Foundations for Growth

ANNUAL REPORT

2019

Custodian of the Two Holy Mosques

King Salman Bin Abdulaziz Al Saud

Crown Prince, Deputy Prime Minister,
and Minister of Defence

Prince Muhammad Bin Salman Bin Abdulaziz Al Saud

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Foundations for Growth

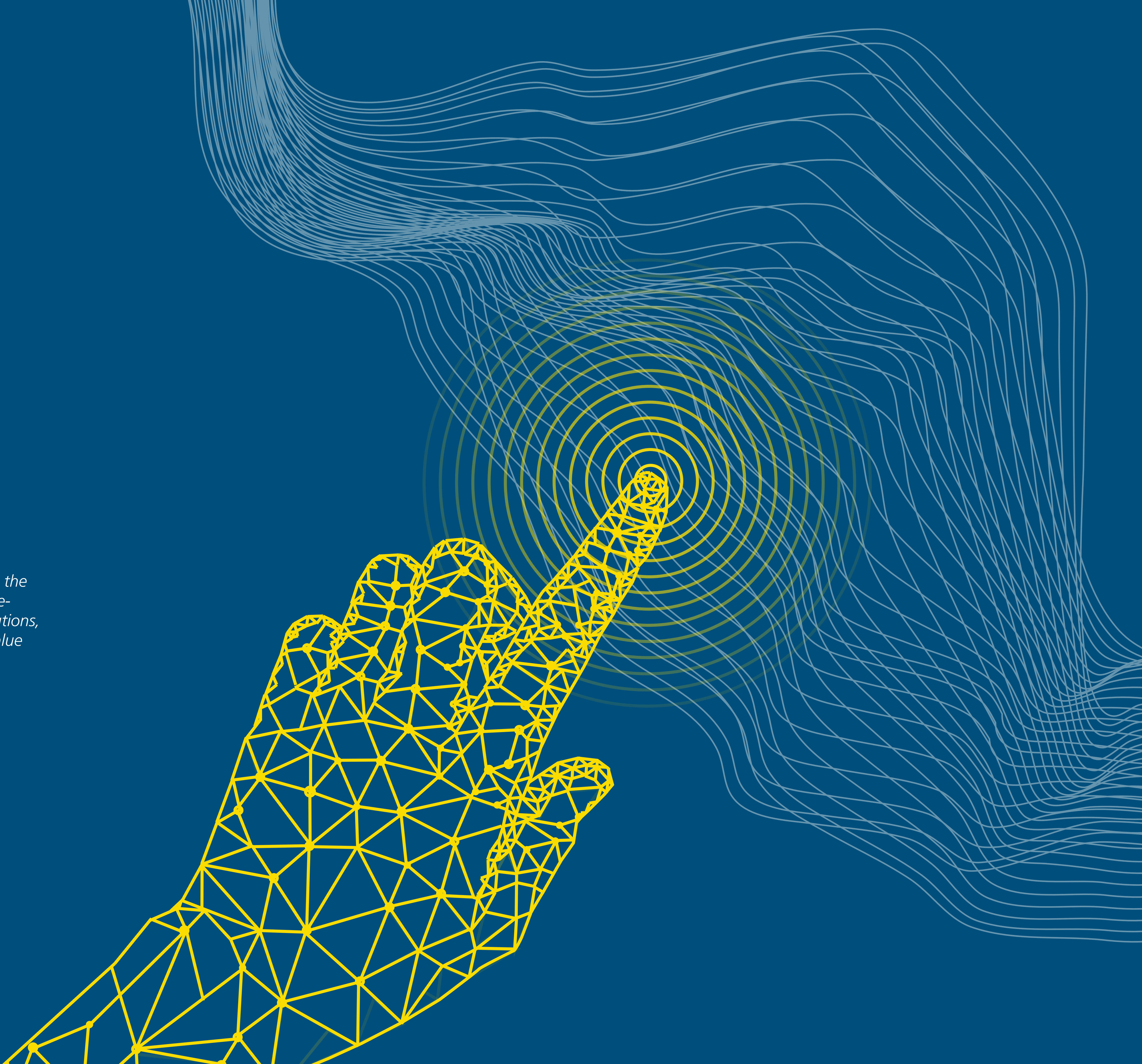
eXtra's integrated strategy prioritizes a superior customer experience, leveraging multiple channels to provide a highly differentiated portfolio of products, services and financial solutions.

Introduction

eXtra continues to successfully achieve its vision, enriching its customers' lives through the provision of a wide variety of products, value-added services and innovative financing solutions, thus integrating the consumer electronics value chain

206 Mn SAR

Net Profit in 2019



At a Glance

eXtra is the leading brand in consumer electronics and home appliances, striving to provide customers with a varied range of products, services and financial solutions while expanding its regional presence

Since launching its first store in Riyadh in 2003, the United Electronics Company (“eXtra”) has grown into the Gulf Region’s premier big box electronics retailer. Today, eXtra is the largest integrated retailer in the consumer electronics segment, operating more than 140 thousand square meters of retail space with exposure to key geographies in Saudi Arabia (KSA), Bahrain, and Oman. eXtra’s operations cover 27 cities across the region, while the Company’s operational footprint extends beyond the store network to encompass its leading e-commerce platform, “extra.com”. Through these channels, eXtra served upwards of 15 million customers in 2019, selling over 8 million high quality products across a wide array of categories, including smartphones, white goods, audio-visual devices, small appliances, computers, gaming consoles and other consumer electronics.

Through its consolidated aftersales platform Extra Service, eXtra provides its customers with an unmatched portfolio of maintenance and aftersales services. Extra Service leverages the Company’s five technical centers, 13 workshops and over 300 highly skilled employees to offer an unmatched array of maintenance services, technical support, and warranties. Integrated value-added service packages tailored to customer needs strongly differentiate eXtra within its broader market and leave it well positioned as Saudi Arabia’s hub for aftersales services.

For several years, eXtra has provided tailored installment sale programs for customers purchasing its products. As at year-end 2019, eXtra’s in-house consumer finance arm maintained an outstanding portfolio of SAR 483 million, serving over 100,000 clients since conception. Leveraging the Company’s pre-existing consumer finance infrastructure, in 2019 eXtra established Tas’heel Finance, a Sharia-compliant consumer finance subsidiary. Tas’heel will use innovative FinTech tools to offer customers at eXtra and beyond best-in-class, Sharia-compliant consumer finance solutions, including personal finance and product loans, as well as product loans to external retailers and businesses seeking to partner with the company.

As at year-end 2019, eXtra held a market share of c. 20%, a testament to the Company’s success in its mission to enhance customers’ quality of life through the provision of choice and quality across its offerings. eXtra’s top line expanded by 16.8% during 2019, recording SAR 5.1 billion. Since 2003, eXtra has registered a CAGR of 9%.

Our Vision

To be the region’s leading retailer of consumer electronics and appliances by proving superior services and creating value for all customers.

Our Mission

eXtra enhances customers’ quality of life by providing innovative, high-quality products, services and solutions that meet or exceed their expectations. We seek mutual reward through collaborative relationships and operational excellence.

Product Categories

Audio-Visual

Electronics

Computing

White Goods

Gaming

Small Appliances

Mobiles

Key Performance Indicators - 2019

17	Years of operation
50	Stores in 27 cities
+6,500	Stock keeping units (SKUs)
3	Countries including KSA, Bahrain, and Oman
+15.3 Mn	Shoppers in 2019
3,000	Highly trained and dedicated employees
5.1 SAR Bn	In revenues for 2019, up 16.8% y-o-y
206 SAR Mn	In net profit for 2019, up 28% y-o-y

Chairman’s Note

Abdullah Abdul Latif Ahmed Al Fozan
Chairman

eXtra is fully committed to contribute to acieving the goals of Saudi Arabia’s Vision 2030. We express this commitment through our striving for excellence in serving the Kingdom’s market for consumer electronics in all its facets and subsegments.

Dear Shareholders,

I am delighted to present to you eXtra’s Annual Report and financial statements for the year ended 31 December 2019. eXtra continued to make important progress in 2019, against a backdrop of rapid economic development in Saudi Arabia. Despite the instability seen in global markets during 2019, the Government of his Royal Majesty the Custodian of the Two Holy Mosques continues to forge ahead in implementing the Vision Realization Programs of Vision 2030, the economic reform package introduced by His Royal Highness, the Crown Prince.

Focusing on the consumer electronics market, we see an improvement in consumer confidence compared to the previous year, suggesting an increase in household spending. Following five years of decline, the Saudi consumer electronics market posted modest year-on-year growth of 2% in 2019. Despite this relative sluggishness, eXtra’s top line climbed at a rapid 16.8% year-on-year to book SAR 5.1 billion in 2019, an all-time high, versus SAR 4.3 billion for 2018. We also booked our highest-ever net profit in 2019, posting SAR 206 million. This represents a year-on-year increase of 28% from the SAR 161 million booked in 2018. The year saw eXtra expand its market share by 18% to record 19.2%. Since 2017, eXtra’s market share has grown by an impressive 41%, despite suboptimal market conditions.

eXtra has gone from strength to strength in 2019. Thanks to the efforts of its team and the strategic direction set by its management, the Company continues to overcome obstacles on the path to operational excellence and financial sustainability. We begin 2020 on as firm a footing as ever to maintain our leadership of the Kingdom’s consumer electronics market and to continue driving the consolidation of the sector.

The year saw several important developments with positive implications for the Company’s future growth prospects. eXtra inaugurated three new locations in 2019, further extending our retail footprint and consolidating our presence across the region. The Company now operates a total of 50 stores across 27 cities: 24 in the Kingdom of Saudi Arabia and one in each of Manama in Bahrain and Muscat and Suhar in Oman. Not only has eXtra broadened its footprint, but we have significantly deepened it too: 2019 saw a significant reorganization and rebranding of eXtra’s aftersales services function. Extra Service is now well placed to build on 13 years of excellence in this space and is key to our vision of making eXtra the Kingdom’s prime service hub for consumer electronics.

eXtra continues to take important strides towards its goal of generating SAR 1 billion from online sales over the coming two years. Our pioneering e-commerce platform, extra.com, has been re-platformed using the SAP Hybris solution. This will allow the Company to accelerate the scaling of its e-commerce business and increases our flexibility to integrate the platform with our other business modules. Coupled with the success of our online alliance with “noon.com,” in 2019 this development saw eXtra become the first Saudi retailer to generate 10% of its revenues online.

Market confidence in eXtra’s unique value proposition was on full display in 2019, when we partnered with Al Rajhi Bank to conclude the Kingdom’s first non-asset-backed securitization transaction. The securitization was underwritten against a portion of receivables from eXtra’s installment sales, demonstrating the Company’s pioneering success in managing its installment sales business and our ability to create diversified tools for funding future expansion.

On the operational front, eXtra broke new ground in 2019, establishing a Sharia-compliant consumer finance subsidiary, Tas’heel. Tas’heel will leverage eXtra’s long experience in this space and the attested knowhow of a diverse management team to drive innovation in the Saudi consumer finance market. The subsidiary will utilize cutting-edge FinTech tools to offer a full suite of Sharia-compliant consumer finance solutions to a wide variety of market segments, from personal finance products and credit card offerings targeted at individual clients to product finance solutions offered at the point of sale across the Kingdom’s retail ecosystem.

eXtra received recognition for achievements beyond the commercial front. Rewarding the Company’s efforts to build and strengthen its communication with financial markets, in 2019 eXtra was named the “Most Improved Corporate for Investor Relations in the Middle East” in the Small and Midcap Companies category by Middle East Investors Relations Association

eXtra is fully committed to contribute to achieving the goals of Saudi Vision 2030. We express this commitment through our striving for excellence in serving the Kingdom’s market for consumer electronics in all its facets and subsegments. The Company will continue to refine the Saudi consumer’s shopping experience to the best of its abilities, catering to their needs. Our customer-oriented strategy provides the surest route to ensuring the maintenance of positive financial results and continuous increases in market share, both in Saudi Arabia and in the wider region.

We will continue to expand our footprint, particularly in the digital space, where we are investing for growth at our e-commerce platform, while deepening its relationships with strategic partners such as noon.com. eXtra remains committed to further strengthening its comprehensive offering with the addition of new service categories and is working to deepen its investment in Sharia-compliant consumer finance solutions. In conclusion, we express our deep apprecation for the Company’s valued shareholders, its management and its diligent employees. We are confident that eXtra’s expanding and highly differentiated offering will generate ever increasing value for our customers and stakeholders alike.

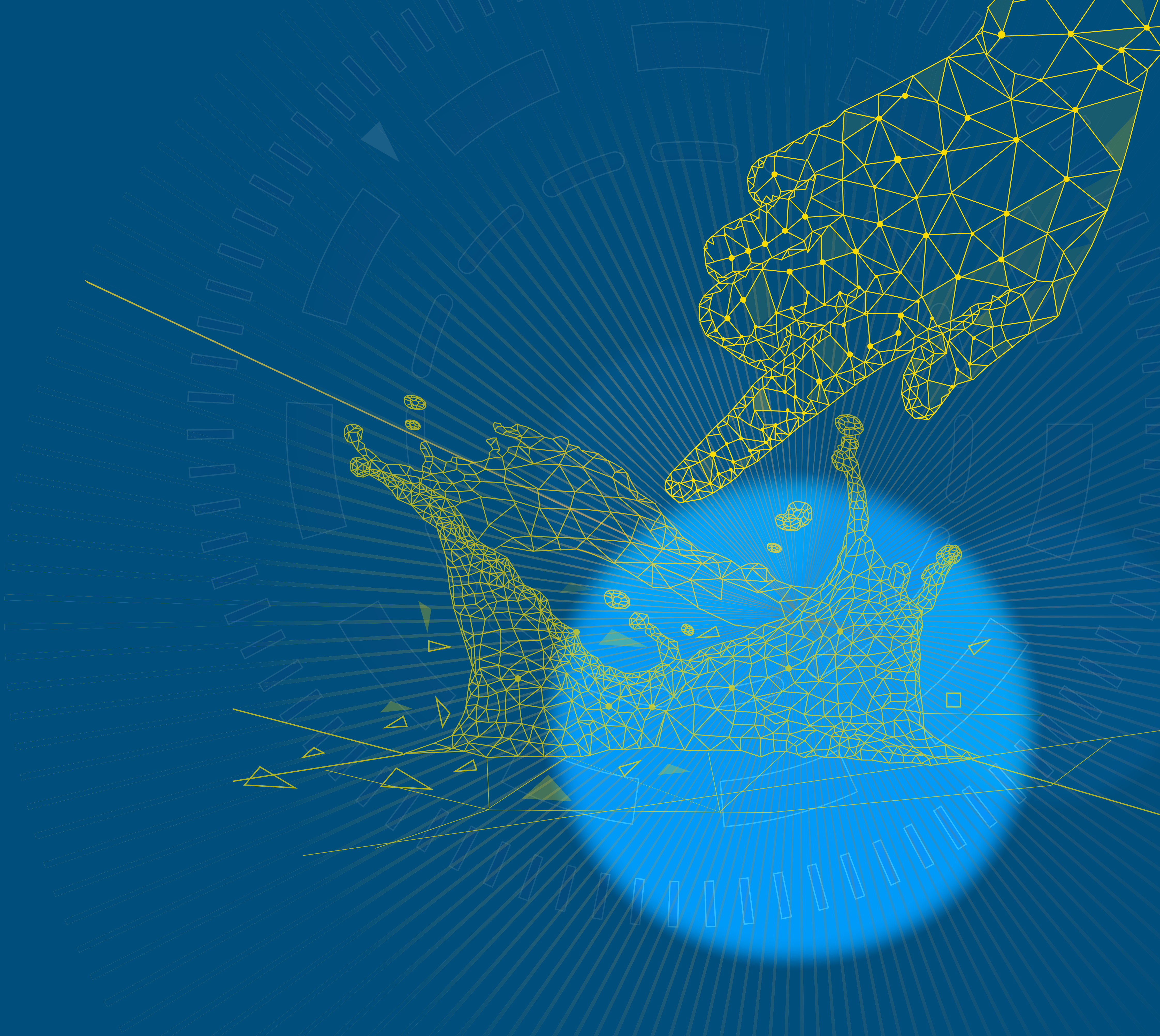
Abdullah Abdul Latif Ahmed Al Fozan
Chairman

Business Overview

eXtra enjoys an expansive branch network covering 27 cities in the GCC, yielding the broadest geographic footprint of any regional consumer electronics player

50

Stores in Branch Network



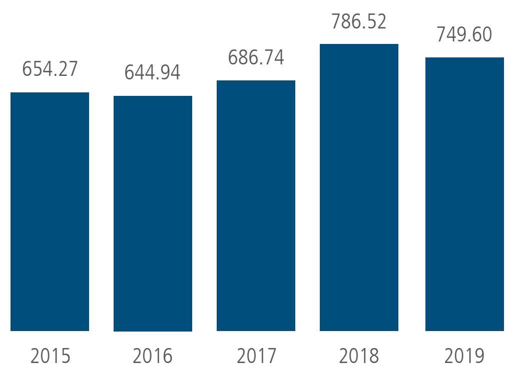
Our Markets

Saudi Arabia

Saudi Arabia is the largest economy in the Middle East and Arabian Gulf regions, boasting a gross domestic product (GDP) of USD 749.6 billion and a population of 34.1 million. Saudi nationals constitute around two-thirds of the Kingdom's population, which maintains a relatively low median age and continues to grow rapidly. Approximately half of Saudi Arabia's population falls between the ages of 15 and 44. A GDP per capita of USD 21,982 means that the Kingdom ranks as a high-income country according to the World Bank, although rapid population growth and other structural factors leave large room for growth and investment in a number of economic sectors.

