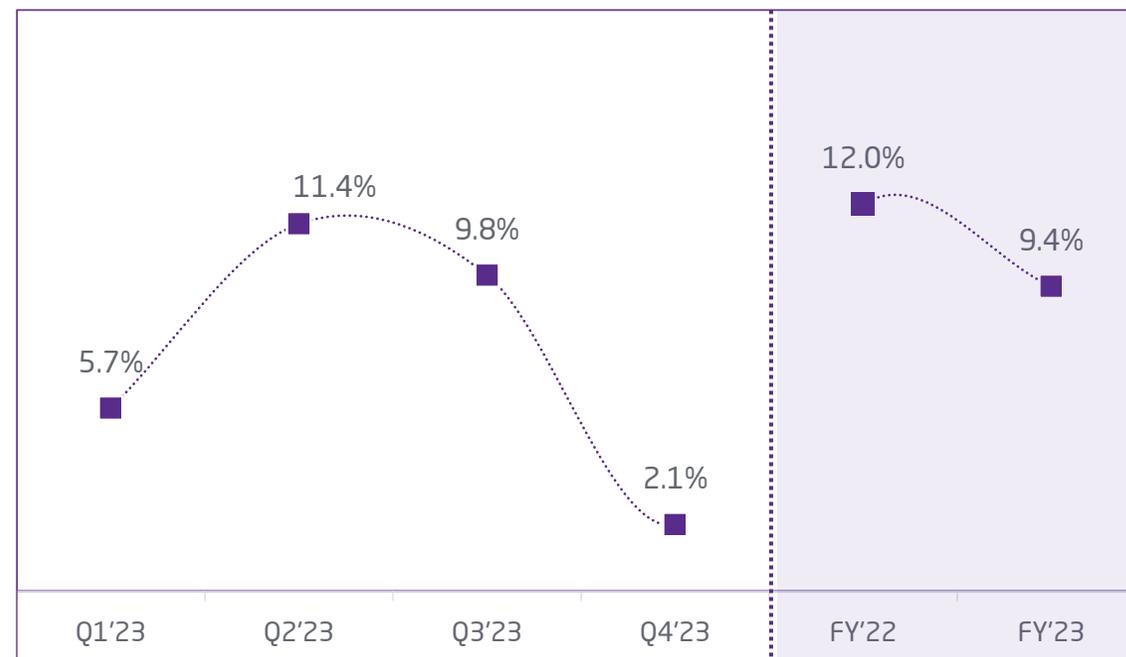
LFL Saudi retail sales growth %

- Saudi retail, like-for-like growth slightly weakened over the year, primarily influenced by seasonal trends in the second half of 2023.



LFL International Retail growth %

- International LFL growth maintained positive momentum during the year due to Zara sales growing 14.7% and other Inditex brands grew 17.3% on a like-for-like basis



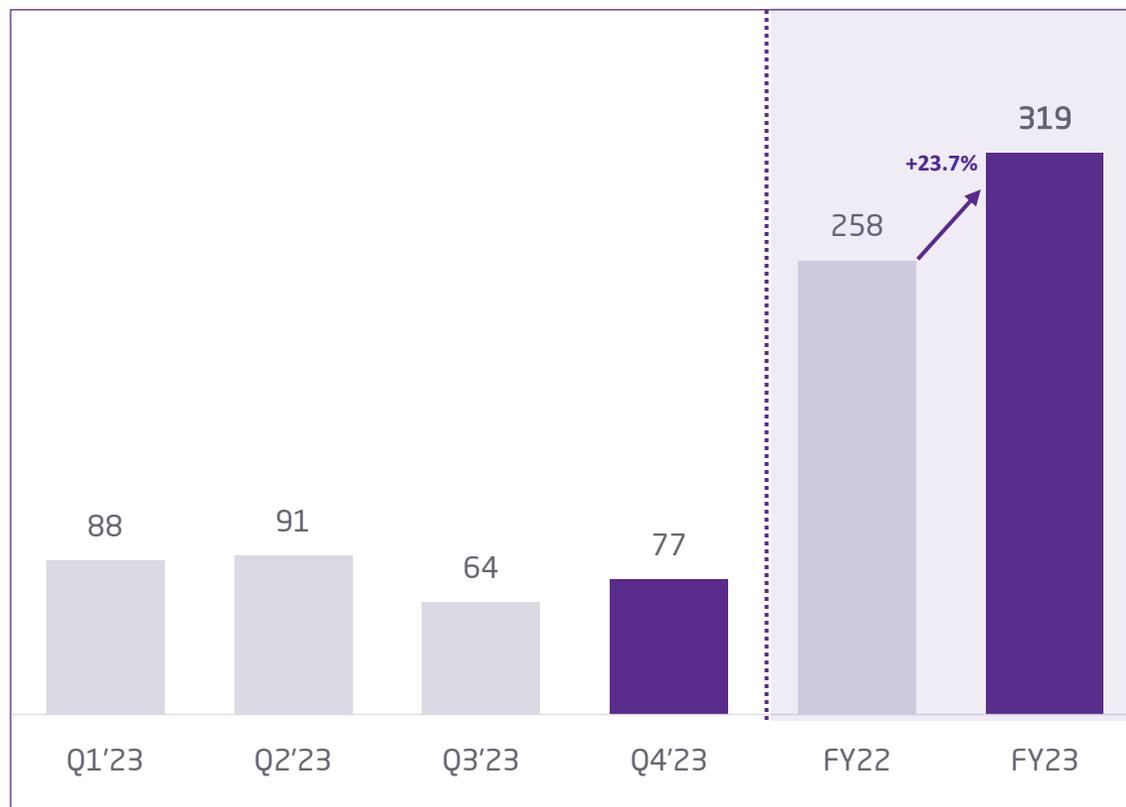
Leading brands sustain as tail brands weaken fashion performance



