



Arabian Leopard.. a Symbol of Strength and Determination

For the inhabitants of the Arabian Peninsula region, the Arabian Leopard—known in Arabic as An Nimr Al 'Arabi'—has long represented beauty, tranquility, physical strength, fearlessness, and perseverance.

It also captures the spirit of agility and resilience, and the image of the Arabian Leopard signifies our commitment to adaptability and tenacity.

Mirroring the leopard's ability to navigate diverse terrains, Zamil Industrial remains agile in overcoming challenges and thriving in ever-evolving landscapes.

This visual metaphor echoes our dedication to innovation, flexibility, and sustainable growth, aligning seamlessly with Zamil Industrial's ethos

Zamil Industrial Investment Co.
P.O. Box 14441 Dammam 31424
Kingdom of Saudi Arabia

zamilindustrial.com



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Board of Directors



Abdulla Mohammed Al Zamil

- Chairman of the Board



Bander Abdulrahman Al Zamil

- Vice Chairman
- Nomination and Remuneration Committee Member



Sattam Abdulaziz Al Zamil

- Board Member
- Audit Committee Member



Mohammed Sulaiman Al Harbi

- Board Member
- Audit Committee Chairman



Khalid Mohammad Al Fuhaid

- Board Member
- Audit Committee Member



Saud Ghassan Al Sulaiman

- Board Member
- Nomination & Remuneration Committee Member



Adel Saleh Al Ghassab

- Board Member
- Nomination & Remuneration Committee Chairman



Mohammed Ali Al-Sahib

- Chief Executive Officer

Vision

To be a Winning Industrial Leader Creating Superior Values for Business and Community



Honesty and Integrity

We believe that goodwill and a good reputation are integral to our business. We uphold honesty, integrity, professionalism and a high level of business ethics. We are prudent and fair in dealings with our stakeholders.



Customers and Excellence

We are diligent in understanding and fulfilling our customers' needs. We strive to please our customers by ensuring excellence in quality and service. We listen to our customers and "go the extra mile" to satisfy them.



Innovation and Change

We are passionate about meaningful innovation. We are a learning organization. We learn from our experiences and global best practices, and we innovate to create leading local solutions leveraging world class knowledge. We embrace positive change arising from innovation and our aspirations to grow our business.

Mission

To Win Markets' and Stakeholders' Trust Through Industrial Competence and Mutual Prosperity



Leadership and Prudence

We cultivate talent and leadership to create sound business solutions, to best meet our customer needs, and to develop markets, people and shareholder value. We do so by optimizing the use of funds, resources, materials and technologies. We build prudence and cost-effectiveness into our leadership culture and pass on the benefits to our customers.



Community and Prosperity

We believe in mutual prosperity. We aspire to thrive in business while bringing progress and prosperity to our own people and the communities where we operate. Our culture, our ideas, our practices, our environmental concern and our teamwork inspire us to create superior values for people and communities around us.



Chairman's Message



Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the annual report of Zamil Industrial Investment Company (Zamil Industrial) for the year 2023 on the company's overall performance and the outcome of its activities and investments inside the Kingdom of Saudi Arabia and abroad.

In 2023, We had a challenge when a fire broke out in one of the Zamil Air Conditioners and Home Appliances Company factories (one of Zamil Industrial subsidiaries) in Dammam First Industrial City. Fortunately, the fire was under control, with no injuries or fatalities.

We want to emphasize that the turnaround period to conclude the settlement was outstanding, considering the factory size and the damage it sustained. The company would also like to extend its appreciation to all the parties involved who worked diligently during the period to close the file.

Despite the increase in sales of all sectors of the company during the year by 19.3%, the main reasons for the losses that occurred during 2023 include higher Expected Credit Loss (ECL) provisions, increased financing charges, higher Zakat provision and

some business disruption due to fire. Higher ECL is due to several contractors with whom the Company had deals have requested financial reorganization or declared bankruptcy. The Company has attempted to collect the debts in recent years and has exhausted all possible means to do. Therefore, according to accounting standards and the Company's internal policies additional ECL provisions were taken this year for outstanding due that have exceeded a reasonable period of time.

We believe that goodwill and a good reputation are integral to our business. We will continue to prioritize operational and business excellence as the company's executive management and staff collaborate to attain both the company's strategic objectives and the Kingdom's Vision 2030. Regular updates are made to the company's management systems, policies, and procedures while integrating new and global digital transformation technologies is underway. This aims to





Chairman's Message (continued)

enhance flexibility, competitiveness, and efficiency across various company sectors.

We keep pace with the growing demand for mega projects across the Kingdom of Saudi Arabia, in addition to skyscrapers. We are aware of the vital role that construction companies and providers of comprehensive building engineering solutions play in opening broad horizons for winning these massive projects, which represent a golden opportunity to appear at the forefront of leading companies in this field.

Consequently, the Board reformed its specialized committees to support it in performing its duties effectively,

represented by the Audit Committee and the Nomination and Remuneration Committee.

Corporate governance has also been an integral part of our core values. Throughout 2023, Zamil Industrial's Board of Directors was keen to fulfill its duties and ensure that the company's operations were conducted according to the best corporate governance methods.

We pay detailed attention to the Ministry of Commerce and Saudi Exchange's (Tadawul) recommendations to pursue a sound investment environment for shareholders.