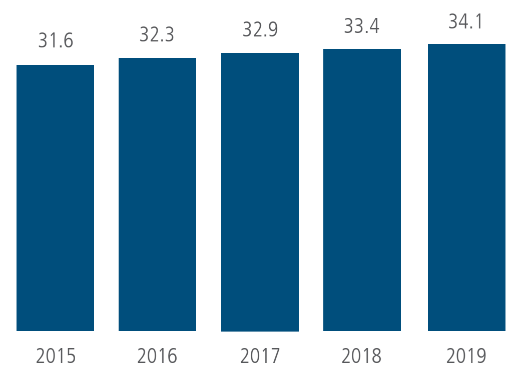
In 2019, the government of His Majesty, the Custodian of the Two Holy Mosques, recorded several milestones for the reform program introduced three years previously under the heading Vision 2030. The program prioritizes substantive economic diversification away from the oil and gas sector with an eye to establishing Saudi Arabia as a global investment hub and guaranteeing the long-term sustainability of the Kingdom's development model. To this end, the government has successfully implemented a public offering of shares in Aramco, the world's largest oil company, and intends to use the proceeds for a program of public investment in economic diversification. Meanwhile, the modernization of investment laws has facilitated the inclusion of the Saudi Stock Exchange, Tadawul, in the MSCI Emerging Markets Index. This has seen a significant inflow of passive funds, further developing Saudi Arabia's status as a budding destination for global investment.

Nominal GDP (USD, bn)



*Forecast by Fitch Ratings

Population (mn)



Historical figures retrieved from the World Bank, the General Authority for Statistics of the Kingdom of Saudi Arabia.

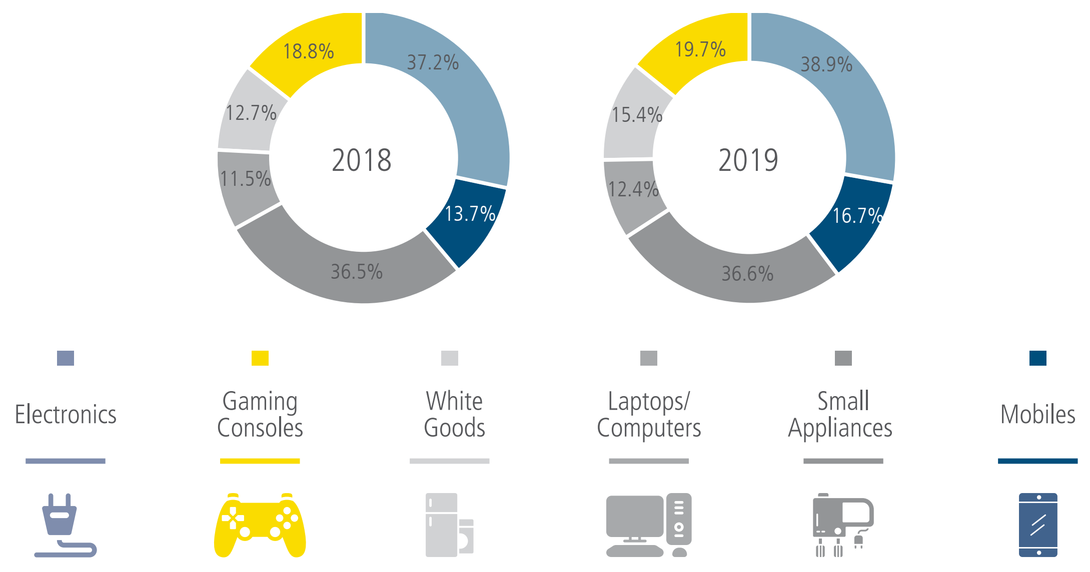
Initiatives to encourage greater domestic participation in the labor force, known as Saudization, have made great strides in recent years. Such efforts have succeeded in expanding the labor market to encompass previously unintegrated groups, particularly females of working age. Combined with ongoing consolidation of the financial sector and fiscal reforms, including a recalibrated social safety net, such efforts are providing a basis for long-term sustainable growth in aggregate demand driven by investment and consumption.

Saudi Arabia's market for consumer electronics remains the largest in the Gulf region, posting SAR 23.3 billion in 2019 against SAR 23.0 billion one year previously. Despite its size, the Saudi consumer electronics market remains highly fragmented, with few market participants utilizing economies of scale to generate greater value. The market is dominated by small-scale independent retailers operating at the neighborhood scale, with few players establishing multiple branches. eXtra remains unique in its position as an organized, large-scale retailer with a nationwide store network, and the Company continues to drive the consolidation of the wider market through an expanding physical and digital presence.

Consumer Electronics in Saudi Arabia

eXtra maintains a physical presence in 24 Saudi cities, representing 131 thousand square meters in retail space and a distribution footprint which covers over 90% of the Kingdom's population, the widest geographical reach of any Saudi consumer electronics platform. eXtra's innovative e-commerce platform, "extra.com," gives it a further edge in a Saudi market which remains relatively underpenetrated by online retail channels. Accessible 24/7, "extra.com" provides Saudi shoppers with the friendliest user interface on the market and the market's most rapid "click-and-collect" capability, while offering the same breadth and depth of product choice as at eXtra's stores. As at year-end 2019, eXtra enjoyed an overall market share of 19.2% in the Saudi consumer electronics market, up from 16.7% one year previously.

Impressive and Strengthening Market Share

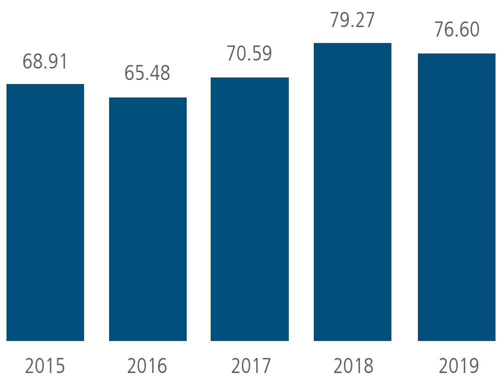


Oman

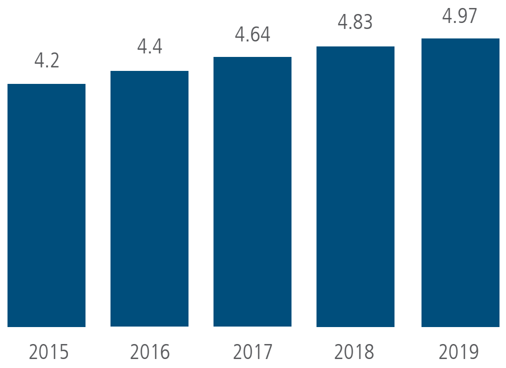
Oman recorded a nominal GDP of USD 76.6 billion in 2019. Omani nationals represent approximately half of the Sultanate's total population of 5.0 million. Economic activity continues to intensify as the Sultanate stages a four-year recovery boosted by growing production of natural gas and significant infrastructure investment. Aggregate demand has received a boost from government initiatives to bolster the Sultanate's tourism industry.

Since commencing its Omani operations in 2013, eXtra has launched three stores in the Sultanate, with a combined retail space of 8.3 thousand sqm.

Nominal GDP (USD, bn)



Population (mn)

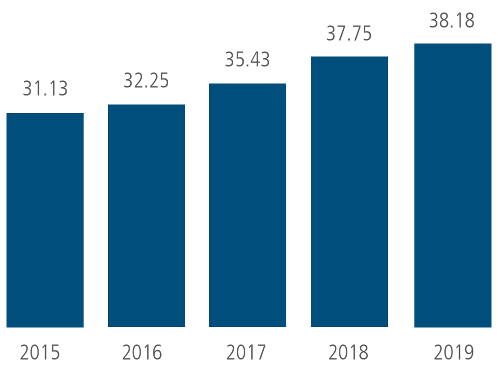


Bahrain

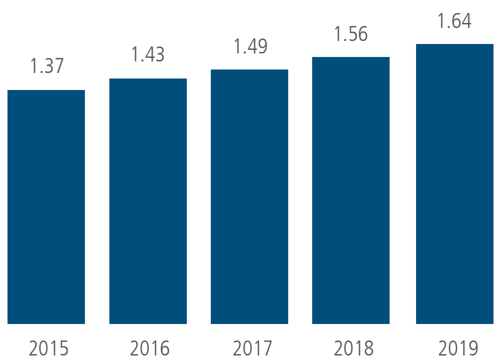
Bahrain's economy expanded by approximately 1.1% in 2019, with growth driven by expansion in the non-oil sector and higher spending on infrastructure following the extension of a financial support package from fellow members of the Gulf Cooperation Council. Business confidence in the Kingdom continues to improve steadily and was provided a major boost by the discovery of a giant offshore oil reserve at Khalij Al-Bahrain, Bahrain's largest ever find.

eXtra established its Bahraini business in 2013, the Company's first venture outside its Saudi home market. The Company maintains two stores in Manama with a total space exceeding 4,500 sqm.

Nominal GDP (USD, bn)



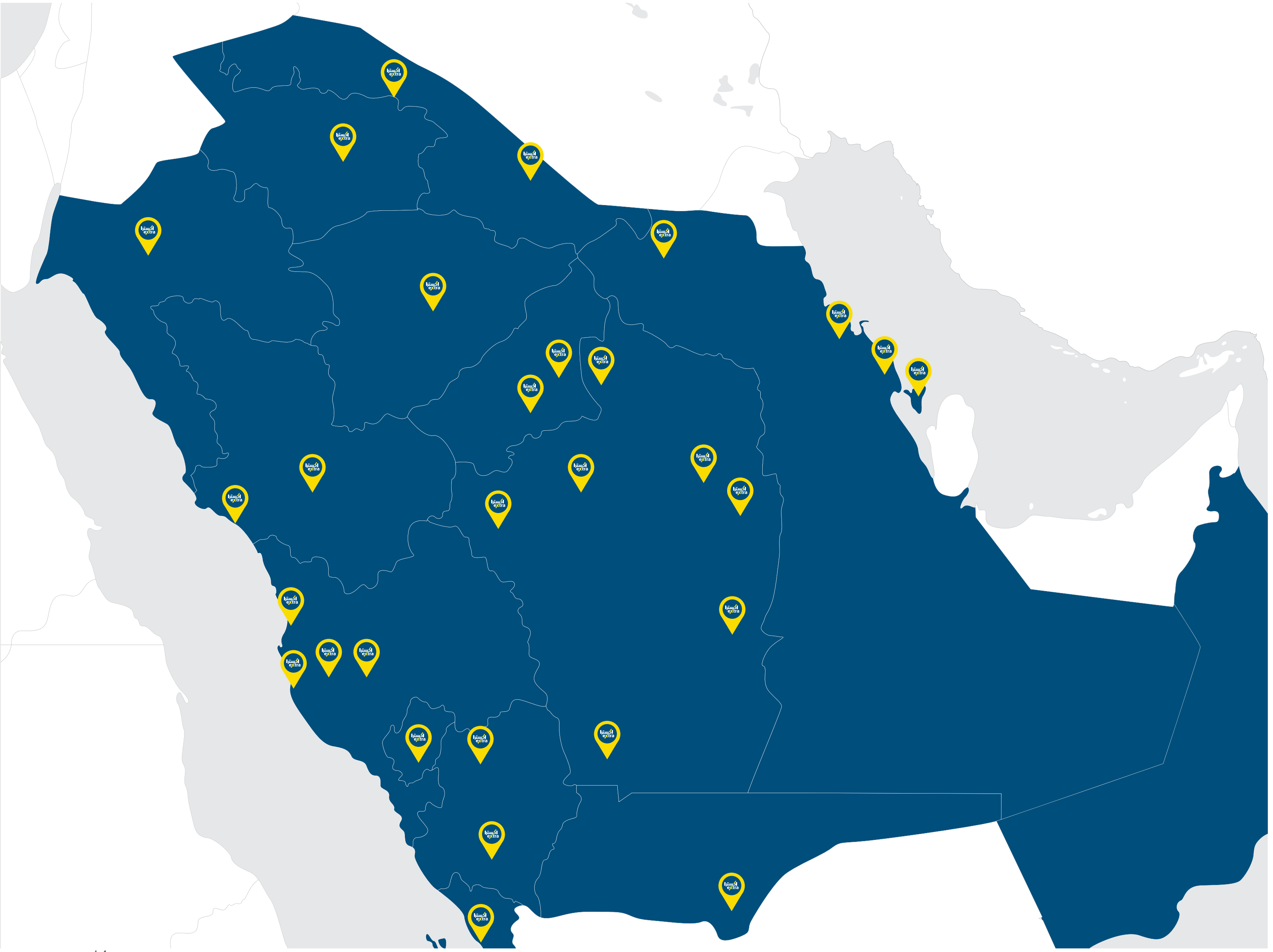
Population (mn)



Our Network

City	No. of Branches
Riyadh	9
Jeddah	7
Mecca	3
Madinah	2
Dammam	2
Al Ahsa	2
Al Khobar	2

City	No. of Branches
Abha	1
Khamis Mushait	1
Kharj	1
Qanfaza	1
Al Bahah	1
Bisha	1
Al Qassim	1



City	No. of Branches
Hafar Al Batin	1
Hail	1
Jubail	1
Jazan	1
Najran	1
Sakaka	1
Tabuk	1
Taif	2
Unaizah	1
Yanbu	1
Muscat - Oman	2
Sohar - Oman	1
Manama - Bahrain	2

45

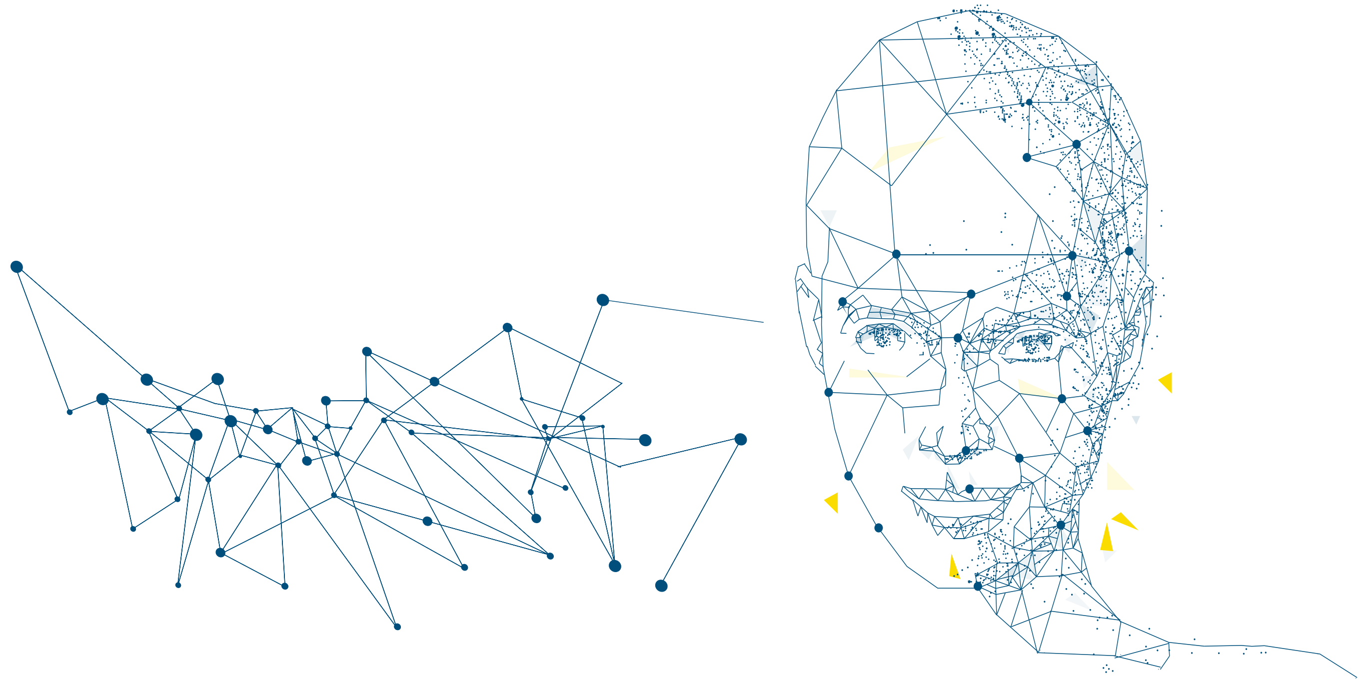
Branches in 24 Saudi cities

3

Branches in the Sultanate of Oman

2

Branches in Bahrain



Our People

eXtra maintains a robust human resources policy and views the company's recruits as the backbone of its success, continuously investing in their development and the advancement of their careers.

