cenomi

Cenomi Retail

Earnings Presentation

For the quarter ended 31 March 2024

cenomi

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	27

Cenomi Retail at a glance

SAR 1.3 BN
Revenues
▼ 0.1% YOY

SAR 8.1 MN
EBITDA
▼ 88.4% YOY

SAR 151.7 MN
Net loss
▼ -171.3% YOY

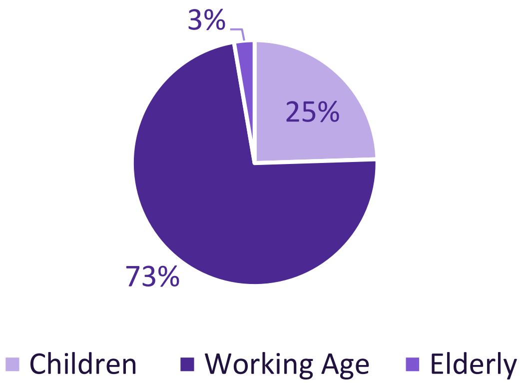
SAR 268.9 MN
International Revenue
▲ 10.4% YOY

SAR 75.0 MN
Online Sales
▼ 14.6% YOY

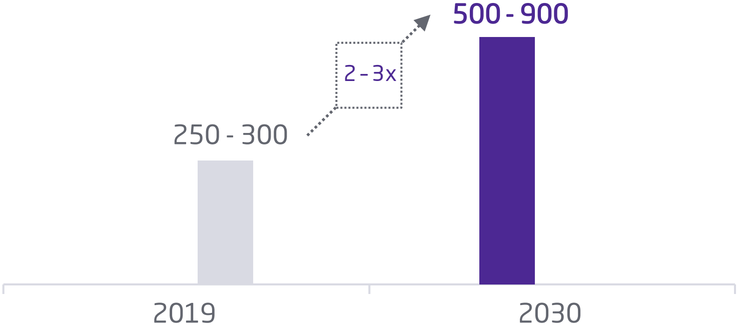
15 Weeks
Inventory Turnover
▼ 33.9% YOY

The Saudi market represents a secular growth opportunity

01 Youthful demographics with 73% of population is working age



02 A booming consumer outlook



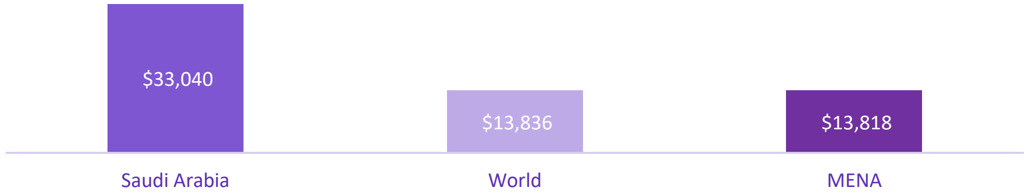
KSA Discretionary consumer spend Potential Evolution (full Vision 2030 realization) - SAR Bn

KSA population: +4 million (+12%)

Tourism: 100 MN annual visits

Consumer spend: 3X

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



04 Unprecedented Vision 2030 and strong growth

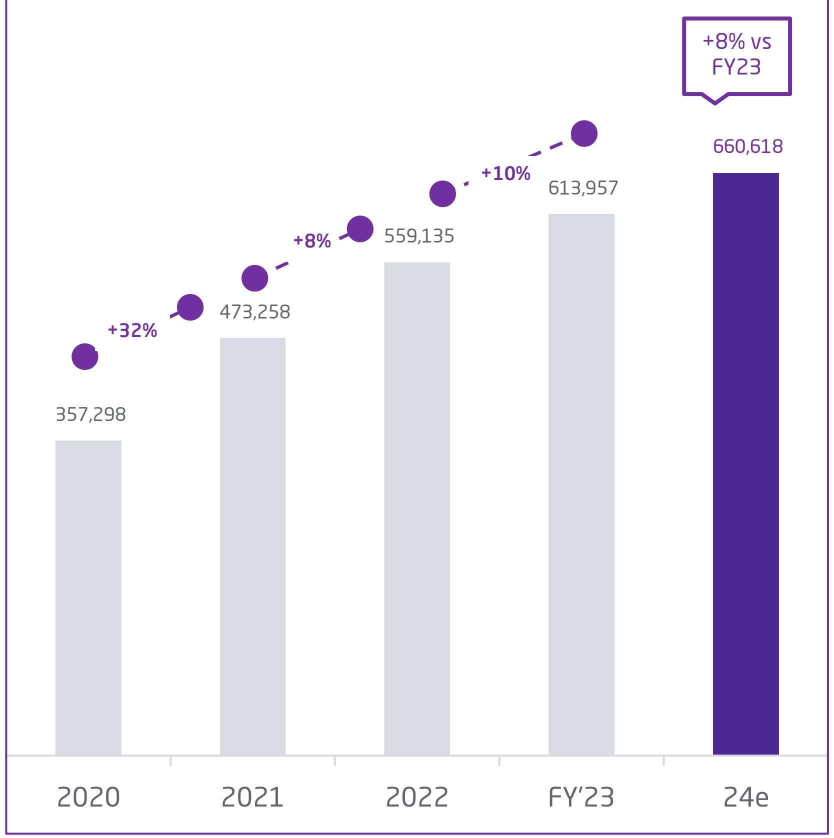
FDI in KSA on strong upward trajectory (11X in 2022 vs 2017)

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

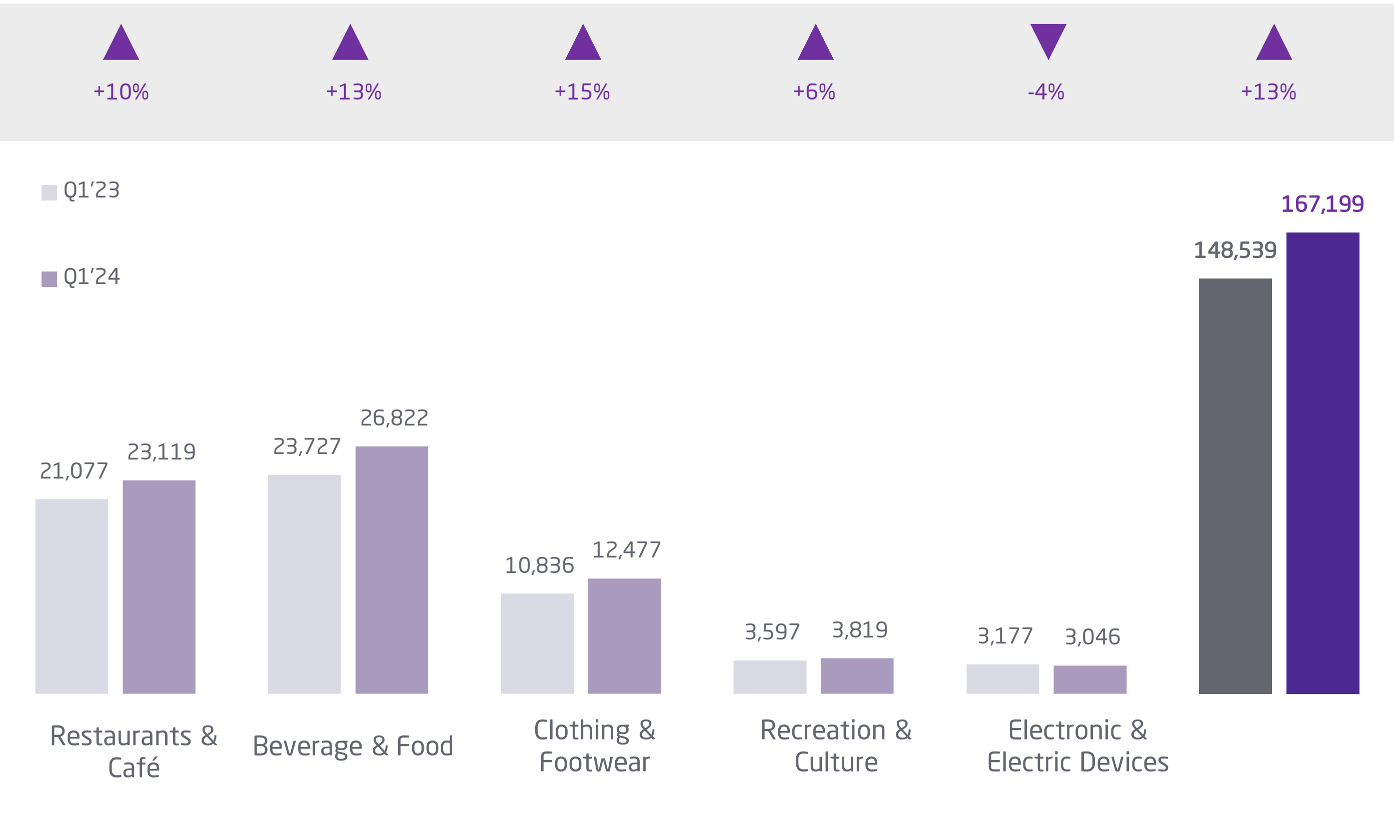
*International Monetary Fund : World economic outlook April 2024

KSA consumer spending trends continue to go strong

POS Transactions* - KSA Market
(SAR Million)



POS Transactions* - Select Sectors
(SAR Million)



- *Source: SAMA Monthly Statistical Bulletin March 31, 2024. Global Data - Saudi Arabia card payments market to grow by 7.6% in 2024, forecasts Global Data*

Saudi Arabia presents an un-paralleled opportunity

Shifting consumer behaviour

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

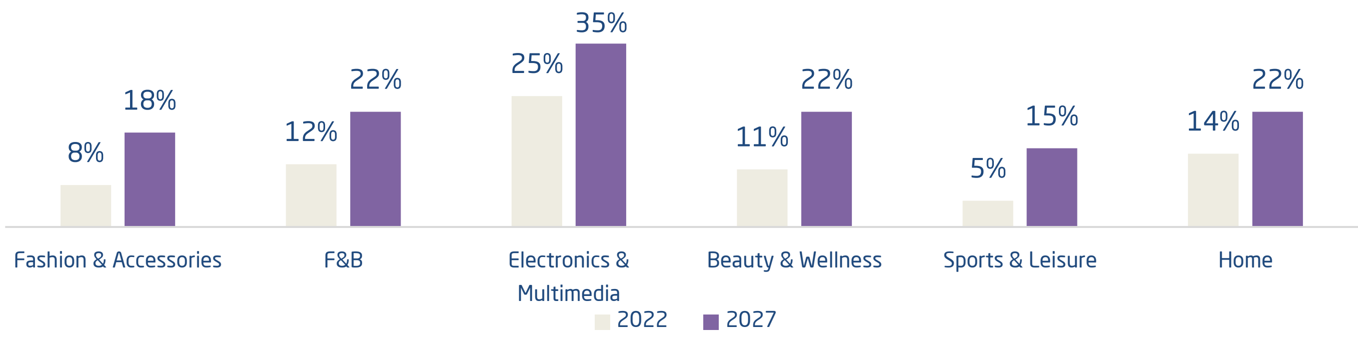
Increasing **e-commerce** adoption
and **digital savviness**

