Initiation Report

April 30 2026

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AlSaif Stores

Positioned to capture KSA's structural consumption upside through differentiated retail and disciplined expansion

- **Structural exposure to Saudi non-food retail growth, underpinned by household formation, accelerating urbanization, and rising disposable income, with additional support from Vision 2030 initiatives.**
- **Peer-leading margins (>30% premium to peers' average) driven by direct sourcing from manufacturers and private labels.**
- **We initiate coverage with a Hold rating and TP of SAR 7.5, implying an 13.5% upside. Stock trades at a premium valuation (FY26e/27e P/E of 35.1/30 and EV/EBITDA of 15.8/13.1. DY is modest at 2.4%, but FCFY is attractive at 4.4%.**

Al Saif is well positioned to benefit from structural consumption growth in KSA, driven by its exposure to non-food discretionary retail categories. These segments are among the fastest-growing in the Saudi retail market. Al Saif's specialized focus on homeware differentiates it from broader retailers, supporting stronger margins, brand affinity, and customer loyalty. Its private-label strategy enables pricing control, assortment differentiation, and superior profitability relative to peers, amid limited direct competition among listed players.

Al Saif's growth strategy is anchored in disciplined store expansion and increasing omni-channel penetration. The company has demonstrated a consistent track record of network expansion, growing its store base while maintaining capital efficiency. Management plans to continue adding new stores selectively, targeting underserved markets while optimizing existing store productivity. E-commerce is expected to play an increasing role, contributing a larger share of revenues over time. Revenue growth is projected to be supported by a combination of store additions, population growth, and improved sales mix. The company is expected to deliver a mid-single-digit revenue CAGR over the medium term. This growth is complemented by improving margins driven by private-label expansion. The strategy balances expansion with operational efficiency. As a result, Al Saif is positioned for sustainable, long-term growth.

We expect FY 26e earnings of SAR 66m following a solid recovery in FY 25A, allowing FY 26 DY of 2.4% (ACe). AlSaif has delivered solid numbers for FY25A (EPS up 55% y/y), supported by enhanced direct sourcing from manufacturers, higher contribution from own brand, improved inventory management, and disciplined expansion of operations. For FY 26e, we pencil in net income of SAR 66m (13.5% y/y growth).

Margins recovering sharply; FCF generation to normalize post-FY25A. Gross margin recovered to 23.5% in FY25A from 15.4% in FY24A, driven by the easing of Red Sea freight disruptions, rising own-brand penetration (c.62% of sales), and improved inventory discipline (turnover up to 1.8x from 1.5x). We model a further gradual expansion to c.25.9% by FY29e, underpinned by continued private-label mix-shift and operating leverage. EBITDA margin is forecast to widen from 20.0% in FY26e to c.23.7% by FY28e. FCF is projected to recover progressively through FY29e, supporting a growing dividend stream and an increasingly net cash position.

We initiate coverage with a Hold rating and set a TP of SAR 7.5. At the current market price, the stock trades at an FY 26e P/E of 35.1x and EV/EBITDA of 15.8x, a material premium to the KSA consumer discretionary peer median of c.17x P/E and 9.0x EV/EBITDA. Our DCF-derived TP of SAR 7.5 implies 13.5% upside and is premised on a WACC of 8.8% and a terminal growth rate of 3.0%. Key upside risk to our Hold rating includes faster-than-expected store additions, accelerated e-commerce penetration, or a more favorable product mix driven by higher private-label contribution. We see upside for increased dividend distributions or M&A, given FCFY of 4.4%

HOLD **SAR 7.5**

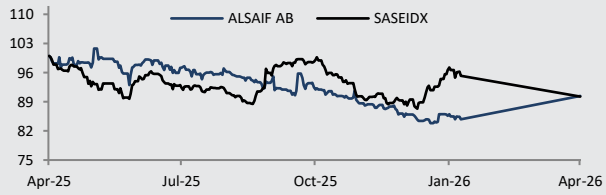
Consumer discretionary / Saudi Arabia

Bloomberg code	ALSAIF AB
Market index	SASEIDX
Target Price	7.5
Upside (%)	13.5

Market data **28/04/2026**	
Last closing price	6.6
52 Week range	6.1-7.5
Market cap (SAR m)	2,314
Market cap (USD m)	617
Average Daily Traded Value (SAR m)	1.0
Average Daily Traded Value (USD m)	0.4
Free float (%)	34%

Year-end (local m)	2025	2026e	2027e	2028e
Revenues	759	786	829	867
EBITDA	130	157	189	205
Net income	58	66	77	84
EPS	0.17	0.19	0.22	0.24
EPS growth (%)	54.6	13.4	17.3	9.3
P/E (current price)	39.9	35.1	30.0	27.4
DPS	-	0.16	0.19	0.20
Div. yield (%)	-	2.4	2.8	3.1
FCF/share	0.8	0.3	0.3	0.4
FCF yield (%)	11.7	4.4	5.1	5.8
CAPEX	8	14	14	14
CAPEX/sales (%)	1.1	1.8	1.7	1.7
Net Debt/EBITDA (x)	(0.2)	(0.5)	(0.7)	(1.0)
EV/EBITDA (x)	19.1	15.8	13.1	12.1
RoAE (%)	12.4	13.1	15.1	16.1
RoIC (%)	8.9	10.4	11.5	12.3

Price Performance



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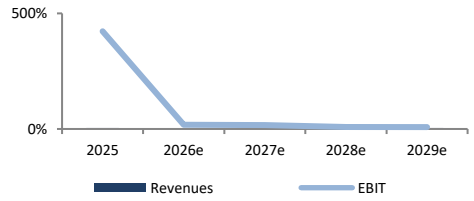
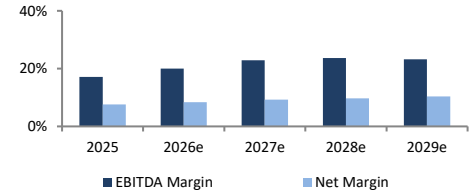
Abacus *Arqaam Capital Fundamental Data*

AlSaif Stores

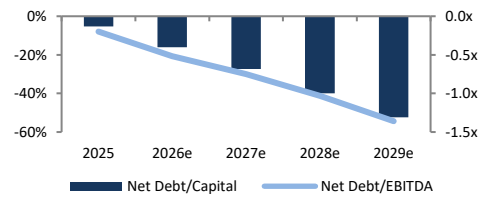
Profitability



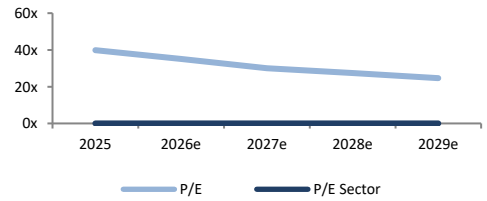
Growth



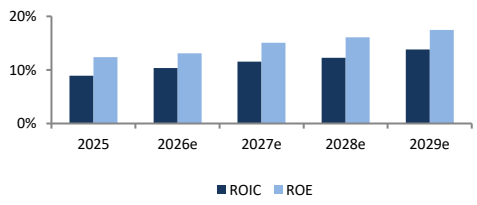
Gearing



Valuation



Return



Year-end	2024	2025	2026e	2027e	2028e	2029e
Financial summary						
Reported EPS	0.11	0.17	0.19	0.22	0.24	0.27
Diluted EPS	0.11	0.17	0.19	0.22	0.24	0.27
DPS	-	-	0.16	0.19	0.20	0.23
BVPS	1.25	1.42	1.45	1.48	1.52	1.56
Weighted average shares	350.00	350.00	350.00	350.00	350.00	350.00
Average market cap	2,313.50	2,313.50	2,313.50	2,313.50	2,313.50	2,313.50

Year-end	2024	2025	2026e	2027e	2028e	2029e
Valuation metrics						
P/E (x) (current price)	61.6	39.9	35.1	30.0	27.4	24.6
P/E (x) (target price)	69.9	45.2	39.9	34.0	31.1	28.0
EV/EBITDA (x) (current price)	36.7	19.1	15.8	13.1	12.1	11.8
EV/EBITDA (x) (target price)	36.7	19.1	15.8	13.1	12.1	11.8
EV/FCF (x)	10.8	9.3	24.5	21.1	18.7	17.2
Free cash flow yield (%)	10.0	11.7	4.4	5.1	5.8	6.3
Dividend yield (%)	-	-	2.4	2.8	3.1	3.4