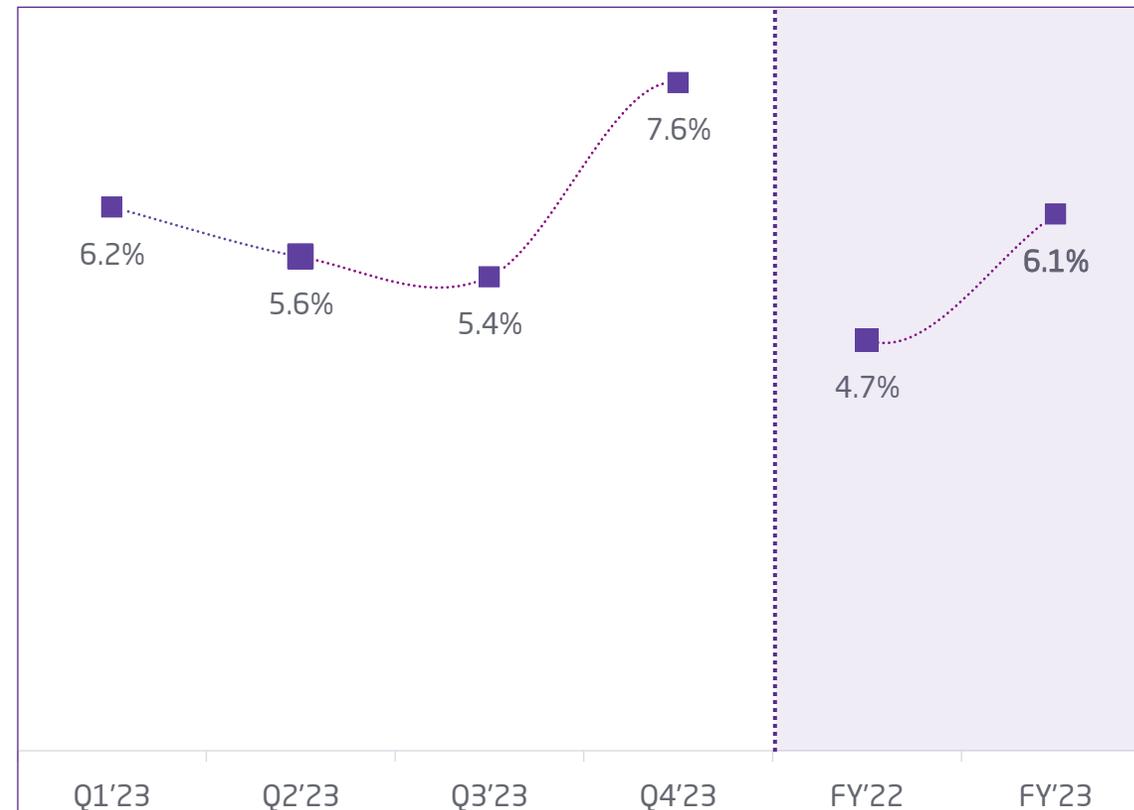
Online channel is picking up with a 24% growth in FY'23.



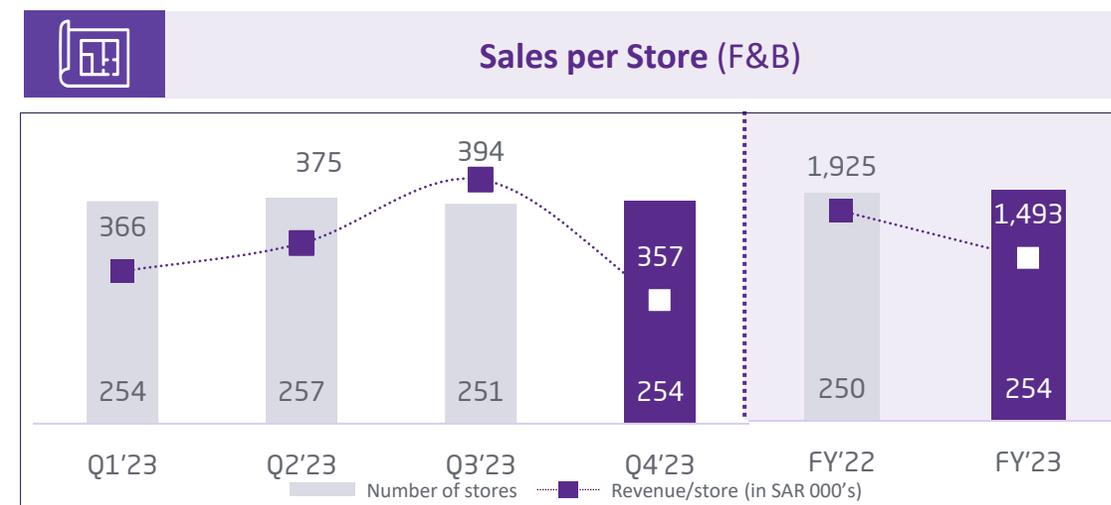
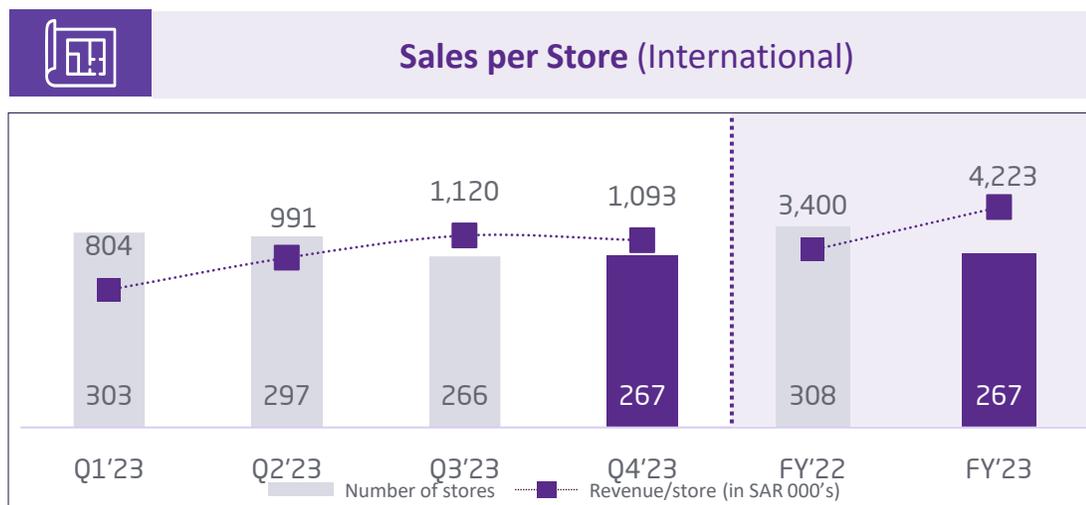
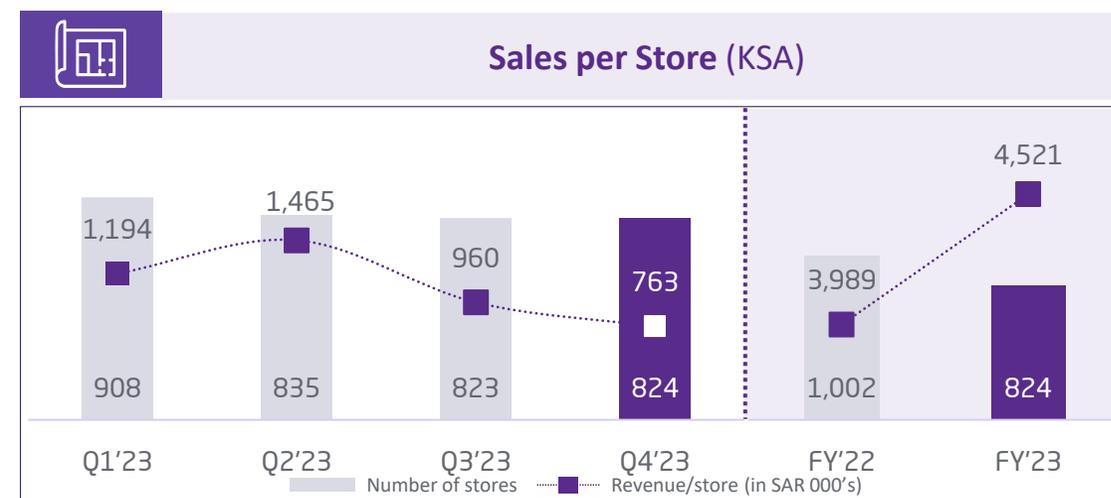
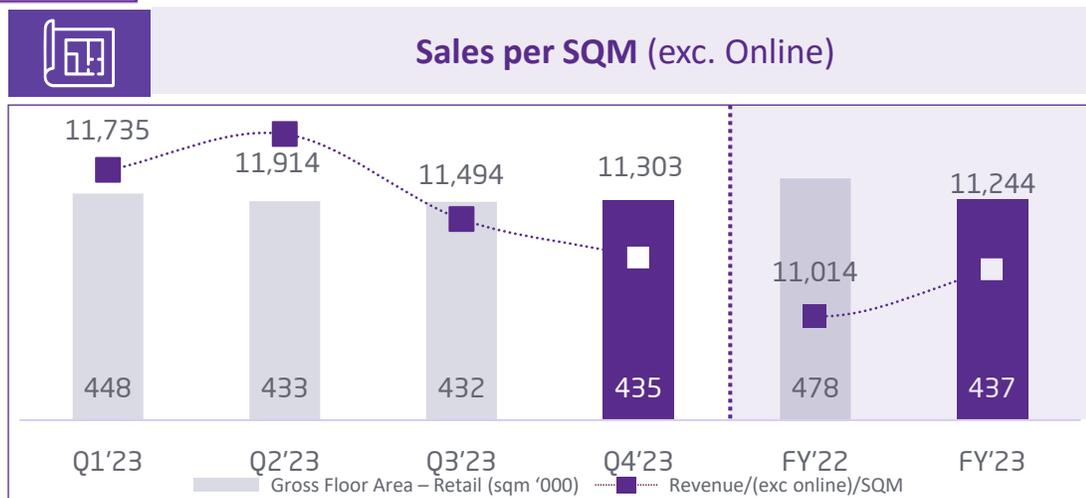
Online revenues, SAR MN



