

Exhibiting resilience during unfavorable environment; Panda JV, store expansions & migration to e-commerce to drive performance

Extra's investment case is supported by (1) partnership with Panda - 90% roll out done, (2) growing brick & mortar stores, (3) continued migration to e-commerce – where Extra has one of the best platforms and (4) renewed momentum in consumer finance business – led by successful new product launches. The company has displayed resilience despite sectoral headwinds such as diminishing buying power of consumers, changing consumer preference (discretionary spending shifting from electronics to HORECA) and growing competition in both online and offline channels. Extra posted net income of SAR 124.5mn in Q2-25 up 16.8% Y/Y, exceeding expectations on better margin performance. We expect the company to post normalized revenue and earnings growth of 9.5% and 9.4% in 2025 (2024-28e CAGR 7.1% and 10.3%, respectively). We see JV with Nowpay as a potential game changer for Tasheel. Trading at 2025E PE of 12.9x with a DY of 5.4%, we reiterate our **"Overweight"** rating on the company with PT of **SAR 107.4/share**.

Earnings up 16.8% Y/Y on margin improvement in electronics segment and loan book expansion in financing business: Extra reported net income of SAR 124.5mn up 16.8% Y/Y (AJC: SAR 100.0mn +24.5% deviation). Revenues stood at SAR 2,124mn up 10.6% Y/Y (AJC: SAR 1,961.7mn +8.3% deviation), driven by improvement in all three sales channels (stores, clix, e-commerce). Gross profit stood at SAR 455.2mn up 16.5% Y/Y (AJC: SAR 420.3mn +8.3% deviation), while gross margins were recorded at 21.4%, up 109bps Y/Y (AJC: 21.4% no deviation). The improvement in GPM is owed to better sales-mix and growth in consumer finance. Operating profit reached SAR 148.9mn up 16.7% Y/Y (AJC: SAR 120.0mn +24.1% deviation). Revenue growth was driven by 9.1% increase in electronic retail and 28.4% growth in consumer finance revenue. Retail benefited from mega sales campaign while consumer finance grew on the back of 30% increase in loans. Deviation in operating income is owed to better gross profits and lower than estimated operating expenses. Tasheel posted a net income of SAR 59.8mn in Q2-25, up 27.7% Y/Y compared to SAR 46.8mn in the same period last year.

Electronics business to expand at a 2024-28 CAGR of 5.8% led by partnership with Panda, modern brick & mortar store expansions and continued migration towards e-commerce: Extra has recorded 8.2% growth in core electronics sales over the last twelve months despite tough business environment that is marred by rising inflation, changing consumer preferences and growing competition. We expect the company to record a 5.8% CAGR in electronics sales over 2024-28, driven by (1) Partnership with Panda; Extra in partnership with Panda has opened clix in 50 hypermarkets and 130 supermarkets (almost 90% of the planned opening). The JV is bearing fruit as roughly 4% of the revenue growth of 10.4% in H1-25, came from clix. The company is targeting sales of SAR 1bn from Clix in 3 years (AJC expectation for 2027 is SAR 844mn) and expects limited cannibalization given that 50% of Clix's sales are from SKUs that are not offered in Extra, (2) annual addition of 1 brick & mortar store in carefully selected locations equipped with latest technologies such as large interactive displays, discovery table technology (to experience products not displayed in stores), and (3) continued migration to e-commerce where extra offers one of the best platforms being one of the earliest companies to launch e-shopping platform in 2011. We expect the company's electronic business to post normalized revenue and earnings growth of 7.9% and 3.3% in 2025 (medium term CAGR 5.8% and 4.7%, respectively). Performance would be supported by Extra's wide product range, large network, price competitiveness and product financing solutions.

Recommendation	Overweight
Target Price (SAR)	107.4
Upside / (Downside)*	21.4%

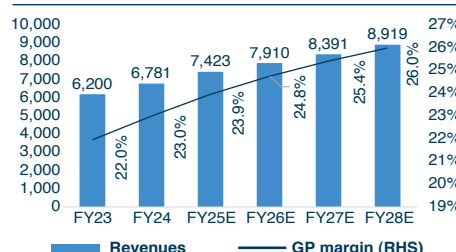
Source: Tadawul *prices as of 17th of Aug 2025

Key Financials

in SAR mn, (unless specified)	FY24	FY25E	FY26E	FY27E
Revenues	6,781	7,423	7,910	8,391
Growth %	9.4%	9.5%	6.6%	6.1%
Gross profit	1,559	1,778	1,958	2,133
EBIT	639	652	701	780
Net Income*	534	549	598	668
Growth %	37.2%	2.6%	9.0%	11.6%
EPS	6.7	6.9	7.5	8.3
DPS	10.0	4.8	4.8	5.0

