

Al Arafa for Investment and Consultancies

Earnings Release | H1 2021 Results

31st August 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 six months period ended 31st July 2021

- Arafa Holding recorded **Consolidated Net Sales** of USD 67.0 million during H1 2021, compared to USD 55.7 million during H1 2020.
- Q2 2021 results have witnessed a notable business progress compared to Q1 2021 and Q2 2020 as sales recorded USD 38.3 million compared to USD 15.5 million in Q2 2020, marking a 1.5x increase. The upside sales of Q2 2021 is a result of growth in the retail sector driven by Baird Group sales, despite the UK retail market sales underperformance. This is in addition to growth in Concrete's sales in the local retail market, and to the surge in the industrial sector casual wear represented by the Swiss Cotton Garments Co. and Cristall for Making Shirts Co., driven by increasing orders of the clients: Peerless, Walmart and Macy's.

Despite the growth in casual wear of the industrial sector, the formal wear sales have seen a regression during the period driven by sales decrease of the Swiss Garments Co. and Egypt Tailoring Co. due to weakening export orders of the clients: Brooks Brothers, Menswear House and Massimo Dutti during the period. the group managed to reduce losses in Q2 2021 recording **Net Loss After Tax** of USD 2.9 million compared to USD 10.5 million in Q2 2020 since many countries re-opened their markets and relieved work and social gathering restrictions in April 2021 after the spread of Covid-19 vaccination, coupled with the Group's execution of a rigorous factories restructuring plan, completing Baird Group restructuring and cutting costs down in general.

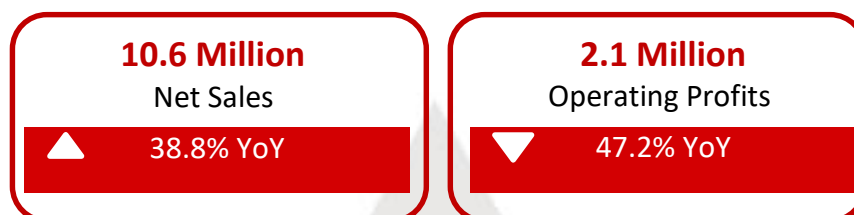
- Arafa Holding recorded consolidated **Net Loss after Tax** of USD 12.9 million during H1 2021 compared to net Loss after tax of USD 10.7 million in the comparable period of 2020. Despite the company managed to reduce losses from USD 9.9 million in Q1 2021 to only USD 2.9 million in Q2 2021, but, it still represents a 35.7% decline compared to H12019 as a result of the Covid-19 pandemic repercussions, the decrease of exporting, and the full closure of the UK market for months.
- It is anticipated that Q3 & Q4 of 2021 will witness gradual improvement in both retail and industrial arms, and group to recover H1 2021 losses, alongside expanding globally with

the vaccination process and recession of infection rate and the return of export orders of the clients, especially from the Spanish, UK and US markets.

Financial Highlights for Subsidiaries

Retail Segment

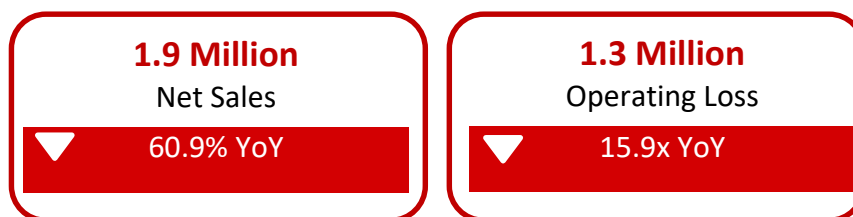
Concrete for Ready Made Garments S.A.E | USD



- 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 5.6 million in Q2 2021, with an 11% increase compared to USD 5.0 million in Q1 of the same year and a 1.5x increase in compared to USD 2.2 million of Q2 2020. H1 2021 record **Net Sales** of USD 10.6 million marking an increase of 38.8% compared to USD 7.6 million during H1 2020.
- The company recorded USD 1.5 million recovery in **Operating Profits** during Q2 2021 marking a 1.6x increase compared to USD 580K in Q1 2021. In addition to a 10.3x increase compared to operating losses of USD 158.6K of in Q2 2020 , knowing that the company has started implementing the Egyptian accounting standard no.(49) of leasing contracts, which in turn led to recognizing approximately additional USD 382.2K expenses representing the change of lease contracts present value in H1 2021, marking H1 2021 **Operating Profits** to be USD 2.1 million compared to USD 3.9 million in H1 2020, with a drop of 47.2% , despite the notable progress in the operational results. This is attributed to hike in capital gains in H1 2020 due to selling unutilized assets of USD 3.9 million which inflated the operating profit (non-recurring profits).

