# Concrete Fashion Group Reports 1H 2024[1] Results

*The Group maintained its strong momentum, closing the first half with consolidated net sales of USD 65.9 million and improving margins at all levels of profitability. In the second half of the year, CFG remains committed to driving strong revenue growth across both of its segments, solidifying its leadership in the local retail and RMG export markets, and further expanding its international footprint.*

**Cairo, Egypt | 15 September 2024**

Concrete Fashion Group for Commercial and Industrial Investments S.A.E ("Concrete Fashion Group" or "CFG" or "the Group"), Egypt's leading luxury apparel manufacturer, retailer, and exporter, announced today its audited financial statements and operational results for the first half ended 30 June 2024 (1H 2024). It is important to note that following its extraordinary general meeting held on 12 June 2024, the Group has changed its financial year to run from 1 January to 31 December. In the six months ended 30 June 2024, the Group reported consolidated[2] net sales of USD 65.9 million, a marginal decrease from the USD 67.6 million recorded during the same period of last year. Meanwhile, profitability improved across the board with consolidated EBITDA climbing 63.9% year-on-year (y-o-y), to reach USD 19.8 million and yielding a strong margin of 30.0% versus 17.9% in 1H 2023. Similarly, net profit for the six-month period recorded USD 9.8 million, up significantly from the USD 150 thousand net profit recorded in 1H 2023. Net profit margin also recorded a stark improvement coming in at 14.8% versus 0.2% in 1H 2023.

| Summary Income Statement (USD mn) | 1H 2023 | 1H 2024 | *Change* |
|---|---|---|---|
| **Net Sales** | **67.6** | **65.9** | ***-2.4%*** |
| Cost of Goods Sold | *(47.4)* | *(38.2)* | *-19.5%* |
| **EBITDA[3]** | **12.1** | **19.8** | ***63.9%*** |
| *EBITDA Margin (%)* | *17.9%* | *30.0%* | *12.1 pts.* |
| **Operating Profit** | **9.8** | **17.4** | ***77.2%*** |
| *Operating Profit Margin (%)* | *14.5%* | *26.4%* | *11.9 pts.* |
| **Net Profit** | **0.1** | **9.8** | **-** |
| *Net Profit Margin (%)* | *0.2%* | *14.8%* | *14.6 pts.* |

## Key Highlights

- On 24 March 2024, the Group announced the **successful conclusion of the demerger process** from Arafa Holding and the beginning of trading on Group's stock under the ticker CFGH.
- On 12 June 2024, the Group approved the **change of its financial year** to run from 1 January to 31 December.
- **Consolidated net sales** for 1H 2024 stood at USD 65.9 million, reflecting a 2.4% y-o-y decline, largely due to an anticipated drop in manufacturing net sales for the six-month period. The **retail segment**, which includes results from Concrete and Euromed, saw combined[4] net sales rise by 10.1% y-o-y to USD 13.1 million, fueled by a strong 28.0% y-o-y growth at the Concrete business unit. In EGP-terms, the year-on-year growth was even more evident with combined net sales at the retail segment expanding an impressive 43.5% versus the same period of last year. This growth was driven by increased brand recognition, strong demand, and the expansion of the store network

*[1] Following the Group's Extraordinary General Meeting held on 12 June 2024, CFG has changed its financial year to run from 1 January to 31 December. The Group's financial year previously ran from 1 February to 31 January.*
*[2] Consolidated results exclude intercompany transactions for all periods.*
*[3] EBITDA is calculated as operating profit for the period plus depreciation and amortization.*
*[4] Combined results do not exclude intercompany transactions from the totals for all reporting periods.*

to new locations. Meanwhile, at the **manufacturing segment** which includes results from the Group's suits and jackets manufacturing business units Swiss Garments Company (SGC) and Egypt Tailoring Company (ETC), its shirts manufacturing business unit Cristall for Making Shirts (Cristall), and its trousers manufacturing business unit Swiss Cotton Garments Company (SCGC), combined net sales recorded USD 54.3 million, down 16.5% y-o-y. The decline is attributed to delayed orders from European customers in the first half of the year, as well as extended lead times for materials due to disruptions in Red Sea traffic.

