

Al Arafa for Investment and Consultancies S.A.E

Earning Release | H1 2023 Results
Thursday 14th of September 2023

Al Arafa for Investment & Consultancies S.A.E (“Arafa Holding” or “AIVC” or the “Company”), the leading company in Retail, Garments & Textile manufacturing, released its consolidated results for 1st Half of the financial year 2023/2024

Results summary of Arafa Holding consolidated financials during H1 2023/2024 | in USD

H1 Business Results (in Millions)		
	2023	2022
Sales	108.0	110.8
Operating Profits/(Loss)	9.5	9.2
Net Income/(Loss)	1.5	4.5
Q2 Business Results (in Millions)		
	2023	2022
Sales	54.3	53.3
Operating Profits	5.0	6.0
Net Income/(Loss)	1.4	0.9

- Arafa Holding recorded **Consolidated Net Sales** of USD 108.0 million during **H1 2023** recording a decline of 2.5% compared to **Consolidated Net Sales** of USD 110.8 million during **H1 2022**. It also recorded in **Q2 2023 Consolidated Net Sales** of USD 54.3 million compared to **Consolidated Net Sales** of USD 53.3 million during **Q2 2022**. Despite the positive results of each of the industrial arm represented by the *Suits factory in 10th of Ramadan, the Trousers Factory, and the Shirts factory in Beni Suef* which increased by 12.5% during H1 2023. As a result of increasing export rates, and targeting clients with the most sustainable order volume, and attracting new customers such as Boggi Milano, Ramsy and Holy Fashion Group. This is in addition to the positive results of Concrete Ready-made Garments S.A.E on the local currency as a reflection of the company's strategy to rely more on the Egyptian product of high quality due to

the continuation of the import restrictions. However, the group's results were negatively affected by the decline in the results of the Baird Group.

- Nevertheless, The Baird Group has supported the managing team with a group of consultants and financial experts with the aim of rapidly growing the business. The work team has taken a set of measures to restructure the company which includes: selling the rights to manage and manufacture to the intellectual property Ben Sherman, reducing the number of stores, changing the purchasing and selling policies, controlling costs and expenses, in addition to focusing more on developing the Suit Direct brand platform and the electronic platform.
- It is noteworthy that the group is continuously working on developing products and opening new export markets, where the company's factories have the capabilities to be market leader in the export of ready-made garments in the region, such as the availability of trained labor, and the distinguished geographical location of Egypt and its accessibility to international markets.
- The group recorded **Consolidated Operating Profits** of USD 9.5 million during **H1 2023** compared to **Consolidated Operating Profits** during **H1 2022** of USD 9.2 million, also in **Q2 2023** it recorded **Consolidated Operating Profits** of USD 5.0 million compared to **Consolidated Operating Profits** of USD 6.0 million during **Q2 2022**.
- During H1 2023 the Group recorded **Consolidated Net Loss After Tax** of USD 1.5 million, to reduce the **Consolidated Net Loss After Tax** of USD 4.5 million during **H1 2022**. The losses are attributed to higher finance costs on the back of hike in the interest rates globally to reduce the high inflation rates in the global markets. It also recorded during **Q2 2023** **Consolidated Net Loss After Tax** of USD 1.4 million compared **Consolidated Net Loss After Tax** of USD 933.5 K.

**Results summary of Arafa Holding Consolidated financials during H1 2023/2024 | in USD
after excluding Baird Group results**

H1 Business Results (in Millions)		
	2023	2022
Sales	67.6	58.5
Operating profits/(Loss)	16.3	7.9
Net Income/(Loss)	7.2	5.5

Q2 Business Results (in Millions)		
	2023	2022
Sales	34.2	25.3
Operating Profits	8.7	4.9
Net Income/(Loss)	3.5	0.2

- Arafa Holding recorded **Consolidated Net Sales after excluding Baird Group's results** of USD 67.6 million during **H1 2023** with growth of 15.4% compared to **Consolidated Net Sales after excluding Baird Group's results** of USD 58.5 million during **H1 2022**. It also recorded in **Q2 2023** **Consolidated Net Sales after excluding Baird Group's results** of USD 34.2 million with a growth of 35.4% compared to **Consolidated Net Sales after excluding Baird Group's results** of USD 25.3 million in **Q2 2022**. The group showed a noticeable improvement in sales during the period after excluding Baird Group's results, driven by the sales of the industrial arm and the sales of Concrete Readymade Garments S.A.E on the local currency.
- The group recorded **Consolidated Operating Profits after excluding Baird Group results** of USD 16.3 million during **H1 2023** recording a growth of 1.0x, compared to **Consolidated Operating Profits after excluding Baird Group's results** of USD 7.9

million during **H1 2022**. The group also recorded **Consolidated Operating Profits after excluding Baird Group results** of USD 8.7 Million during **Q2 2023** compared to **Consolidated Operating profits after excluding Baird Group results** of USD 4.9 Million in **Q2 2022**.

