

CENOMI RETAIL REPORTS IMPROVED PERFORMANCE IN 2024, LAYING THE FOUNDATION FOR STRONGER GROWTH IN 2025, DRIVEN BY ENHANCED OPERATIONAL EFFICIENCIES AND ELEVATED TIER 1 CHAMPION BRANDS' PERFORMANCE

- Strategy implementation continues to deliver strong results, with EBITDA in FY-24 growing exponentially YoY to reach SAR 469 million, despite the impact of the brand optimization program
- Saudi retail revenues witnessed solid growth of 9.1% YoY in Q4-24, driven by strategic initiatives to enhance customers' retail experience
- International portfolio sustained its strong momentum, delivering revenue growth of 36.7% YoY in Q4-24, and 26.5% YoY in FY-24
- New store openings for Tier 1 Champion brands accounted for 8.5% of total revenue, contributing to the overall 3.7% YoY revenue growth in FY-24
- Focus remains on deleveraging the balance sheet, with total payment of SAR 664 million and net debt reduction of 31.6% YoY in FY-24
- Net Loss improved from SAR 1.1 billion in FY-23 to SAR 197 million in FY-24

Riyadh, Saudi Arabia, 27 March 2025: Cenomi Retail, the Kingdom of Saudi Arabia's pioneering retail brand partner, today announced its financial results for the fourth quarter and full year ending 31 December 2024 (Q4-24 and FY-24), with a robust revenue growth of 14.3% YoY in Q4-24, and a significant turnaround in EBITDA to SAR 110 million, compared to a negative EBITDA of SAR 445 million.

Meanwhile, for FY-24, revenues increased 3.7% YoY to SAR 4.8 billion, and the Company improved its negative EBITDA from SAR 115 million in FY-23 to SAR 469 million **positive** EBITDA in FY-24 and substantially reduced its net loss from SAR 1.1 billion to SAR 197 million reflecting a significant improvement in operational efficiency and profitability.

Cenomi Retail continues to progress in terms of its strategy, through focusing on operational excellence and efficiency, while targeting selected store openings and renovations for Tier 1 Champion brands.

Salim Fakhouri, Chief Executive Officer at Cenomi Retail, commented: "As we reflect on Cenomi Retail's performance in 2024, I am proud that our strategy is progressing in the right direction. Our main focus has been on enhancing operational efficiencies across every retail category we operate in, which has resulted in strong financial results, with revenue growing 3.7% YoY in 2024, to SAR 4.8 billion, and EBITDA turning positive to SAR 469 million, and net loss declining to SAR 197 million. This is indeed positioning us for the next phase of growth and development in 2025, with our brand optimization program underway.

At the heart of our strategic direction is our commitment to transforming the retail experience for our customers across our existing markets. Despite the impact of geopolitical events in Q1-24, we maintained operational profitability, with EBITDA of SAR 110 million in Q4-24, and steadily improving our margins throughout the year. We also continued to enhance our inventory management, reaching an inventory shrinkage percentage averaging 0.75% of revenues, compared to the global benchmark that ranges from 1.38% to 1.62%*.

We continued to deleverage our balance sheet, with payment of SAR 664 million and net debt reduction of 31.6 % YoY in FY-24 while implementing our cost optimization strategy across our business divisions.

The grand reopening of our flagship ZARA store at Nakheel Mall in Riyadh demonstrates this vision, by seamlessly blending physical and digital retail to create an unparalleled shopping journey and enabling us to achieve a 40% YoY increase in store revenues in December 2024. Combining this with proactive marketing initiatives, including leveraging 'White Friday' and 'Pay Day,' has helped support the growth of Saudi retail revenues in Q4 by 23.9% QoQ and 9.1% YoY.

Furthermore, our international expansion strategy has been instrumental to our success, with revenues rising 36.7% YoY in Q4 and 26.5% YoY for the year. By strategically repositioning our Tier 1 Champion brands in high-potential markets like Azerbaijan and Georgia, we have not only achieved strong growth rates but are also establishing Cenomi Retail as a pioneer in bringing innovative retail concepts to a number of emerging markets.