- **Consolidated EBITDA** for 1H 2024 reached USD 19.8 million, representing a 63.9% y-o-y increase, with its associated margin rising to 30.0% from 17.9% in 1H 2023. This improvement in EBITDA profitability was primarily driven by enhanced efficiencies at the cost of goods sold (COGS) and SG&A levels. More specifically, during the first half of this year COGS and SG&A as a share of net sales declined by 12.3 and 0.5 percentage points, respectively.
- **Operating profit** for 1H 2024 reached USD 17.4 million, up 77.2% y-o-y and with an expanded margin of 26.4% versus 14.5% in 1H 2023.
- **Net financing costs** recorded USD 7.7 million in 1H 2024, down from USD 9.1 million in the same period last year.
- **Net profit** for the period climbed to USD 9.8 million, up impressively from the USD 150 thousand figure reported in 1H 2023. On a similar note, CFG's net profit margin improved significantly to 14.8% in 1H 2024 compared to 0.2% in 1H 2023. The marked improvement versus the previous year largely reflects the Group's efforts to optimize costs across its operations while continuing to drive sales across both its segments.

# Management Comment

**Dear shareholders,**

As I reflect back on our results for the first six months of the year, I am pleased with the progress we have been able to achieve across both of our business segments despite the challenging macroeconomic and geopolitical conditions that we continue to encounter at home and across our international markets.

Looking at our results in more detail, at our retail segment we continued to demonstrate the strong long-term growth potential of our operations, posting robust top- and bottom-line growth in the first six months of the year. More specifically, our flagship luxury retail brand, Concrete, posted year-on-year net sales growth of 28.0% in USD-terms during 1H 2024, and an even more impressive 66.7% y-o-y expansion in local currency terms. The continued growth of Concrete directly reflects the success of our strategies which over the last year have seen us simultaneously expand the business unit's physical and online presence, widen its product offering, and solidify its brand awareness through targeted marketing initiatives. During the past period, we were particularly pleased to note the strong contributions made by Concrete's newer branches in West Cairo and El Gouna since the beginning of the year, as well as the strong demand enjoyed by its seasonal stores in the north coast. Our seasonal stores started the summer on a strong note, and we expect this momentum to translate into continued growth in July and August, as Egypt's North Coast attracts a rising number of both domestic and international tourists. That being said, the increase in net sales was driven by higher volumes sold, as well as the strategic price hikes implemented since the beginning of the year to counteract inflation in our home market. During the second quarter of the year, we also took an important step forward on our international expansion strategy, launching four new online stores catering to customers in the UAE, Saudi Arabia, Kuwait, and Qatar. These digital store launches represent a key first step towards expanding into the GCC and will be followed by the roll out of physical branches in 2025. Lastly, in recent weeks we had the honor of providing Egypt's Olympic and Paralympic teams with their official uniforms for the 2024 Paris Olympics. Concrete's superior quality and style earned the Group several honorable mentions and top ranking from international news outlets including The New York Times and USA Today, successfully raising visibility for our brand in line with our wider marketing and awareness strategy and enhancing our efforts to expand the brand regionally and internationally.

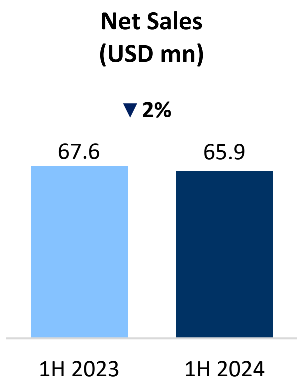
Turning to our manufacturing segment, we saw a decline in net sales during the first half of the year, driven by recent challenging macroeconomic and geopolitical conditions. This resulted in delayed orders from European customers during the period, along with longer lead times for materials resulting from disruptions in Red Sea traffic. Moreover, our shirt-making factory's USD-denominated sales were impacted by the depreciation of the Egyptian Pound (EGP) in March 2024, causing a slight effect on the segment's total sales, while still showing significant improvement in local currency. Despite the decline in net sales at the manufacturing segment, we were happy to note the solid improvements across all profit margin levels, testament that our recently introduced strategy aimed at bolstering our margins by prioritizing higher-margin clients is beginning to bear fruit. More specifically, our Suit and Jacket unit recently secured its first ladies' wear orders for Brooks Brothers and is now working to establish a dedicated facility, which will help us attract more orders from existing and new clients. With these initiatives underway, we remain confident in the segment's second-half performance, expecting a recovery in net sales driven by new clients like Ralph Lauren, rising demand from Turkey, and increased interest from Europe as economic conditions improve.

