ANNUAL REPORT

2020

EXPLORING NEW HORIZONS

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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5.9 BN SAR

Revenues in 2020

> eXtra enjoyed a milestone year in 2020. Despite unprecedented challenges in the operational environment, the company profitably delivered on its growth strategy while continuing to construct a platform for sustainable growth over the long term.

At a Glance

eXtra is the GCC's premier consumer electronics retailer and a provider of innovative product finance solutions. The Company's omnichannel retail platform provides customers across the region with quality and choice, while its subsidiary Tas'heel leverages FinTech tools to offer a wide range of tailored financial services

The United Electronics Company ("eXtra") launched its first store in Riyadh in 2003, growing into the Gulf region's premier big box electronics retailer. eXtra now operates over 140 thousand square meters of retail space across key geographies in Saudi Arabia, Bahrain, and Oman, making it the region's largest integrated retailer in the consumer electronics segment. Strengthened by its leading e-commerce platform, "extra.com", eXtra has been able to extend its reach beyond its 50 operational stores. Leveraging a strong and growing online presence, eXtra was able to serve upwards of 14.8 million customers in 2020, generating sales growth across a wide range of product segments, including smartphones, white goods, audio-visual devices, small appliances, computers, gaming consoles and a wide variety of consumer electronics.

eXtra provides its customers with unrivaled maintenance and aftersales services through its consolidated after-sales platform, Extra Service. Supported by the Company's 5 technical centers, 13 workshops and over 300 highly skilled professionals, Extra Service offers unrivaled maintenance services, technical support, and extended warranty programs. eXtra's ability to offer integrated service packages tailored to customer needs is a unique offering which strengthens the Company's regional reach and solidifies the company's position as Saudi Arabia's leading hub for aftersales services in the consumer electronics space.

At year-end 2020, eXtra held a market share of 21.5% in consumer electronics, a testament to the Company's success in its mission to enhance customers' quality of life through a focus on choice and quality. eXtra's top line expanded by 16% during 2020, recording SAR 5.9 billion. Since 2003, eXtra has registered a revenue CAGR of 23.7%.

eXtra provides an integrated range of tailored consumer finance solutions through its subsidiary, Tas'heel Finance (United Company for Financial Services). Established in 2019, Tas'heel uses innovative FinTech tools to offer Shariah-compliant personal finance and installments programs. Tas'heel's customers enjoy market-beating approval times and a wide range of repayment and tenor options, enabled by an end-to-end digital process for booking and disbursing loans. The subsidiary offers installment finance programs to customers purchasing goods and services from eXtra as well as from a wide range of partner businesses, ranging from clinics to global retailers. Tas'heel completed its first full year of operations in 2020, leveraging the accelerated transition to digital activity spurred by the COVID-19 pandemic to generate a profit by the second quarter of the year, just twelve months from the commencement of operations. As at year-end 2020, Tas'heel Finance maintained an outstanding portfolio of SAR 724 million, serving over 50,000 clients since conception.

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

- White Goods
- Computing
- Electronics
- Audio-Visual
- Mobiles
- Small Appliances
- Gaming

Key Facts

- **18** Years of operation
- **50** Stores in 27 Cities
- **+6500** Stock keeping units (SKUs)
- **3** Countries including KSA, Bahrain and Oman
- **14.8 MN SAR** Shoppers in 2020
- **3000** Highly trained and dedicated employees
- **5.9 BN SAR** In revenues for 2020, up 16% y-o-y
- **280.1 MN SAR** In net profit for 2020, up 36% y-o-y
- **385 MN SAR** Outstanding product loan portfolio
- **466 MN SAR** Outstanding personal loan portfolio

2020 Highlights

eXtra enjoyed a milestone year in 2020. Despite unprecedented challenges in the operational environment, the company profitably delivered on its growth strategy while continuing to construct a platform for sustainable growth over the long term

Record-Breaking Financial Performance		
Revenues	SR 5.96 billion	▲ 16.1% y-o-y
Gross Profit	SR 1.04 billion	▲ 15.3% y-o-y
Net Profit	SR 280.1 million	▲ 36.2% y-o-y

Strong and Liquid Balance Sheet		
Total Assets	SR 2.93 billion	▲ 11.0% y-o-y
Cash & Cash Equivalents	SR 184.8 million	▲ 79.5% y-o-y
Equity	SR 826.0 million	▲ 25.2% y-o-y

Leap in Consumer Finance Activities	
Tas'heel Loan Portfolio	SR 724 million
Tas'heel Net Profit	SR 21 million
Nationwide Coverage Achieved	

An Emerging Digital Powerhouse	
e-Commerce Revenues	> SR 1.00 billion
Digital Revenue Contribution (2019: 12%)	23%

Chairman's Note

On behalf of eXtra's Board of Directors, I would like to reiterate the Company's full and wholehearted support for efforts by the Government of His Majesty the Custodian of the Two Holy Mosques to stop the spread of COVID-19 and arrest the course of the pandemic in the Kingdom.

Abdullah Abdul Latif Ahmed Al Fozan
Chairman

I am honored to present to you eXtra's Annual Report and financial statements for the year ended 31 December 2020.

It is no exaggeration to say that 2020 could prove to be a transformational year for eXtra and for businesses across the Kingdom of Saudi Arabia and the globe. The year was marked by the disruptions of a once-in-a-lifetime pandemic, forcing organizations to rethink their operations and governments to intervene to ensure citizens' wellbeing. I am deeply proud to say that, so far, eXtra has passed the tests of COVID-19 with flying colors.

eXtra's Board of Directors notes with pride that the Company's progress in 2020, particularly its efforts on the e-commerce and FinTech fronts, conforms with the Government of Saudi Arabia's objective of achieving a digital transformation as outlined in Vision 2030. We are proud of our contribution to efforts led by His Royal Highness the Crown Prince to spur economic diversification and invest in the Kingdom's digital sphere in a manner that boosts the country's competitiveness in international markets. In the months and years ahead, eXtra will seek to leverage its digital capabilities to drive further innovation in the retail and financial services spheres, generating superior returns for shareholders while making further contributions to the Kingdom's economic development.

On behalf of eXtra's Board of Directors, I would like to reiterate the Company's full and wholehearted support for efforts by the Government of His Majesty the Custodian of the Two Holy Mosques to stop the spread of COVID-19 and arrest the course of the pandemic in the Kingdom. We remain fully behind all measures taken by the authorities to safeguard the health and safety of all Saudi citizens and residents. The pandemic has only heightened the priority assigned by eXtra to safeguarding the wellbeing of the Company's employees, its most valuable asset, and the safety of its valued customers.

The Company took a highly proactive approach in mitigating the impact of the pandemic. Management began to accumulate inventories in February, well before the confirmation of the first case of COVID-19 in the Kingdom of Saudi Arabia, a move that allowed the Company to mitigate the risks of any supply chain disruptions. Heightened consumer demand was successfully fulfilled throughout the year, at both our physical outlets and our e-commerce portal. Combined with our heavy investment in enhancing the Company's digital presence, prudent inventory management allowed eXtra address the large and sudden shift of consumer demand to online channels during the second and third quarters of the year. eXtra was more than successful in weathering the temporary closure of its stores for a five-week period and spared no efforts in ensuring that visitors were welcomed back in the safest environments possible, with a thorough application of all required health measures and more. The Company was the first Saudi retailer to deploy a pre-booking queuing system, one which worked to great effect for the year's month-long Mega Sale event, which benefitted from outstanding operational preparation.

eXtra could not have met these unprecedented challenges without a strong and farsighted commitment to innovation. eXtra's focus on establishing a strong and durable online presence and on building a consumer electronics brand fit for the twenty-first century bore major fruit in 2020. eXtra's digital operations powered the Company through to yet another record-breaking top line, despite some congestion in the fulfillment of last-mile deliveries as demand rose for third-party courier services. Management has taken this logistical insight to heart and will gradually implement a more sophisticated last-mile delivery system with a more optimized balance between in-house and third-party services. A strong and improving last-mile capability allows eXtra to further integrate its store network with its online platform, bringing us closer to the objective of being Saudi Arabia's premier omnichannel retailer. Meanwhile, we began a new chapter of the eXtra story as Tas'heel, the Company's consumer finance subsidiary, completed its first full year of operations. In just 12 months, Tas'heel has profitably demonstrated how innovative FinTech tools can be used to provide the Saudi market with best-in-class Shariah-compliant consumer finance solutions.

Despite the dislocations faced during 2020, eXtra continued to make rapid progress in achieving the Company's long-term strategic objectives. eXtra recorded a market share of 21.4% in consumer electronics for 2020, up from 19.2% in 2019 as the Company continues to deepen its commercial footprint and spur consolidation in the broader market. The Company recorded revenues of SAR 5.9 billion in 2020, up by 16% year-on-year from SAR 5.1 billion one year previously. This top-line figure represents yet another all-time high for the Company. eXtra has posted record-breaking annual revenues for each year since 2017, an achievement made even more impressive when contrasted with the modest growth in Saudi Arabia's broader consumer electronics market during 2020. Meanwhile, e-commerce sales expanded by 200% in 2020, exceeding SAR 1 billion and accounting for 25% of eXtra's top line in 2020, up from 10% in 2019.

eXtra's impressive performance in 2020 reflects the success of major investments made by management to build, develop, and refine eXtra's online operations with an eye to constructing the Kingdom's premier omnichannel, complementing an unparalleled brick-and-mortar network with a strong digital presence. In

> Tas'heel's first full year of operations has been highly encouraging. Developments we anticipated would unfold over several years, including the development of the Kingdom and the region's leading end-to-end digital journey platform, occurred in 2020 – accelerating the subsidiary's growth trajectory.

recent years, eXtra has worked to efficiently scale its e-commerce business and to integrate the online platform with other modules of our business. The Company has considerably exceeded its medium-term target of SAR 1 billion in online sales and can now begin to consider even more ambitious objectives for digital growth. The developments of 2020 have only deepened the Board's conviction that digitalization is eXtra's most important tool for creating long-term sustainable shareholder value, the Company's utmost priority. eXtra's consistent success at providing a unique customer journey – both digitally and at its stores – combines with a differentiated range of products and services to power the Company's profitability. eXtra enjoyed significant bottom-line growth in 2020, with the bottom-line recording SAR 280.1 million for the year, up 36.2% year-on-year against SAR 205.6 million in 2019.

Meanwhile, 2020 marked a major milestone in eXtra's journey to becoming a diversified conglomerate with fully developed retail and consumer finance operations. Led by a management team with vast experience in the Saudi and global financial services industry, Tas'heel has rapidly deployed innovative FinTech tools to provide customers with a broad range of Shariah-compliant consumer finance solutions, offering market-beating approval times and tailor-made tenor options with minimal requirements.

Tas'heel already enjoys strong strategic partnerships with global retail brands operating in areas such as home furnishings, fitness, and entertainment, and has rapidly expanded the scope of its services to cover rapidly growing sectors such as healthcare. The subsidiary has built a network and operational base strong enough to make Tas'heel the undisputed leader in installment finance, offering solutions for an unmatched range of product categories. eXtra is also confident that Tas'heel will rapidly achieve similar scale and recognition in the personal finance market, where nonbank financial institutions maintain a relatively small share of the market and leave significant room for innovative players to make microcredit progressively more accessible and affordable. Impressively, in just one year, Tas'heel has constructed an outstanding asset portfolio valued at SAR 724 million and booked a net profit of SAR 21 million, speaking to the subsidiary's strong value proposition and major growth potential.