E-commerce, % of total retail sales

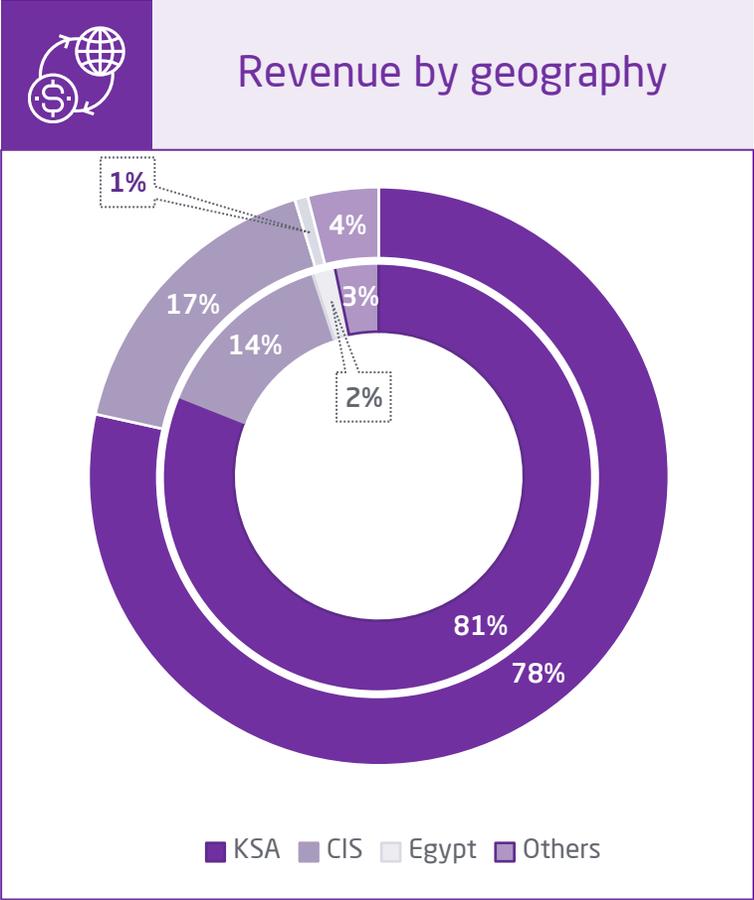
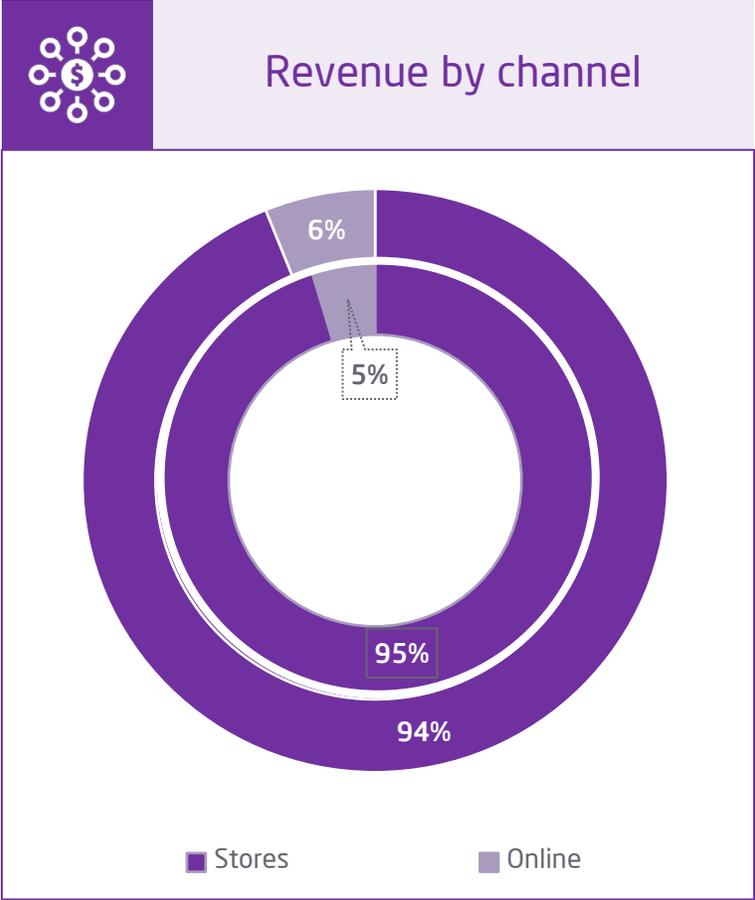
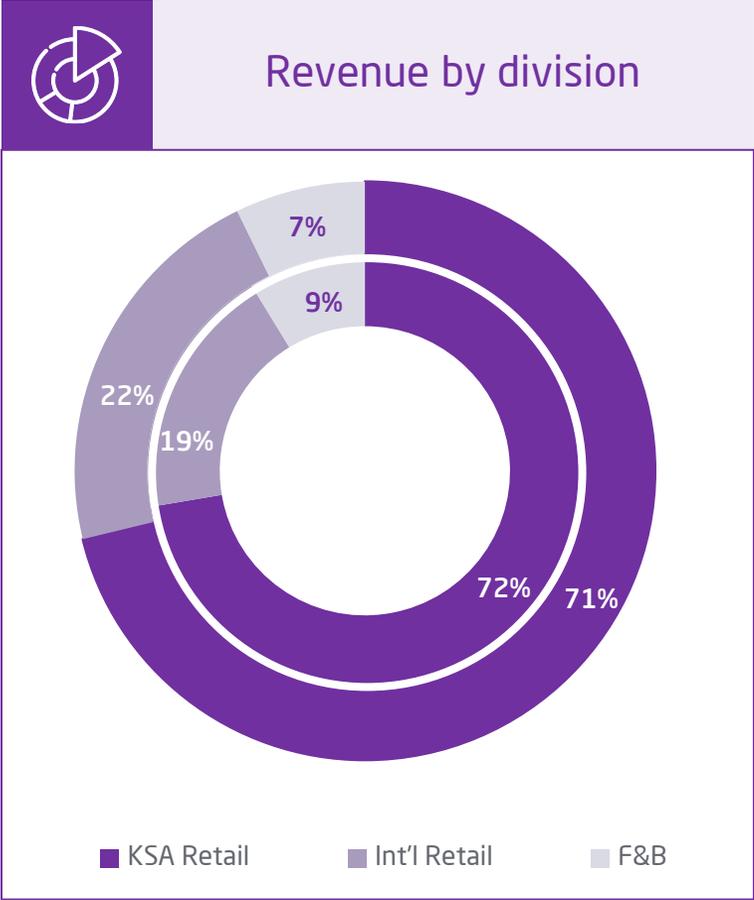


