

## CENOMI CENTERS DEMONSTRATES CONTINUED MOMENTUM IN Q1-23

- *Total revenue increased by 11.1% year-on-year to SAR 576.8 million in Q1-23*
- *Gross profit grew by 10.1% y-o-y to SAR 491.1 million and net profit grew by 125.8% to SAR 388.0 million*
- *EBITDA increased by 48.7% y-o-y to SAR 543.1 million*
- *Non-core asset sale program continues as planned, with the SAR 644.5 million land sale in Al Raed district recognized in the quarter*

**Riyadh, Saudi Arabia, 23 May 2023:** Cenomi Centers, the largest owner, operator and developer of shopping malls and complexes in the Kingdom of Saudi Arabia, posted its financial results for the three months ended 31 March 2023. The company experienced an excellent quarter, with total revenue of SAR 576.8 million, reflecting a 11.1% y-o-y increase from SAR 519.2 million reported in Q1-22.

During the period Cenomi Centers posted a net profit of SAR 388.0 million and a material growth in EBITDA of SAR 543.1 million, marking a notable year-on-year increase of 48.7% y-o-y. General & Administrative increased by 19.2% y-o-y to SAR 88.8 million accounting for the fund fees incurred on Jawharat Jeddah and Jawharat Riyadh, the company's two flagship developments, as well as an increase in marketing activity.

This quarter's robust performance was supported by the company's non-core asset sale program. In December 2022, Cenomi Centers auctioned 115,095 square meters of land in Riyadh, leading to the recognition of SAR 238.7 million in profits this quarter. SAR 875.0 million have already been realized and, in total, the sale program is expected to raise SAR 2 billion.

Visitor footfall reached 29.4 million during the period, increasing 47.4% y-o-y and 8.3% q-o-q. During the quarter, the occupancy rate at Cenomi Centers decreased 1.8% y-o-y on a like-for-like basis to 92.3%. This was due to the company actively rotating tenants, to optimize its category mix and effectively meet the changing demands of the new Saudi consumer.

**Alison Rehill-Erguven, CEO, Cenomi Centers, commented:** "Cenomi Centers has had an excellent quarter, reinforcing the company's position as the leading player in the contemporary lifestyle centers industry. In this past quarter we saw visitor footfall increase to 29.4 million, one of the highest numbers we have seen and an incredible feat for Q1. This has resulted in the company achieving robust financial performance, including a strong total revenue of SAR 576.8 million, gross profit of SAR 491.1 million and gross profit margin of 85.2%. Furthermore, the company recorded a net profit of SAR 388.0 million, with a solid net profit margin of 67.3%.

"Cenomi Centers will continue with its non-core asset sale program, an important tool to further strengthen our balance sheet and liquidity position. We are dedicated to advancing our customer-first approach and ensuring that we provide the utmost contemporary lifestyle centers experience in Saudi Arabia.

We have an exciting growth pipeline which will add 50% to our GLA and will deliver state of the art, first of their kind lifestyle destinations to the Kingdom. We are seeing very positive construction progress on our flagship assets Jawharat Riyadh and Jawharat Jeddah, while Jeddah Walk is almost complete with fit-out activity ramping up."

## Business highlights

The company continues with its non-core asset sale program, which is expected to complete within 12 months and raise a total of SAR 2 billion. In the reported period, SAR 644.5 million was recognized as sales proceeds with a SAR 238.7 million profit for the 115,095 square meters of the Al Raed district land. After completion of the infrastructure works, Phase one of the Qassim land sale is expected in the coming months, with Phases two and three to follow later in the year.

Following a comprehensive assessment of its asset portfolio, Cenomi Centers' management determined that Madinah Walk is no longer aligned with its investment criteria. Nonetheless, management reaffirmed Cenomi Centers' unwavering commitment to Madinah and is actively seeking the right asset to develop. The company is also assessing opportunities in other areas of Saudi Arabia that meet its development criteria, including advanced conversations in Tabuk, an up-and-coming area and the gateway to the touristic attractions in the northwest of the kingdom.

During the period, the company also saw the launch of Cenomi Rewards, the first exclusive membership and loyalty program for Cenomi consumers, offering personalized deals and discounts, at all Cenomi shopping centers and participating brands. In-mall activations took place at all locations and all participating brand stores joined the launch.