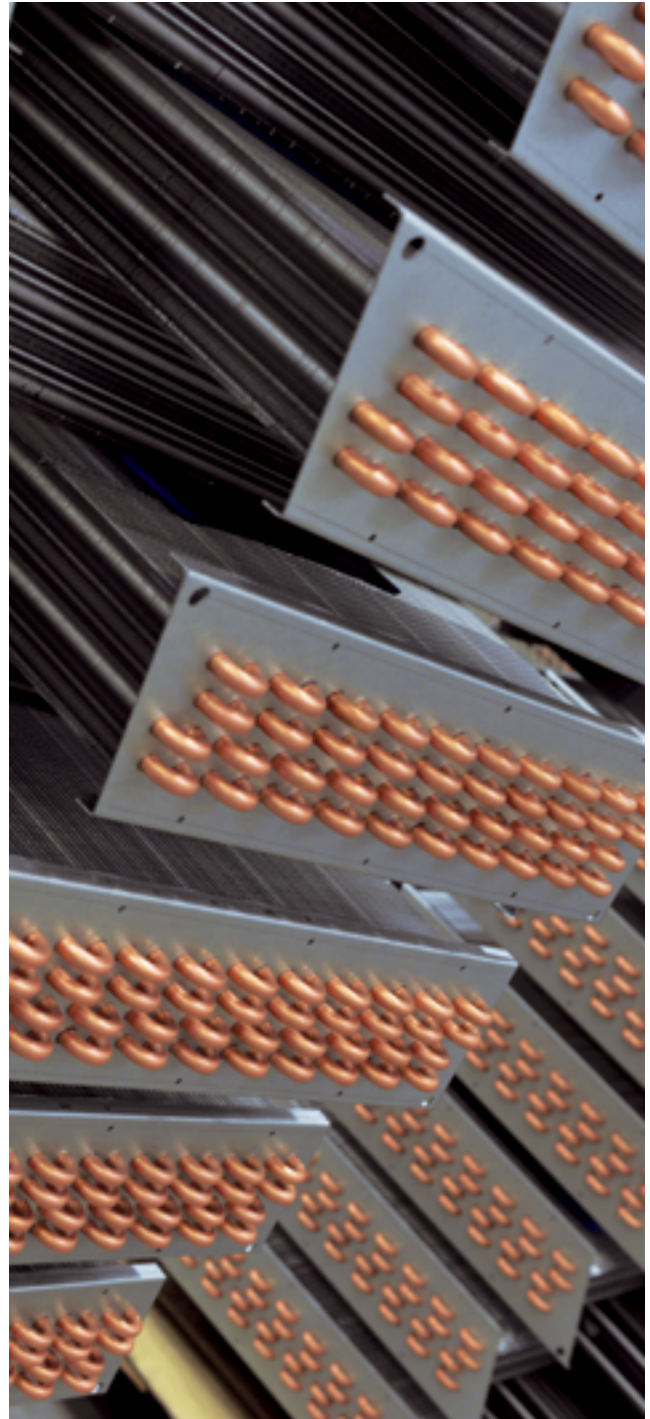
Additionally, the Board of Directors

has chosen to pursue social accomplishments and give precedence to social responsibility. The company has undertaken various social initiatives to strengthen its contribution to the community. Our commitment to social responsibility will drive advancements in this area.

In conclusion, I want to express our confidence in our capacity to sustain and enhance the company's growth, relying on collaborative efforts and trust. It is crucial to acknowledge and appreciate our shareholders' support and extend gratitude to my colleagues on the Board of Directors and the executive management team for their leadership that guides Zamil Industrial and shapes the company's goals and strategic policies.

I want to express my sincere gratitude and appreciation to all Zamil Industrial affiliates for their devoted efforts and valuable contributions to the company's success. We are thankful for our customers' trust in our capabilities and products and our suppliers' support. Having achieved success over numerous years, we look forward to continuing our journey toward further success and prosperity for your company.

Abdulla Mohammed Al Zamil
Chairman of the Board



Board of **Directors'** **Report** for 2023



Dear **Respected Zamil Industrial Shareholders,**

The Board of Directors of Zamil Industrial Investment Company (Zamil Industrial) is pleased to present shareholders with its annual report, including a review of Zamil Industrial's performance, activities and investments inside and outside the Kingdom of Saudi Arabia, and an overview of the company's overall status for the year 2023 by looking at its sectors: Air Conditioning, Steel, Insulation, and other industries.



Organization and Activities

Founded in 1998 and headquartered in Dammam, Saudi Arabia, Zamil Industrial Investment Company (Zamil Industrial) is a publicly listed company and a leading manufacturing and fabrication group that provides engineered products, systems and support services for the construction industry.

Today, we serve clients in more than 90 countries worldwide and operate businesses in three major industrial sectors – Steel, HVAC, and Insulation Materials. We are majority shareholders in joint venture companies and own several subsidiaries. Our companies employ about 9,000 people worldwide.

In keeping pace with the industrialization initiative of Saudi Arabia, Zamil Industrial has chosen to concentrate operations in the building, construction and industrial structures and equipment industries. All operations are ISO 9001 certified, and Zamil Industrial businesses are the regular recipients of prestigious industry rewards in recognition of attention to quality, customer service and leadership in the research and development of new technologies and industrial processes.

Manufacturing facilities operated by Zamil Industrial businesses are currently located in Saudi Arabia, the United Arab Emirates, Egypt, India, and Vietnam. Our companies manufacture and fabricate materials and provide innovative engineering systems, customized solutions and services to clients for use in construction and industrial operations.

Products and services include:

- Pre-engineered steel buildings and structural steel products
- Air conditioning systems, including maintenance, installation and operation services
- Process equipment
- Transmission and telecom towers, open-web joists and steel decks
- Precast concrete products
- Fiberglass and rock wool insulation
- Pre-insulated pipes
- Mineral, rock wool and sprayed polyurethane foam sandwich panels
- Building automation, security and protection systems
- Maintenance and inspection of industrial projects
- Construction and turnkey project solutions



Damman

19**98**
Damman

9,000+
people

55
countries

At Zamil Industrial, we provide customers with total building solutions. Our strength and diversity have enabled us to build the capacity to operate as a single-source provider capable of meeting complete project needs, from engineering and materials to climate control. The company also offers award-winning installation and erection services.

Zamil Industrial shares are available for trading for all Saudis, GCC nationals, and foreign investors (both resident and qualified). They are actively traded on the Saudi Exchange (Tadawul) under the name "Zamil Industrial" (Saudi Stock Exchange: 2240, International Code: SA0007879410). More information can be found at www.saudiexchange.sa.



STEEL



HVAC



INSULATION



Steel

Sector

Zamil Industrial's Steel Sector is represented by **Zamil Steel Holding Company Ltd.** Founded in 1977, Zamil Steel is a global leader in the engineering and manufacturing of various quality steel products and the Middle East's premier supplier of pre-engineered steel buildings, structural steel products and process equipment, transmission, and telecommunications towers, open web steel joists and roof and floor steel decks.





QUALITY CONTROL



STRUCTURAL STEEL



Zamil Steel engineers and produces fabricated steel of low-rise and high-rise steel buildings and structures for diverse industrial, commercial, agricultural, aviation, entertainment, and military applications and in support of infrastructure and development projects. Zamil Steel products are sold in more than 90 countries through an international network of dedicated sales and representative offices, certified builders, agents, and distributors.

Zamil Steel demonstrates its commitment to service at the local level by maintaining a large network of area offices located around the globe, as well as many certified builders, agents, and distributors. These facilities are fully staffed and equipped to provide quick, comprehensive responses to customer inquiries, as well as extensive after-sales service.

Zamil Steel's main factories are based in Dammam, Saudi Arabia. Additional facilities are located in Egypt, Vietnam, India, and the UAE. The company employs hundreds of engineers in its engineering departments in Saudi Arabia, Egypt, Vietnam, and India. Zamil Steel utilizes state-of-the-art engineering and manufacturing software and machinery in the design, estimating, shop detailing, and manufacturing of each of its products.