Underlying sales efficiency increased YoY due to portfolio transformation in 2023**





Online and international experience growth as a part of revenue mix



FY-23 - Outer circle

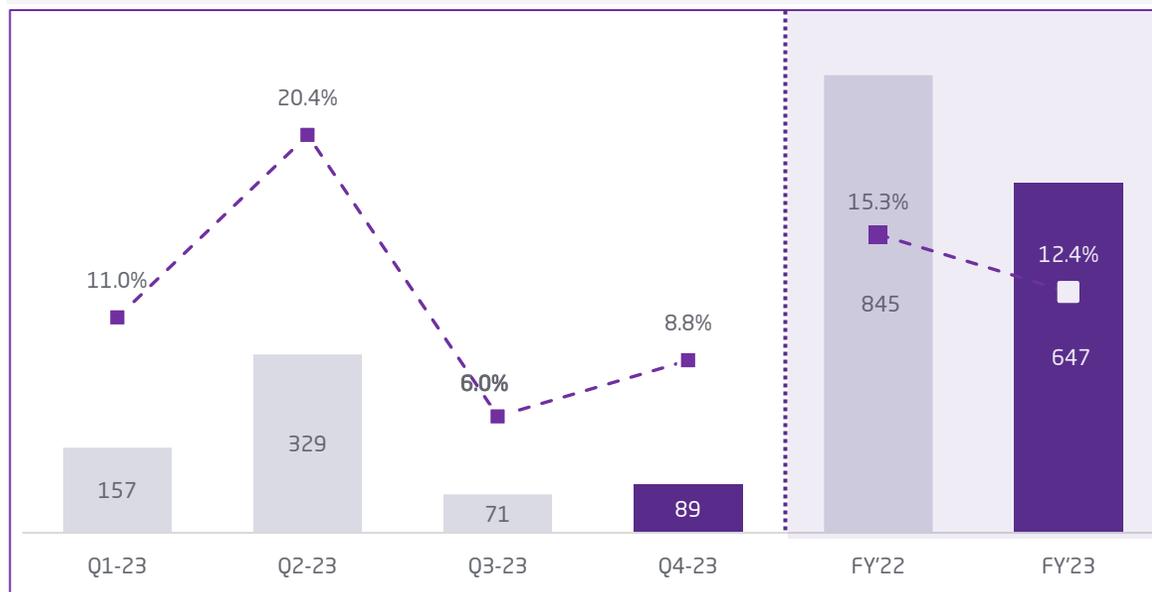
FY-22 - Inner circle

Impact of business transformation reflected in gross profit and EBITDA decline in FY'23



