Quarterly Review

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AlSaif Stores

Strong top-line growth and operational efficiency support earnings recovery.

- **Revenues beat on seasonality and e-commerce strength: Revenues increased 19.2% y/y to SAR 273.2m and surged 45.1% q/q, coming in 15% ahead of ACe, driven by Ramadan demand, promotional activity, and strong e-commerce growth (+46.4% y/y). The store footprint remains broadly stable, with one additional store planned in Riyadh, in line with FY26e expansion assumptions.**
- **Gross margins pressured despite resilient gross profit: GP margin declined 3.2 ppts y/y to 26.4%, though it recovered 4.9 ppts q/q, affected by increased promotional campaigns aimed at expanding market share. Gross profit nevertheless rose 6.3% y/y to SAR 72.1m and came broadly in line with ACe, supported by the stronger-than-expected top line.**
- **EBIT increased 6.4% y/y to SAR 40.4m but missed ACe by 5% as EBIT margin contracted 1.8 ppts y/y to 14.8%, with pressure mitigated by lower selling and marketing spend. EPS grew 9.0% y/y, in line with ACe, supported by revenue growth and improved cost efficiency.**
- **We maintain a Hold rating with a TP of SAR 7.5/share, as valuation remains premium versus peers, although upside risks include faster store expansion, deeper e-commerce penetration, an improved private-label mix, and potential capital returns supported by a 4.4% FY26e FCF yield.**

Revenues increased 19.2% y/y to SAR 273.2m and surged 45.1% q/q, coming in 15% ahead of ACe estimates. The y/y growth was driven by i) higher sales across select product categories, supported by stronger demand during the Ramadan season, ii) the impact of promotions and marketing initiatives, and iii) robust growth in the e-commerce channel, which expanded 46.4% y/y.

Al Saif Stores operates 73 stores, including 66 in KSA and 7 across the GCC. The company plans to open one additional store in Riyadh, bringing the total to 74, in line with our estimates, which assume a net addition of 2 stores in 2026.

GPm was under pressure, declining 3.2 ppts y/y, although it recovered 4.9 ppts sequentially to 26.4% (-3.8 ppts vs. ACe). This translated into a 6.3% y/y increase in gross profit to SAR 72.1m. We attribute the margin pressure primarily to increased promotional campaigns aimed at gaining additional market share. Nevertheless, gross profit came in broadly in line with ACe, supported by a stronger-than-expected top line. The y/y improvement in gross profit was underpinned by robust revenue growth of 19.2%, driven by Ramadan seasonality and continued e-commerce expansion.

EBIT performance broadly followed gross profit growth. EBIT increased 6.4% y/y to SAR 40.4m but came in 5% below ACe estimates, as EBIT margin contracted by 1.8 ppts y/y to 14.8%. Margin pressure at the EBIT level was less pronounced than the decline in GP margin, reflecting lower selling and marketing expenses and improved cost discipline

EPS increased 9.0% y/y, coming in line with our estimates. Earnings growth was driven by strong revenue growth of 19.2%, lower marketing spending, and improved cost efficiency. We also suspect higher other income provided additional support to the bottom line.

Al Saif stores BoD approved the distribution of SAR 21m in cash dividends for H2 2025. We forecast a FY26e dividend yield of 2.4%.

We maintain our Hold rating with a TP of SAR 7.5/share. Our fair value estimate of SAR 5.7/share implies a 10.3% upside to the CMP and corresponds to 36.2x FY26e P/E, 15.8x FY26e EV/EBITDA, and a 2.4% FY26e dividend yield, representing a premium to the KSA consumer discretionary peer median of c. 17.0x P/E and 9.0x EV/EBITDA. Key upside risks to our Hold stance include faster-than-expected store expansion, accelerated e-commerce penetration, and a more favorable sales mix driven by higher private-label contribution. Additionally, we see potential upside from higher dividend distributions or M&A activity.

