

Cenomi Retail Earnings Presentation

For the first quarter ended on 31 March 2023 (“Q1 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.

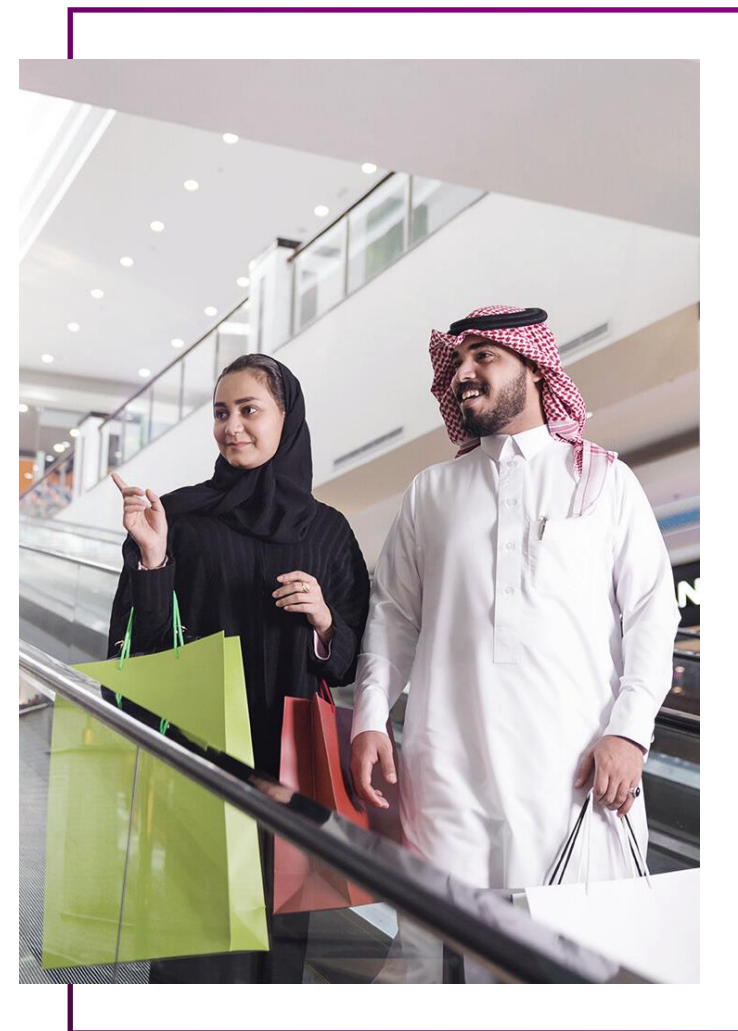
Neither this presentation nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. The contents of this presentation are not to be construed as legal or financial.

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

	Topic	Page Number
	Cenomi Retail Overview	5
	Market Overview	9
	Operational Overview	14
	Financial Overview	18
	Appendix	27



Cenomi Retail at glance



Overall top line
grows **2.4%** YoY
to **SAR 1.42 bn**



International
portfolio continues
on upward
trajectory with
10.4% growth



Online sales
witnessed
exceptional **growth**
of **84.7%** YoY



Return to **growth** in
Saudi Market
+4.6% YOY



EBITDA
contribution of
SAR 91.7 mn
down by **34.3%**
YoY



Net number of
stores declined by
12.2% YoY as part
of a wider
divestment
strategy

01

Cenomi Retail Overview

Cenomi Ecosystem

The Cenomi omnichannel ecosystem blends engaging physical experiences and curated brands with convenience of online channels to deliver competitive advantage.

Under one all-encompassing brand:



Cenomi Retail's strategic pillars:

Unlocking long-term growth opportunities



Geography



Re-affirm KSA leadership & win in CIS

- Consolidate KSA leadership and expand in CIS
- Become the top 3 regional player by winning in CIS



Category



Evolve from apparel champion to multi category lifestyle retailer

- Defend & maintain Fashion & Accessories market leadership
- Replicate Fashion & Accessories leadership in F&B
- Expand lifestyle categories to become a true multicategory retailer (where relevant)



Brands



Lead with winning brands

- Rationalize portfolio by exiting underperforming brands
- Scale top existing 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 monobrand sites to achieve market online penetration rates
- Leverage Cenomi.com as a platform partner

Operational Excellence

Complement growth aspirations with relentless pursuit of operational excellence

Area	Project
	Sales acceleration: Grow revenue via sales and marketing initiatives
	Comp, benefits, incentives: Review C&B philosophy and sales incentives
	Inventory management: Strengthen inventory management practices
	Manpower optimization: Review staffing levels and principles
	Brand portfolio: Brand acquisition and portfolio optimization
	Real estate: Optimize store footprint and open new stores
	International: Exit or turnaround underperforming geographies
	Cash flow management: Optimize cash flow and prioritize uses of cash
	Organization: Redesign organizational structure
	IT: Strengthen IT function

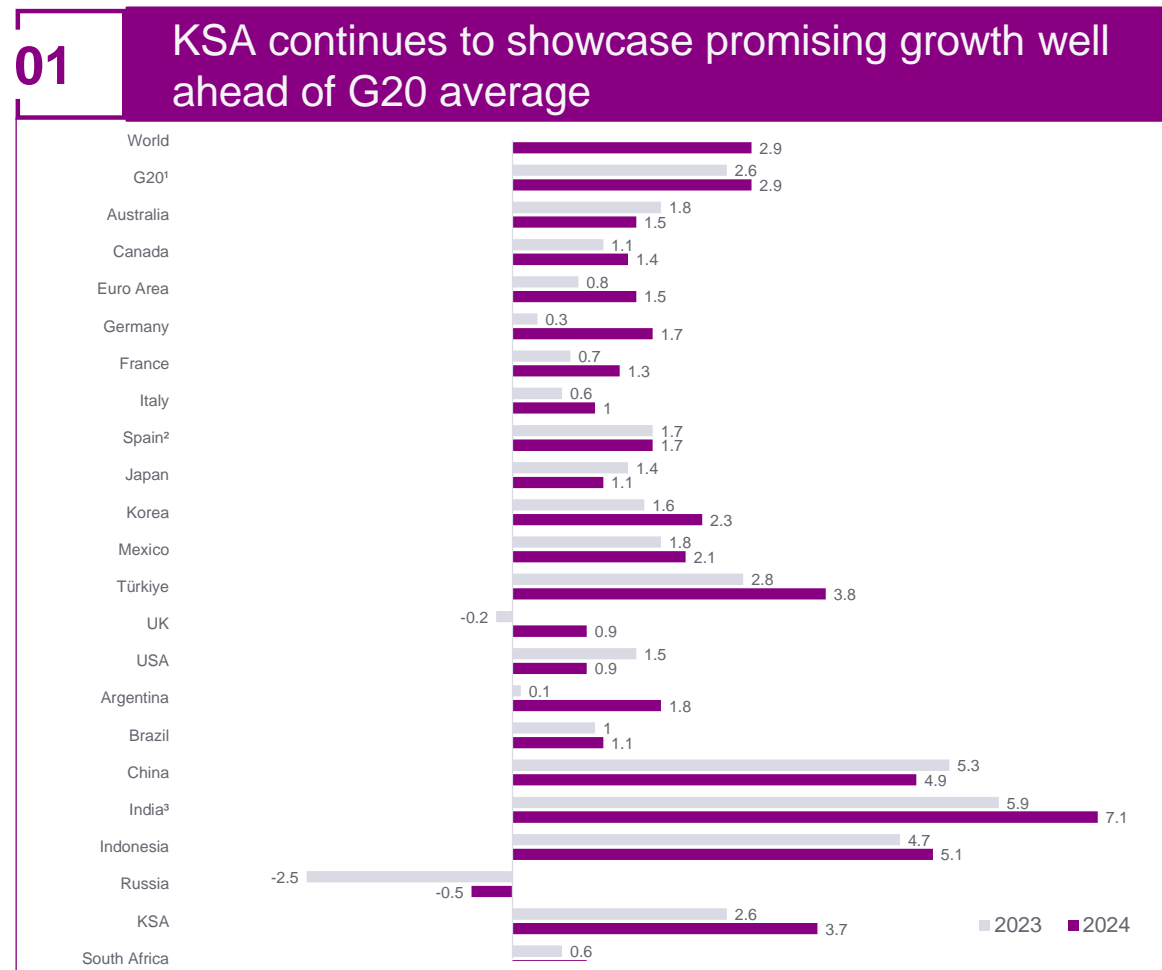




Market Overview

Unique KSA momentum:

Cenomi Retail operates in the G20's fastest growing economy and one of the globe's most exciting growth stories.

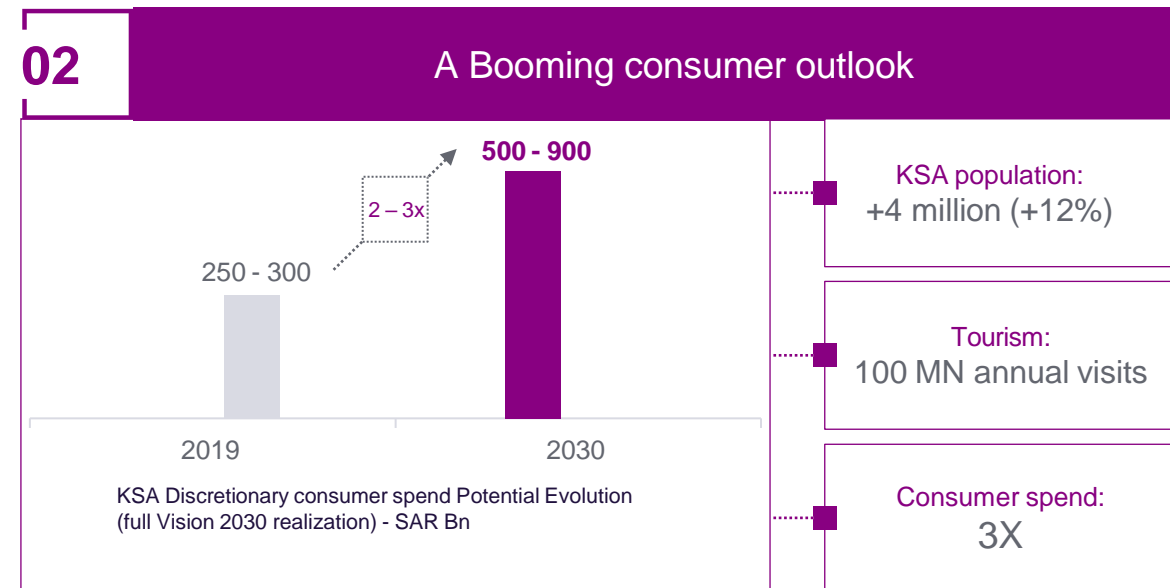


¹The European Union is a full member of the G20, but the G20 aggregate only includes countries that are also members in their own right.

