

# **Al Arafa for Investment and Consultancies**

## **Earnings Release | 9M 2021 Results**

### **14<sup>th</sup> December 2021**

Al Arafa for Investment & Consultancies (“Arafa Holding” or “AIVC” or the “Company”), the leading company in retail and garments & textile manufacturing, released its results for the 9M of financial year 2021/2022.

### Q3 Financial Highlights 2021/2022 | USD

Q3 Business Results (in Millions)			
	2021	2020	2019
Sales	52.9	30.1	55.6
Net Income	2.3	12.2	3.1

### 9M Financial Highlights 2021/2022 | USD

9M Business Results (in Millions)			
	2021	2020	2019
Sales	119.9	85.9	159.9
Net Income	(10.6)	1.5	10.8

- Arafa Holding has witnessed a boost in sales during Q3 2021 to record **Consolidated Net Sales** of USD 59.2 million compared to USD 38.3 million in Q2 2021, and a merely decline of 4.9% compared to Q3 2019 (before Covid-19 pandemic). Signaling the gradual recovery of the group’s performance towards the pre-pandemic levels and the group’s adaptability to the new-normal of today’s post-pandemic markets. This is despite the repercussions of Covid-19 new variants which led some countries to force partial restrictions in order to restrain the virus spread, in addition to the current global supply chain crisis which held back freight delivery dates of merchandise and raw materials. In addition to lack of goods and merchandise that pulled the inflation up in many countries, which in turn might lead to lower purchasing power for buying clothes, especially the formal wear.
- Arafa Holding recorded **Consolidated Net Sales** of USD 119.9 million in 9M 2021 compared to USD 85.9 million in 9M 2020.

- This was backed by growth of the retail segment driven by sales of Baird Group, in the light of the UK up-trending market recovery since re-opening in last April, and the growth of Concrete Company sales in the Egyptian retail market. Besides, the recovery of the industrial segment sales driven by Egypt Tailoring Company, Cristall for Making Shirts Company, and the Swiss Cotton Garments Company which was supported by export sales orders, especially from the US market.
- The company recorded **Consolidated Net Profits After tax** of USD 2.3 million during Q3 2021 compared to Net Loss After tax of USD 2.9 million in Q2 2021, and a 26.9% decline to Net Profit After tax of USD 3.1 million in Q3 2019. The upside performance of Q3 2021 came as of the cautiously re-opening of markets and the gradual increase in export orders beside the tremendous efforts of the group management in restructuring the retail and manufacturing sectors to keep pace with the markets' new-normal throughout exiting unprofitable shops, increase e-commerce investments, and wholly restructuring the group factories, aiming to increasing profitability and reducing industrial costs by exiting unprofitable production units backed by the steady cash flows of the group throughout the years. It is expected the upward trajectory to continue in Q4 of 2021/2022 in support of the Christmas and New Year's season.
- Arafa Holding recorded **Net Loss After tax** of USD 10.6 million in 9M 2021 compared to Net profit After tax of USD 1.5 million in the 9M 2020, since the comparable period incurred non-recurring profits from selling of unutilized assets of Concrete Company and the overhaul of Baird Group business from conducting the Corporate Voluntary Agreement (CVA) process.

## Financial Highlights of Subsidiaries

### Retail Segment

#### Concrete for Ready Made Garments S.A.E. | USD

Q3 Business Results (in Millions)			
	2021	2020	2019
Sales	5.5	5.2	5.2
Operating Profits	0.80	0.30	0.19

- Concrete for Ready Made Garments S.A.E, the owner of Concrete chain for luxury men and kids wear in the Egyptian Market, recorded **Net Sales** of USD 5.5 million during Q3 2021 growing 6.6% over Q3 2019 sales of USD 5.2 million. It also recorded **Net Sales** of USD 16.1 million in 9M 2021 soaring 25.8% to USD 12.8 million in the comparable period of 2020. It is worth mentioning that Concrete Company has launched recently its application for smart phones which enables customers to browse and buy products. This came in line with the company's strategy of ramping up its e-commerce business through its mobile application and website.
- The company recorded **Operating Profits** of USD 801.7K in Q3 2021 compared to USD 185.6K in Q3 2019 backed by higher sales. Whereas 9M 2021 recorded **Operating Profits** of USD 2.9 million compared to USD 4.2 million in 9M 2020, since the comparable period included non-recurring profits from selling unutilized assets, also the company applied the new Egyptian accounting standard no. (49) of leasing agreements, that in turn led to recognizing approx. of USD 1.5 million additional expenses which are the right of use assets depreciation arising from the shops lease agreements during 9M 2021.

