

Chairman's Statement



We remain focused on further refining our brand portfolio and strengthening our financial position

₹ 4.8 bn

Revenue



Building a Stronger Foundation for Sustainable Growth

Cenomi Retail is entering a new era of focus and discipline. Over the past year, we have taken significant steps to refine our portfolio, enhance operational efficiency and reinforce our financial foundations. These strategic actions position the Company for long-term growth, ensuring we maximize value creation for our shareholders moving forward. While the retail landscape continues to evolve, we remain committed to driving sustainable profitability and strengthening our position as the Kingdom of Saudi Arabia's leading franchise retailer.

Strategic Transformation and Performance

The past year was marked by decisive execution of our multi-phase strategy, beginning with "Fix the House" and transitioning toward a "Sustainable Growth" model. Our actions have been deliberate - rightsizing our portfolio through brand optimization, prioritizing Tier 1 Champion Brands and enhancing operational efficiency. This structured transformation has not only strengthened our financial health but also positioned Cenomi Retail as a leaner, more agile business with the ability to scale profitably.

During the year, we successfully streamlined our business, divesting several non-core brands, generating capital gains and closing underperforming stores. This has allowed us to concentrate resources on high-performing brands, ensuring sustainable revenue growth. Key markets within our international portfolio also demonstrated robust performance during 2024, led by Azerbaijan and Georgia. The successful market entry into Uzbekistan, which delivered solid revenue in its first year, reaffirms our focus on scalable, high-potential retail destinations.

Saudi Arabia's Evolving Retail Landscape

Saudi Arabia's retail sector continues to experience rapid transformation, fueled by Vision 2030 initiatives, urban development and evolving consumer preferences. As of year-end 2024, the total market value reached ₹ 670 billion, with projected annual growth of 7.1% over the next five years. Consumer confidence remains high, and the demand for premium international brands, value-driven shopping experiences and omnichannel retail solutions is increasing. Cenomi Retail is strategically positioned to benefit from this transformation through selective store expansion, premium brand partnerships and omnichannel retail innovation.

The real estate sector is also evolving, with major flagship developments, including Jawharat Jeddah, awharat Riyadh and Diriyah, set to redefine the retail environment. Cenomi Retail is strategically positioned to capitalize on these changes, securing prime locations in high-traffic destinations and introducing new store formats that enhance customer experience.

E-commerce remains a critical component of the retail ecosystem, with online sales expected to reach ₹ 90 billion by 2026. While our online sales were temporarily impacted by the brand divestment program, we are actively strengthening our digital capabilities to meet shifting consumer behavior.

Driving Growth of Tier 1 Champion Brands

Our focus on Tier 1 Champion Brands throughout the year has strengthened our relationships with global brand partners, ensuring long-term growth potential. The renovation and expansion of Zara in Al Nakheel Mall in Riyadh - the top-performing Zara store in Saudi Arabia - demonstrates the value of investing in flagship locations. With its increased footprint, this store is expected to generate revenue uplift in the coming year.

In F&B, we set two world records by opening 12 Subway branches in a single day in October and 14 Subway branches in a single day in December, expanding our footprint with a mix of cloud kitchens, corporate locations and traditional outlets. This strategic expansion supports our cost optimization efforts while positioning Subway for long-term growth in Saudi Arabia's fast-growing QSR sector.

Looking Ahead to 2025

Cenomi Retail is entering a critical phase in its strategic journey. Having made significant progress in portfolio optimization and financial discipline in 2024, we remain focused on further refining our brand portfolio and strengthening our financial position in 2025. The year ahead will be about activating our long-term growth strategy.

Key focus areas will include expanding our Tier 1 Champion Brands, ensuring sustained market leadership and long-term growth. Digital transformation will accelerate, with AI-driven retail innovation enhancing customer engagement and operational agility. Efficiency remains a priority, as we drive further Selling, General and Administrative (SG&A) expense optimization to maintain the cost discipline. We will also advance our international

expansion, prioritizing scalable, high-margin markets with strong growth potential. At the same time, we will continue strengthening cost efficiency and deleveraging, reinforcing our financial resilience and positioning Cenomi Retail for sustained profitability.

Acknowledgments

On behalf of the Board, I extend my sincere gratitude to our shareholders for their trust and support. I would also like to thank our brand partners, lenders and suppliers for their collaboration and commitment. Finally, I recognize the dedication of our employees, whose efforts have been instrumental in shaping Cenomi Retail's progress.

The past year was about strengthening our foundation and positioning the Company for future growth. As we move forward, we remain committed to delivering value, seizing new opportunities and ensuring long-term success for all stakeholders.

Fawaz Bin Abdulaziz Alhokair
Chairman