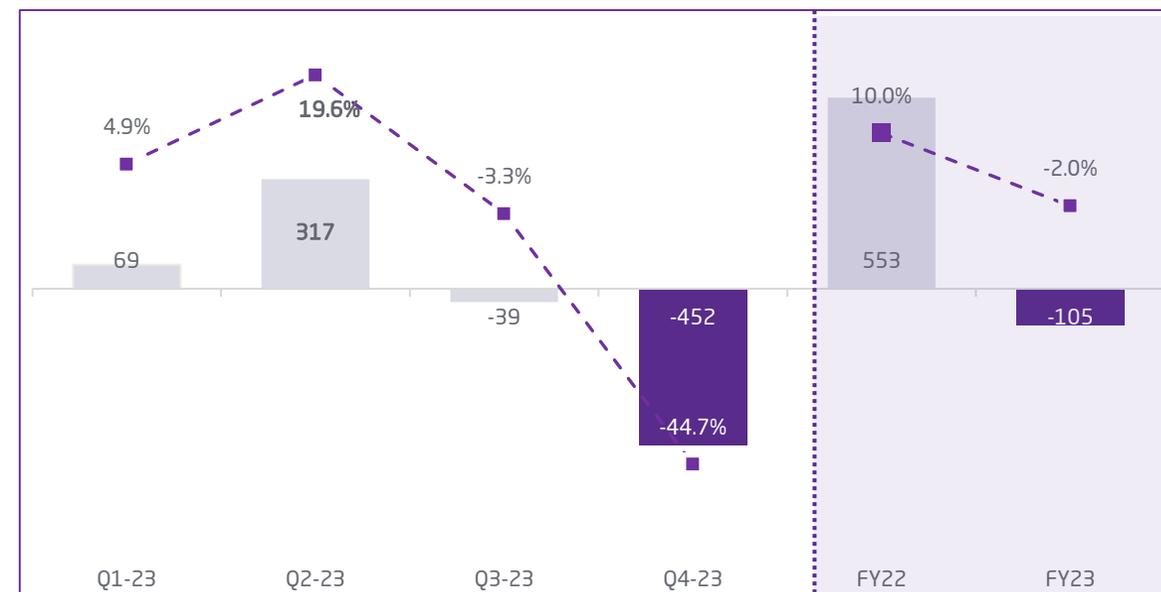
Gross Profit, SAR MN - GPM, %

- A decrease in gross profit, which fell by 23.5% y-o-y from SAR 845.3 million in FY 22 to SAR 646.5 million in FY 23.
- This decrease can be attributed to a 5.3% decrease in top line, partially offset by a 2.0% decrease in cost of revenues.

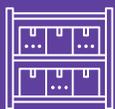


EBITDA, SAR MN - EBITDA Margin, %

- EBITDA loss was driven by non-recurring charges brought upon by the retail portfolio transformation.

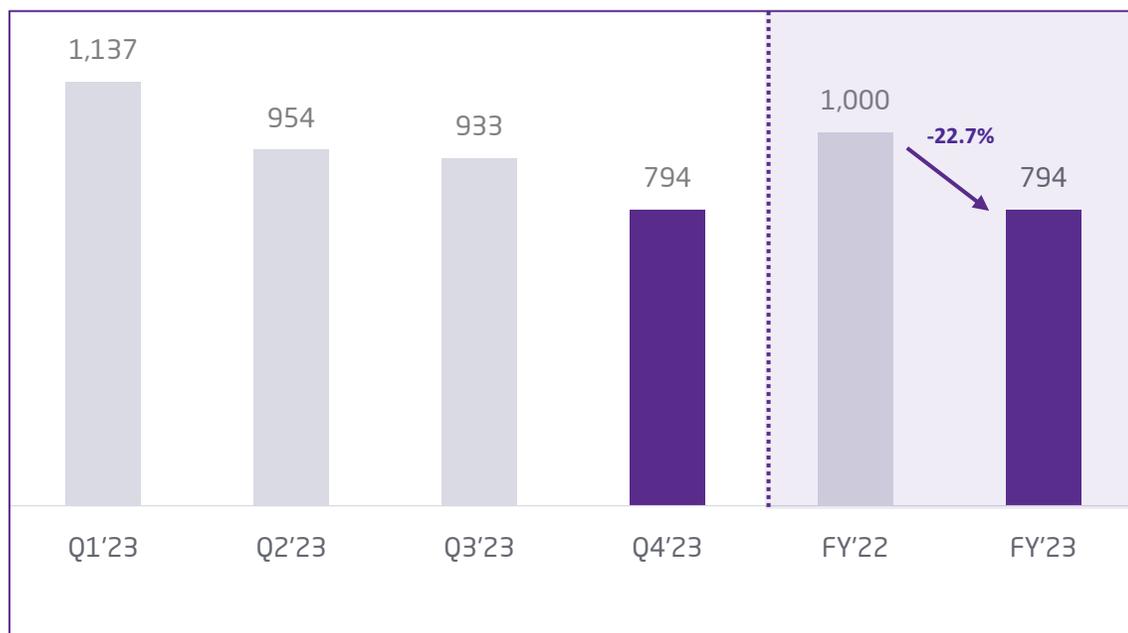


Updated inventory management systems and processes improved inventory turnover



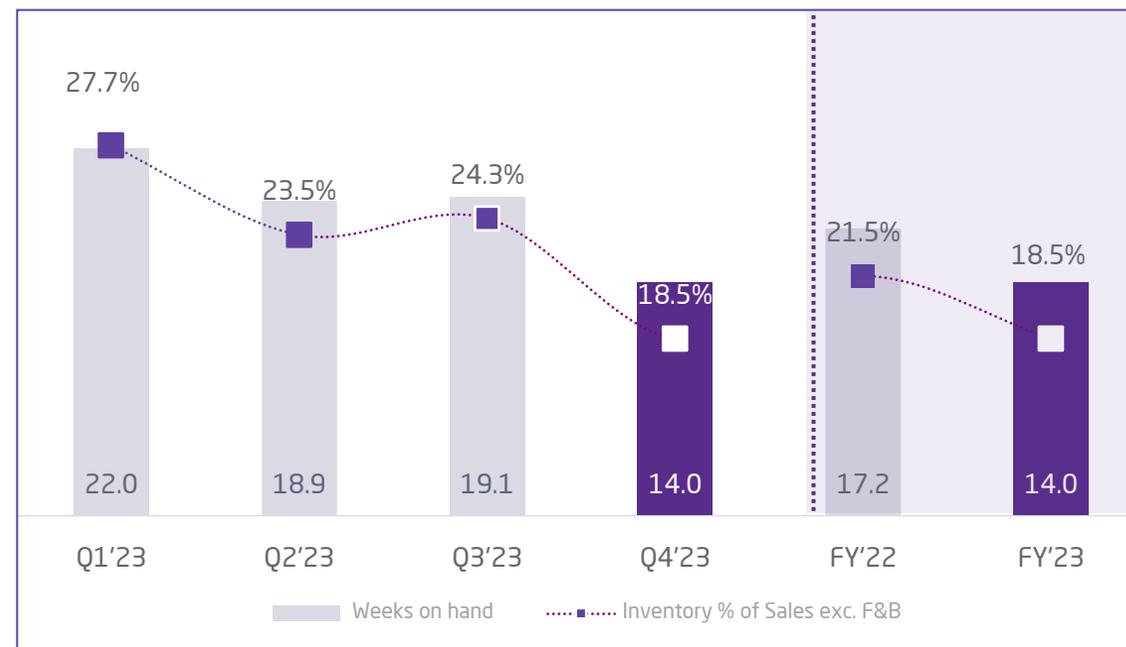
Inventory balance (SAR MN)

- Inventory continues to shrink as a part of optimization efforts to enhance liquidity and efficiency