Looking ahead, the Company remains well-positioned to capitalize on the digital transformation of the retail sector. In December 2024, Cenomi Retail expanded its reach to a new audience by launching four Inditex brands on Trendyol. Our brand optimization strategy is on track, with a strong focus on Tier 1 Champion brands, and as we move forward, we remain focused on innovation, operational excellence, and creating sustainable value for all stakeholders, as we continue to redefine the future of retail within the Kingdom and beyond."

**Source: Independent third party*

Financial highlights

SAR million	Q4-23	Q4-24	Change	FY-23	FY-24	Change
Revenues	1,155	1,320	14.3%	4,671	4,845	3.7%
EBITDA	-445	110	-124.7%	-115	469	-506.1%
EBITDA Margin	-38.5%	8.3%	46.8pp	-2.5%	9.7%	12.1pp
Net loss	-1,024	-149	-85.4%	-1,113	-197	-82.3%
Net margin	-88.6%	-11.3%	77.3pp	-23.8%	-4.1%	19.7pp
Net debt				2,319	1,586	-31.6%
Net debt/EBITDA				-20.1x	3.4x	-

Revenue Analysis

Cenomi Retail reported consolidated revenues of SAR 1.3 billion in Q4-24, increasing 14.3% YoY, and SAR 4.8 billion in FY-24, increasing 3.7% YoY, supported by the Company's focus on enhancing operational efficiencies across every retail category, in addition to its brand optimization program. Cenomi Retail reduced its net loss during the fourth quarter, from SAR 1 billion to SAR 149 million, and from SAR 1.1 billion to SAR 197 million in FY-24.

Saudi retail revenues reached SAR 836 million in Q4-24, increasing 9.1% YoY, due to a number of strategic measures adopted by the Company, that are targeted at enhancing customers' retail experience and boosting performance (such as "White Friday" and "Pay Day"). Furthermore, the grand reopening of the largest ZARA store in the Kingdom of Saudi Arabia, in Nakheel Mall, following a major renovation, has largely supported this performance, enabling the Company to achieve a 40% YoY increase in store revenues in December 2024.

Meanwhile, for FY-24, revenues amounted to SAR 3.2 billion, decreasing 1.7% YoY, due to the brand optimization program.

International retail operations reported revenues of SAR 407 million in Q4-24, up 36.7% YoY, and SAR 1.3 billion in FY-24, up 26.5% YoY. This was essentially due to the continued robust performance, particularly in Azerbaijan (+37.6% YoY in Q4 and +26.6% YoY in FY-24) and Georgia (+24.0% YoY in Q4 and +26.8% YoY in FY-24), while Uzbekistan outperformed, achieving revenues of SAR 132 million in FY-24. During the year, Cenomi Retail continued to strategically invest in CIS markets, with promising underlying economic fundamentals. The Company's international strategy also includes a combination of new store openings in prime locations and renovations to current stores, in addition to new online stores, whilst continuing to focus on introducing new and innovative concepts to the market.

F&B segment generated revenues of SAR 77 million in Q4-24, down 15.1% YoY, and SAR 328 million in FY-24, down 13.5% YoY, with total number of 35 nonperforming stores closed in FY-24. Cenomi Retail set a new world record with the opening of 12 new Subway branches on the same day in KSA in October and 14 new stores on the same day in December, featuring a mix of cloud kitchens, traditional and non-traditional restaurants. The total number of Subway stores owned currently stands at 61 with sub franchise stores amounting to 164 as sub franchise. Supported by these new openings, Subway revenues are expected to improve in 2025. In Q4-24, Subway LFL revenues grew 5.1% YoY, and the opening of 47 new stores resulted in an increase in Subway revenues by 75.6% YoY.

Online sales amounted to SAR 107 million in Q4-24, an increase of 4.5% YoY and SAR 363 million in FY-24, a decline of 2.9% YoY. ZARA & Inditex online sales witnessed an increase of 27.8% YoY in Q4-24 and an increase of 6.6% YoY in FY-24.

The contribution of online revenue (including F&B) to total revenue has decreased from 8.8% to 8.1% in Q4-24, and from 8.0% to 7.5% in FY-24, impacted temporarily by the brand optimization program.

Bottom Line Analysis

Gross Profit reached SAR 207 million in Q4-24, a substantial rise of 101.9% YoY, and SAR 632 million in FY-24, an increase of 5.8% YoY. This translated to an improvement in the gross profit margin from 8.9% to 15.7% in Q4-24 and for FY-24, the margin improved from 12.8% to 13.0%.