## Operational highlights

During the period, Cenomi Centers onboarded 72 brands of which 38 brands are new to Cenomi's portfolio. Furthermore, the company renewed 413 contracts during the period. The Gross Leasable Area (GLA) mix was 63% retail and 37% non-retail (including entertainment, F&B and others). During the quarter, the occupancy rate at Cenomi Centers decreased 1.8% y-o-y like for like to 92.3%. This was due to the company actively rotating tenants and enhancing category mix to better serve the evolving needs of our customers.

Key Operational Metrics	Q1 2023	Q1 2022	% Change
<b>Total GLA (Mn SQM)</b>	1.3	1.3	-
<b>Period-end Occupancy Rate (LFL)</b>	92.3%	94.1%	-1.8%
<b>Footfall (Mn)</b>	29.4	19.9	47.4%

## Financial highlights

During the first quarter of Q1 2023, revenue grew by 11.1% y-o-y to SAR 576.8 million, mainly driven by an increase in net rental revenue, and secondarily, by an increase in media sales, which expanded by 5.6% y-o-y. The overall revenue increase was partially offset by a 32.2% y-o-y decline in utilities & other revenue.

Operating profit also witnessed a 65.8% increase this quarter compared to the same period last year to SAR 490.1 million. This was mainly driven by a significant increase in other operating income, which grew to SAR 267.9 million during Q1-23, mainly in relation to the profit realization on the non-core asset sale program.

The net profit for Q1-23 showed an increase of 125.8% to SAR 388.0 million compared to the same quarter in 2022 despite the fair value adjustment, which showed a SAR 90 million gain in fair valuation offset by the charges arising

from the termination of the Madina project, resulting in a total loss of SAR 51.7 million, a 30.2% decrease y-o-y. Net profit growth was primarily driven by a 11.1% increase in overall revenues, a 10.1% increase in gross profit, increase in other operating income and a significant decrease of 34.8% in finance costs over lease liabilities.

During Q1-23, Cenomi Centers achieved a robust EBITDA of SAR 543.1 million, marking a year-on-year increase of 48.7%, and EBITDA margin for Q1-23 of 94.2%, reflecting the impact of the non-core asset sale program, which recognized SAR 644.5 million leading to SAR 238.7 million profit in the period.

## Income Statement

Income Statement (SAR Mn)	Q1-2023	Q1-2022	% Change
<b>Total Revenue</b>	<b>576.8</b>	<b>519.2</b>	<b>11.1%</b>
<i>Cost of Revenue</i>	<i>(85.6)</i>	<i>(73.1)</i>	17.1%
<b>Gross Profit</b>	<b>491.1</b>	<b>446.1</b>	<b>10.1%</b>
<i>Gross Profit Margin</i>	85.2%	85.9%	-0.9%
<i>Other Operating Income</i>	267.9	20.0	1238.2%
<i>Net Fair Value Gain (loss) on Investment Properties</i>	<i>(51.7)</i>	<i>(74.1)</i>	-30.2%
<i>Advertisement and Promotion Expenses</i>	<i>(13.8)</i>	<i>(9.6)</i>	42.9%
<i>General &amp; Administrative Expenses</i>	<i>(88.8)</i>	<i>(74.5)</i>	19.2%
<i>Impairment Loss on Accounts Receivable and Accrued Revenue Rentals</i>	<i>(114.6)</i>	16.9	-779.3%
<i>Other Expenses</i>	-	<i>(29.1)</i>	-100.0%
<b>Operating Profit</b>	<b>490.1</b>	<b>295.6</b>	<b>65.8%</b>
<i>Finance Costs Over Loans and Borrowings</i>	<i>(60.3)</i>	<i>(40.8)</i>	47.9%
<i>Finance Costs Over Lease Liabilities</i>	<i>(26.4)</i>	<i>(40.5)</i>	-34.8%
<b>Net Finance Costs</b>	<b>(86.8)</b>	<b>(81.3)</b>	<b>6.7%</b>
<i>Share of Loss of Equity-Accounted Investee</i>	<i>(2.9)</i>	<i>(11.0)</i>	-73.3%
<b>Profit Before Zakat</b>	<b>400.4</b>	<b>203.3</b>	<b>97.0%</b>
<i>Zakat Charge</i>	<i>(12.4)</i>	<i>(31.4)</i>	-60.6%
<b>Net Profit</b>	<b>388.0</b>	<b>171.9</b>	<b>125.8%</b>
<i>Net Profit Margin</i>	67.3%	33.1%	103.2%