Since 2003, eXtra has sought to sustainably ground business growth in a cohesive group of talented, conscientious and hardworking professionals. eXtra has successfully worked to inculcate these values across the Company's functions, and eXtra's staff forms the backbone of the Company's dominant position in Saudi Arabia's consumer electronics market.

eXtra's total headcount stood at approximately 3,000 employees as at year-end 2019, up on the back of continued growth in the Company's operations during the year. Meanwhile, eXtra's newly established finance subsidiary, Tas'heel, welcomed its first 136 employees in 2019.

eXtra continually strives to build a diverse and accommodating work environment, as evidenced by its efforts to empower female workers, who comprised 12% of the Company's total headcount in 2019. Of Tas'heel's 136-strong inaugural team, 51 (or 37%) are female.

eXtra posted a Saudization rate of 72% across all its stores, steady from the rate posted one year previously, and a company-wide rate of 51% against 49% in 2018. The Company continues to enjoy a Platinum rating on the government's Saudization "Nitaqat" program. Tas'heel registered a Saudization rate of 87% in 2019, scoring a Mid-Green classification on the "Nitaqat" program.

eXtra continues to base its human resources strategy on a tried-and-tested four-pronged strategy. The Company is primarily focused on integrating HR practices in a manner that optimally supports business objectives; developing and advancing the employee experience through a variety of channels; effectively investing in talent development and the acquisition of new capabilities; and continuously introducing best-in-class HR practices.

Employee engagement levels registered 74% in 2019 against 72%, with the survey participation rate climbing to 94% from 92% over the period. In 2019 eXtra established a Change Management Team (CMT), composed of representatives drawn from across the Company's departments and functions, with an eye to steadily improving employee engagement levels. The CMT will propose policies aimed at developing and enhancing the Company's working environment, helping meet management's commitment to making eXtra an employer of choice.

Fostering a culture of recognition is key to the continuous enhancement of any working environment, and eXtra's commitment to the development of such a culture was demonstrated in 2019 by its introduction of a CEO Award. Under the program, rewards are distributed to eligible employees for outstanding performance on a quarterly basis. The year saw eXtra recognize a total of 80 talented employees for distinguished performance with Functional Awards and Awards from the CEO.

With an eye to bolstering eXtra's ability to attract the best available talent and enhancing the experience of newly joining employees, the HR Department in 2019 launched an innovative Career Portal. eXtra's Career Portal has been designed to manage the full recruitment cycle; from the moment a job is requisitioned to the moment a new employee has finally joined the Company. In 2019 the Career Portal aided eXtra in improving and accelerating the hiring experience while easing access to candidates' databases and facilitating closer relationships between candidates and the Company.

Employee Feedback

eXtra highly values the feedback provided by its employees and relies upon such input to inform policies designed to enhance the Company's working environment. To this end, in 2019 eXtra introduced the **RACE** Program:

Renovate and
Accelerate
Customer
Experience

The Program acknowledges that eXtra's employees play the role of the Company's internal customers and provides a platform for recruits to evaluate internal service providers in a candid manner. eXtra collected 941 evaluations under this program in 2019, with the company service index score coming in at 4.5 out of 5 for the year.

In 2019 eXtra continued to deliver on its strategy of investing in talent development, implementing over 75 thousand hours of training across all Company functions, up from 50 thousand hours in 2018. Training programs were conducted through the eXtra Academy and continue to focus on developing a customer-centric culture among employees. Management recognizes that the key to successfully developing and maintaining a customer-centric culture relies on the full development of the Company's most valuable assets, its people. The Company works to continuously expand the scope of employee involvement, as demonstrated by its launch in 2019 of the All Ideas Matter (AIM) Program. The Program encourages employees to voice their suggestions and innovative ideas in five areas: revenue generation, cost optimization, customer experience, employee engagement and process simplification.

eXtra maintains an incentive program for employees, disbursing monthly and yearly bonuses based on key performance indicators. The Company has established a system that integrates business objectives with division-specific KPIs and accordingly rewards divisional employees in a fair and encouraging manner. The outstanding balance for the Staff Incentive Regulatory Program stood at SAR 3.8 million as of December 31, 2019. It is worth noting that in 2018 eXtra inaugurated an Employee Stock Option program, reserving two million in company shares for the purpose, with an eye to further aligning the interests of eXtra's employees with those of its shareholders.

Our Lines of Business

eXtra's business model integrates several areas of the consumer electronics value chain, from big-box and online retail to comprehensive aftersales services and a wide variety of consumer finance solutions.

eXtra's fully integrated business model continues to markedly differentiate the company and its value proposition within Saudi Arabia's market for consumer electronics, the region's largest. The business model and the all-encompassing operating platform it has spawned leave eXtra with a decisive competitive advantage in its markets and position it as the retailer of choice for consumer electronics, allowing the company to build a robust and loyal base of repeat customers. The Company's store network forms the backbone of its operating platform and is the primary interface by which shoppers continue to familiarize themselves with the Company's offerings. Intensively leveraging its differentiated offering and brand recognition, eXtra served some 15.4 million shoppers in 2019. eXtra's stores offer a seamless shopping experience and the greatest variety of consumer electronics to be found in the market.

Through its online platform and brick and mortar presence, eXtra has created an all-encompassing platform catering to consumer needs across the consumer electronics market. eXtra continues to drive the consolidation of Saudi Arabia's consumer electronics market. The Company continues to significantly deepen its footprint in the e-commerce space, with its e-commerce portal "extra.com" providing digital customers with a differentiated shopping experience and making eXtra the first Saudi electronics retailer to generate more than 10% of its revenues from online sales. eXtra has also forged a profitable online partnership with e-commerce platform "noon.com," one of the Middle East's most successful online marketplaces, and has been noon's exclusive supplier of consumer electronics and home appliances since 2018.

The business model and the all-encompassing platform it has spawned leave eXtra with a decisive competitive advantage and position it as the retailer of choice for consumer electronics.

Beyond the construction of the market's sole omnichannel retail platform, the Company pursues several innovative avenues for accomplishing the objective of consolidation, including the region's largest annual discount event, the "Mega Sale". Other vehicles which eXtra has used to drive market consolidation include engaging multiple suppliers in durable, mutually beneficial partnerships that enable eXtra to more efficiently manage economies of scale.

eXtra leverages its optimally distributed store network to offer a full suite of quality after-sales services. A comprehensive suite of aftersales services is made immediately available to shoppers at each of eXtra's physical locations, as well as to patrons of its e-commerce platform, extra.com, with a wide range of extended warranties and technical assistance options provided on demand. An emphasis on quality and speed of service ensures a smooth, one-stop-shop experience designed to consolidate eXtra's loyal customer base.

The Company invests heavily in providing its customers with a wide range of consumer finance solutions and has developed a comprehensive suite of installment services. The Company utilizes two channels for providing customers with flexible and attractive consumer finance solutions: an in-house consumer finance capability developed over several years of successful credit activity and a newly incorporated NBFI subsidiary, Tas'heel.

Representing a culmination of eXtra's long journey in the consumer finance space, Tas'heel aims to significantly expand eXtra's footprint in the sector by providing personal finance services to a wide range of customer segments, available across eXtra's Saudi store network. Tas'heel will also develop a distinctive product loan offering by securing durable partnerships with retailers operating across a range of market sectors.

The Region's Largest Big Box Retailer

Since 2003, eXtra's store network has expanded to encompass 50 locations across 27 cities, including the capital cities of Bahrain and Oman. Over 140,000 square meters of retail space catered to upwards of 15 million shoppers in 2019. eXtra's retail network is served by six state-of-the-art warehouses with a total area of more than 90,000 square meters, allowing eXtra to provide shoppers with the broadest selection of consumer electronics in the Saudi and Gulf markets. The Company's offerings are divided into six product categories, including mobiles, white goods, audio-video, computing, electronics and gaming. eXtra continues to enhance its category management and implement efficiency drives across its retail operations, boosting the Company's market share by 18 percentage points in 2019 to 19.2%. Such initiatives have allowed eXtra to grow its sales in a healthy and consistent manner, further consolidating its dominant market position.

Carrying over 6,500 SKUs, eXtra provides customers with the largest selection of products on the market, made available at highly competitive price points, with 'lowest price guarantees' offered to millions of shoppers each year, further driving recurring business. The world's leading electronics manufacturers are well represented in eXtra's offering portfolio. eXtra maintains direct partnerships with Apple, Samsung, Hewlett-Packard and Philips among many more, guaranteeing Saudi and Gulf consumers a continuous supply of cutting-edge technology and gadgets.

An Optimized Portfolio

eXtra has made major efforts to optimize its product portfolio. With an eye to enhancing the customer's shopping experience, the Company has worked to optimize the range of products on offer across its SKU categories and intensively manage supply chains to optimize availability, while expanding multichannel educational campaigns intended to raise customer awareness of the latest products. eXtra now ranges the products based on an essential-favorite-premium scale instead of a price scale, fixing the range with a clear planogram for each store format. These efforts have proven highly successful, as the Company has seen its market share in these areas rise rapidly despite weakness or even declines in the broader markets.

An Enhanced E-Commerce Platform

One of the primary channels through which eXtra continues to expand its retail footprint is "extra.com", the Company's leading e-commerce platform. Launched in 2011, "extra.com" is a core component of eXtra's strategy to become a leading omnichannel retailer and improve the scope and breadth of its market penetration with digitally savvy customers. eXtra is the only retailer of consumer electronics in the Saudi market to register 10% of its sales online.

"extra.com" provides shoppers with the market's fastest "click and collect" capability, with the products made available within two hours at the nearest eXtra location. The platform offers eXtra's complete product range and provides convenient payment and delivery options, further differentiating the Company's online offering. In major cities, the Company offers same-day delivery for small appliances, along with delivery and installation services for big appliances.

In 2019, eXtra completed the re-platforming of "extra.com" onto an SAP operating system, further improving the customer experience and differentiating the Company's offering. The re-platforming has seen marked improvements to delivery, logistics and customer experience. extra.com's product review capability is now highly differentiated from other e-commerce players, allowing shoppers to closely examine products. extra.com's product review capability is further differentiated by providing customers with holistic image and video comparison capabilities, while the Company's Youtube channel is continuously updated with a feed of educative and informative materials designed to help customers make the best purchasing decisions. eXtra is continuously exploring options for broadening and deepening its online presence and is targeting SAR 1 billion in online sales in the medium-term. The Company continuously seeks to develop its online footprint through a variety of innovative partnerships, leveraging competitive advantages to continuously expand market share in the rapidly growing online space and to realize intersecting strategic objectives. To this end, eXtra has partnered up with e-commerce platform "noon.com," one of the Middle East's preeminent homegrown online shopping portals, and is noon's exclusive supplier of consumer electronics and home appliances.

Leveraging its market leadership and its reputation for quality in the electronics market, in 2006 eXtra successfully launched its own private electronics label, Class Pro, which offers a wide range of products including air conditioners, LED TVs, freezers and refrigerators, small appliances, water dispensers and ovens and microwaves. eXtra's Class Pro label and its exclusive brands enjoy the same ironclad guarantees and aftersales services the company is famous for, ensuring consumers enjoy the best value and protection.

eXtra is the exclusive dealer for a number of brands, including Prime, Princess and La Germania, which offer products across several categories, including small and big appliances. The Company also maintains partnerships with globally recognized electronics brands such as HP, Dell, Apple, Samsung and Philips.

Extra Service

A comprehensive and integrated portfolio of value-added services is a cornerstone of eXtra's strategy to provide customers with a seamless and unforgettable shopping experience. Established in 2005, eXtra's aftersales service department is a major differentiator of the Company's business model and a major source of profitable growth adjacent to the core retail operation.

eXtra has historically provided fifteen categories of aftersales service, ranging from protection and installation to extended warranties, repairs and technical support, a diversified array of value-added solutions offering broader exposure to the consumer electronics value chain. In 2019, eXtra consolidated these service categories under four product classes, carrying out a thorough rebranding of the services arm and calibrating a structure flexible enough to accommodate the introduction of new service areas.

Following its rebranding, Extra Services has adopted a strategy to simplify and rationalize the Company's service operations with an eye to further enhancing recurring business and cementing its place as Saudi Arabia's hub for aftersales service in consumer electronics. Due to the fragmented nature of Saudi Arabia's consumer electronics service market, aftersales services have not generally received the resources and investment required to establish a services ecosystem consonant with the market's broader purchasing power. Recognizing this, eXtra is working to revolutionize service provision in the consumer electronics space.

Extra Service leverages the Company's unmatched infrastructure, including five technical centers, 13 workshops and over 300 highly skilled employees, to provide services including installation, maintenance, technical support, and extended warranties. Extra Service remains the authorized service center for all computer manufacturers selling their products in the Kingdom, in addition to Apple- and Samsung-branded products, providing the Company with a secure, long-term base from which to further expand its service offering.

Rebranded Services Portfolio

ExtraServices

ExtraSet-up	ExtraSafeguard	ExtraCare	ExtraRepair
Machine Installation; Assistance Assuring Customer Convenience	Superior Warranties; Unique Benefits	Technical Support; Protection; Privacy; Safety	Licensed Maintenance Provision; Parts; Repairs; Replacements

Consumer Finance

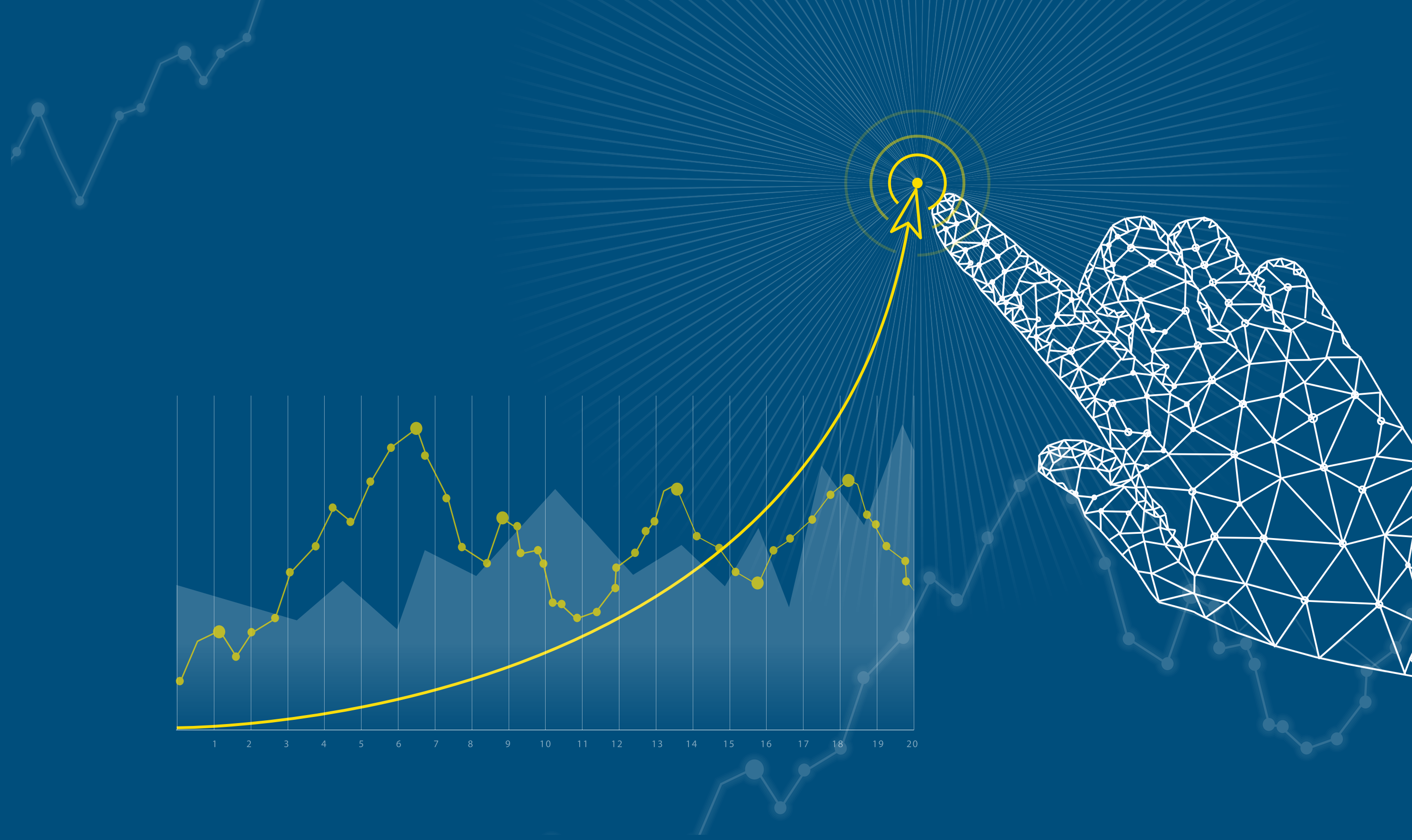
Since 2014, eXtra has provided in-house installment sales programs for all products offered in the Company's stores. eXtra makes available different tenor options and flexible repayment structures, leveraging an efficient digital processes characterized by minimal requirements and instant approvals. The program's conditions and procedures are calibrated with reference to clear guidelines for the management of credit risk, the implementation of which integrates four phases: identification, assessment, control and review. Risk management policies are strictly adhered to, and eXtra constantly works to assess the quality of the finance arm's portfolio and to foresee future risks or delinquencies.

