

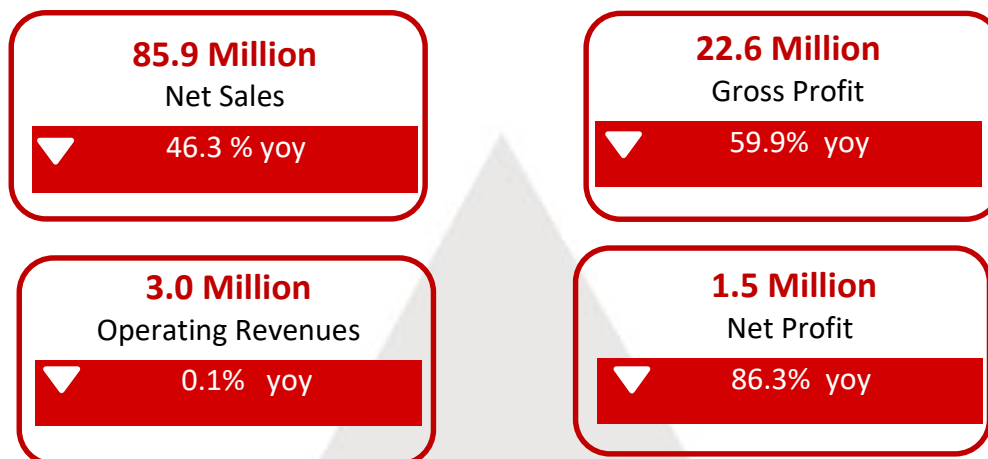
Al Arafa for Investment and Consultancies

Earnings Release | 9M 2020 Results

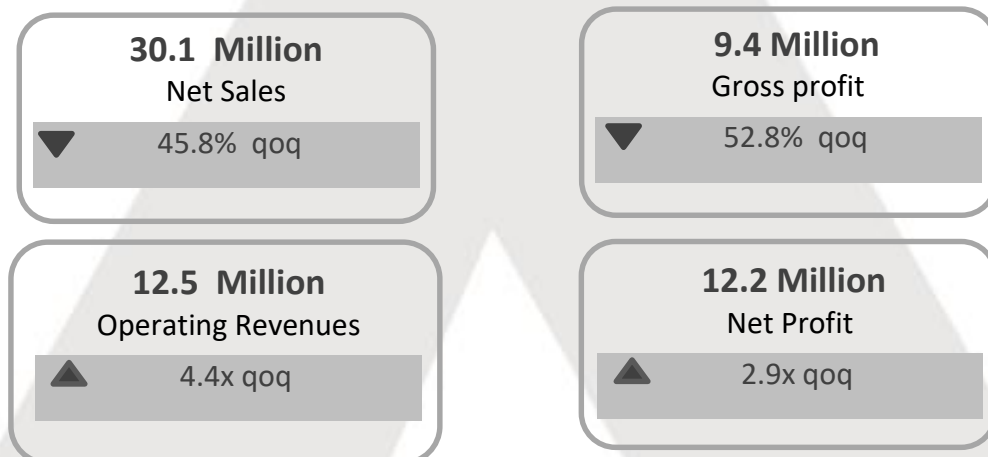
21 December 2020

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 1st Nine Months of the financial year 2020/2021.

9 Months Financial Highlights 2020/2021 | USD (000)'s



Q3 Financial Highlights 2020/2021 | USD (000)'s



- Arafa Holding recorded **Consolidated Net Sales** of USD 85.9 million during the first nine months of the financial year 2020, compared to USD 159.9 million during the comparable period in 2019.
- Sales were negatively affected with the continuous spread of COVID 19 Pandemic which resulted in the complete halt of Arafa Holding export activities for several months, and bankruptcy announcements by some of the company's most prominent

customers such as Brooks Brothers and Menswear house who filed for Chapter 11 bankruptcy US law earlier.