HOLD SAR 7.5

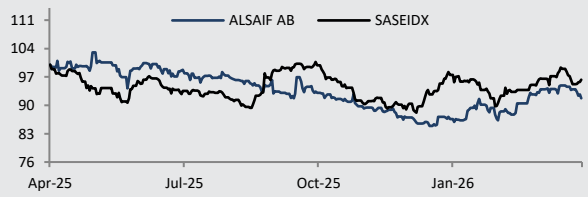
Consumer discretionary / Saudi Arabia

Bloomberg code	ALSAIF AB
Market index	SASEIDX
Target Price	7.5
Upside (%)	10.3

Market data 5/4/2026	
Last closing price	6.8
52 Week range	6.1-7.5
Market cap (SAR m)	2,380
Market cap (USD m)	634
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)	41.0	36.2	30.8	28.2
DPS	-	0.16	0.19	0.20
Div. yield (%)	-	2.4	2.8	3.0
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	13.2	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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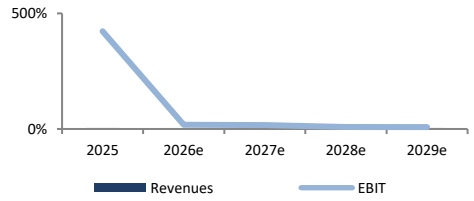
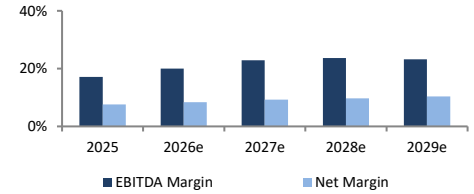
Abacus *Arqaam Capital Fundamental Data*

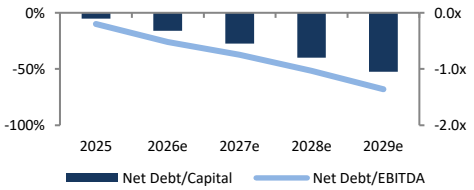
Profitability



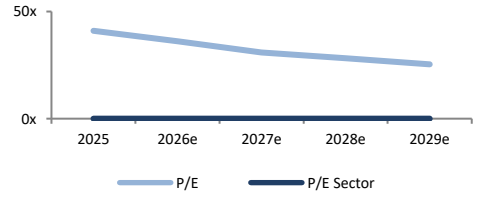
Growth



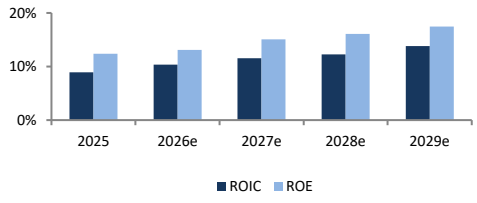
Gearing



Valuation



Return



AlSaif Stores

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	2,380.00	2,380.00	2,380.00	2,380.00	2,380.00	2,380.00

Year-end	2024	2025	2026e	2027e	2028e	2029e
Valuation metrics						
P/E (x) (current price)	63.4	41.0	36.2	30.8	28.2	25.4
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	13.2	12.1	11.9
EV/EBITDA (x) (target price)	36.7	19.1	15.8	13.2	12.1	11.9
EV/FCF (x)	10.8	9.3	24.5	21.2	18.8	17.2
Free cash flow yield (%)	10.0	11.7	4.4	5.1	5.8	6.3
Dividend yield (%)	-	-	2.4	2.8	3.0	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	**202**	**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	**44**	**(43)**	**56**	**60**	**70**	**74**
Change in working capital	128	(53)	(1)	(11)	(12)	(12)

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Q1 26A preliminary results summary

Revenues: SAR 273m (+19.2% y/y, +45.1% q/q, +15.1% vs. ACe)
Gross profit: SAR 72m (+6.3% y/y, +78.5% q/q, +0.5% vs. ACe)
EBIT: SAR 40m (+6.4% y/y, +239% q/q, -4.9% vs. ACe)
Net income: SAR 38m (+9% y/y, +352% q/q, -0.8% vs. ACe)

Exhibit 1: Alsaif Stores Q1 26A preliminary results

(SARm)	Q1 26A	ACe	vs. ACe	Q1 25A	y/y	Q4 25A	q/q
Revenue	273.2	237.4	*15%*	229.3	*19%*	188.2	*45%*
Gross profit	72.1	71.8	*0%*	67.8	*6%*	40.4	*79%*
EBIT	40.4	42.4	*(5%)*	37.9	*6%*	11.9	*239%*
Net income	38.3	38.7	*(1%)*	35.2	*9%*	8.5	*352%*
GPm	**26.4%**	**30.2%**	-3.8 ppts	**29.6%**	-3.2 ppts	**21.5%**	4.9 ppts
EBITm	**14.8%**	**17.9%**	-3.1 ppts	**16.5%**	-1.8 ppts	**6.3%**	8.4 ppts
NPm	**14.0%**	**16.3%**	-2.3 ppts	**15.3%**	-1.3 ppts	**4.5%**	9.5 ppts

Source: Arqaam Capital Research, Company Data, Bloomberg

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