Source: Company reports, Aljazira Capital Research, * FY24 has SAR 33mn one off, net income includes earnings attributable to non-controlling interest

Fig 1: Revenue and gross margin (SAR mn)



Source: Company reports, Aljazira Capital Research

Key Ratios

	FY24	FY25E	FY26E	FY27E
Gross Margin	23.0%	23.9%	24.8%	25.4%
EBIT margin	9.4%	8.8%	8.9%	9.3%
Net Margin	7.6%	6.2%	6.2%	6.5%
ROA	10.9%	9.5%	9.2%	9.3%
ROE	26.2%	25.3%	25.6%	26.4%
P/E (x)	13.2	12.9	11.8	10.6
P/B (x)	3.5	3.3	3.0	2.8
EV/EBITDA (x)	11.2	11.6	11.3	10.6
Dividend Yield	11.3%	5.4%	5.4%	5.6%

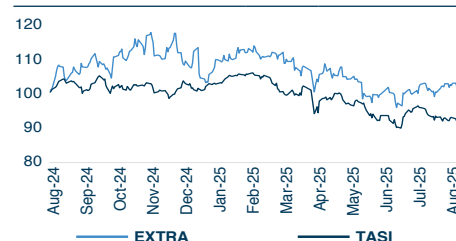
Source: Company reports, Aljazira Capital Research

Key Market Data

Market Cap (SAR bn)	7.1
YTD%	-1.61%
52 weeks (High)/(Low)	105/83.4
Share Outstanding (mn)	80.0

Source: Company reports, Aljazira Capital Research

Price Performance



Source: Bloomberg, Aljazira Capital Research

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Tasheel exceeded expectations in Q2-25; Earnings outlook is solid driven by continued momentum in loan growth; Fintech venture with Nowpay can be a gamechanger: Tasheel posted solid set of results in Q2-25, where earnings grew by 27.7% Y/Y to SAR 59.8mn (up 3.4% sequentially) exceeding AJC and consensus estimate by 7.4% and 6.8%, respectively. The increase was driven by above expected growth in loan book (up 30% Y/Y to SAR 2.72bn) supported by the success of its newly launched product 'Baseeta'. We expect Tasheel to record 26/18% Y/Y growth in loan portfolio in 2025/26 to reach SAR 3,036/3,586mn. The company is likely to experience a renewed earnings momentum in 2025/26 (net income +18.7/24.8% Y/Y to SAR 264.6/330.2mn) driven by 26.0/20.1% Y/Y increase in net income from finance commissions. Overall, we estimate Tasheel to post medium term revenue and earnings CAGR of 17.8% and 16.5% respectively. Tasheel has signed an MoU with Nowpay, a payroll-processing company, to establish a specialized company for payroll administration and processing services in Saudi Arabia. Our back of the envelope working suggests that the new venture has the potential to add SAR 14.5-18.6 per share to our value of Tasheel, assuming the JV can grow the loan portfolio size to SAR 1.3bn in next five years. Note that Nowpay currently has more than 350,000 customers, 250 plus companies and 1.5bn plus monthly payments.

2025E dividend yield of 5.4% is one of the strongest in our coverage universe, which is backed by robust cashflow, debt free balance sheet and low capex intensity: Extra has a debt free balance sheet on a standalone basis (2025E net debt SAR -387.9mn), its capital intensity is low given the nature of agreement with Panda (where Panda incurs the capex on Clix) and a very prudent store expansion strategy (just added one store in last 12 months). We expect capex to average around 1.06% of sales over 2024-28 (SAR 0.96/0.95 per share in 2025/26). The electronic business is expected to generate robust operating cash flow of SAR 7.6 per share in 2025. On top of that it is likely to generate dividend income of SAR 1.10 per share from its investment in Tasheel. The aforementioned will enable the company to maintain one of the highest dividend yields in our coverage universe, we estimate 2025/26E DY of 5.4/5.4% respectively. This is a key factor that limits downside risk for the stock price.

Investment thesis: Extra posted consolidated net income of SAR 124.5mn in Q2-25 up 16.8% Y/Y, exceeding expectations on better margin performance. We expect the company to post normalized revenue and earnings growth of 9.5% and 9.4% in 2025 (medium term CAGR 7.1% and 10.3%, respectively). Electronics business is expected to record revenue and earnings growth of 7.9% and 3.3% in 2025, respectively (medium term CAGR 5.8% and 4.7%, respectively). While we estimate Tasheel to post medium term revenue and earnings CAGR of 17.8% and 16.5% respectively. Extra's investment case is supported by (1) partnership with Panda, (2) growing brick & mortar stores, (3) continued migration to e-commerce and (4) renewed momentum in consumer finance business. At 2025E PE of 12.9x and offering a DY of 5.4% we see room for re-rating in the stock.