The finance arm has enjoyed a strong financial position since its introduction. As of year-end 2019, the Company maintained an outstanding portfolio of SAR 483 million and a portfolio delinquency ratio maintained at below 10%, while non-performing loans were kept below 3%. Since inception in 2014, the installment program has served more than 100 thousand customers across the Kingdom.

eXtra provides a host of consumer finance solutions through its subsidiary, Tas'heel, which was established in 2019 to diversify and widen the Company's reach in the consumer finance market and extend an array of innovative Shariaa-compliant solutions. Leveraging eXtra's many years of in-house product development of installment solutions, Tas'heel will work to widen eXtra's footprint in the consumer finance sector by partnering with a variety of retailers to offer product installment solutions while providing Sharia-compliant personal finance products to customers across a wide array of consumer segments.

Our Strategy

eXtra's integrated growth strategy prioritizes excellence in customer service, rising to the aspirations of future generations while keeping pace with evolving demand patterns and profitably providing the market's most distinguihsed products, services and financing solutions



eXtra has adopted a four-pronged strategy designed to foster rapid yet sustainable top-line growth. A concurrent three-pillar approach has been adopted to ensure that top-line growth is efficiently reflected in the Company's profitability. All components of eXtra's strategy are geared to the Company's commitment to constant improvement of its customers' retail experience. Management is confident that such a commitment provides the surest path to the maximization of stakeholder value over the long term.

Driving Growth

Physical Expansion

eXtra's showrooms remain the primary interface through which the Company serves its customers. The Company's physical footprint remains unmatched, with a store network covering 27 urban centers in Saudi Arabia, Bahrain and Oman. eXtra is continuously on the lookout for opportunities to expand its more than 140,000 square meters of retail space. It does so where further expansion in cities already covered by the store network is deemed to be profitable or in areas where the store network does not currently extend. eXtra continued to expand its physical footprint in 2019, with the inauguration of three additional stores.

LFL Performance

eXtra prioritizes the deepening as opposed to the broadening of its retail footprint. In light of this commitment, eXtra focuses on generating high levels of like-for-like growth. Organic revenue generation is the prime determinant of success for eXtra's growth strategy. eXtra drives like-for-like expansion in the top line through a variety of methods. The Company maintains a Lowest Price Guarantee for a wide range of SKUs, maintaining a competitive stance with respect to the wider market. At over 6,500 SKUs, eXtra provides customers with the broadest and most diverse range of consumer electronics and household appliances on the market, making eXtra stores the go-to retail destination. eXtra's strategy entails maintaining this dominant position through constant portfolio optimization, including the implementation of best practices in adding, discontinuing or maintaining products or product lines. The improved forecasts and other advantages provided by this approach saw eXtra's share of the consumer electronics market increase by 18 percent year-on-year in 2019, with the top line climbing by 17 percent during 2019.

Like-for-like growth is similarly driven by eXtra's innovative calendar of marketing campaigns. eXtra's pre-planned marketing agenda encompasses all market-wide retail events, as well as the region's largest annual discount event, the "Mega Sale." These efforts are aided by a focused sales team with access to best-in-class training programs. eXtra's comprehensive training programs are designed to further differentiate the quality of service provided and enhance customer engagement.

eXtra.com

Management at eXtra is cognizant of the rapidly growing importance of e-commerce channels for broadening and deepening retail footprints and ensuring sustainable top-line expansion. To this end, eXtra strives to differentiate and enhance the Company's online portal, "extra.com." eXtra operates the fastest online platform allowing Saudi consumers to "click and collect" purchased items. Products are typically ready for pickup within two hours at the customer's nearest eXtra store. Same-day delivery is available for smaller items ordered in major cities, while delivery and installation for larger appliances can be requested on the website. "extra.com" offers the Company's complete product range and provides convenient payment and delivery options, further enhancing the customer experience and differentiating the Company's offering.

Given that the penetration of e-commerce in Saudi Arabia remains below the level of regional peers and other markets of a similar income level, eXtra recognizes the first-mover advantages to be gained from rapidly improving the scope and breadth of the Company's engagement with digital customers. eXtra aims to generate online sales of SAR 1 billion in the coming two years, in line with the Company's objective of becoming the Kingdom's premier omnichannel retailer.

Strategic Partnerships

eXtra has constructed a mutually beneficial online partnership with e-commerce platform "noon.com," one of the Middle East's most successful online marketplaces. The Company has been noon's exclusive supplier of consumer electronics and home appliances since 2018, in what has proven a highly profitable relationship. Moving forward, eXtra will leverage strategic partnerships such as that with noon to strengthen the Company's own foothold in the growing e-commerce space, while working to gain exposure to as wide a range of digital customer segments as possible.

Enhancing Profitability

Services

eXtra strives to enhance bottom-line profitability by differentiating its offering portfolio. To this end, in 2019 the Company consolidated and rebranded its expansive array of aftersales service offerings under four service categories. Due to the fragmented nature of Saudi Arabia's consumer electronics service market, aftersales services have not generally received the resources and investment required to establish a services ecosystem consonant with the market's broader purchasing power. Recognizing this, eXtra is working to leverage more than a decade of experience of service provision and to revolutionize the aftersales component of the consumer electronics space.

Extra Service, as the Company's service arm is now known, has significantly simplified and rationalized eXtra's operations in the area of aftersales services. Resources are now allocated in a more efficient manner, providing a degree of flexibility unmatched in the Company's market and driving incremental increases in profitability. Supported by 300-FTE-increase in dedicated headcount and intensively utilizing the Company's five technical centers and 13 workshops, this recalibration leaves the service arm well-equipped to accommodate the introduction of new service areas. Extra Service represents a core component of eXtra's efforts to protect and augment the Company's margins and to remain the Saudi consumer's preferred provider of aftersales services.

Direct Supply

eXtra maintains direct partnerships with globally recognized brands including Apple, Samsung and Huawei in the smartphone category, HP, Dell, Acer and Lenovo in the personal computer category and Phillips in the small appliance category. Besides its partnerships with globally recognized brands, eXtra is the exclusive dealer for a number of brands offering products across several categories, including small and big appliances. eXtra has also launched its own private electronics label, Class Pro, which offers a wide range of products including air conditioners, LED TVs, freezers and refrigerators, small appliances, water dispensers and ovens and microwaves.

Direct supply agreements distinguish eXtra from the Kingdom's wider consumer electronics market, allowing the Company to quickly bring products to its customers, respond to product performance and customer feedback, and collect valuable data on demand patterns. eXtra works to enhance profitability by directly dealing with mnufacturers, supporting the Company's margins through the elimination of intermediaries, the ability to rapidly bring consumer electronics to final buyers, and the consequent strengthening of brand loyalty among its customer base. Direct supply agreements also enable the Company to focus on profitably streamlining operations.

Consumer Finance

Management is positioning eXtra's new consumer finance subsidiary, Tas'heel, as a major driver of enhanced profitability. Tas'heel will significantly widen eXtra's business exposure to a number of consumer segments which the Company has not historically focused on. The subsidiary will utilize innovative FinTech tools to automate the assessment of credit scores and maintain best-in-class approval times, providing a best-in-class customer journey experience. Tas'heel will maintain an online interface engaged with SIMAH, the General Organization for Social Insurance and other stakeholders, enabling the Company to automate the assessment of customers' credit scores using a decision engine.

An extensive physical presence is also being established, leveraging the wide coverage offered by eXtra's existing store network. Tas'heel will offer Sharia-complaint personal finance and product loans to consumers at a wide range of tenors and repayment structures, while providing external retailers and businesses with a suite of product loan solutions. The subsidiary will make its services available to shoppers making purchases both at eXtra stores and at other retailers and is planning to offer credit card services once approval is granted by the Saudi Arabian Monetary Authority.

Management Discussion and Analysis

Financial Review

eXtra continued to meet its financial objectives in the year ended December 31, 2019. The company's top line recorded SR 5.13 bn in FY2019, a y-o-y increase of 16.9%. This represents a rapid acceleration in the rate of top-line growth, driven by strong growth in LFL and e-commerce sales, an expansion in revenues from eXtra Service and consumer finance services, as well as the inauguration of three new stores during the year. Rapid annual growth during FY2019 leaves eXtra with the largest top-line figure in its history. eXtra's gross profit climbed 15.6% y-o-y to book SR 901.2 mn, with the gross profit margin relatively stable at 17.55%. The company's results continued to be driven by broad-based improvements in performance, with rising product sales accompanied by rapid growth in eXtra's aftersales service and consumer finance segments.

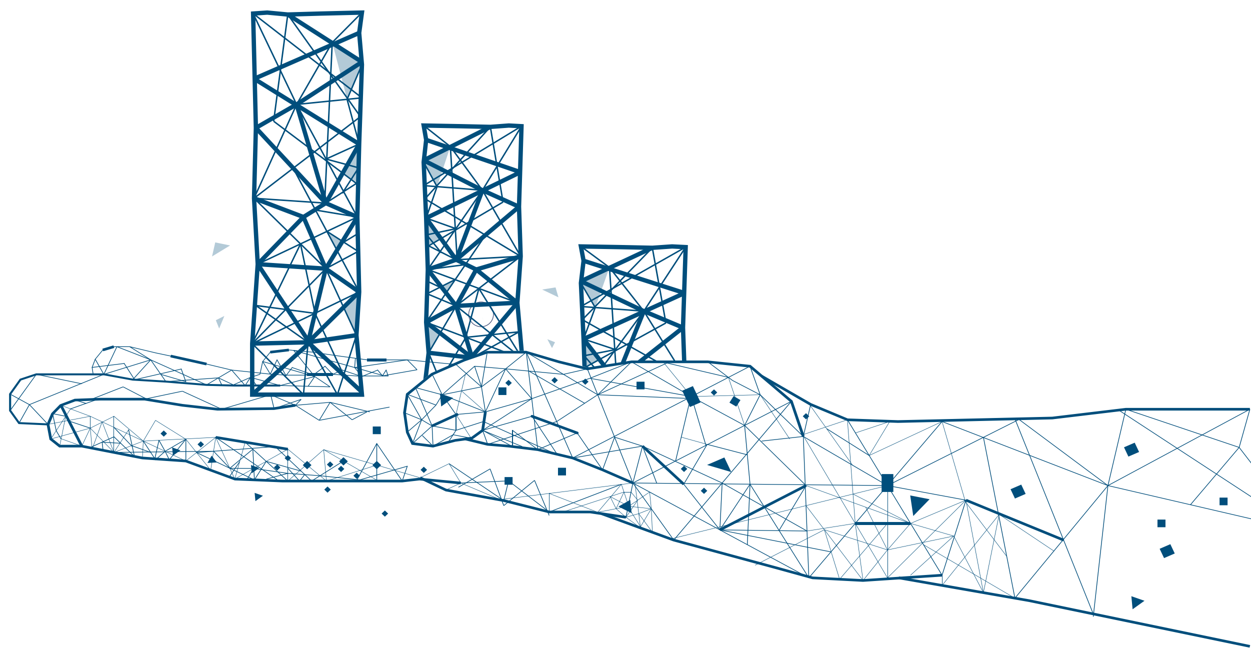
FY2019 saw eXtra record the largest net profit in the company's history, amounting to SR 205.6 million. This represents an increase of 27.6% y-o-y from the SR 161.2 mn recorded one year previously. The company's net profit margin booked 4.00% for the year during the year to against 3.67% in FY2018.

Summary Income Statement

	FY 2019		FY 2018		Growth (%)
	SR (000)	% of Sales	SR (000)	% of Sales	
Sales	5,134,604	-	4,394,080	-	16.9%
Gross Profit	901,183	17.55%	779,613	17.74%	15.6%
Operating Profit	248,770	4.85%	180,000	4.10%	38.2%
Net Profit Before Zakat	219,054	4.27%	170,029	3.87%	28.8%
Net Profit	205,614	4.00%	161,192	3.67%	27.6%

Geographic Breakdown of Sales

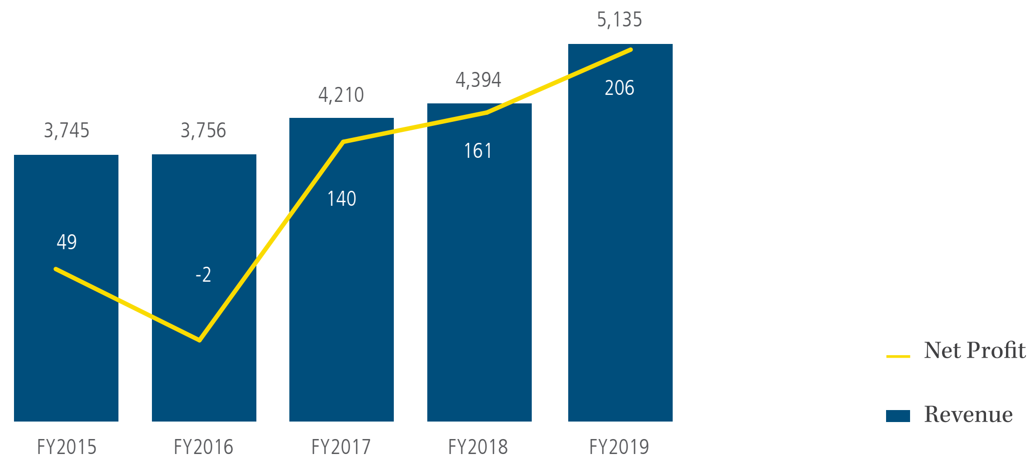
SR (000)	FY 2019	FY 2018	Growth (%)
Kingdom of Saudi Arabia	4,831,352	4,113,482	17.5%
GCC States	307,732	281,354	9.4%
Adjustments Due to Consolidation	(4,480)	(755)	-
Total	**5,134,604**	**4,394,080**	**16.9%**



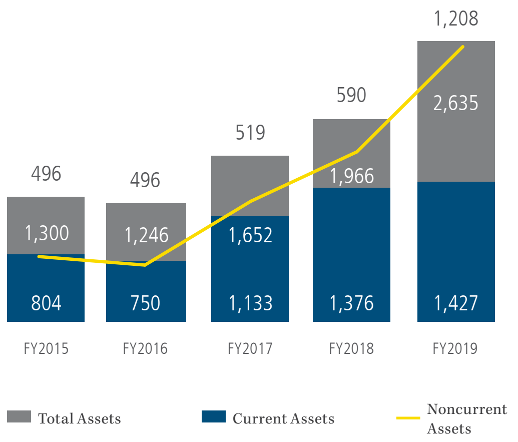
Income Statement Analysis

Between FY2015 and FY2019, eXtra experienced a revenue growth CAGR of 6.52%, displaying the company's ability to consistently generate top-line growth. From SR 3.75 bn in FY2015, eXtra's revenues rose to SR 5.13 bn for FY2019 – the company's record figure for annual consolidated revenue. This represents a y-o-y increase of 16.9% and comes one year following eXtra's previous record figure for consolidated revenues booked in FY2018. eXtra recorded a net profit of SR 205.6 mn for FY2019, up by 27.6% from the 161.2 mn booked one year previously.

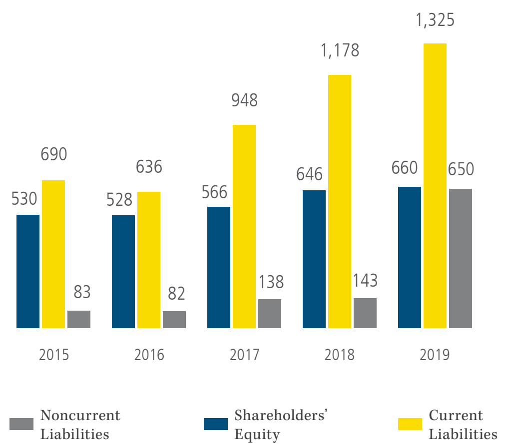
Five-Year Revenue and Net Profit Progression (SAR, mn)



Five-Year Progression of Asset Position
SR MN



Five-Year Progression of Liabilities and Shareholders’ Equity
SR MN



Balance Sheet Highlights

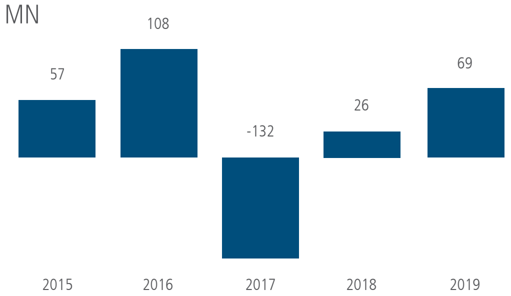
Asset Progression
In keeping with its five-year trend, eXtra’s asset base continued to expand during FY2019. As at December 31, 2019 the total value of assets booked on eXtra’s balance sheet stood at SR 2.6 bn versus the SR 1.3 bn booked in FY2015, representing a five-year CAGR of 15.18%.