In what has been a year of unprecedented challenges for eXtra and for the Kingdom, the Company has done its utmost to play a constructive role in helping our communities to overcome the disruptions brought about by the pandemic. eXtra sought to give back to the community in several ways during the year. The Board of Directors is especially proud of the Company's efforts to support the Ministry of Health in its heroic efforts to stem the spread of COVID-19 and save lives. Such efforts included the donation of a fully equipped and functional mobile field hospital. eXtra has also worked to address the more hidden impacts of the pandemic, teaming up with the ERTIQA program to provide underprivileged schoolchildren with the personal computers they need to learn from home. Meanwhile, we have sought to give back in ways designed to lift the general morale of citizens, donating a mural artwork of the Kingdom's founder to design the Bairaq roundabout in Al Khobar. We are fully confident that the Kingdom and the world can overcome these challenging times by fostering a spirit of giving and togetherness.

Finally, eXtra's Board of Directors would like to express its warm gratitude to the Company's valued shareholders, its diligent management, and to eXtra employees across the Kingdom of Saudi Arabia and beyond. It is their commitment to excellence which forms the basis for eXtra's present and future efforts to provide stakeholders with real and increasing value across the Company's operations. eXtra is further committed to continuously providing customers with the latest and highest-quality consumer electronics while maintaining outstanding rates of operational efficiency to facilitate the achievement of our long-term objectives.

Abdullah Abdul Latif Ahmed Al Fozan
Chairman

14.8 MN
Customers Served in FY2020

COMPANY ACTIVITIES

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 663 billion and a population of 34.3 million in 2020. 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 Saudis are below the age of 25. A GDP per capita of USD 20,490 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.

Saudi Arabia had displayed a marked improvement in real GDP growth in late 2019 and early 2020 was, driven by efforts to diversify economic activity and the implementation of structural and fiscal reforms. However, the global impacts of the COVID-19 pandemic and public health measures taken to contain the virus have had an effect on economic performance. Preliminary estimates highlight a 3.7% decline in real GDP for FY2020, with contractions in the oil and non-oil sectors. Unemployment had risen to 15.4% as of H1 2020. Inflation rates are expected to reach 3.7% due to demand- and supply-side shifts, as well as a tripling of the value-added tax (VAT) rate to 15%.

Saudi Arabia held the presidency of the G20 forum of the world's largest economies in 2020. The Kingdom's presidency was focused on international cooperation in combatting the COVID-19 pandemic, yielding a plan of action to mitigate the economic fallout from the pandemic, particularly on indebted low-income countries. Saudi Arabia called for a virtual Extraordinary G20 Leaders' Summit on March 26, 2020 to make recommendations on combatting the spread of the virus and its mitigate its impact on the global economy. Saudi Arabia endorsed the G20 Action Plan to improve international cooperation during the crisis by enhancing collaboration between Finance and Health Ministers, as well as launching the G20 Debt Services Suspension Initiative (DSSI), providing relief to low-income countries. Under Saudi leadership, the G20 has injected more than USD 11 trillion into the global economy to address the pandemic's global economic impacts.

Saudi Arabia's deep integration into the global economy saw the Kingdom experience significant economic effects following the onset of the COVID-19 pandemic early in 2020, with the slowdown in global trade and a sharp contraction in energy prices affecting aggregate demand. In March 2020, Saudi Arabia's Minister of Finance and Acting Minister of Economy and Planning, H.E. Mohammed Al-Jadaan announced a USD 32 billion (SAR 120 billion) emergency fund to address the economic effects of COVID-19. The emergency fund addressed three key areas; USD 18.66 billion were allocated for exemptions and postponements on government dues, USD 13.33 billion were allocated by the Saudi Arabian Monetary Authority (SAMA) to support the banking sector, nonbank financial institutes, and SMEs, while a final tranche of USD 3.2 billion was directed by the Saudi Social Development Bank to support small business owners and low-income families. To address the fiscal impact of the pandemic, Saudi Arabia tripled its VAT rate to 15% effective July 1, 2020, up from 5% last year. Meanwhile, the government has suspended disbursement of the cost-of-living allowance, a monthly stipend of SAR 1,000 extended to state employees since 2018 to help offset effects from the introduction of VAT and a rise in the price of petrol.

Economic activity is expected to accelerate as authorities continue to lift stringent public health measures and as oil prices rebound from their lows in April 2020. A further boost is expected from government reforms that have aimed to accelerate growth in the nonoil economy. GDP growth in 2021-2022 is expected to record 3.7% as commercial activity recovers and consumer demand rebounds. The Saudi economy already began to display encouraging signs of recovery in 2020, with a sharp increase in mortgage activity following the exemption of real estate transactions from the VAT increase indicating solid consumer confidence.

Saudi Arabia's market for consumer electronics remains the largest in the Gulf region, posting SAR 23.8 billion in 2020 against SAR 23.3 billion one year previously. 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.

“ Economic activity is expected to accelerate as authorities continue to lift stringent public health measures and as oil prices rebound from their lows in April 2020. A further boost is expected from government reforms that have aimed to accelerate growth in the nonoil economy.

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 c.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 2020, eXtra enjoyed an overall market share of 21.4% in the Saudi consumer electronics market, up from 19.2% one year previously.

Oman

Oman's nominal GDP contracted by 3.9%, affected mostly by a marked drop in oil prices. Nonoil sectors such as tourism were heavily by COVID-related restrictions in 2020. In response to the pandemic's effects on economic activity, the Central Bank of Oman has adopted measures allowing firms to defer tax and loan repayments, while introducing improved digital and electronic payment solutions. As conditions ease, economic growth in Oman is expected to gradually pick up to an average of 4% in 2021-2022.

Since commencing its Omani operations in 2013, eXtra has launched 3 stores in the Sultanate, with a combined retail space of 8.3 thousand sqm.

Bahrain

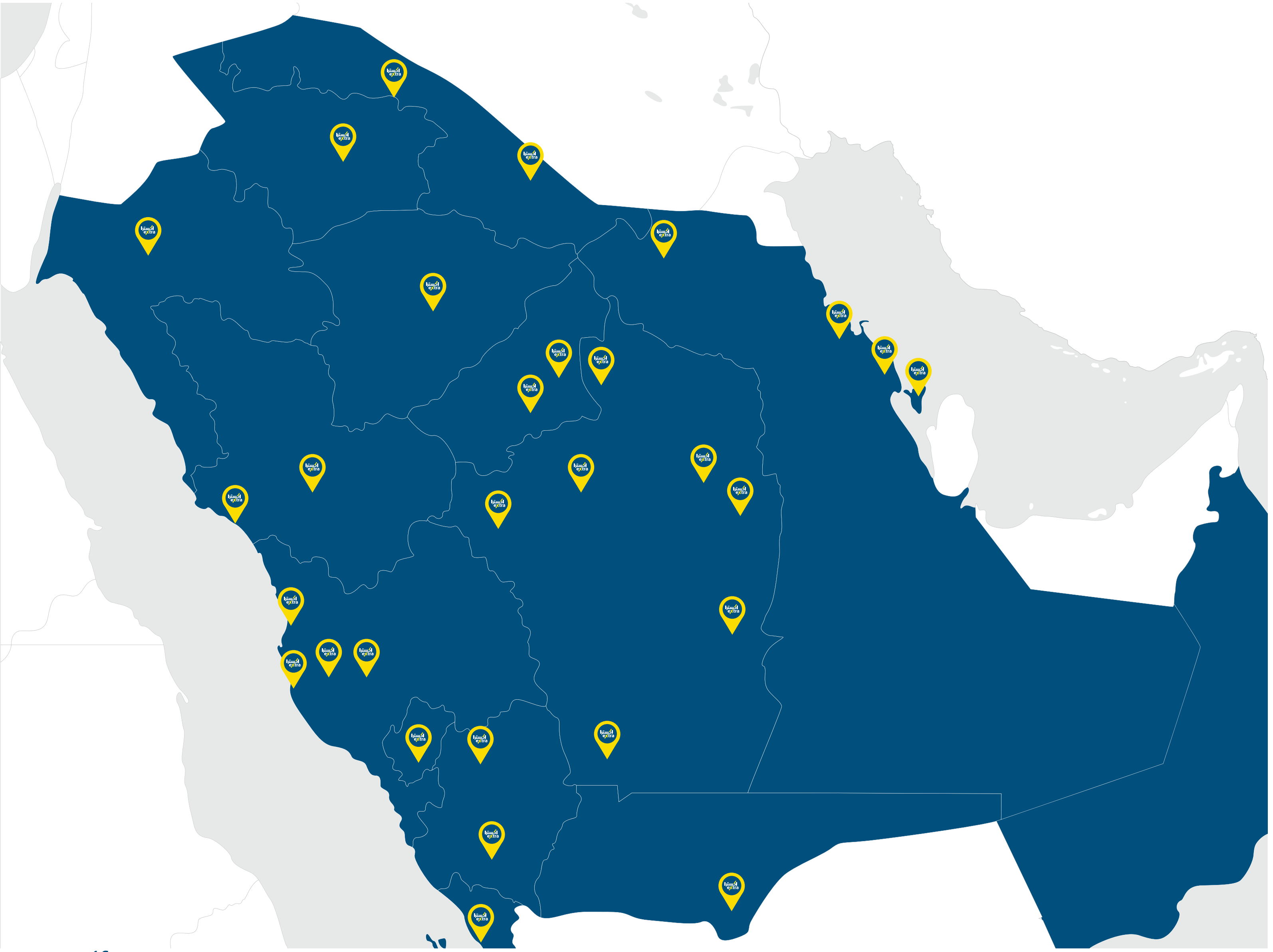
Bahrain's economy is expected to contract by approximately 5% in 2020, driven by lower oil prices and the global effects of the COVID-19 pandmeic. In March 2020, Bahrain's government issued a USD 11.4 billion stimulus package directed towards protecting private sector salaries and deferring utility bills for individuals and business for a three-month period. Growth is expected to bounce back in 2021-2022 to record an average of 2%, supported by infrastructure projects and a recovery in nonoil sectors.

eXtra established its Bahraini business in 2013, the Company's first venture outside its Saudi home market. The Company maintains 2 stores in Manama with a total space exceeding 4.5 sqm.

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 continuously refines its human resources policy and invests in its employees' human capital while going above and beyond standard requirements to safeguard their health and wellbeing

Management has closely monitored developments throughout the pandemic, implementing a tried-and-tested system for assessing any risks of business disruption.

eXtra's employees form the backbone of its business. The Company relies on the talents and conscientiousness of its professionals to provide eXtra's customers with an unmatched quality of service, the safest and most convenient shopping experience

eXtra recorded a headcount of c.3,000 employees at year-end 2020, reflecting robust operational growth during the year. Headcount was stable at its level from 2019, despite the effects of the COVID-related store closures imposed for parts of 2020. Stable headcount figures also come despite the wider market trends towards increased layoffs and employee terminations as a result of unfavorable external circumstances. Tas'heel recorded a headcount of 300 employees in 2020, up from 137 in 2019 and reflecting the subsidiary's rapid operational expansion during the year.

In keeping with its strategic emphasis on talent and human capital, eXtra successfully added a net of 480 employees during 2020 with an eye to the optimal fulfillment of business requirements and expansion plans, particularly in light of the expanded format of the Mega Sale for the year and the application of precautionary public health measures during the event. Ensuring a number of on-floor staff adequate to implementing all precautionary and social distancing practices was a management priority for the 2020 sales season.

eXtra maintained its Platinum score on the government's "Nitaqat" Saudization program in 2020, recording a Saudization rate of 72% across all stores. On a company-wide basis, the Saudization rate booked 52% in 2020 versus. Tas'heel's Saudization rate booked 78% in 2020, maintaining its Mid-Green classification under the "Nitaqat" program. Meanwhile, eXtra continued to make progress in establishing a diverse working environment in 2020. Female employees composed 13% of the Company's headcount in 2020, up from 12% in 2019. Tas'heel's employees were 35% female in 2020.

The onset of the COVID-19 pandemic in Saudi Arabia in 2020 posed a host of operational and HR challenges for eXtra and for businesses across the Kingdom. eXtra's response to the pandemic was rapid, efficient, and successful, and reflected the value eXtra places on the wellbeing and continuous development of its employees.