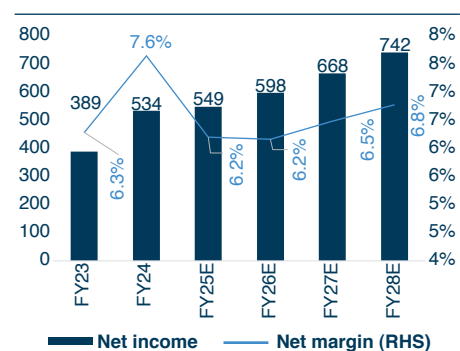
Valuation: We value Extra using sum of the parts approach (SOTP), where we value core electronics business using DCF (2.5% terminal growth and 9.6% COE) to reach value of SAR 74.4/sh, and we value Tasheel at SAR 33.0/sh after applying a 10% conglomerate discount to our fair value of SAR 170.5/sh. We value Tasheel assigning, 50% weight to Dividend Discount Model (20% retention ratio and 10.5% cost of equity) and 50% weight to Residual Income approach (2.5% risk free rate and 10.5% WACC). Downward revision in price target is owed to increase in operating expenses for Tasheel. We reiterate our **"Overweight"** recommendation on Extra, with a revised TP of **SAR 107.4/share**.

Valuation Summary

Electronics business using DCF (A)	74.4
Extra's share in Tasheel 68.75% (SAR mn)	2,930
Conglomerate discount (10%)	2,637
Tasheel value (B)	33.0
Extra's recommended Target Price (SAR/share) A + B	107.4
Up/Downside (%)	21.4%

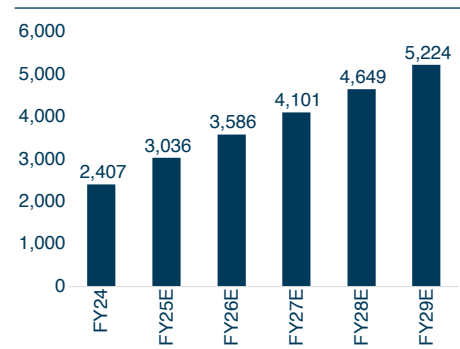
Source: Company's report, AlJazira Capital Research, price as of 17th August 2025

Fig 2: Earnings performance (SAR mn)



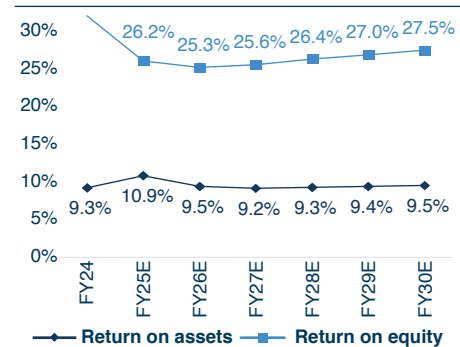
Source: Company reports, AlJazira Capital Research

Fig 3: Tasheel loans (SAR mn)