²Spain is a permanent invitee to the G20.

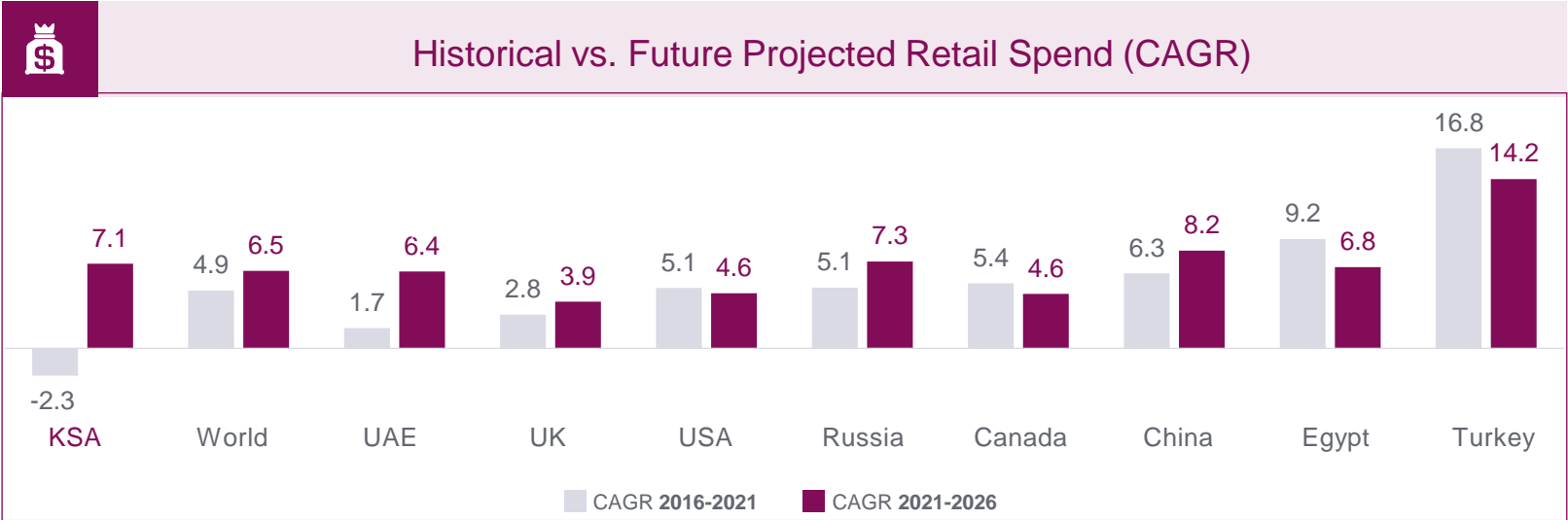
³Fiscal years, starting in April.

Source: OECD



Market Context

The Saudi Retail sector has faced key headwinds over the past five years, but is on track to strong growth as these start to dissipate.



MACRO Headwinds		2016-2022	Outlook – 2023 Onwards
Key Consumer Factors	COVID-19	Lockdowns due to COVID-19 spread	Government eased all COVID-19 restrictions Gradual return of pre-COVID-19 consumer spending and habits
	Oil & Consumer Confidence	Crash of the oil market and curtailed consumer sentiment	Stabilized around US\$80-\$100 per barrel over the past year Consistent maintenance of high government spending
	VAT	Introduction of VAT at 5% + subsequent raise to 15%	Gradual absorption of shock into goods prices or onto consumers
	Subsidies	Removal of utility subsidies	Gradual absorption into household spending patterns, with retail spending ultimately recovering
	Benefits	Cutting of public sector benefits	Annual allowances for public sector workers to be reinstated
	Expat Levy	Expat levy imposed	Special relief granted
Key Tenant Factors	Saudization	100% I/s Saudization, raising cost structures and impacting in-store sales productivity	Increased support from HRDF is adjusting the cost impact. Tenants adjusting their cost structures to become more efficient and upskilling workforce to meet productivity targets Cycle of increasing local household income to ultimately offset pressures (more disposable HH income => more retail spend)

Unparalleled Opportunity:

Birth of the New Saudi Consumer



Shift to lifestyle categories:

More demand for F&B, Leisure and Entertainment



Need for ultra **convenience** and **localization**



Sophisticated Consumer:

Desire for personalized experiences



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



Increasing **customer awareness**

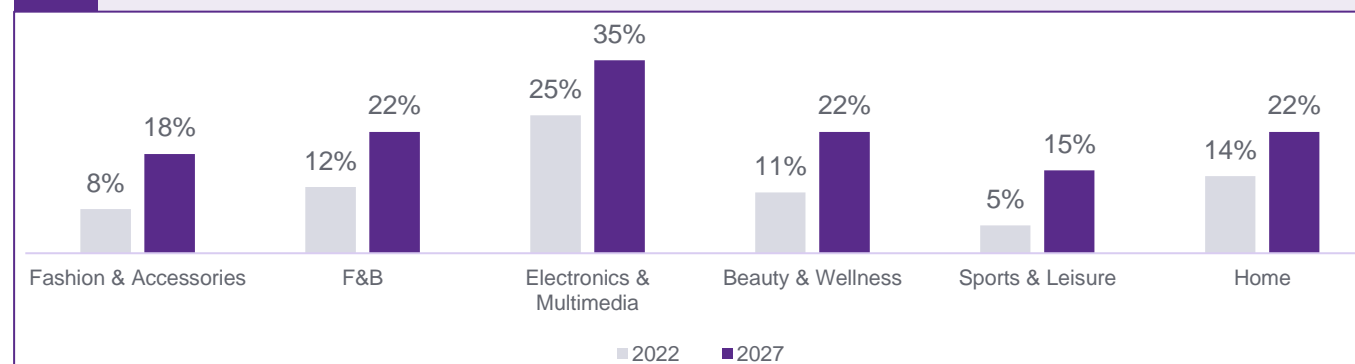
The birth of The New Saudi Consumer presents unique growth prospects

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%

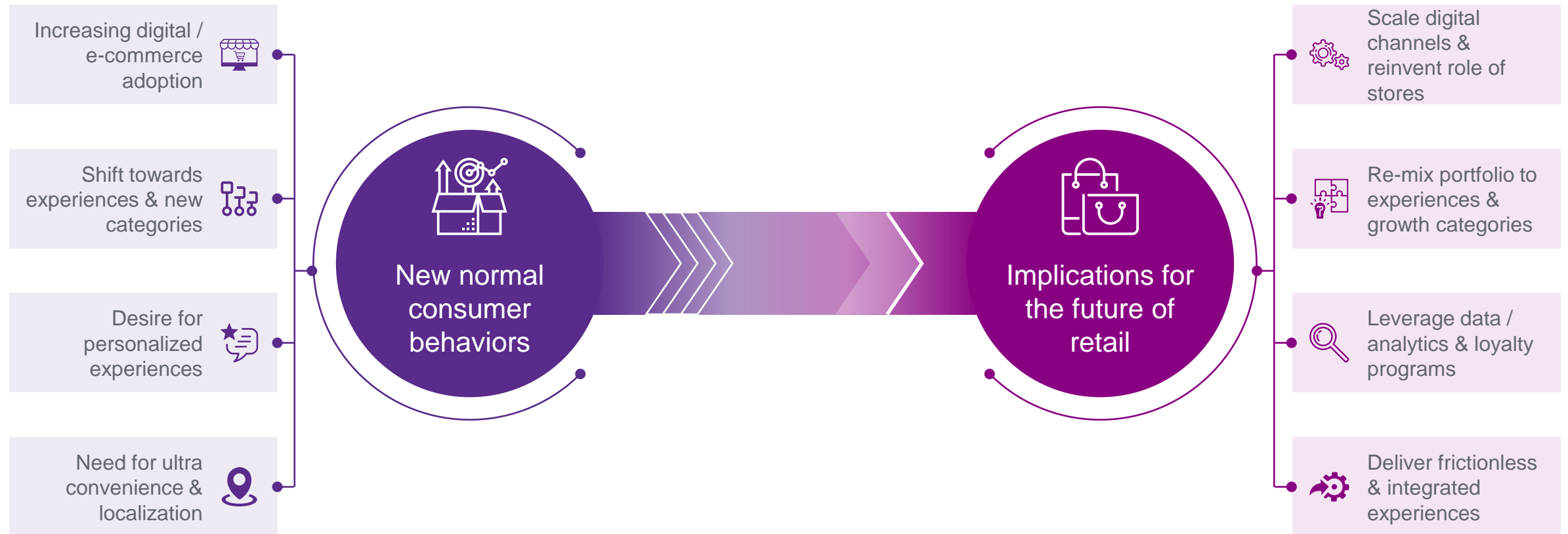


KSA Online Market Share by category (2022-2027, in %)