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 %)



Source: Euromonitor retail spend

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 is in process 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	▪ BOD approval for exiting 24 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

Continuing our path to 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	● ○ ○	● ● ○	● ● ●
	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	Invest to scale existing brands across markets Identify white space opportunities and secure new franchise in key markets	Scale existing brands to maximum potential ensuring comprehensive coverage of key cities in target markets Invest in scaling new brands

Our turnaround strategy is steadily advancing across all fronts

Market Rationalization

- Successfully exited the Balkans through the closure of 8 stores and closure of 15 stores in Morocco
- Exiting US operations

Brand Rationalization

- Finalized the sale of 16 brands with capital gain SAR 35 M
- Signed a variation agreement toSPA with Al Othaim on March 28; handover

Store Rationalization

- Closure of 300 stores on a group level in Q1 2024:
  - 292 retail stores
  - 8 F&B outlets

Operational Enhancement

- Average revenues per store:
  - Group level +37.8%
- Store closure expenses -88 % y-o-y
- Rent expenses – 26.8% y-o-y

Governance

- 40+ Operational Policies & Procedures developed to align with best practice governance
- Launched an opex optimization and control committee to review & take corrective actions

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

Topic	Achieved so far	Currently progressing in
People	• 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**	• Operationalize the design by introducing the **new organizational model** • Implement the changes starting with key senior roles and **building up critical capabilities**
Processes	• **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	• **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	• 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	• Finalize design of **key GRC Policies and procedures** to institutionalize **compliance with regulatory requirements**
Change	• **50+ functional leads and SMEs engaged** in workshops and contributing to co-creation of the future operating model and execution of Quick Wins	• **Mobilize core team for implementation** and communicate change across the organization

02

Operational Overview

Continued focus on optimizing market, brand & store footprint

Retail	
Q1'24 Retail	▪ 12 stores opened ▪ 292 stores closed ▪ 280 net closures
FY'23 Retail	▪ 47 stores opened ▪ 266 stores closed ▪ 219 net closures
F & B	
Q1'24 F&B	▪ 5 stores opened ▪ 8 stores closed ▪ 3 net closures
FY'23 F&B	▪ 41 stores opened ▪ 37 stores closed ▪ 4 net openings

Market Rationalization

300 underperforming stores were closed in Q1 2024 across KSA (retail and F&B), Egypt, Azerbaijan, Kazakhstan, and others

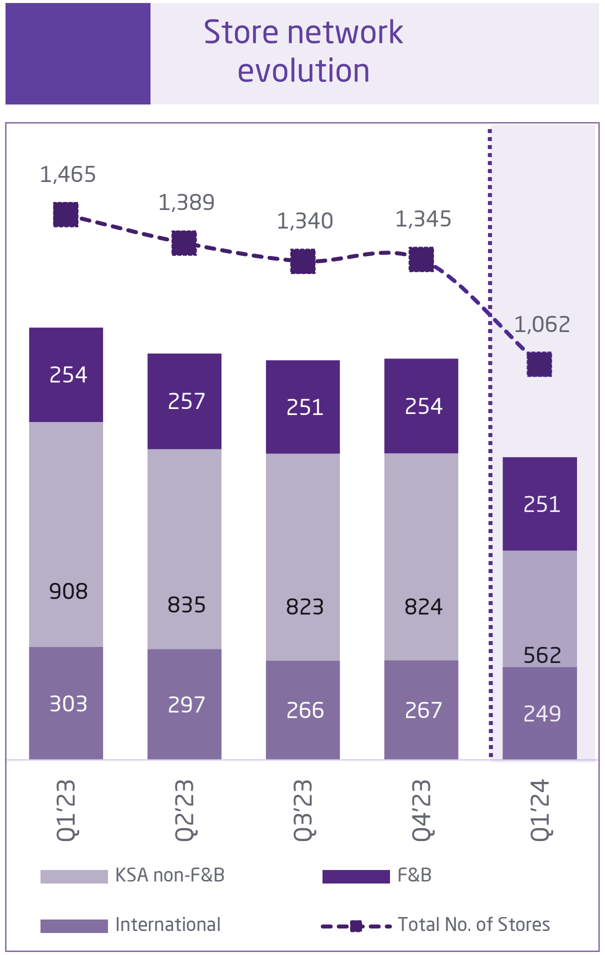
Brand Rationalization

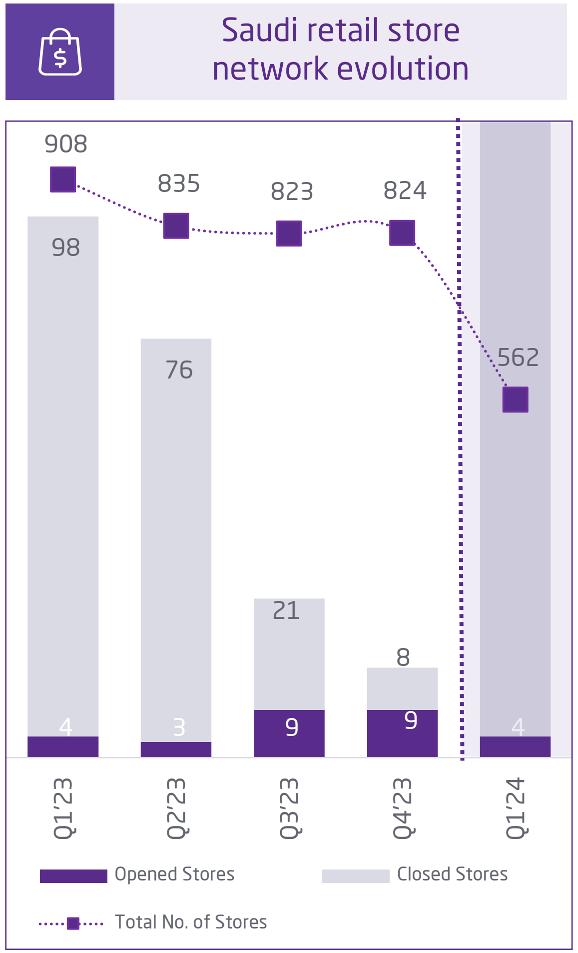
Successful finalization of the signing of a variation agreement to the share purchase agreement to Al Othaim to sell the franchise rights for 5 Brands , along with the BOD approval for the sale of 24 brands including Aleph , KIKO , Flying Tiger , and Decathlon

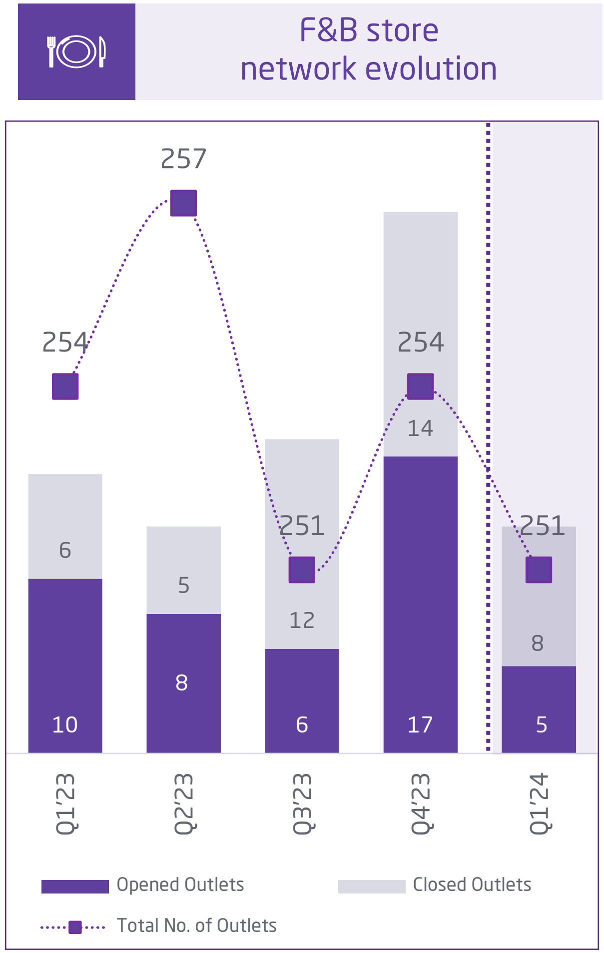
Store Rationalization

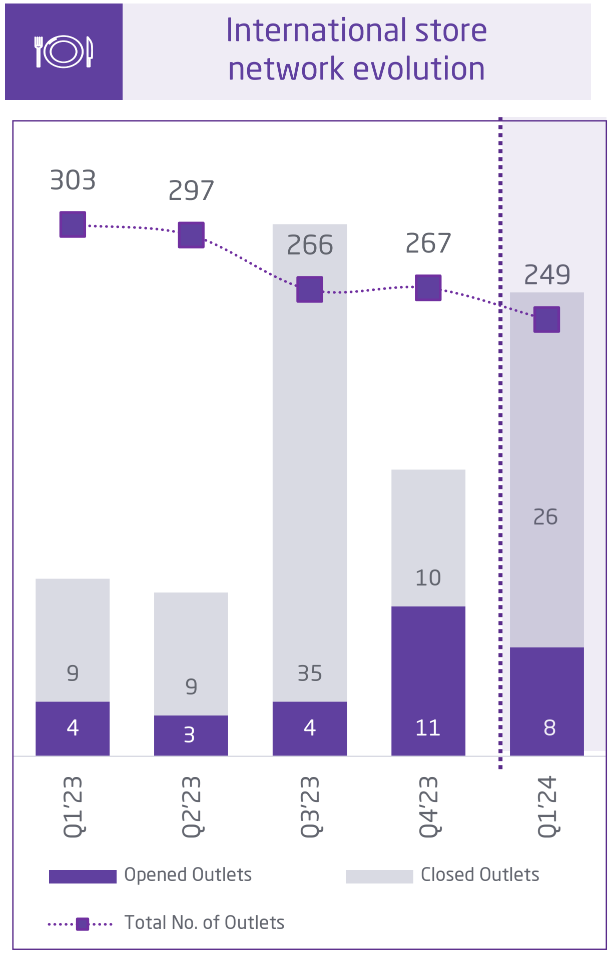
Closure of 300 underperforming stores in Q1 2024