Year-end	2024	2025	2026e	2027e	2028e	2029e
Growth (%)						
Revenues	1.6	3.7	3.6	5.4	4.7	4.6
EBITDA	(50.6)	91.9	20.8	20.5	8.5	2.2
EBIT	(85.7)	422.5	17.7	17.3	8.4	8.1
Net income	(61.8)	54.6	13.4	17.3	9.3	11.3

Year-end	2024	2025	2026e	2027e	2028e	2029e
Margins (%)						
EBITDA	9.3	17.1	20.0	22.9	23.7	23.2
EBIT	1.8	9.3	10.5	11.7	12.2	12.6
Net	5.1	7.6	8.4	9.3	9.7	10.4

Year-end	2024	2025	2026e	2027e	2028e	2029e
Returns (%)						
RoAA	4.5	7.6	8.3	9.2	9.8	11.4
RoAE	8.9	12.4	13.1	15.1	16.1	17.5
RoIC	0.8	8.9	10.4	11.5	12.3	13.8
FCF margin	31.6	35.3	12.9	14.2	15.3	16.0

Year-end	2024	2025	2026e	2027e	2028e	2029e
Gearing (%)						
Net debt/Capital	(0.6)	(5.2)	(16.1)	(27.4)	(39.9)	(52.5)
Net debt/Equity	(0.7)	(5.2)	(16.1)	(27.4)	(39.9)	(52.5)
Interest cover (x)	(0.7)	(6.2)	(8.1)	(8.3)	(9.0)	(12.1)
Net debt/EBITDA (x)	-	(0.2)	(0.5)	(0.7)	(1.0)	(1.4)

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Abacus *Arqaam Capital Fundamental Data*

Company profile

AlSaif Stores for Development and Investment Company (Alsaif Gallery) specializes in household goods, kitchenware, and home appliances. Founded in 1993 and headquartered in Riyadh, the company operates a nationwide network of 70+ showrooms across Saudi Arabia and has regional subsidiaries in Kuwait, Oman, and Qatar, supported by a growing e-commerce platform. Alsaif Gallery offers a broad portfolio that includes cookware, small and large kitchen appliances, home electronics, and household products, positioning it as a leading mid-market home retail brand in the Kingdom. The company was listed on Tadawul in December 2022 and operates within the consumer discretionary retail sector, with most of its revenues generated in Saudi Arabia and a business model focused on leased retail locations and direct distribution.

Ownership and management

Shareholders

Suleiman bin Mohammed Al-Saif	62.5%
Public	37.5%

Board of Directors

Suleiman bin Mohammed Al-Saif	Chairman
Mohammed bin Suleiman Al-Saif	Vice Chairman
Haytham bin Suleiman Al-Saif	Executive Vice Chairman
Muhannad bin Suleiman Al-Saif	Member
Mohammed bin Saud Al-Zamil	Member
Abdulmajeed bin Suleiman Al-Dakheel	Member

AlSaif Stores

Year-end	2024	2025	2026e	2027e	2028e	2029e
Income statement (SARmn)						
Sales revenue	732	759	786	829	867	907
Cost of sales	(619)	(581)	(596)	(621)	(647)	(674)
Gross profit	**113**	**178**	**190**	**207**	**220**	**233**
SG&A	-	-	-	-	-	-
EBITDA	**68**	**130**	**157**	**189**	**205**	**210**
Depreciation	54	60	74	92	100	96
EBIT	**13**	**70**	**83**	**97**	**105**	**114**
Interest expense	(21)	(11)	(10)	(12)	(12)	(9)
Share of results of associates & JV	-	-	-	-	-	-
Profit before tax	45	67	76	89	97	108
Taxes	(7)	(9)	(10)	(12)	(13)	(15)
Other post-tax income/(expense)	**-**	**-**	**-**	**-**	**-**	**-**
Net profit (group)	38	58	66	77	84	94
Minorities	-	-	-	-	-	-
Net profit (parent)	**38**	**58**	**66**	**77**	**84**	**94**
Arqaam adjustments (including dilution)	-	1	-	-	-	-
Arqaam Net profit	**37**	**58**	**66**	**77**	**84**	**94**

Year-end	2024	2025	2026e	2027e	2028e	2029e
Balance sheet (SARmn)						
Cash and equivalents	68	26	81	142	212	286
Receivables	42	50	38	38	38	38
Inventories	283	356	358	363	367	370
Tangible fixed assets	172	158	149	139	129	117
Other assets including goodwill	176	201	175	195	93	4
Total assets	**741**	**791**	**801**	**877**	**838**	**816**
Payables	43	74	74	77	80	84
Interest bearing debt	65	-	-	-	-	-
Other liabilities	193	221	221	282	228	188
Total liabilities	**302**	**294**	**295**	**359**	**308**	**271**
Shareholders equity	439	496	506	518	531	545
Minorities	-	-	-	-	-	-
Total liabilities & shareholders equity	**741**	**791**	**801**	**877**	**838**	**816**

Year-end	2024	2025	2026e	2027e	2028e	2029e
Cash flow (SARmn)						
Cashflow from operations	**209**	**79**	**152**	**170**	**186**	**192**
Net capex	64	(8)	(14)	(14)	(14)	(15)
Free cash flow	**231**	**268**	**101**	**118**	**133**	**145**
Equity raised/(bought back)	-	-	-	-	-	-
Dividends paid	-	-	(56)	(66)	(72)	(80)
Net inc/(dec) in borrowings	(165)	(65)	-	-	-	-
Other investing/financing cash flows	(8)	(9)	(10)	(11)	(11)	(9)
Net cash flow	**77**	**211**	**56**	**61**	**70**	**75**
Change in working capital	135	(53)	(1)	(11)	(12)	(12)

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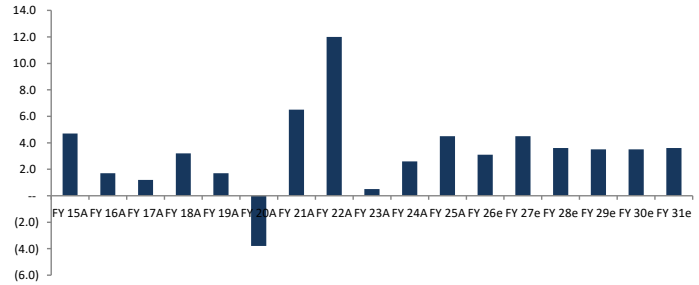
Investment thesis

Well-positioned to capture Saudi consumption tailwinds; omnichannel growth supports fundamentals, while valuation remains full

Structural exposure to KSA non-food consumption.

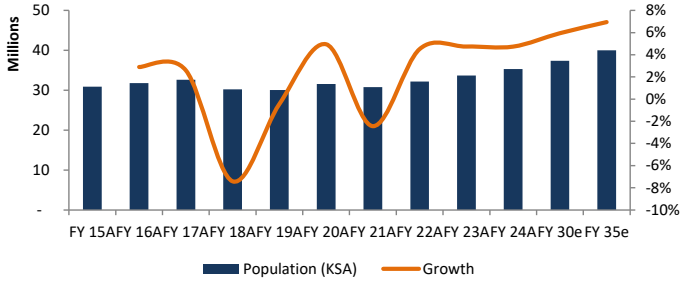
Alsaif operates in non-food discretionary retail, specifically homeware, kitchen appliances, small electricals, and household products—categories that benefit disproportionately from household formation, urbanization, and rising living standards in Saudi Arabia. Non-food retail remains one of the fastest-growing segments of the Saudi retail market under Vision 2030, supported by wage growth, employment formalization, and rising female workforce participation. Saudi Arabia's retail market is estimated at SAR 590bn, with non-food retail growing at a mid-to-high single-digit CAGR over the medium term, outpacing food retail due to premiumization and expansion of discretionary spend.

