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Press Release

AISAIF GALLERY ANNOUNCES ITS INTENTION TO LIST ON SAUDI EXCHANGE'S MAIN MARKET

Offering overview

- Al-Saif Stores for Development & Investment Company (“**Alsaif Gallery**” or the “**Company**”) today announces its intention to proceed with an initial public offering (“**IPO**” or the “**Offering**”) and listing of its ordinary shares (“**Shares**”) on the Saudi Exchange’s Main Market.
- The Capital Market Authority (“**CMA**”) approved the Company’s application for the Offering on 28 September 2022.
- The IPO comprises an offer of 10,500,000 ordinary shares (“**Offer Shares**”), representing 30% of the Company’s issued share capital of 35,000,000 shares by way of a sale of existing shares by the current shareholders.
- The Company’s Shares will be listed on the Saudi Exchange’s Main Market following the completion of the IPO and listing formalities with both the CMA and the Saudi Exchange.
- The bookbuilding period for institutions will start on 22/11/2022G and end on 28/11/2022G.

Company overview

- The Company is one of the leading retailers in the Kingdom of Saudi Arabia, ranked number one in the Saudi kitchenware and serveware market and number two in the Saudi small home appliances market.
- Supported by the renowned “AlSaif Gallery” brand, the Company has curated a product portfolio of over 60 products lines across four main product categories, including small appliances, kitchenware, serveware, and home accessories; many of which under its own brands such “Edison”, “Tornado”, and others.
- The Company provides a seamless omnichannel retailing experience across 58 stores (as of 1Q 2022) in Saudi Arabia and online store ship worldwide.

RIYADH – 15 November, 2022 – Al-Saif Stores for Development & Investment Company (“*Alsaif Gallery*” or “*the Company*”), a leading retailer based in the Kingdom of Saudi Arabia (“**the Kingdom**” or “**Saudi Arabia**” or “**Saudi**”, today announces its intention to proceed with an Initial Public Offering (“**IPO**”) and listing of its ordinary shares on the Saudi Exchange’s Main Market.

On 28 September 2022, the Capital Market Authority (“**CMA**”) approved the Company’s application for the Offering of 10,500,000 Shares, representing 30% of the Company’s issued share capital, by way of a sale of existing Shares by the Company’s current shareholders. The final pricing of the Offer Shares will be determined at the end of the book-building period.

The Company operates in the home appliances and kitchenware retail sector, where it operates 61 Alsaif Gallery-branded stores across twenty-nine cities in the Kingdom, as of 30/09/2022.

The key product categories offered by the Company through its stores include:

Small appliances, such as electric pressure cookers, air fryers, mixers, bakers, juicers, blenders, choppers, food processors, sandwich and waffle makers, kettles, ovens and microwaves, roasters and grinders, vacuum cleaners, irons, heaters, mini dishwashers and air purifiers.

Kitchenware, such as pots, pans, cake molds and oven pans, food keepers, spoons, knives and kitchen accessories.

Serveware, such as vacuum flasks, thermoses, coffee pots, teapots, jugs, small serving dishes for dates, coffee cups, serving trays, serveware sets, cups, incense holders, dinnerware sets, food warmers and plates.

Home accessories, such as lampshades, antiques, table-mats, organizers, household cleaners.

Suliman Al-Saif, Founder and Chairman of Al Saif Gallery, commented: “The retail sector in Saudi Arabia has continued to grow in recent years, and we are proud to play a key role in this development. COVID-19 in the Kingdom had a significant impact on accelerating consumer adoption of e-commerce and desire for value brands. At Al Saif Gallery, we remain committed to providing exclusive products with beautiful designs, anticipating and meeting market demands. We are well placed for future growth as consumers turn their focus towards small appliances for healthy cooking and the ongoing return to meeting and socializing.”

Muhammad Al-Saif, Chief Executive of Al Saif Gallery, added: “Our company’s vision is very clear, to be the leader and the brand of choice for customers, to serve them and to provide the finest home appliances and kitchenware. The unique nature of our relationships with suppliers, strong own-brand recognition, and ability to anticipate and respond to market needs serve as a strong foundation as we look to expand our network of physical stores and e-commerce platform across the region.”

Alsaif Gallery was incorporated in 1993 as a sole proprietorship owned by Suleiman bin Muhammad Alsaif and was converted into a closed joint stock company in 2014. For the last 29 years, the Company has built the largest network of stores in the home appliance and kitchenware retail sector in Saudi Arabia. As part of the continued growth strategy, the Company seeks to grow by opening new stores and new product development.