At the consolidated level, we reported net sales of USD 65.9 million in the first half of the year, only marginally below last year's figure. Further down the income statement, we recorded widespread margin improvements at all levels of profitability supported by our Group-wide cost optimization efforts. More specifically, during the six-month period we recorded EBITDA of USD 19.8 million, up 63.9% y-o-y and with an associated margin of 30.0% versus the 17.9% margin recorded in 1H 2023. Similarly, operating profit recorded USD 17.4 million, up 77.2% y-o-y and with a margin of 26.4%, 11.9 percentage points above last year's operating margin. Finally, we reported bottom-line profits of USD 9.8 million in 1H 2024, a stark improvement from last year's net profit of USD 150 thousand partially supported by declining net finance costs during the current reporting period.

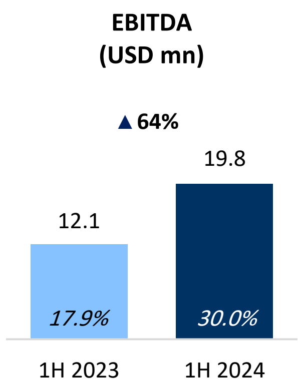
With two thirds of the year nearly behind us, we remain focused on delivering on our long-term priorities while at the same time generating incremental value for our customers, clients, and shareholders. In the coming months, our strategic areas of focus will remain unchanged as we look to further cement our retail operations at home and lay the foundations for a successful regional expansion come 2025. Meanwhile, on the manufacturing front, we will continue to expand our client portfolio by adding new brands and markets to our already rich roster. At the same time, we will remain dedicated to upholding the highest standards of quality and excellence for our long-standing partners, including Brooks Brothers, Macy's, Ralph Lauren, Calvin Klein, Boggi, Ted Baker, Tommy Hilfiger, Massimo Dutti, Armani, JOOP!, and Ramsy. Finally, we aim to leverage Egypt's newfound cost competitiveness and stable operating conditions while working closely with our esteemed colleagues, business partners, and the broader Egyptian and regional community to close out 2024 strongly and set the stage for an even more successful 2025.

**Dr. Alaa Arafa**
Vice Chairperson and Chief Executive Officer

# Consolidated Analysis

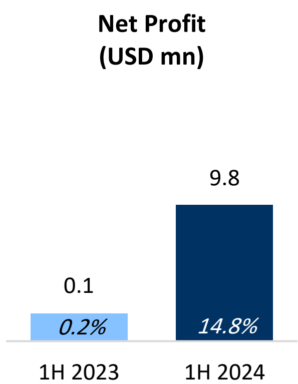



**Net sales** for the first half of the year ended 30 June 2024 recorded USD 65.9 million, representing a 2.4% decrease compared to the USD 67.6 million recorded in 1H 2023. The decline in consolidated[5] net sales was primarily driven by an anticipated drop in manufacturing sales driven by delayed orders from European customers in the first half of the year, along with longer lead times for materials resulting from disruptions in Red Sea traffic, and a reduction in our shirt-making factory's USD-denominated sales, which were affected by the depreciation of the Egyptian Pound (EGP) in March 2024, causing a slight impact on the segment's overall sales. Meanwhile, at the retail segment, consolidated[4] net sales rose to USD 12.6 million in 1H 2024, up 7.1% y-o-y increase, with even stronger growth in EGP terms as the Group's strategy to drive Concrete's net sales continues to bear fruit. On the other hand, at the manufacturing segment consolidated[4] net sales declined 7.6% y-o-y to USD 51.5 million on the back of a 12.2% y-o-y decline in sales volumes for the period.