Network evolution displays clear progress in store optimization



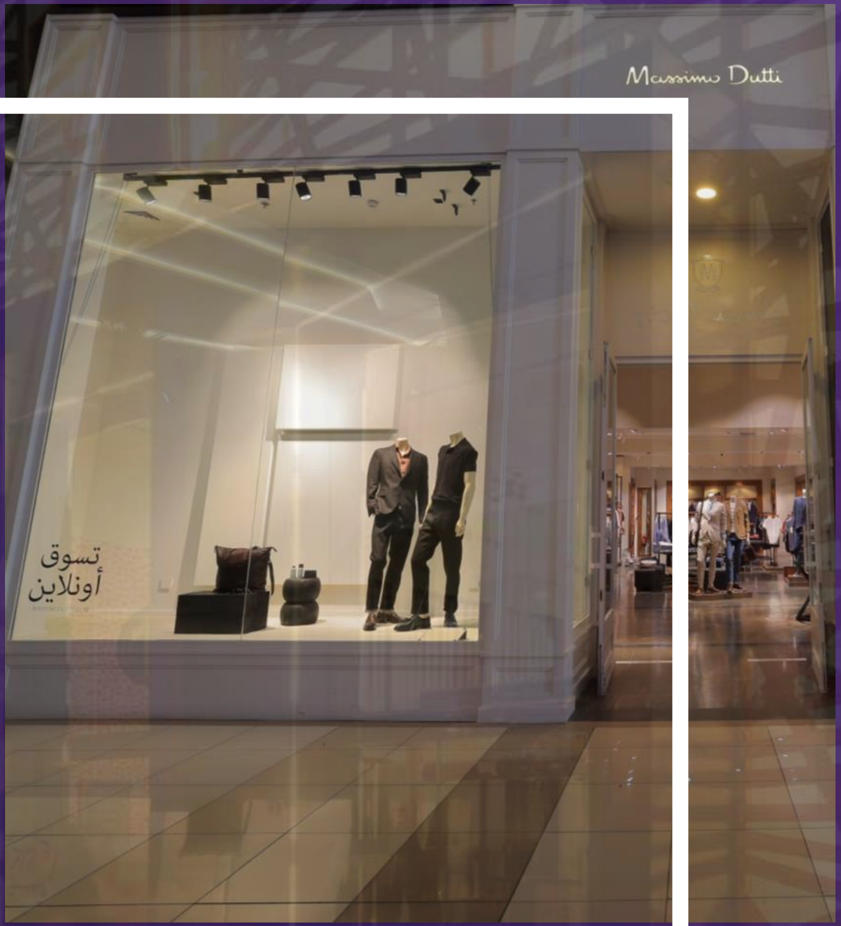






03

Financial Overview



Financial performance overview

Total revenues remained stable at SAR 1.3BN

- KSA retail revenue declined 2.0%, due to decrease in the footfall in the last week of Ramadan .
- F&B revenue declined 7.1% to SAR 86.5MN.
- Offset by a 10.4% surge in international retail revenue.

Decrease in EBITDA was due an increase in the cost of revenues by 3.2 % y-o-y and increase in G&A +4.7 % y-o-y and Other operating expenses by + 110.7% y-o-y

Net debt down 6.7% to SAR 2.1 BN compared to 2.3BN at YE'23.

Net losses reached SAR 151.7 MN

- Net finance costs increased by 27.9% to SAR 93.5MN.
- Net losses from discounted operations amounted to SAR 17.2MN compared to SAR 5.6MN in Q1 2023.

Financial highlights

SAR 1.3 BN
Revenue
▼ 0.1 % vs Q1'23

SAR 8.1 MN
EBITDA
0.6% EBITDA Margin
▼ 88.4% vs Q1'23

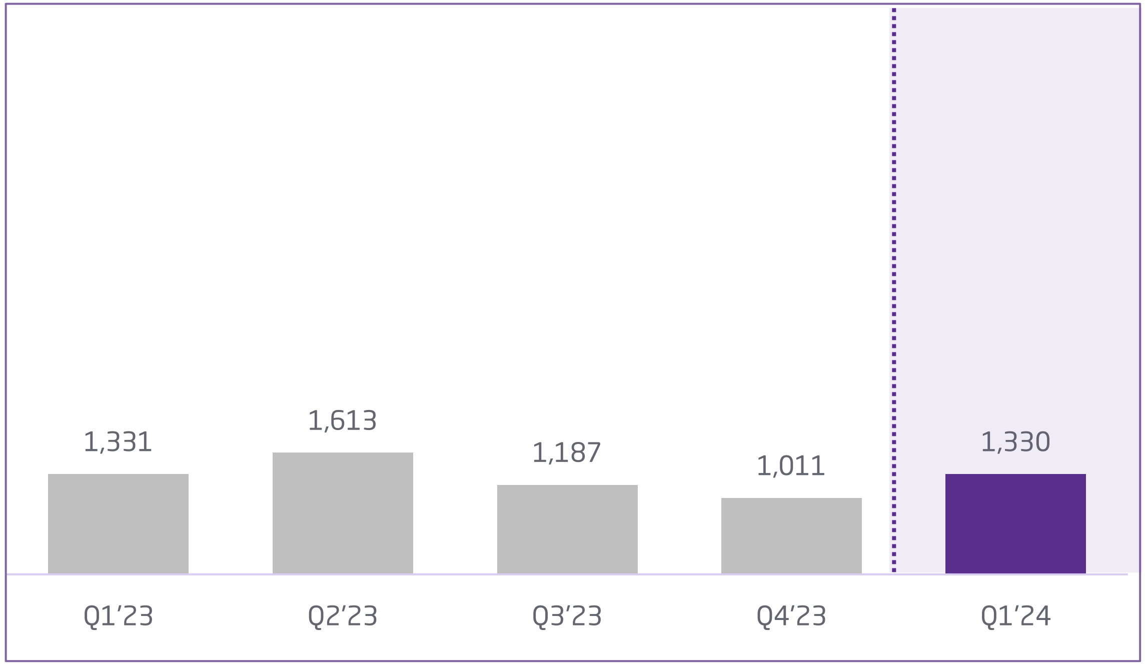
SAR 117.2 MN
Gross Profit
8.8% Gross Margin
▼24.9% vs Q1'23

SAR 151.7 MN
Net Loss
-11% Net Loss Margin
▼ 171.3% vs Q1'23

Stable revenue amidst store closures signalling turnaround strategy

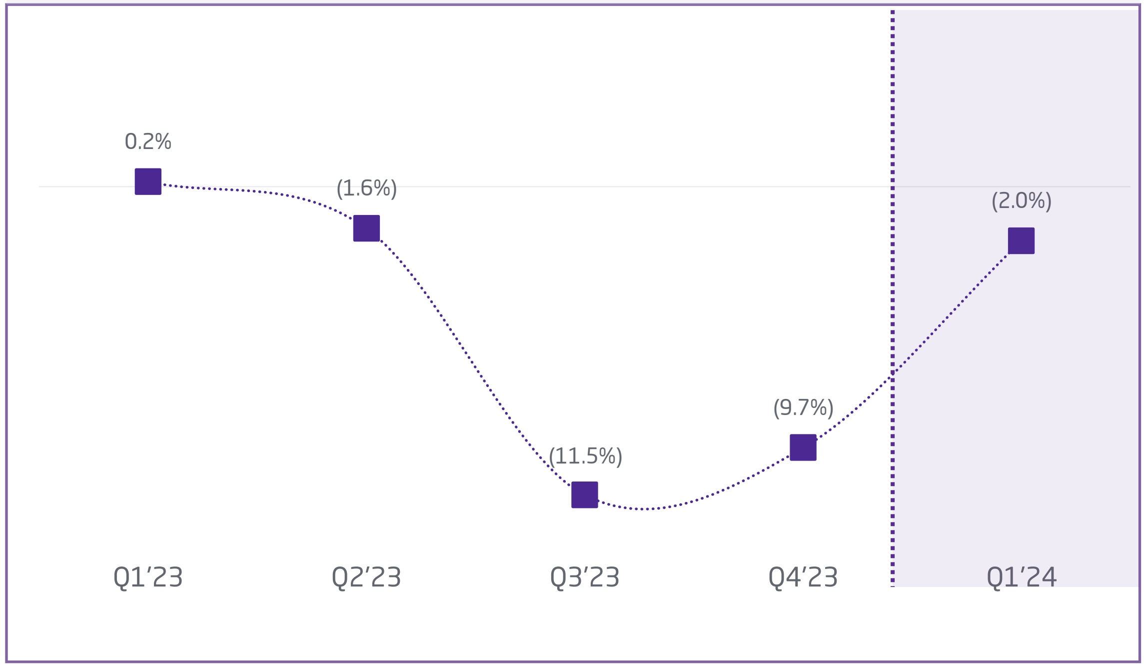
Revenue, SAR million

- Revenue remained relatively stable amidst store closures for the quarter. This indicates that the turnaround strategy is delivering progress as Cenomi doubles down on tier 1 brands.