Exhibit 1: KSA's GDP poised for an average growth of >3% per annum …



Source: Arqaam Capital Research, IMF

Exhibit 2: … coupled with robust population growth, supports Al Saif's growth prospects



Source: Arqaam Capital Research, IMF

Strong fundamentals offset by premium valuation

Al Saif's investment case is supported by structurally attractive fundamentals, including high private-label penetration (c.32%), improving margins, and direct exposure to KSA's long-term consumption growth; however, the current valuation remains the key constraint to a more constructive stance. At 35.1x FY26e P/E and 15.8x EV/EBITDA, the stock trades at a significant premium to the KSA consumer discretionary peer median of c.17x P/E and 9.0x EV/EBITDA, limiting the margin of safety should execution risks materialize, particularly around the scaling of the large-appliance segment, the pace of cash conversion cycle normalization, or a potential softening in consumer demand. While gross margin recovery has been strong—reaching 23.7% in FY25A from 15.2% in FY24A, driven by normalized freight costs, higher own-brand contribution, and improved inventory turnover, the sustainability of this improvement remains a key swing factor, especially as expansion into lower-margin, logistics-intensive large appliances could dilute profitability. The Edison large-appliance strategy introduces both upside potential, through higher average transaction values and improved revenue density, and execution risk, given the operational complexity of after-sales service and competition from established global players. Looking ahead, a re-rating would likely require a combination of stronger execution and supportive catalysts, including faster-than-expected e-commerce penetration, successful

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integration of consumer financing solutions to boost conversion, and potential shareholder returns supported by a strengthening net cash position.

Competitive positioning within Saudi homeware/lifestyle retail

Alsaif holds a unique and defensible spot within the Saudi retail landscape. Unlike eXtra or Jarir, which mainly focus on electronics and technology and include home appliances as just one category, Alsaif's entire brand revolves around home living, kitchen, and cooking. This specialized focus offers several benefits: higher gross margins (kitchenware and serveware GPMs of 38–44%, compared to around 15% for consumer electronics), a stronger emotional connection with core female household decision-makers, and a product range that remains largely unaffected by the online-first approach of global consumer electronics brands.

In the kitchenware and small appliances segment, Alsaif faces limited direct competition from listed peers in Saudi Arabia, underscoring its differentiated positioning and brand strength. The nearest listed comparables are eXtra and SACO, which operate broader electronics, home improvement, and appliance formats rather than a pure-play kitchen-and-household focus.

Among unlisted competitors, players such as Eddy, Al Manea, and several hypermarkets and regional retail chains participate in small appliances and selected kitchen categories. However, these competitors typically lack Alsaif's depth in assortment, private-label penetration, and category specialization.

Other nearby competitors include Homewagon, Sabavi Home, and Al-Mira Centre, though these players remain materially smaller, with more fragmented store networks and weaker brand recognition. International retailers such as IKEA (operated locally by Al-Futtaim) and Daiso are also present in the market, but they largely target different price points and shopping missions, limiting direct overlap with Alsaif's core customer base.

The primary competitive threats to Alsaif stem from informal, independent small retailers, which compete aggressively on price in essential and commoditized utensil categories, and from online marketplaces such as Amazon.sa and Noon, which continue to exert pricing and margin pressure on generic SKUs, particularly in entry-level appliances and consumable kitchenware. Overall, while competition remains broad across both offline and online channels, Alsaif's scale, brand equity, category focus, and private-label strategy provide a defensible and differentiated position relative to its peers.

Supportive market for household appliances and kitchen tools

The Kingdom of Saudi Arabia represents a highly supportive and attractive market for the household appliances and kitchen tools sector, underpinned by strong economic fundamentals and structural reform initiatives. Ongoing population growth, sustained urban development, and rising consumer purchasing power are reinforcing demand across retail categories, while Vision 2030 continues to drive diversification and expansion of non-oil economic activity. The Kingdom's advanced digital infrastructure, near-universal internet penetration, and rapid adoption of digital payments have further strengthened the retail ecosystem, enabling e-commerce growth and omni-channel integration. Collectively, these factors create a favorable operating environment characterized by resilient consumer demand, modern retail infrastructure, and long-term growth opportunities.

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Store roll-out plans are underway; we model for an addition of 11 new stores over the next five years.

A key pillar of the company's growth strategy includes the continued rollout of stores in the KSA and regional markets. From FY 19 to FY 25, Al Saif Stores opened 29 new stores, bringing the total to 73. This aims to take advantage of the favorable market dynamics in the country, supported by

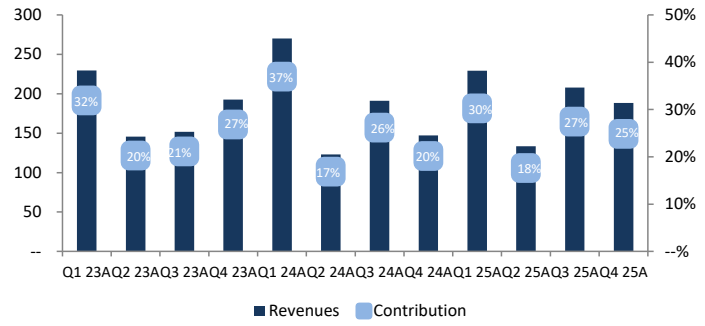
• an expected GDP CAGR of c.4% (FY 23-29e),

• robust affluent population growth outpacing overall population growth at a > 4.5% CAGR

We expect revenue to grow at a 4.8% CAGR (FY 26-30e); E-commerce will contribute 12% by FY 29e.

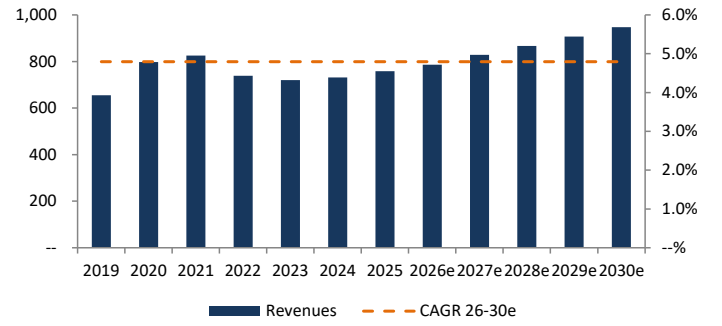
We pencil in a revenue CAGR of 4.8%, reaching SAR 948 million by 2030e. Growth is primarily supported by incremental store expansion (11 new stores, c 2-3 per year vs 73 currently) in KSA and other GCC markets (currently 7), population growth, and a more favorable revenue mix.

Exhibit 3: Q1 usually offers the highest revenue contribution on higher demand



Source: Arqaam Capital Research, Company Data

Exhibit 4: We expect revenues to grow at 4.8% CAGR, reaching SAR 948m by FY 30e



Source: Arqaam Capital Research, Company Data

Store network expansion to support revenue recovery

Al Saif's retail footprint remains the cornerstone of its business model. As of FY 25A, the Company operated a 73-store network, accounting for 87% of total revenues and spanning a total selling area of around 139k sqm. Following a period of revenue pressure—driven by the strategic expansion into the large home appliances category, which resulted in revenue declines of 10.4% y/y in 2022 and 2.6% y/y in 2023 —Al Saif began its recovery phase. We expect the normalization of store productivity and improved category mix to underpin a rebound in in-store performance, with Retail sales forecast to grow at a 2026–30e CAGR of 4.8%, reaching SAR 823 million by 2030e, up from SAR 657 million in 2025, with a 5-year forward CAGR at a more moderate 4.8% FY25-30e. Management's disciplined expansion strategy—adding four stores annually through 2026e, followed by a moderated pace of two to three openings per year thereafter—supports sustainable growth while preserving capital efficiency.