**Cost of goods sold (COGS)** recorded USD 38.2 million in 1H 2024, reflecting a 19.5% reduction from the USD 47.4 million recorded in the same period of 2023. As a percentage of net sales COGS declined from 70.2% in 1H 2023 to 57.9% in the first half of this year. In similar fashion, **selling, general, and administrative (SG&A) expenses** for the first half of the shrunk by 5.4% y-o-y to USD 9.7 million on the back of a Group-wide drive to optimize expenses. Other operating expenses for the six-month period amounted to USD 0.9 million, a 50.6% increase compared to USD 0.6 million recorded in the first half of 2023.

**EBITDA** reached USD 19.8 million, up by a notable 63.9% and yielding an associate margin of 30.0% versus 17.9% in the corresponding period of 2023. Further down the income statement, **operating profit** for the six-month period recorded USD 17.4 million, representing a solid 77.2% y-o-y growth. Operating profit margin for 1H 2024 expanded a solid 11.9 percentage points to record 26.4% versus 14.5% in 1H 2023.




**Net finance costs** for the period recorded USD 7.7 million, down 14.8% from USD 9.1 million in the same six months of last year.

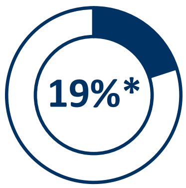
The Group achieved a **net profit** of USD 9.8 million in 1H 2024, a significant increase compared to USD 150 thousand booked in 1H 2023. CFG's net profit margin also saw a substantial improvement, rising to 14.8% in 1H 2024 versus 0.2% in the same period of last year.

[5] *Consolidated results exclude intercompany transactions for all periods.*

**Receivables** on 30 June 2024 stood at USD 45.0 million versus the USD 40.2 million figure recorded on 31 January 2023. Meanwhile, **inventory** balances recorded USD 89.6 million at the end of 30 June 2024, a decrease from the USD 95.6 million in inventories booked on 31 January 2024. Finally, **cash and cash equivalents** recorded USD 7.7 million during the period, down from USD 10.5 million at the end of January 2024.

On the liabilities front, Concrete Fashion Group's **net debt** at 30 June 2024 recorded USD 117.4 million versus 118.0 million at the end of January 2024.

# Segmental Analysis




## Retail

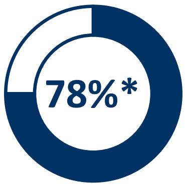
The Group’s retail segment includes results from its retail business units Concrete and Euromed. Concrete is considered the largest homegrown premium fashion house in Egypt with 51[6] stores located all around the country. Meanwhile, Euromed is the country’s main wholesale and uniform platform catering to the largest and most complex wholesale and uniform operations in Egypt.

**Contribution of retail business to Group's combined net sales of USD 69.3 million in 1H 2024. It is worth highlighting that combined net sales for the six-month period includes USD 1.8 million in net sales booked at the holding level.*

In the first half of 2024, the Group's retail segment booked impressive combined[7] net sales of USD 13.1 million, reflecting a solid 10.1% increase from the previous year. In EGP terms, net sales climbed 43.5% y-o-y driven by strong volume growth at Concrete as the Group’s efforts to drive sales at the business unit continue to deliver the expected results. Profitability also grew strongly, with the segment reporting an EBITDA of USD 5.3 million in 1H 2024, up 40.5% y-o-y and with an associate margin of 40.6% versus 31.8% in 1H 2023. Similarly, operating profit reached USD 4.2 million, a significant 56.5% y-o-y jump from USD 2.7 million recorded in the same period last year. Combined net profit rose to USD 2.4 million, up 51.8% y-o-y compared to USD 1.6 million in 1H 2023.

| Summary Combined[5] Income Statement (USD mn) | 1H 2023 | 1H 2024 | *Change* |
|---|---|---|---|
| **Net Sales** | **11.9** | **13.1** | ***10.1%*** |
| Cost of Goods Sold | (4.6) | (4.0) | *-11.8%* |
| **EBITDA[8]** | **3.8** | **5.3** | ***40.5%*** |
| *EBITDA Margin (%)* | *31.8%* | *40.6%* | *8.8 pts.* |
| **Operating Profit[9]** | **2.7** | **4.2** | ***56.5%*** |
| *Operating Profit Margin (%)* | *22.7%* | *32.2%* | *9.5 pts.* |
| **Net Profit** | **1.6** | **2.4** | ***51.8%*** |
| *Net Profit Margin (%)* | *13.2%* | *18.2%* | *5.0 pts.* |