- The Group recorded **Consolidated Net profit after tax after excluding Baird Group results** of USD 7.2 million during **H1 2023**, compared to **Consolidated Net loss after tax after excluding Baird Group's results** of USD 5.5 million recorded during **H1 2022**. The group also recorded **Consolidated Net profit after tax after excluding Baird Group results** of USD 3.5 million during **Q2 2023** Compared to **consolidated Net profit after tax** after excluding Baird Group results during **Q2 2022** profit of USD 204.0 K.

Financial Highlights of Subsidiaries

Industrial Segment

The Suit Factories in 10th of Ramadan city, represented by Swiss Garments Company S.A.E & Egypt Tailoring Company S.A.E Results| USD.

H1 Business Results (in Millions)

	2023	2022
Sales	46.6	37.7
Operating profits/(Loss)	10.4	5.3

Q2 Business Results (in Millions)

	2023	2022
Sales	23.1	17.2
Operating profits/(Loss)	5.3	1.3

- The Suit Factories in 10th of Ramadan city represented by both *Swiss Garments Company S.A.E and Egypt Tailoring Company S.A.E* during **H1 2023** **Consolidated Net Sales** of USD 46.6 million recording a growth of 23.6% compared to USD 37.7 million during **H1 2022**. It also recorded **Consolidated Net Sales** during **Q2 2023** of USD 23.1 million with a growth of 34.4% compared to **Consolidated Net Sales** of USD 17.2 million during **H1 2022**. This came with the support of increasing production capacity and improving product quality to accommodate a larger number of orders, which was reflected in attracting new customers during this year from the European and American markets. Thus, the customer base expanded and became more diverse to include Massimo Dutti, Boggi Milano, Armani, and Holy Fashion Group from the European market, Brooks Brothers and Peerless from the American market, and Ramsy and KIP from the Turkish market.

- The factories also recorded during **H1 2023 Operating Profits** of USD 10.4 million compared to the same period of the previous year 2022 which recorded **Operating Profits** of USD 5.3 million with a growth rate of 95.2%. It also recorded **Operating Profits** of USD 5.3 million during **Q2 2023**, compared to operating profits of 1.3 million during **Q2 2022**. Reflecting the increase in sales and decrease in industrial costs.

Industrial Segment

The Trousers Factory in Beni Suef | USD

Results of Swiss Cotton Garments Company S.A.E

H1 Business Results (in Millions)		
	2023	2022
Sales	13.5	15.2
Operating profits/(Loss)	3.1	1.9

Q2 Business Results (in Millions)		
	2023	2022
Sales	5.8	8.1
Operating profits/(Loss)	1.4	1.1

- The Trousers Factory in Beni Suef City represented by **Swiss Cotton Garments Company S.A.E** recorded **Net Sales** of USD 13.5 million during **H1 2023** compared to USD 15.2 million in **H1 2022**. While **Q2 2023** recorded **Net sales** of USD 5.8 million compared to USD 8.1 million in **Q2 2022**. The company maintained its sales level with the support of the US market sales, knowing that the results of FY 2022 included non-recurring toll manufacturing sales. The company always seeks to attract new customer base to diversify markets and increase export rates.

- During **H1 2023** the factory recorded **Operating Profits** of USD 3.1 million compared to the same period of the previous year that recorded **Operating Profits** of USD 1.9 million with a growth of 66.7%. Also, **Q2 2023** recorded **Operating Profits** of USD 1.4 million compared to Q2 last year which recorded **Operating Profits** of USD 1.1 million. Backed up by a decrease in industrial costs and general and administrative expenses during the period.

Industrial Segment

The Shirts Factory in Beni Suef | USD

Results of Cristall for Making Shirts company S.A.E

H1 Business Results (in Millions)

	2023	2022
Sales	4.4	4.5
Operating profits/(Loss)	0.9	0.7

Q2 Business Results (in Millions)

	2023	2022
Sales	2.2	1.8
Operating profits/(Loss)	0.4	0.3

- The Shirts Factory in Beni Suef represented by **Cristall for Making Shirts company S.A.E** recorded **Net Sales** of USD 4.4 million during **H1 2023**, compared to **Net Sales** of USD 4.5 million during **H1 2022**, its worth mentioning that the company recorded a sales growth of 73.3% during H1 2023 on the local currency during the period supported by sales in the European market. However, the decline in the value of the Egyptian pound against the US dollar during the period by an average rate of 69.9%

impacted the company's sales when translating the financial statement into US dollar. Moreover, **Q2 2023** recorded **Net Sales** of USD 2.2 million reaching a growth of 24.8% compared to **Net Sales** of USD 1.8 million during **Q2 2022**.

- The factory recorded **Operating Profits** of USD 948.5 K in **H1 2023** compared to **H1 2022** which recorded **Operating Profits** of USD 712.6 K with an increase of 33.1%, reflecting the decrease in operational costs. Also, during **Q2 2023** the factory recorded **Operating Profits** of USD 377.7K compared to **Q2 2022** which recorded **Operating Profits** of USD 296.4K.