Liabilities and Shareholders’ Equity Progression
eXtra’s shareholders’ equity has climbed at a five-year CAGR of 4.48% to register SR 660 mn as at December 31, 2019, up from SR 646 mn as at December 31, 2018. The company’s current liabilities recorded SR 1.33 bn for FY2019, up from SR 1.18 bn one year previously.

Cash Flow from Operating Activities

eXtra recorded a net cash inflow from operations of SR 69 million in FY2019, an increase from the SR 26 million inflow registered one year previously. eXtra continued to reinvest cash from operations to achieve the company’s strategic objectives.

Five-Year Progression of Cash Flow from Operating Activities
SR MN



Loans and Borrowings

eXtra began FY2019 with an outstanding debt balance of SR 460 mn. The Group repaid this amount in full during the year. In FY2019 eXtra enjoyed access to a total of 120 short-term Murabaha facilities extended by its financial partners, including Banque Saudi Fransi, the Arab Banking Corporation, Al Bilad Bank, Al Inma Bank, Emirates NBD and Al Rajhi Bank. The total value of the short-term Murabaha facilities available to eXtra during the period came in at SR 3.03 bn, extended to support the company’s working capital requirements. Of this amount, SR 2.63 bn was defrayed by eXtra during FY2019, with the remaining SR 400 mn yet to come due during the year. As at December 31, 2019, cash and cash equivalents on eXtra’s balance sheet closed FY2019 at SR 102.9 mn.

Bank Facilities

Opening Balance as at 1/1/2019

Bank Name	Loan Amount (000s)	Loan Period in	Amount Paid (000s)	Remaining Amount
Banque Saudi Fransi	40,000	28 days	40,000	-
Banque Saudi Fransi	40,000	28 days	40,000	-
Arab Banking Corporation	35,000	31 days	35,000	-
Arab Banking Corporation	35,000	31 days	35,000	-
Al Bilad Bank	20,000	30 days	20,000	-
Al Bilad Bank	25,000	30 days	25,000	-
Al Bilad Bank	25,000	30 days	25,000	-
Al Bilad Bank	25,000	30 days	25,000	-
Al Bilad Bank	25,000	30 days	25,000	-
Al Bilad Bank	10,000	30 days	10,000	-
Al Inma Bank	35,000	31 days	35,000	-
Al Inma Bank	30,000	31 days	30,000	-
Emirates NBD	15,000	31 days	15,000	-
Al Rajhi Bank	25,000	31 days	25,000	-
Al Rajhi Bank	25,000	31 days	25,000	-
Al Rajhi Bank	25,000	31 days	25,000	-
Al Rajhi Bank	25,000	31 days	25,000	-
Total	**460,000**		**460,000**	**-**

Ending Balance as at 31/12/2019

Remaining Amount	Amount Paid (000s)	Loan Period in	Loan Amount (000s)	Bank Name
Banque Saudi Fransi	35,000	10 days	-	35,000
Banque Saudi Fransi	35,000	10 days	-	35,000
Banque Saudi Fransi	35,000	10 days	-	35,000
Banque Saudi Fransi	20,000	10 days	-	20,000
Banque Saudi Fransi	25,000	12 days	-	25,000
Arab Banking Corporation	26,000	28 days	-	26,000
Arab Banking Corporation	26,000	28 days	-	26,000
Arab Banking Corporation	30,000	27 days	-	30,000
Arab Banking Corporation	28,000	27 days	-	28,000
Arab Banking Corporation	22,000	28 days	-	22,000
Al Bilad Bank	18,000	22 days	-	18,000
Al Bilad Bank	25,000	27 days	-	25,000
Al Bilad Bank	25,000	27 days	-	25,000
Emirates NDB	25,000	29 days	-	25,000
Emirates NDB	25,000	29 days	-	25,000
Total	**400,000**		-	**400,000**

Zakat and Governmental Payments

The company has submitted a Zakat declaration for the fiscal year ending December 31, 2018, estimating its obligations at SR 11,501,521. A provision was allocated for the ascribed amount.

SR (000)	Paid in FY2019	Ending Balance as at 31 December 2019	Description	Reasoning
Zakat	8,818	11,477	Zakat on Income	Annual Zakat Declaration
GOSI	22,690	2,202	Social Insurance	Monthly Pension Contributions
Tax Authority	2,445	103	Withholding Tax	For dividends distributed to non-resident shareholders and for foreign/non-resident service providers
VAT	8,682	6,362	Value-Added Tax	Total VAT payable

On February 18, 2019, the Company received a Zakat assessment letter for the fiscal year 2017 from the General Authority of Zakat and Income requiring the Company to pay additional amounts of SR 26.2 million. The Company successfully filed an objection to the assessment and subsequently received an amended assessment amounting to SR 359,691. eXtra paid this amount through the fiscal year 2019.

Risks and Mitigates

eXtra faces the same risks that all firms operating in the Saudi consumer electronics industry must face. These risks may be divided into two main categories: operational risks and market risks.

Operational Risks

Laws and Regulations

eXtra's operations are fully compliant with the laws and regulations of the Kingdom of Saudi Arabia. However, the regulatory environment in which eXtra operates is liable to change. Regulatory changes arising from political, economic, technical and other factors may produce a material impact on the Company's business. To the company's knowledge, there exist no indications that the regulatory environment will change in a manner that materially affects the Company's business and the expectations of Management moving forward.

Reliance on Key Suppliers

In the event that its suppliers are unable to provide requested orders, eXtra's operations and financial performance may be affected materially. In light of this, eXtra maintains strong relationships with a large number of diverse suppliers, while upholding close working relationships with key suppliers. In this manner, Management is kept well-informed and effectively plans its sourcing of products and services.

The Growth Strategy and its Execution

Incomplete implementation of eXtra's strategy for expansion or the postponement of new retail unit launches may impact upon the Company's performance. eXtra thus works to fully implement all aspects of its business plan and growth strategy, which includes the introduction of new showrooms and innovative sales channels. The Company carries out intensive feasibility studies and selects the sites for its prospective showrooms preemptively.

Saudization Requirements

In accordance with regulatory changes recently promulgated by the Saudi Ministry of Labor and Social Development, eXtra has been classified as a large employer in the wholesale and retail sector. Companies receiving this classification from the Ministry receive a low Saudization score if 31% or less of employees are non-Saudi, a high score if 42% of employees or more are Saudi nationals, and a Silver certification if 51% of employees or more are Saudi nationals. eXtra is working to fully meet the Saudization rate required of companies in the electronics retail sector. The Saudization rate at the Company's showrooms stood at 72% in 2019, while 51% of total employees were Saudi nationals compared to 49% in the previous year. eXtra achieved a Platinum rating under the Nitaqat program, granted to establishments meeting the highest Saudization requirements. Meanwhile, eXtra's subsidiary Tas'heel recorded a Saudization rate of 87% for 2019.

Market Risks

Competitive Landscape

Despite eXtra's dominant position in Saudi Arabia's electronics retail market, the Company does face competition from several companies across each of its product categories. eXtra constantly works to meet and exceed the expectations of its customers with quality products and services. To maintain its strong relationship with its customers and retain their business, the Company keeps tightly abreast of changing demand conditions in the market and rigorously analyze changing preferences and requirements.

Price Competition

The Company's profit levels may be negatively affected in the event of a price war involving it and its competitors. This risk applies to both products and services. Given the Company's significant bargaining power with its suppliers, eXtra enjoys a significant buffer against the effects of a price war on its profit margin. eXtra is further protected by the diversity of the sources and drivers of the Company's profitability.

Market Credibility

Given the continuous and rapid growth of eXtra's customer base, in the case that eXtra is unable to fully serve each customer with the same degree of care and dedication the Company's credibility may be affected in a negative manner. Some customers may choose to submit formal complaints to the Ministry of Commerce and Investment. Accordingly, eXtra has set up two systems for ensuring that customer requirements are fulfilled comprehensively and satisfactorily. The Guest program and the Customer First Program train and qualify employees to serve customers with the highest professional standards. eXtra also makes use of a special contact center for responding to the inquiries and complaints of customers, whether lodged directly or through the Ministry of Commerce's online tool for lodging and monitoring complaints.

Corporate Social Responsibility

eXtra is fully committed to the requirements of corporate social responsibility. It fulfills these duties through its participation in the "ERTIQA'" program, which recycles computers with the aim of rehabilitating them for delivery to secondhand beneficiaries.

The Company strives to instill a culture of conservation and seeks to contribute to the protection of the environment through its recycling activities. It recognizes that if used electronics are not disposed of safely or recycled, the environment is polluted for many years to come.

United Company for Financial Services

eXtra is the first retailer in the Kingdom to be granted approval from the Saudi Arabian Monetary Authority to establish a Sharia-compliant consumer finance firm

300 YEARS

Total Experience at Tas'heel's New Team

Tas’heel

تسهيل للتمويل | الشركة المتحدة للخدمات المالية
United Company for financial services

An Underpenetrated Market

In 2019, eXtra established Tas’heel Finance, a Sharia-compliant consumer finance firm based in Saudi Arabia. eXtra is the first retailer in the Kingdom to be granted approval from the Saudi Arabian Monetary Authority (SAMA) to establish such a firm, following four years of success in providing in-house installment sale solutions.

Saudi Arabia’s consumer finance market has left significant room for innovative entrants, a gap eXtra has sought to fill through the introduction of Tas’heel. The average household debt burden remains significantly low as a percentage of GDP compared to the Kingdom’s GCC peers, providing significant headroom for growth given the country’s young and growing population, growing local employment under the guidelines of Vision 2030, as well as the efforts of the Saudi Arabian Monetary Authority (SAMA) to strengthen the country’s financial markets.

Microfinance remains greatly limited as a component of Saudi Arabia’s NBFI ecosystem. Accordingly, Tas’heel seeks to offer a complete set of Sharia-compliant consumer finance solutions, including personal finance products aimed at individual clients, product finance across a wide array of retailers, and the issuance of credit cards with variations tailored to the requirements of various consumer segments upon receipt of SAMA approval.

Our Vision

Tas’heel seeks to enrich its clients’ lives, helping them achieve their ambitions through the seamless provision of financial services powered by innovative digital solutions.

Our Mission

We seek to be a dynamic organization that provides clients with a unique digital experience which rapidly and efficiently meets their financial needs, backed by a high quality of service, continuous investments in digital transformation and a focus on customer needs and objectives.

Company Highlights

In light of the opportunities available to innovative market entrants, eXtra has established Tas’heel with the aim of offering financial solutions tailored to meeting each customer’s borrowing needs and fill the existing market gaps. Tas’heel will leverage eXtra’s extensive experience and knowhow in the consumer finance space to provide a differentiated and digitally-delivered service that distinguishes the company from existing players, with a special focus on the underserved salaried mass market, offering such consumers small- to medium-ticket financing solutions.

Tas’heel offers consumers finance with a wide variety of tenors and repayment structures. Using FinTech tools to engage with SIMAH, the General Organization for Social Insurance and other stakeholders enables the Company to automate the assessment of customers’ credit scores using a decision engine. Tas’heel differentiates itself from competitors by maintaining a best-in-class customer journey experience, offering a rapid, end-to-end process supported by minimal requirements and documentation on the part of customers, focusing instead on the use of digital tools to provide clients with risk-based exposure and pricing while providing a seamless and satisfying experience.

Tas’heel leverages eXtra’s large national network of branches and broad online presence to embed the company amongst its target customer segments. By November 2019 eXtra had established Tas’heel outlets at each of the Company’s stores, making personal finance products available at all locations. Tas’heel will provide product financing solutions in collaboration with a number of different retailer partners operating across the lifestyle, health, travel and education sectors. Meanwhile, Tas’heel has assembled a top-class management team with over 300 years of combined experience in different geographies of the global financial industry. Tas’heel’s executives have led successful careers at finance startups and at more established firms, including CitiBank, Standard Chartered, Barclays and Mastercard, enjoying robust consumer banking experience in key markets such as Europe, South East Asia, the Middle East, and Africa.

Corporate Governance

> eXtra's commitment to best-in-class corporate governance practices stems from its belief that an effective governance framework is the cornerstone for the creation of long-term sustainable value

+140k SQM

Total Showroom Space

Corporate Governance Statement

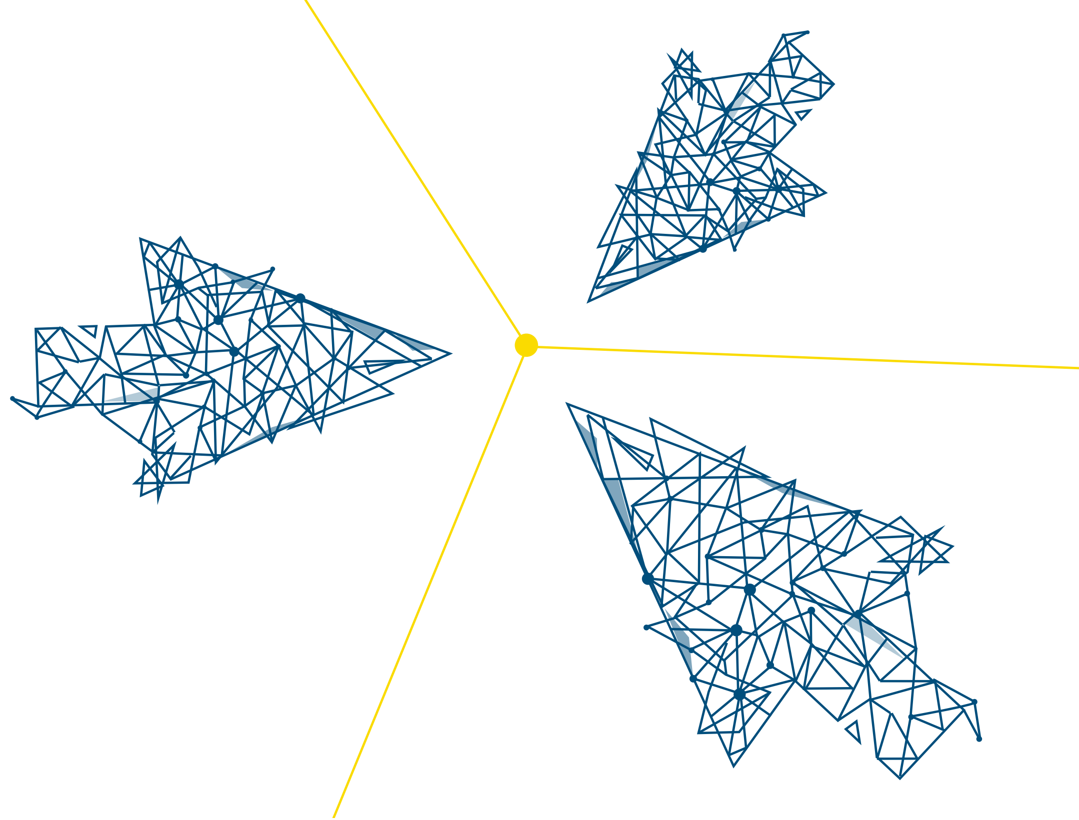
An efficient corporate governance framework is one that promotes effective decision making and monitoring of a company's operations to safeguard shareholders' interests and create long-term sustainable value. The framework defines the duties and responsibilities of the various stakeholders, including the Board of Directors and its committees, management, shareholders, and other related parties. Decision-making procedures and regulations are also specified by the corporate governance framework.

eXtra has adopted a corporate governance framework which aims to apply best-in-class governance practices and safeguard stakeholders' interests. This commitment stems from its belief that an efficient governance framework is the cornerstone for the creation of long-term sustainable value. The rules, policies, and procedures stipulated by the company's governance framework are binding on all the company's Board and committee members, as well as the executive management and related parties.

As per the framework, eXtra's shareholders have the right to appoint the company's Board of Directors and set their remuneration and nomination guidelines. Shareholders also have the right to form the Audit Committee and set its policies, regulations, procedures, and responsibilities, in addition to establishing guidelines for its members' nomination, terms of service, and remuneration. eXtra's shareholders exercise their right to appoint an independent auditor and ratify the Nomination & Remuneration Committee's policies, regulations, procedures, and responsibilities. Guidelines for the nomination of Remuneration Committee members, their terms of service and remuneration are similarly determined by eXtra's shareholders. Among the key responsibilities of the Board of Directors is setting the company's strategic goals and providing effective leadership that ensures delivery on these strategies. The Board monitors the company's management and submits periodic reviews to the shareholders.

eXtra's bylaws and governance frameworks provide for the fair treatment of all shareholders and respects all the rights associated with their holdings. Meanwhile, the Board of Directors guarantees that the relationship between the company and its shareholders is built on a mutual understanding of the company's goals and strategic objectives and is maintained without jeopardizing the company's interests or violating the executive regulations issued by the Capital Market Authority.