Source: Company reports, AlJazira Capital Research

Fig 4: ROA and ROE



Source: Company reports, AlJazira Capital Research



Key Financials

Amount in SAR mn, unless otherwise specified	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E
Income statement							
Revenues	6,200	6,781	7,423	7,910	8,391	8,919	9,484
Y/Y	2.8%	9.4%	9.5%	6.6%	6.1%	6.3%	6.3%
Cost of Sales	(4,839)	(5,222)	(5,646)	(5,952)	(6,259)	(6,601)	(6,971)
Gross profit	1,361	1,559	1,778	1,958	2,133	2,318	2,513
GPM	22.0%	23.0%	23.9%	24.8%	25.4%	26.0%	26.5%
Selling, marketing and distribution expenses	(557)	(635)	(699)	(740)	(774)	(809)	(845)
Administrative expenses	(254)	(222)	(294)	(367)	(403)	(440)	(479)
Net impairment losses on financial expenses	(70)	(93)	(133)	(151)	(179)	(208)	(240)
Other expenses	(6)	(3)	(3)	(1)	(1)	(1)	(1)
Other income	6	33	3	2	3	5	6
EBITDA	595	758	762	819	905	998	1,096
EBITDA margin	9.6%	11.2%	10.3%	10.4%	10.8%	11.2%	11.6%
Operating profit	480	639	652	701	780	865	955
Y/Y	-8.0%	33.1%	2.0%	7.6%	11.2%	10.9%	10.4%
Operating Margins	7.7%	9.4%	8.8%	8.9%	9.3%	9.7%	10.1%
Finance charges	(62)	(60)	(52)	(44)	(46)	(48)	(50)
Profit before zakat	418	579	600	657	734	817	905
Zakat	(29)	(45)	(52)	(59)	(67)	(75)	(83)
Net income	389	534	549	598	668	742	821
Y/Y	-11.5%	37.2%	2.6%	9.0%	11.6%	11.1%	10.7%
EPS (SAR)	4.9	6.7	6.9	7.5	8.3	9.3	10.3
DPS (SAR)	3.3	10.0	4.8	4.8	5.0	5.5	6.3
Balance sheet							
Assets							
Cash & bank balance	158	476	668	680	738	820	898
Other current assets	2,204	2,653	2,770	3,064	3,370	3,697	4,043
Property & Equipment	486	486	504	508	505	502	500
ROU assets	451	463	483	501	523	544	565
Other non-current assets	1,142	1,324	1,763	2,071	2,359	2,665	2,986
Total Assets	4,442	5,402	6,187	6,824	7,495	8,229	8,993
Liabilities & owners' equity							
Total current liabilities	1,679	1,662	2,070	2,285	2,497	2,729	2,970
Total non-current liabilities	1,478	1,697	1,947	2,205	2,465	2,748	3,041
Paid -up capital	800	800	800	800	800	800	800
Total owners' equity	1,284	2,043	2,170	2,333	2,532	2,752	2,982
Total equity & liabilities	4,442	5,402	6,187	6,824	7,495	8,229	8,993
Cashflow statement*							
Operating activities	300	601	609	494	543	610	671
Investing activities	(59)	(56)	(76)	(76)	(73)	(78)	(82)
Financing activities	(232)	(226)	(424)	(425)	(429)	(469)	(530)
Change in cash	8	319	108	(7)	41	63	58
Ending cash balance	136	455	564	557	598	661	719
Key fundamental ratios							
Liquidity ratios							
Current ratio (x)	1.4	1.9	1.7	1.6	1.6	1.7	1.7
Quick ratio (x)	0.7	1.1	1.1	1.1	1.1	1.1	1.2
Profitability ratios							
GP Margin	22.0%	23.0%	23.9%	24.8%	25.4%	26.0%	26.5%
Operating Margins	7.7%	9.4%	8.8%	8.9%	9.3%	9.7%	10.1%
EBITDA Margin	9.6%	11.2%	10.3%	10.4%	10.8%	11.2%	11.6%
Net Margins	6.3%	7.6%	6.2%	6.2%	6.5%	6.8%	7.1%
Return on assets	9.3%	10.9%	9.5%	9.2%	9.3%	9.4%	9.5%
Return on equity	32.1%	26.2%	25.3%	25.6%	26.4%	27.0%	27.5%
Market/valuation ratios							
EV/sales (x)	1.4	1.3	1.2	1.2	1.1	1.1	1.1
EV/EBITDA (x)	15.0	11.2	11.6	11.3	10.6	10.0	9.4
BVPS (SAR)	16.1	25.5	27.1	29.2	31.7	34.4	37.3
Market price (SAR)*	88.5	88.5	88.5	88.5	88.5	88.5	88.5
Market-Cap (SAR mn)	7,080	7,080	7,080	7,080	7,080	7,080	7,080
Dividend yield	3.7%	11.3%	5.4%	5.4%	5.6%	6.2%	7.1%
P/E ratio (x)	18.2	13.2	12.9	11.8	10.6	9.5	8.6
P/BV ratio (x)	5.5	3.5	3.3	3.0	2.8	2.6	2.4

Source: Company accounts, Aljazira Capital Research, Dated 17th Aug 2025, *standalone




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RATING
TERMINOLOGY

1. **Overweight:** This rating implies that the stock is currently trading at a discount to its 12 months price target. Stocks rated "Overweight" will typically provide an upside potential of over 10% from the current price levels over next twelve months.
2. **Underweight:** This rating implies that the stock is currently trading at a premium to its 12 months price target. Stocks rated "Underweight" would typically decline by over 10% from the current price levels over next twelve months.
3. **Neutral:** The rating implies that the stock is trading in the proximate range of its 12 months price target. Stocks rated "Neutral" is expected to stagnate within +/- 10% range from the current price levels over next twelve months.
4. **Suspension of rating or rating on hold (SR/RH):** This basically implies suspension of a rating pending further analysis of a material change in the fundamentals of the company.

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