Retail Segment

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

H1 Business Results (in Millions)

	2023	2022
Sales	9.6	11.8
Operating profits/(Loss)	2.5	2.8

Q2 Business Results (in Millions)

	2023	2022
Sales	5.4	6.4
Operating profits/(Loss)	2.0	2.2

- Concrete for Ready Made Garments S.A.E, the luxury homegrown brand in the Egyptian Market, recorded **Net Sales** of USD 9.6 million during **H1 2023** compared to **Net Sales** of USD 11.8 million during **H1 2022**. Knowing that the company's sales recorded an increase of 42.4% on the local currency yet, the depreciation of the Egyptian pound against the US dollar by an average 69.9% during the period affected the company's sales after translating the financial statements from the Egyptian pound to the US dollar. Also, **Q2 2023** recorded **Net sales** of USD 5.4 million compared to USD 6.4 million in **Q2 2022**. Concrete is

showing resilience in dealing with a lot of challenges by relying more on the high-quality Egyptian products, among challenges that company faced recently as the restriction on importation, coinciding with the difficulty in supplying foreign currency in addition to increasing raw material prices. The company has also recently developed new sizes and modern products to attract a more diversified client base. Adding that it is increasing brand awareness through promotional and marketing campaigns on social media platforms, and the presence in major events taking place in Egypt and the Arab world in addition to sponsoring Egypt's national teams in various sports. This is in addition to the targeted expansion plan in new markets in Europe and the Middle East region.

- The company recorded **Operating Profits** of USD 2.5 million in **H1 2023** compared to **Operating Profits** of USD 2.8 million, in **H1 2022**. Also, during **Q2 2023** it recorded **Operating Profits** of USD 2.0 million compared to **Q2 2022** which recorded **Operating Profits** of USD 2.2 million. Despite the increase in operating profits on the local currency, supported by the increase in sales and the decrease in operating costs, the operating profits of the company were affected when translating the financial statements into US dollars by the depreciation of the Egyptian pound against the US dollar, with an average decrease of 69.9% during the period.

Retail Segment
Baird Group | USD

H1 Business Results (in Millions)		
	2023	2022
Sales	40.4	52.3
Operating Income/(Loss)	6.8	1.3

Q2 Business Results (in Millions)		
	2023	2022
Sales	20.0	28.0
Operating profits/(Loss)	3.7	1.0

- Baird Group recorded during **H1 2023** **Net Sales** of USD 40.4 million compared to USD 52.3 million in **H1 2022**. While **Q2 2023** recorded **Net sales** of USD 20.0 million compared to USD 28.0 million in **Q2 2022**. The results of the Baird Group were affected by the market shrinkage and the decline in purchasing power in the United Kingdom, which led consumers to shift their purchases from luxury goods to necessity goods, along with high inflation rates which prompted the Bank of England to raise interest 10 times in a row since 2022 to reduce inflation. The Baird Group has supported the managing team with a group of consultants and financial experts with the aim of rapidly growing the business again. The team has taken a set of measures to restructure the company which includes: selling the rights of managing and manufacturing of the intellectual property of Ben Sherman, reducing the number of stores, changing the purchasing and selling policies, controlling costs and expenses, in addition to focusing more on developing the Suit Direct brand platform and the electronic platform.
- Baird Group recorded **Operating Losses** of USD 6.8 million in **H1 2023** compared to **Operating Profits** of USD 1.3 million in **H1 2022**. Also, during **Q2 2023** it recorded **Operating Losses** of USD 3.7 million compared to **Q2 2022** which recorded **Operating Profits** of USD 1.0 million.

Al Arafa for Investment & Consultancies (“Arafa Holding” or “AIVC” or the “Company”), the leading company in retail and garments & textile manufacturing, released its standalone results for 1st Half of the fiscal year 2023/2024

Results summary of Arafa Holding standalone financials during 1st half of fiscal year 2023/2024 | in USD

- Arafa Holding recorded **Standalone Revenues** – which represent technical support service revenue in addition to any gain or loss of investments – of USD 77.3 K during **H1 2023** compared to **standalone revenues** of USD 91.1K during **H1 2022**. While **Q2 2023** recorded **Standalone Revenues** of USD 38.3 K compared to USD 43.9 K in **Q2 2022**.
- Arafa Holding recorded **Standalone Net Losses** during **H1 2023** of USD 3.6 million compared to **Standalone Net Losses** of USD 13.8 million during **H1 2022**. While **Q2 2023** recorded **Standalone Revenues** of USD 2.3 million compared to USD 3.0 million in **Q2 2022**.

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 it owns the Baird Group , which manages substantial number of stores along with an online platform in the UK.
- Arafa Holding owns the luxurious homegrown brand, Concrete, which is considered the largest retailer in the country. The company’s retail operations are vertically integrated with the 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: +2022731093/95

Email: investorrelations@arafaholding.com

Website: www.arafaholding.com

15 St. Near North Area, Nasr City
Public Free Zone, Cairo, Egypt
Tel: +202 2671 4044
Fax: +202 2273 1124
www.arafaholding.com