**Retail Segment**

**Euromed for Trading & Marketing S.A.E. | USD**

<b>Q3 Business Results (in Millions)</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Sales</b>	<b>1.0</b>	<b>2.7</b>	<b>0.2</b>
<b>Operating Profits</b>	<b>(0.31)</b>	<b>0.81</b>	<b>0.02</b>

- Euromed for Trading & Marketing S.A.E – the group’s commercial arm in tenders and discounted markets – recorded **Net Sales** of USD 1.0 million during Q3 2021 compared to USD 161.2K in Q3 2019. It also recorded **Net Sales** of USD 2.9 million during 9M 2021 marking a 48.7% drop in sales compared to USD 5.7 million in the 9M 2020, this is mainly due to the delay in deliveries of tenders to Q4 2021 and the decline of retail revenues by 7%.
- The Company recorded **Operating Losses** of USD 1.6 million in 9M 2021 compared to USD 350.8K in 9M 2020 as a result of restructuring the retail arm and exiting unprofitable shops which in turn lead to recognizing USD 562.6 of non-cash losses. In addition to applying the new Egyptian accounting standard no. (49) of leasing agreements which incurred an additional expense of approx. of USD 150K as depreciation of right of use assets arising from the shops lease agreements during 9M 2021. Noting that Q3 2021 recorded a milestone of pulling the operating losses of USD 313K down from USD 1.0 million in Q2 2021. It is expected that the shops restructuring measures to reflect on the company’s operating profits during 2022.

**Retail Segment**

**Baird Group | USD**

<b>Q3 Business Results (in Millions)</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Sales</b>	<b>27.9</b>	<b>12.3</b>	<b>28.1</b>
<b>Operating Profits</b>	<b>2.4</b>	<b>15.9</b>	<b>0.33</b>

- Baird Group recorded **Net Sales** of USD 27.9 million in Q3 2021 marking a 36.4% growth compared to USD 20.5 million in Q2 2021, moving forward to pre-pandemic sales level with merely 0.5% slump compared to USD 28.1 million in Q3 2019, this was derived by the re-opening of the British market and having the UK government's green light for outdoor venues and gathering events. Despite the prices hike in the UK market as of rising inflation and the supply chain bottleneck globally since markets opened. Baird Group also recorded **Net Sales** of USD 60.9 million in 9M 2021 compared to USD 30.4 million in 9M 2020.
- Baird Group recorded **Operating Profits** of USD 2.4 million in Q3 2021 in comparison with operating profits of USD 328.3K in Q3 2019, indicating the solid strategic plan by the management to restructure the business and head more towards e-commerce. It is expected that the positive results of the group to continue in Q4 2021/2022 by sales of the Christmas and the New Year's season. Whereas the company recorded **Operating Losses** of USD 3.4 million in 9M 2021 compared to operating profits of USD 7.4 million in the comparable period of 2020, as the operating profits in the comparable period was inflated with non-recurring gains arising out of the Corporate Voluntary Agreement (CVA) process in July 2020.

**Industrial Segment**

**Egypt Tailoring Company S.A.E | USD**

Q3 Business Results (in Millions)			
	2021	2020	2019
<b>Sales</b>	14.9	5.3	14.4
<b>Operating Profits</b>	0.75	0.64	0.47

- Egypt Tailoring Company S.A.E recorded **Net Sales** of USD 14.9 million in Q3 2021 marking 3.2% growth compared to USD 14.4 million in Q3 2019 on back of improved export sales from US market especially from clients Peerless and Brooks Brothers who finalized restructuring process in which the company had a new buyer after company announced filing chapter 11 during July 2020.
- The company recorded **Net Sales** of USD 27.3 million in 9M 2021 with an uptick of 39.7% compared to USD 19.5 million in 9M 2020.
- Egypt Tailoring Company witnessed remarkable increase in **operating profits** of 58.3% recording USD 748.5K in Q3 2021 compared to USD 472.8 in Q3 2019, as a result of the management's continuous efforts since the outbreak of the pandemic to restructure the factory through shutting down non efficient production units and reducing costs, in addition to improved sales. The company also recorded Operating Losses of USD 250.9K in 9M 2021 compared to USD 2.8 million in 9M 2020 supported by re-opening of the markets and higher export orders from company's strategic clients from EU and US markets.