*[6] Concrete’s network includes 51 stores as of 31/08/2024*
*[7] Combined results do not exclude intercompany transactions from the totals for all reporting periods.*
*[8] EBITDA is calculated as operating profit for the period plus depreciation, amortization, and expected credit losses.*
*[9] Operating profit is calculated net of intercompany Expected Credit Loss (ECL).*




## Manufacturing

The Group's manufacturing segment includes results from its three manufacturing business units dedicated to the manufacture of suits, trousers and shirts. Across its facilities, around 90% of manufactured pieces are exported worldwide to prestigious fashion houses including Brooks Brothers, Macy's, Ralph Lauren, Calvin Klein, Boggi, Ted Baker, Tommy Hilfiger, Massimo Dutti, Armani, JOOP!, and Ramsy providing the Group with a large and growing flow of foreign currency income. Today, the Group's Swiss Garments Company (SGC) and Egypt Tailoring Company (ETC) facilities are focused on the manufacturing of Casual Jackets, Formal Jackets, Coats & Formal Trousers and with respective yearly capacities of 1.5 million jackets and 1.5 million trousers. Meanwhile, trousers are manufactured at its Swiss Cotton Garments Company (SCGC) facility, with a yearly capacity of 2.5 million formal and casual trousers, and shirts at its Cristall for Making Shirts (Cristall) plant, which boasts a yearly capacity of 1.0 million casual and formal shirts.

**Contribution of manufacturing business to Group's combined net sales of USD 69.3 million in 1H 2024. It is worth highlighting that combined net sales for the six-month period includes USD 1.8 million in net sales booked at the holding level.*

At the manufacturing segment, the Group reported combined[10] net sales of USD 54.3 million in 1H 2024, a 16.5% y-o-y decline. The temporary slowdown in net sales is attributable to several factors including delayed orders from European customers in the first half of the year, longer lead times for materials due to Red Sea traffic disruptions, as well as the depreciation of the Egyptian Pound (EGP) in March 2024, which impacted our shirt-making factory's USD-denominated sales, leading to a slight effect on the segment's total sales. Net sales at the manufacturing segment are set to improve in the second half of the year supported by the signing of new clients including Ralph Lauren, newly booked ladies' wear orders, rising demand from Turkish partners seeking manufacturing opportunities in Egypt, and improving demand from Europe on the back of better macroeconomic conditions.

On the profitability front, EBITDA recorded USD 15.0 million in the first half of the year, down 8.3% y-o-y. However, declining COGS and SG&A expenses for the period supported an improvement in EBITDA margin for the first half of the year to 27.6% from last year's 25.1% margin. Further down the income statement, operating profit declined by 8.5% y-o-y, but with an expanded operating profit margin of 24.1% in 1H 2024 versus 22.0% in the same period last year. The segment's net profit reached USD 7.5 million, reflecting a 10.4% y-o-y increase, with its margin improving by 3.4 percentage points to 13.8% from 10.4% in the previous year.

| Summary Combined[7] Income Statement (USD mn) | 1H 2023 | 1H 2024 | *Change* |
|---|---|---|---|
| **Net Sales** | **65.1** | **54.3** | ***-16.5%*** |
| Cost of Goods Sold | (46.0) | (38.0) | *-17.4%* |
| **EBITDA[11]** | **16.3** | **15.0** | ***-8.3%*** |
| *EBITDA Margin (%)* | *25.1%* | *27.6%* | *2.4 pts.* |
| **Operating Profit[12]** | **14.3** | **13.1** | ***-8.5%*** |
| *Operating Profit Margin (%)* | *22.0%* | *24.1%* | *2.1 pts.* |
| **Net Profit** | **6.8** | **7.5** | ***10.4%*** |
| *Net Profit Margin (%)* | *10.4%* | *13.8%* | *3.4 pts.* |