The company is also the largest supplier of sandwich panels in Saudi Arabia. It produces more than 1.5 million square meters of sprayed polyisocyanurate (PIR) foam and mineral wool sandwich panels annually, in compliance with international standards.

The company also offers engineering services and turnkey solutions for the supply and installation of roof coverings and wall cladding, including secondary members and all related accessories for new buildings as well as retrofitted buildings.

Additionally, the company operates in the field of maintenance and plant turnaround, providing professional services and technical expertise through its highly skilled workforce and a wide range of resources.

Moreover, Zamil Steel offers the engineering, procurement, and construction services needed to complete new projects in different market sectors for a variety of purposes. The company provides the design,

fabrication, and supply of steel buildings, as well as related civil and concrete works; the erection of steel buildings; and the installation of firefighting and fire alarm systems, architectural materials, mechanical systems, electrical systems, and plumbing works through turnkey contracts using full-site management teams.







HVAC

Sector

Zamil Industrial's HVAC Sector is represented by **Zamil Air Conditioners Holding Co. Ltd.** Founded in 1974 as a pioneer in the Saudi Arabian air conditioning industry, the company has expanded over the past five decades to become a leading international manufacturer of air conditioning systems and is currently the number one producer of such systems in the Middle East. Zamil Air Conditioners designs, manufactures, tests, markets, and services a comprehensive range of air conditioning products, from compact room air conditioners and mini splits to large-scale central air conditioners, chillers, and air-handling units for highly specialized commercial and industrial applications.



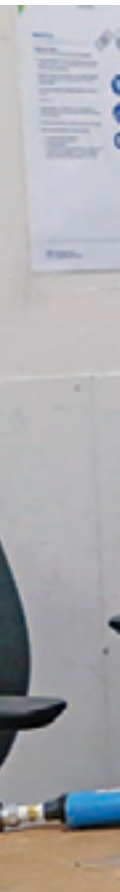


Currently ranked as the region's leading air conditioning equipment service and maintenance provider, the company employs more than 2,500 qualified technicians spread across 21 branches in Saudi Arabia and the GCC countries. The company owns and maintains nearly 2,500 service vehicles equipped with the necessary tools, equipment, and emergency spare parts to repair and service any HVAC unit regardless of brand, capacity, or make.

The company offers professional air conditioning services as well as complete preventive maintenance programs and other related HVAC services aimed at providing regular, scheduled checkups to keep air

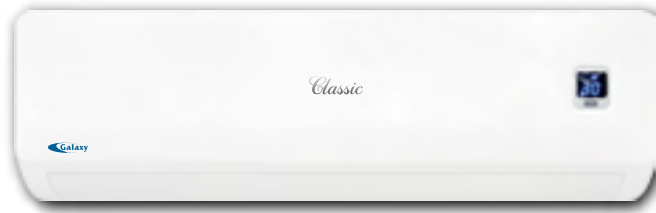
conditioning systems in optimum operating condition. It operates a Service & Parts department and offers annual service and maintenance contracts for banks, industrial establishments, oil and gas companies, retail outlets, and homes, in addition to handling regular customer service calls.

Zamil Air Conditioners has also developed a state-of-the-art Training Center, offering a complete range of courses for the company's own technicians and engineers, as well as for those employed by dealers and large corporate clients.



Moreover, Zamil Air Conditioners owns and operates Ikhtebar, the first independent laboratory created specifically for testing climate control solutions in the Middle East. Ikhtebar, which was constructed in 1984 by Intertek Testing Services and certified by Electrical Testing Laboratories (ETL), offers air conditioning manufacturers and importers a comprehensive range of performance tests for consumer and commercial air conditioners and chillers.





The lab also plays a key role in supporting research and development initiatives in the Heating, Ventilation, and Air Conditioning (HVAC) industry in the Middle East, allowing Zamil Air Conditioners the distinction of being the only manufacturer in the region capable of guaranteeing compliance with local, regional and international specifications and standards for air conditioning products.



Furthermore, the company has been offering solar and green building solutions since 2012, as green building projects, particularly those using solar technology, are on the rise. Driven by a team of experienced industry professionals, the company is adept in engineering, procurement, construction, and retrofit services. Connections with leading companies across the globe provide opportunities to manufacture and supply Solar Modules, Inverters, Batteries, LED lights, and Thermal Heaters in accordance with international safety and quality certificates.

The company offers a complete solution for photovoltaic integration, including power conversion, electrical distribution, monitoring, supervision, and technical support, with a complete solution from the solar panel's DC output to the grid connection with different types of systems.





Insulation

Sector

Zamil Industrial maintains a presence in the insulation sector through **Gulf Insulation Group (GIG)**, of which Zamil Industrial is the managing partner and major shareholder with 51% of the equity. GIG comprises three companies: **Arabian Fiberglass Insulation Co. Ltd. (AFICO)**, **Saudi Rock Wool Factory Company (SRWF)**, and **Investment in PERMA-PIPE GULF ARABIA (PPGA)**. These companies enjoy excellent reputations for the high quality of their environmentally efficient insulation products and solutions, all of which conform to the highest international standards.





GIG operates as a joint venture with Owens Corning, USA, the world leader in the technology of manufacturing fiberglass products. The Group manufactures premium-quality glass wool insulation products for industrial and commercial applications. It is also the only manufacturer of fiberglass insulation products in Saudi Arabia. The Group's premium quality products and services are comparable to those of its counterparts in the United States and Europe.

PERMA-PIPE GULF ARABIA (PPGA) is a Joint Venture between Perma-Pipe International Holdings, Inc. (Nasdaq: PPIH) and Gulf Insulation Group, established to provide pre-insulated piping systems, piping fabrication, internal and external fusion bonded epoxy, three-layer coating services, and leak detection systems.

Since 1992, the Group has been manufacturing rock wool products for construction and industrial customers, providing materials for local and international markets ever since. The company focuses on rock wool, one

of the most effective and widely used thermal, acoustical, and fire insulation materials.

The Group's production capacity reaches 65,000 tons per annum. It currently owns about 80% of the rock wool production capacity in Saudi Arabia and 55% of the existing capacity in the GCC region, using the latest technology in this field. The Group employs qualified technical staff with vast experience in providing the best products and services to customers.

Additionally, the Group has been designing and manufacturing pre-insulated, prefabricated systems for aboveground, underground, cooling/heating and process piping since 1983. It produces high-quality pre-insulated pipes and HDPE products customized to meet the unique requirements of each individual customer as closely as possible. The Group also provides its customers with on-site technical assistance and installation supervision.