- **Gross Margin** in **Q4-24** grew 6.8pp YoY from 8.9% to 15.7%, offsetting the impact of geopolitical events on the topline in Q1-24, the company realized this increase due to increased sales in addition to cost optimization program as well as the brand optimization program implementation. In addition to a **decrease** in inventory provision by 77.8%, A decrease in employees' salaries & benefits by 9.3%, as well as rent expenses by 12.5%, as a result of the cost reduction strategy implementation.
- **Gross Margin** in **FY-24** increased by 0.2pp YoY from 12.8% to 13.0%, as a result of improved sales offsetting the impact of the geopolitical events in Q1-24. The company continued its cost optimization program in addition to its brand optimization program, achieving a **decrease** in inventory provision by 62.9%, because of enhanced inventory management, with employees' salaries & benefits decreasing by 7.5% and rent expenses decreasing by 7.6%.

Selling, General and Administrative expenses (SG&A) amounted to SAR 92 million in Q4-24, a substantial 51.1% YoY decline, and SAR 407 million in FY-24, a 23.2% YoY decline. This performance is driven by Cenomi Retail's commitment on cost rationalization and operational efficiencies, in addition to a number of store closures, which is aligned to the company's brand optimization strategy.

EBITDA turned positive in Q4-24, amounting to SAR 110 million versus negative EBITDA of SAR 445 million in Q4-23, and reached SAR 469 million in FY-24 compared to negative EBITDA of SAR 115 million in FY-23. EBITDA margin improved from -38.5% to 8.3% in Q4-24 and increased from -2.5% to 9.7% in FY-24, as a result of the sustained improvement in the operational performance, and the company's continued commitment on cost optimization.

Reduction in net loss from SAR 1 billion to SAR 149 million in Q4-24, which mainly driven by accounting adjustment of SAR 141 million yearend adjustment as per IFRS standards, goodwill and other assets were assessed independently and impaired.

For FY-24, the company reduced its net loss from SAR 1.1 billion to SAR 197 million.

Net Debt declined 31.6% YoY with SAR 664 million debt payment, decreasing the total debt from SAR 2.5 billion to SAR 1.6 billion, as the company remains committed to fulfilling debt obligations, to reinforce its financial position through deleveraging. Meanwhile, **finance charges** decreased 4.2% YoY in FY-24, to reach SAR 298 million.

Operational highlights

Cenomi Retail closed 7 retail stores in Q4-24, bringing the total to 558 store closures for FY-24, with KSA retail accounting for 5 of the store closures in Q4 and 486 in FY-24. In line with the brand optimization program, the number of retail stores in the Kingdom at the end of the period stood at 360. In F&B, 35 outlets were opened in Q4-24, and 10 were closed. For FY-24, 52 outlets were opened and 35 were closed.

In total, Cenomi Retail opened 45 stores in Q4-24 and closed 17, for a net opening of 28 stores. Of these closures, all stores closed in Q4-24 were the result of natural business attrition, while there were no stores linked to the sale of brands.

For FY-24, store openings amounted to 93, with 558 closures, for a net closure of 465 stores. 69 stores were closed as a result of natural business attrition, while 396 stores were linked to the sale of brands.

Operating Metrics

Retail store count	Q4-23	Q4-24
Beginning of period		
Retail - Saudi Arabia	823	356
Retail - International	266	250
Opened		
Retail - Saudi Arabia	9	9
Retail - International	11	1
Closed		
Retail - Saudi Arabia	-8	-5
Retail - International	-10	-2
End of period		
Retail - Saudi Arabia	824	360
Retail - International	267	249
Total	1,091	609

F&B store count	Q4-23	Q4-24
Beginning of period	251	246
Opened	17	35
Closed	-14	-10
End of Period	254	271

Year in Review - Focus on Operational Efficiencies

In 2024, the contribution of new stores to group revenues grew by 8.5% YoY in FY-24, backed by a total of 41 store openings in Retail and 52 store openings in F&B, which is aligned to our continued focus on renovating and launching new stores for Tier 1 Champion brands in prime locations.