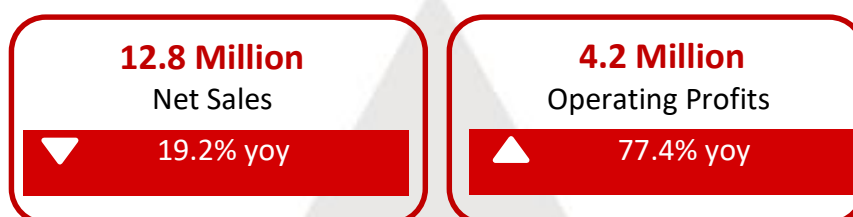
- Furthermore, consolidated sales were negatively affected as a result of the pandemic impact on the retail segment sales in both Egypt and the United Kingdom, which struggled due to the complete closure of markets, and deterioration of purchasing power for many customers , this is in addition to the spread of the second wave of pandemic last November which contributed to the further deterioration of sales figures as a result of the repeated closure of commercial malls and stores, and the imposition of regulations and curfews to contain the spread of the virus, in various European countries and the United Kingdom. This had an inevitable impact on large department stores such as Debenhams, Baird Group strategic partner, whom announced the complete closure of all stores across the United Kingdom, and rendered thousands of employees redundant. The aforementioned were the inevitable consequences of the failure of the 'administration' process, which sought to restructure the company's debts. Meanwhile, Arcadia Group, the British retail company owning 'Top Shop', 'Top Man', 'Miss Selfridge', 'Burton', 'Dorothy Perkins' and 'Evans' in the United Kingdom, announced its bankruptcy a few days ago.
- Arafa Holding recorded **consolidated Net Profits** of USD 1.5 million with a profit margin of 1.7% during 9M 2020, compared to a net consolidated profit of USD 10.8 million and a profit margin of 6.8% in the comparable period of 2019. Meanwhile, it is worth noting that Baird group effectively completed a restructuring process during Q3 2020 to reduce risk and protect business operations through concluding the Corporate Voluntary Agreement (CVA), after reaching agreements with all business partners regarding future endeavors and settling past dues. The positive impact of the CVA and restructuring was reflected in the company's business results during Q3 2020.
- Arafa Holding would like to acknowledge the efforts of its team in professionally facing the impact the pandemic had on business operations in light of the closures of retail stores and the reduction of sales by approximately 50%. This was achieved through the implementation of a strategic plan to reduce costs in addition to maintaining a solid cash flow position over the preceding years, which supported in meeting company's obligations.

- Moreover, it is worth to mention that the negative impact of COVID 19 has not come to an end, as the second wave was spread during Q4 2020; in November, and it is expected that the ease in consequences will not be noticeable before Q2 2021 on best case scenario.

Financial Highlights for Subsidiaries

Retail Segment

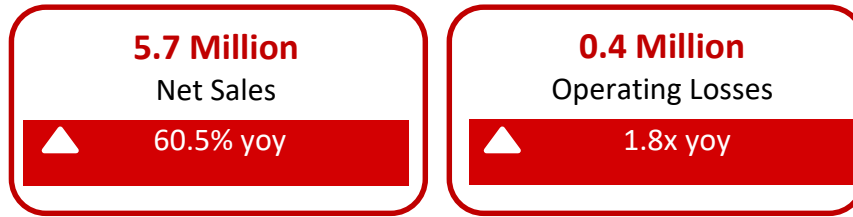
Concrete for Ready Made Garments S.A.E | USD



- Concrete for Ready Made Garments S.A.E recorded **Net Sales** of USD 12.8 million during 9M 2020, with a 19.2% yoy decrease compared to USD 15.8 million in the comparable period. The significant decrease is primarily attributable to the impact of COVID 19 regulations such as closure of several shopping malls and reducing working hours in stores in addition to consumer fears of engaging in shopping activities at commercial malls and retail stores to avoid contracting the virus. Also the challenging economic situation affecting purchasing power, had a strong contribution to the decrease in sales due to prioritization of spending on primary needs only.
- Company recorded **Operating profits** of USD 4.2 million despite the significant decrease in sales during the period. This is attributable to the implementation of a comprehensive plan on spread of COVID-19, which sought to reduce operating and administrative expenses. The successful implementation of the strategy was reflected on Q3 2020 profits this is in addition to non-recurring profits as a result of the sale of idle fixed assets during the Q1 2020.