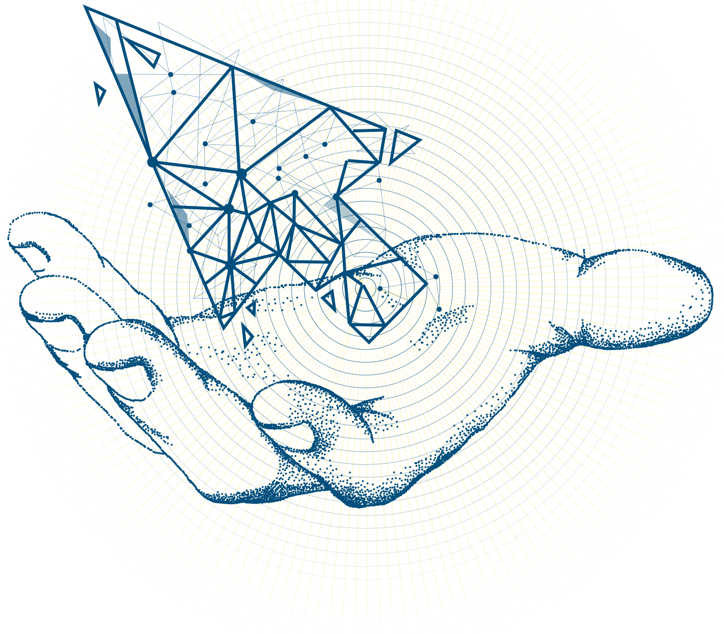
In order to better assist shareholders in the exercise of their voting rights, the company adopts a remote electronic voting system for the purposes of its General Assembly.



Compliance

eXtra applies all provisions stipulated in the Capital Market Authority's Corporate Governance Regulations, except for those listed below

Article Number	Article Text	Reasons for Not Applying
Article 46 – Paragraph 3	competition standards to be issued by the General Assembly upon a proposal from the Board and published on the Company's website.	these standards will be presented to the next General Assembly of the Company.
Article 70	Formation of a risk management committee	Guiding Article
Article 71	Responsibilities of the risk management committee	Guiding Article
Article 72	Meetings of the risk management committee	Guiding Article
Article 85/Paragraph 3	The establishment of social institutions for the company's employees	Guiding Article
Article 87	Social Responsibility	Guiding Article
Article 88	Social Work Initiatives	Guiding Article
Article 95	Formation of the Corporate Governance Committee	Among the responsibilities of the Nomination and Remuneration Committee is monitoring the application of governance guidelines and verifying their effectiveness, and to modify them as needed



Board of Directors

Abdullah Abdul Latif Ahmed Al Fozan
Chairman of Al Fozan Holding Group
Previous Position / General Manger

Bachelor of Accounting from King Saud University, 1989.
More than 20 years of experience in economics and management.

Abdullah Ali Ibrahim Al Majdouie
Chairman of Al Majdouie Holding Group
Previous Position / General Manger

Bachelor of Industrial Management, 1986, and an MBA from King Fahd University of Petroleum and Minerals (KFUPM), 1991.
30 years of experience in economics and management.

Mansour Abdul Aziz Rashed Al Busaily
Chairman of HSBC Saudi Arabia Limited
Previous Position / Global Compliance Officer at Saudi British Bank (SABB)

Bachelor of Legal Systems from King Saud University, 1984.
1985-1990: Served as Branch Manager at the United Saudi Bank and then promoted in 1989 to Corporate Credit Team Leader.
1990-2014: Appointed as Credit Communications Officer at SABB then served as Director General of Legal Affairs and in 1994 as Secretary General of the Bank where he oversaw the establishment of SABB's compliance structure. In 2010, he was appointed as Global Compliance Officer where he built the corporate governance framework of the bank and oversaw its implementation. In addition, he was in charge of communication between SABB and regulatory entities, such as the Saudi Arabian Monetary Authority and the Capital Markets Authority.
2015: Appointed as Chairman of the Board of HSBC Saudi Arabia.

Ahmed Yousef Ahmed Al Saqr
Managing Director of Al Yasra Foods
Previous Position / General Manager of Al Yasra Foods

BA in Economics from Claremont University, 1983.
25 years of experience in economics and management.

Abdul Jabar Abdul Rahman Mohammed al Abdul Jabar
CEO of Arabian Advanced Systems (Naseej)
Previous Position / CEO of International Systems Engineering

Bachelor of Information Systems from King Fahd University of Petroleum & Minerals, 1986.
More than 30 years of Information Technology .
Founder and CEO of Naseej

Fozan Mohammed Ahmed Al Fozan
Managing Director of Bawan Co.
Previous Position / General Manager of Bawan Co.

Bachelor of Accounting from the Faculty of Administrative Sciences at King Saud University, 1993.
24 years of experience in economics and management.

Abdel Hamid Abdel Aziz Mohammed Al Ouhalie

Member of the Board and Chief of the Audit Committee at Al Yamamah Steel

Previous Position / CEO of the United Electronics Company (EXTRA)

Bachelor of Marketing from the faculty of Industrial Management at the King Fahd University of Petroleum & Minerals, 1987.
More than 28 years of management experience.
Previously served as the CEO of Al Fozan Minerals Company, General Manager of the Industrial Division within Saleh Abdul Aziz Al Rajhi & Partners Co. Ltd and as General Manager of Al Rajhi Cooperative Insurance Company.

Mohammed Galal Ali Fahmy

MD & CEO of the United Electronics Company (EXTRA)

Previous Position / General Manager of Nawah Holding

Bachelor of Accounting from Ain Shams University, 1985.
30 years of experience in sales, marketing, strategic planning, and banking.

Mohammed Ahmed Yousef Abdel Malek

Managing Director of Al Rawasi Engineering Consultants

Previous Position / CEO of Capivest Bank

Bachelor of Business Administration from Bahrain University.
MSc in Finance from Exeter University in the UK.
Chartered Alternative Investment Analyst, 2007.
Served as Director of Islamic Financial and Banking Institutions for JP Morgan Middle East.
Managing Director and Regional Manager for Lendlease .
Executive Manager for Asset Management for UBS Bank in the Gulf Region.
General Manager and Regional Manager for Alternative Investments at Deutsche Bank.

Directors' Membership on Other Companies' Boards

Member's Name	Companies where the BOD member is currently on board or executive management	Local/Foreign	Legal Entity	Companies where the BOD member was on the board or executive management	Local/Foreign	Legal Entity
Abdullah Abdul Latif Ahmed Al Fozan	Al Fozan Holding Group	Inside KSA	Closed Joint Stock	United Transformers Electric	Inside KSA	LLC
	Abdul Latif & Mohamed Al Fozan Co.	Inside KSA	Closed Joint Stock	United Technology of Electric Substations & Switchgears	Inside KSA	LLC
	Maaly Holding Co.	Inside KSA	Closed Joint Stock	Digital and Electronic Solutions Development	Inside KSA	LLC
	Bawan	Inside KSA	Public Shareholding	Nesaj Housing Real Estate	Inside KSA	LLC
	Dhahran International Expos	Inside KSA	Closed Joint Stock	Development & Construction Co Ltd.	Inside KSA	LLC
	Ajwad Holding	Inside KSA	Closed Joint Stock	Bawan Engineering Industries	Inside KSA	Sole Proprietorship
	Shomoul Holding	Inside KSA	LLC w/Gulf Capital	Nesaj for Urban Development	Inside KSA	LLC
	Rafah Al Khaleej Ltd	Inside KSA	LLC	Arab Paper Manufacturing	Inside KSA	LLC
	Tarabot Investment & Development	Inside KSA	LLC	United Homeware Co. (NICE)	Inside KSA	LLC
	Enjaz Projects Ltd	Inside KSA	LLC	Aram El Ehsan	Inside KSA	Closed Joint Stock
	Amwal El Khaleej Commercial Investment	Inside KSA	LLC w/Gulf Capital	Al Oula for Real Estate Development	Inside KSA	Closed Joint Stock
	Midad Ltd	Inside KSA	LLC	Retal Urban Development	Inside KSA	LLC
	Amjal Property Development	Inside KSA	Sole Proprietorship	Azdan Al Sharq	Inside KSA	LLC
	Arnon Plastics Industries Ltd	Inside KSA	Sole Proprietorship	Azdan Arabia	Inside KSA	LLC
	Bawan Wood Factory	Inside KSA	LLC	Etlala Arabia Trade Ltd	Inside KSA	Sole Proprietorship
	Gulf Riyadah	Inside KSA	LLC	BlomInvest Saudi Arabia	Inside KSA	Closed Joint Stock
	Supply & Projects Company	Inside KSA	LLC			
	Atheel Holding	Inside KSA	LLC			
	Madar Building Materials	Inside KSA	LLC			
	Madar Hardware	Inside KSA	LLC			
	Madar Electrical Materials	Inside KSA	LLC			
	Atheel Arabia Services	Inside KSA	LLC			
	Gulf Elixir Contracting	Inside KSA	LLC			
	Smou Arabia Trading Ltd	Inside KSA	LLC			
	Al Fozan Investments	Inside KSA	Sole Proprietorship			
	Ajdan for Real Estate Development	Inside KSA	Sole Proprietorship			
	Al Oula Benaa Real Estate Development	Inside KSA	LLC			
	Al Oula Mawared Real Estate	Inside KSA	LLC			
	Ma'aly Al Khaleej Trading	Inside KSA	LLC			
	Madar Holding	Outside KSA	LLC			

Member's Name	Companies where the BOD member is currently on board or executive management	Local/Foreign	Legal Entity	Companies where the BOD member was on the board or executive management	Local/Foreign	Legal Entity
Mansour Abdul Aziz Rashed Al Busaily	HSBC Saudi Arabia	Inside KSA	LLC	Saudi Re for Cooperative Reinsurance	Inside KSA	Public Shareholding
	Amlak International	Inside KSA	Closed Joint Stock			
	Saudi Arabian Ground Services	Inside KSA	Public Shareholding			
	Jabal Omar for Development Company	Inside KSA	Public Shareholding			
	Aseer Trading, Tourism and Manufacturing Co.	Inside KSA	Public Shareholding			
Abdul Jabar Abdul Rahman Mohammed al Abdul Jabar	Arabian Advanced Systems-Naseej	Inside KSA	LLC			
	Arabian Advanced Systems-Egypt	Outside KSA	LLC			
	Arabian Advanced Systems-Lebanon	Outside KSA	LLC			
	Arabian Advanced Systems -Morocco	Outside KSA	LLC			
	Arabian Advanced Systems-Syria	Outside KSA	LLC			
	Baianat Digital IT	Outside KSA	LLC			
	Software rapid Intervention Company	Outside KSA	LLC			
	Infosystec IT	Inside KSA	LLC			
Ahmed Yousef Ahmed Al Saqr	Al Yasrah International Food Group	Outside KSA	Closed Joint Stock	Boubyan Bank	Outside KSA	Public Shareholding
	Göknur -Turkey	Outside KSA	Closed Joint Stock	AlShall Investments	Outside KSA	Closed Joint Stock
	Bisco Misr- Egypt	Outside KSA	Closed Joint Stock			
	Kuwait Central Bank	Outside KSA	Government Entity			
	General Investment Authority	Outside KSA	Government Entity			
Abdullah Ali Ibrahim Al Majdouie	Dana Gas Sharjah	Outside KSA	Public Shareholding	Al Ahsa Development	Inside KSA	Closed Joint Stock
	Prince Mohammed bin Fahd International University	Inside KSA	Closed Joint Stock	Tourism Development Council	Inside KSA	Government Entity
	Dhahran International Expos	Inside KSA	Closed Joint Stock			
	Raya Financing	Inside KSA	Closed Joint Stock			
	Star Marine Services	Outside KSA	LLC			
	Al Majdouie De Rijke	Inside KSA	LLC			
	Petrology	Outside KSA	LLC			
	Arab Union for Land Transport	Inside KSA	Entity			
	Arab Paper Manufacturing	Inside KSA	Closed Joint Stock			
Abdel Hamid Abdel Aziz Mohammed Al Ouhalie	Al Yamamah Steel	Inside KSA	Public Shareholding	Al Fozan Holding Group	Inside KSA	Closed Joint Stock
				Amal Property Development	Inside KSA	LLC
				Ajwad Holding	Inside KSA	LLC

Member's Name	Companies where the BOD member is currently on board or executive management	Local/Foreign	Legal Entity	Companies where the BOD member was on the board or executive management	Local/Foreign	Legal Entity
Mohammed Galal Ali Fahmy				MS BAESHEN & CO.	Inside KSA	Closed Joint Stock
	United Co. for Financial Services	Local	Sole Proprietorship – Closed Joint Stock	United Homeware Co. (NICE)	Inside KSA	LLC
Fozan Mohammed Al Fozan	Abdul Latif & Mohamed Al Fozan Co.	Inside KSA	Closed Joint Stock	Al Oula for Real Estate Development	Inside KSA	Closed Joint Stock
	Al Fozan Holding Group	Inside KSA	Closed Joint Stock	United Homeware Co. (NICE)	Inside KSA	LLC
	Madar Building Materials	Inside KSA	LLC			
	Madar Hardware	Inside KSA	LLC			
	Madar Electrical Materials	Inside KSA	LLC			
	Bawan	Inside KSA	Public Shareholding			
	Nawah holding	Inside KSA	LLC			
	Amjal Property Development	Inside KSA	Sole Proprietorship			
	Ajwad Holding	Inside KSA	Closed Joint Stock			
	Ma'aly Al Khaleej Trading	Inside KSA	LLC			
	Enjaz Projects Ltd	Inside KSA	LLC			
	Al Yamamah Steel	Inside KSA	LLC			
	Al Mada Holding	Inside KSA	LLC			
	Kayan International	Inside KSA	LLC			
	United Steel Industries	Inside KSA	LLC			
	United Glass Industries	Inside KSA	LLC			
	United Co. for Financial Services	Inside KSA	Sole Proprietorship – Closed Joint Stock			
	Rawabi Riyadh Ltd.	Inside KSA	Sole Proprietorship			
	Blominvest Saudi Arabia	Inside KSA	Closed Joint Stock			
Mohammed Ahmed Yousef Abdel Malek	Rawasi Engineering Consultants- Bahrain	Outside KSA	LLC			
	21 North Advisors -Bahrain	Outside KSA	LLC			
	River Crossing Partners-Bahrain	Outside KSA	LLC			
	Afkar Holding-UAE	Outside KSA	LLC			
	Procoo for financia services	Outside KSA	LLC			

Board of Directors' Meetings in 2019

There were seven Board of Directors meetings held during 2019 with members' attendance as per the below table:

#	Name	Board of Directors Meetings Held On: 3 Mar	8 Apr	1 May	8 Jul	16 Sep	7 Oct	18 Dec	Status
1	Abdullah Abdul Latif Ahmed Al Fozan	√	√	√	√	√	√	√	Chairman-Non Executive
2	Abdullah Ali Ibrahim Al Majdouie	√	√	√	√	√	√	×	Vice Chairman- Non Executive
3	Mansour Abdul Aziz Rashed Al Busaily	√	√	√	√	√	√	√	Member-Independent
4	Ahmed Yousef Ahmed Al Saqr	×	√	√	√	×	√	√	Member-Independent
5	Abdul Jabar Abdul Rahman Mohammed al Abdul Jabar	√	×	√	√	√	√	√	Member-Independent
6	Fozan Mohammed Ahmed Al Fozan	√	√	√	√	√	√	×	Member-Non Executive
7	Abdel Hamid Abdel Aziz Mohammed Al Ouhalie	√	√	√	√	√	√	√	Member-Independent
8	Mohammed Galal Ali Fahmy	√	√	√	√	√	√	√	Member- Executive
9	Mohammed Ahmed Yousef Abdel Malek	√	√	√	√	√	√	√	Member-Non Executive

√ Present in person

× Absent

The last meeting for General Assembly meeting was on 1 May 2019

Board of Directors' Performance and Evaluation

eXtra's Nomination and Remuneration Committee identifies the strengths and weaknesses of the Board of Directors and makes annual recommendations in line with the company's interests. Additionally, the Nomination and Remuneration Committee evaluates the performance of the Board's various committees in accordance with the tasks assigned to them by the Board.

The Audit Committee

The Audit Committee's role is to supervise all the audit and review functions of the company and to ensure compliance with eXtra's policies and the requirements of the Capital Markets Authority. Working to provide maximum stability for the company's commercial operations, the committee supports top management in recognizing and underlying business risks and the required mitigants. By effectively assisting the Board in the execution of its supervisory duties, the committee safeguards the rights of eXtra's shareholders.

eXtra's Audit Committee is responsible for monitoring the company's operations, enjoying access to all of the company's records and documents and the ability to request any further clarification from both the Board and eXtra's executive management. In case that eXtra should sustain significant losses or damage or that the committee should determine it has been obstructed by the Board in carrying out its duties, it is entitled to request that the Board call a General Assembly of shareholders. Furthermore, the committee is obliged to review all financial statements and attached disclosures as presented by the auditor and to express any opinions or comments it may have.