*[10] Combined results do not exclude intercompany transactions from the totals for all reporting periods.*
*[11] EBITDA is calculated as operating profit for the period plus depreciation, amortization, and expected credit losses.*
*[12] Operating profit is calculated net of intercompany Expected Credit Loss (ECL).*

# Consolidated Income Statement

| USD mn | 1H 2023 | 1H 2024 | *Change* |
|---|---|---|---|
| **Net Sales** | **67.6** | **65.9** | ***-2.4%*** |
| Cost of Goods Sold | (47.4) | (38.2) | *-19.5%* |
| **Gross Profit** | **20.1** | **27.7** | ***37.9%*** |
| *Gross Profit Margin* | *29.8%* | *42.1%* | *12.3 pts.* |
| Other Operating Revenue | 0.5 | 0.2 | *-58.8%* |
| Selling & Distribution Expenses | (4.8) | (4.1) | *-14.5%* |
| General & Administrative Expenses | (5.4) | (5.6) | *2.5%* |
| Other Operating Expenses | (0.6) | (0.9) | *50.6%* |
| **EBITDA**[13] | **12.1** | **19.8** | ***63.9%*** |
| *EBITDA Margin* | *17.9%* | *30.0%* | *12.1 pts.* |
| **Operating Profit** | **9.8** | **17.4** | ***77.2%*** |
| *Operating Profit Margin* | *14.5%* | *26.4%* | *11.9 pts.* |
| Finance Income | 0.6 | 0.5 | *-17.1%* |
| Finance Cost | (9.7) | (8.2) | *-14.9%* |
| **Profit Before Tax** | **0.7** | **9.7** | **-** |
| Income Tax | (0.6) | (0.7) | *25.4%* |
| Deferred Tax | 0.002 | 0.8 | - |
| **Net Profit** | **0.1** | **9.8** | **-** |
| *Net Profit Margin* | *0.2%* | *14.8%* | *14.6 pts.* |

*[13] EBITDA is calculated as operating profit for the period plus depreciation and amortization.*

# Consolidated Balance Sheet

| USD mn | 31 January 2024 | 30 June 2024 |
|---|---|---|
| **Non-Current Assets** | | |
| Property, Plant, and Equipment | 42.8 | 43.1 |
| Projects under Construction | 3.2 | 2.6 |
| Intangible Assets | 4.1 | 4.0 |
| Right of Use Assets | 4.5 | 3.0 |
| Non-Current Prepaid Expenses | - | 0.001 |
| **Total Non-current Assets** | **54.6** | **52.8** |
| **Current Assets** | | |
| Inventory | 95.6 | 89.6 |
| Accounts Receivable | 40.2 | 45.0 |
| Due from Related Parties | 0.4 | 0.1 |
| Assets Held for Sale | 1.7 | 1.1 |
| Cash and Cash Equivalents | 10.5 | 7.7 |
| **Total Current Assets** | **148.4** | **143.4** |
| **Total Assets** | **203.1** | **196.2** |
| **Equity** | | |
| Capital | 32.9 | 32.9 |
| Legal Reserve | 6.7 | 6.7 |
| Foreign Entities Conversion Differences | (36.3) | (42.1) |
| Retained Earnings | 23.5 | 25.7 |
| **Controlling Equity** | **26.8** | **23.3** |
| **Non-Controlling Equity** | **1.7** | **1.5** |
| **Total Equity** | **28.5** | **24.7** |
| **Non-current Liabilities** | | |
| Long-term Debt | 38.4 | 32.7 |
| Notes Payable | 0.008 | - |
| Lease Liability | 1.7 | 1.7 |
| Deferred Tax | 1.6 | 0.2 |
| Other Payables | 11.4 | 10.2 |
| **Total Non-current Liabilities** | **53.0** | **44.9** |
| **Current Liabilities** | | |
| Provisions | 0.6 | 0.6 |
| Short-term Debt | 79.8 | 81.0 |
| Overdraft | 1.0 | 0.3 |
| Accounts Payable | 22.9 | 26.5 |
| Due to Related Parties | 0.2 | 2.2 |
| Income Tax Payable | 1.4 | 0.6 |
| Other Payables | 6.2 | 4.3 |
| Current Portion of Long-term Debt (CPLTD) | 9.3 | 11.2 |
| **Total Current Liabilities** | **121.5** | **126.6** |
| **Total Liabilities** | **174.5** | **171.5** |
| **Total Liabilities and Equity** | **203.1** | **196.2** |