KEY INVESTMENT HIGHLIGHTS: A LEADER IN THE SAUDI RETAIL SECTOR

1. **A leading player of branded products in a growing retail market**

- Alsaif Gallery strives to make its stores a one-stop shop for all home items and appliances, and currently ranks number one in the Saudi kitchenware and serveware market, and number two in small home appliances market.
- The Company currently operates 61 branded stores across five regional areas in the Kingdom of Saudi Arabia supported by a growing e-commerce platform.
- The Company's deep experience and awareness of market needs allows it to maintain customer traffic levels at its physical stores and via its online store.

2. **Efficient business model and effective supply chain management**

- The Company's rich history, as a leading retailer in the Kingdom, means it enjoys distinguished relationships with a large base of manufacturers and suppliers.
- For owned brands, the Company sources its product directly with manufacturers (network of 300+ manufacturers), which renders its supply chain efficient and its profitably margins higher
- Through its lean and efficient supply chain, the Company enjoys cost advantages with the manufacturers and suppliers, as the scale of operation gives the Company greater pricing power which in turn influences its margins positively.
- Alsaif Gallery enjoys a high degree of flexibility to change manufacturers to meet customer and market needs due to short-term contracts with those manufacturers.

3. **Seamless omnichannel retailing experience**

- The Company has a high ability to reach customers through its extensive network of stores and its online store both website and mobile application.
- Alsaif Gallery provides a delivery service to all regions of the Kingdom and GCC countries and around the globe through its online store.
- The Company intends to continue developing its store and e-commerce platforms, in line with the evolving aspirations of customers.

4. **Broad product range, fan favorite and innovative products**

- The Company's dedicated, exclusive production lines with manufacturers means that certain exclusive product designs can only be imported by Alsaif Gallery.
- The Company is able to use its vast experience in the Saudi market to anticipate market needs and meet them for its customers.
- Furthermore, through its product development, the Company has been able to consistently offer innovative products (such as Edison's pressure cooker), which demonstrates its ability to create demand.

5. **Compelling financial performance**

- The Company has demonstrated solid top line growth, generating SAR 825m in revenue in 2021, representing a CAGR of 12% (2019-21).
- Alsaif Gallery's EBITDA and net income for 2021 stood at SAR 206m and SAR 185m, representing a margin of 25.0% and 22.4% (respectively), significantly higher than other retail players.

- Coupled with its strong growth profile and high profitability margins, the Company enjoys healthy cash conversion, which enables to consistently payout dividends to its shareholders (average payout ratio of c. 70% from 2019 to 2021).

6. Seasoned executive team, supported by a strong board of directors

- The leadership team, with a combined 90+ years of experience, enjoys the oversight of an experienced board of directors, which includes three independent members.
- Over the past few years, the Company has worked on its corporate governance frameworks, and has adopted best practice policies and governance charters.

BACKGROUND TO THE OFFERING

- With respect to the Offering, the Company has appointed Saudi Fransi Capital to act as Financial Advisor, Bookrunner, Underwriter and Lead Manager.
- Banque Saudi Fransi and Saudi National Bank have been appointed as receiving agents (collectively, the “**Receiving Agents**”).
- The CMA and Saudi Exchange approvals have been obtained for the offering and listing as outlined below:
 - Alsaif Gallery to register its shares and offer 10,500,000 Offer Shares, representing 30% of the Company’s issued share capital of 35,000,000 shares by way of a sale of existing shares by the current shareholders.
 - The Shares will be listed on the Main Market of the Saudi Exchange following the completion of the Offering and listing formalities with both the CMA and the Saudi Exchange.
- The Offering will be restricted to the following two groups of subscribers:
- **Tranche A:** Participating Parties: this tranche includes the parties entitled to participate in the Book Building process as per the Instructions for Book Building Process and Allocation Methods in Initial Public Offerings (IPOs) issued by the CMA. The number of shares to be provisionally allocated to the Participating Parties is 10,500,000 shares representing 100% of the total number of Offer Shares. The final allocation will take place after the end of the Retail Investors’ (as defined in Tranche B below) subscription period. In case of sufficient demand and in the case that Retail Investors subscribe to all of the Offer Shares allocated thereto, the Bookrunner shall have the right to reduce the number of Offer Shares allocated to Participating Parties to a minimum of 9,450,000 shares, representing ninety percent (90%) of the total Offer Shares. The number and percentage of the Offer Shares allocated to the Participating Parties shall be determined by the Financial Advisor in consultation with the Company, using the discretionary allocation mechanism.
- **Tranche B – Retail Investors:** this tranche comprises Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who can subscribe in her name or in the names of her minor children for her benefit, provided that she proves that she is divorced or widowed and the mother of her minor children, as well as any non-Saudi natural person residing in the Kingdom, or citizens of GCC states who have a bank account with the Receiving Agents and are entitled to open an investment account. Any subscription of a person in the name of their divorcee shall be deemed null and void and if it is proven that a transaction of this nature has occurred, the law shall be applied against the applicant. If a duplicate subscription is made, the second subscription will be deemed null and void and only the first subscription will be considered. A maximum of 1,050,000 Offer Shares shall be allocated to Individual Subscribers, equivalent to 10% of the total Offer Shares. If Individual Subscribers do not subscribe to the full number of Offer Shares allocated thereto, the Financial Advisor has the right to reduce the number of shares allocated to Individual Subscribers in accordance with the number of shares subscribed for by them.