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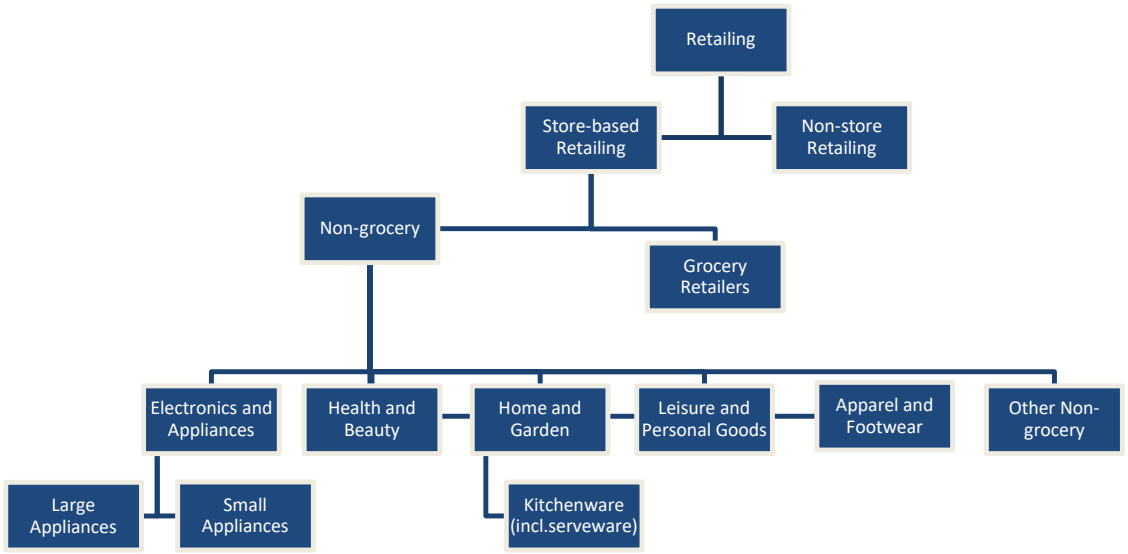
Retail Operations

Saudi Arabia represents Al Saif's core operating market, accounting for 92% of total revenue in FY 25A, and is supported by a network of 66 showrooms integrated with a centralized digital platform. The operating model is based on owned and exclusive brands, direct factory sourcing, and standardized showroom execution, which together support product specification, pricing consistency, and supply availability. During 2025, the Company introduced 2,000 new SKUs while discontinuing around 6,000 underperforming items, contributing to improved inventory turnover (1.8x vs. 1.5x in 2024) and lower return rates in targeted categories. The contribution of owned brands increased to approximately 62% of sales, supporting an improvement in gross profit margin to 23.7% (from 15.2% in FY 24A), alongside enhancements in logistics efficiency and promotional discipline. Operating profit increased accordingly, reflecting margin expansion and controlled operating expenses, while the showroom network remained supported by centralized warehousing in Riyadh and Jeddah. We expect the addition of three new stores in KSA in 2026.

GCC operations are positioned as a complementary extension to its KSA business and are pursued on a selective basis, targeting an investment payback period of 18–24 months for new showroom openings. As of 2025, the Company operates seven showrooms across four GCC markets—UAE, Kuwait, Oman, and Qatar —focusing on owned and exclusive brands. In FY 25A, GCC operations generated SAR 61.9m in revenue, representing 8.2% of total revenue, reflecting y/y growth of 15.3% with a stable store footprint.

Exhibit 5: Non-grocery Retail sector



Source: Arqaam Capital Research, Company Data

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E-commerce

The Company's digital channel, comprising its website and mobile applications, operates alongside the showroom network as part of an integrated sales model. The platform provides access to the Company's product ranges and supports ordering, payment, delivery, returns, and after-sales services in both Arabic and English. Digital and physical channels are linked through shared inventory and order management systems, enabling functions such as Click & Collect and in-showroom processing of online returns. In 2025, e-commerce revenue amounted to SAR 94.3m, representing 12.4% of total revenue, compared with 9.4% in 2024. The showroom network remained the primary sales channel, accounting for approximately 87.6% of total revenue during the year.

Wholesale

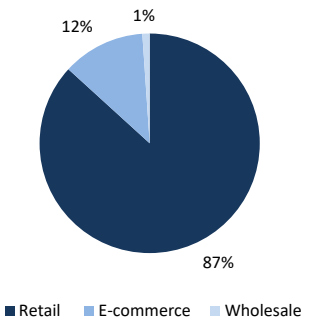
Al Saif Stores operates a wholesale segment that serves selected institutional and trade customers. The wholesale business leverages the Company's owned brand portfolio and sourcing capabilities but remains non-core relative to the showroom and digital channels. Wholesale sales represent a limited portion of overall revenue, and we expect the segment's contribution to remain relatively small at c.1% of total revenue, reflecting Al Saif's focus on direct-to-consumer retail channels.

Exhibit 6: Increased E-commerce contribution…



Source: Arqaam Capital Research, Company Data

Exhibit 7: …Retail channel remains the primary revenue driver



Source: Arqaam Capital Research, Company Data

Revenues – Store additions, KSA expansion, and LFLs to support Al Saif's top-line growth (4.8% CAGR)

Store Rollout Plans

Alsaif is taking a disciplined approach to store expansion. We expect AlSaif to add around three net new stores per year, reaching 84 stores across KSA and the GCC by FY2030. This is slower than the expansion seen in FY2021–FY2023 and reflects a deliberate shift toward better execution after earlier growth stretched operations and weighed on costs.

In KSA, the focus has moved away from footprint growth and toward improving existing stores through refurbishments, product mix upgrades, and higher sales density. New openings are limited to 2–3 per year, mainly in underserved cities. By contrast, the GCC remains the main growth driver, with further stores planned in current markets and potential entry into new ones.

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New stores require around SAR 4.5m of capex, while refurbishments cost c.SAR 3.0m, allowing expansion to be largely funded from operating cash flows.

Same-store sales drivers

We identify three primary levels for same-store sales (SSS) growth:

Large appliance penetration: The introduction of large appliances (Edison brand refrigerators, washing machines, and air conditioners) materially increases average transaction values in existing stores. Customers who previously spent SAR 200–400 on kitchenware or serveware can now make purchases in the SAR 2,500–5,000 range. This mix shift underpins our assumption of higher sales density, with sales per sqm rising from SAR 4.9k in FY2025 to SAR 5.5k by FY2030.

Store refurbishment: Updating older stores to modern layouts, better product presentation, and improved customer experience should drive conversion rates.

Private-label penetration at Alsaif is already high, with approximately 85% of revenue generated from own-branded products. This represents a structural advantage that the new management team aims to deepen while improving margin quality through i) premiumization within existing private-label ranges, ii) the expansion of the Edison brand into large home appliances, and iii) the introduction of a commission-based online marketplace. The proposed marketplace on alsaifgallery.com would add selected third-party brands, broaden the range, and support traffic growth without adding inventory risk.

Reducing the cash conversion cycle is the most financially impactful supply chain initiative. At >150 days (FY25), Alsaif's CCC is materially longer than both its Saudi retail peers (eXtra: 10 days, Jarir: 25 days) and international specialty retail benchmarks. This reflects high inventory days on hand, partially offset by modest payable terms. Any material reduction in inventory carrying days would release substantial working capital, reduce financing costs, and improve free cash flow generation. Management's large-appliance entry has initially worsened the CCC (large appliances require a larger inventory buffer), but improved systems and forecasting should facilitate normalization over the medium term. We assume CCC declines toward 140 days by FY30e in our base case — still elevated vs. peers but a meaningful improvement.

OpEx – Store Expansion and big appliances could pressure margins

Efficient management supports historical margin improvement; we expect a slight recovery post-FY 22A drop.

Al Saif Stores has gradually improved its gross margin post 2022 drop through:

• Increasing contribution from higher-turnover and higher-margin categories via proprietary brands,

• Efficient supply chain management and improved inventory, and

• Enhanced working capital efficiency.

Looking ahead, we pencil in a gradual recovery in margins. That said, a higher private-label contribution and/or supply-chain optimization could further enhance margins.

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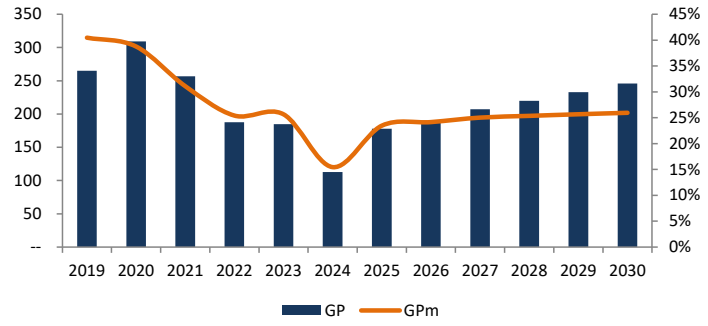
SG&A-to-sales expected to remain at c.13%

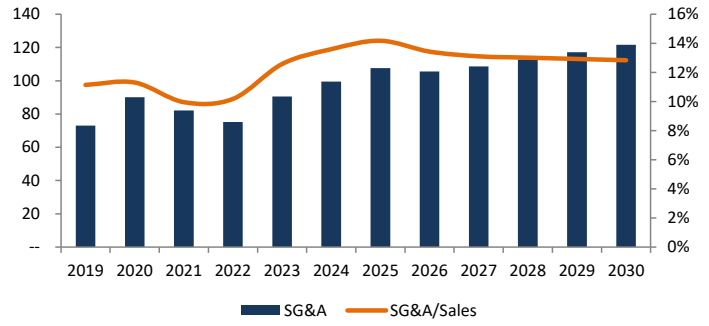
The company's SG&A is mainly dominated by staff costs and marketing expenses, which combined represent c.60% of the total figure. Looking ahead, we assume SG&A-to-sales to remain stable at the 13% range in the long term.