Consumer Trends:

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



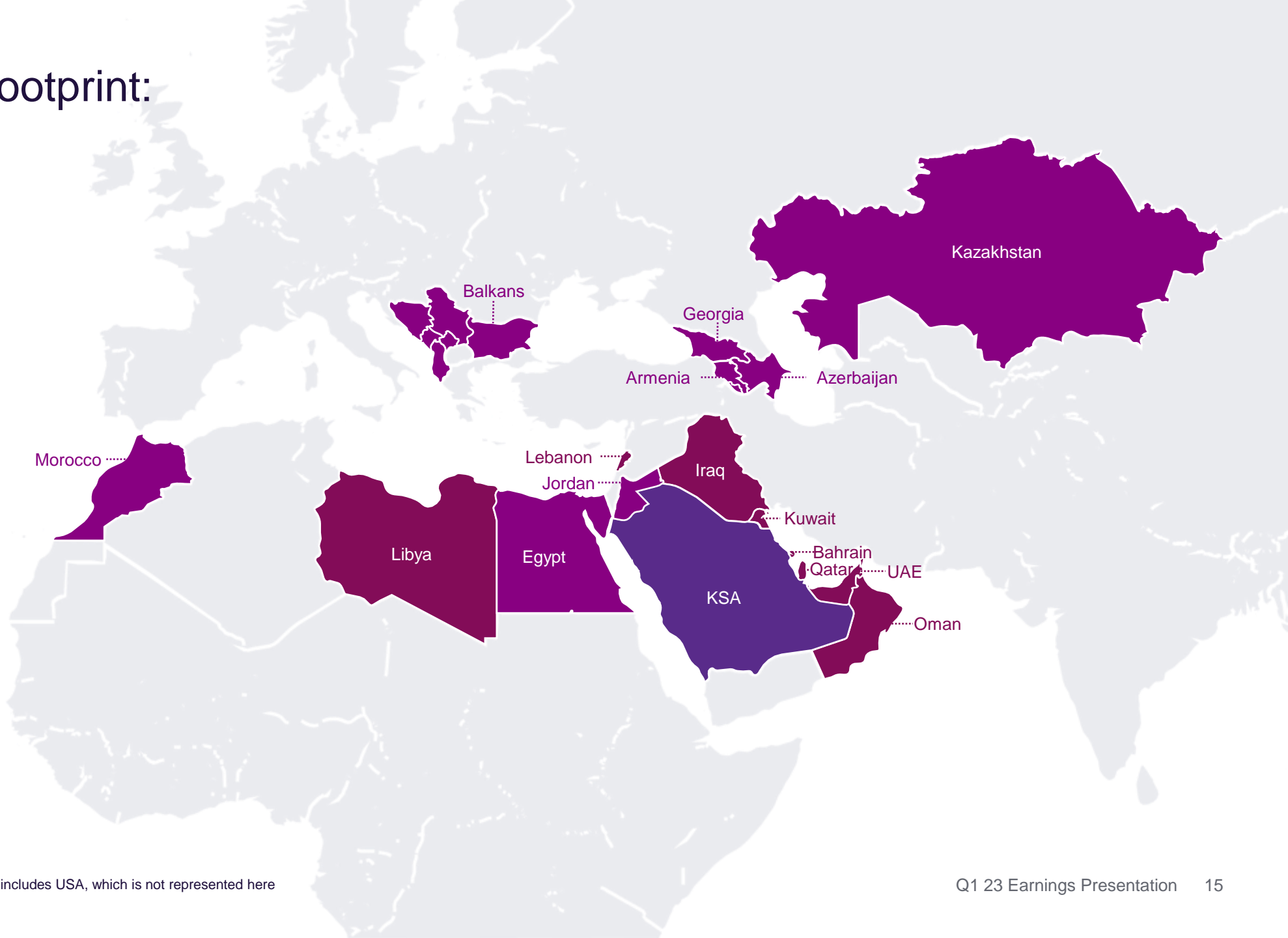


Operational Overview

Cenomi Retail Footprint:

Q1 highlights include:

- Expansion across international locations with significant growth across the CIS region, which was up 45.8% compared to the same period in 2022.



- Core market
- International footprint
- Market access via Vogacloset

Key Brand & Store Opening

 Retail	
Q1'23 Retail	<ul style="list-style-type: none"> 8 stores opened 107 stores closed 99 net closures
Q4'22 Retail	<ul style="list-style-type: none"> 23 stores opened 35 stores closed 12 net closures
 F & B	
Q1'23 Retail	<ul style="list-style-type: none"> 10 stores opened 6 stores closed 4 net openings
Q4'22 Retail	<ul style="list-style-type: none"> 8 stores opened 12 stores closed 4 net closures

Rationalization of brand portfolio to transform domestic retail

Divestment of non-strategic brands to establish solid foundation for future growth



In January 2023, Cenomi Retail announced its transformation strategy, which includes the rationalization of its brand portfolio and divestment of 26 non-strategic brands.

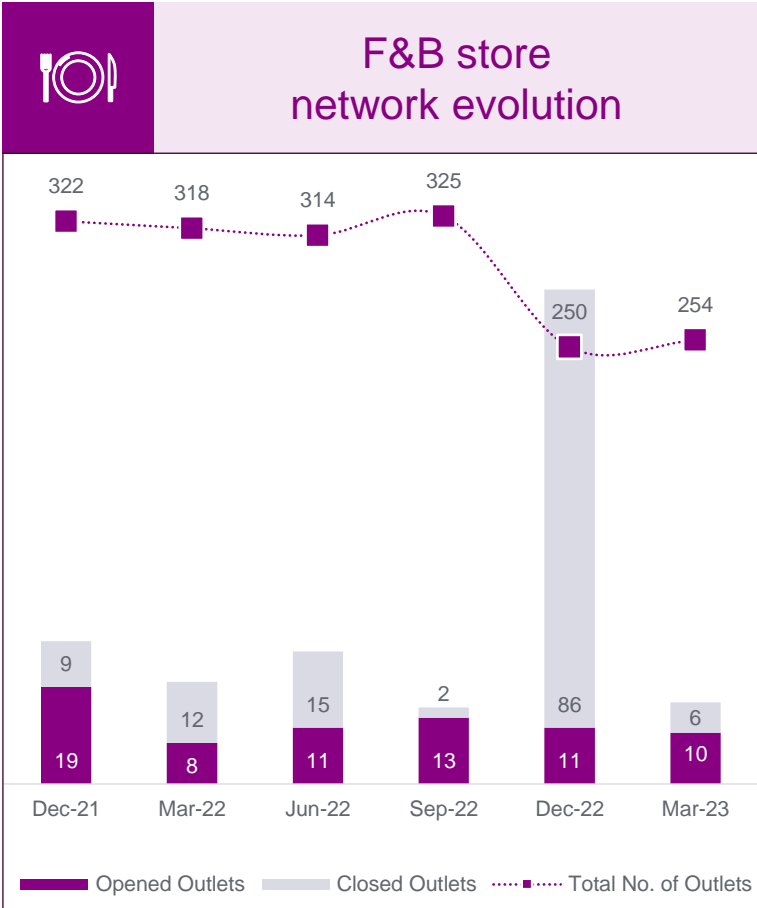
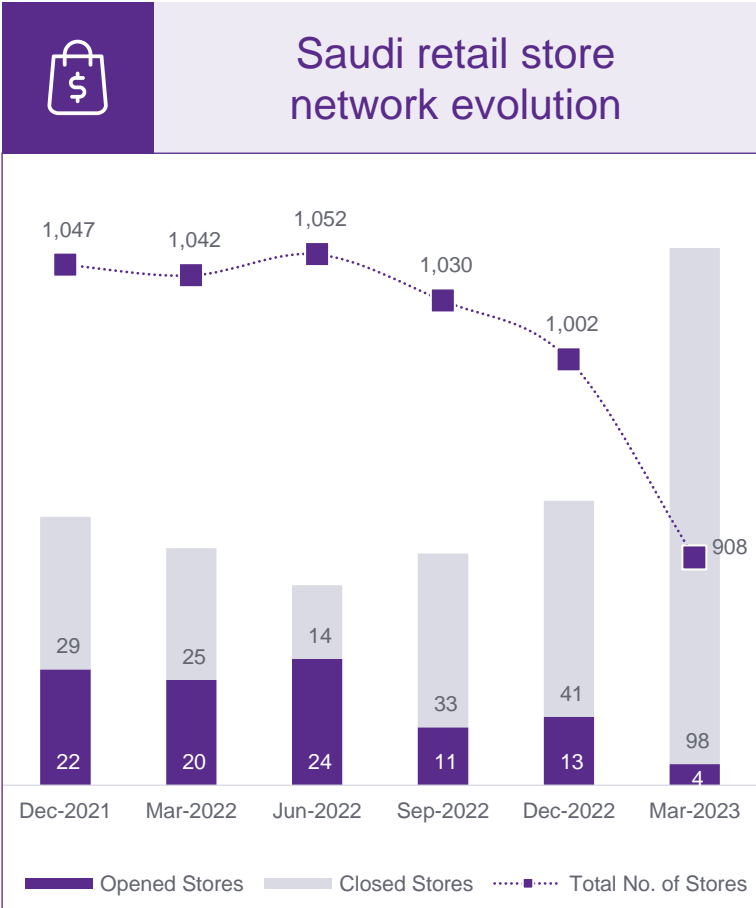
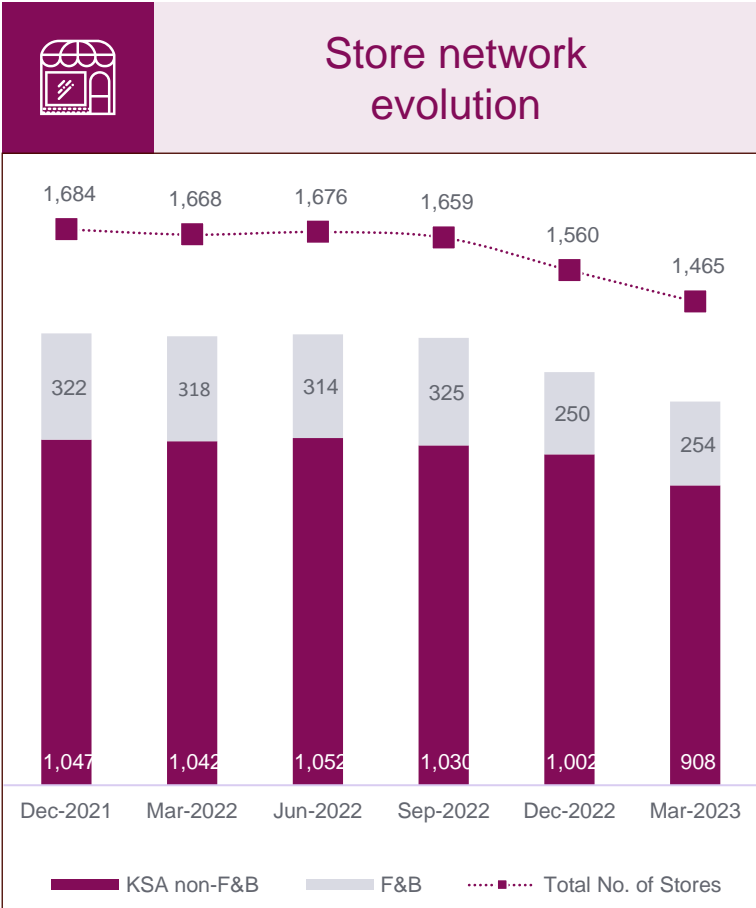


