



# 03

## Operating Performance



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## Introduction

Al Saif Gallery's operating performance during 2025 reflects an improvement in business model efficiency, supported by assortment management discipline, growing contribution from owned brands, and improved inventory and supply chain management. This was reflected in improved profit margins, enhanced working capital efficiency, and increased productivity across showrooms and the digital channel.

# Saudi Arabia Retail Operations

## Business Overview

Saudi Arabia operations represent the Company's core business and the operational benchmark for all other markets. **The model rests on three pillars: owned and exclusive brands for specification and quality control; direct factory sourcing for cost discipline and supply stability; and a network of 66 showrooms supported by an integrated digital platform.** During 2025, the Company focused on aligning products with local market requirements, seasonal purchasing scheduling to enhance SKU availability, and developing after-sales services with warranties of two to three years accompanied by spare parts availability.

## Owned Brands and Assortment Discipline

The owned brand portfolio drives the Company's business model, with Edison covering small kitchen appliances, and Tornado, Robust, and Rocky covering cookware and storage solutions, in addition to thermos and hospitality product categories linked to gifting seasons. During 2025, the Company implemented an assortment discipline program by adding 2,000 new SKUs and discontinuing 6,000 underperforming SKUs, which improved inventory efficiency, working capital, and reduced return rates by approximately 8% on a relative basis in the optimized categories. Multi-year warranties and spare parts availability strengthen customer confidence in owned brands.

## Showroom Network Execution and Pricing

The showroom network constitutes the geographic backbone of the Company's business model, supported by central warehouses in Riyadh and a fulfillment center in Jeddah. Showrooms operate under standardized operational models covering display standards and customer service, with operational performance monitoring tools to minimize out-of-stock situations in the highest-demand categories. Promotional activities are managed according to a seasonal calendar focused on Ramadan and Eid, maintaining the value of owned brands. Showrooms are connected to the central digital platform for integrated order, return, and warranty services, with diverse payment options and delivery within 1-5 days within the Kingdom and 5-10 days to GCC markets.

## Showroom Distribution by Region

Region	No. of Showrooms	Key Cities
Central Region	25	Riyadh (17), Al-Kharj (1), Al-Majma'ah (1), Al-Zulfi (1), Buraidah (2), Al-Rass (1), Unaizah (1), Al-Dawadmi (1)
Western Region	18	Jeddah (7), Makkah (3), Taif (2), Al-Qunfudhah (1), Madinah (3), Yanbu (1), Al-Baha (1)
Eastern Region	10	Dammam (2), Al-Ahsa (2), Khobar (2), Jubail (1), Qatif (1), Hafar Al Batin (1), Khafji (1)
Southern Region	7	Abha (1), Khamis Mushait (1), Mahayel Aseer (1), Bisha (1), Jazan (1), Sabya (1), Najran (1)
Northern Region	6	Hail (2), Tabuk (1), Sakaka (1), Qurayyat (1), Arar (1)
<b>Total</b>	<b>66</b>	

## Showroom Space Productivity

The Company works to improve in-showroom space productivity through assortment management and focus on the highest-turnover products, alongside improved in-store product placement. This approach contributes to more efficient use of display space and enhanced sales per square meter across the showroom network.



## Vision 2030 Alignment

Al Saif Gallery's retail operations in Saudi Arabia are aligned with the objectives of Saudi Vision 2030, which aims to diversify the economy and enhance the contribution of non-oil sectors to economic growth. In this context, the Company contributes to developing the retail sector as one of the components of the non-oil economy.

The Company also maintains its commitment to Saudization by increasing the participation of national talent across various functional areas, including operational roles in showrooms as well as managerial and leadership positions.



## Financial Performance Saudi Arabia Operations

Indicator	2025	2024	Change
Revenue (SAR million)	697.0	677.9	+2.8%
Share of Total Company Revenue	91.9%	91.6%	+20 bps
Gross Profit (SAR million)	165.4	103.5	+58.3%
Gross Profit Margin	23.7%	15.2%	+810 bps
Operating Profit (SAR million)	75.2	16.1	+425%
Operating Profit Margin	10.8%	2.4%	+750 bps
Inventory Turnover	1.8x	1.5x	+20%
Operating Cash Flows (SAR million)	67.4	186.8	-63.9%

## Average Revenue per Showroom – Saudi Arabia

Item – Indicator	2025	2024	Change
Revenue (SAR million)	697	677.9	+2.8%
Number of Showrooms	66	66	–
Average Revenue per Showroom (SAR million)	10.6	10.2	+4%

### Explanation of Material Variances (≥10%)

The gross profit margin increased by 810 basis points, and gross profit increased by 60.4% year-on-year, attributable to several key factors, most notably:

- Growth in owned and exclusive brand contribution from approximately 55% to approximately 62% of total sales.
- Improved product portfolio management through assortment discipline and reduction of unjustified markdowns.
- Improved logistics operations efficiency and workforce scheduling.