LFL consolidated sales growth, %

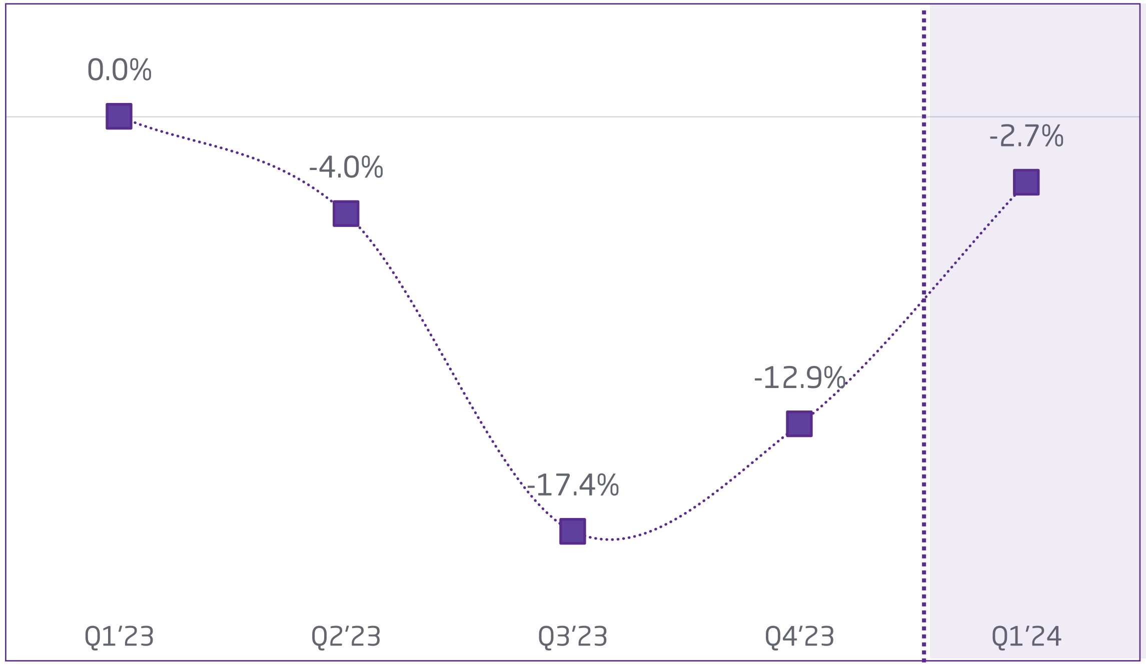
- The overall LFL has decreased (2.0%) as a result of the current on-going portfolio optimization



Champion Brands show sustained international growth momentum

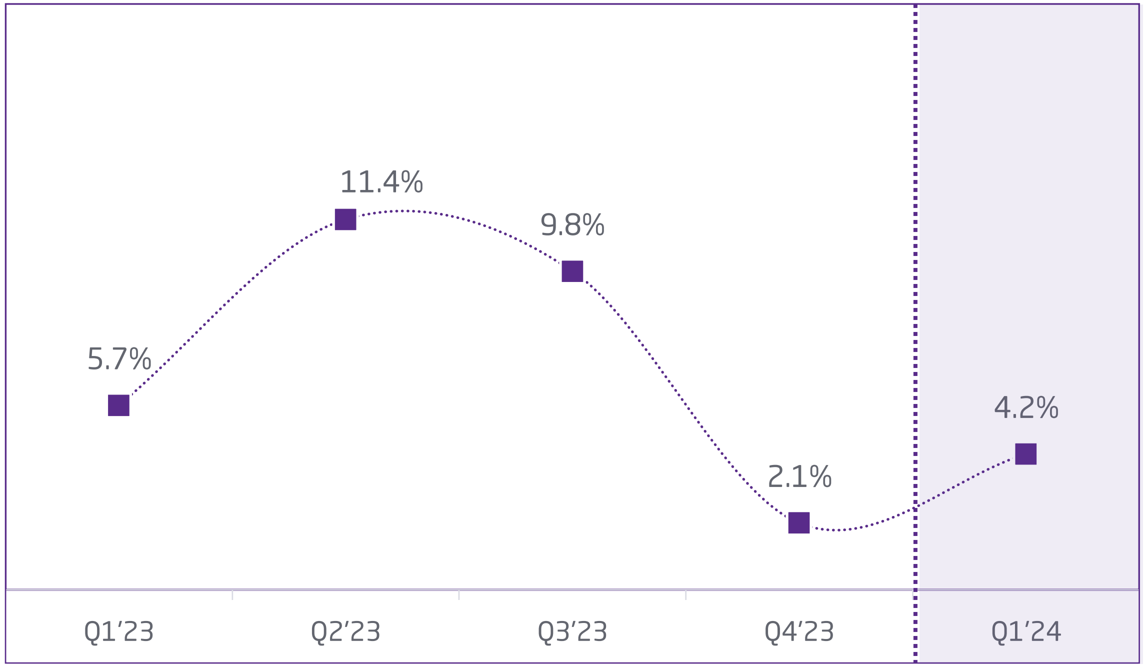
LFL Saudi retail sales growth %

- Saudi retail, LFL growth marginally weakened as compared to Q1 2023 as the 1.9% LFL growth in Zara sales was offset by a 3.3% and 32.0% decline in Inditex and other fashion brands, respectively.



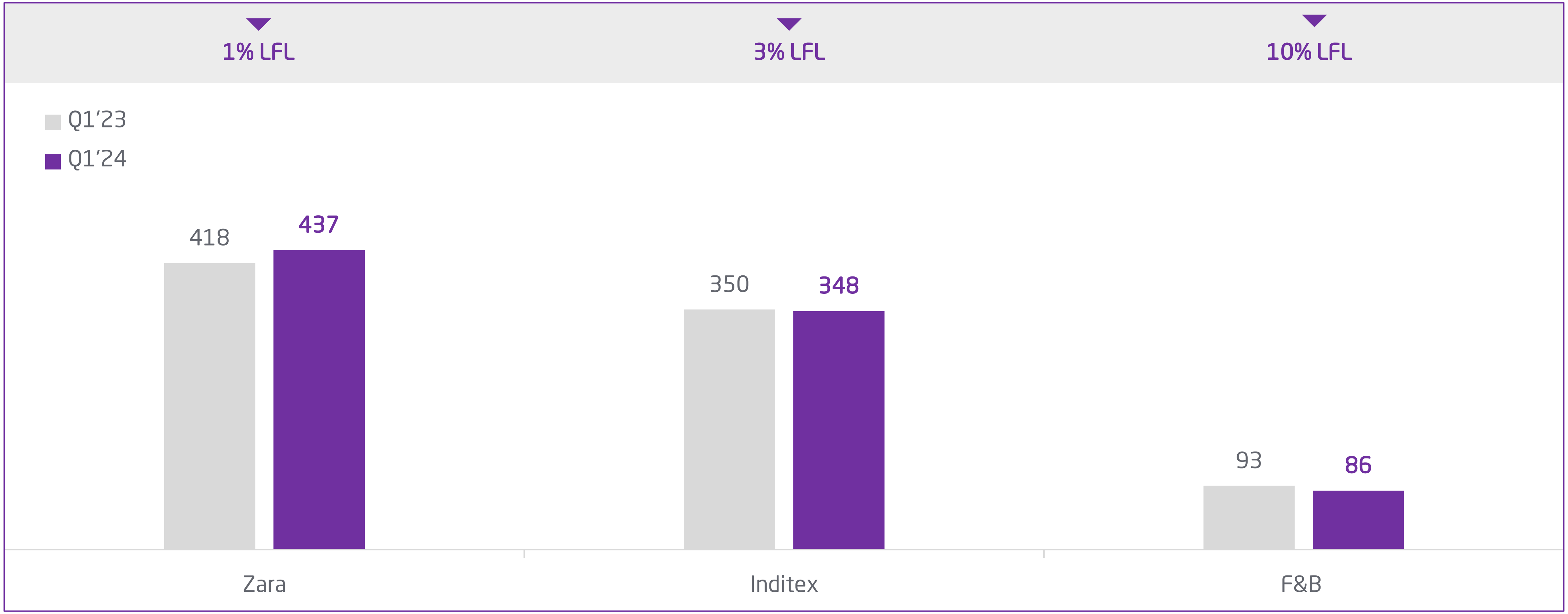
LFL International Retail growth %

- International LFL growth maintained positive momentum for the quarter due to Zara sales growing 7.0% and other Inditex brands grew 4.6%



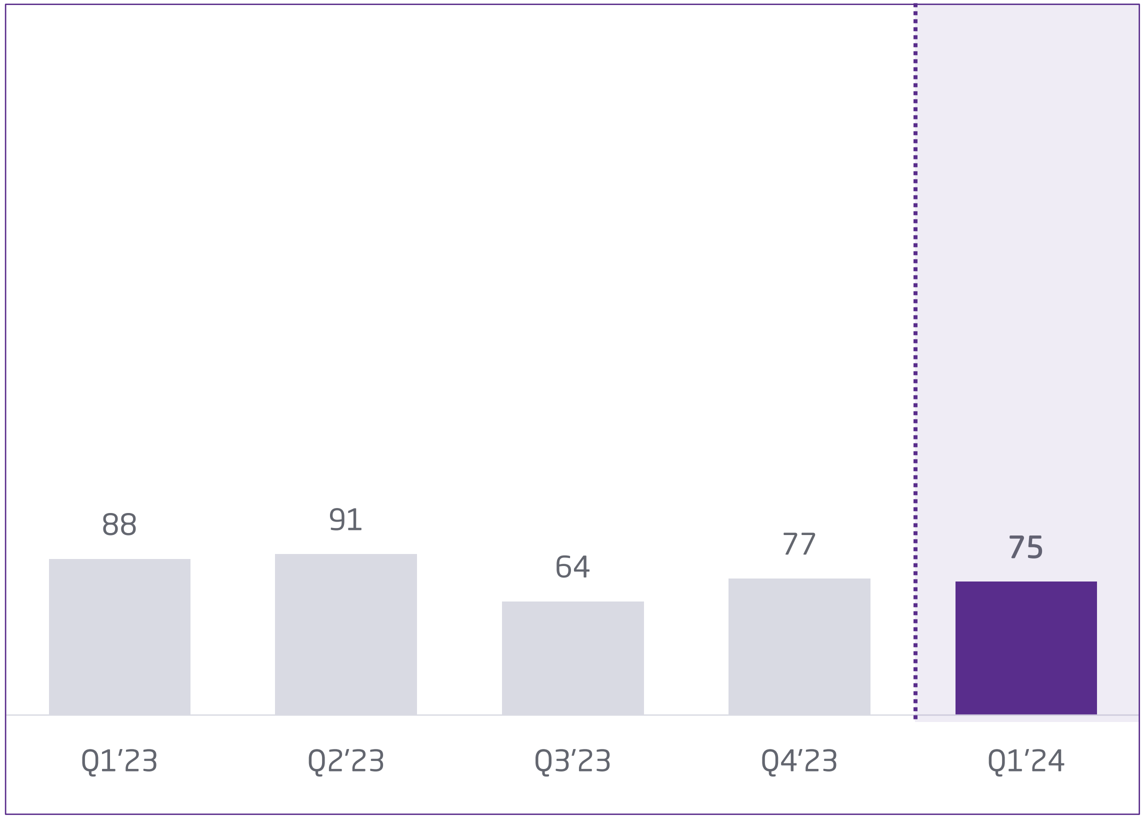
Leading brands sustain stable performance