In addition, the Group maintains advanced in-house capabilities to perform computerized stress analysis using specialized software. This analysis determines the stresses in the carrier steel pipe; detects any axial movement, which will provide data for the anchor design; and indicates whether the expansion joints are needed.





The Group's high-density polyethylene (HDPE) pipes can be utilized in various applications, including wastewater systems, irrigation systems, gas pipeline systems, lining and relining and potable water systems.



The following table details the company's shares in its subsidiaries:

Subsidiary	Capital	Ownership Percentage	Activity	Country of Operation	Country of Incorporation
1 Zamil Steel Holding Co. – and its subsidiaries:	SAR 250 million	100%	Holdings	KSA	KSA
Zamil Steel Pre-Engineered Buildings Co. Ltd.	SAR 50 million	100%	Steel buildings	KSA	KSA
Zamil Structural Steel Co. Ltd.	SAR 75 million	100%	Structural steel	KSA	KSA
Zamil Towers and Galvanizing Co. Ltd.	SAR 70 million	100%	Transmission and telecommunications towers	KSA	KSA
Zamil Process Equipment Co. Ltd.	SAR 55 million	100%	Process equipment	KSA	KSA
Building Component Solutions Co. Ltd.	SAR 25 million	100%	Insulated sandwich panels	KSA	KSA
Zamil Steel Construction Co. Ltd.	SAR 1 million	100%	Steel industry project management	KSA	KSA
Zamil Inspection and Maintenance of Industrial Projects Co. Ltd.	SAR 2 million	100%	Inspection and maintenance	KSA	KSA
Metallic Construction and Contracting Co. Ltd.	EGP 250,000	100%	Steel buildings	Egypt	Egypt
2 Zamil Air Conditioners Holding Co. – and its subsidiaries:	SAR 310 million	100%	Holdings	KSA	KSA
Zamil Air Conditioners and Home Appliances Co. Ltd.	SAR 173 million	100%	Air conditioners	KSA	KSA
Zamil Central Air Conditioners Co. Ltd.	SAR 101 million	100%	Air conditioners	KSA	KSA
Zamil Air Conditioning and Refrigeration Services Co. Ltd.	SAR 35.7 million	100%	Maintenance and services	KSA	KSA
Ikhteban Co. Ltd.	SAR 500,000	100%	HVAC Testing	KSA	KSA
Eastern District Cooling Co. Ltd.	SAR 1 million	100%	District cooling systems	KSA	KSA
Zamil Energy Services Co. Ltd.	SAR 10 million	100%	Technical engineering services	KSA	KSA
Zamil Air Conditioning and Refrigeration Services Co. W.L.L.	BHD 270,000	100%	Maintenance and services	Bahrain	Bahrain
3 Arabian Stonewool Insulation Co.	SAR 10 million	100%	Stonewool insulation	KSA	KSA
Second Insulation Co. Ltd.	SAR 50,000	100%	Insulation materials marketing	KSA	KSA
• Gulf Insulation Group (CJSC)	SAR 100 million	51%	Holdings	KSA	KSA
• Saudi Preinsulated Pipes Industries.	SAR 7.2 million	51%	Pre-insulated pipes		
4 Zamil Steel Buildings Co.	EGP 200 million	100%	Steel buildings	Egypt	Egypt
5 Zamil Steel Buildings (Shanghai) Co. Ltd.	RMB 12.5 million	100%	Steel buildings	China	China
6 Zamil Steel Buildings India Pvt. Ltd	INR 1107.747 million	100%	Steel buildings	India	India
7 Zamil Steel Engineering India Pvt. Ltd.	INR 51.2 million	100%	Engineering office	India	India
8 Zamil Industrial Investment Co. (LLC)	AED 5 million	100%	Holdings	UAE	UAE
9 Zamil Steel Industries (LLC)	AED 20 million	100%	Steel buildings	UAE	UAE
10 Zamil Structural Steel Co. Ltd.	USD 10 million	100%	Structural steel	Egypt	Egypt
11 Zamil Construction India Pvt. Ltd.	INR 43.682 million	100%	Steel industry project management	India	India
12 Zamil Information Technology Global Pvt. Ltd.	INR 23.5 million	100%	Information technology	India	India
13 Zamil Higher Institute for Industrial Training	SAR 8.14 million	100%	Industrial training	KSA	KSA
14 Zamil Air Conditioners India Pvt. Ltd.	INR 3363.73 million	100%	Air conditioners	India	India
15 Saudi Central Energy Co. Ltd.	SAR 1 million	100%	District cooling project management	KSA	KSA
16 Zamil Industrial Investment Co. Asia Pvt. Ltd.	SGD 1	100%	Holdings	Singapore	Singapore
17 Zamil Steel Buildings Vietnam Co. Ltd.	USD 13.2 million	100%	Steel buildings	Vietnam	Vietnam

A portion of the parent company's shares in the subsidiaries outside Saudi Arabia listed above is in the names of members of the Board of Directors or senior executives in their capacities as shareholders nominated to act on behalf of the parent company in accordance with legal requirements in the countries where such subsidiaries operate.

2 The Company's Investments

Investments in associates are as follows:

1. A 50% share in Rabiah & Nassar and Zamil Concrete Industries Co. Ltd., whose main headquarters is located in Riyadh and is engaged in the production of precast concrete products.

Investments in joint ventures are as follows:

1. A 51% share in Middle East Air Conditioners Company Limited, whose main headquarters is located in Dammam. It engages in the sale and promotion of air conditioners.

2. Zamil Industrial owns 51% of Gulf Insulation Group (GIG) which in turn owns 40% of Perma Pipe Gulf Arabia Company Limited (PPGA). Zamil Industrial effectively owns 20.4% of PPGA, whose main headquarters is located in Dammam. It engages in the manufacturing and sale of sound and heat insulation materials such as pre-insulated pipes.

Available for sale investments are as follows:

1. A 2.11% share in Kinan International for Real Estate Development Company (Closed Joint Stock Company). Its principal activity is investment in real estate.

3 Future Plans and Important Decisions

The company's principal future plans and important decisions include:

- A) Continued efforts to expand and increase the yields of adjacencies of the company's sectors in its operating geographic regions to enhance the company's ability to control the value chain, thus maximizing the company's chances of earning higher returns for owners.
- B) Continue to rationalize expenditures and increase production efficiency and cash management, which will enable the company to improve its financial position and earn higher returns for owners.
- C) Right-size a selection of activities in an effort to maximize yields and mitigate costs.