Retail Segment

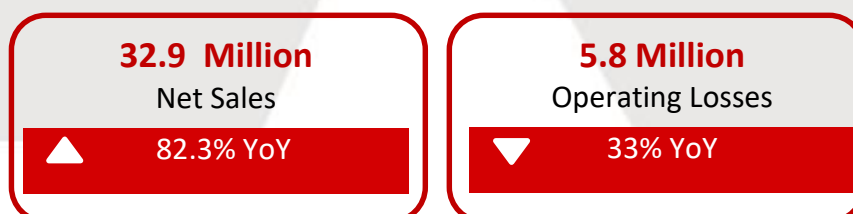
Euromed for Trading and Marketing | USD



- Euromed for Trading and Marketing S.A.E – the group’s commercial arm in tenders and discounted markets – recorded **Net Sales** of USD 630.8 K in Q2 2021 compared to USD 3.8 million in Q2 2020 , marking net sales of USD 1.9 million during H1 2021, compared to USD 4.9 million in H1 2020 with a 60.9% decrease. The aforementioned decline came due to the tender sales retraction compared to H1 2020, although Euromed’s retail arm made an 8% rise in sales compared to H1 2020 as it was affected by the outbreak of Covid-19.
- The company recorded **Operating losses** of USD 1 million in Q2 2021 compared to USD 447.6 K in Q2 2020, marking operating losses of USD 1.3 million in H1 2021 compared to operating profits of USD 85.6 K in H1 2020. The decline was mainly due to starting implementing the accounting standard no.49 of lease contracts, which inflated the shops’ expenses during H1 2021 and led to recognizing additional expenses that represent change in the present value of current lease contracts. Additionally, Euromed Company incurred non-recurring losses due to restructuring the middle retail segment and exiting some loss-making shops amidst the Covid-19 repercussions.

Retail Segment

Baird Group | USD



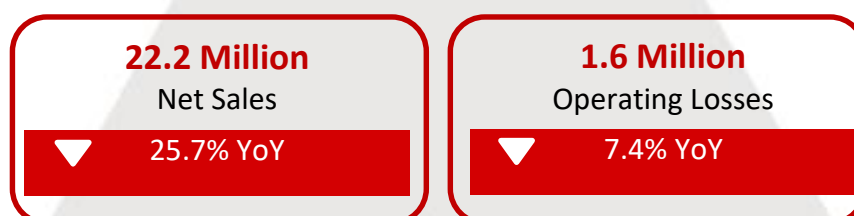
- Baird group recorded **Net sales** amounting to USD 20.5 million in Q2 2021, marking a surge of 65.2% compared to USD 12.4 million in Q2 2021, and a surge of 3.1x compared to USD

4.9 million in Q2 2020. H1 2021 recorded USD 32.9 million marking a growth of 82.3% compared to USD 18.1 million in H1 2020 on the back of re-open of retail shops starting from beginning of April 2021 which reflected positively on Q2 2021 sales.

- Baird Group recorded **Operating Losses** of USD 288 K during Q2 2021, which marks a notable progress in cutting down its operating losses compared to the USD 5.5 million in Q1 of the current year and USD 4.5 million in Q2 of the preceding year, which resulted in narrowing operating losses recorded on H1 2021 to USD 5.8 million compared to operating loss of USD 8.6 million in H1 2020. This was attributed to UK government announcement to reopen the markets gradually and end the imposed, alongside vaccinating more than 90% of the adults in the UK with the first dose and vaccinating more than 74% with the second dose. It is worth to mention that The Baird Group is going forward with its restructuring strategy and expanding its online platform business to adapt with the new-normal of the retail markets post the pandemic.