Operating profit also increased by 368%, driven by improved margins and increased operational efficiency resulting from 2.8% revenue growth concurrent with clear discipline in operating expenses.



# GCC Retail Operations

## Overview and Operating Model

Al Saif Gallery's presence in GCC markets complements its leadership in the Saudi market, through selective expansion based on clear feasibility criteria, where the Company requires achieving a return on investment within a period of 18 to 24 months when opening new showrooms.

Expansion in these markets is based on a standardized operating model similar to that applied in Saudi Arabia, built on retail showrooms offering a consultative customer experience, with a focus on owned and exclusive brands, in addition to standardized service, payment, warranty, and delivery standards.

GCC operations are also connected to Al Saif Gallery's unified digital platform, enabling channel integration between showrooms and digital platforms.

The Company operates in GCC markets with product assortments, service standards, and after-sales protocols similar to those adopted in the Kingdom, ensuring customers receive a consistent shopping experience covering product availability, payment options, delivery services, and after-sales support.

### Showroom Distribution – GCC Countries

Country	No. of Showrooms	Cities
UAE	3	Ajman, Abu Dhabi, Al Ain
Kuwait	2	Kuwait City
Oman	1	Muscat
Qatar	1	Doha
<b>Total</b>	<b>7</b>	<b>4 Countries</b>

### Financial Performance – GCC Operations (2025)

Indicator	2025	2024	Change
GCC Revenue (SAR million)	61.9	53.7	+15.3%
Share of Total Revenue	8.2%	7.3%	(90) bps
Number of Showrooms	7	7	No Change



The revenue growth reflects the Company's measured expansion in GCC markets, where the Company maintained its showroom count outside Saudi Arabia in 2025 at the same level as the prior year, as part of its selective expansion approach in these markets.



# Product Category Performance and Portfolio Management

## Overview and Portfolio Discipline

Al Saif Gallery's product portfolio is anchored in cooking and home hospitality categories, through a diverse assortment that enables customers to meet kitchen and home needs within an integrated shopping experience.

During 2025, the Company implemented a structured product portfolio management program to improve assortment efficiency and enhance the performance of the highest-demand categories. In this context, the Company added approximately 2,000 SKUs to refresh the assortment and expand the offering, against the discontinuation of approximately 6,000 underperforming SKUs as part of a portfolio rationalization program.

This approach contributed to improved inventory management efficiency and directed working capital and showroom display space toward the highest-turnover products.

## Quality Assurance Framework

During 2025, Al Saif Gallery implemented a number of initiatives aimed at enhancing the quality of products within its portfolio. These initiatives included developing the quality assurance framework and updating product testing procedures, alongside improving supplier evaluation standards and strengthening quality control procedures across different product categories.

Incoming product inspection also focused on compliance with safety requirements, energy efficiency standards, and durability specifications, with non-conformance cases handled through documented corrective procedures.



## Seasonal Campaigns and Collections

Seasonal campaigns, limited editions, and special product collections contributed to supporting the Company's performance during 2025, as these initiatives helped attract new customers, increase the average basket size, and enhance footfall in showrooms and on digital platforms.

### Ramadan Campaign:

Focused on strengthening brand presence through digital and in-showroom promotional activities.

### Eid Campaign:

Focused on promotional offers and gifting collections, supported by multi-channel marketing campaigns targeting increased conversion across physical and digital channels.

## Product Category Performance and Sales Contribution (2025)

Category	Revenue Share	YoY Growth	Gross Profit Margin	Brand / Notes
Small Kitchen Appliances	32%	+6.5%	28 %	Edison – key margin driver
Cookware & Storage	21%	+3.0%	22 %	Rocky, Tornado – core sales category
Thermoses & Serving Ware	18%	+4.0%	24 %	Seasonal demand linked to hospitality and gifting
Non-Kitchen Home Appliances	12%	-2.5%	20 %	Refocusing on higher-return categories
Coffee & Accessories	8%	+12.0%	26 %	Growth driven by spread of coffee culture
Spare Parts	5%	+18.0%	40 %	High-margin category with operational importance
Large Appliances / Kitchens	4%	+85.0%*	18 %	Emerging category from limited sales base
<b>Total</b>	<b>100%</b>	<b>+3.7%</b>	<b>23.5%</b>	–

\* The 85% growth in large appliances / kitchens reflects a launch from a relatively low sales base following the limited introduction of this category during 2024, and accordingly does not necessarily reflect a stable long-term trend. The Company continues to assess expansion opportunities in this category based on the readiness of delivery, installation, maintenance, and spare parts availability operations.



# E-Commerce and Channel Integration

## Overview and Platform Upgrade

The Company's digital channel (website and iOS and Android applications) forms part of the multi-channel selling model, where the digital platform operates as a complement to showrooms and enables customers to access a wide range of products in both Arabic and English, alongside after-sales services, delivery options, and payment methods.

The digital platform is connected to inventory and showroom systems in real time, enabling a unified inventory view and enhancing shopping experience consistency across all channels.