Performance Highlights

Revenues amounted to SAR 4,684.4 million as of 31 December 2023, an increase of SAR 758.2 million (19%) from SAR 3,926.2 million in 2022. Net loss for the year, after deducting Zakat and tax, was SAR 297.8 million, compared with a net loss of SAR 178.1 million in 2022,

an increase of 67%. Loss per share, after deducting Zakat and tax, was SAR (4.96), compared with SAR (2.97) during the same period in 2022. Comparative figures have been reclassified to conform with the presentation in the current period.

The following table details the contribution of each principal activity to the total annual revenues:

Item	2023	2022	Change
Air Conditioning Industry	32.2%	37.3%	3.0%
Steel Industry	61.7%	57.7%	27.6%
Insulation Industry	7.0%	5.7%	47.6%
Head Office and Others	(0.9%)	(0.7%)	70.0%
	100%	100%	

A) Statement of Income:

Item (SAR '000)	2023	2022	2021	2020	2019
Sales	4,684,427	3,926,186	3,523,817	3,382,962	4,038,583
Cost of sales	4,112,192	3,374,758	3,048,073	2,936,601	3,451,737
Gross profit	572,235	551,428	475,744	446,361	586,846
Total expenses	1,108,967	710,716	647,948	654,470	738,568
Other income, net	284,827	9,959	28,674	63,256	30,735
Zakat	45,938	28,740	15,887	15,020	17,822
Net income	(297,843)	(178,069)	(159,417)	(159,873)	(138,809)

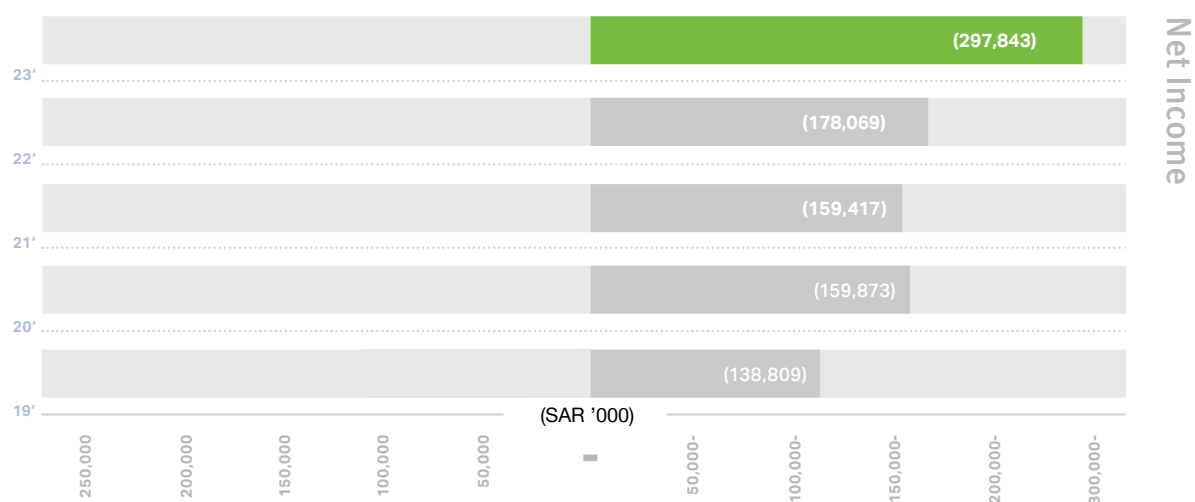
B) Balance Sheet:

Item (SAR '000)	2023	2022	2021	2020	2019
Current assets	4,969,382	4,840,592	4,432,260	3,867,073	4,100,238
Current liabilities	5,144,490	4,768,924	4,276,517	3,647,001	3,696,223
Working capital	(175,108)	71,668	155,743	220,072	404,015
Other long-term assets	409,975	427,888	486,966	539,794	582,452
Fixed assets	692,971	738,547	804,853	868,553	960,708
Total assets	6,072,328	6,007,027	5,724,079	5,275,420	5,643,398
Current liabilities	5,144,488	4,768,924	4,276,517	3,647,001	3,696,223
Long-term loans	1,150	13,862	7,040	14,510	144,986
Other long-term liabilities	279,132	276,383	290,898	279,001	322,354
Total liabilities	5,424,770	5,059,169	4,574,455	3,940,512	4,163,563
Paid capital	600,000	600,000	600,000	600,000	600,000
Reserves and retained earnings	(148,197)	170,883	366,724	533,469	678,767
Minority interest	195,753	176,975	182,900	201,439	201,068
Shareholders' equity	647,558	947,858	1,149,624	1,334,908	1,479,835
Total liabilities and shareholders' equity	6,072,328	6,007,027	5,724,079	5,275,420	5,643,398

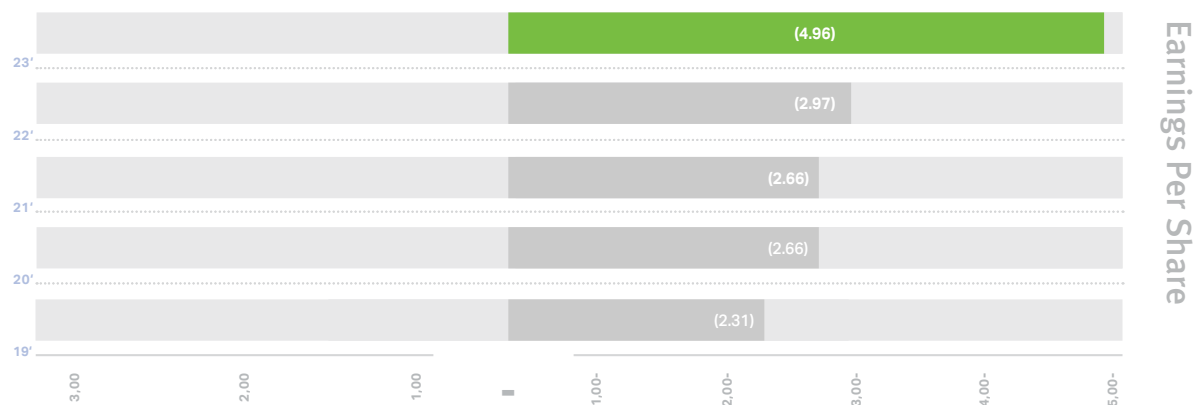
C) Outcome of Operation Activities:

Item (SAR '000)	2023	2022	Change	%
Sales	4,684,427	3,926,186	758,241	19%
Cost of sales	4,112,192	3,374,758	737,434	22%
Total operating profits (loss)	(329,543)	(41,449)	(288,094)	695%
Expenses of main operations	901,778	592,877	308,901	52%
Other revenue/expenses	77,638	107,880	(70,777)	-66%
Deductions: Zakat or tax	45,938	28,740	17,198	60%
Net profits (loss)	(297,843)	(178,069)	(100,340)	56%

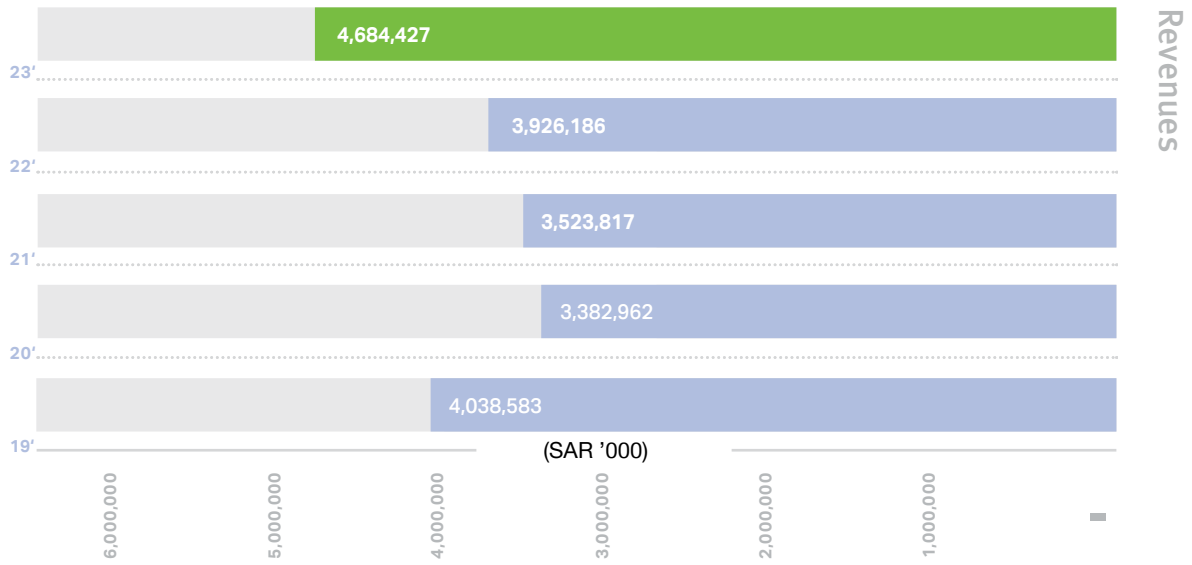
The following chart shows net incomes over the past five years:



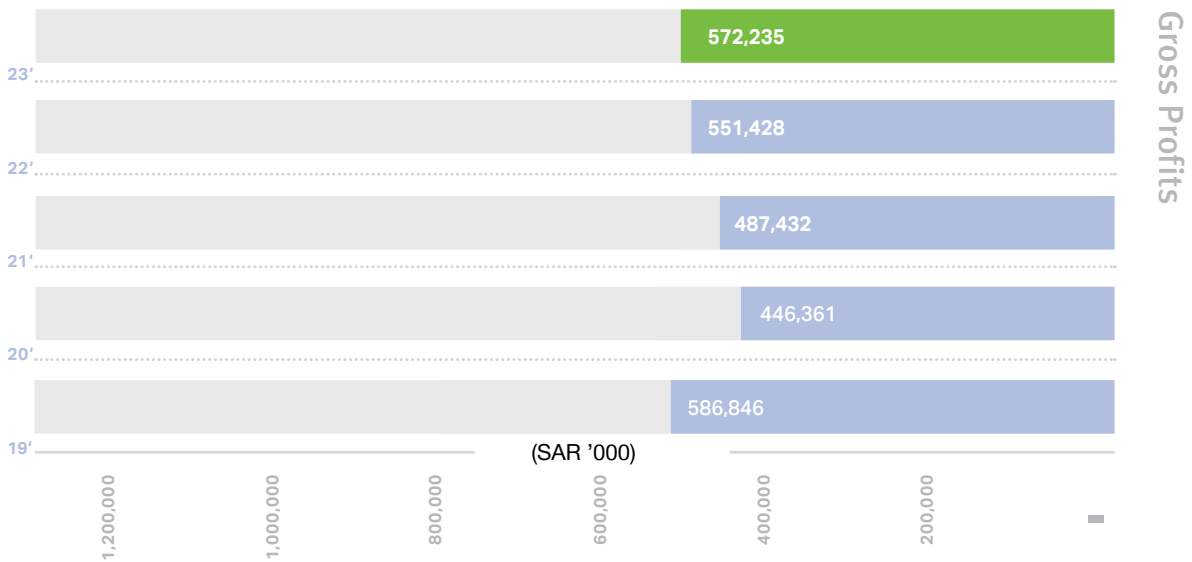
The following chart shows earnings per share over the past five years



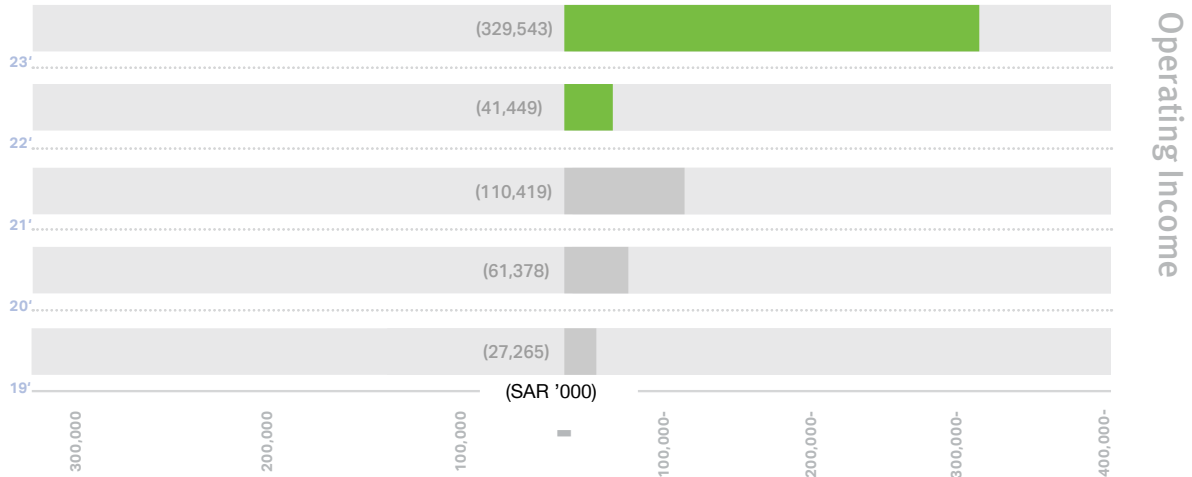
The following chart shows consolidated revenues over the past five years:



The following chart shows gross profits over the past five years:



The following chart shows operating incomes over the past five years:



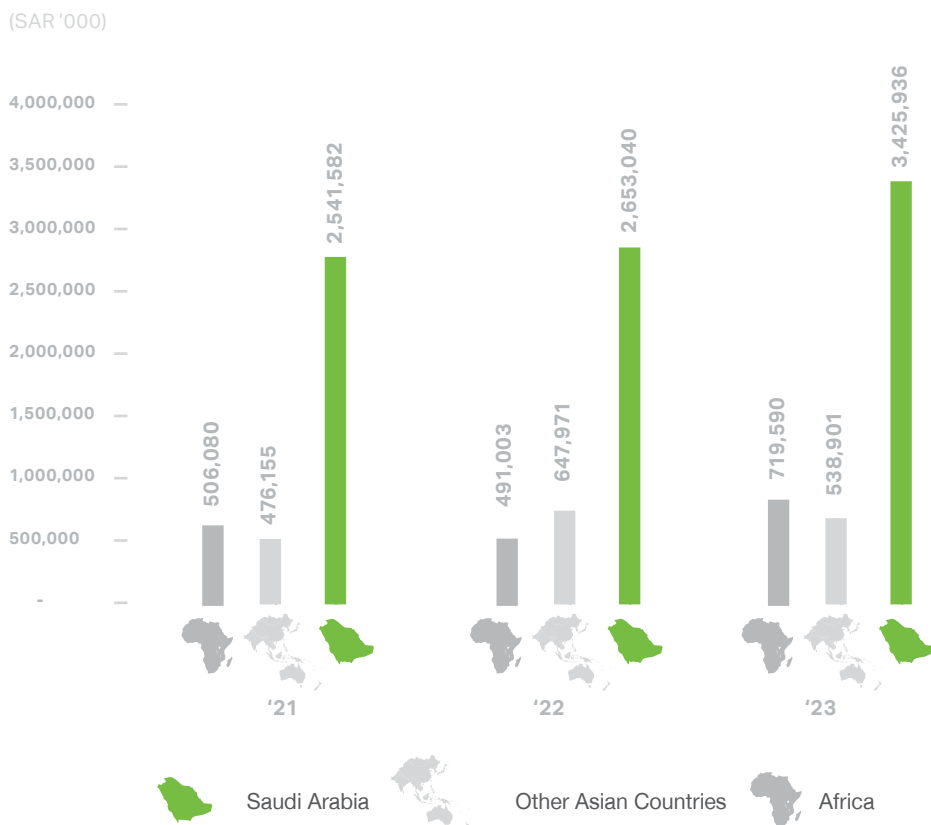
The Steel sector's revenue in 2023 was SAR 2,892 million, an increase of 28%. The AC sector's revenue increased by 3% to SAR 1,508 million. The Insulation sector's revenue also saw a 48% increase to SAR 328 million, as shown in the following chart:

Sales by Business Segments



Geographically, the company's revenues based on operations in the Kingdom of Saudi Arabia totaled SAR 3,426 million. Revenues of the company's subsidiary factories outside the Kingdom of Saudi Arabia totaled SAR 1,258 million. This analysis, however, does not include exports, which are detailed in the exports section of the report.

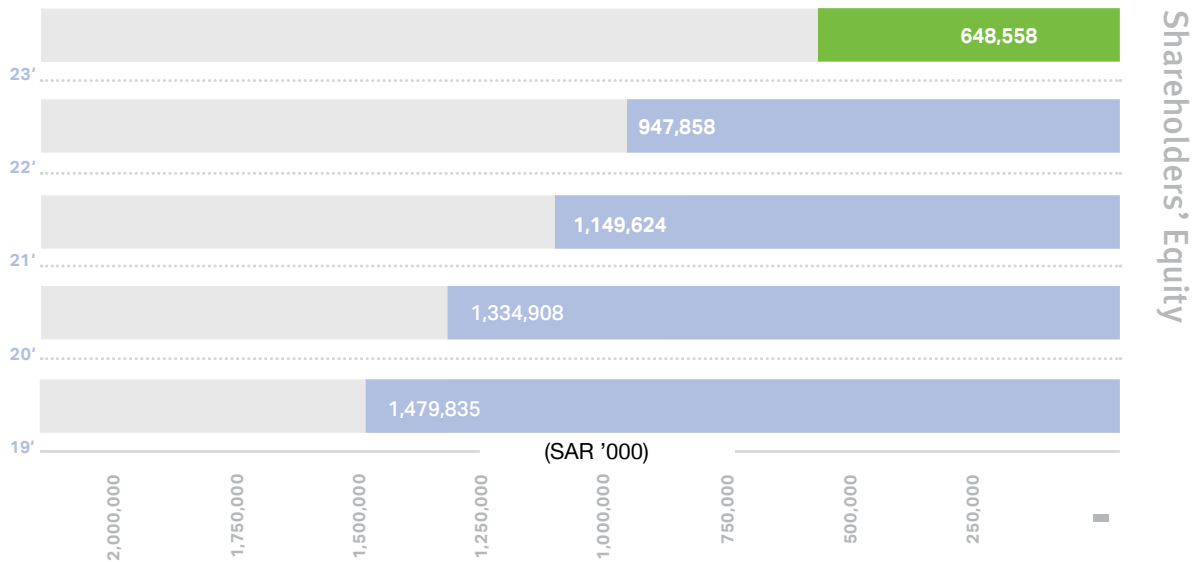
Sales by Geographic Area



The following chart shows the company's assets and liabilities over the past five years.



Shareholders' equity saw a drop of 63% to SAR 648 million, compared with SAR 947 million in 2022, as shown in the following chart:



The company's exports amounted to about SAR 600 million in 2023, compared with SAR 657 million in 2022. The company's products are exported to more than 90 countries by means of a network of sales and representative offices around the world.



5 On inconsistencies with the Saudi Organization for Certified Public Accountants' Accounting Standards

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed in the Kingdom of Saudi Arabia, as well as other standards and versions endorsed by the Saudi Organization

for Certified Public Accountants. The Board of Directors declares that no inconsistencies exist with the approved accounting standards. All comparative figures have been reclassified in accordance with the new International Financial Reporting Standards.