Retail Segment

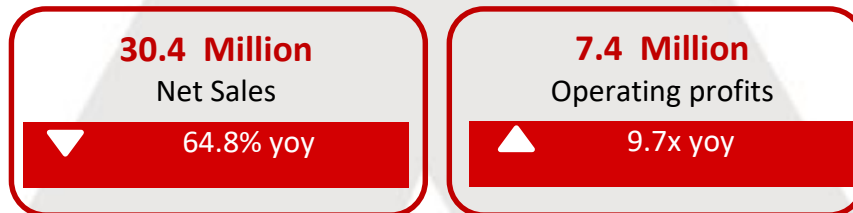
Euromed for Trading and Marketing | USD



- Euromed Trading and Marketing S.A.E; recorded **Net Sales** of USD 5.7 million, marking an increase of 60.5% during 9M 2020 compared to USD 3.5 million in the comparable period. The significant increase is primarily attributable to delivering the first batch of a key tender during Q2 2020.
- The company's **Operating losses** in 9M 2020; amounted to USD (351k), in comparison to losses of USD (419k) in the comparable period in 2019, with a significant reduction marking an improved performance by 1.8 times.

Retail Segment

Baird Group | USD

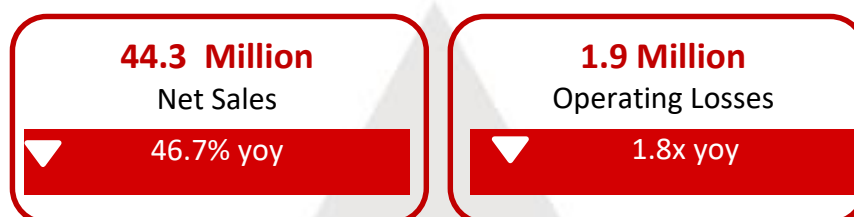


- Baird group recorded **Net sales** amounting to USD 30.4 million during 9M 2020, marking a decrease of 64.8% in comparison to USD 86.3 million in the comparable period. The sharp decline is attributable to the outbreak of COVID19 and the resulting consequences impacting the retail sector in the United Kingdom for several months due to weakening purchasing powers and complete closures of commercial centers and retail stores. The grave consequences of the outbreak resulted in multiple brands announcing bankruptcy, such as but not limited to; Arcadia group stores and Debenhams who in particular recently announced their inability to fulfil their obligations, resorted to closing their stores, and letting go of thousands of employees; this occurred after the failure of the 'administration' process last May.

- Moreover, the company recorded **Operating profits** of USD 7.4 million in 2020 in compared to USD 692k during 9M 2019, despite the notable general decrease in sales. The high operating profits are a result of the non-recurring profits attributed to the successful CVA restructuring process; through reaching an agreement with all business partners and major stakeholders regarding future endeavors and settling past dues.

Industrial Segment

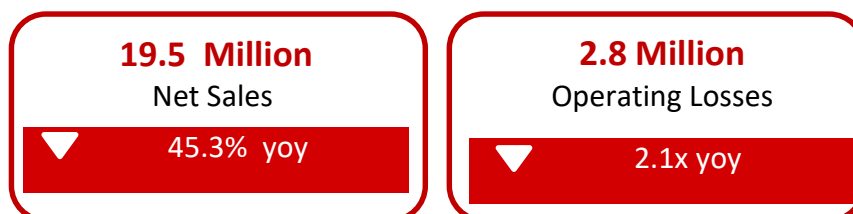
Swiss Garments Company S.A.E | USD



- Swiss Garments Company recorded **Net sales** of USD 44.3 million in the first nine months of the fiscal year 2020, a 46.7% decrease compared to the USD 83.1 million in the preceding fiscal year. Net sales were significantly impacted due to the sharp decline in exports, attributable to the COVID 19 outbreak and its impact which was magnified during the second outbreak which started in November 2020. Hence, resulting in the re-enforcement of restrictions and precautionary regulations, which altered consumer behavior accordingly, and had very negative impact on several customers such as Brooks Brothers, Bagir, and Menswear House that filed for bankruptcy laws for protection and Zara that announced earlier shutting down multiple stores.
- Moreover, the company recorded **operating losses** amounting to USD 1.9 million in comparison to operating profits of USD 2.2 million in the preceding year due to the complete closure of manufacturing facilities, while continuing to incur general and administrative expenses during that period with no operations.