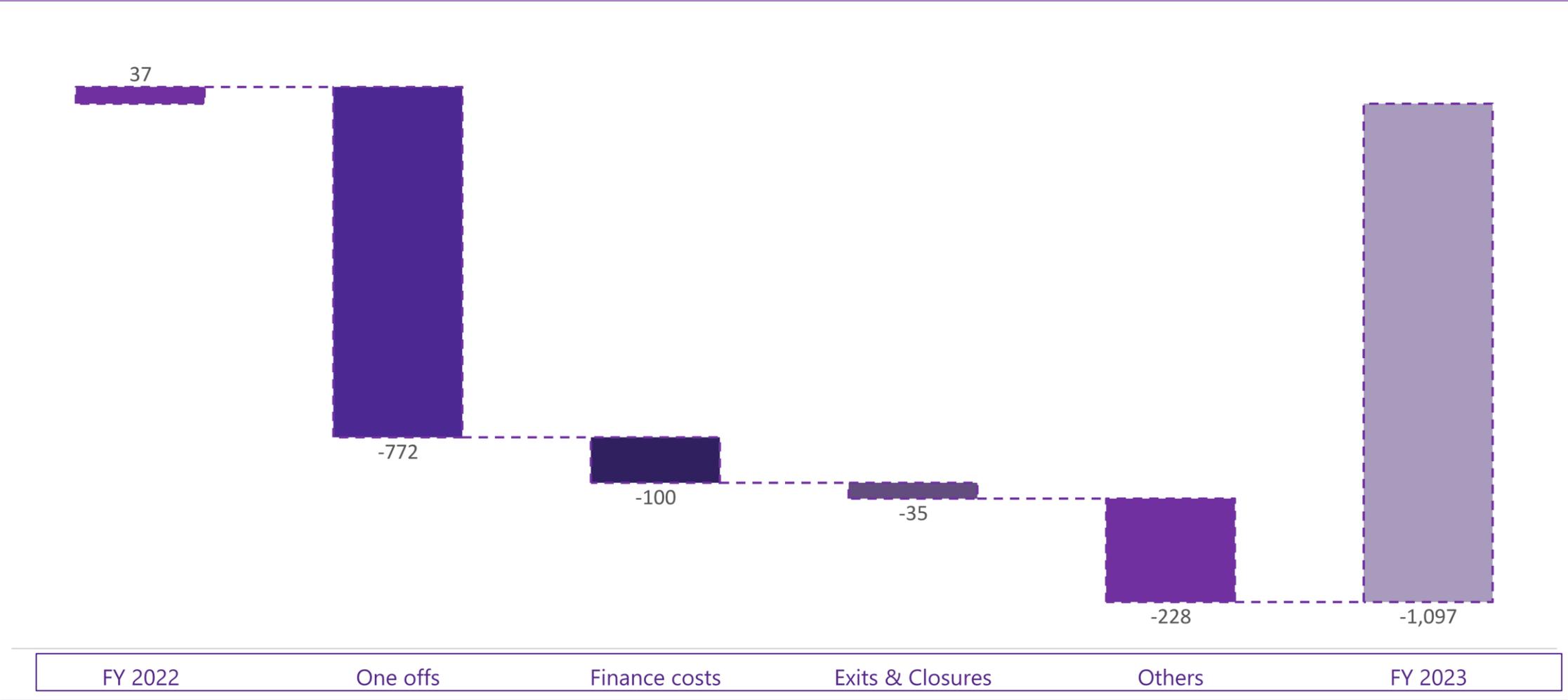
Inventory efficiency ratios

- Inventory on hand improved to 14 weeks thanks to improved purchasing decision and supply chain optimization





Net profit FY'23 impacted by one-offs, international exits and seasonality trends



Strategic approaches to address accumulated losses (1/2)

Capital restructuring program approved per the following



Strategic approaches to address accumulated losses (2/2)

An amended agreement has been signed with Abdullah Al Othaim Fashion Company to sell 5 brands (Aldo, Aldo Accessories, Charles & Keith, Pedro, and La Vie en Rose) with expected proceeds of SAR 219 MN plus inventory



This will lead to the closure of 121 stores in KSA. All proceeds will be directed towards debt payment and deleveraging the balance sheet

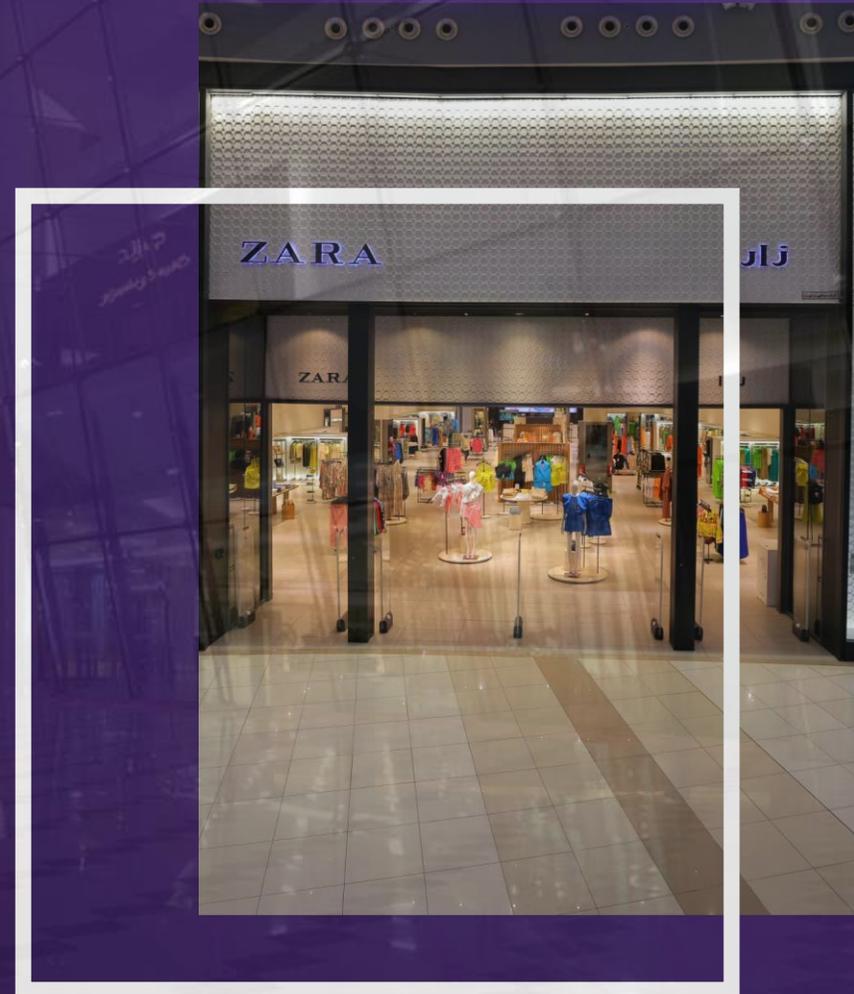


- Five brands will be transferred through two newly-formed SPVs which will be sold to Al Othaim
 - Fixed Feet Company holds the Aldo & Aldo Accessories franchise rights
 - Third Outfit Company holds the franchise rights to Charles & Keith, Pedro, and La vie en Rose
- The initial closing of the agreement will set off upon the following main conditions :
 - Transfer of the brands to be housed in the SPV,
 - Entry into new franchise agreements which is subject to a number of pre-closing conditions, including, but not limited to, obtaining the approval of the General Authority for Competition as well as other conditions of regulatory and commercial nature.