Fashion & F&B Revenues (SAR Million)

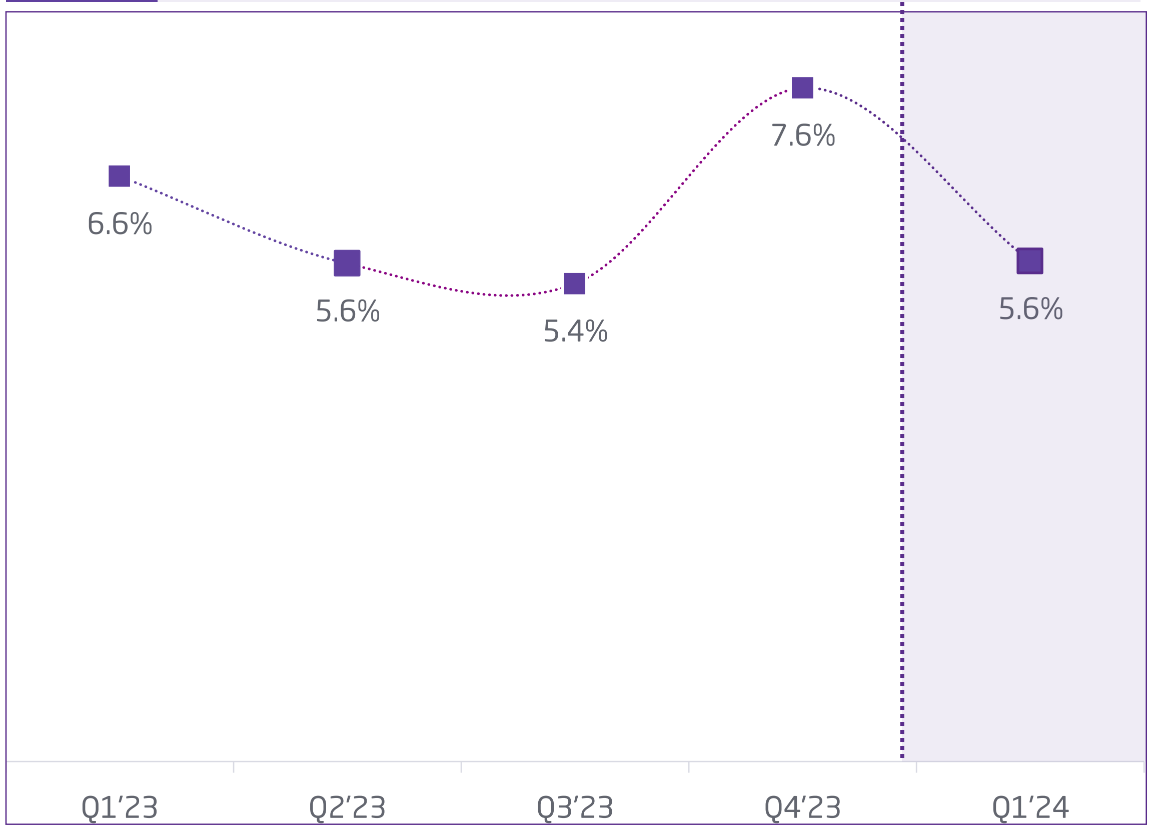


Online channel continues to maintain a consistent presence in the revenue mix

Online revenues, SAR MN

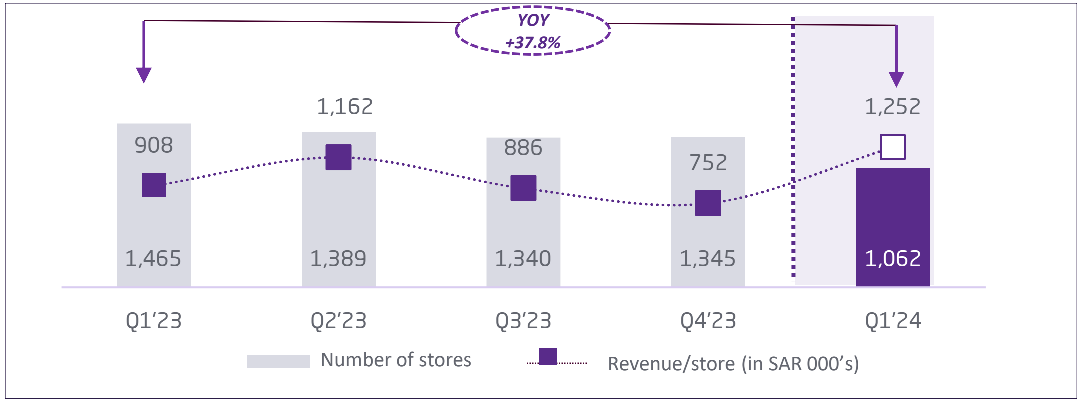


E-commerce, % of total retail sales

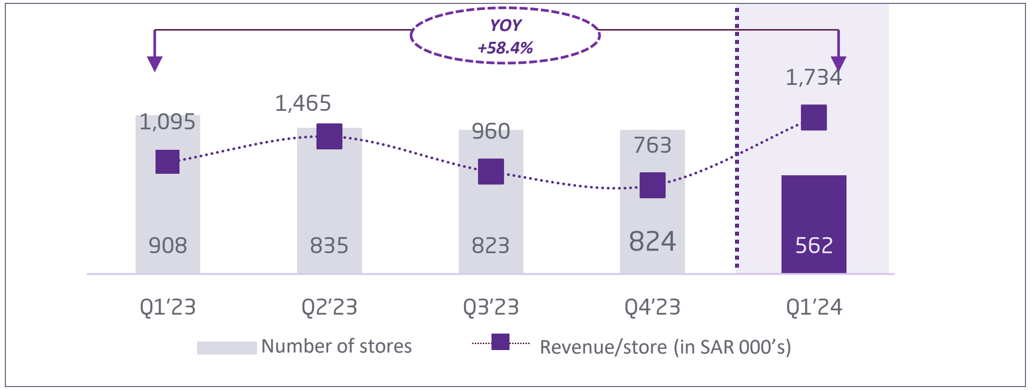


Underlying sales efficiency showing progress as the turnaround strategy is implemented

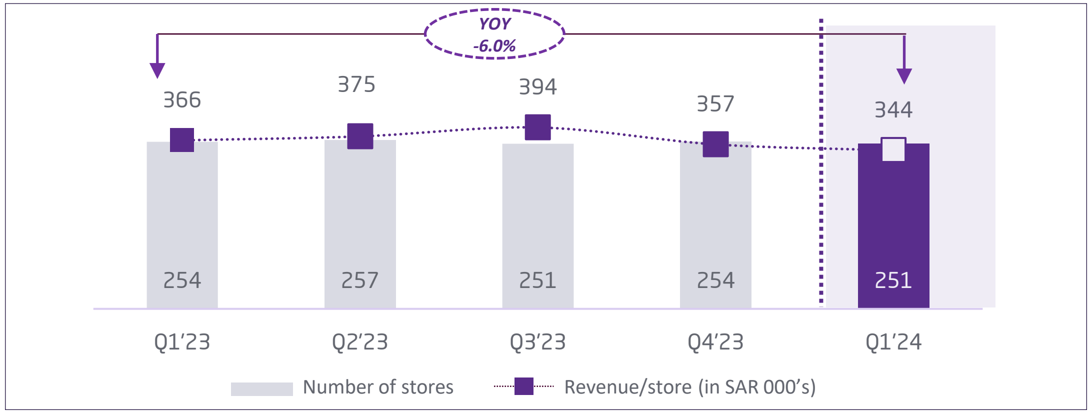
Revenue Per Store (Group)



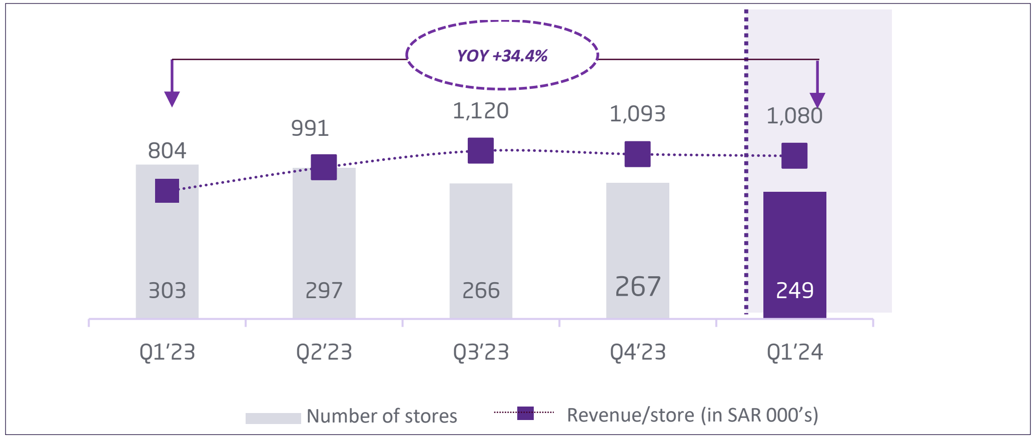
Revenue per Store (KSA)



Revenue Per Store (F&B)



Revenue per Store (International)