By the end of February 2020, the Company had fully activated precautionary business continuity plans across all operations. This included the implementation of comprehensive safety measures at all eXtra branches and administrative premises, ensuring the highest standard of protection for all Company employees and customers. The rapidity of the response allowed the Company to maintain the high quality of customer service which shoppers associate with eXtra, while safeguarding the Company's assets in an unprecedented crisis situation.

Precautionary health and safety measures were and continue to be fully implemented at all eXtra premises, including showrooms, headquarters, regional offices, service centers, and logistical facilities. Such measures included the free provision of face masks and the installation of sanitizer stations at short spatial intervals, the application of social distancing practices with clear and visible markers, the introduction of capacity limits at all premises in a manner aligned with existing threat levels, and the establishment of a regular schedule for disinfection and deep cleaning. By year-end 2020, the Company had recorded a minimal number of COVID-19 infections among staff, no critical cases of COVID-19, and no deaths from the virus.

A host of other business continuity measures were successfully implemented during the period. Employees at eXtra's head office were split into three teams and redistributed to different offices, where protection measures were fully implemented, minimizing the disruption to administrative functions. Meanwhile, during periods of lockdown or curfew restrictions, the Company procured more than 1,500 mobility permits for its staff and for company vehicles, ensuring the smooth continuity of operations at eXtra stores and service centers, none of which were closed by authorities due to an outbreak of COVID-19 or noncompliance with health and safety guidelines.

Management has closely monitored developments throughout the pandemic, implementing a tried-and-tested system for assessing any risks of business disruption. This has enabled the Company to preempt and mitigate risks proactively, providing the flexibility to prepare plans for the widest range of contingencies in a manner which has effectively contained the effects of volatility in the external environment.

eXtra's Human Resources Strategy

eXtra bases its human resources strategy on four pillars. Firstly, the Company works to fully align its HR practices with its long-term business objectives, pursuing the integration of strategic decision-making with efforts to secure human capital. Secondly, eXtra develops and advances the employee experience through a variety of physical and digital channels. Thirdly, the Company seeks to make the most effective investments in developing its employees' talents and in transmitting new capabilities and competencies. Finally, eXtra continuously introduces best-in-class HR practices to maintain the Company's competitive market edge and its position as an employer of choice.

eXtra marked the second year of operations at its innovative Career Portal in 2020. The Career Portal continued to prove its worth during the year, helping the Company attract the best available talent and continuously enhance the experience of new employees, from the moment a job is requisitioned to the moment a new employee starts their journey with the Company. The Career Portal aided eXtra's effective management of human resources during a year of change and disruption, accelerating the acquisition of new talent in time for major increases in online and offline business volumes at different points of the year. Meanwhile, eXtra continued to refine the databases and analytic capabilities which power the platform.

The Company works to continuously to develop and maintain a customer-centric culture. This is achieved through meaningful investment in the Company's human resources, in recognition of the fact that the Company's employees are the primary representatives of eXtra's culture to customers and to other stakeholders in the communities where eXtra does business. eXtra is committed to providing employees with fulfilling and long-term careers, and conducts online training programs through the eXtra Academy digital platform. The Company continues to focus on developing a customer-centric culture among employees.

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 4.2 million as of December 31, 2020. Two million company shares are reserved for eXtra's employee stock compensation program, with an eye to aligning the interests of eXtra's employees with those of its shareholders.

Our Lines of Business

eXtra's business model emphasizes differentiation through diversification. The Company's retail segment integrates big-box and online retail with a comprehensive suite of value-added services. eXtra also provides consumer finance solutions through its subsidiary Tas'heel, which leverages digital technology to offer quality personal finance and installments programs.

Retail

eXtra has leveraged an omnichannel operating platform to secure a decisive competitive advantage in Saudi Arabia's market for consumer electronics, the largest in the region. Having built a robust and expanding base of repeat customers, eXtra stands as the Kingdom's retailer of choice in products ranging from household appliances and personal computers to smartphones and gaming consoles. Traditionally, eXtra has done the bulk of its business through an expansive network of easily accessible and strategically located big-box stores, which served 14.8 million shoppers in 2020. In order to ensure its customers access to the widest range of products, eXtra engages multiple suppliers in durable, mutually beneficial partnerships, enabling the Company to efficiently manage economies of scale. In recent years, eXtra has invested in expanding its seamless shopping experience into the digital sphere. eXtra's strong and growing online presence has left the Company with an all-encompassing retail platform which allows it to cater to needs across the consumer electronics market while continuously deepening and broadening the Company's exposure to market demand. eXtra's e-commerce portal "extra.com" provides digital customers with a best-in-class shopping experience.

Having become the first Saudi electronics retailer to generate 10% of its revenues from online sales in 2019, in 2020 the Company's strong e-commerce footprint enabled it to grow annual sales despite the COVID-19 pandemic and associated restrictions on customer mobility. Traffic at eXtra's e-commerce platform extra.com increased by 159% year-on-year, with the volume of online orders soaring to exceed SAR 1 billion, up by 200% from the figure booked in 2019. eXtra's battle-ready digital infrastructure and strong online performance made eXtra one of the few consumer electronics players able to maintain operations between March and June, when Saudi authorities imposed of a strict national curfew to contain the spread of the virus which causes COVID-19. eXtra's digital reach also made it one of the few consumer electronics retailers to experience positive revenue growth in 2020. Approximately 23% of eXtra's top line was generated from online sales in 2020, up from 12% in 2019. This rapid growth in the scope and breadth of eXtra's engagement with digital customers is in keeping with the Company's objective of becoming Saudi Arabia's premier omnichannel retailer. Meanwhile, eXtra continues to enjoy a profitable 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.

> "Approximately 23% of eXtra's top line was generated from online sales in 2020, up from 12% in 2019.

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

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 14.8 million shoppers in 2020. Despite the ongoing COVID-19 pandemic and mobility restrictions in place for periods of the year, like-for-like footfall at eXtra's stores was down by just 2.3% year-on-year in 2020, reflecting customers' close familiarity with eXtra's physical locations and trust in the Company's ability to safeguard health and safety. eXtra's retail network is served by four 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 mobile phones, white goods, audio-video, computing, electronics and gaming. In recent years, eXtra has worked to enhance its category management processes, while implementing efficiency drives across its retail operations. Despite a shrinking overall market, such initiatives have allowed eXtra to grow its sales in a healthy and consistent manner, with the Company's overall market share growing at a five-year CAGR of 20% to record 21.4% at year-end 2020. eXtra maintains dominant market shares across the product categories represented in its portfolio, with 2020 bringing a particularly impressive 510-basis-point gain in eXtra's share of large appliances market.

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

> The rapid growth in online sales since the onset of the pandemic spurred further efforts to refine the Company's supply chain processes and last-mile delivery capabilities.

Responding to COVID-19

eXtra's management took a highly proactive approach in addressing the commercial impacts of the COVID-19 pandemic in 2020. Management's operational response began in February 2020, before the first case of COVID-19 was registered in the Kingdom of Saudi Arabia. Beginning in February, the Company began tapping its network of direct suppliers to stockpile inventories as a risk management exercise. Between March and June, the government of Saudi Arabia instituted a strict curfew and a raft of mobility restrictions designed to slow the spread of the virus which causes COVID-19. Despite the consequent closure of eXtra's stores in the Kingdom for nearly five weeks, the Company's proactive inventory management initiatives enabled it to meet heightened online-driven demand during the second and third quarters of 2020, recording strong sales figures for the lockdown months.

Once mobility restrictions were loosened and stores were reopened, eXtra continued to go above and beyond the health and safety guidelines outlined by the Saudi Ministry of Health and the World Health Organization. Measures in place include mandatory temperature checks at all store entrances, an intensive schedule of deep-cleaning and disinfection at all premises, continuous monitoring to ensure physical distancing, and the provision of personal protective equipment to all store personnel. Maximum capacity limits were instituted at all stores, set below the level recommended by the Ministry of Health, while staff were fully trained to deal with customers in a pandemic environment.

During its 2020 MEGA Sale event, eXtra became the first Saudi retailer to introduce a pre-booking queuing system. Under this system, customers could use the extra.com portal or scan the QR code displayed outside each eXtra location to pre-book a store visit. Upon registration, customers receive an SMS notification confirming their booking number, with a follow-up notification sent 30 minutes prior to a given appointment. At the allotted time, customers join a short, socially distanced queue outside their nearest store, after which an operations manager validates the customer's ticket and ushers them into the store when it is their turn. eXtra's pre-booking queuing system was particularly effective in managing the influx of visitors during the Company's annual Mega Sale discount event, which in 2020 was successfully held over the course of one month as opposed to the traditional ten days. The Company successfully promoted the use of its e-commerce portal's click-and-collect capability during the Mega Sale period.

Since the onset of the COVID-19 pandemic, eXtra has continued working to engender operational efficiencies across all pillars of the business, with an eye to further optimizing the Company's cost structure. Initiatives in this area include a program to profitably re-engineer operational costs, with the merging of certain positions and the elimination of redundant layers of the operational process. Meanwhile, after a huge increase in online order volumes during Q2-2020, the Company identified certain delivery bottlenecks and is successfully addressing constraints by constructing a more sophisticated last-mile model with a more optimal balance between in-house and third-party capabilities, increasing eXtra's flexibility to serve customers. Management has successfully leveraged the developments of the COVID-19 pandemic in speeding the Company's transition to an omnichannel model in which brick-and-mortar operations are complemented by eXtra's online presence and supported by a solid last-mile delivery capability.

An Optimized Portfolio

eXtra continuously pursues the optimization of its product portfolio as an avenue to enhancing the customer's shopping experience and to expanding the Company's share of industry sales across all six of its SKU categories. Continuous enhancement of product ranges and intensive management of supply chains optimize product availability. A major component of eXtra's portfolio optimization efforts is the development of direct relationships with global electronics brands. In 2020, eXtra successfully established a direct relationship with LG, allowing the Company to provide special product lines and remain ahead of its competitors in providing LG technology. eXtra's agreement with LG covers all product categories barring ACs, for which eXtra continues to do business with local suppliers. Agreements such as this one, which enable eXtra to make LG products immediately available at its stores and on extra.com, further optimizing and differentiating the Company's portfolio while enhancing its operating leverage. Such efforts have led to large, continuous gains in market share across product categories, with eXtra enjoying double-digit CAGR growth in market share for five out of six product categories.

eXtra Segment-Specific Market Share

Electronics	Small Appliances	Large Appliances	Gaming Consoles	Mobiles	Computing
43.8%	38.4%	20.5%	16.9%	18.4%	12.8%
5-year CAGR 13.7%	5-year CAGR 8.8%	5-year CAGR 21.3%	5-year CAGR 5.3%	5-year CAGR 28.4%	5-year CAGR 14.0%

Digital Investments Yield Strong Returns

In 2020, eXtra began to reap significant gains from sustained investment in growing the Company's online presence, marking impressive progress towards the Company's strategic objective off becoming a leading omnichannel retailer. Online sales exceeded SAR 1 billion in 2020, up by c.200% year-on-year and contributing c.23% of eXtra's top line against 12% one year previously. Online sales volumes soared during the period between late March and June when strict curfews were imposed to combat the COVID-19 pandemic and eXtra's stores were temporarily closed, with volumes for the month of April alone up twelvefold from one year previously. Rapid online growth ensured an annual expansion of the consolidated top-line in 2020 despite restrictions on consumer mobility and commercial activity in place as a result of the COVID-19 pandemic, vindicating management's long-term strategy of deepening and broadening the Company's online footprint.