05



Appendix



Income statement



SAR Million	Q4 2022	Q4 2023	% Change	FY'22	FY'23	% Change
Revenue	1,060.1	1,011.4	-4.6%	5,525.3	5,232.2	-5.3%
Cost of revenue	-818.5	-921.9	12.6%	-4,680.1	-4,585.7	-2.0%
Gross profit/(loss)	241.6	89.6	-62.9%	845.3	646.5	-23.5%
Gross Profit Margin	22.8%	8.9%	(13.9pp)	15.3%	12.4%	(2.9pp)
Selling and distribution expenses	-43.1	-33.3	-22.8%	-161.0	-180.1	11.9%
General and administrative expenses	-27.7	-149.1	437.9%	-237.2	-394.3	66.2%
Other operating income	-5.0	-29.7	N/M	117.8	162.5	38.0%
Other operating expense	-5.6	-329.7	N/M	-12.2	-340.1	N/M
EBITDA	160.2	-452.2	N/M	552.7	-105.5	-119.1%
EBITDA Margin	15.1%	-44.7%	(59.8pp)	10.0%	-2.0%	(12.0pp)
Depreciation, amortization	-37.8	-35.2	-7.0%	-154.2	-164.6	6.8%
Impairment loss on goodwill	0.0	-370.0	N/M	-70.5	-370.0	-424.6%
Operating Income / (loss)	122.4	-857.4	N/M	328.0	-640.1	N/M
Operating Income Margin	11.5%	-84.8%	N/M	5.9%	-12.2%	(18.22pp)
Net finance costs	-80.4	-58.1	-27.8%	-208.9	-326.2	-56.1%
Gain on disposal of subsidiary	12.1	0.0	N/M	13.4	0.0	N/M
Change in fair value of other investment	1.3	-33.0	N/M	1.3	-33.0	N/M
Share of loss of equity-accounted investees	-10.7	-3.2	-70.5%	-21.4	-10.2	-52.4%
Profit / (loss) before zakat and income tax	44.6	-951.6	N/M	112.3	-1,009.5	N/M
Zakat and Income tax expense	14.6	-17.6	N/M	-33.7	-48.8	44.6%
Loss for the year from continuing operations	59.2	-969.2	N/M	78.5	-1,058.3	N/M
Loss for the year from discontinued operations	-41.7	-54.6	-30.9%	-41.7	-54.6	-30.9%
Profit / (loss) for the year	17.5	-1,023.7	N/M	36.9	-1,112.8	N/M
Non-controlling interests	0.0	-62.3	N/M	2.5	-65.0	N/M
Net profit group share	17.5	-1,086.0	N/M	39.4	-1,177.8	N/M
# of shares (m)	114.8	114.8	-	114.8	114.8	-
EPS (SAR)	0.15	-9.46	N/M	0.3	-10.3	N/M

Balance sheet

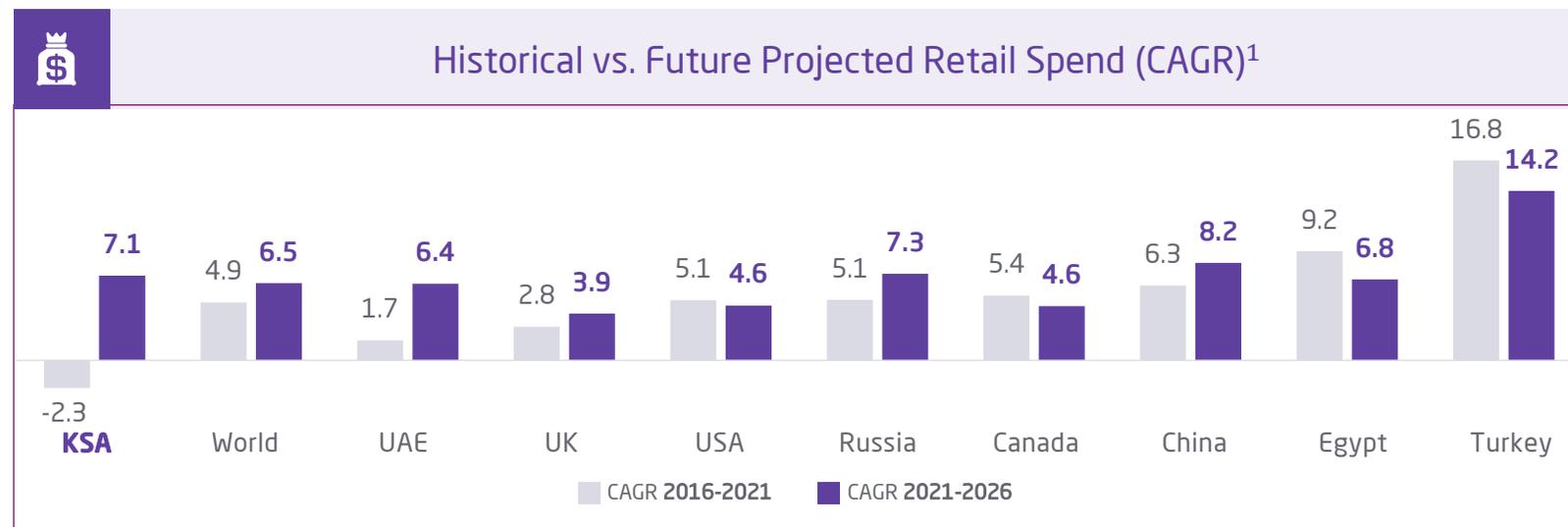


SAR Million	Dec '23	Dec '22
Assets		
Property, Plant and Equipment	1,150.0	1,324.3
Right-of-Use Assets	2,044.7	2,347.1
Goodwill and Intangible Assets	755.8	1,120.8
Investment Property	1.3	1.4
Equity-accounted investees	64.8	62.1
Other investments	74.2	314.2
Derivative asset	0.0	35.1
Total Non-Current Assets	4,090.7	5,205.2
Inventories	793.5	1,000.3
Advances, Deposits and Other Receivables	302.4	718.2
Prepayments, Rentals and Insurance	25.8	35.4
Cash & Cash Equivalents	235.2	193.8
Assets included in disposal group classified as held for sale	310.0	0.0
Total Current Assets	1,666.9	1,947.7
Total Assets	5,757.6	7,152.9