The Audit Committee consists of the Following Members:

Mr. Mansour Abdul Aziz Rashed Al Busaily
Chairman

Mr. Abdul Moaty Wasfy Abdul Hady
Member

Dr. Jasem Shaheen Al Romeihy
Member

Mr. Mohammed Farhan ben Nader
Member

Audit Committee Members

Mansour Abdul Aziz Rashed Al Busaily

Chairman of HSBC Saudi Arabia Limited

Previous Position / Global Compliance Officer at Saudi British Bank (SABB)

Bachelor of Legal Systems from King Saud University, 1984

1985-1990: Served as Branch Manager at the United Saudi Bank and then promoted to Corporate Credit Team Leader.

1990-2014: Appointed as Credit Communications Officer at SABB then served as Director General of Legal Affairs and in 1994 as Secretary General of the Bank where he oversaw the establishment of SABB's compliance structure. In 2010, he was appointed as Global Compliance Officer, where he built the corporate governance framework of the bank and oversaw its implementation. In addition, he was in charge of communication between SABB and regulatory entities such as the Saudi Arabian Monetary Authority and the Capital Markets Authority.

2015: Appointed as Chairman of the Board of HSBC Saudi Arabia.

Abdul Moaty Wasfy Abdul Kareem Abdul Hady

Executive Partner at Baker Tilly
Previous Position / Internal Audit Advisor

Bachelor of Economics and Business Administration from Al Yarmouk University, 1984.
More than 30 years of auditing and accounting experience.

Jasem Shaheen Hamad Majed Al Romeihy

CEO of Razan Knowledge Holding
Previous Position / VP for Administrative Affairs and Organizational Development at Al Shalawi International Trading & Contracting Co

Bachelor of Accounting from King Saud University, 1984.
Masters of Accounting from the University of Missouri-Kansas City, USA, 1989.
PhD in Accounting from Dundee University, Great Britain, 1997.
30 years of academic, scientific, and practical experience in accountancy, leadership, corporate governance, organization building, and business excellence.

Mohammed Farhan Mohammed ben Nader

Executive Partner at the United Accountants Company
Previous Position / CFO of Sulaiman Al Rajhi's Endowment Holding Company

Bachelor of Accounting, King Saud University.
MBA in Finance from Heriot-Watt University.
16 years of experience in accountancy, auditing, and advisory.

In accordance with governance guidelines approved during the General Assembly of eXtra's shareholders, the Audit Committee convenes at the request of its chairman. During 2019, the committee convened four times as follows:

Audit Committee Meetings in FY2019

#	Name	Feb. 26th	Apr. 28th	Jul. 25th	Oct. 27th	Position
1	Mansour Abdul Aziz Rashed Al Busaily	√	√	√	√	Chairman
2	Abdul Moaty Wasfy Abdul Hady	√	√	√	√	Member
3	Jasem Shaheen Al Romeihy	√	√	×	√	Member
4	Mohammed Farhan ben Nader	√	√	√	√	Member

√ Present in person × Absent

Internal Audit Department

The Internal Audit (IA) Department functionally reports to the Audit Committee. The Department complies with the professional standards and frameworks of the Institute of Internal Auditors (IIA) and adopts best-in-class internal audit practices, following a risk-based approach that focuses on high-risk activities that may adversely affect the Company's strategic objectives. The IA Department has implemented the following activities to improve eXtra's internal control environment:

- Implementing the Internal Audit's annual plan for 2019 based on identified risks.
- Submitting a periodic report to the Audit Committee on the key internal audit activities, as well as measures being taken to contain and mitigate risks and strengthen the company's internal audit function in line with the company's strategic goals.
- Renewing and ratification of the internal audit charter by the Audit Committee and Executive Management to strengthen the Internal Audit's independence and its ability to perform its duties objectively.
- Focusing on improvement of the department's human resources through the development of its personnel and recruitment of experienced and qualified internal auditors to execute internal audit functions with efficiency and proficiency.

Results of the annual review on the effectiveness of the company's Internal Control systems

The Audit Committee's 2019 review found no shortcomings or significant deficiencies in Extra's internal control systems.

It is noteworthy that the Audit Committee prepared a report regarding its observations of the efficiency of the company's internal control systems and of all other activates falling under the committee's purview. This report will be presented during the General Assembly of shareholders within the first half of 2020. Its findings were as follows:

- No inherent deficiencies worthy of disclosure were detected with regard to the safety of the financial and accounting systems and all the information relevant to the preparation of financial reports.
- The control systems are efficient and allow for the identification of any risks the company may face, with no significant system breaches during 2019.
- Measures were ratified accordingly towards all the observations and recommendations submitted by the Internal Audit Department to the Audit Committee.

External Auditor

Offers were solicited from well-established auditing firms to review the company's accounts. The offers were presented to the Audit committee and upon further review the committee will present the nominated candidates before the General Assembly of shareholders to pick the company's auditor for 2020.

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee's role is to assist the Board in performing its supervision and guidance duties in an efficient and effective manner. Specifically, the committee ensures that the most competent Board and Executive Management members are recognized and that the nomination policy achieves its objectives pertaining to the hiring and maintenance of adequate personnel, facilitating the company's growth.

The Nomination and Remuneration Committee Consists of the Following Members:

Mr. Ahmed Yousef Ahmed Al Saqr	Mr. Abdullah Abdul Latif Ahmed Al Fozan	Mr. Mansour Abdul Aziz Rashed Al Busaily
Chairman	Member	Member

Nomination & Remuneration Committee

Ahmed Yousef Ahmed Al Saqr

Managing Director of Al Yasra Foods
Previous Position / General Manager of Al Yasra Foods

Bachelor in Economics from Claremont University, 1983.
25 years of experience in economics and management.

Abdullah Abdul Latif Ahmed Al Fozan

Chairman of Al Fozan Holding Group
Previous Position / General Manager

Bachelor of Accounting from King Saud University, 1989.
20 years of experience in economics and management.

Mansour Abdul Aziz Rashed Al Busaily

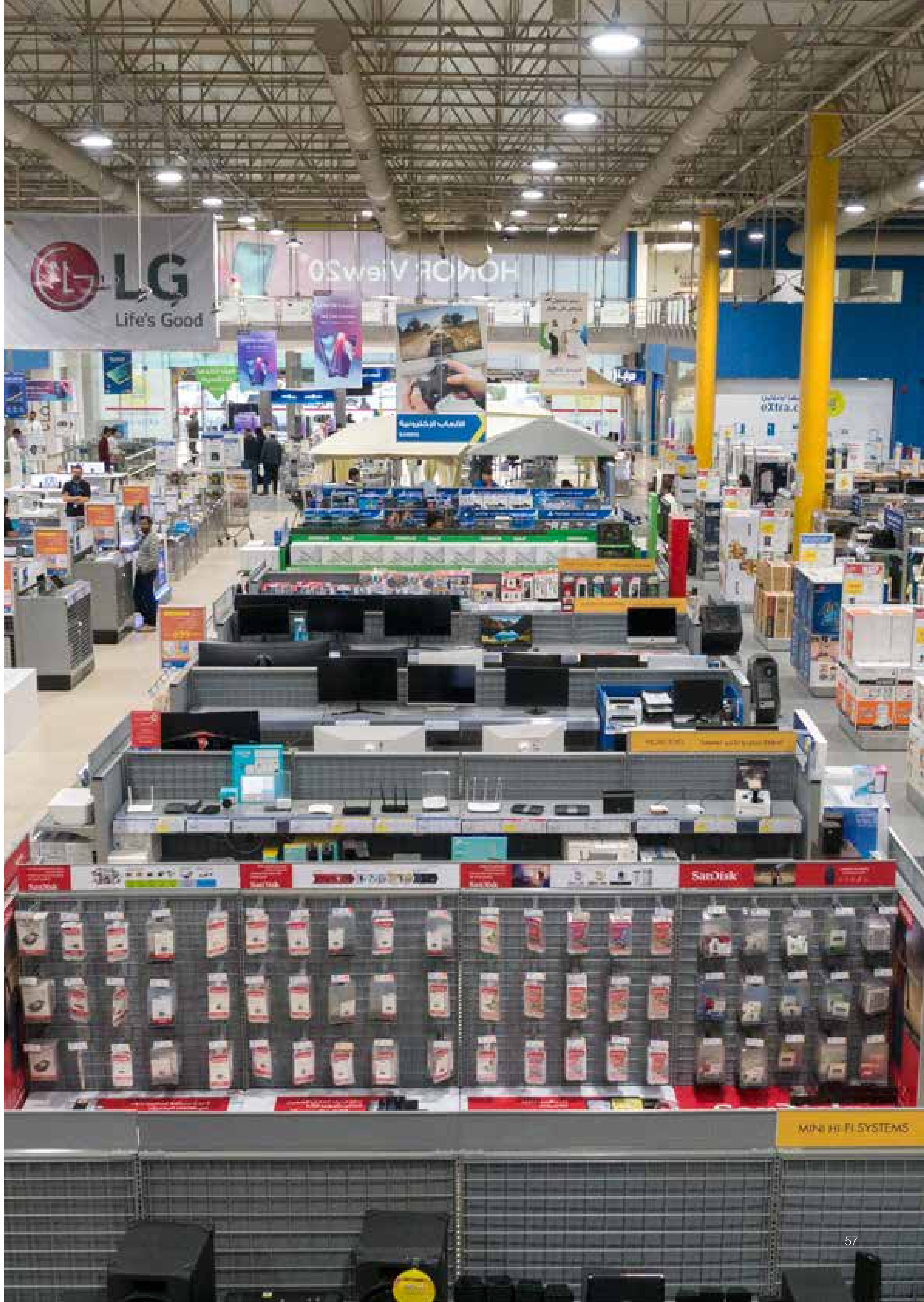
Chairman of HSBC Saudi Arabia Limited
Previous Position / Global Compliance Officer at Saudi British Bank (SABB)

Bachelor of Legal Systems from King Saud University, 1984.

1985-1990: Served as Branch Manager at the United Saudi Bank and then promoted to Corporate Credit Team Leader.

1990-2014: Appointed as Credit Communications Officer at SABB then served as Director General of Legal Affairs and in 1994 as Secretary General of the Bank where he oversaw the establishment of SABB's compliance structure. In 2010, he was appointed as Global Compliance Officer where he built the corporate governance framework of the bank and oversaw its implementation. In addition, he was in charge of communication between SABB and regulatory entities, such as the Saudi Arabian Monetary Authority and the Capital Markets Authority.

2015: Appointed as Chairman of the Board of HSBC Saudi Arabia.



In accordance with the governance guidelines approved during the General Assembly, the Nomination and Remuneration Committee convenes at the request of its chairman. During 2019, the committee convened Two meetings as follows:

Nomination and Remuneration Committee Meetings in FY2019

#	Name	Mar. 3th	Dec. 18th	Position
1	Ahmed Yousef Ahmed Al Saqr	√	√	Chairman
2	Abdullah Abdul Latif Ahmed Al Fozan	√*	√	Member
3	Mansour Abdul Aziz Rashed Al Busaily	√	√	Member

*Mr. Ahmed Al-Saqr authorized to attend on his behalf

√ Present in person

Remuneration Policy and Disclosure

eXtra's remuneration policy was formulated in accordance with internal provisions and the regulations of the Capital Market Authority. The policy rewards Board and committee members and the Executive Management team in a fair and equitable manner that aligns the aspirations of eXtra's officers with the company's objectives.

eXtra's Extraordinary General Assembly ratified the policy on 29 November, with the policy stipulating the following provisions for the remuneration of the Board of Directors:

- A fixed annual bonus according to the ratified bonus policy.
- Allowances per every session for attending any Board or committee meetings. Additionally, a travel and accommodation allowance are applicable as per the ratified allowances policy if the member's permanent residence is not within the city where the meetings are held.

With regards to Executive Management, eXtra's remuneration policy stipulates an annual performance-based bonus related to business and employee performance. The policy is designed to attract and retain the best talent and to motivate and raise the performance levels of eXtra's employees, allowing the company to achieve its annual objectives. eXtra's remuneration policy aligns the company with the best market practices and leaves it with a diversified compensation structure.

There are no material discrepancies between the stipulated compensations and the company's remuneration policy.

Board of Directors Remuneration (SAR)

Remuneration paid to Members of the Board for FY2019

Name	Fixed Remuneration							Variable Remuneration						End of Service Reward	Grand Total	Expenditures Allowance
	Specific Amount	BOD Attendance Allowance	Committee Allowance	In-kind benefits	Rewards for technical, administrative and consulting works	Reward for the Chairman, MD or Secretary If they are a member	Total	Percentage from Profits	Periodic Bonuses	Short-term incentive plans	Long-term incentive plans	Shares granted	Total			
Independent Members																
Mansour Abdul Aziz Rashed Al Busaily	200,000	12,000	12,000	--	--	--	224,000	--	--	--	--	--	--	--	224,000	11,433
Ahmed Yousef Ahmed Al Saqr	200,000	9,000	6,000	--	--	--	215,000	--	--	--	--	--	--	--	215,000	17,160
Abdul Jabar Abdul Rahman Mohammed al Abdul Jabar	200,000	12,000	--	--	--	--	212,000	--	--	--	--	--	--	--	212,000	15,244
Abdel Hamid Abdel Aziz Mohammed Al Ouhalie	200,000	12,000	--	--	--	--	212,000	--	--	--	--	--	--	--	212,000	15,244
Total	800,000	45,000	18,000	--	--	--	863,000	--	--	--	--	--	--	--	863,000	59,081
Non-Executive Members																
Abdullah Abdul Latif Ahmed Al Fozan	200,000	12,000	3,000	--	--	--	215,000	--	--	--	--	--	--	--	215,000	
Abdullah Ali Ibrahim Al Majdouie	200,000	6,000	--	--	--	--	206,000	--	--	--	--	--	--	--	206,000	--
Fozan Mohammed Ahmed Al Fozan	200,000	9,000	---	--	--	--	209,000	--	--	--	--	--	--	--	209,000	11,433
Mohammed Ahmed Yousef Abdel Malek	200,000	12,000	--	--	--	--	212,000	--	--	--	--	--	--	--	212,000	8,000
Total	800,000	39,000	3,000	--	--	--	842,000	--	--	--	--	--	--	--	842,000	19,433
Executive Members																
Mohammed Galal Ali Fahmy	200,000	12,000	--	--	--	--	212,000	--	--	--	--	--	--	--	212,000	--

Committee Members Remuneration (SAR)

Name	Fixed Remuneration	Attendance Allowance	Total
Members of the Audit Committee			
Mansour Abdul Aziz Rashed Al Busaily	60,000	12,000	72,000
Abdul Moaty Wasfy Abdul Kareem Abdul Hady	80,000	12,000	92,000
Jasem Mohammed Shaheen Hamad Majed Al Romeihy	80,000	9,000	89,000
Mohammed Farhan Mohammed ben Nader	80,000	12,000	92,000
Total	**300,000**	**45,000**	**345,000**
Members of the Nomination and Remuneration Committee			
Ahmed Yousef Ahmed Al Saqr	60,000	6,000	66,000
Abdullah Abdul Latif Ahmed Al Fozan	60,000	3,000	63,000
Mansour Abdul Aziz Rashed Al Busaily	60,000	6,000	66,000
Total	**180,000**	**15,000**	**195,000**

Executive Management Remuneration

Details of the remuneration paid to the top five executives including the Executive Board Member and the CFO during 2019

#	SAR Job Title	Fixed Remuneration				Variable Remuneration								
		Salary	Allowances	In-kind benefits	Total	Periodic Bonuses	Earnings	Short Term Incentive Plans	Long Term Incentive Plans	hares Granted (In Value)	Total	End of Service Bonus	Total Exec Remuneration of board member	Grand
1	Top 5 Executives (Incl. Executive Board Member and CFO)	6,360,300	3,755,040	--	10,115,340	12,050,426	--	--	137,879	--	12,188,306	--	212,000	22,515,646

No further allowances, in-kind compensation, or financial benefits beyond the amounts stated above were disbursed to the Board Members in exchange for any executive, technical, or advisory roles.

Executive Management

Name	Current Position	Previous Position	
Mohammed Galal Ali Fahmy	MD & CEO of The United Company for Electronics (EXTRA)	GM of Nawah Holding	Bachelor of Accounting from Ain Shams University, 1985. 30 years of experience in sales, marketing, strategic planning, and banking.
Wael Mohammed Mohammed Khalil	CFO of The United Company for Electronics (EXTRA)	CFO of The Saudi Ready-mix Concrete Company	Bachelor of Accounting. more than 20 years of experience in accountancy, auditing, and advisory.