Since its launch in 2011, "extra.com", the Company's leading e-commerce platform, has allowed eXtra both to improve the scope and breadth of its market penetration with digitally savvy customers and to seamlessly capture purchases diverted from physical outlets to the digital sphere as a result of the pandemic. In recent years, eXtra has invested heavily in providing digital consumers with a differentiated and frictionless customer journey. extra.com provides Saudi shoppers with the market's fastest "click and collect" capability, with purchased items made available within two hours at the nearest eXtra location. At year-end 2020, click-and-collect orders represented c.25% of eXtra's total online sales, demonstrating the omnichannel integration between the Company's digital portal and its accessible network of brick-and-mortar outlets. eXtra's online platform offers the complete eXtra 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.

eXtra continuously seeks to enhance its last-mile logistical capabilities, a process that has been accelerated by the conditions of the pandemic. The large and immediate shift of Saudi consumer demand to digital channels during the lockdown months of March through May, combined with mobility restrictions and heightened demand for third-party courier services, precipitated a degree of congestion in the fulfilment of last-mile deliveries. Management at eXtra rapidly identified outstanding logistical bottlenecks and has moved to optimize the balance between in-house and third-party capabilities with an eye to ensuring the finest customer experience, leveraging the Company's highly developed systems for delivering large appliances. Meanwhile, extra.com's re-platforming onto an SAP operating system has seen further improvements to delivery, logistics, and the 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.

200%

Y-o-Y Growth in Online Sales

In 2020, eXtra exceeded its medium-term target of SAR 1 billion in online sales. To ensure that online sales continue to expand at a rapid but sustainable pace, the Company continuously explores options for broadening and deepening its online presence. eXtra 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. Since 2018, eXtra has been noon's exclusive supplier of consumer electronics and home appliances.

CLASS PRO

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 after-sales services the company is famous for, ensuring consumers enjoy the best value and protection.

prime

PRINCESS

LA GERMANIA

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, LG, Apple, Samsung and Philips.

Extra Service

Since 2005, eXtra has provided customers with a comprehensive and integrated range of value-added services. The Company's activities in this space are consolidated under the Extra Service label. Extra Service provides four categories of aftersales services, ranging from installation and warranties to repairs and technical support. Extra Service leverages the Company's unmatched infrastructure, including five technical centers, 13 workshops and over 300 highly skilled professionals to provide customers with a seamless and unforgettable shopping experience, a major differentiator of the Company's business model and a major source of profitable growth adjacent to the core retail operation.

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's management views the aftersales segment as a means of enhancing recurring business and cementing its place as Saudi Arabia's hub for aftersales service in consumer electronics while broadening the Company's exposure to further links in the consumer electronics value chain. Extra Service enjoys a secure, long-term base from which to expand its offering, remaining the authorized service provider for all computer manufacturers marketing their products in the Kingdom, in addition to Apple- and Samsung-branded products.

Extra Set-Up: Installation

Extra Safeguard: Warranty

Extra Care: Protection; Technical Support

Extra Repair: Service and Parts; Repairs; Replacements

Consumer Finance

eXtra began providing in-house consumer finance in 2015, leveraging efficient digital processes to provide tailored installment programs to more than 100 thousand eXtra customers across Saudi Arabia. eXtra's in-house consumer finance arm diversified the Company's revenue streams while generating strong financial returns and adhering to best-in-class risk management processes. In 2019, eXtra consolidated its consumer finance activities under a new, fully owned subsidiary, Tas'heel Finance (United Company for Financial Services). Boasting a paid-in capital of SAR 350 million, Tas'heel makes use of eXtra's long and successful experience in consumer finance to provide a comprehensive suite of financial products.

Completing its first full year of operations in 2020, Tas'heel specializes in Shariah-compliant consumer finance solutions, providing cash loans to a wide range of customer segments and offering distinctive product loans underpinned by durable partnerships with retailers operating across a range of market sectors. Leveraging an innovative FinTech platform, Tas'heel offers customers a highly differentiated consumer finance offering and is the only NBFI in the Saudi market with an end-to-end digital process for booking and disbursing consumer loans. Risk management policies are strictly adhered to, and Tas'heel constantly works to assess the quality of the finance arm's portfolio and to foresee future risks or delinquencies.

Tas'heel's financial solutions are distinguished by minimal requirements and instant approvals, made possible by efficient digital processes. The subsidiary works to make consumer finance simple and accessible, offering its services both to Saudi nationals and to resident expatriates. Distinguishing itself from its competition, Tas'heel utilizes a highly sophisticated risk management infrastructure to provide noncollateralized credit programs while managing delinquencies and nonperforming assets in a highly efficient and competitive manner. In 2020 Tas'heel rapidly extended its business reach, expanding its service coverage from the Eastern Province to encompass the entirety of the Kingdom of Saudi Arabia. To cater to current and expected growth in the subsidiary's portfolio, in August 2020 Tas'heel's paid-in capital was increased from SAR 150 million to SAR 350 million. Meanwhile, conditions associated with the COVID-19 pandemic accelerated the market's transition towards digital platforms, with Tas'heel receiving regulatory approval to accept digital signatures on loan contracts and adopting the Ministry of Justice's digital promissory note platform, further streamlining Tas'heel's booking and disbursal process and making for an even more frictionless customer experience.

Vision

Enable our clients to enrich their lives and achieve their ambitions by providing effortless financial services through innovative digital solutions

Mission

To be a dynamic organization that provides a unique digital experience to enable our clients to meet their financial needs by integrating quality of service, investment in digital transformation, and a focus on consumer needs and goals in a rapid and efficient manner.

Personal Finance

Tas'heel Finance offers customers its Shariah-compliant personal finance solutions (Tawarruq) with a host of repayment options and loan tenors tailor-made for customers' specific financial requirements and preferences. Personal finance loans are provided starting from SAR 15,000 and up to SAR 100,000, with tenor options including 36, 48 or 60 months. Tas'heel Finance requires no guarantor or salary transfer to disburse personal loans, granting instant approval for immediate financing and charging a fixed profit margin in lieu of interest rates in conformance with Shariah statutes. As of year-end 2020, Tas'heel held an outstanding personal loan portfolio of SAR 465.9 million.

Installment Programs

Tas'heel Finance offers an unmatched range of installment program, providing easily accessible Shariah-compliant installment finance (Murabaha) in cooperation with a strong and expanding base of retail partners. Tas'heel.

Installment programs are provided for product purchases starting from SAR 4,000 and up to SAR 60,000. Customers can choose from a range of tenors, ranging from 12, 18, 24, 30, to 36 months. Tas'heel Finance requires no guarantor or salary transfer to disburse product loans, granting instant approval for immediate financing to customers purchasing goods and services from one of Tas'heel's many retail partners. As of year-end 2020, Tas'heel held an outstanding product loan portfolio of SAR 384.7 million,

Our Strategy

eXtra pursues an integrated and well-tested strategy for maintaining its dominance in consumer electronics through a focus on continuous improvement of the customer experience. Leveraging cutting-edge technology, Tas'heel pursues a similar customer-centric strategy for rapidly growing its client base.

Retail

eXtra's retail strategy is aimed at protecting and expanding the Company's margins in a manner that yields continuous gains in market share. The Company is aiming for a blended, medium-term market share of 25% across analog and digital channels. To generate rapid and continuous revenue growth as sustainably as possible, eXtra works to provide online and offline customers with the finest retail experience in the market. Management's primary objective is to maximize the value provided to eXtra's stakeholders over the long run.

Driving Growth

Physical Expansion

With a store network covering 27 urban centers in Saudi Arabia, Bahrain and Oman, eXtra's geographic footprint remains unmatched in the GCC region. eXtra regularly studies prospects for expanding the Company's showroom coverage, with its more than 140,000 square meters of selling space. eXtra primarily expands into areas in which it does not enjoy a physical presence at the time of investment. Where deemed profitable, the Company may establish additional stores in cities already covered by the eXtra network, extending its presence in a given locale by penetrating untapped urban districts.

LFL Performance

While the Company is constantly on the lookout for opportunities to expand its physical footprint, eXtra prioritizes the generation of high levels of like-for-like growth. Organic growth deepens eXtra's commercial reach and is the Company's primary strategic objective. eXtra achieves like-for-like revenue growth through a range of competitive avenues: the Company maintains a price-match guarantee for a wide range of SKUs. At over 6,500 SKUs, eXtra provides customers with the broadest selection of consumer electronics and household appliances on the market. Meanwhile, global technology leaders are heavily represented in the Company's portfolio, cementing eXtra's place as the retail destination of choice for Saudi electronics consumers. eXtra works to safeguard and expand its market share by continuously implementing portfolio optimization efforts. The Company follows best practices when adding, discontinuing or maintaining products or product lines, yielding accurate market forecasts and other advantages that are used to inform decision-makers. In the medium-term, eXtra seeks to leverage high organic growth rates and its growing online presence to achieve a blended market share of 25% in the Saudi consumer electronics market.

To maintain high rates of like-for-like growth, eXtra holds the region's largest annual discount event, the MEGA sale. eXtra's MEGA sale is an annual weeklong sales event where products are promoted at up to 50% off regular prices, generating large in-store footfall during a very short period of time. eXtra uses its digital platform to deliver incremental reach for such sales beyond traditional showroom experience, offering products online before physical stores are open, with the benefits of the MEGA sale being made online 24 hours a day for the duration of the event. Customers are enabled to participate in the sale with the touch of a screen. These efforts are aided by a focused sales team with access to best-in-class training programs, designed to further differentiate the quality of service provided and enhance customer engagement.

eXtra.com

eXtra strives to be Saudi Arabia's premier omnichannel retailer, integrating its physical network with a strong digital presence and linking the two through continuously developed logistical capabilities. A large and growing e-commerce presence is central to the success of the omnichannel model, allowing the Company to

simultaneously broaden and deepen its commercial reach while driving further top-line gains. To this end, eXtra continuously strives to differentiate and enhance the Company's online portal, "extra.com." The Company rolls out a consistent stream of improvements to extra.com's user interface and works to enhance the responsiveness of the mobile site. The Company's online analytics capability is continuously developed and enjoys access to strong data inflows. Meanwhile, extra.com offers the Saudi markets most rapid click-and-collect functionality, with purchased products typically available for pickup within two hours at the customer's nearest eXtra store. Same-day delivery is available for smaller items ordered in major cities. eXtra has also enabled online pre-ordering, while delivery and installation services for larger appliances can be requested on the extra.com. The Company's sophisticated online presence extends to implanting location extensions and a click-to-call feature in search ads.

eXtra's focus on the customer experience and a differentiated value proposition extends to extra.com. The website offers the Company's complete product range and provides convenient payment and delivery options. Heavy investment in eXtra's online presence yielded

major benefits in 2020, when traffic to physical stores was affected by pandemic-related mobility restrictions and much demand was diverted to digital channels for periods of the year. The Company's long-term focus on providing the finest digital customer journey helped drive rapid top-line growth for the year and allowed the Company to cope efficiently with massively increased online demand. This has allowed eXtra to comfortably meet its 2021 goal of generating SAR 1 billion in online sales one year in advance, deepening the Company's competitive edge over peers who have focused on physical expansion. Moving forward, eXtra will seek to further leverage this first-mover advantage by continuing to enhance the Company's last-mile delivery capabilities and building a more sophisticated infrastructure that strikes a more optimal balance between in-house activity and third-party courier services.

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, the Company has leveraged more than a decade of experience in service provision to revolutionize the aftersales component of the consumer electronics space. Due to the fragmented nature of the market in Saudi Arabia, aftersales services have not generally received the resources and investment required to establish a services ecosystem consonant with the market's broader purchasing power. Extra Service, the Company's service arm, provides a degree of flexibility unmatched in the market, 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, Extra Service is well-equipped to accommodate the introduction of new service areas, and represents a core component of eXtra's efforts to protect and augment the Company's margins while remaining 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 LG and Phillips in the appliances 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. ClassPro enables eXtra to leverage its margins by attracting entry-level consumers, typically new households, by providing high quality products at competitive price points.