Exhibit 8: GP to grow at a CAGR of c.6.7%, with GPm gradually recovering, remaining below historical levels



Source: Arqaam Capital Research, Company Data

Exhibit 9: We expect SG&A/ sales to remain stable at 13% (FY26-30e)

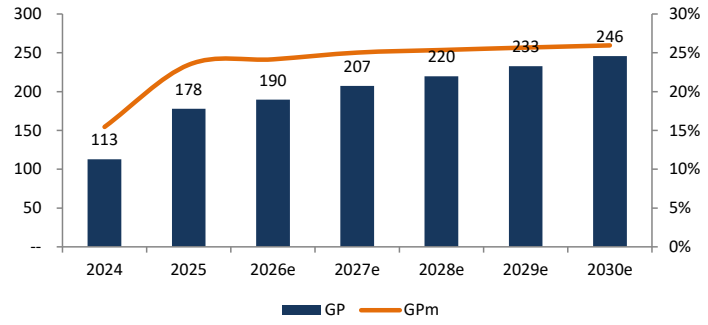


Source: Arqaam Capital Research, Company Data

We expect EBITDA to grow at an 8.3% CAGR 26-30e.

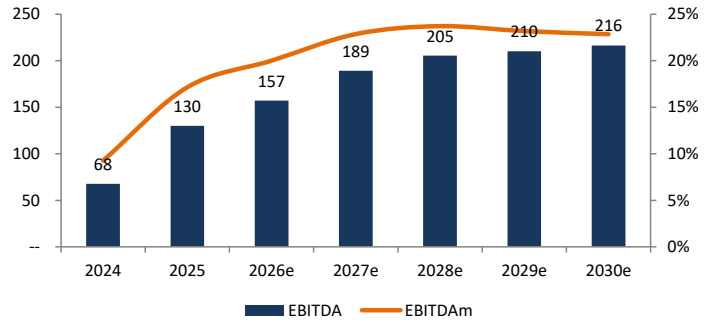
Al Saif's EBITDA margin has shown gradual improvement, supported by higher revenue per square meter, a more favorable revenue mix, and operating cost optimization. Looking ahead, . expect EBITDA margin to expand from 20.0% in FY26e to c.23% by FY28e, driven by operating leverage on a growing revenue base, rising private-label penetration, and improving category mix. On this basis, we expect EBITDA to grow at a CAGR of 8.3% over FY26–30e, reaching SAR 216 million, broadly reflecting gross profit growth driven by a higher contribution from owned brands.

Exhibit 10: We expect GP to grow at 12% CAGR (FY 26-30e) …



Source: Arqaam Capital Research, Company Data

Exhibit 11: … followed by EBITDA growth of 8.3% CAGR



Source: Arqaam Capital Research, Company Data

Earnings grow at 11.8% CAGR (FY 26-29e) as operational growth is partially offset by finance costs

Earnings recovery is underway, albeit at a slower pace than FY25A. Al Saif delivered a robust 55% y/y growth in earnings to SAR 58m, supported by a meaningful recovery in operating performance, with EBIT margin expanding by 7.4ppt y/y—still, however, below historical

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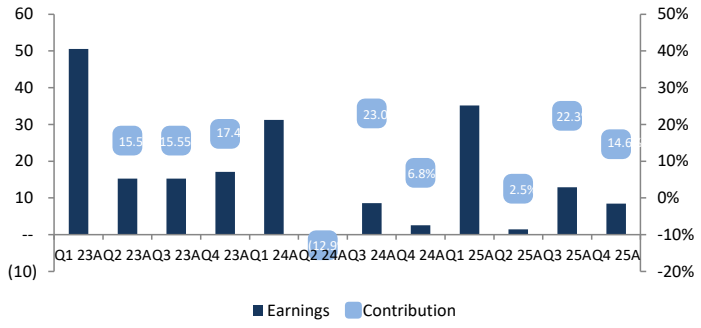
levels. We forecast FY26e net income of SAR 66m, underpinned by seasonally stronger demand, noting that Q1 accounted for c.61% of FY25A net profit.

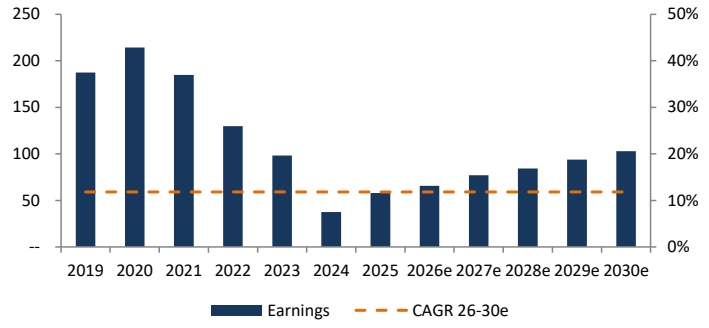
Looking ahead, we expect earnings to grow at a CAGR of 11.8% over FY26–30e, driven by continued store expansion, higher e-commerce contribution, and gradual margin recovery supported by higher sales penetration of own-brand products. In addition, we see upside from potential entry into consumer finance, which could further support our estimates and earnings growth over the medium term.

Exhibit 12: Q1 offers the highest earnings contribution



Source: Arqaam Capital Research, Company Data

Exhibit 13: We expect earnings to grow at 11.8% CAGR

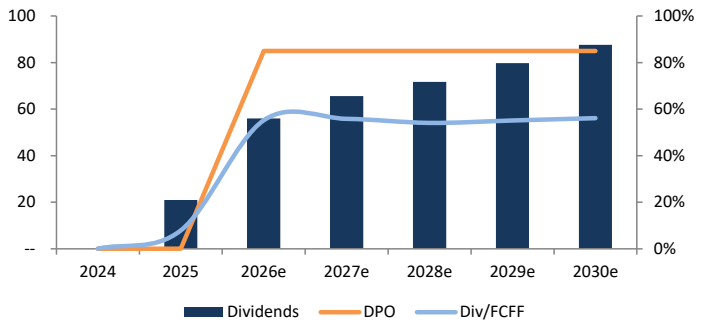


Source: Arqaam Capital Research, Company Data

Al Saif maintains FCF to support dividend payouts.

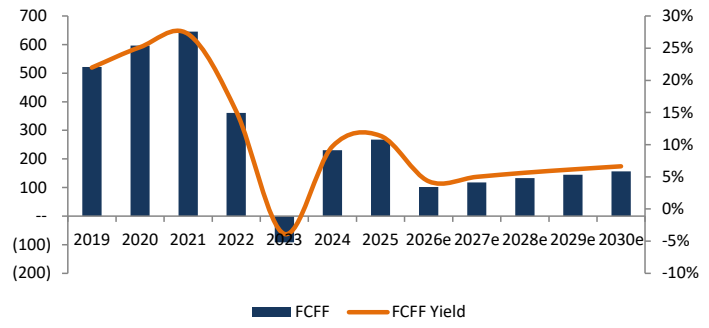
Based on our assumptions, Al Saif is expected to generate FCFF of SAR 156m in FY30e, translating into an FCFF yield of 6.6%, which we view as below the sector average. Dividend distributions are projected at SAR 0.16 per share in FY26e, implying a dividend yield of 2.4%. Overall, we expect dividends to remain sustainable under our base-case assumptions, with limited near-term upside, absent a stronger acceleration in free cash flow generation.

Exhibit 14: FCFF to reach SAR 156m by FY 30e …



Source: Arqaam Capital Research, Company Data

Exhibit 15: … supporting dividends payout



Source: Arqaam Capital Research, Company Data

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Risks

We identify several principal risk categories for Alsaif Gallery. While not exhaustive, these represent the factors most likely to drive material deviation from our base-case assumptions.