During Q4' 22, the company divested 4 brands, and remains on track to divest from the remaining 22 brands



The impact of completing this strategy is expected to a SAR 25 million uplift in profitability.

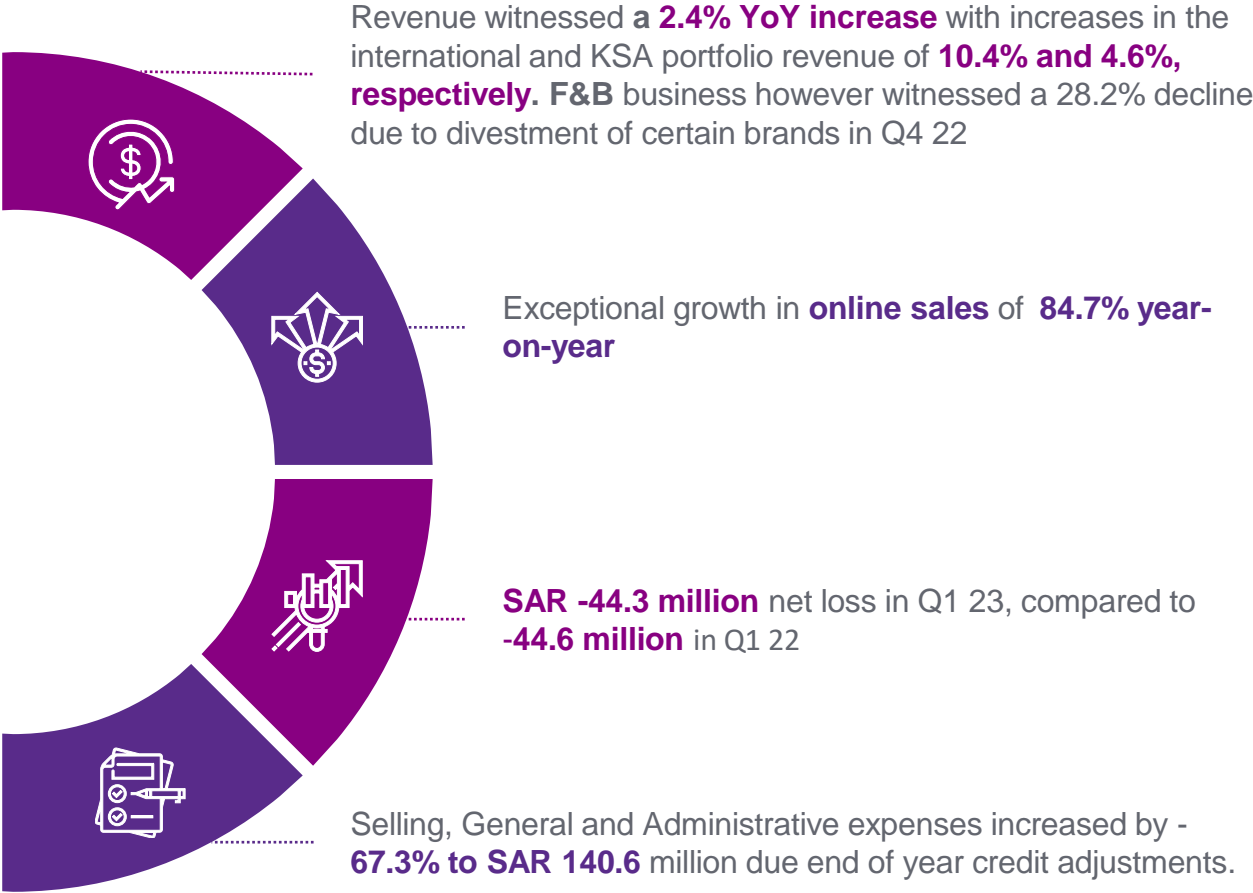
Store Rationalization Progress





Financial Overview

Q1'23 Financial Performance Overview:



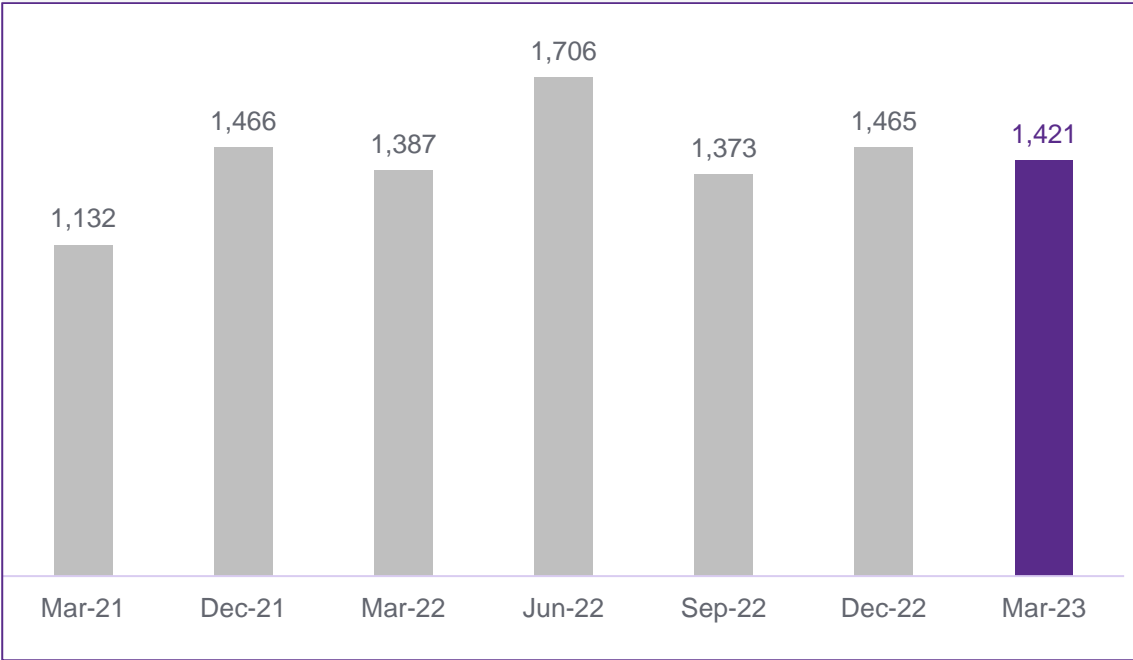
Q1 2023 Financial highlights



Stable revenue performance:

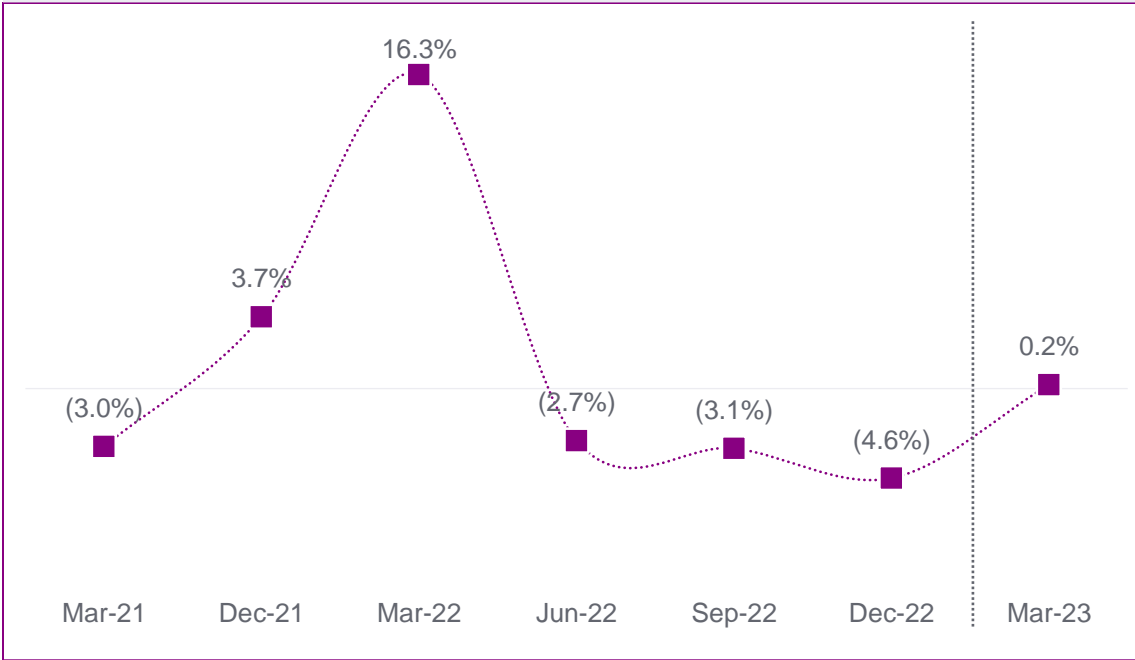
Revenue, SAR million

- Retail sales continues to dominate the revenue pool contributing almost 94% of the total sales mix
- Online sales broke new records this quarter witnessing a staggering 84.7% YoY