Direct supply agreements distinguish eXtra from competitors in 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. Such agreements also support the Company's margins through the elimination intermediaries, the ability to rapidly bring consumer electronics to final buyers, and the consequent strengthening of brand loyalty among eXtra's customer base. Direct supply agreements also enable the Company to focus on profitably streamlining operations by limiting the number of suppliers.

Consumer Finance

eXtra's strategic emphasis on the customer experience extends to the Company's activities in the consumer finance sphere. The Company's consumer finance arm, Tas'heel, integrates quality of service, investment in digital transformation and a focus on consumer needs. Emerging from eXtra's long in-house experience with the provision of tailored installment programs, Tas'heel's unique value proposition and differentiated offering provides eXtra with exposure to new and varied segments of Saudi Arabia's retail universe. While materially diversifying eXtra's operations, Tas'heel's business contributes significantly to growth in the Company's consolidated bottom-line and bolsters the sustainability of eXtra's business model. All financial products offered by Tas'heel are fully Shari'a-compliant, with an in-house Shari'a committee mandated to certify each proposed product and to monitor operational compliance.

Data-Driven Growth

Tas'heel is the only NBFI in the Saudi market with an end-to-end digital process for booking and disbursing consumer loans. Besides endowing Tas'heel with a highly differentiated set of operational capabilities, the subsidiary's technology generates valuable data streams that bolster the sophistication of eXtra's analytics capabilities. Combined with data inflows from physical stores and digital activity, the data generated from Tas'heel's operations will be used to inform decision-making at both the operational and strategic levels, allowing the Company to further differentiate its offerings and services. In this manner, Tas'heel's development and growing profile in the consumer finance space are integrated with eXtra's dominant position in the consumer electronics market to generate a positive feedback loop.

Accessibility

Tas'heel's primary objective is to increase the accessibility of financial solutions. This objective applies across dimensions of time and space. The subsidiary utilizes innovative FinTech tools to minimize the use of guarantors,

> Tas'heel's differentiated offering is underpinned by durable partnerships with retailers and other firms operating across a wide range of market sectors.

automate the assessment of credit scores and maintain best-in-class approval times. While adhering strictly to a strong risk management framework, Tas'heel is continuously developing methods for further shortening approval times, providing an even more frictionless customer journey and building a loyal customer base capable of driving recurring business. Meanwhile, Tas'heel is committed to achieving comprehensive geographic coverage across the Kingdom of Saudi Arabia. The startup leverages the wide coverage offered by eXtra's existing store network, avoiding significant startup costs, while working to expand its physical presence in metropolitan areas with promising demographic and demand profiles.

Frictionless Finance

Tas'heel offers its customers one of the market's most frictionless personal finance journeys. The subsidiary requires no guarantors or salary transfers to disburse personal loans and provides its full suite of personal finance services to both nationals and residents. Combined with a unique digital experience, this light touch further differentiates Tas'heel from competition in Saudi Arabia's NBFI space. Combined with instant approval for immediate financing, Tas'heel's fees and charges are among the market's most competitive, and its cash loan products are flexibly designed to appeal to a wide range of consumer segments: loans are provided starting from SAR 15,000 and up to SAR 100,000 with tenor options including 36, 48 or 60 months.

Strategic Partnerships

Tas'heel's differentiated offering is underpinned by durable partnerships with retailers and other firms operating across a wide range of market sectors. Tas'heel's strategic partners include large global brands such as Virgin Megastores in the area of entertainment, IKEA in home furnishings, and Gold's Gym in fitness. The subsidiary's services are also readily available across a number of local healthcare brands, including Saudi German Hospitals, Almana General Hospitals, and Saudi Swiss Consultant Center. Tas'heel's highly diversified range of partnerships provides exposure to a strong breadth of economic sectors and thus a degree of insulation from cyclical or seasonal downturns in economic and credit activity. Meanwhile, diversified strategic partnerships provide Tas'heel with a wide range of target demographics, ranging from newly formed households seeking to purchase home furnishings to older consumers with typically higher levels of expenditure on medical care. Moving forward, Tas'heel will strive to establish an even greater number of strategic partners, gaining access to new, promising areas of economic activity, and will work to further deepen its relationships with existing partners.

Management Discussion and Analysis

Financial Review

Despite the operational challenges posed by the COVID-19 pandemic during 2020, the year saw eXtra generate record top- and bottom-line figures. The company booked total revenues of SR 5.96 billion in 2020, up by 16.1% year-on-year (y-o-y), marking two consecutive years of double-digit top-line growth. Rapid sales growth for the year was driven by strong like-for-like (LFL) performance across eXtra's store network, as well as a large expansion of sales at the company's e-commerce segment, which booked its highest-ever revenues in 2020, exceeding SR 1 billion. Top-line performance was further supported by growth at eXtra Service and the revenue contribution from eXtra's consumer finance subsidiary, the United Company for Financial Services (Tas'heel Finance), which profitably completed its first full year of operations in 2020. eXtra booked a gross profit of SR 1.04 billion in 2020, up by 15.3% y-o-y to yield a gross profit margin of 17.43% for the year.

eXtra booked a record-breaking net profit for the second consecutive year in 2020, recording a bottom-line of SR 280.1 million for the year. This marks a y-o-y climb of 36.2% from the SR 205.6 million registered in 2019. It is worth noting that Tas'heel Finance generated a positive contribution to eXtra's consolidated bottom-line within the subsidiary's first full twelve months of operations, booking a net profit of SR 21.3 million in 2020 against losses of SR 18.9 million for its months of operation in 2019. eXtra recorded a net profit margin of 4.70% for 2020, up from 4.00% one year previously.

Summary Income Statement

	FY 2020		FY 2019		Growth (%)
	SR (000)	% of Sales	SR (000)	% of Sales	
Sales	5,962,315	-	5,134,604	-	16.1%
Gross Profit	1,039,299	17.43%	901,183	17.55%	15.3%
Operating Profit	349,135	5.86%	248,770	4.85%	40.3%
Net Profit Before Zakat	297,818	5.00%	219,054	4.27%	36.0%
Net Profit	280,143	4.70%	205,614	4.00%	36.2%

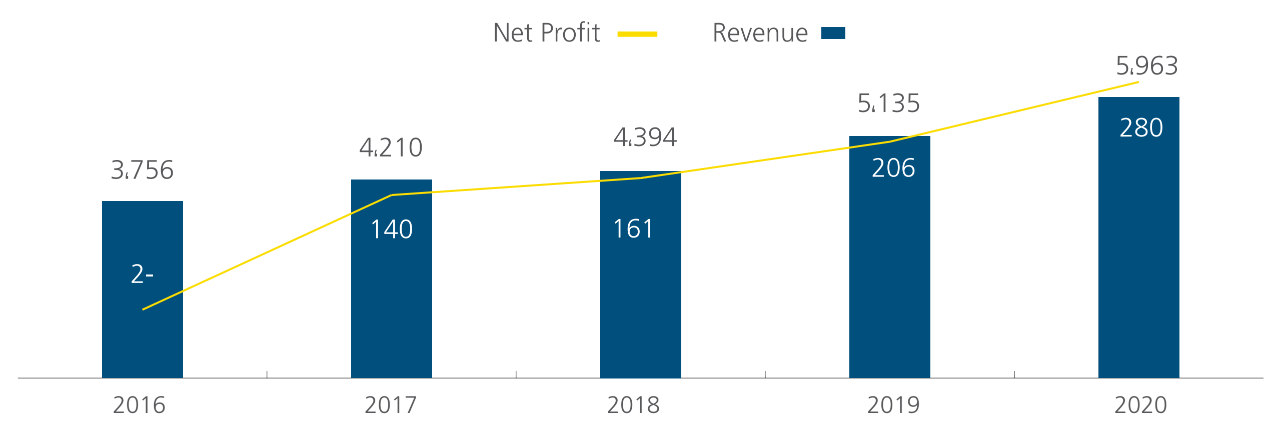
Geographic Breakdown of Sales

SR (000)	FY 2020	FY 2019	Growth (%)
Kingdom of Saudi Arabia	5,522,628	4,831,352	14.3%
GCC States	454,153	307,732	47.6%
Adjustments Due to Consolidation	(14,466)	(4,480)	-
Total	5,962,315	5,134,604	16.1%

Income Statement Analysis

Between FY2016 and FY2020, eXtra achieved a revenue growth CAGR of 9.69%, demonstrating the ability of the company's business model to generate sustained and consistent top-line growth. eXtra's revenues climbed from SR 3.75 billion in FY2016 to SR 5.96 billion in FY2020, with the company marking several years of record-breaking sales figures and double-digit top-line growth during this five-year period. The company's revenues climbed by 16.1% y-o-y in 2020 to book eXtra's highest-ever annual top line. eXtra recorded a net profit of SR 280.1 million for 2020, up by 36.2% from the SR 205.6 million at the close of 2019.

Five-Year Revenue and Net Profit Progression (SAR MN)

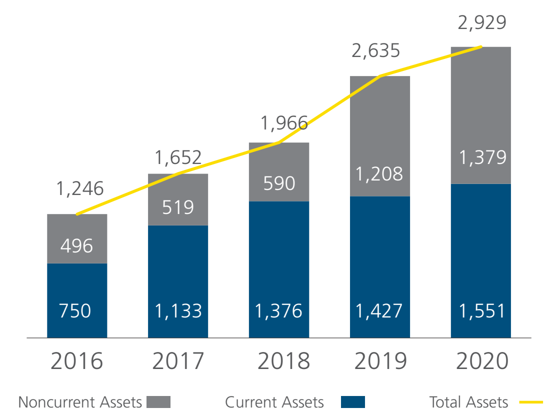


Balance Sheet Highlights

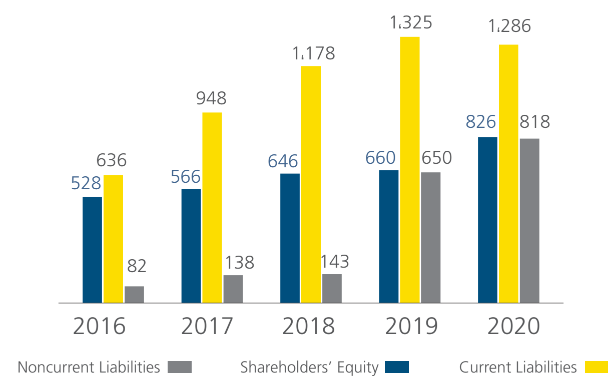
Asset Progression

In keeping with its five-year trend, eXtra's asset base continued to expand during FY2020. As at December 31, 2020 the total value of assets booked on eXtra's balance sheet stood at SR 2.93 billion versus the SR 1.25 bn booked in FY2016, representing a five-year CAGR of 18.65%.

Five-Year Progression of Asset Position
(SAR MN)



Five-Year Progression of Liabilities and Shareholders' Equity
(SAR MN)



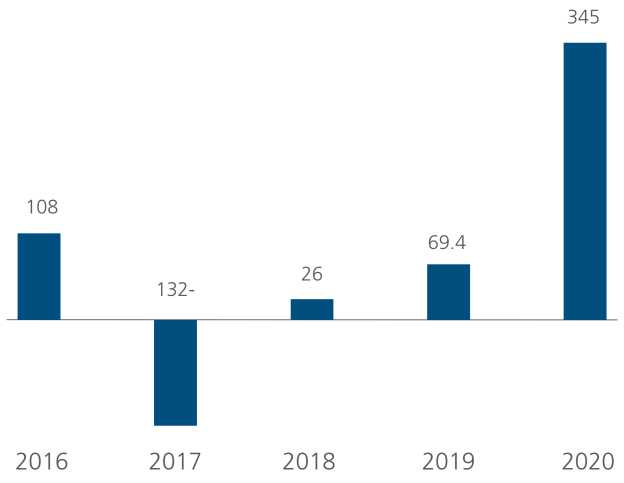
Cash Flow from Operating Activities

eXtra recorded a net cash inflow from operations of SR 345 million for FY2020, up by SR 276 million from the SR 69 million inflow registered one year previously. Cash generated from eXtra's operations has been efficiently used to achieve the company's strategic objectives and support business growth.