# Key Operational Figures

| Thousands of Pieces sold | 1H 2023 | 1H 2024 |
|---|---|---|
| **Retail** | **663.9** | **697.5** |
| *Concrete* | 383.2 | 577.1 |
| *Euromed* | 280.7 | 120.5 |
| **Manufacturing** | **2,776.8** | **2,438.7** |
| *Casual Jackets* | *71.3* | *55.9* |
| *Casual Trouser and Shorts* | *492.6* | *348.4* |
| *Formal Jackets* | 469.9 | 401.8 |
| *Formal Trousers* | 1,283.8 | 1,197.5 |
| *Coats* | 7.6 | 9.8 |
| *Vests* | 63.9 | 53.3 |
| *Shirts* | 387.6 | 363.2 |

## About Concrete Fashion Group

Concrete Fashion Group is a leading luxury fashion manufacturer, retailer and exporter business. The holding company is listed on the Egyptian Stock Exchange under the ticker CFGH. Concrete Fashion Group owns the homegrown brand Concrete, which is considered Egypt's largest retailer for luxury menswear, teens wear, and kids wear with 51 stores all around the country and a growing regional online presence. CFG also operates a successful ready-made garments export business serving prominent global fashion houses such as Massimo Dutti, Armani, Boggi, Brooks Brothers, and Macy's.

## Investor Relations Contact

Concrete Fashion Group for commercial and industrial investments S.A.E
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| **Operating Profit** | **9.8** | **17.4** | ***77.2%*** |
| *Operating Profit Margin (%)* | *14.5%* | *26.4%* | *11.9 pts.* |
| **Net Profit** | **0.1** | **9.8** | **-** |
| *Net Profit Margin (%)* | *0.2%* | *14.8%* | *14.6 pts.* |
| **Key Operational Figures (Thousands pieces sold)** | **1H 2023** | **1H 2024** | ***Change*** |
| Retail | 663.9 | 697.5 | *5.1%* |
| Manufacturing | 2,776.8 | 2,438.7 | *-12.2%* |

"As I reflect back on our results for the first six months of the year, I am pleased with the progress we have been able to achieve across both of our business segments despite the challenging macroeconomic and geopolitical conditions that we continue to encounter at home and across our international markets," **said Dr. Alaa Arafa, Group Vice Chairman and Chief Executive Officer.** "During the period, we delivered a strong set of results, characterized by enhanced profitability, while also increasing our brand visibility and making significant progress in both our short-term and long-term strategies."

Diving deeper into this period's results, the Group's retail segment continued to demonstrate the strong long-term growth potential of its operations, posting robust top- and bottom-line growth in the first six months of the year. More specifically, the Group's flagship luxury retail brand, Concrete, posted year-on-year net sales growth of 28.0% in USD terms during 1H 2024, and an even more impressive 66.7% y-o-y expansion in local currency terms.

"The continued growth of Concrete directly reflects the success of our strategies which over the last year have seen us simultaneously expand the business unit's physical and online presence, widen its product offering, and solidify its brand awareness through targeted marketing initiatives. During the past period, we were particularly pleased to note the strong contributions made by Concrete's newer branches in West Cairo and El Gouna since the beginning

[1] *Consolidated results exclude intercompany transactions for all periods.*
[2] *EBITDA is calculated as operating profit for the period plus depreciation and amortization.*

of the year, as well as the strong demand enjoyed by its seasonal stores in the north coast. Our seasonal stores started the summer on a strong note, and we expect this momentum to translate into continued growth in July and August, as Egypt's North Coast attracts a rising number of both domestic and international tourists," **commented Dr. Arafa.** "During the second quarter of the year, we also took an important step forward on our international expansion strategy, launching four new online stores catering to customers in the UAE, Saudi Arabia, Kuwait, and Qatar. These digital store launches represent a key first step towards expanding into the GCC and will be followed by the roll out of physical branches in 2025."