Consumer demand slowdown

Homeware and kitchenware are semi-discretionary categories, positioned between non-cyclical staples and highly cyclical luxury goods. A material deterioration in Saudi consumer confidence—stemming from oil price weakness (with downstream effects on government spending and private-sector employment), rising household financial obligations, or a slowdown in Vision 2030 megaprojects that support expatriate inflows—could result in revenue growth underperforming our base case. Notably, Alsaif's revenues declined by a cumulative 12% over FY2022–FY2023 despite a broadly supportive macroeconomic backdrop, indicating that the business is not immune to periods of demand softness.

Gross margin compression

The company's gross margin history is one of material volatility — from a peak of 40% in FY2019 to c.15.4% in FY2024. The primary drivers of compression are: (i) freight cost spikes (Alsaif imports most of own-brand products from China; Red Sea disruptions in 2023–2024 forced costly air freight substitution), and (ii) product mix dilution from large appliances. A resumption of Red Sea shipping disruptions, or further escalation in China-sourced logistics costs, would directly compress gross margins.

Execution risk in expansion — Large appliances and GCC

The entry into large home appliances under the Edison brand represents Alsaif's ambitious strategic initiative. Competing against entrenched global brands and well-capitalized specialist retailers in a category with high after-sales service requirements is a materially different challenge from the company's core kitchenware franchise. Any shortfall in consumer adoption or execution of after-sales support could result in inventory write-downs and brand dilution.

Regulatory and Saudization-related risks

Saudization (Nitaqat) requirements mandate a minimum level of Saudi workforce representation across retail categories. Alsaif employs c. 1,280 staff, and any tightening of Saudization quotas could increase operating costs—given higher Saudi compensation—and reduce staffing flexibility. In addition, changes to VAT on household goods, SASO compliance for China-sourced imports, or customs tariffs would have direct financial impact.

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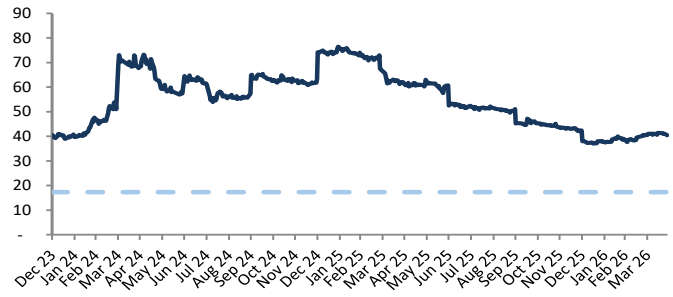
Premium valuation on P/E, EV/EBITDA and DY.

Exhibit 16: Peers table

Company Name	Mcap (USD mn)	P/E (x) 2026	P/E (x) 2027	P/B (x) 2026	P/B (x) 2027	EV / EBITDA (x) 2026	EV / EBITDA (x) 2027	Dividend Yield 2026	Dividend Yield 2027	ROE 2026	ROE 2027
UNITED ELECTRONICS CO	1,751	11.6	10.4	3.0	2.7	8.1	7.3	7.0	7.8	27.6	28.4
JARIR MARKETING CO	4,882	17.3	16.5	10.0	9.7	14.3	13.6	5.7	5.9	59.2	60.7
AL MEERA CONSUMER GOODS CO	784	18.4	16.7	N/A	N/A	12.3	11.8	4.6	5.3	9.7	10.0
BINDAWOOD HOLDING CO	1,588	21.2	20.0	3.6	3.3	9.0	8.5	3.2	3.6	18.0	18.4
LULU RETAIL HOLDINGS PLC	2,869	13.9	12.6	2.8	2.8	6.7	6.3	3.9	4.3	19.7	22.3
ABDULLAH AL OTHAIM MARKETS	1,483	21.1	19.1	4.8	4.7	10.5	9.9	5.7	6.0	22.9	25.4
SPINNEYS 1961 HOLDING PLC	1,186	12.7	11.8	8.6	7.4	6.0	5.5	6.0	7.1	72.1	69.3
Median		**17.3**	**16.5**	**4.2**	**4.0**	**9.0**	**8.5**	**5.7**	**5.9**	**22.9**	**25.4**
SPAR GROUP LIMITED/THE	750	7.5	6.3	1.8	1.6	6.4	5.9	3.5	7.0	25.8	22.8
HOME DEPOT INC	334,556	22.2	20.5	18.5	17.4	15.3	14.5	2.8	2.9	99.1	97.7
LOWE'S COS INC	136,907	19.2	17.8	N/A	N/A	13.4	12.7	2.0	2.1	- 86.9	- 157.5
M YOCHANANOF & SONS LTD	1,675	N/A	N/A	N/A	N/A	N/A	N/A	-	-	N/A	N/A
SPAR GROUP LIMITED/THE	750	7.5	6.3	1.8	1.6	6.4	5.9	3.5	7.0	25.8	22.8
RAMI LEVY CHAIN STORES HASHI	1,658	N/A	N/A	N/A	N/A	N/A	N/A	-	-	N/A	N/A
BOXER RETAIL LTD	2,189	21.1	18.5	8.8	6.7	9.5	8.5	1.9	2.1	46.7	40.2
Median		**19**	**18**	**5**	**4**	**10**	**8**	**2**	**2**	**26**	**23**
ALSAIF STORES FOR DEVELOPMENT	**623**	**35.1**	**30.0**	**4.7**	**4.5**	**15.8**	**13.1**	**2.4**	**2.8**	**13.1**	**15.1**

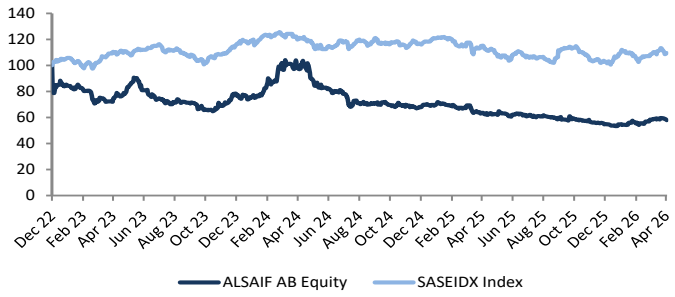
Source: Arqaam Capital Research, Bloomberg

Exhibit 17: Al Saif trades above the average P/E of 17x for listed KSA peers



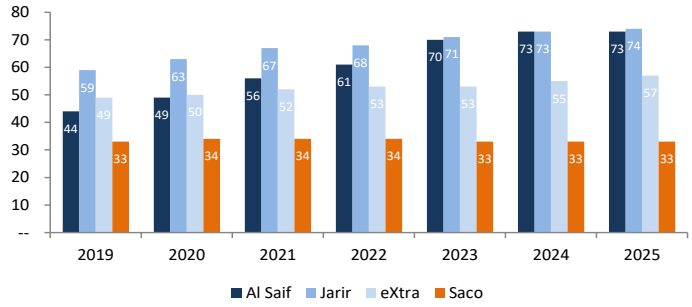
Source: Arqaam Capital Research, Bloomberg

Exhibit 18: Al Saif price performance vs. Tasi



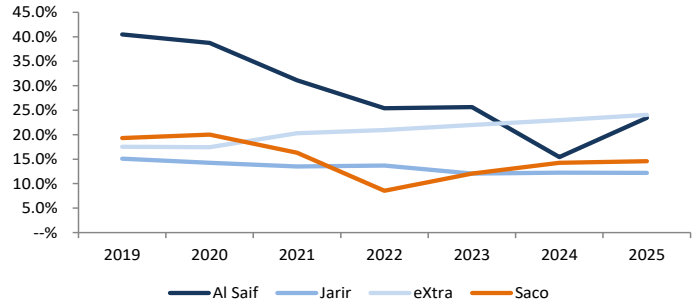
Source: Arqaam Capital Research, Bloomberg

Exhibit 19: Number of stores vs. peers



Source: Arqaam Capital Research

Exhibit 20: GPm trend vs. peers



Source: Arqaam Capital Research

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Valuation

We initiate coverage on Al Saif Stores with a Hold rating. Our DCF valuation yields a TP of SAR 7.5/share, offering an 11% upside to the current market price. We adopt a DCF methodology because it best captures the company's intrinsic value, particularly given its planned expansion and its impact on free cash flows over the forecast period.Our valuation is based on the following assumptions:

We use a DCF model with an explicit forecast period of FY 26-30e and using a WACC of 8.8% (Rf 5.2%, EMRP 6.5%, Re 9.5%, Rd 5.0%) and a perpetual growth rate of 3.0%. This yields a TP of SAR 7.5/share, providing 11% upside.