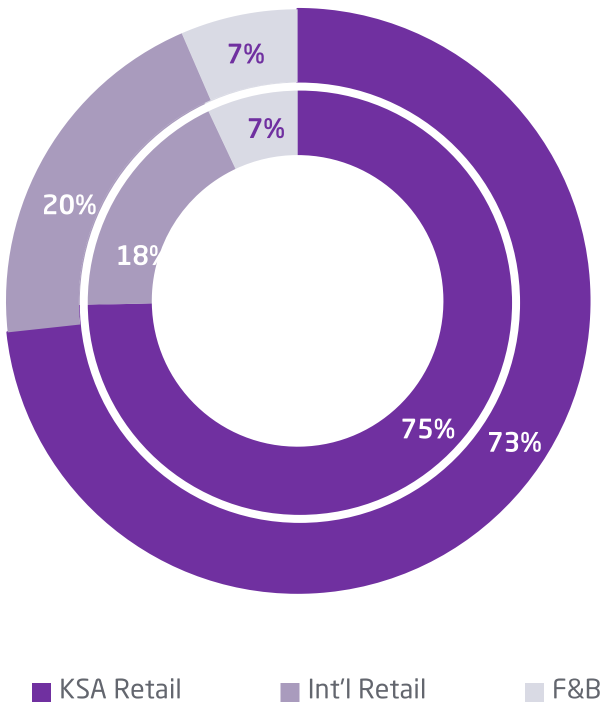


*Annualized figures are based on the period run rates

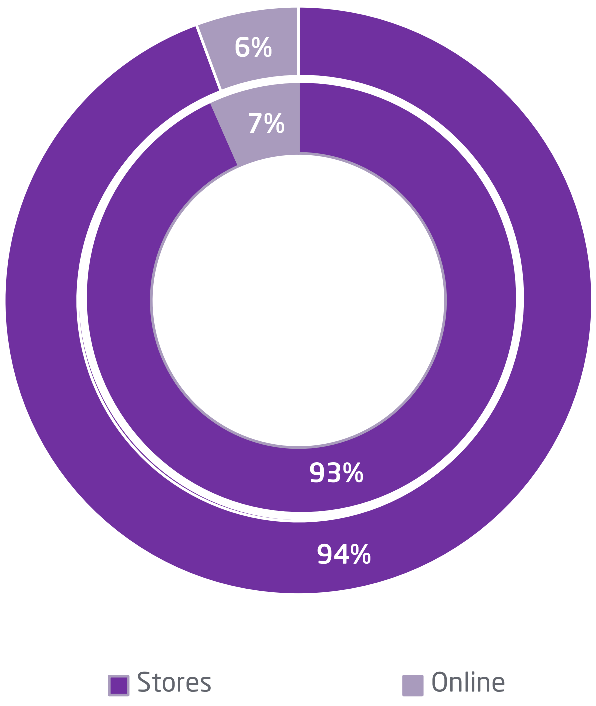
**Quarterly figures have been re-classified due to prior business assumptions

Revenue mix

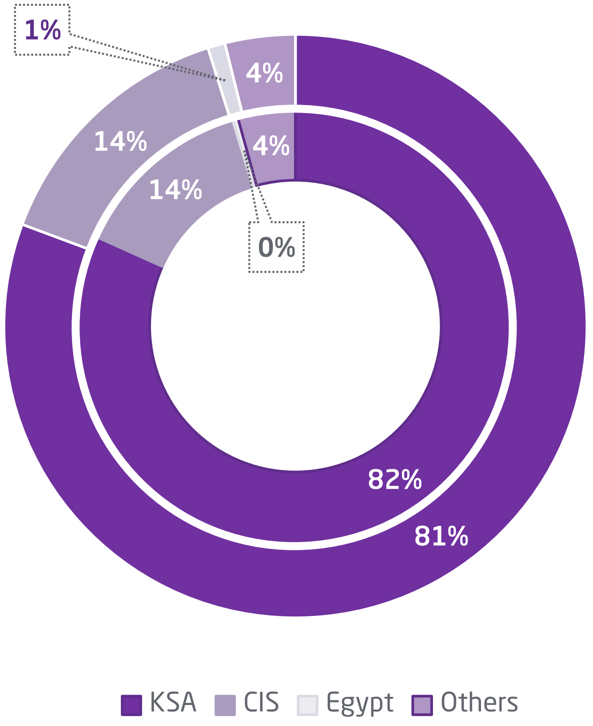
Revenue by division



Revenue by channel



Revenue by geography

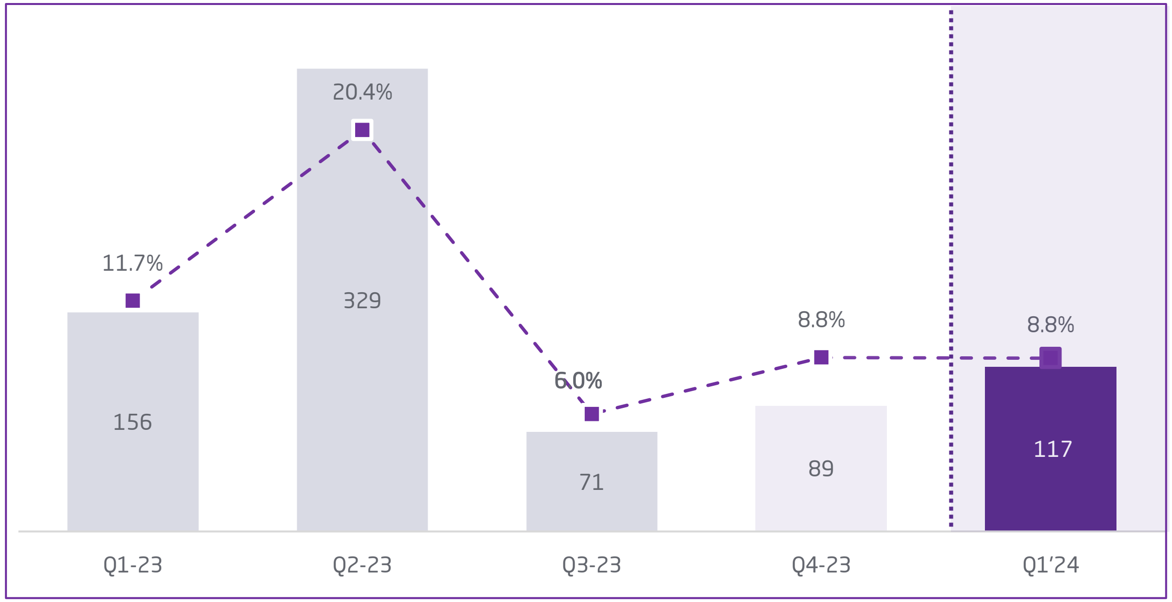


Q1-24 - Outer circle   Q1-23 - Inner circle

Business transformation is evident in the YoY decline of gross profit and EBITDA

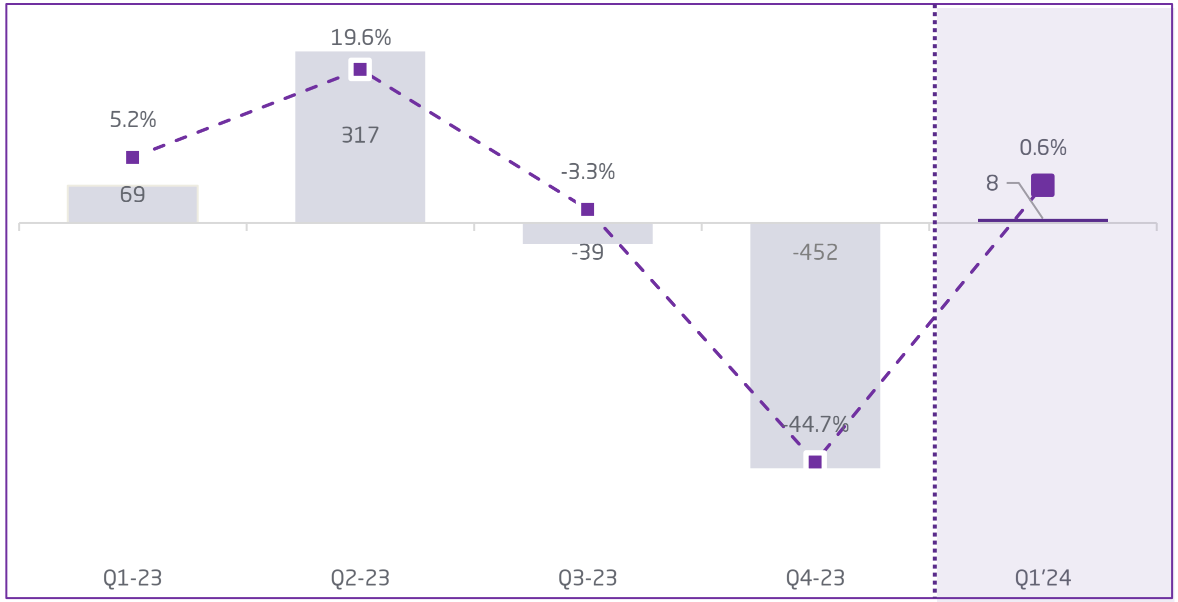
Gross Profit, SAR MN - GPM, %

- A decrease in gross profit, which fell by 24.9% y-o-y from SAR 156.0 million in Q1 2023 to SAR 117.2 million in Q1 2024.
- This decrease can be attributed to a flat top line, coupled with a 3.2% increase in cost of revenues on a YoY basis.



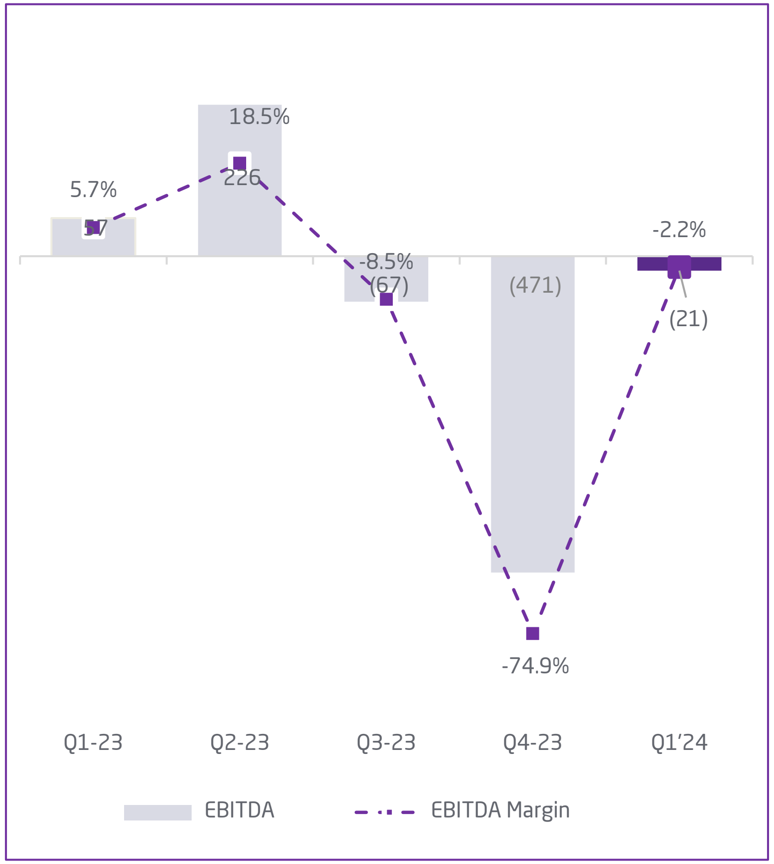
EBITDA, SAR MN - EBITDA Margin, %

- EBITDA decreased by 88.4%, primarily driven by a significant decline of SAR 78.1mn in the KSA segment in Q1 2024.
- Decrease partially mitigated by a positive EBITDA of SAR 25mn and SAR 4mn in the International and F&B segments, respectively.