LFL consolidated sales growth, %

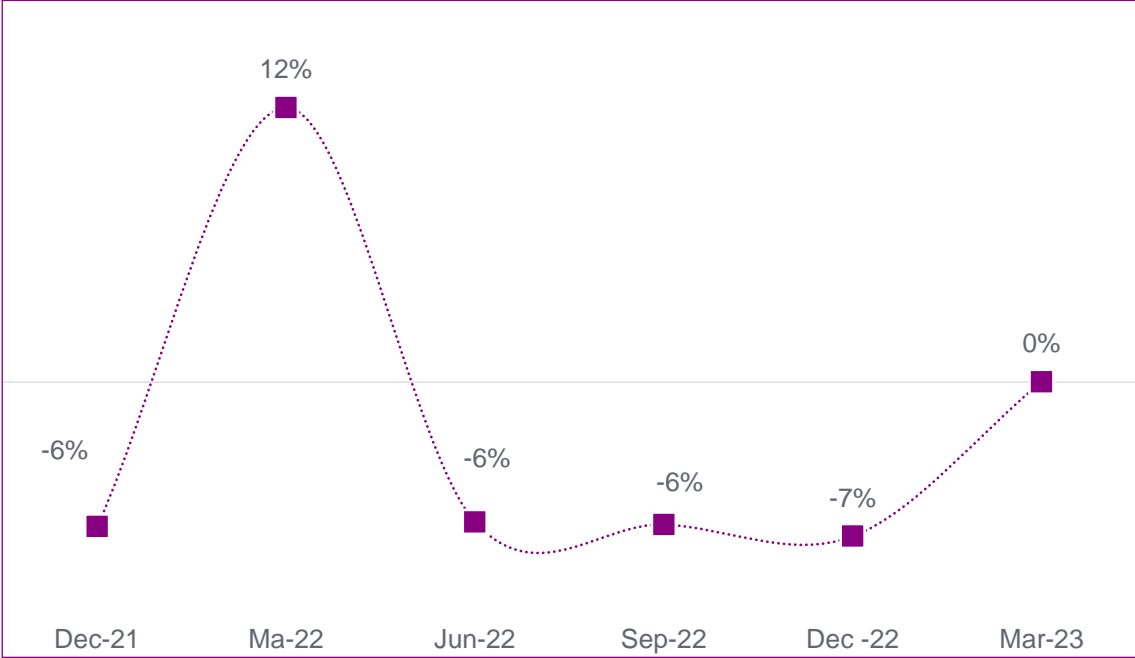
- LFL returned to positive territory after three quarters of declines, led by the Saudi market.



Footfall impacted by boost in online sales:

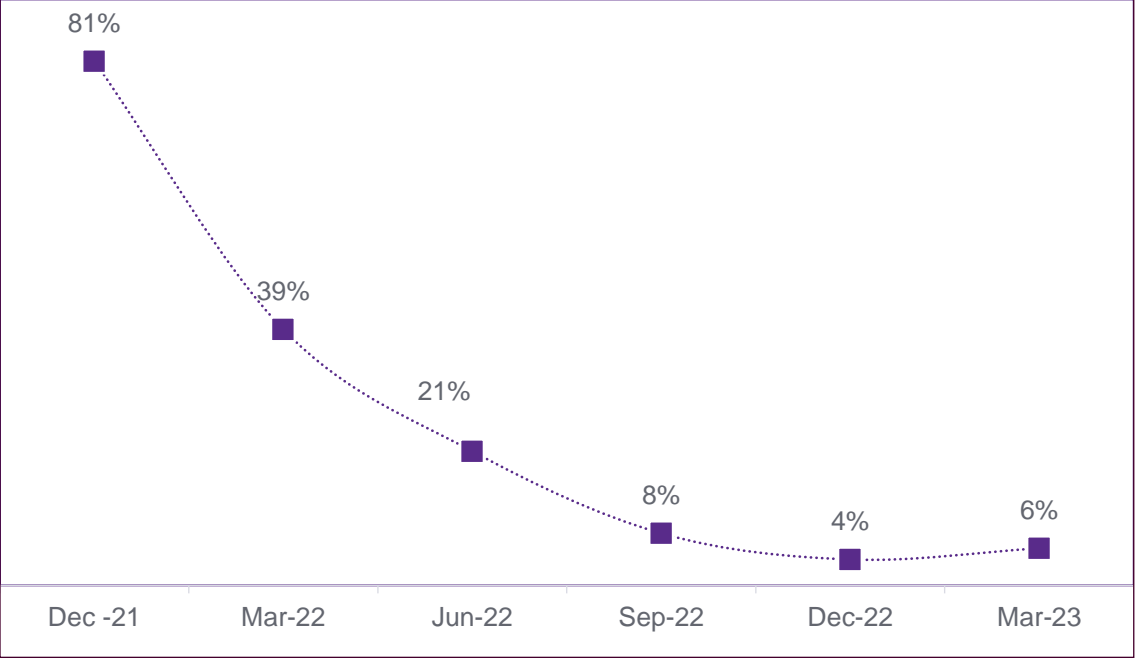
LFL Saudi retail sales growth %

- Saudi LFL revenue maintained stability in comparison to previous quarter

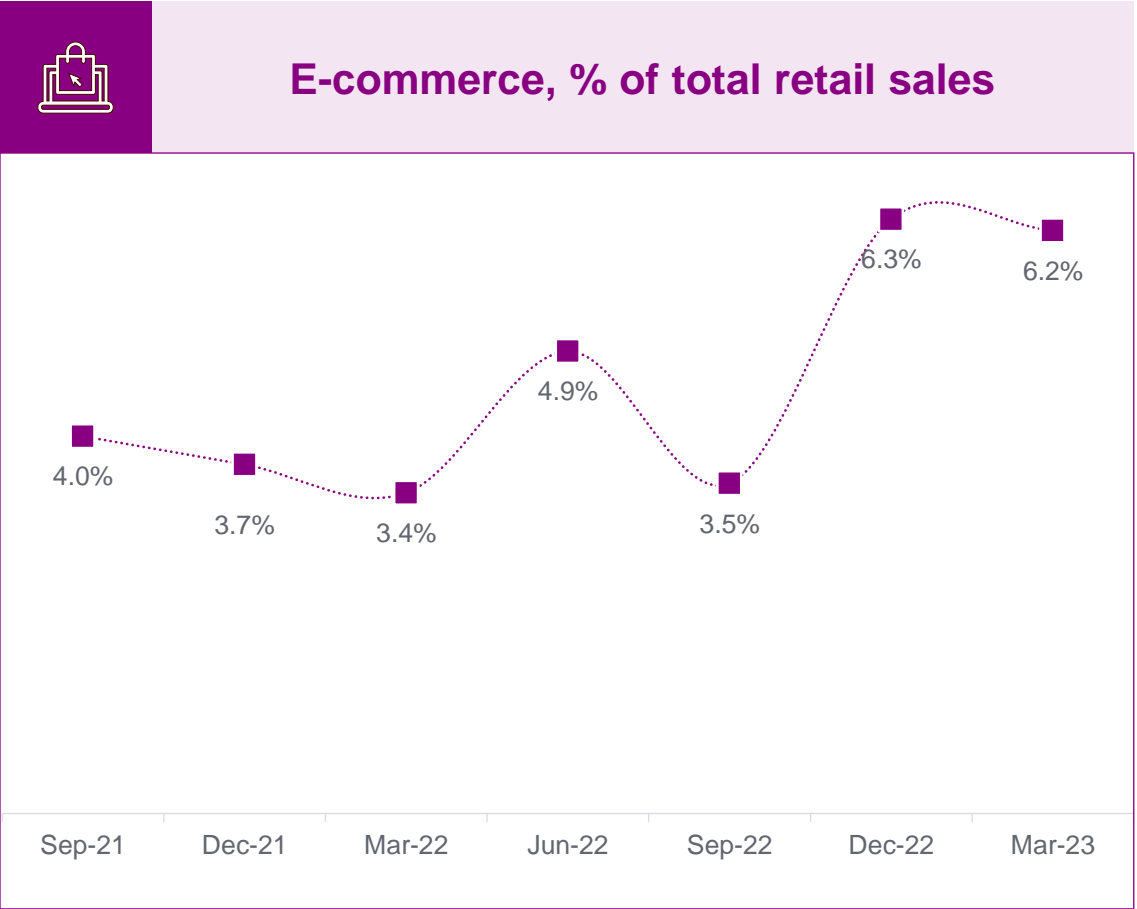
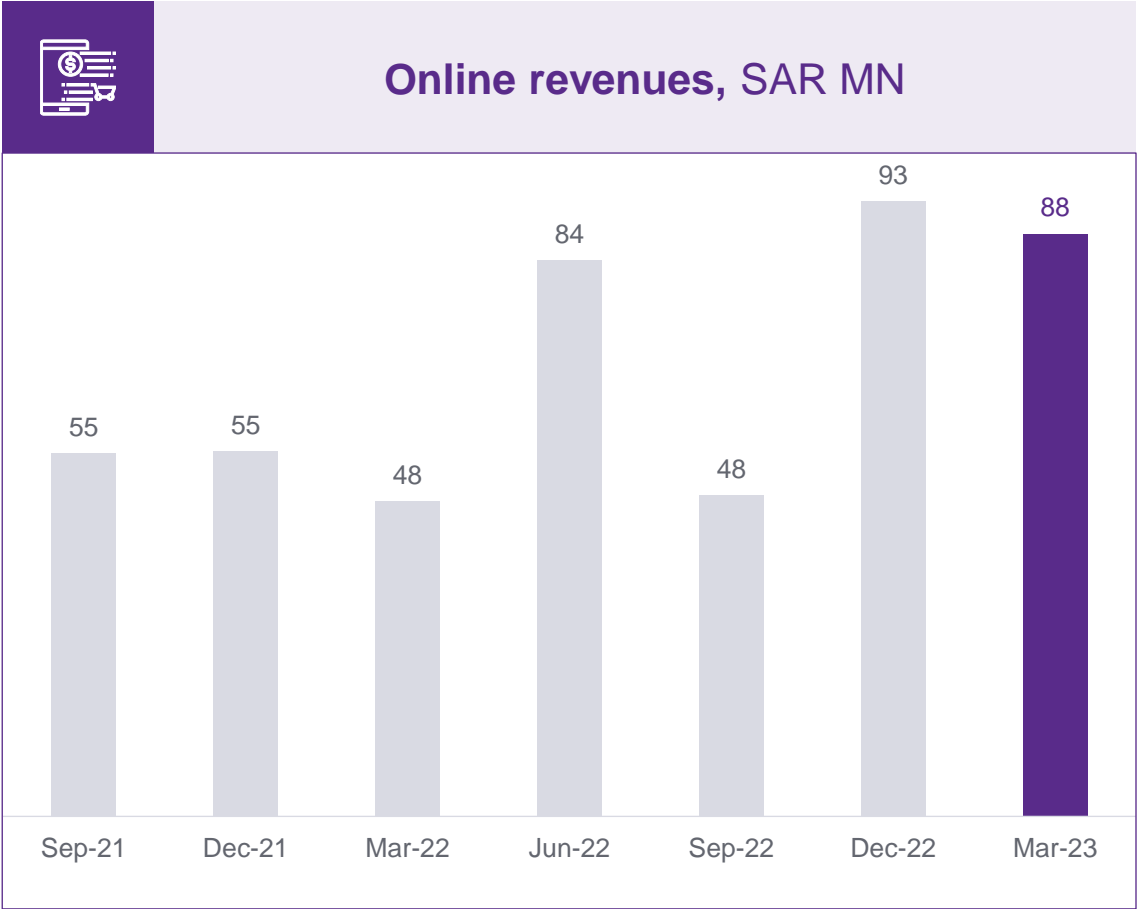