Industrial Segment

Swiss Garments Company S.A.E | USD

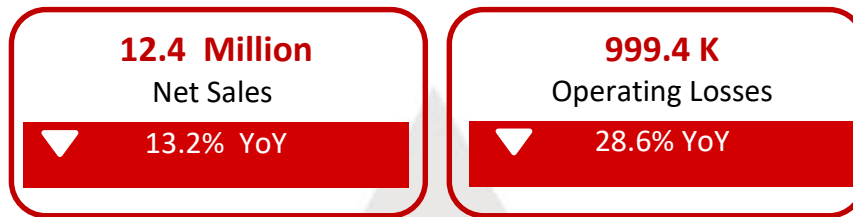


- Swiss Garments Company recorded **Net sales** of USD 15.1 million during Q2 2021 compared to USD 1.8 million in Q2 2020, H1 2021 recorded **Net Sales** of USD 22.2 million marking a 25.7% decline compared to USD 29.9 million in H1 2020 negatively affected with decline of export sales to Massimo Dutti and Menswear House. It is expected that sales recover in the second half of the year in the light of gradual markets improvement and vaccinating most of the EU population.
- The company recorded **Operating Losses** of USD 486.7 K in Q2 2021 compared to USD 1.4 million in Q2 2020. H1 2021 record USD 1.6 million of operating losses compared to USD 1.7 million of operating losses. The current results included non-recurring losses of restructuring manufacturing segment and costs rationalization which resulted in reducing

ongoing industrial cost (including transportation, services and spare parts costs) by 62% compared to H1 2020. However, the slump in export sales still have negativ effect on the company's financial performance.

Industrial Segment

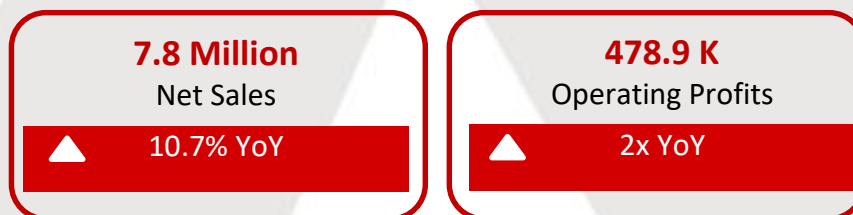
Egypt Tailoring Company S.A.E | USD



- Egypt Tailoring Company recorded **Net Sales** of USD 7.8 million in Q2 2021 compared to USD 1.6 million in Q2 2020 H1 2021 recorded **Net Sales** of USD 12.4 million marking a 13.2% decline compared to USD 14.3 million in H1 2020. .
- Egypt Tailoring Company reduced its **Operating Losses** as it recorded USD 693 K in Q2 2021 compared to USD 1.9 million in Q2 2020,. H1 2021 recorded **Operating Losses** of USD 999.4 K compared to USD 1.4 million in H1 2020, as a result of the management's efforts to reduce costs during pandemic.

Industrial Segment

Swiss Cotton Garments Company | USD

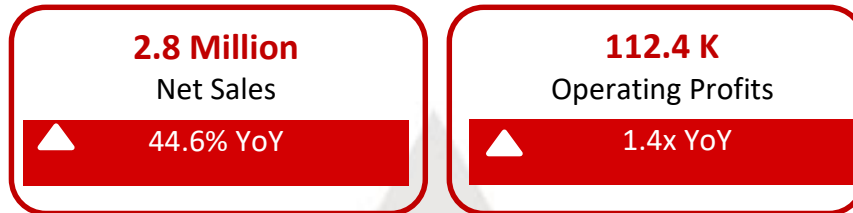


- Swiss Cotton Garments Company recorded **Net Sales** of USD 3.3 million in Q2 2021 compared to USD 2.3 million in Q2 2020 H1 2021 recorded **Net Sales** of USD 7.8 million with a growth of 10.7% compared to USD 7.0 million in the comparable period as a result of re-opening of retail markets, especially US market, after relieving the lockdown measures since Q2 2021.

- The company recorded Operating Losses of USD 28.8 K in Q2 2021 compared to USD 47.7K in Q2 2020, recording Operating Profits of USD 478.9K during H1 2021 compared to USD 159.3K during H1 2020, as a result of increase in sales during the period.

Industrial Segment

Cristall for Making Shirts S.A.E| USD



- Cristall for Making Shirts Company recorded S.A.E **Net Sales** of USD 1.5 million in Q2 2021 compared to USD 100.7K in Q2 2020, recording **Net Sales** of USD 2.8 million during H1 2021 compared to USD 1.9 million during H1 2020, which marks a 44.6% surge as a result of re-opening the UK market – which is one of the most strategic markets for the company.
- The company recorded **Operating Profits** of USD 72.4K in Q2 2021 compared to operating losses amounted to USD 329.1K in Q2 2020, recording **Operating Profits** of USD 112.5K in H1 2021 as a result of sales hike compared to operating losses of USD 265.7K in H1 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

Website: www.arafaholding.com