The Company is making targeted investments that are aimed at driving the growth of Tier 1 Champion brands both within the Kingdom and internationally. In this regard, Cenomi Retail rolled out a number of initiatives to enhance customers' retail experience and boost performance.

With the continued progress on the brand optimization program, Cenomi Retail successfully completed the sale of 24 brands in 2024.

Furthermore, Cenomi Retail set a new world record with the opening of 12 new Subway branches on the same day in KSA in October and 14 new stores on the same day in December, featuring a mix of cloud kitchens, traditional and non-traditional restaurants. The total number of stores owned currently stands at 61, and, supported by these new openings, Subway revenues are expected to improve. **In 2024, LFL sales for Subway witnessed an increase of 4.3% YoY in Q4-24 and 5.1% YoY in FY-24. The opening of 47 new stores resulted in an increase in Subway revenues by 75.6% YoY.**

During 2024, we launched operations in Uzbekistan, with 7 stores for ZARA & Inditex and new store openings in Azerbaijan for 7 Zara & Inditex stores, thus reinforcing the performance of the international portfolio. **LFL sales for the international portfolio grew by 11.8% YoY in Q4-24 and 6.0% YoY in FY-24.**

In December 2024, Cenomi Retail introduced four Inditex brands on Trendyol, expanding its reach to a new audience.

Solid steps continue to be taken towards the brand optimization strategy

During Q1-24:

- Cenomi Retail finalized the sale of 16 brands (franchise rights) to Al Othaim Fashion Company, with a capital gain of SAR 35 million.
- Signed a variation agreement to the share purchase agreement previously signed with Al Othaim Fashion Company to add five additional brands to the sale.

During Q2-24:

- Sales proceeds from Aldo, Aldo Accessories and La Vie en Rose (franchise rights) were received, with a capital gain of SAR 131 million.

During Q3-24:

- Charles & Keith, Pedro, Estee Lauder and Nine West were sold to Apparel Group and Call it Spring was sold to Al Othaim Fashion Company, resulting in estimated sales proceeds of SAR 47 million plus inventory, covering 72 stores in Saudi Arabia.

During Q4-24:

- Actual full-year inventory shrinkage amounted to 0.75% of sales, based on 1,216 physical counts across both store and non-store locations, with store-level physical counts conducted twice annually
- As per year end audit requirements (IFRS standards), goodwill and other assets were assessed independently and impaired

Medium-Term Outlook

The execution of the strategy will transition Cenomi Retail from Phase 1, which was focused on the brand optimization program ("Fix the House") towards Phase 2 ("Embark on Growth") from 2026. Phase 2 will witness investments to scale existing brands across several markets, identifying white space opportunities and securing new franchises in key markets.

The Company's strategy for 2025 will focus on targeted store openings for Tier 1 Champion brands and renovations for high footfall fashion stores in prime locations. Meanwhile, the successful OPEX optimization program will result in annualized savings.

With a 31.6% YoY reduction in net debt, Cenomi Retail reaffirms **its commitment to further deleveraging the balance sheet.**

Income Statement

	Q4-23	Q4-24	Change	FY-23	FY-24	Change
SAR million						
Revenue	1,155	1,320	14%	4,671	4,845	4%
Cost of revenue	-1,052	-1,114	6%	-4,075	-4,213	3%
Gross profit/(loss)	102	207	102%	597	632	6%
<i>Margin</i>	<i>8.9%</i>	<i>15.7%</i>	<i>6.8pp</i>	<i>12.8%</i>	<i>13.0%</i>	<i>0.3pp</i>
Selling and distribution expenses	-36	-32	-10%	-147	-125	-15%
General and administrative expenses	-152	-60	-61%	-383	-281	-27%
Other operating expense	-323	-34	-90%	-332	-35	-90%
Other operating income	-37	28	-177%	151	279	85%
EBITDA	-445	110	-125%	-115	469	-507%
<i>Margin</i>	<i>-38.5%</i>	<i>8.4%</i>	<i>46.8pp</i>	<i>-2.5%</i>	<i>9.7%</i>	<i>12.1pp</i>
Goodwill Impairments	-370	-95	-74%	-370	-95	-74%
Depreciation, amortization	-36	-43	19%	-136	-136	0%
Operating profit / (loss)	-851	-27	-97%	-622	237	-138%
Net finance costs	-63	-69	10%	-311	-298	-4.2%
Change in fair value of other investment	-33	0	-100%	-33	0	-100%
Share of loss of equity-accounted investees	-3	-19	507%	-10	-24	132%
Profit / (loss) before zakat and income tax	-950	-115	-88%	-976	-85	-91%
Zakat and Income tax expense	-18	-22	23%	-49	-61	24%
Loss for the year from continuing operations	-967	-137	-86%	-1,025	-145	-86%
Gain (Loss) for the year from discontinued operations	-56	-11	-80%	-88	-52	-40%
Profit / (loss) for the year	-1,024	-149	-85%	-1,113	-197	-82%
Non-controlling interests	62	1	-98%	65	6	-91%
Net profit group share	-1,086	-150	-86%	-1,178	-204	-83%