LFL International Retail growth %

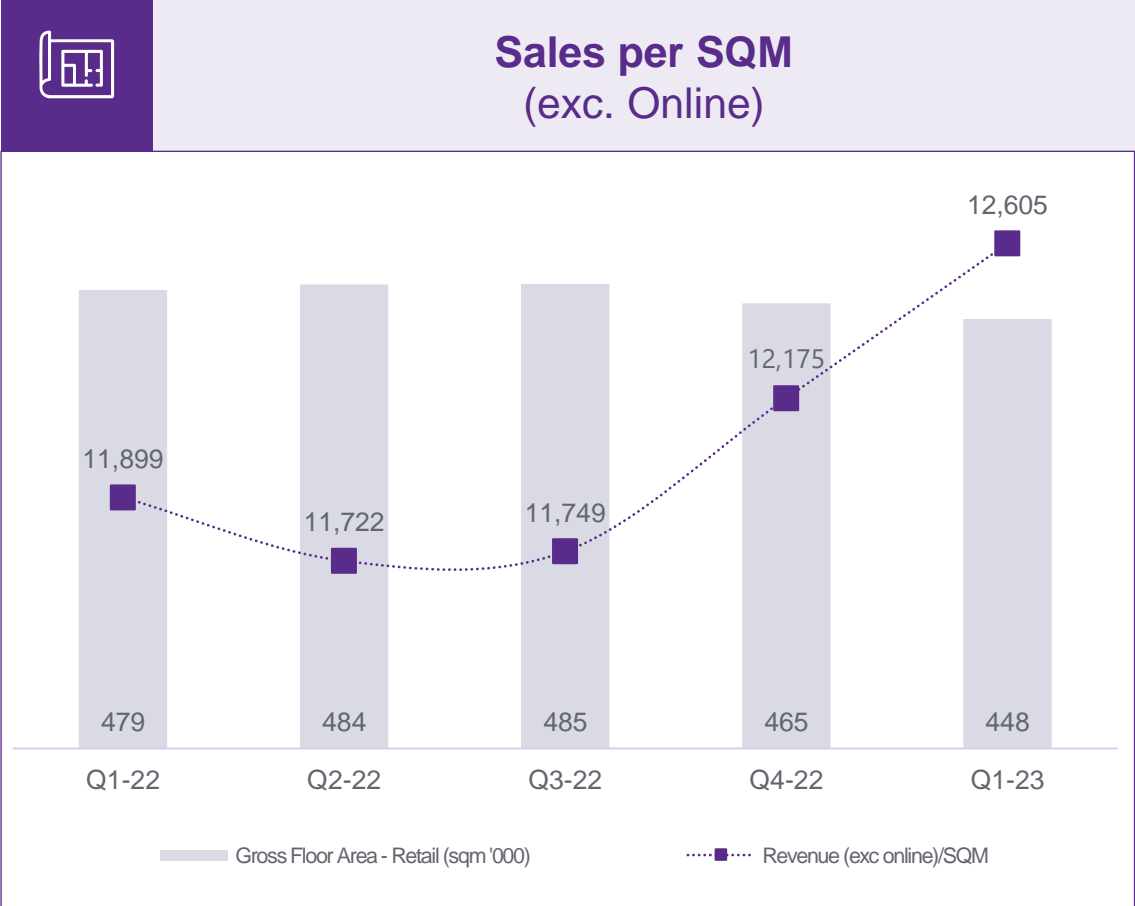
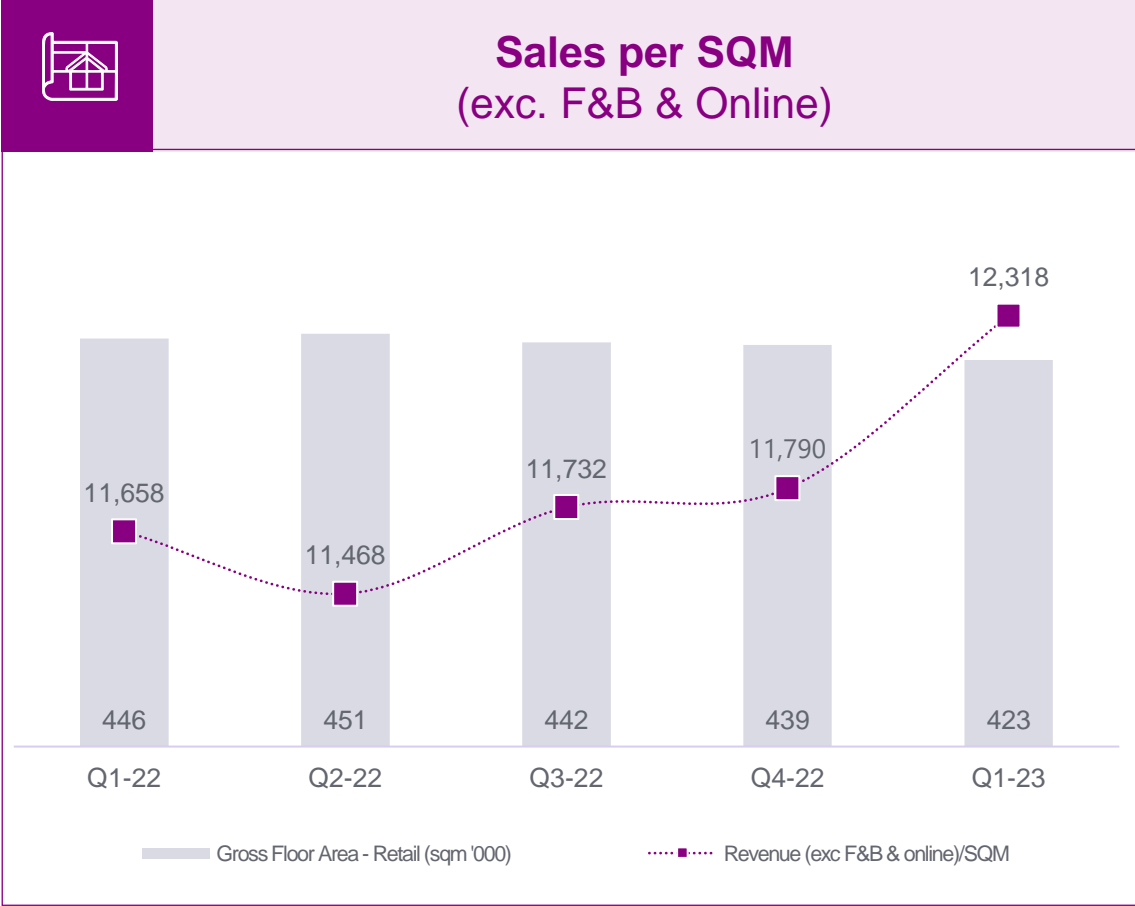
- International LFL revenues maintained positive trajectory, and accelerated during the quarter, with CIS countries demonstrating strong demand with a 46% YoY increase