During Q1 2025, Al Saif Gallery completed a comprehensive upgrade of the e-commerce platform and mobile application. This upgrade encompassed improving platform speed, enhancing search functionality, improving the browsing experience, and developing order status tracking tools including sequential delivery notifications. Payment procedures were also simplified and installment options were integrated where available.

## Key Digital Channel Service Elements

Service Element	Details
Delivery	Riyadh: 1-3 days; outside Riyadh: 2-5 days; GCC: 5-10 days. Express 24-hour delivery service within Riyadh.
Payment	Bank cards (Mada, Visa, Mastercard); digital wallets (Apple Pay, STC Pay); installment options (Tabby, Tamara); cash on delivery for orders up to SAR 2,000.
Returns & Exchanges	Within 14 days of receipt; in-showroom returns accepted at any branch with immediate processing.
Warranty & After-Sales	Claim initiation through any channel (showroom, app, website, call center) with case tracking through to closure.
Click & Collect	Online order and in-showroom collection within 2-4 hours.

## Digital Channel Financial Performance (2025)

Indicator	2025	2024	Change
E-Commerce Revenue (SAR million)	94.3	68.6	+37.4%
Share of Total Revenue	12.4%	9.4%	+300 bps
Visitor Conversion Rate	Improved ~18%	—	—

The 37.4% growth in e-commerce revenues is attributable to several key factors, most notably the improvement of search functionality and payment experience on the platform, expansion of digital payment options and installment options, and enhanced order status and delivery tracking visibility. The expansion of Click & Collect services and showroom support for returns of digital orders also contributed to digital channel growth.

Despite the accelerated growth of the digital channel, the showroom network remains the primary sales channel, accounting for approximately 87.6% of total revenues in 2025, compared to 12.4% for e-commerce, reflecting the continued importance of showrooms within the Company's multi-channel selling model.

## Digital Marketing Strategy

Al Saif Gallery's digital marketing strategy during 2025 was anchored on two primary peak periods: Ramadan, with digital and in-showroom activations to strengthen brand presence and attract customers; and Eid, with gifting offers and multi-channel marketing to stimulate purchases. These two campaigns contributed to raising the average basket value and supporting digital channel revenue growth of 37%. Integration between the digital platform and the showroom network enhances the customer experience through integrated options covering ordering, collection, returns, and after-sales service.



# Supply Chain and Logistics Operations

## Supply Chain Structure

The supply model relies on direct sourcing from key factories in China, Turkey, India, and Thailand, under framework agreements specifying technical standards, quality criteria, and lead times with periodic on-site audit visits. The supply network operates through: two central warehouses in Riyadh covering the Kingdom; a fulfillment center in Jeddah (~8,000 m<sup>2</sup>) serving the Western Region and e-commerce orders; and a distribution facility in Dubai supporting GCC markets. Domestic distribution combines third-party logistics partners and an internal transport fleet for intercity replenishment.

## Shipment Scheduling and Peak Season Management

The Company coordinated purchasing and inbound shipment scheduling ahead of the Ramadan and Eid seasons, achieving a balance between product availability, shipping costs, and working capital efficiency, and reducing out-of-stock risks in the highest-demand categories.

## Supplier Development and Quality Control

Between 10% and 15% of inbound shipments are subject to random inspections covering compliance with SASO standards, energy efficiency labeling, and durability and safety requirements. Non-conformance cases are addressed through documented corrective and preventive actions (CAPA) with contractual penalties activated upon recurrence.

## Key Operational Improvements – 2025

- Spreading inbound shipments over wider time windows to avoid receiving congestion during peak seasons.
- Qualifying alternative suppliers for the highest-selling SKUs to strengthen supply security.
- **Inventory Turnover Improvement:** Increasing inventory turnover from 1.5× to 1.8× as a result of assortment and purchasing management discipline.





# Human Capital and Capacity Building

Front-line employees – sales associates, showroom supervisors, and service staff – are the backbone of Al Saif Gallery's consultative and service model. During 2025, the Company focused on four development pillars:

### Technical Training:

Quarterly workshops on owned brands, safety protocols, and customer service escalation through the internal e-learning platform.

### Consultative Selling:

An approach based on listening and transparency in explaining product features and usage limitations.

### Operational Leadership:

Training supervisors on schedule management, display standard control, and operational discipline.

### Recognition and Retention:

Quarterly incentives linked to customer evaluation and operational quality indicators.

## Measurable Outcomes (2025)

Indicator	2025	2024	Change
Employee Turnover Rate (Front-Line)	~28%	~32%	-4 pp
Net Promoter Score (NPS)	+35	+28	+7 points
Return Rate (Optimized Categories)	↓ ~8%	—	—

**Disclosure:** NPS and employee turnover rate figures are derived from internal Company measurements according to the Company's own definitions and methodology, and are presented for internal benchmarking purposes.

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*Alsaif Gallery*