Our fair value estimate implies a target FY 26e P/E of 35.1x and EV/EBITDA of 15.8, at a premium to KSA consumer discretionary retailers, which benefit from rising disposable income, and favorable demographics.

Key upside lies in the faster-than-expected execution of the expansion plans and/or more contribution from the high-margin sub-segment.

Exhibit 21: Valuation Summary

In SARm, unless otherwise stated	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e
EBITDA	**127**	**154**	**171**	**185**	**198**
(-) Tax	(10)	(11)	(12)	(13)	(15)
(-) WC	(1)	(11)	(12)	(12)	(12)
Operating cash flow (OpCF)	**116**	**132**	**147**	**160**	**171**
(-) CapEx, net of disposals	(14)	(14)	(14)	(15)	(15)
Free Cash Flow to Firm (FCFF)	**101**	**118**	**133**	**145**	**156**
Stub period FCF	67	118	133	145	156
Discount factors using WACC at 8.8%	0.95	0.87	0.80	0.73	0.67
PV FCFF	**64**	**102**	**106**	**106**	**105**
Terminal value					2,758
PV of TV					1,859
Sum of PV FCFF	483				
PV TV	1,859				
Enterprise Value (EV)	**2,342**				
Less: Borrowings	-				
Add: Cash	81				
Add: others	-				
Equity value	**2,424**				
NOSH	350.0				
DCF value/share	6.9				
12M TP	**7.5**				
Implied P/E (x)	39.9x	34.0x	31.1x	28.0x	25.5x
Implied EV/EBITDA (x)	18.5x	15.2x	13.7x	12.7x	11.8x
Implied P/BV (x)	5.2x	5.1x	4.9x	4.8x	4.7x

Source: Arqaam Capital Research

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Exhibit 22: Sensitivity to change in CoE and Terminal Growth

		Cost of Equity						
		8.0%	8.5%	9.0%	9.5%	10.0%	10.5%	11.0%
Terminal Growth	1.5%	7.5	7.1	6.6	6.3	6.0	5.7	5.4
	2.0%	8.1	7.5	7.0	6.6	6.3	6.0	5.7
	2.5%	8.7	8.1	7.5	7.1	6.6	6.3	6.0
	3.0%	9.5	8.7	8.1	**7.5**	7.1	6.6	6.3
	3.5%	10.5	9.6	8.8	8.1	7.5	7.1	6.6
	4.0%	11.8	10.6	9.6	8.8	8.1	7.6	7.1
	4.5%	13.5	11.9	10.6	9.7	8.8	8.1	7.6

Source: Arqaam Capital Research

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Financials

Exhibit 23: Financial summary

In SARm, unless otherwise stated	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e
Revenue	**786**	**829**	**867**	**907**	**948**
y/y (G)	*3.6%*	*5.4%*	*4.7%*	*4.6%*	*4.5%*
No. of stores	76	78	80	82	84
Total selling area (sqm)	139,010	142,669	146,327	149,985	153,643
Avg store size (sqm)	*1,829*	*1,829*	*1,829*	*1,829*	*1,829*
Avg Rev / sqm (SAR)	5,768	5,883	6,001	6,121	6,244
GP	**190**	**207**	**220**	**233**	**246**
GPm (%)	24.1%	25.0%	25.4%	25.7%	25.9%
SG&A	(107)	(110)	(114)	(119)	(123)
SG&A % of top line	13.6%	13.3%	13.2%	13.1%	13.0%
EBIT	**83**	**97**	**105**	**114**	**123**
EBITm (%)	10.5%	11.7%	12.2%	12.6%	12.9%
EBITDA	**157**	**189**	**205**	**210**	**216**
EBITDAm (%)	20.0%	22.9%	23.7%	23.2%	22.8%
EBITDA / store (SAR m)	*2.1*	*2.5*	*2.6*	*2.6*	*2.6*
EBITDA/sqm (SAR)	*1,153*	*1,344*	*1,422*	*1,418*	*1,426*
Other income (expense), net	3	4	4	4	4
Net financing income (expense)	(10)	(12)	(12)	(9)	(8)
Net profit	**66**	**77**	**84**	**94**	**103**
NPm (%)	8.4%	9.3%	9.7%	10.4%	10.9%
NP/sqm (SAR)	*483*	*548*	*584*	*634*	*679*
B/S KPIs					
Working Capital	322	324	325	325	325
CCC (days)	*152*	*142*	*136*	*131*	*125*
CapEx, net of disposals	**(14)**	**(14)**	**(14)**	**(15)**	**(15)**
% of top line	1.8%	1.7%	1.7%	1.6%	1.6%
Net debt (cash)*	**(81)**	**(142)**	**(212)**	**(286)**	**(364)**
Net debt (cash)/EBITDA	-0.5x	-0.7x	-1.0x	-1.4x	-1.7x
Net debt (cash)/equity	-0.2x	-0.3x	-0.4x	-0.5x	-0.6x
ROAE	13.1%	15.1%	16.1%	17.5%	18.7%
ROAA	8.3%	9.2%	9.8%	11.4%	12.7%
ROAIC	10.4%	11.5%	12.3%	13.8%	15.3%

Source: Arqaam Capital Research

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Company Profile

Alsaif Gallery was established in 1993 by Suleiman bin Muhammad Al Saif as a family-owned retailer of kitchenware and household utensils in Riyadh. Over the past three decades, the company has grown from a single store into one of Saudi Arabia's recognized homeware retail brands. Its retail-centric business model is anchored in private-label sourcing, with products procured from external manufacturers (c.85% from China and 15% from domestic suppliers) and sold under proprietary brand labels through a nationwide store network and a growing e-commerce platform. The company owns or co-owns a portfolio of in-house brands—including Edison (electric kitchen appliances), Tornado, Red Point, Robust, Rocky, Elegance, and Max Glass—providing control over pricing, assortment, and brand positioning. This high private-label penetration (c.85% of revenue from own-branded products) is a key differentiator, underpinning above-average gross margins relative to authorized brand resellers. Revenue is primarily generated through in-store retail (c.87% of total revenues), supplemented by e-commerce (11–12% and growing) and wholesale/B2B channels (1–2%). The company's recent entry into large home appliances—such as refrigerators, washing machines, and air-conditioning units under the Edison brand via contract manufacturing—introduces a strategically significant fourth product vertical, albeit initially margin-dilutive.

Store network and geographic footprint

As of end-2025, Alsaif operated 73 stores across the Kingdom of Saudi Arabia (66 stores) and the wider GCC region (7 stores), covering a total retail selling area in excess of 133,000 sqm. The KSA network spans 29 cities, with a meaningful concentration in Riyadh, Jeddah, and the Eastern Province. The GCC footprint includes stores in the UAE (3), Kuwait (2), Qatar (1), and Oman (1). The Doha, Qatar store opened in August 2024 marked the company's seventh GCC location and 73rd store overall. The store estate is predominantly leased, with average lease tenures of 10–12 years and contractual annual rental escalations capped at 25%. Alsaif targets approximately 3 new store openings per annum (ACe), reaching 84 stores across KSA and the GCC by FY2030. Given the high level of market penetration in KSA, domestic expansion is expected to be selective (1–3 stores per year), while the GCC remains the primary growth vector, including potential entry into additional markets such as Bahrain and Egypt.

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Al Saif's growth drivers

KSA consumer spending backdrop

Saudi Arabia's consumer sector has navigated a complex macro environment over the past three years. Following the sharp post-COVID consumption spike in FY2021–FY2022, household spending normalized in FY2023–FY2024 amid higher borrowing costs (SAMA maintained rates in line with the US Federal Reserve's hiking cycle), ongoing inflationary pressures in food and services, the 15% VAT environment introduced in 2020, and the recent geopolitical headwinds in 2026. Despite this, the structural outlook for consumer spending remains constructive. The IMF projects Saudi GDP growth of c.4% per annum over 2026–2029, above the GCC average of c.2.4%. Household final consumption expenditure stood at approximately SAR 2.09 trillion in 2024 and continues to grow. Key drivers include rising female labor force participation (a direct Vision 2030 policy outcome that increases household income per capita) and Vision 2030's substantial investment in entertainment, hospitality, and tourism infrastructure — all of which create additional demand for home goods as more families set up permanent residences in KSA.