Balance Sheet

SAR million	31-Dec-23	31-Dec-24	Change
Assets			
Property, Plant and Equipment	1,150	1,081	-6%
Right-of-Use Assets	2,045	1,455	-29%
Goodwill and Intangible Assets	756	627	-17%
Investment Property	1	1	-10%
Investment in associates and joint venture	65	46	-29%
Other investments	74	84	14%
Total Fixed Assets	4,091	3,295	-19%
Inventories	794	632	-20%
Advances, Deposits and Other Receivables	302	169	-44%
Prepayments, Rentals and Insurance	26	35	36%
Cash & Cash Equivalents	235	256	9%
Assets included in disposal group classified as held for sale	310	198	-36%
Total Current Assets	1,667	1,291	-23%
Total Assets	5,758	4,586	-20%
Equity & Liabilities			
Share Capital	1,148	1,148	0%
Reserves (Statutory, Foreign Currency and Fair Value)	-565	-617	9%
Fair value reserve	42	83	98%
Accumulated Losses	-1,404	-1,607	14%
Equity Attributable to the Shareholders of the Company	-779	-993	28%
Non-Controlling Interest	-28	-25	-10%
Total Equity	-806	-1,018	26%
LT Loans and Borrowing	209	82	-60%
Lease Liabilities	1,556	1,189	-24%
Derivative liability	32	0	-100%
Post-Employment Benefits	89	74	-17%
Total Non-Current Liabilities	1,885	1,345	-29%
Trade and other payables	1,400	1,800	29%
Bank Overdraft	47	0	-100%
Zakat & Tax Liabilities	87	99	15%
Lease Liability – current portion	579	358	-38%
ST Loans and Borrowings	2,298	1,760	-23%
Liabilities included in disposal group classified as held for sale	268	241	-10%
Total Current Liabilities	4,679	4,259	-9%
Total Liabilities	6,564	5,604	-15%
Total Equity & Liabilities	5,758	4,586	-20%

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 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 880 stores across 159 shopping malls in 9 countries, with a retail platform covering a total GLA of about 367 thousand square meters. All of this is managed by a workforce numbering more than 7,000. Cenomi Retail currently represents 51 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

Contact

Investor Relations Director

Sarah Moussa

Email: IR.retail@cenomi.com

Disclaimer

This communication contains certain forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts and events, and can be identified by the use of such words and phrases as "according to estimates", "anticipates", "assumes", "believes", "could", "estimates", "expects", "intends", "is of the opinion", "may", "plans", "potential", "predicts", "projects", "should", "to the knowledge of", "will", "would" or, in each case their negatives or other similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements containing information on future financial results, plans, or expectations regarding our business and management, our future growth or profitability and general economic and regulatory conditions and other matters affecting us.

Forward-looking statements reflect our management's ("Management") current views of future events, are based on Management's assumptions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The occurrence or non-occurrence of an assumption could cause our actual financial condition and results of operations to differ materially from, or fail to meet expectations expressed or implied by, such forward-looking statements. Our business is subject to a number of risks and uncertainties that could also cause a forward-looking statement, estimate or prediction to become inaccurate. These risks include fluctuations prices, costs, ability to retain the services of certain key employees, ability to compete successfully, changes in political, social, legal or economic conditions in Saudi Arabia, worldwide economic trends, the impact of war and terrorist activity, inflation, interest rate and exchange rate fluctuations and Management's ability to timely and accurately identify future risks to our business and manage the risks mentioned above.