**Industrial Segment**

**Swiss Garments Company S.A.E | USD**

Q3 Business Results (in Millions)			
	2021	2020	2019
<b>Sales</b>	22.6	14.3	34.9
<b>Operating Profits</b>	0.29	(0.11)	0.94

- Swiss Garments Company S.A.E recorded **Net sales** of USD 22.6 million in Q3 2021 marking a 49.7% increase compared to USD 15.1 million in Q2 2021, whereas it marked a 35.3% drop in comparison with Q3 2019 of USD 34.9 million. The company recorded **Net Sales** of USD 44.8 million during 9M 2021 compared to USD 44.3 million in 9M 2020.
- Q3 2021 recorded USD 293.8k of **Operating Profits** compared to USD 486.7k of operating losses recorded in Q2 2021, while marked a drop in operating losses in compared to USD 942.3k in Q3 2019. The company reduced its Operating Losses in 9M 2021 by recording USD 1.3 million compared to USD 1.9 million in 9M 2020.

### Industrial Segment

#### Swiss Cotton Garments Company | USD

Q3 Business Results (in Millions)			
	2021	2020	2019
Sales	4.3	2.2	2.6
Operating Profits	0.28	(0.44)	(0.42)

- Swiss Cotton Garments Company S.A.E recorded **Net Sales** of USD 4.3 million in Q3 2021 with a growth of 70.0 % compared to USD 2.6 million in Q3 2019 reflecting solid orders from export markets. The company recorded **Net Sales** of USD 12.1 million in 9M 2021 with an increase of 31.3% compared to USD 9.2 million in 9M 2020 on the back of higher sales from Macy's and Peerless.
- The company recorded **Operating profits** of USD 294.9k compared to operating losses of USD 421.9K during Q3 2019. The company recorded Operating Profits of USD 763.8 K in 9M 2021 compared to operating losses of USD 284.3k in 9M 2020.



**Industrial Segment**

**Cristall for Making Shirts S.A.E| USD**

<b>Q3 Business Results (in Millions)</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Sales</b>	<b>1.4</b>	<b>1.1</b>	<b>1.8</b>
<b>Operating Profits</b>	<b>0.09</b>	<b>(0.04)</b>	<b>0.05</b>

- Cristall for Making Shirts Company S.A.E recorded **Net Sales** of 1.4 million in Q3 2021 compared to USD 1.8 million in Q3 2019. The company recorded **Net Sales** of USD 4.1 million in 9M 2021 with an increase of 6.3% compared to USD 3.0 million in 9M 2020 on the back of higher export sales from US and UK markets.
- The company recorded growth in **Operating Profits** of USD 86.9K in compared to USD 47.3K in Q3 2019. It also **recorded Operating Profits** of USD 199.3K in 9M 2021 compared to operating losses amounted to USD 301.41K in 9M 2020.

**About Al Arafa for Investment & Consultancies**

Al Arafa for Investment and Consultancies, known as ‘Arafa Holding’, is a key player in the fashion retail industry, backed by a state of the art industrial platform. The holding company is listed on the Egyptian Stock Exchange and controls approximately 15% of the UK formal menswear market share through its subsidiary “Baird Group”, which manages 235 stores in the UK.

Moreover, Arafa Holding owns the homegrown brand, Concrete, in Egypt; which is considered the largest retailer for luxurious menswear & kids wear in the country. The company’s retail operations are vertically integrated with industrial platform, which is considered the largest in the Middle East & Africa.

**Investor Relations:**

Al Arafa for Investment & Consultancies (Arafa Holding – AIVC)  
Address: Nasr City Public Free Zone – 15 St. near North Area  
Tel: +202 267 140 44  
Email: [ir@arafaholding.com](mailto:ir@arafaholding.com)  
Website: [www.arafaholding.com](http://www.arafaholding.com)