Turning to the manufacturing segment, the Group reported a decline in net sales during the first half of the year, driven by recent challenging macroeconomic and geopolitical conditions. This resulted in delayed orders from European customers and longer lead times for materials due to disruptions in Red Sea traffic. Additionally, the shirt-making factory's USD-denominated sales were affected by the depreciation of the Egyptian Pound (EGP) in March 2024, causing a slight impact on the segment's total sales, although significant improvements were seen in local currency. Despite the decline in net sales, the company reported solid improvements across all profit margin levels, demonstrating that its recently introduced strategy to prioritize higher-margin clients is beginning to bear fruit.

More specifically, our Suit and Jacket unit recently secured its first ladies' wear orders for Brooks Brothers and is now working to establish a dedicated unit, which will help us attract more orders from existing and new clients. With these initiatives underway, we remain confident in the segment's second-half performance, expecting a recovery in net sales driven by new clients like Ralph Lauren, rising demand from Turkey, and increased interest from Europe as economic conditions improve," commented Dr. Arafa on the strategy.

At the consolidated level, the company reported net sales of USD 65.9 million in the first half of the year, only marginally below the previous year's figure. Further down the income statement, widespread margin improvements were recorded at all levels of profitability, supported by Group-wide cost optimization efforts. Specifically, during the six-month period, EBITDA reached USD 19.8 million, marking a 63.9% y-o-y increase with an associated margin of 30.0%, compared to the 17.9% margin in 1H 2023. Similarly, operating profit stood at USD 17.4 million, up 77.2% y-o-y, with a margin of 26.4%, which is 11.9 percentage points higher than the previous year. Lastly, bottom-line profits totaled USD 9.8 million in 1H 2024, a significant improvement from last year's net profit of USD 150 thousand, partially supported by declining net finance costs during the current reporting period.

"Having shared our strong first-half results, which reflect the solid execution of our strategy and continued growth, I would also like to highlight a particularly proud achievement from this period. Recently, we had the honor of providing Egypt's Olympic and Paralympic teams with their official uniforms for the 2024 Paris Olympics. The superior quality and style of Concrete earned us several honorable mentions and top rankings from international news outlets, including *The New York Times* and *USA Today*. This achievement has significantly boosted our brand's visibility, aligning with our broader marketing and awareness strategy, while reinforcing our efforts to expand regionally and internationally." **added Dr. Arafa.**

"With two thirds of the year nearly behind us, we remain focused on delivering on our long-term priorities while at the same time generating incremental value for our customers, clients, and shareholders. In the coming months, our strategic areas of focus will remain unchanged as we look to further cement our retail operations at home and lay the foundations for a successful regional expansion come 2025. Meanwhile, on the manufacturing front, we will continue to expand our client portfolio by adding new brands and markets to our already rich roster. At the same time, we will remain dedicated to upholding the highest standards of quality and excellence for our long-standing partners, including Brooks Brothers, Macy's, Ralph Lauren, Calvin Klein, Boggi, Ted Baker, Tommy Hilfiger, Massimo Dutti, Armani, JOOP!, and Ramsy. Finally, we aim to leverage Egypt's newfound cost competitiveness and stable operating conditions while working closely with our esteemed colleagues, business partners, and the broader Egyptian and regional community to close out 2024 strongly and set the stage for an even more successful 2025," **concluded Dr. Arafa.**

– Ends –

## About Concrete Fashion Group

Concrete Fashion Group is a leading luxury fashion manufacturer, retailer and exporter business. The holding company is listed on the Egyptian Stock Exchange. Concrete Fashion Group owns the homegrown brand Concrete in Egypt, which is considered the largest retailer for luxurious menswear, teens wear & kids wear in the country with over 51 stores, backed by export business to global prominent fashion houses such as Massimo Dutti, Armani, Boggi Milano, Brooks Brothers and Macys.

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