-ENDS-

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This announcement does not contain or constitute an offer of, or the solicitation of an offer to buy, the Offer Shares referred to herein to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. The offer and sale of the Offer Shares has not been and will not be registered under the applicable securities laws of any jurisdiction other than Saudi Arabia.

This announcement is being distributed subject to the provisions of the Rules on the Offer of Securities and Continuing Obligations (“**OSCO Rules**”) issued by the, and should not result in any binding undertakings to acquire shares or subscribe in the Offering. This announcement is for information purposes only and under no circumstances shall constitute an offer or invitation, or form the basis for a decision, to invest in any securities of the Company. Neither this announcement nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Investors may only subscribe in the Offer Shares on the basis of the CMA approved Arabic language prospectus to be issued and published in due course (the “**Prospectus**”). The information in this announcement is subject to change. In accordance with Article 51(d) of the OSCO Rules, copies of the Prospectus will, following publication, be available on the websites of the Company at ipo.alsaifgallery.com the Saudi Exchange at www.saudiexchange.sa, the CMA at www.cma.org.sa and the Financial Advisor at www.sfc.sa.

This announcement is not an offer document for the purposes of the OSCO Rules and should not be construed as such. The CMA and the Saudi Exchange do not take any responsibility for the contents of this announcement, do not make any representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this announcement.

This announcement does not represent or constitute an offer to sell or solicitation of an offer to purchase the Offer Shares referred to herein by any person in any jurisdiction in which such offer or solicitation would be unlawful.

This announcement may include statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “aim,” “anticipate,” “believe,” “can,” “consider,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “ought to,” “potential,” “plan,” “projection,” “seek,” “should,” “will,” “would,” or, in each case, their negative or

other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's business, results of operations, financial position, liquidity, prospects, growth or strategies. Many factors could cause the actual results to differ materially from those expressed or implied by any such forward-looking statements or contained in projections, including, among other things, risks specifically related to the Company and its operations, the development of global economic and industry conditions, and the impact of economic, political and social developments in Saudi Arabia. Forward-looking statements speak only as of the date they are made. Each of the Company, the Financial Advisor and its respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statements contained in this announcement whether as a result of new information, future developments or otherwise.

There is no guarantee that the Offering will occur and you should not base your financial decisions on the Company's intentions in relation to the Offering at this stage. This announcement does not constitute a recommendation concerning the Offering nor any declaration or undertaking by any means. Acquiring Offer Shares to which this announcement relates may expose an investor to a significant risk of losing the entire amount invested.

Persons considering investment should consult an investment advisor or an authorized person specializing in advising on such investments.

The Financial Advisor is acting exclusively for the Company and no-one else in connection with the Offering. It will not regard any other person as its respective client, nor for providing advice in relation to the Offering, the contents of this announcement or any transaction, in relation to the Offering and will not be responsible to anyone other than the Company for providing the protections afforded to its respective clients, arrangement or other matter referred to herein.

The contents of this announcement have been prepared by and are the sole responsibility of the Company. Neither the Financial Advisor nor any of its affiliates or respective directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.

In connection with the Offering, the Financial Advisor and any of its affiliates, may take up a portion of the Offer Shares in connection with the Offering as a principal position and in that capacity may retain, purchase, sell, offer to sell for their own accounts such Offer Shares and other securities of the Company or related investments in connection with the Offering or otherwise.

Accordingly, references in the Prospectus, once published, to the Company's shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, placing or dealing by, the Financial Advisor and any of its affiliates acting in such capacity. In addition, the Financial Advisor and any of its affiliates may enter into financing arrangements (including swaps or contracts for difference) with investors in connection with which the Financial Advisor and any of its affiliates may from time to time, acquire, hold or dispose of securities. The Financial Advisor does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.