SAR Million	Dec '23	Dec '22
Equity & Liabilities		
Share Capital	1,147.7	1,147.7
Reserves (Statutory, Foreign Currency and Fair Value)	-564.5	-524.1
Fair value reserve	42.1	42.1
Accumulated Losses	-1,403.9	-227.6
Equity Attributable to the Shareholders of the Company	-778.7	438.1
Non-Controlling Interest	-27.6	-92.1
Total Equity	-806.3	345.9
LT Loans and Borrowing	208.5	115.0
Lease Liabilities	1,555.5	1,902.9
Derivative liability	31.6	0.0
Post-Employment Benefits	89.3	95.9
Total Non-Current Liabilities	1,885.0	2,113.9
Trade and other payables	1,400.1	1,256.5
Bank Overdraft	47.1	49.8
Zakat & Tax Liabilities	86.6	70.5
Lease Liability - current portion	578.8	499.0
ST Loans and Borrowings	2,298.2	2,817.4
Total Current Liabilities	4,679.0	4,693.1
Total Liabilities	6,563.9	6,807.0
Total Equity & Liabilities	5,757.6	7,152.9

Market context

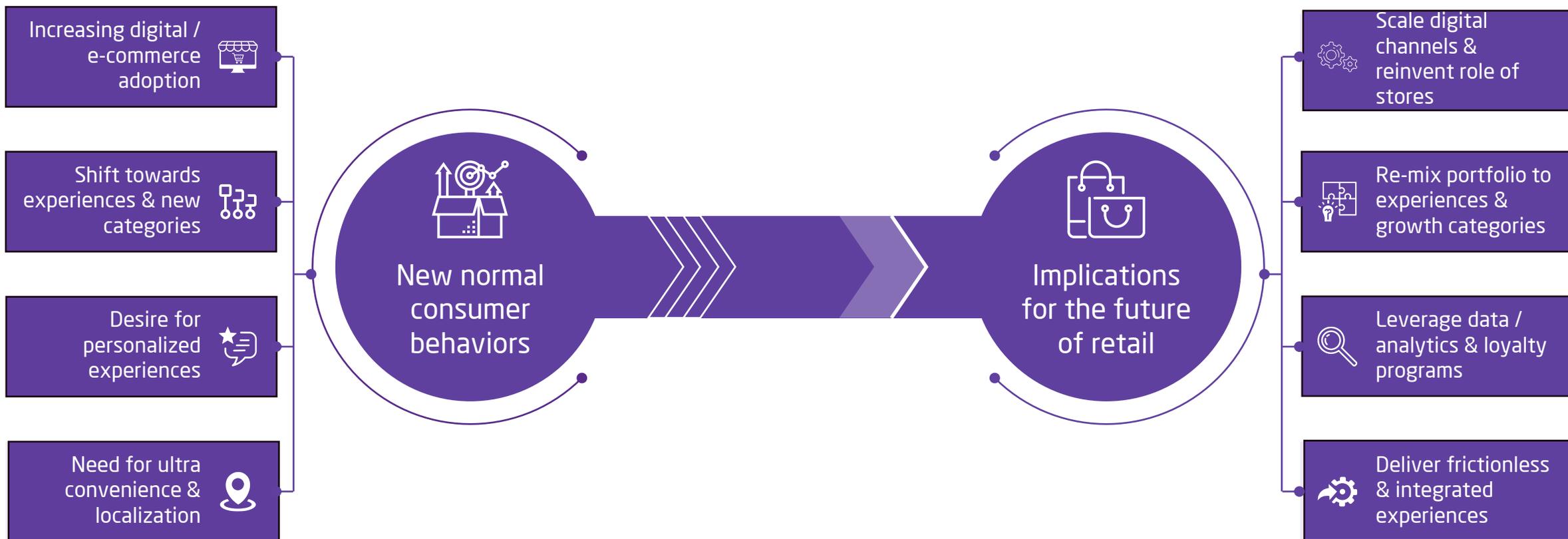
The Saudi Retail sector has faced key headwinds but is poised for robust growth, capitalizing on sustained economic expansion and solid underlying market fundamentals



MACRO Headwinds		2016-2022	Outlook - 2024 Onwards
	GDP Growth ²	Slowed growth as a result of decline in oil activities	KSA maintains the GCC's largest economy, surpassing the combined GDP of all other members. IMF forecasts anticipate growth of 2.7% in 2024 and 5.5% in 2025.
	Tourism ³	Modest growth in tourism, mainly impacted by COVID-19 regulations	Surpassed 100mn tourists in 2023 and now set a new ambitious target of welcoming 150 million tourists by 2030.
	Benefits ⁴	Cutting of public sector benefits	Annual allowances for public sector workers have been reinstated
Key Tenant Factors	Saudization	100% I/s Saudization, raising cost structures and impacting in-store sales productivity	HRDF support is easing cost impacts for businesses and workers Tenants are cutting costs and improving workforce skills for efficiency Growing local household incomes will relieve economic pressures and boost retail spending

Consumer trends

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



Cenomi Retail brand portfolio

Sports	F&B	Fashion
Multimedia		
Lifestyle	Indite & Zara	
Beauty		

Moving towards best-in-class governance to foster greater transparency and management control

Audit Committee

- Closer collaboration with Audit Committee and the Board of Directors to revamp policies and processes to support addressing previously recognized gaps

Related Party Balances

- In 2023, related parties settled SAR 437 million of dues to Cenomi Retail

Deleveraging balance sheet

- Cenomi Retail has reduced overall debt from SAR 2.9 billion in FY-22 to SAR 2.5 billion by FY-23.
- c. 772 million right-off related to goodwill impairment, asset impairment, exit from the Balkans and sale of non-core assets.

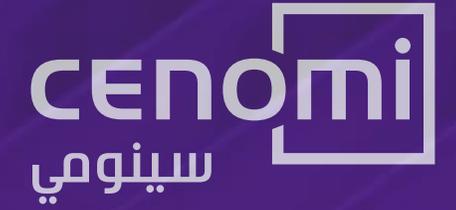
Right of Use Asset & Lease Liabilities

- On the back of external independent party assessment of Right of Use of Asset and Lease Liabilities under IFRS16 Standard, adjustment to opening balances as of January 1st 2022 led to a SAR 56.5 million gain in retained earnings for the first half of 2023

Operational Enhancement

- Introducing a full-fledged inventory management policy to better control inventory and enhance operational efficiency
 - On-hand inventory reduced from 17 weeks to 14 weeks

Cenomi Retail



THANK YOU

Contacts

Investor Relations Department
Email: IR.retail@cenomi.com
Tel: +966 (11) 825 2080

For more information, visit
<https://ir.cenomiretail.com/>