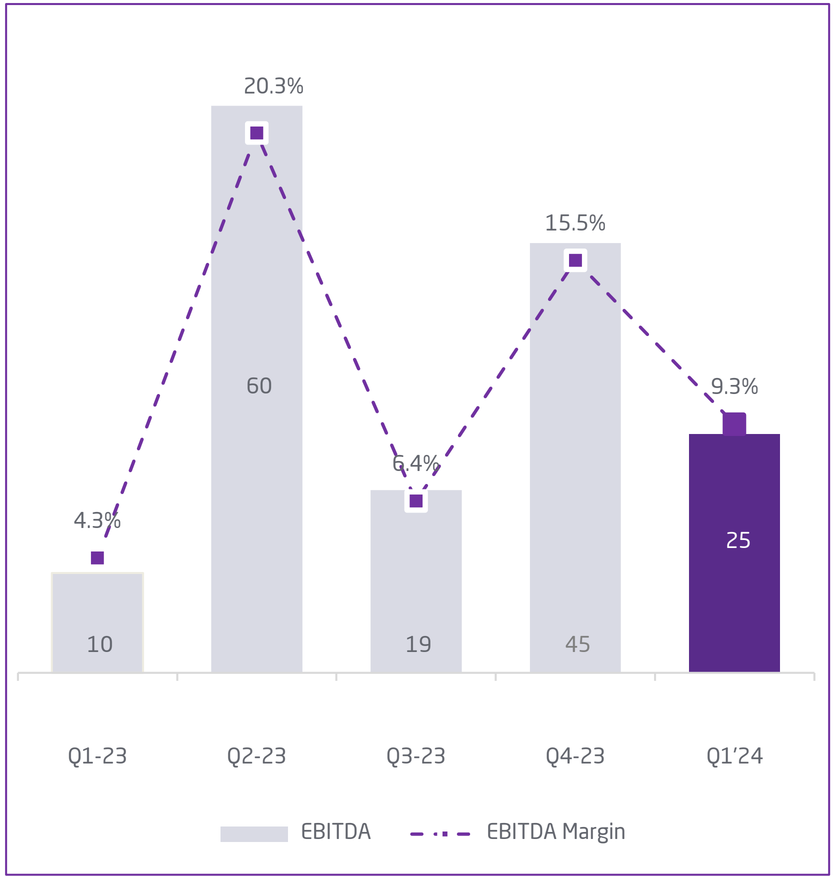


EBITDA Performance across segments

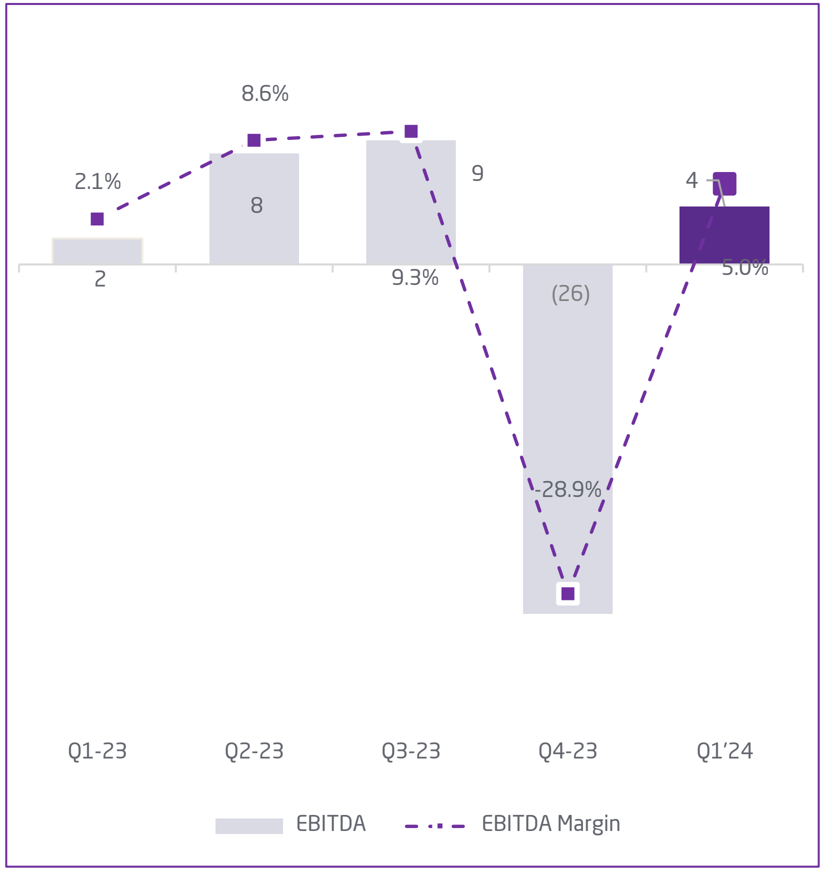
EBITDA KSA, SAR MN – EBITDA Margin, %



EBITDA Intl, SAR MN – EBITDA Margin, %



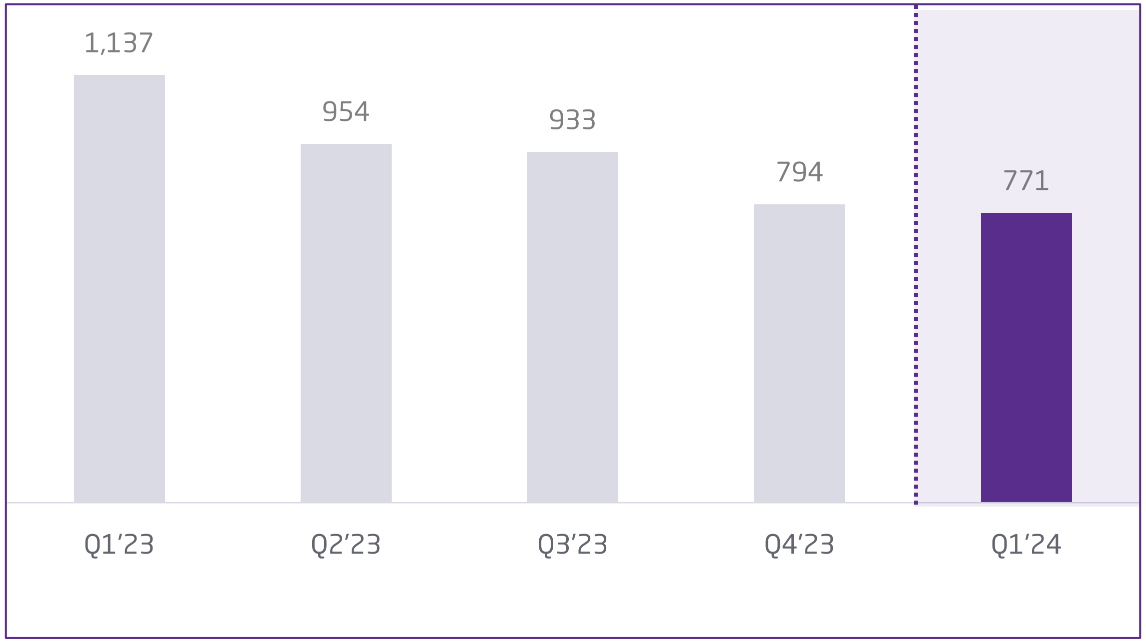
EBITDA F&B, SAR MN – EBITDA Margin, %



Ongoing inventory enhancements drive turnover improvement

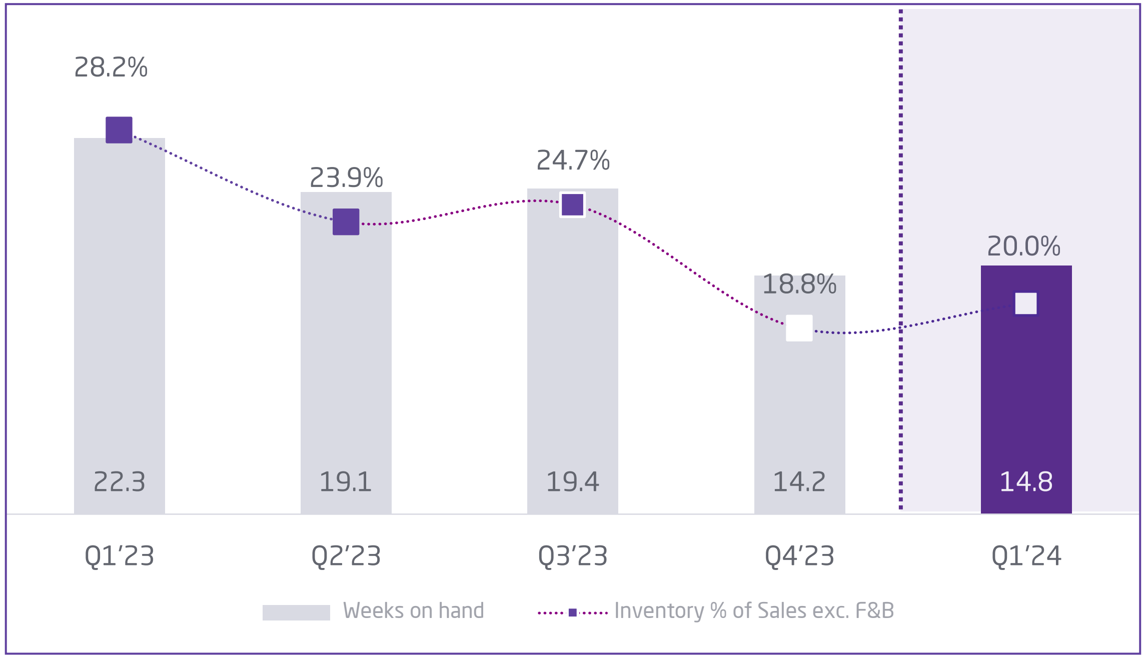
Inventory balance (SAR MN)

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



Inventory efficiency ratios

- Inventory on hand improved to 15 weeks thanks to ongoing enhancements in purchasing decision and supply chain optimization