Loans and Borrowings

eXtra began FY2020 with an outstanding debt balance of SR 400 million. The company repaid this amount in full during the year. In FY2020 eXtra enjoyed access to a total of 165 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 Murabaha facilities available to eXtra during the period came in at SR 5.1 billion, extended to support the company's working capital requirements. Of this amount, SR 4.8 billion was defrayed by eXtra during FY2020, with the remaining SR 340 million yet to come due during the year. As at December 31, 2020, cash and cash equivalents held on eXtra's balance sheet booked SR 184.8 million.

Five-Year Progression of Cash Flow from Operating Activities
(SAR MN)



Bank Facilities

Opening Balance as at 1/1/2020

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

Closing Balance as at 31/12/2020

Bank Name	Loan Amount (000s)	Loan Period	Amount Paid (000s)	Loan Ending Balance (000s)
	35,000	30 days	-	35,000
Riyad Bank	35,000	30 days	-	35,000
	50,000	48 months	-	50,000
	50,000	48 months	-	50,000
SABB Bank	25,000	31 days	-	25,000
	25,000	31 days	-	25,000
	50,000	60 months	-	50,000
Al Bilad Bank	50,000	60 months	-	50,000
	20,000	60 months	-	20,000
Total	**340,000**		-	**340,000**

Zakat and Governmental Payments

The company has submitted and paid its Zakat declaration for the period ended 31/12/2019. eXtra has received a Zakat assessment of SR 13,761,485 for FY2020 and has booked a provision corresponding to this total.

SR (000)	Paid in FY2020	Ending Balance as at 31 December 2020	Description	Reasons
Zakat	9,410	10,204	Zakat on Income	Annual Zakat Declaration
GOSI	16,504	1340	Social Insurance	Social insurance payments due on Saudi and expatriate employees
Tax Authority	2,212	324	Withholding Tax	For dividends distributed to non-resident shareholders and for foreign/ non-resident service providers
VAT	109,706	15,931	Value-Added Tax	Total VAT payable

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 committed to meeting the national objective of Saudization. As of December 2020, 52% of the Company's employees were Saudi nationals. Recruiting, training and developing the capabilities of Saudi cadres is one of eXtra's priorities, stemming from its firm commitment to the Ministry of Labor's special directives regarding the full Saudization of the electronics retail sector from November 2018. The Company is currently taking measures to fully comply with the Ministry's requirements.

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. The company believes in giving back to the many communities where it does business in the Kingdom of Saudi Arabia and pursues several avenues for meeting this obligation. eXtra's primary activities in the area of corporate social responsibility involve 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.

ERTIQA's mission assumed added importance in 2020 with the suspension of in-class education for pupils across the Kingdom as part of efforts to stop the spread of the virus which causes COVID-19 and safeguard the health and wellbeing of citizens and residents. Responding to this impact of the pandemic, eXtra teamed up with ERTIQA to provide underprivileged schoolchildren with over 3,000 laptop computers during the year, guaranteeing their ability to participate in remote education on an equal footing and minimizing the disruption to their development.

Meanwhile, 2020 saw eXtra work to support the authorities and the Ministry of Health in confronting the spread of the COVID-19 pandemic. Its efforts in this respect included the donation of a fully equipped and functional mobile field hospital with 100 beds. With such interventions, eXtra works to lead by example and make good on its commitment to the wellbeing of all the company's stakeholders. Efforts during 2020 further included work to lift the general morale of citizens and foster a spirit of giving and togetherness, most notably the donation of an artistic mural of the Kingdom's founder located at the Bairaq roundabout in Al Khobar.

CORPORATE GOVERNANCE

Board of Directors

Abdullah Abdul Latif Ahmed Al Fozan

Non-executive Chairman

Current position \ Chairman of Al Fozan Holding Group

Previous positions \ General Manager

Bachelor of Accounting from King Saud University, 1989.
More than 30 years of experience in economics and management.

Companies where the BOD member is currently on board

Al Fozan Holding Group
Abdul Latif & Mohamed Al Fozan Co.
Maaly Holding Co.
Bawan - Listed Company
Dhahran International Expos
Ajwad Holding
Shomoul Holding
Rafah Al Khaleej Ltd
Tarabot Investment & Development
Midad Ltd
Amjal Property Development
Arnon Plastics Industries Ltd
Gulf Riyadah
Supply & Projects Company
Atheel Holding
Madar Building Materials
Atheel Arabia Services
Gulf Elixir Contracting
Smou Arabia Trading Ltd
Al Fozan Investments
Ajdan for Real Estate Development
Al Oula Benaa Real Estate Development
Al Oula Mawared Real Estate
Ma'aly Al Khaleej Trading
Madar Holding - Outside KSA
Masarat Investment co.
Retal Urban Development
Azdan Al Sharq
Etlala Arabia Trade Ltd

Companies where the BOD member was on the board

United Transformers Electric
United Technology of Electric Substations & Switchgears
Digital and Electronic Solutions Development
Nesaj Housing Real Estate
Development & Construction Co Ltd.
Bawan Engineering Industries
United Homeware Co. (NICE)
Aram El Ehsan
Arab Paper Manufacturing
Azdan Arabia
Blom Invest Saudi Arabia
Al Oula for Real Estate Development
Enjaz Projects Ltd
Amwal El Khaleej Commercial Investment
Bawan Wood Factory
Madar Hardware
Madar Electrical Materials

Committee membership

Member of the Nominations and Remuneration Committee

Abdullah Ali Ibrahim Al Majdouie

Non-executive Vice Chairman

Current position \ Vice Chairman of Al Majdouie Holding Group

Previous positions \ General Manager

Bachelor of Industrial Management, 1986, and an MBA from King Fahd University of Petroleum and Minerals (KFUPM), 1991. 35 years of experience in economics and management.

Companies where the BOD member is currently on board

Dana Gas Sharjah - Listed Company
Prince Mohammed bin Fahd International University
Dhahran International Expos
Raya Financing
Star Marine Services - Outside KSA
Al Majdouie De Rijke
Almajdouie Logistics Co.
Almajdouie Investments Co.
Almajdouie Holding Co.

Companies where the BOD member was on the board

Al Ahsa Development
Tourism Development Council
Arab Union for Land Transport - Outside KSA
Arab Paper Manufacturing
Petrology - Outside KSA

Mansour AbdulAziz Rashid AlBosaily

Independent member

Current position \ Chairman of HSBC Saudi Arabia Limited

Previous positions \ 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.

Companies where the BOD member is currently on board

HSBC Saudi Arabia
Amlak International - Listed Company
Saudi Arabian Ground Services - Listed Company
Aseer Trading, Tourism and Manufacturing Co. - Listed Company
Gas Arabian Services

Companies where the BOD member was on the board

Saudi Re for Cooperative Reinsurance
Jabal Omar for Development Company

Committee membership

Chairman of the Audit Committee
Member of the Nominations and Remuneration Committee

Ahmed Yousef Ahmed Al Saqr
Independent member
Current position \ Managing Director of Al Yasra Foods
Previous positions \ General Manager of Al Yasra Foods

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

Companies where the BOD member is currently on board - Outside KSA
Al Yasrah International Food Group
Göknur -Turkey
General Investment Authority
Kuwait Central Bank

Companies where the BOD member was on the board - Outside KSA
Boubyan Bank
AlShall Investments
Bisco Misr- Egypt

Committee membership
Chairman of the Nominations and Remuneration Committee

AbdulJabbar AbdulRahman Mohammed AlAbdulJabbar
Independent member
Current position \ CEO of Naseej for Information Technology and Communications
Previous positions \ CEO of International Systems Engineering

Bachelor of Information Systems from King Fahd University of Petroleum & Minerals, 1986.
More than 30 years of Information Technology experience.

Companies where the BOD member is currently on board
Naseej for Information Technology and Communications
Arabian Advanced Systems-Egypt
Arabian Advanced Systems-Lebanon
Arabian Advanced Systems-Morocco
Arabian Advanced Systems-Syria
Baianat Digital IT
Software Rapid Intervention Company
Infosystec IT

Fozan Mohammed Ahmed Al Fozan
Non-executive member
Current position \ Managing Director of Bawan Co.
Previous positions \ General Manager of AlFozan for building material

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

Companies where the BOD member is currently on board
Abdul Latif & Mohamed Al Fozan Co.
Al Fozan Holding Group
Madar Building Materials
Madar Hardware
Madar Electrical Materials
Bawan - Listed Company
Nawah holding
Amjal Property Development
Ajwad Holding
Ma'aly Al Khaleej Trading
Enjaz Projects Ltd
Al Yamamah Steel
Al Mada Holding
Kayan International
United Steel Industries
United Co. for Financial Services
United Glass Industries
Rawabi ALriydh co
BLOMINVEST

Companies where the BOD member was on the board
Al Oula for Real Estate Development
United Homeware Co. (NICE)

Abdulhamid Abdulaziz Mohamed AlOhali
Independent member
Current position \ Member of the Board and Chief of the Audit Committee at Al Yamamah Steel
Previous positions \ 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.
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.

Companies where the BOD member is currently on board
Al Yamamah Steel - Listed Company
Kayan International
Ajwadm Holding

Companies where the BOD member was on the board
Amjal Property Development
Al Fozan Holding Group

Mohammed Galal Ali Fahmy

Executive member

Current position \ MD & CEO of the United Electronics Company (EXTRA)

Previous positions \ General Manager of Nawah Holding

Bachelor of Accounting from Ain Shams University, 1985.

30 years of experience in sales, marketing, strategic planning, and banking.

Companies where the BOD member is currently on board

United Co. for Financial Services

Procco Financial Services - Outside KSA

Companies where the BOD member was on the board

United Homeware Co. (NICE)

AMS BAESHEN & CO.

Mohammed Ahmed Yousef Abdel Malek

Non-executive member

Current position \ Managing Director of Al Rawasi Engineering Consultants

Previous positions \ 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.

Companies where the BOD member is currently on board

Rawasi Engineering Consultants- Bahrain

21 North Advisors -Bahrain

River Crossing Partners-Bahrain

Procoo for Financial Services

Jawaher co. – Aysha

Jawaher co. - Bahrain

Companies where the BOD member was on the board

Afkar Holding-UAE

Non-BoD Committee members

Abdul Moaty Wasfy Abdul Kareem Abdul Hady

Current position \ Senior Director at Baker Tilly

Previous positions \ Internal Audit Advisor at Al Fozan Holding

Bachelor of Economics and Business Administration from Al Yarmouk University, 1984.

34 years of auditing and accounting experience.

Committee membership

Member of the Audit Committee

Jasem Mohammed Shaheen Hamad Majed Al Romeihy

Current position \ CEO of Razan Knowledge Holding

Previous positions \ 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.

Committee membership

Member of the Audit Committee

Mohammed Farhan Mohammed ben Nader

Current position \ Executive Partner at the United Accountants Company
Previous positions \ 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.

Committee membership

Member of the Audit Committee

Chief Financial Officer

Wael Mohammed Mohammed Khalil

Current position \ CFO of The United Company for Electronics (EXTRA)
Previous positions \ CFO of The Saudi Ready-mix Concrete Company

Bachelor of Accounting. More than 20 years of experience in accountancy, auditing, and advisory.