Homeware / Discretionary retail dynamics

The Saudi home appliances market is expected to reach a value of c. SAR 7.3bn in 2026e (company prospectus) and is projected to grow at a CAGR of 3.25% through 2030. Against this backdrop, Al Saif's reported revenue of SAR 759mn positions the company among the larger organized specialist retailers in its category. However, its share of the total addressable market remains relatively small, highlighting a long runway for continued category share consolidation. Al Saif derives the majority of its revenues from the kitchenware and serveware segment, which remains a structurally attractive niche within the broader home appliances market. At the retail level, the organized segment continues to gain share versus informal and fragmented players, supported by the rollout of digital payment infrastructure and the enforcement of e-invoicing.

Vision 2030 to support growth

- Vision 2030 creates a multi-vector tailwind for Alsaif's business that is often underappreciated in bottom-up retail analysis:
- Housing program: Saudi Arabia's National Housing Program has increased homeownership from 47% in 2016 to 65.4% in 2024, with a target of 70% by 2030. Each new owner-occupied dwelling represents a meaningful catalyst for demand in kitchenware, serveware, and home appliances.
- Mega-project development: Large-scale developments such as NEOM, Diriyah Gate, Qiddiya, and ROSHN residential communities are expected to deliver hundreds of thousands of new housing units over the coming decade, many of which will require comprehensive home equipping.
- Expatriate attraction: Initiatives such as the Regional Headquarters (RHQ) program and qualified investor residency schemes are drawing a higher-income, internationally

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educated expatriate base, which typically exhibits above-average spending on home quality and lifestyle categories.

- Tourism and hospitality: Saudi Arabia's Vision 2030 target of 150 million tourists annually by 2030 is accelerating the development of hotels, and resorts, creating a direct B2B demand channel for large appliances and commercial supply offerings.

- Riyadh Expo 2030 / FIFA World Cup 2034: These mega-events are expected to drive significant residential and hospitality infrastructure development, supporting incremental demand for home goods and commercial-grade appliances.

Demand Drivers: Household formation, urbanization, income growth

Household formation represents the most direct demand catalyst. Saudi Arabia's population is expected to increase from approximately 36 million today to c.38–40 million by 2030, alongside a gradual decline in average household size as lifestyles evolve. Riyadh alone is targeting a population of 10 million by 2030, up from approximately 8.6 million currently. Each incremental household generates baseline demand for kitchenware, serveware, and home appliances, which constitute Al Saif's core revenue categories. Income growth and premiumization are also driving an upgrade cycle. Average monthly household disposable income stands at approximately SAR 12k, and continued income growth—supported by Vision 2030–led private-sector job creation and rising female workforce participation—is encouraging consumers to trade up to higher-value, branded products. This trend aligns well with Al Saif's positioning in premium private-label offerings.

Consumer financing is further broadening the addressable market. Buy-now-pay-later (BNPL) penetration in Saudi retail continues to expand rapidly, led by platforms such as Tamara and Tabby. The availability of interest-free installment options—particularly relevant for large appliances with ticket sizes of SAR 2,000–8,000—reduces upfront payment barriers and supports incremental demand.

Competitive Landscape: Organized vs. Fragmented

The Saudi kitchenware and home tools market remains highly fragmented, characterized by a long tail of small-format independent retailers, souq-based traders, and importers, many of which operate without consistent quality standards or brand investment. Within this landscape, Al Saif stands out as the largest organized specialist player, with a 27% market share in small home appliances and 39% in kitchen utensils. This competitive structure is structurally favorable, as organized market leaders benefit from scale advantages in procurement, branding, and digital capabilities that fragmented competitors are unable to replicate.

International organized retailers present a more complex level of competition. IKEA (operated by Al-Futtaim in Saudi Arabia) has a meaningful presence in home furnishings and accessories but competes at different price points and through a distinct retail format, centered on large, destination-based stores versus Al Saif's convenient, urban store footprint. Daiso, the Japanese value-focused retailer, overlaps primarily in lower-priced household accessories and does not compete meaningfully in branded appliances.

Online marketplaces such as Noon and Amazon represent the most structurally challenging competitive dynamic, facilitating price transparency and enabling both domestic and international brands to reach consumers directly. Al Saif's approach of engaging on these platforms instead of direct competition, along with its ownership of proprietary brands, helps reduce risks related to pricing and disintermediation. This strategy also enables broader reach and increased volume growth.

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Historical Timeline

Exhibit 24: Al Saif's timeline

Year	Event
1993	The Company was incorporated as a sole proprietorship owned by Suleiman bin Muhammad Alsaif
2006	The first "Alsaif Gallery"-branded store was opened
2010	The Company's stores increased to ten (10) branches
2014	The Company was converted to a closed joint stock company
2015	The Company's Edison-branded products were launched
2016	The Company's online store was launched
2017	The Company's capital was increased to forty-two million Saudi Riyals (SAR 42,000,000)
2020	The Company's sales of Company-owned brand products exceeded 80% of the Company's total sales
2022	Listing of the Company on the Saudi Exchange Main Market.
2023	Opening of the first international showroom in Abu Dhabi.
2023	Opening of the second international showroom in Ajman.
2023	Opening of the third international showroom in the State of Kuwait.
2023	Opening of the fourth international showroom (second in Kuwait).
2023	Share par value subdivision from SAR 10 to SAR 1 per share.
2024	Expansion of the showroom network to 73 showrooms across the Kingdom and GCC.
2024	Opening of the fifth international showroom in the Sultanate of Oman.
2024	Opening of the sixth international showroom (third in the UAE) in Al Ain city.
2024	Opening of the seventh international showroom (first in the State of Qatar) in Doha.
2025	Expansion of e-commerce revenues and digital platform channels; product portfolio optimization.

Source: Arqaam Capital Research, Company Data

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Board of Directors and Management team

Exhibit 25: AL-Saif Stores Board of Directors

Name	Position	Classification	Appointment year	Relevant Experience Summary
Suleiman bin Mohammed Al-Saif	Chairman of the Board	Non-Executive	2014	Chairman of the Board of Nuwaa Real Estate Investment Company and Bait Al-Tasne'a Al- Blastikia Company
Mohammed bin Suleiman Al-Saif	Vice Chairman / Managing Director	Executive	2014	Co-Founder and Board Member of Nuwaa Real Estate Investment Company
Haytham bin Suleiman Al-Saif	Executive Vice Chairman and Member	Executive	2014	Co-Founder and Board Member of Nuwaa Real Estate Investment Company and Rushouf Trading Company. Co-Founder of Thakaa Al-Yawm Medical Company and Naseelah Trading Company (Clara)
Muhannad bin Suleiman Al-Saif	Member	Non-Executive	2014	CEO and board member of Nuwaa Real Estate Investment Company, Board member of Mishkati Lightning Company, Co-founder and GM of Isnad Company
Mohammed bin Saud Al-Zamil	Member	Non-Executive	2021	Chairman of Amnco Security & Safety Solutions and Saudi Transport and Logistics, board member of BATC Real Estate, BATC Investment and Business Logistics, Amnco Facilities Management,Ibrahim Mohammed Al-Mana and Brothers, and Sawatir Shade Structures Manufacturing, Audit committee member of Al Arabiya Lil Oud Company, and Advisory Council Member at King Saud University —Chemical Engineering Dept.
Abdulmajeed bin Suleiman Al-Dakheel	Member	Non-Executive	2021	Partner at ValuHub, Audit Committee Chairman and Board Member of Asasiyyat Al-Tanmia for Agriculture and Trade, Audit Committee Member at Al-Qahwa Al-Khashbiya Trading, Jazan Development and Investment, and Saudi Venture Investment

Source: Company Data

Exhibit 26: AL-Saif Stores management team

Name	Position	Relevant Experience Summary
Ahmad bin Saleh bin Mohammed Al-Sultan	Chief Executive Officer	Senior executive with C-suite and board experience across listed and private companies in consumer goods, retail, and fashion, including CEO, Executive VP, and board roles in Saudi Arabia.
Mu'ataz Ali Al-Ashqar	Chief Financial Officer	20+ years of experience, including multiple CFO roles across manufacturing, FMCG, construction, building materials, and food & dairy sectors, with prior multinational experience at BASF.

Source: Company Data

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