Industrial Segment

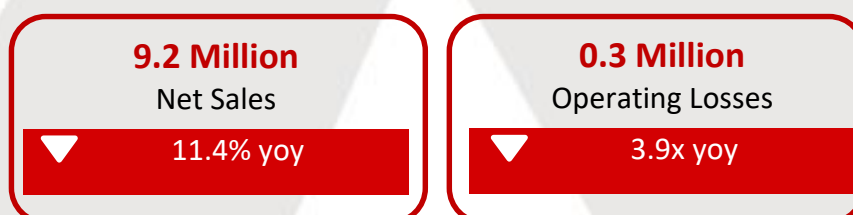
Egypt Tailoring Company S.A.E | USD



- Egypt Tailoring Company S.A.E recorded **Net Sales** of USD 19.5 million in the first nine months of the fiscal year 2020, marking a decrease of 45.3% in comparison to the net sales figure of USD 35.7 million in the first nine months of 2019; significantly impacted by the decrease in export activities to prominent customers such as Menswear House and Massimo Dutti, and cancelations of orders of some customers due to the closure of retail stores.
- Meanwhile, ETC incurred **operating losses** amounting to USD (2.8 million), in comparison to the losses of USD (127k) in the comparable period. The large figure is predominantly attributable to sustaining general and administrative expenses throughout the closure of manufacturing facilities.

Industrial Segment

Swiss Cotton Garments Company | USD



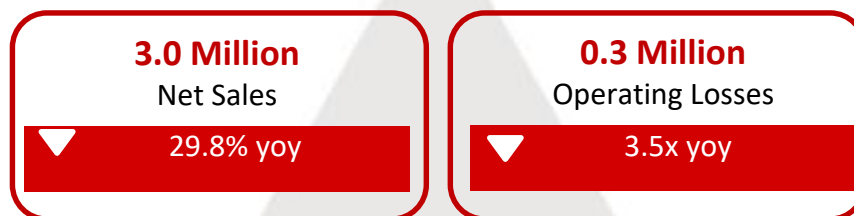
- Swiss Cotton Garments Company (SCGC) recorded **Net Sales** of USD 9.2 million in the first nine months of fiscal year 2020, marking an 11.4% decrease when compared to the preceding financial year's figure of USD 10.4 million. The decrease is predominantly attributable to the drop in export figures, in particular to Macy's; due to the complete closure of commercial malls and retail stores as a measure to combat the

spread of COVID 19. Albeit, SCGC seeks to increase export sales during Q4 2020, particularly to Walmart, whom maintained stability of sales throughout the pandemic and were amongst the least affected.

- Moreover, the company recorded **operating losses** of USD (284k) compared to the operating profit amounting to USD 98k in the comparable period, due to the general decrease in sales for the previously mentioned reasons, and incurring general and administrative expenses despite the halt in manufacturing

Industrial Segment

Cristall for Making Shirts S.A.E | USD



- Cristall for Making Shirts S.A.E recorded **Net Sales** of USD 3.0 million in the first nine months of the fiscal year, marking a decrease of 29.8% when compared to the USD 4.3 million recorded in the comparable fiscal period in 2019. This is in particular attributable once again to the decrease in sales, resulting from the impact of the pandemic especially from UK market.
- Furthermore, the company recorded **operating losses** amounting to USD (301k) compared to operating profits of USD 121k in the comparable period due to incurring general and administrative expenses accompanied by a significant decrease in sales.

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 vast 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 a state of the art industrial platform, which is considered the largest in the Middle East & Africa.

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