Board of Directors' Meetings in 2020

There were eight Board of Directors meetings held during 2020 with members' attendance as shown below

Board of Directors Meetings Held On

	Name	7 Jan	5 Mar	18 Mar	5 May	12 Jul	19 Jul	28 Sep	17 Dec
1	Abdullah Abdul Latif Ahmed Al Fozan	√	√	√	√	√	√	√	√
2	Abdullah Ali Ibrahim Al Majdouie	√	√	√	√	√	X	√	√
3	Mansour Abdul Aziz Rashed Al Busaily	√	√	√	√	√	√	√	√
4	Ahmed Yousef Ahmed Al Saqr	√	√	√	√	√	√	√	√
5	Abdul Jabar Abdul Rahman Mohammed al Abdul Jabar	√	√	√	√	√	√	√	√
6	Fozan Mohammed Ahmed Al Fozan	√	√	√	√	√	√	√	√
7	Abdel Hamid Abdel Aziz Mohammed Al Ouhalie	√	√	√	√	√	√	√	√
8	Mohammed Galal Ali Fahmy	√	√	√	√	√	√	√	√
9	Mohammed Ahmed Yousef Abdel Malek	√	√	√	√	√	√	√	√

The last meeting for General Assembly meeting was on 5 May 2020

Board Members' Attendance of General Assemblies held during 2020

Attendance List

BOD Member's Name	First General Assembly 5 May 2020
Abdullah Abdul Latif Ahmed Al Fozan	√
Abdullah Ali Ibrahim Al Majdouie	√
Mansour Abdul Aziz Rashed Al Busaily	√
Ahmed Yousef Ahmed Al Saqr	X
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	√

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.

At the start of the year, the Nomination and Remuneration Committee implemented a new electronic mechanism to evaluate the performance of members of the Board of Directors during the Board's periodic meetings. The results are reviewed at the end of the year by the Nominations and Remuneration Committee, which recommends the required improvements, if any.

The Audit Committee

eXtra's Audit Committee was formed and its charter approved by a General Assembly decision issued during its 13 May, 2018 meeting, for three years from the date of the decision.

Summary of the committee's responsibilities:

Financial reports:

The committee provides its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy.

The Audit Committee also analyzes any important or non-familiar issues contained in the financial reports. It investigates any issues, examines the accounting estimates regarding significant matters within the financial reports, examines the accounting policies followed by the Company, and providing its opinion and recommendations to the Board thereafter.

Internal audit:

The Audit Committee examines and reviews the Company's internal and financial control and risk management systems, analyzing the internal audit reports and following up on the implementation of the corrective measures outlined in the reports. It oversees the performance and activities of the Company's internal auditor and internal audit department, if any, to ensure the availability of the necessary resources, and their effectiveness in performing the assigned activities and duties. The committee shall provide a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor, and suggest his/her remuneration.

External Auditor :

The committee recommends the nominations and dismissal of external auditors to the Board, determines their remunerations, and assesses their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts. It is tasked with verifying the independence of the external auditor, its objectivity, fairness, and effectiveness, taking into account the relevant rules and standards. The Audit Committee also reviews the external auditor's plans and activities, ensuring the external auditor does not provide any technical or administrative works that are beyond the scope of work. It provides its opinion on the external auditor's findings and responds to any queries that may arise, in addition to reviewing the external auditor's reports and its comments on the financial statements, and following up on the procedures taken accordingly.

Compliance :

The Audit Committee is tasked with reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions. It ensures the Company's compliance with the relevant laws, regulations, policies, and instructions, reviews the contracts and proposed related party transactions, and issues recommendations to the Board in connection therewith. The committee reports any issues in connection with what it deems actionable to the Board, and provides recommendations as to the steps that should be taken.

Audit Committee Meetings in FY2020

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 2020, the committee convened four times as follows:

Audit Committee Meetings in FY2020

	Name	Position	26 Feb	29 Apr	12 Aug	25 Oct
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	√	√	√	√

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 2020 based on identified risks.
- Submitting a periodic report to the Audit Committee on key internal audit activities, and a periodic follow-up report on the progress of the implementation of the IA recommendations that have been agreed upon by the department heads to enhance internal controls, and the proposed corrective actions to be in the line with the Company's strategic objectives.
- Renewing and ratifying the internal audit charter by the 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 proficiency and due professional care .

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

The Audit Committee's 2020 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 2021. Based on the above, and with reference to the assurances of the executive management, the external auditor, and the internal auditor, the Audit Committee confirms the following:

- 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 2020.
- Measures were ratified accordingly towards all the observations and recommendations submitted by the Internal Audit Department to the Audit Committee.

External Auditor

Audit Proposals were solicited from well-established auditing firms to review the company's accounts. The Proposals 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 2021.

The Nomination and Remuneration Committee

eXtra's Nomination and Remuneration Committee was formed by the Board of Directors on 13 May, 2018, for a period of three calendar years from the date of establishment. The committee's charter was approved by the General Assembly.

Summary of the committee's responsibilities:

Nominations:

The committee is required to suggest clear policies and standards for membership of the Board and the Executive Management. The committee must provide recommendations to the Board for the nomination or renomination of its members in accordance with approved policies and standards, preparing a description of the capabilities and qualifications required for membership of Board and Executive Management positions.

The committee is also tasked with annually reviewing the skills and expertise required of Board members and Executive Management, reviewing the structure of the Board and the Executive Management, and providing recommendations regarding changes that may be made to the structure. This is in addition to ensuring the independence of Independent Directors, determining the strengths and weaknesses of the Board, and recommending remedies that serve the Company's interests.

Remuneration:

The committee must prepare a clear policy for the remuneration of the Board's members and committees and the Executive Management, and present this policy to the Board in preparation for approval by the General Assembly. It is tasked with periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives, providing recommendations to the Board with respect to the remuneration of its members, committee members, and Senior Executives, in accordance with the approved policy.

Governance:

The committee is tasked with the general supervision of the company's corporate governance system, monitoring its effectiveness and making necessary modifications when the need arises. The committee must verify the company's compliance with corporate governance regulations, review and update them when needed, in accordance with statutory requirements and best practices. It reviews and develops professional conduct guidelines that represent the company's values, and other internal policies and procedures.

Nomination and Remuneration Committee Meetings in FY2020

In accordance with the governance guidelines approved during the General Assembly, the Nomination and Remuneration Committee convenes at the request of its chairman. During 2020, the committee convened three meetings as follows:

Nomination and Remuneration Committee Meetings in FY2020

	Name	Position	5 Mar	1 Nov	17 Dec
1	Ahmed Yousef Ahmed Al Saqr	Chairman	√	√	√
2	Abdullah Abdul Latif Ahmed Al Fozan	Member	√	√	√
3	Mansour Abdul Aziz Rashed Al Busaily	Member	√	√	√

Board of Directors and related committees' remuneration

eXtra's remuneration policy was formulated in accordance with Companies Law 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.

The Nomination and Remuneration Committee is responsible for preparing a clear policy for the remuneration of Board and committee members and the Executive Management, taking into account the following standards related to performance, disclosure and verification of their implementation, as well as clarifying the relationship between the rewards granted and the remuneration policy in force, and indicating any deviation. This is in addition to the periodic review of the remuneration policy to assess its effectiveness in achieving the objectives envisaged thereof, as well as to recommend to the Board the remuneration of Board and committee members and senior executives in accordance with the approved policy.

eXtra's Extraordinary General Assembly ratified the policy on 29 November, 2017.

The remuneration policy shall:

- Be consistent with the Company's strategy and objectives.
- Provide remunerations with the aim of encouraging Board members and Executive Management to ensure the Company's success and long-term development, linking the variable part of the remuneration linked to long-term performance, and determining remuneration based on the position, duties and responsibilities, educational qualifications, practical experience, skills and level of performance.
- Be consistent with the size, nature, and degree of the company's risks.
- Take into consideration the practices of other companies in determining remuneration, and avoid the disadvantages of such comparisons in leading to unjustifiable increases in remunerations and compensations.
- Attract talented professionals and retain and motivate them without exaggeration.
- Be prepared in coordination with the Nomination Committee with regard to new appointments.
- Take into consideration situations where remuneration should be suspended or reclaimed if it is determined that such remuneration was set based on inaccurate information provided by a member of the Board or the Executive Management, in order to prevent abuse of power to obtain unmerited remuneration.
- Regulate the allocation of Company's shares to the Board members and the Executive Management, whether newly issued or purchased by the Company.

The remuneration of Board and committee members includes the following:

- An annual performance-based bonus in accordance with the remuneration policy.
- Allowance for attendance in Board or committee meetings for each meeting, in addition to the disbursement of a transportation allowance and overnight allowance if the member's permanent residence is outside the city in which Board 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 is no deviation between the rewards awarded and the remuneration policy.

Board of Directors Remuneration (SR)

Total remuneration paid to members of the Board and five senior executives during the year ending 31 December 2020.

Board of Directors Remuneration (SR)	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	21,000	-	-	-	233,000	-	-	-	-	-	0	-	233,000	3,811
Ahmed Yousef Ahmed Al Saqr	200,000	12,000	9,000	-	-	-	221,000	-	-	-	-	-	0	-	221,000	-
Abdul Jabar Abdul Rahman Mohammed al Abdul Jabar	200,000	12,000	-	-	-	-	212,000	-	-	-	-	-	0	-	212,000	-
Abdel Hamid Abdel Aziz Mohammed Al Ouhalie	200,000	12,000	-	-	-	-	212,000	-	-	-	-	-	0	-	212,000	-
Total	800,000	48,000	30,000	0	0	0	878,000	0	0	0	0	0	0	0	878,000	3,811
Non-Executive Members																
Abdullah Abdul Latif Ahmed Al Fozan	200,000	12,000	9,000	-	-	-	221,000	-	-	-	-	-	0	-	221,000	-
Fozan Mohammed Ahmed Al Fozan	200,000	12,000	-	-	-	-	212,000	-	-	-	-	-	0	-	212,000	-
Abdullah Ali Ibrahim Al Majdouie	200,000	12,000	-	-	-	-	212,000	-	-	-	-	-	0	-	212,000	-
Mohammed Ahmed Yousef Abdel Malek	200,000	12,000	-	-	-	-	212,000	-	-	-	-	-	0	-	212,000	-
Total	800,000	48,000	9,000	0	0	0	857,000	0	0	0	0	0	0	0	857,000	0
Executive Members																
Mohammed Galal Ali Fahmy	200,000	12,000	-	0	-	-	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	12,000	92,000
Mohammed Farhan Mohammed ben Nader	80,000	12,000	92,000
Total	**300,000**	**48,000**	**348,000**
Members of the Nomination and Remuneration Committee			
Ahmed Yousef Ahmed Al Saqr	60,000	9,000	69,000
Abdullah Abdul Latif Ahmed Al Fozan	60,000	9,000	69.000
Mansour Abdul Aziz Rashed Al Busaily	60,000	9,000	69,000
Total	**180,000**	**27,000**	**207,000**

Executive Management Remuneration

Details of the remuneration paid to the top five executives including the Executive Board member and the CFO during 2020:

		Fixed Remuneration				Variable Remuneration								
#	Job Title	Salary	Allowances	In-kind benefits	Total	Periodic Bonuses	Earnings	Short Term Incentive Plans	Long Term Incentive Plans	Shares Granted (In Value)	Total	End of Service Bonus	Total Exec Remuneration of board member	Grand Total
1	**Top 5 Executives (Incl. Executive Board Member and CFO)**	6,216,000	4,180,552	0	10,396,552	8,910,000	0	197,916	0	0	9,107,916	0	212,000	19,716,468
	Total	6,216,000	4,180,552	0	10,396,552	8,910,000	0	197,916	0	0	9,107,916	0	212,000	19,716,468

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.

The company is obliged to disclose the components of the senior executives' remuneration in total, in accordance with the statutory requirements contained in subparagraph B of the fourth paragraph of Article 93 of the Corporate Governance Regulatons. However, to protect the interests of the company, its shareholders, and employees, and to avoid any damage that may arise as a result of the disclosure in detail, it has not been disclosed in detail. Details are as provided in Annex 1 of the Senior Executives of the Corporate Governance Regulations.