## Balance sheet

Balance Sheet (SAR Mn)	31 Mar 2023	31 Dec 2022	% Change
<i>Investment properties</i>	23,739.6	23,075.7	2.9%
<i>Property and equipment</i>	62.1	63.4	-2.1%
<i>Accrued revenue – non-current portion</i>	168.1	182.4	-7.8%
<i>Investment in equity accounted investee and others</i>	72.6	64.9	11.9%
<i>Other non-current assets</i>	24.4	24.8	-1.6%
<b>Non-current assets</b>	<b>24,066.8</b>	<b>23,411.2</b>	<b>2.8%</b>
<i>Development properties</i>	350.9	345.7	1.5%
<i>Accrued revenue</i>	84.1	91.2	-7.8%
<i>Accounts receivable</i>	376.6	388.2	-3.0%
<i>Amounts due from related parties</i>	430.2	417.8	3.0%
<i>Prepayments and other assets</i>	229.2	206.4	11.0%
<i>Short-term bank deposit</i>	28.8	-	100%
<i>Cash and cash equivalents</i>	839.0	610.4	37.4%
<i>Assets held for sale</i>	-	405.9	-100.0%
<b>Current Assets</b>	<b>2,338.7</b>	<b>2,465.6</b>	<b>-5.1%</b>
<b>Total Asset</b>	<b>26,405.5</b>	<b>25,876.9</b>	<b>2.0%</b>
<i>Loans and borrowings</i>	7,636.0	7,433.7	2.7%
<i>Lease liabilities</i>	2,326.7	2,383.7	-2.4%
<i>Employee benefits</i>	29.8	28.5	4.7%
<i>Other non-current liabilities</i>	58.2	47.6	22.4%
<b>Non-current liabilities</b>	<b>10,050.7</b>	<b>9,893.4</b>	<b>1.6%</b>
<i>Loans and borrowings</i>	903.3	903.3	0.0%
<i>Lease liabilities – current portion</i>	307.4	255.6	20.3%
<i>Accounts payable and other liabilities</i>	646.8	459.3	40.8%
<i>Amount due to related parties</i>	22.2	6.3	249.7%
<i>Unearned revenue</i>	319.2	239.1	33.5%
<i>Zakat liabilities</i>	55.5	51.2	8.3%
<b>Current liabilities</b>	<b>2,254.4</b>	<b>1,914.8</b>	<b>17.7%</b>
<b>Total Liabilities</b>	<b>12,305.1</b>	<b>11,808.3</b>	<b>4.2%</b>
Total Equity	14,100.4	14,068.6	0.2%
<b>Total Liabilities and Equity</b>	<b>26,405.5</b>	<b>25,876.9</b>	<b>2.0%</b>

## Summary of statement of cash flows

Cash Flows (SAR Mn)	31 Mar 2023	31 Mar 2022
<b>Net cash flow from operating activities</b>	<b>405.2</b>	<b>463.7</b>
<b>Net cash from (used in) investing activities</b>	<b>5.5</b>	<b>(370.5)</b>
<b>Net cash used in financing activities</b>	<b>(182.2)</b>	<b>(199.2)</b>
<b>Fund from operations</b>	<b>340.5</b>	<b>104.3</b>
<b>Fund from operations margin</b>	<b>59.0%</b>	<b>20.1%</b>

### **Discussions with Cenomi Retail**

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 Centers**

Cenomi Centers is the leading owner, operator and developer of contemporary lifestyle centers in Saudi Arabia. For over a decade, the company has provided customers with a complete range of high-quality lifestyle centers up to international standards, located in the most attractive areas of the country to satisfy all shopping needs and market requirements. Today, Cenomi Centers has a portfolio of 21 assets, with more than 4,900 stores strategically located in 10 major Saudi cities. The Company's developments include several iconic lifestyle centers, such as Mall of Arabia Jeddah, Mall of Dhahran, and Nakheel Mall Riyadh – which was recognized at the Arab Luxury World Forum in 2017 as being consumers' favorite shopping mall in Riyadh. With a total GLA of nearly 1.34 million square meters, the company's malls provide Saudi shoppers with their preferred point of access to the full range of international, regional and local retail brands. For more information about Cenomi Centers, please visit [www.cenomicenters.com](http://www.cenomicenters.com)

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