05

Appendix

Income statement

SAR Million	Q1 2024	Q1 2023	*% Change*
Revenue	**1,329.8**	**1,330.8**	**-0.1%**
Cost of Revenue	-1,212.6	-1,174.8	3.2%
Gross Profit (Loss)	**117.2**	**156.0**	**-24.9%**
Gross Profit Margin	8.8%	11.7%	*(2.9pp)*
Selling & Distribution Expenses	-49.3	-49.7	-0.8%
General & Administrative Expenses	-91.4	-87.2	4.7%
Impairments	-	-	-
Provisions	-	-	-
Other Operating Expense	-18.1	-7.2	151.9%
Depreciation and Amortization	-37.1	-40.3	-8.0%
Other Operating Income	49.7	57.3	-13.3%
Operating Income (Loss)	**(29.0)**	**28.9**	**-200.4%**
Operating Income Margin	-2.2%	2.2%	*(4.4pp)*
Financial Charges	-93.5	-73.2	27.8%
Impairment loss on goodwill	-	-	-
Change in fair value of other investment	-	-	-
Gain on disposal of subsidiary	-	-	-
Share of loss of associates	-0.2	-1.6	-88.1%
Profit (Loss) before Zakat & Tax	**-122.7**	**-45.9**	**167.3%**
Zakat and Income Tax	-11.8	-4.4	166.5%
Net Profit (Loss) for the Period	**-151.7**	**-55.9**	**171.3%**
Net Profit Margin	-11.4%	-4.2%	*(7.2pp)*
Loss for the year from discontinued operations	**-134.5**	**-50.3**	**167.2%**
Attributable to:			-
Shareholders of the Company	**-151.8**	**-55.4**	**174.0%**
Non-Controlling Interest	0.1	-0.5	-114.9%
Earnings per Share Basic and Diluted	-	-	-
EBITDA	**8.1**	**69.2**	**-88.4%**
EBITDA Margin	0.6%	5.2%	*(4.6pp)*

Balance sheet

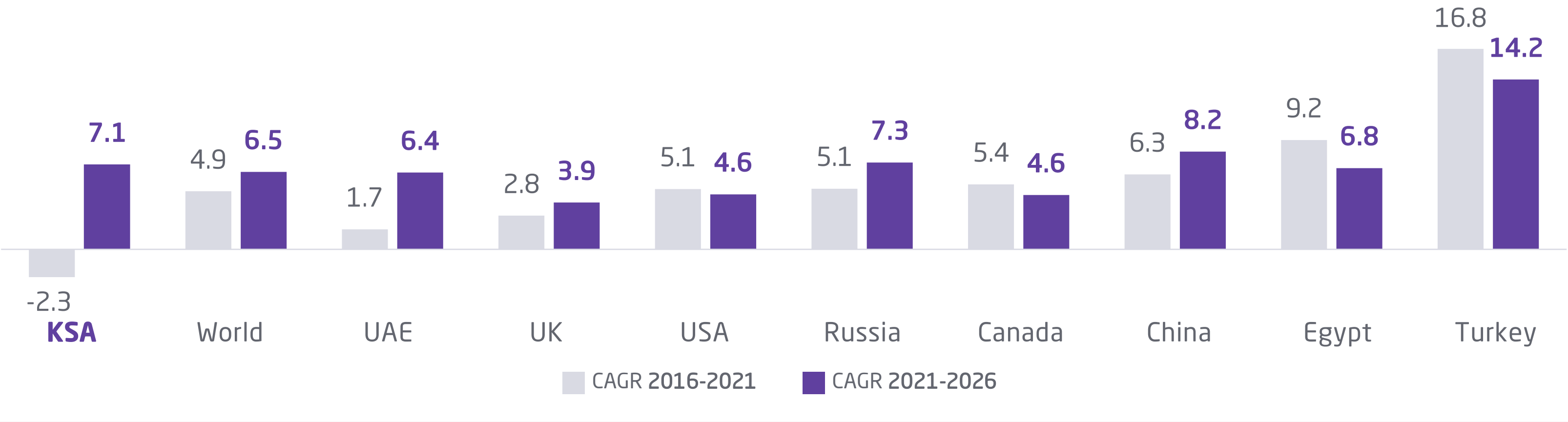
SAR Million	Mar '24	Dec '23
Assets		
Property, Plant and Equipment	1,154.8	1,150.0
Right-of-Use Assets	1,896.3	2,044.7
Goodwill and Intangible Assets	754.8	755.8
Investment Property	1.2	1.3
Equity-accounted investees	68.0	64.8
Other investments	37.6	74.2
Derivative asset	0.0	0.0
Total Non-Current Assets	**3,912.8**	**4,090.7**
Inventories	770.6	793.5
Advances, Deposits and Other Receivables	337.1	302.4
Prepayments, Rentals and Insurance	44.5	25.8
Cash & Cash Equivalents	168.0	235.2
Assets included in disposal group classified as held for sale	0.0	310.0
Total Current Assets	**1,320.1**	**1,666.9**
Total Assets	**5,232.9**	**5,757.6**

SAR Million	Mar '24	Dec '23
Equity & Liabilities		
Share Capital	1,147.7	1,147.7
Reserves (Statutory, Foreign Currency and Fair Value)	-602.2	-564.5
Fair value reserve	31.2	42.1
Accumulated Losses	-1,555.7	-1,403.9
Equity Attributable to the Shareholders of the Company	-979.1	-778.7
Non-Controlling Interest	-28.3	-27.6
Total Equity	**-1,007.4**	**-806.3**
LT Loans and Borrowing	186.3	208.5
Lease Liabilities	1,543.7	1,555.5
Derivative liability	42.4	31.6
Post-Employment Benefits	91.9	89.3
Total Non-Current Liabilities	**1,864.3**	**1,885.0**
Trade and other payables	1,643.4	1,400.1
Bank Overdraft	48.2	47.1
Zakat & Tax Liabilities	82.1	86.6
Lease Liability - current portion	491.5	578.8
ST Loans and Borrowings	2,110.7	2,298.2
Total Current Liabilities	**4,375.9**	**4,679.0**
Total Liabilities	**6,240.3**	**6,563.9**
Total Equity & Liabilities	**5,232.9**	**5,757.6**

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

Historical vs. Future Projected Retail Spend (CAGR)[1]

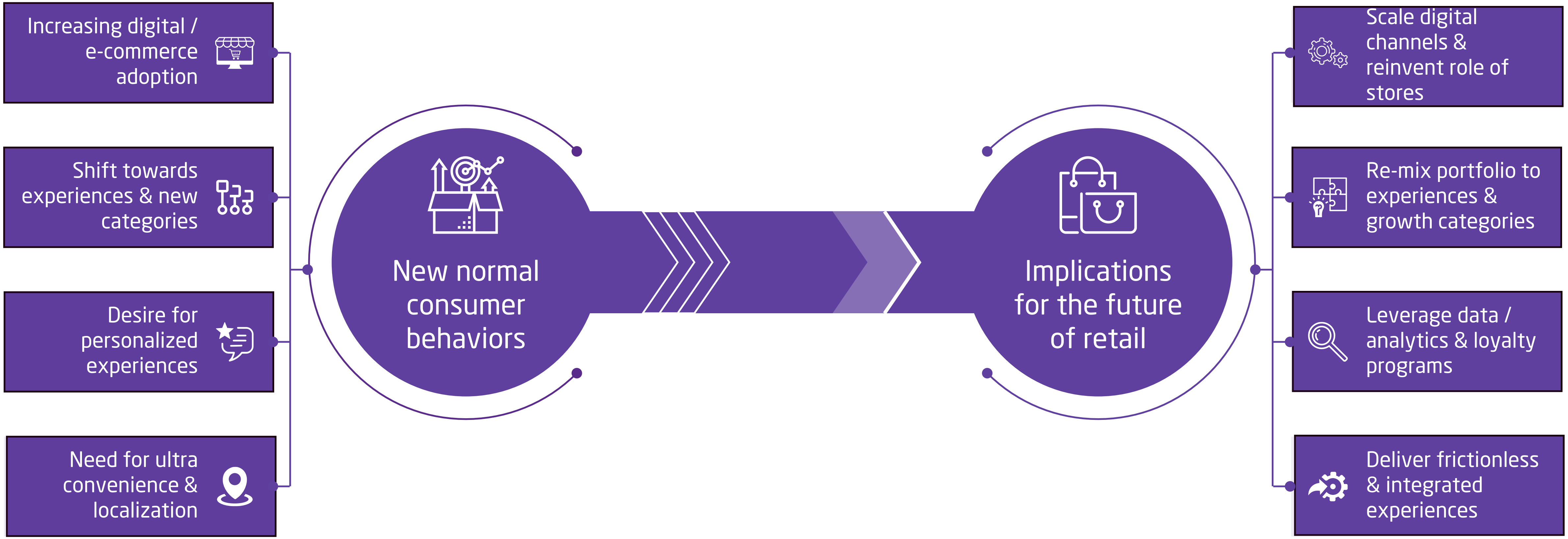


MACRO Headwinds		2016-2022	Outlook - 2024 Onwards
	GDP Growth[2]	Slowed growth as a result of decline in oil activities	KSA maintains the GCC's largest economy, surpassing the combined GDP of all other members. IMF forecasts anticipate growth of 2.7% in 2024 and 5.5% in 2025.
	Tourism[3]	Modest growth 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

Source: Euromonitor retail spend[1], IMF World Economic Outlook 2023[2], Argaam[4]
https://www.spa.gov.sa/en/N2055105[3],

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

cenomi

Sports

alo yoga
DECATHLON

Multimedia

aleph ألف
fnac DARTY

Lifestyle

flying tiger copenhagen

Beauty

ESTĒE LAUDER
KIKO MILANO
BOBBI BROWN
smashbox LOS ANGELES
SPRINGFIELD
flormar

F&B

CINNABON
CABANA
Molten
crêpeaffaire
SUBWAY

Indite & Zara

ZARA
ZARA HOME
PULL&BEAR
Bershka
Massimo Dutti
lefties
OYSHO
Stradivarius

F&B

MACHKA
U.S. POLO ASSN. SINCE 1890
NEWYORKER
La Senza
BIJOU BRIGITTE
LIPSY LONDON
OXXO
Jacadi PARIS
IPEKYOL
IKKS
GERRY WEBER
GAP
FG4 LONDON Designed by GEORGE DAVIES
bizou
QUIZ
ZIDDY
TWIST
Marie France
undiz
PUBLIC DESIRE
NINE WEST
Clarks
mayoral
women'secret
CALL IT SPRING
MANGO
LC WAIKIKI
THE CHILDREN'S PLACE
MONSOON ACCESSORIZE
OKAÏDI

THANK YOU

Contacts

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

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