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, in accordance with the Capital Market Authority's Corporate Governance Regulations. The Company continuously updates the governance framework based on any amendments to the laws or regulations. 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.

Among the most prominent shareholders' rights within the company's corporate governance 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 and Remuneration Committee's policies, regulations, procedures, and responsibilities. Guidelines for the Nomination and 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 respect 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 General Assembly of the Company
Article 70	Formation of a risk management committee	Guiding Article The Board of Directors will form a risk management committee whenever it deems it necessary
Article 71	Responsibilities of the risk management committee	
Article 72	Meetings of the risk management committee	
Article 85/ Paragraph 3	The establishment of social institutions for the company's employees	Guiding Article eXtra's commitment to social responsibility is reflected in its participation in a number of social initiatives, the most prominent of which is the computer recycling project "Irtiqaa", through which the company aims to promote a culture of environmental preservation
Article 87	Social Responsibility	
Article 88	Social Work Initiatives	
Article 95	Formation of the Corporate Governance Committee	Guiding Article A separate governance committee has not been formed, however, to ensure oversight on the implementation of the governance mechanisms and rules, the responsibility for monitoring the implementation of the governance rules, verifying their effectiveness, and amending them when required has been added the scope of Nomination and Remuneration Committee. This is in addition to following up on the governance requirements by the Board of Directors and Executive Management. The Board To form the committee whenever deemed necessary. necessary

Dividend Policy

In accordance with Article 40 of the company bylaws, the company's annual net profits are distributed after deducting all general expenses and other costs, 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.

eXtra achieved a payment rate of 55% of total net income for a period of 9 years from 2011 to 2019. Although the company expects to distribute semi-annual cash dividends in accordance with current distribution practices, there are no guarantees that the profits will be distributed continuously. There are no guarantees of the value and percentage of profits for each year.

On 5 May 2020, the General Assembly voted to authorize the Board of Directors to distribute interim dividends on a semi-annual or quarterly basis for the fiscal year 2020, and to determine the date of maturity and disbursement in accordance with the relevant regulatory controls and procedures, in line with the company's financial standing, cash flows, and expansionary and investment plans. eXtra has distributed cash dividends of around SAR 623.5 million since its listing on Tadawul in 2011.

Accordingly, on 5 March 2020, 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 2020, representing 12.5% of the company's share capital.

Further, on 19 July 2020 the Board decided to distribute SAR 60,000,000 or SAR 1 per share as a cash dividend for the first half of 2020, representing 10% of the company's share capital.

Earnings Paid vs. Net Income

Year	Net Income (SAR)	Dividends (SAR)	Payout Ratio (SAR)	Dividend per Share (SAR)
2011	132	60	45%	2.5
2012	158.6	60	38%	2.5
2013	167.3	90	54%	3
2014	121	90	74%	3
2015	49.18	33	67%	1
2017	140.1	84	60%	2
2018	161.2	94	58%	2
2019	205.61	112.5	55%	2.25

Bonus Shares(SAR MN)

Year	Capital before increase	Capital after increase	Ratio	Comments
2013	240	300	25%	One share for every four outstanding shares
2015	300	360	20%	One share for every five outstanding shares
2017	360	420	16.66%	One share for every six outstanding shares
2018	420	500	19.05%	One share for every seven outstanding shares*
2020	500	600	20%	One share for every five outstanding shares

In 2018, 2 million shares were allocated to establish the company's employee stock program (long-term incentive plan), representing 4.76% of the company's capital, and 6 million shares were distributed as bonus shares to shareholders, one share for every seven outstanding shares, representing an increase of 14.29% of the company's 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 386,284 paid to Madar Building Materials Company during 2020, Discounts amounting to SR 91,667 were also obtained in relation to the above lease contract due to the circumstances of the Corona pandemic and its effects on the market

Leases to Related Parties

Lessor	Description	Value SAR	Start Date Year	Duration	Repayment
United Homeware Co. (NICE)*	Lease of administrative offices in the administrative building**	588.000	01/10/2015	5 Years	Semi-Annual
	Renting a sale space at the eXtra Swedy showroom in Riyadh	1,566,080	15/03/2016	10 Years	Semi-Annual
	Renting a sale space at the eXtra Granada showroom in Riyadh***	2,050,000	01/09/2015	5 Years	Semi-Annual

*Expense related to a lease worth SAR 444,256 collected from United Homeware Company during 2020, Discounts amounting to SR 817,636 have been granted in relation to the above leases due to the circumstances of the Coronavirus pandemic and its impacts on the market

** Contract ended on 31 Dec 2020.

*** This contract was terminated and the rental property at eXtra's Granada showroom in Riyadh terminated on 31/08/2020, with the estimated total.

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 amount of SAR 1,369,946 during 2020.
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.

Commercial Transactions

Commercial transactions are comprised of commercial-based dealings

- Purchases from United Homeware Company worth SAR 9,033,002 .
- Purchases from Al Fozan Holding Group worth SAR 5,250,000.
- Sales to Al Fozan Holding Group worth SAR 156,477 .
- Sales to Retal Real Estate Development worth SAR 225,126 .
- Purchases from Madar Hardware Company worth SAR 1,279,673 .

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 FY2020. The External Auditor's report on these transactions will be presented at the first General Assembly meeting of shareholders during the first half of 2021 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
Madar Building Materials Co.	
Al Fozan Holding Group	
Retal Real Estate Development	
Madar Hardware Company	
United Homeware Company	

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 250,000 divided into 250,000 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 350,000,000 divided into 35,000,000 shares at par value SAR 10 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 600 million, with a total of 60 million shares at a par value of SAR 10 per share.

The Board of Directors recommended during its meeting held on 5 March, 2020 to the Extraordinary General Assembly (EGM) meeting to increase company's capital by granting one bonus share to shareholders for every five outstanding shares, representing an increase from 50,000,000 shares to 60,000,000, and a 20% capital increase from SAR 500,000,000 to SAR 600,000,000.

Treasury shares maintained by the company and their utilization

Treasury shares maintained by the company	Value	Date of maintenance	Utilization
2,400,000	SAR 24,000,000*	18 September 2018	Employee Stock Option Plan (ESOP)

*Nominal value of shares

* Capital has increased from 50 million shares to 60 million, following the EGM meeting on 5 May 2020

Changes in Equity shareholding during Fiscal Year 2020

#	Name	Nationality	# of Shares Beginning 2020	# of Shares End of 2020	Relatives Ownership		Debt Instruments
					# of Shares Beginning 2020	# of Shares End 2020	
1	Abdullah Abdul Latif Ahmed Al Fozan	Saudi	1,600	546,500	-	-	-
2	Abdullah Ali Ibrahim Al Majdouie	Saudi	1,400	1,680	-	-	-
3	Mansour Abdul Aziz Rashed Al Busaily	Saudi	1,332	1,598	-	-	-
4	Ahmed Yousef Ahmed Al Saqr	Kuwaiti	2,000	2,400	-	-	-
5	Fozan Mohammed Ahmed Al Fozan	Saudi	1,600	1,920	-	-	-
6	Abdel Hamid Abdel Aziz Mohammed Al Ouhalie	Saudi	571	-	-	-	-
7	Mohammed Galal Ali Fahmy	Egyptian	575,376	741,618	-	-	-
8	Abdul Jabar Abdul Rahman Mohammed al Abdul Jabar	Saudi	11,983	-	-	-	-
9	Mohammed Ahmed Yousef Abdel Malek	Bahraini	-	-	-	-	-

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

#	Name	Nationality	# of Shares Beginning 2020	# of Shares End of 2020	Relatives Ownership		Debt Instruments
1	Mohammed Galal Ali Fahmy	Egyptian	575,376	741,618	-	-	-

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	01/01/2020		31/12/2020	
	Shares	Percentage	Shares	Percentage
Al Fozan Holding Group	14,826,192	29.65%	17,791,430	29.65%

Shareholder Engagement and Rights

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 2020. 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.

Company's applications for the register of shareholders

In 2020, the company completed 13 requsts for a shareholders' registry through the TADAWULATY Service, as below:

Date of request	Reason for request
3/17/2020, 11/08/2020	Dividends File
05/05/2020	General Assembly
02/01/2020, 03/02/2020, 02/03/2020, 02/04/2020, 02/06/2020, 02/07/2020, 02/09/2020, 04/10/2020, 02/11/2020, 02/12/2020	Relations Purposes Investor

Company disclosures on Tadawul

Disclosure no.	Date	Headline
1	19/1/2020	eXtra announces estimated financial results for 12-month period ending 31 December 2019
2	2/2/2020	eXtra announces opening of eXtra Life, the first center specialized in virtual reality games in Khobar
3	8/3/2020	eXtra announces Board's capital increase through share issuance recommendation
4	8/3/2020	eXtra announces Board's shareholder dividend distribution decision for 2H19
5	8/3/2020	eXtra announces annual financial for period ending 31 December 2019
6	16/3/2020	eXtra announces impact of recent temporary closures of commercial complexes
7	19/3/2020	eXtra announces share buyback plans
8	8/4/2020	eXtra announces impact of recent measures to curb the spread of the novel coronavirus (COVID-19)
9	9/4/2020	eXtra invites shareholders to attend EGM meeting which includes capital increase (first meeting)
10	14/4/2020	eXtra announces item addition to EGM meeting (first meeting)
11	6/5/2020	eXtra announces EGM meeting outcome, including capital increase approval (second meeting)
12	31/5/2020	eXtra announces interim financial results for 3-month period ending 31 March 2020
13	4/6/2020	eXtra announces depositing returns from sale of share factions into accounts of eligible shareholders
14	20/7/2020	eXtra announces estimated financial results for 6-month period ending 30 June 2020
15	20/7/2020	eXtra announces Board's shareholder dividend distribution decision for 1H2020
16	13/8/2020	eXtra announces interim financial results for 6-month period ending 30 June 2020
17	17/8/2020	eXtra announces subsidiary United Financial Services Company has obtained SAMA approval for capital increase
18	11/10/2020	eXtra announces estimated financial results for 9-month period ending 30 September 2020
19	26/10/2020	eXtra announces interim financial results for 9-month period ending 30 September 2020

Directors' Responsibility

The Board of Directors asserts the following:

The accounting records have been prepared correctly.

The internal control system has been properly prepared and implemented effectively.

There is no doubt about 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

We close 2020 with confidence in eXtra's strategic direction, which has enabled us to maintain a competitive edge and leadership in our market. eXtra's rapid and efficient response to the exceptional circumstances arising in 2020 have only deepened our confidence, allowing the Company to accelerate its growth trajectory and record several impressive operational milestones. In closing, we would like to reiterate four key commitments which will continue to guide eXtra moving forward. Firstly, we express our full backing and support for the Kingdom's leadership, whose wise and decisive actions have contributed strongly to the containment of COVID-19 pandemic in Saudi Arabia, the mitigation of its health and economic impacts, and the maintenance of an environment conducive to business development. Secondly, we will relentlessly continue endeavoring to provide customers with the finest retail experience. This commitment extends to all of our channels, physical and digital. Thirdly, we reiterate our unbreakable commitment to safeguarding the health and wellbeing of our employees. eXtra will continue to do all it can to support our dedicated staff in light of these unprecedented circumstances. Finally, eXtra will remain a socially active and responsible corporate actor and will spare no effort to fully meet its social obligations, particularly in light of the disruptions brought about by the pandemic. We enter the new year optimistic and confident in our ability to overcome current obstacles and to record even more milestones moving forward. eXtra is ideally positioned to provide customers with an unrivalled quality of service and to maximize value for all stakeholders. May God guide our leaders and aid them in achieving prosperity for the Kingdom of Saudi Arabia, preserve the Kingdom from the pandemic, and protect the country from all harm.

Abdullah Al Fozan
Chairman of the Board

Mohammed Galal
Managing Director and CEO

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