Dividend Policy

After the defrayment of all general expenses, eXtra distributes its net profit as follows:

1

10% of the net profit is set as a statutory reserve, with the regular General Assembly reserving the right to halt this process if the existing statutory reserve equates to 30% of the paid up capital.

2

The General Assembly may, at the Board's behest, set no more than 20% of the net profits as a mutual reserve allocated for special purposes.

3

Of the remaining funds, an amount equal to at least 5% of the paid up capital is distributed to the shareholders.

4

5% of the remaining funds are allocated for bonuses to the Board Members, contingent on the number of Board meetings attended by each member.

eXtra's General Assembly may authorize the Board to distribute dividends on an annual, semi-annual, or quarterly basis.

On 1 May 2019, the General Assembly voted to authorize the Board of Directors to distribute annual, semi-annual, or quarterly dividends to the shareholders for fiscal year 2019, establishing distribution rights and dates as per the relevant regulations and in accordance with the company's financial standing, cash flows, and expansion and investment plans.

Accordingly, on 8 April 2019 the Board of Directors opted to distribute SAR 62,500,000 or SAR 1.25 per share as a cash dividend for the second half of 2019, representing 12.5% of the company's share capital.

Further, on 8 July 2019 the Board decided to distribute SAR 50,000,000 or SAR 1 per share as a cash dividend for the first half of 2019, representing 10% of the company's share capital.

Further, on 5 Mar 2020 the Board decided to distribute SAR 62,500,000 or SAR 1.25 per share as a cash dividend for the second half of 2019, representing 12.5% of the company's share capital.

Related Party Transactions

Leases from Related Parties

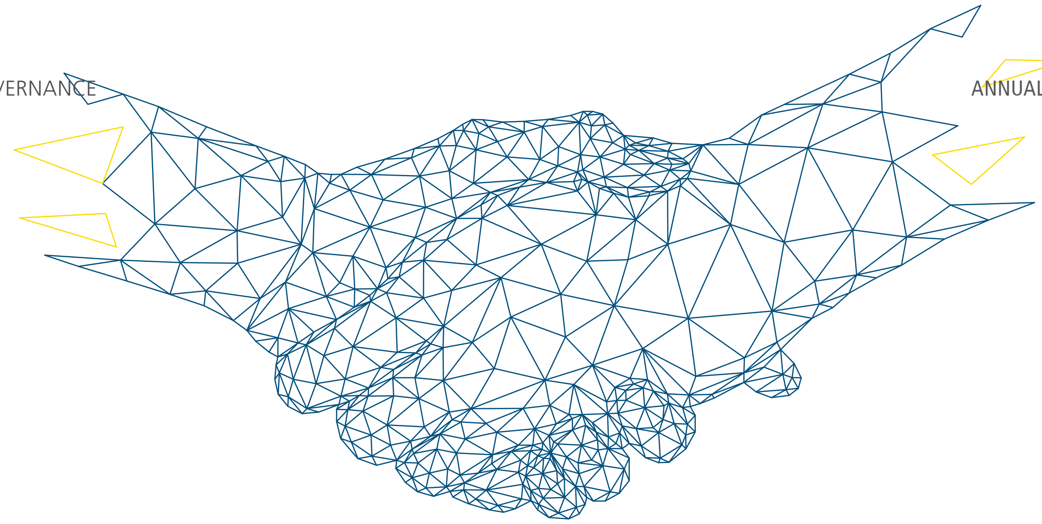
Lessor	Description	Value SR / Year	Start Date	Duration	Repayment
Abdul Latif & Mohamed Al Fozan Co.	Warehouse Lease Contract - Dammam	480,000	1/1/2019	One year-renewed automatically	Yearly
	Land Lease Contract - Al Khobar	991,000	30/6/2003	25 Years	Two Payments
Madar Building Materials Co*	Warehouse Lease Contract - Jeddah	550,000	1/1/2011	One year-renewed automatically	Two Payments

*Expense related to a lease contract worth SAR 351,970 paid to Madar Building Materials Company during 2019.

Leases to Related Parties

Lessor	Description	Value SR / Year	Start Date	Duration	Repayment
United Homeware Co. (NICE)*	Lease of administrative offices in the administrative building	588,000	1/10/2015	5 Years	Semi-Annual
	Renting a sale space in the Extra Swedy showroom in Riyadh	1,566,080	15/3/2016	10 Years	Semi-Annual
	Renting a sale space at the Extra Granada showroom in Riyadh	2,650,000	1/09/2015	5 Years	Semi-Annual
	Renting a sale space at the Extra King Abdullah showroom in Riyadh**	1,500,000	12/03/2017	19.9 Years	Semi-Annual

*Expense related to a lease worth SAR 455,836 collected from United Homeware Company during 2019.
**Contract finished on 31 Dec 2019



Other Transactions

1. On 1 April 2018, eXtra signed a service supply agreement with United Homeware, wherein eXtra provides support services to the company for a monthly amount of SAR 99,271 SR during 2019.
2. eXtra has entered into a service provision agreement with Al Fozan Holding Company, wherein Al Fozan Holding Company will provide support services to eXtra beginning March 2013 for a monthly cost of SAR 1.
3. Purchase of fixed assets from Madar Electric Company for a total value of SAR 174,036 SR.
4. Purchase of fixed assets from Almajdoui motor Company for a total value of SAR 336,310 SR.

Commercial Transactions

Commercial transactions are comprised of commercial-based dealings

- Purchases from United Homeware Company worth SAR 16,142,837.
- Sales to United Homeware Company worth SAR 543,678.
- Purchases from Al Yasrah Commercial Co. Ltd worth SAR 43,974.
- Sales to Al Fozan Holding Group worth SAR 452,893.
- Sales to Retal Real Estate Development worth SAR 91,770.
- Purchases from Madar Hardware Company worth SAR 326,871.

Transactions with related parties were conducted on terms that are not different from transactions with ordinary commercial debtors and creditors and held no special benefits. Some of these contracts have been agreed upon from previous years and are an extension of ongoing relationships that started before FY2019. The External Auditor's report on these transactions will be presented at the first General Assembly meeting of shareholders during the first half of 2020 in accordance with company guidelines.

The following schedule includes the Board members with interests in the above-mentioned contracts and transactions:

Company name	Board member
Abdul Latif & Mohamed Al Fozan Co	Abdullah Abdul Latif Ahmed Al Fozan Fozan Mohammed Al Fozan
Al Fozan Building Materials Co.	
Al Fozan Holding Group	
Madar Electric Company	
Madar Hardware Company	
Retal Real Estate Development	
United Homeware Company	
Almajdoui motor Company	Abdullah Ali Ibrahim Al Majdouie

Subsidiaries

Company Name	Equity Capital	Equity Share	Main Activity	Country of Operation	Country of Origin
United Company for Maintenance of Computers and Electronics	SAR 300,000 divided into 3,000 shares at par value SAR 100 each	99% eXtra – KSA 1% eXtra - Bahrain	Maintenance of electronics, household appliances, and computing devices. Electronics, digital and computing retail, in addition to Food and beverage and home improvement products.	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
United Company for Electronics (eXtra) - Bahrain	BHD 500,000 divided into 5,000 shares at par value BHD 100 each	100% eXtra - KSA	Import and export of electronics and spare parts in addition to gaming and software. Managing and developing assets for overseas expansion.	Bahrain	Bahrain
United Company for Electronics (eXtra) - Oman	OMR 100,000 divided into 100,000 shares at par value OMR 1 each	99% eXtra – KSA 1% eXtra - Bahrain	Wholesale and retail trade of electronics, gaming, computing, and spare parts, as well as educational media.	Oman	Oman
United Company for Financial Services	SAR 150,000,000 divided into 1,500,000 shares at par value SAR 100 each	100% eXtra – KSA	Sharia-compliant consumer financing	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia
Procoo for financial services	BHD 700,000 divided into 7,000 shares at par value BHD 100 each	99.79% eXtra – KSA 0.21% eXtra - Bahrain	Other activities auxiliary to financial services activities - companies (Institutions) supporting the financial sector - issuance and processing of cards	Bahrain	Bahrain

Shareholder & Investor Information

Pain-In Capital and Share Information

The total amount of equity capital invested in the company is SAR 500 million, with a total of 50 million shares at a par value of SAR 10 per share.

Extra Board of Directors recommended during its meeting held on 5 Mar 2020 to the extraordinary general assembly meeting to increase company's capital by granting bonus shares to shareholders from 50,000,000 Shares to be 60,000,000 shares and company capital from 500,000,000 SR to be 600,000,000 SR.

Treasury shares maintained by the company and their utilization

Treasury shares maintained by the company	Value	Date of maintenance	Utilization
2,000,000	SAR 20,000,000*	18 September 2018	Employee Stock Option Plan (ESOP)

*Nominal value of shares

Changes in Equity shareholding during Fiscal Year 2019

1. Changes in Equity shareholding of Board Members and their Spouses and Minor Children

#	Name	Nationality	# of Shares Beginning 2019	# of Shares End of 2019	% Change	1st Degree Relatives Ownership		Debt Instruments
						# of Shares Beginning 2019	# of Shares End 2019	
1	Abdullah Abdul Latif Ahmed Al Fozan	Saudi	1,600	1,600	-	-	-	-
2	Abdullah Ali Ibrahim Al Majdouie	Saudi	1,400	1,400	-	-		-
3	Mansour Abdul Aziz Rashed Al Busaily	Saudi	1,332	1,332	-	-		-
4	Ahmed Yousef Ahmed Al Saqr	Kuwaiti	2,000	2,000	-	-		-
5	Fozan Mohammed Ahmed Al Fozan	Saudi	1,600	1,600	-	-		-
6	Abdel Hamid Abdel Aziz Mohammed Al Ouhalie	Saudi	571	571	-	-		-
7	Mohammed Galal Ali Fahmy	Egyptian	534,666	575,376	7.61%	-		-
8	Abdul Jabar Abdul Rahman Mohammed al Abdul Jabar	Saudi	-	11,983	100%	-		-
9	Mohammed Ahmed Yousef Abdel Malek	Bahraini	-	-	-	-		-

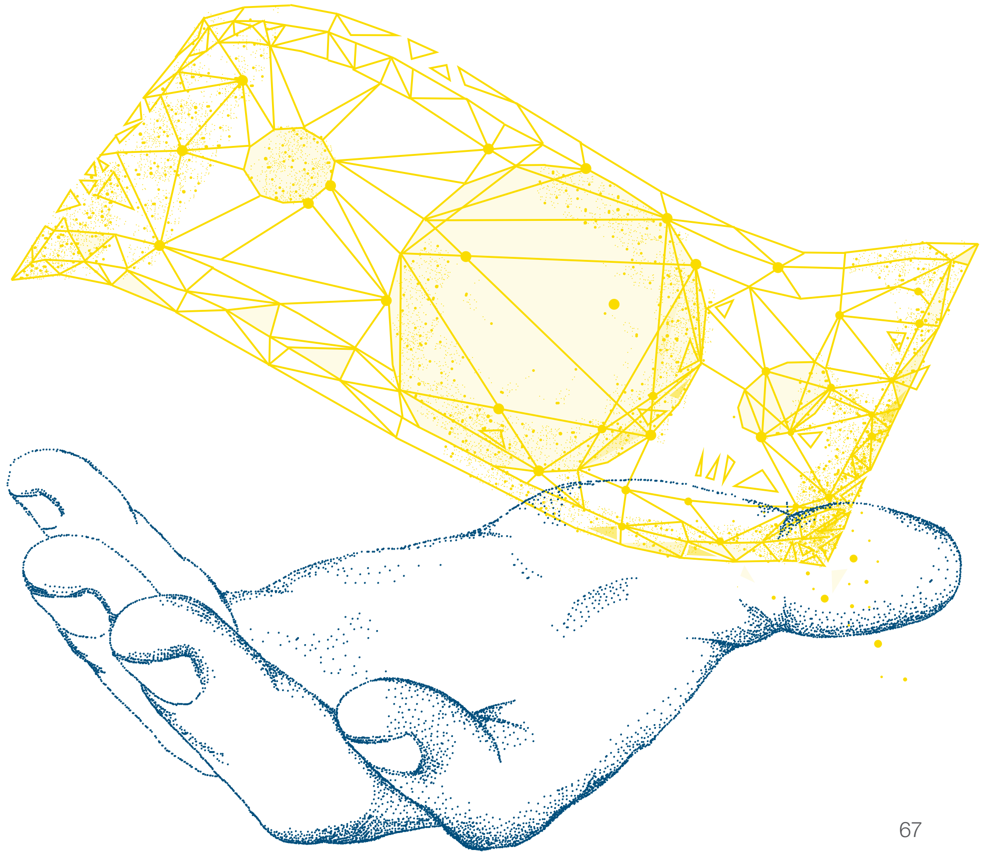
2. Changes in Equity shareholding of Executive Management and their Spouses and Minor Children

#	Name	Nationality	Nationality # of Shares Beginning 2019	# of Shares End of 2019 % Change	% Change	1st Degree Relatives Ownership	Debt Instruments
1	Mohammed Galal Ali Fahmy	Egyptian	534,666	575,376	7.61%	-	-

Changes in Major Equity Shareholders

The following table shows the change in ownership of major shareholders holding equity stakes in excess of 5% of the company's paid-in capital

Shareholder	01/01/2019		31/12/2019	
	Shares	Percentage	Shares	Percentage
Al Fozan Holding Group	16,826,192	33.65%	14,826,192	29.65%
Abdul Aziz Al Saghir Commercial Investment Company LTD.	3,679,396	7.35%	The Percentage less than 5%	



Shareholder Engagement and Rights

Board Members' Attendance of General Assemblies held during 2019	
BOD Member's Name	First General Assembly 1 May 2019
Abdullah Abdul Latif Ahmed Al Fozan	√
Abdullah Ali Ibrahim Al Majdouie	×
Mansour Abdul Aziz Rashed Al Busaily	√
Ahmed Yousef Ahmed Al Saqr	×
Abdel Hamid Abdel Aziz Mohammed Al Ouhalie	√
Mohammed Galal Ali Fahmy	√
Fozan Mohammed Ahmed Al Fozan	×
Abdul Jabar Abdul Rahman Mohammed al Abdul Jabar	×
Mohammed Ahmed Yousef Abdel Malek	√

Actions Taken by the Board to Inform its Members about Shareholders' Proposals and their Observations Regarding the Company and its Performance

If the Board of Directors receives any proposals from the shareholders or comments about the company and its performance, they are discussed during the first subsequent Board meeting, where these observations are taken into consideration. The Board did not receive any suggestions or observations from the shareholders regarding the company and its performance during the year ended 31 December 2019. It is noteworthy that the Investor Relations Department convenes with the shareholders and investors according to a set schedule throughout the year to review the company's operational developments. During periodic Board meetings, the Chairman and the CEO inform the members of the Board on the recommendations and remarks made by the shareholders and investors. Article 33 of the Company Charter outlines the procedures that ensure the right of each shareholder to enquire with Board Members and the corporate auditor regarding issues outlined in the General Assembly's agenda. The Board and the corporate auditor may respond to any given shareholder in a manner that does not compromise the company. Should any shareholder determine that their concerns have not been sufficiently addressed, the General Assembly will issue the final ruling on the matter of concern.

Shareholder Register Retrievals

Throughout 2019, the company retrieved through the Tadowlaty service 14 requests for shareholder registers as presented in the table below:

Report Date	Date of request	Reason for request
15-4-2019	23-4-2019	Earnings File
18-7-2019	24-7-2019	
15-4-2019	1-5-2019	General Assembly
2-1-2019	2-1-2019	Company Corporate actions
4-2-2019	31-1-2019	
28-2-2019	4-3-2019	
3-4-2019	2-4-2019	
9-6-2019	10-6-2019	
1-7-2019	2-7-2019	
8-8-2019	7-8-2019	
2-9-2019	2-9-2019	
30-9-2019	2-10-2019	
5-11-2019	4-11-2019	
28-11-2019	28-11-2019	

Directors' Responsibility

The Board of Directors asserts the following:

All the accounting records were prepared accurately.	The internal control system is well established and effectively implemented.
That there is little doubt in the company's ability to continue its activities.	No penalties or precautionary measure are imposed over the company by the Capital Markets Authority (CMA) or any supervisory, regulatory, or judicial body.

Closing Statement

With another year drawing to a close, we look forward to deepening our commitment towards our customers and society as a whole. We are determined to overcome all obstacles in achieving the mission eXtra set 17 years ago, aligning our plans with the aspirations of our customers and continuously providing the excellence they have come to expect. We will continue to innovate in the retail space with an eye to sustainably meeting our goals and serving the communities where we do business. eXtra is fully aware of the risks posed by the novel coronavirus (COVID-19) and its effects on the global economy, with significant shocks to supply chains and consumer demand. The Company has taken several measures to help weather the crisis and to maintain the health and safety of our customers and employees during this crucial period. We place our faith in Almighty God and pray for the preservation of the Kingdom of Saudi Arabia from all harm.

Mohamed Galal
MD & CEO

Abdullah Al Fozan
Chairman of the Board

ANNUAL REPORT
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