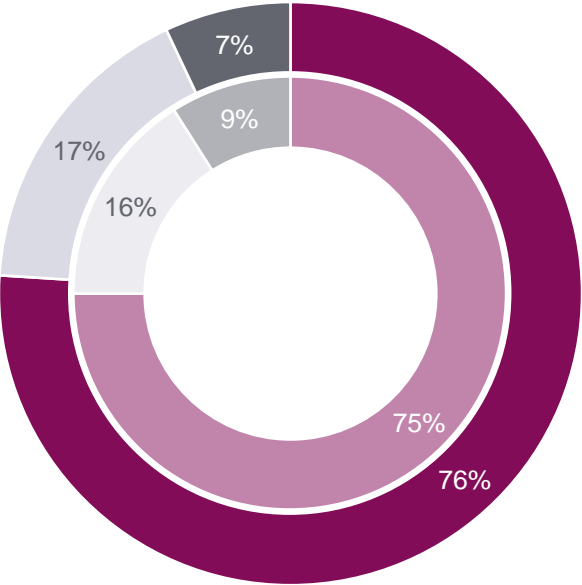
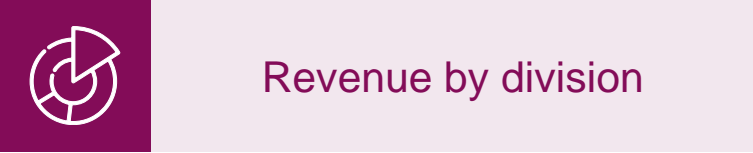
Online sales gaining traction:



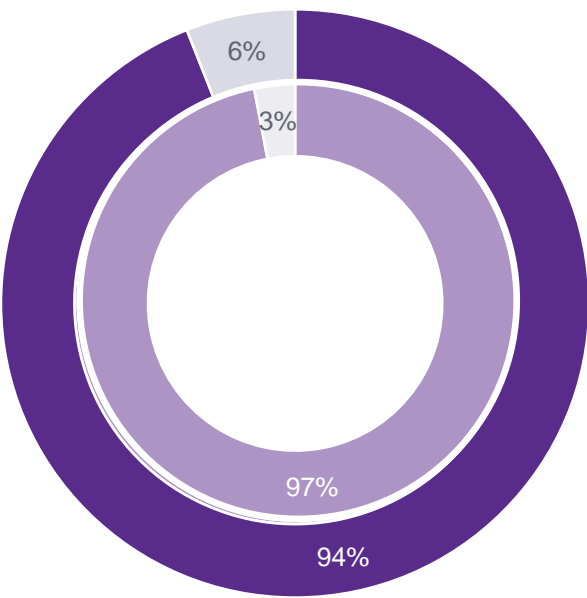
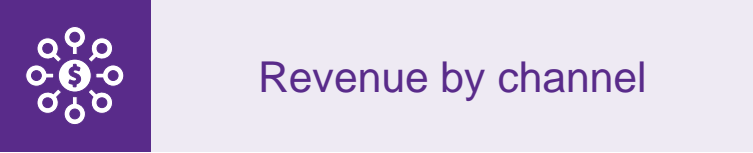
Gaining Momentum: Impact of Store Rationalization



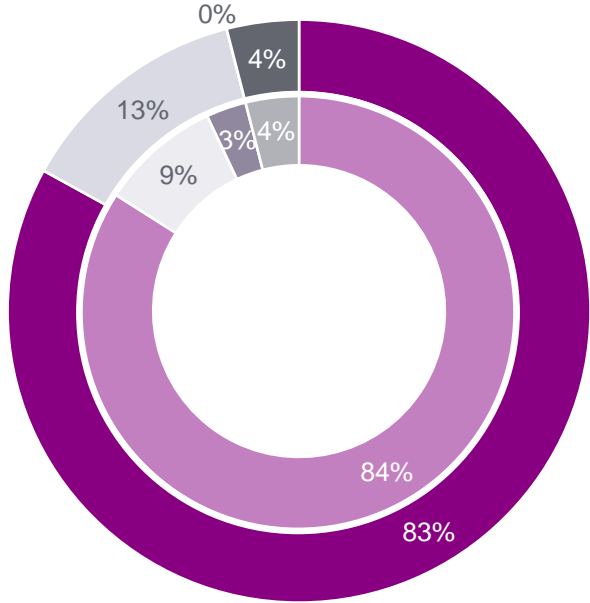
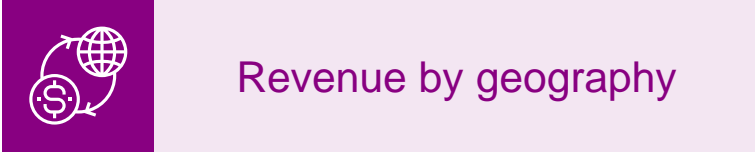
Revenue breakdown



■ KSA Retail ■ Int'l Retail ■ F&B



■ Stores ■ Online

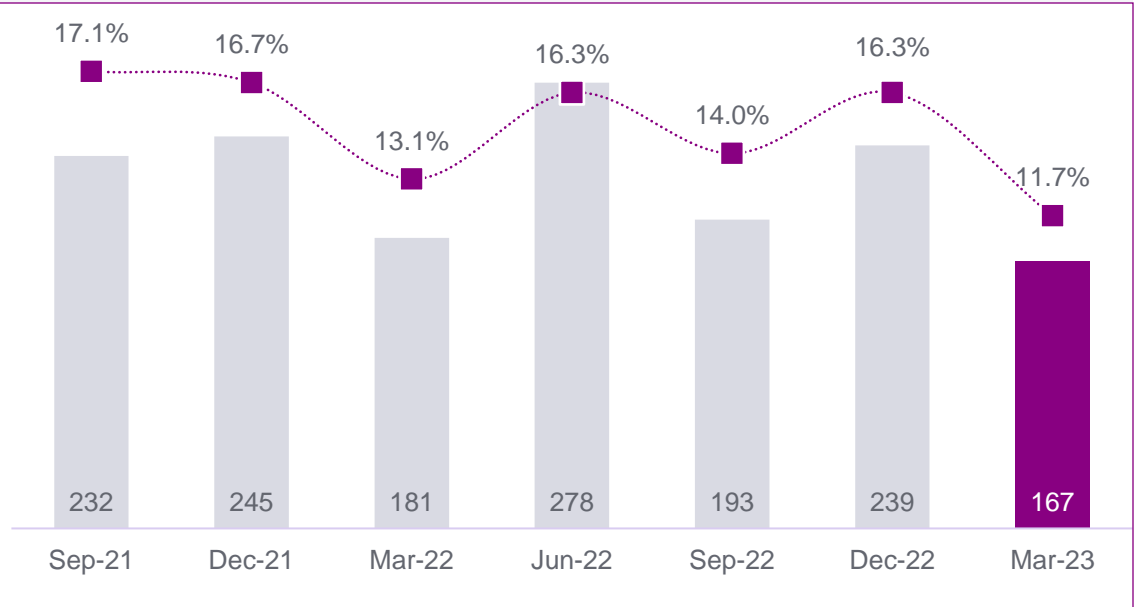


■ KSA ■ CIS ■ Egypt ■ Others

Decline in trading margins, exacerbated by F&B:

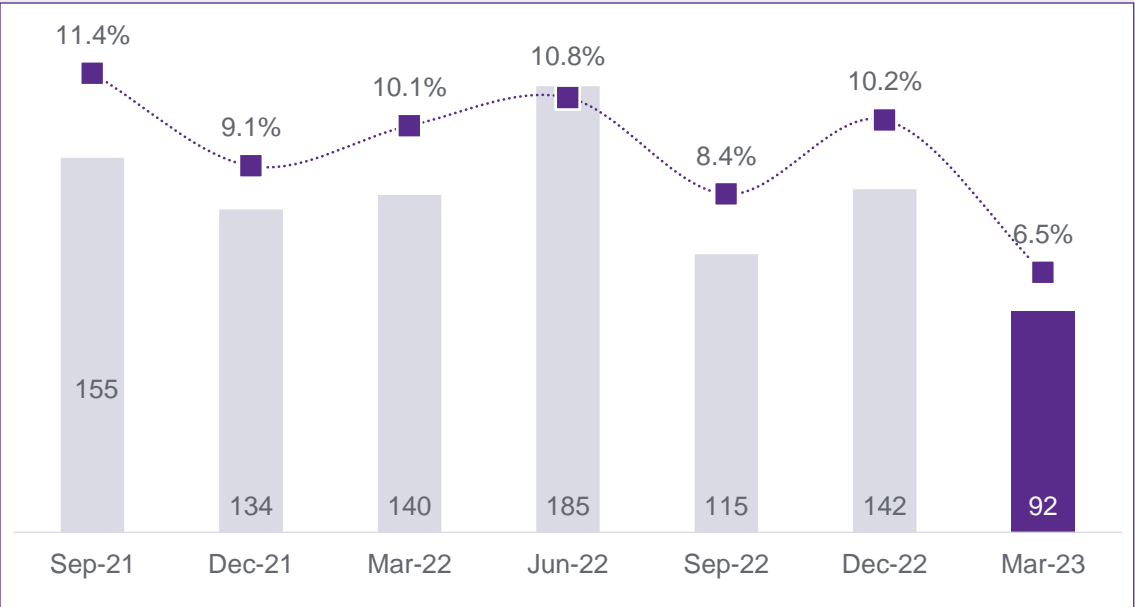
Gross Profit, SAR million – GPM, %

- Gross Profit Margin stood at 11.7% in Q1 2023 compared to 13.1% in Q1 2022 mainly influenced by a 4% y-o-y rise in the cost of goods sold



EBITDA, SAR million – EBITDA Margin, %

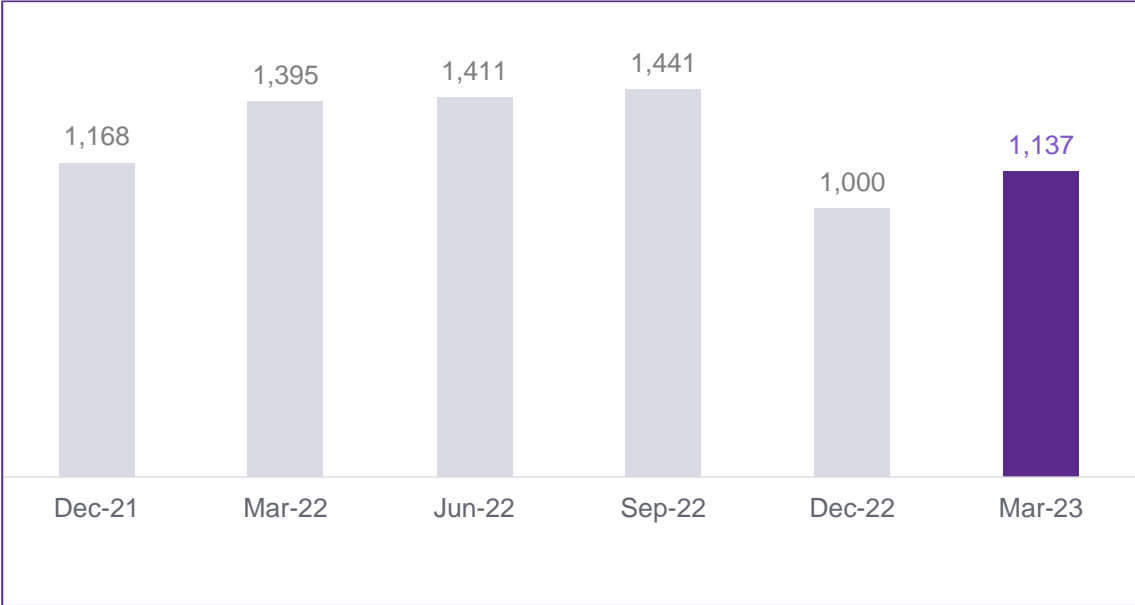
- EBITDA Margin dropped by 3.8pp in Q1 2023 compared to the same period last year mainly driven by a decrease in operating income



Strategic focus on inventory optimization:

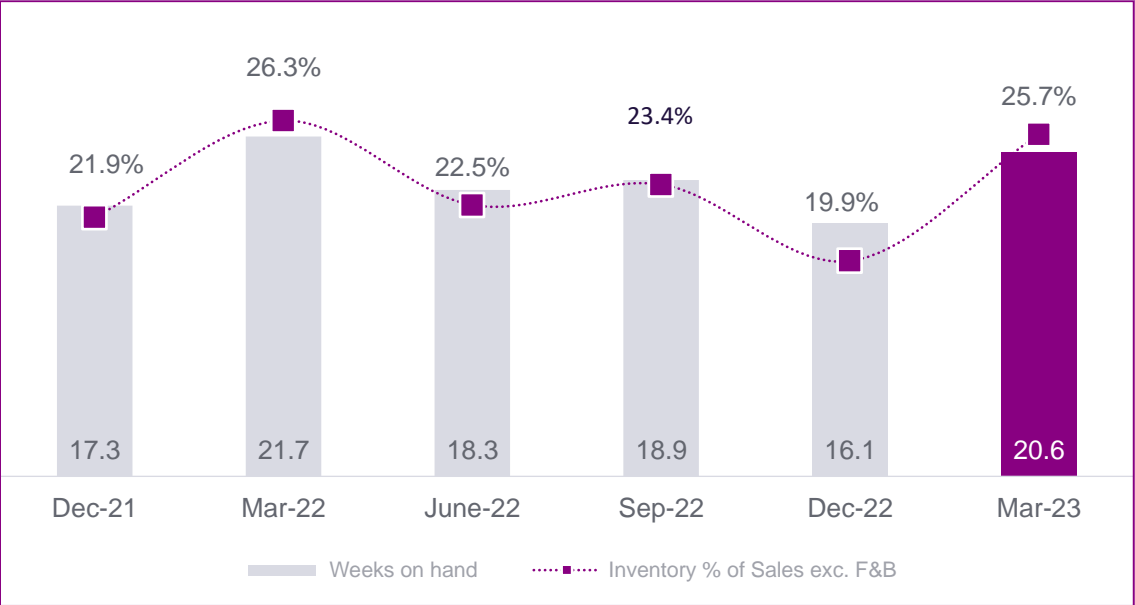
Inventory balance (SAR MN)

- Cenomi Retail continues to focus on inventory management to enhance liquidity and efficiency



Inventory efficiency ratios

- The increase in inventory levels in the quarter is attributable to the seasonality associated with the pre-Ramadan season stocking.



05

Appendix

Income Statement

SAR Million	31 March 2023	31 March 2022	% Change
Revenue	1,420.6	1,386.7	2.4%
Cost of Revenue	-1,253.7	-1,205.4	-4.0%
Gross Profit (Loss)	166.9	181.3	-8.0%
Gross Profit Margin	11.7%	13.1%	-1.3pp
Selling & Distribution Expenses	-52.5	-27.3	-92.5%
General & Administrative Expenses	-88.1	-56.8	-55.2%
Other Operating Expense	-7.2	-5.5	-30.5%
Depreciation and Amortization	-42.9	-38	-12.9%
Other Operating Income	72.7	50.3	44.5%
Operating Income (Loss)	48.9	104.1	-53.1%
Operating Income Margin	3.4%	7.5%	-4.1pp
Financial Charges	-87.1	-50.7	-71.9%
Impairment loss on goodwill	-	-70.5	100.0%
Share of loss of associates	-1.6	-11.7	86.2%
Profit (Loss) before Zakat & Tax	-39.8	-31.3	-27.4%
Zakat and Income Tax	-4.5	-13.3	66.5%
Net Profit (Loss) for the Period	-44.3	-44.6	0.7%
Net Profit Margin	-3.1%	-3.2%	0.1pp
Attributable to:			
Shareholders of the Company	-43.8	-40.8	-7.3%
Non-Controlling Interest	-0.5	-3.8	86.0%
Earnings per Share Basic and Diluted	-0.38	-0.36	-7.3%
EBITDA	91.7	142.0	-35.4%
EBITDA Margin	6.5%	10.2%	-3.8pp

Balance Sheet

SAR Million	31 Mar 2023	31 Dec 2022	% Change
-------------	-------------	-------------	----------

Assets			
Property, Plant and Equipment	1,344.4	1,324.3	1.5%
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	-2.2%
Equity-accounted investees	70.9	62.1	14.1%
Other investments	294.4	314.2	-6.3%
Derivative asset	33.0	35.1	-6.0%
Total Non-Current Assets	5,755.3	5,968.9	-3.6%
Inventories	1,137.2	1,000.3	13.7%
Advances, Deposits and Other Receivables	607.0	718.2	-15.5%
Prepayments, Rentals and Insurance	53.7	35.4	51.5%
Cash & Cash Equivalents	145.0	193.8	-25.2%
Total Current Assets	1,943.0	1,947.7	-0.2%
Total Assets	7,698.3	7,916.6	-2.8%

SAR Million	31 Mar 2023	31 Dec 2022	% Change
-------------	-------------	-------------	----------

Equity & Liabilities			
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	0.0%
Accumulated Losses	-336.0	-292.2	-15.0%
Equity Attributable to the Shareholders of the Company	313.0	373.5	-16.2%
Non-Controlling Interest	-93.2	-92.1	-1.1%
Total Equity	219.8	281.3	-21.9%
LT Loans and Borrowing	100.0	115.0	-13.0%
Lease Liabilities	2,540.0	2,734.5	-7.1%
Post-Employment Benefits	103.7	95.9	8.0%
Total Non-Current Liabilities	2,743.7	2,945.4	-6.8%
Trade and other payables	1,275.0	1,111.4	14.7%
Bank Overdraft	50.3	49.8	1.0%
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%
Total Current Liabilities	4,734.8	4,689.9	1.0%
Total Liabilities	7,478.5	7,635.3	-2.1%
Total Equity & Liabilities	7,698.3	7,916.6	-2.8%

Cenomi Retail Brand Portfolio – 67 Brands

Sports



DECATHLON

Multimedia



Lifestyle

flying tiger
copenhagen

Beauty



BOBBI BROWN

KIKO
MILANO

flormar

smashbox
LOS ANGELES



CENOMI
سينومي

F&B



CINABON



crêpeaffaire **SUBWAY**

Inditex & Zara

ZARA ZARA HOME



oysho

PULL&BEAR **lefties**

Bershka

Fashion



adL

ALDO
ACCESSORIES

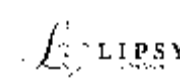
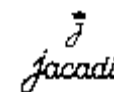
GERRY WEBER

CHARLES & KEITH **okaïdi** *la Senza*

PANÇO **bizou** **OXOXO** **IKKS**



FG
LONDON



PEDRO **LCwaikiki** **NEWYORKER** **MANGO**

MONSOON
Accessorize

QUIZ

Marie
FRANCC

women'ssecret



la Vie en Rose **NINE WEST** **PUBLIC DESIRE** **undiz** *Clarks*

TWIST **THE CHILDREN'S PLACE** **ZIDDY** **SPRINGFIELD**

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/>