6 Loans

This comparison table details loans contracted by the company's management:

Item	2023	2022	Date Obtained	Due Date	Base Loan Amount	
	(SAR '000)	(SAR '000)			(SAR '000)	Lender
Loan No. 1	-	5,500	29/08/2012	24/04/2024	128,037	Saudi Industrial Development Fund
Loan No. 2	10,000	20,000	30/11/2021	01/12/2024	30,000	SABB - Saudi British Bank
Loan No. 3	2,001	2,657	31/03/2021	07/04/2027	2,265	HDFC Bank India
	12,001	28,157				
Less: Current installment	(10,851)	(14,145)				
Less SIDF Front-End Fees	-	(150)				
	1,150	13,862				

7 Financial Risk Management Objectives and Policies

The Group's principal financial liabilities comprise loans and borrowings and accounts payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include accounts receivables, net investment in finance lease, short-term deposits, cash and cash equivalents that derive directly from its operations. The Group also holds investment in unquoted shares that is classified as equity investment at fair value.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management regularly review the policies and procedures to ensure that all the financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Group does not engage into any hedging activities. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

- A) Market risk:** Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commission rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, short-term deposits and equity instruments at fair value through other comprehensive income. The sensitivity analyses in the following sections relate to the position as at 31 December 2023.

Commission rate risk

Commission rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market commission rates. The Group's exposure to the risk of changes in market commission rates relates primarily to the Group's long-term and short-term loans and its short-term deposits. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates. At 31 December 2023, the Group's exposure to commission rate risk was not significant as its major long-term and short-term loans were subject to fixed commission rates.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries and associates. The Group did not undertake significant transactions in currencies other than Saudi Riyals, US Dollars,

Japanese Yen, Egyptian Pound, Indian Rupees, Bahraini Dinar, and Euros during the year. As Saudi Riyals are pegged to US Dollars, balances in US Dollars are not considered to represent significant currency risk. The Group is exposed to currency risk on transactions and balances in Euros, Japanese Yen, Indian Rupees, Bahraini Dinar and Egyptian Pound. The Group manages currency risk exposure to Euros, Japanese Yen, Indian Rupees, Bahraini Dinar and Egyptian Pound by continuously monitoring the currency fluctuations. At 31 December 2023, the Group's exposure to foreign currency changes for its accounts receivable and accounts payable was not material.

The Group is exposed to significant foreign currency changes on its net investment in foreign operations in Egyptian Pounds and India Rupees. The following tables demonstrate the sensitivity to a reasonably possible change in Egyptian Pound and Indian Rupee exchange rates, with all other variables held constant. The impact on the Group's pre-tax equity is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

Commodity risk

The Group is exposed to the impact of market fluctuations of the price of various inputs to production including steel, electric parts, glass materials and electricity. The Group prepares annual budgets and periodic forecasts including sensitivity analyses in respect of various levels of such materials to manage the risk.

Equity price risk

The Group's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity

portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

- B) Credit risk:** Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk on its bank balances, short-term deposits, accounts receivables, contract assets, net investment in finance lease and some other receivables.

Accounts receivable and contract assets

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers, monitoring outstanding receivables and ensuring close follow ups.

Bank balances and short-term deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. The Group seeks to manage its credit risk with respect to banks by only dealing with reputable banks. At the reporting date, no significant concentration of credit risk were identified by the management.

- C) Liquidity risk:** Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to realize financial assets quickly at an amount close to its fair value. The Group manages its liquidity risk by monitoring working capital and cash flow requirements on regular basis. The Group manages its liquidity risk by ensuring that bank facilities are available. The Group's terms of sales require amounts to be paid within 30 to 180 days of the date of submitting the invoice. Trade payables are normally settled within 30 to 120 days of the date of purchase.

Excessive concentration risk

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's management focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

8

Due Statutory Payments

The following table shows paid and due statutory payments for 2023:

Item	2023	2022
	(SAR '000)	
Custom charges	56,717	78,521
Visas and passports	25,640	21,120
Zakat and tax	433,739	287,619
General Organization for Social Insurance	41,027	40,637
Other	-	-
Total government charges:	557,123	427,897

Awards, Certifications and Quality

All Zamil Industrial subsidiaries are ISO 9000 certified by recognized competent organizations. Additionally, most subsidiaries have obtained OHSAS 18001 Occupational Health and Safety Management Systems, ISO 14001 Environmental Management System (EMS) certification, and other international standard certificates.

In 2023, Zamil Steel Buildings India received a Certificate of Appreciation for its outstanding performance and valuable contribution to health, safety, and the environment. The company achieved “500,000 safe working hours in 2022 to 2023” at the Jhagadia site of Saint Gobain Industries India Pvt. Ltd.

In January, Zamil Projects, a division of Zamil Air Conditioning and Refrigeration Services Co, successfully completed the accreditation processes for its Occupational Health and Safety Management System (ISO 45001) and Environmental Management System (ISO 14001).

The inspections and audits conducted by TÜV SÜD Middle East LLC confirmed that Zamil Projects fully complies with the latest international standards, ISO 45001:2018 and ISO 14001:2015.

In March, The Vietnam Economic Times newspaper, in coordination with the Ministry of Foreign Affairs and the Government of Danang City, awarded the Golden Dragon Award 2022 to Zamil Steel Buildings Vietnam Co Ltd as one of the Top 50 Foreign Investment Enterprises (FIEs) with significant contributions to the development of Vietnam’s economy.

In October, Zamil Steel was awarded the prestigious “TEKLA BIM Award Middle East 2023” in the “Infrastructure” category. This esteemed recognition is a testament to Zamil Steel’s commitment to excellence and innovation in the construction industry.

The winning project is the remarkable steel bridge at “The Move – North Beach Crescent” project in Jubail, eastern Saudi

Arabia. In addition to the artistic bridge, the project features luxurious leisure facilities, entertainment, and fine dining. This iconic structure showcases Zamil Steel’s expertise in designing and engineering state-of-the-art infrastructure solutions.

Zamil Steel’s triumph in winning this award is particularly noteworthy as it marks the company’s first participation in the Middle East competition. This achievement underscores Zamil Steel’s ability to deliver exceptional results and exceed industry standards. Zamil Steel’s success in this competition further solidifies its position as a leader in using advanced technologies to drive progress and efficiency within the industry.

In November, the Corporate Loss Prevention Department at Zamil Industrial Investment Company Successfully received (ISO 9001, ISO 14001 & ISO 45001).

They have been assessed by ABS Quality Evaluations, Inc. and found Zamil Industrial Investment Company to conform with the requirements set forth by (ISO 9001:2015) for the quality management system.

The Quality Management System 9001 is a set of standards and conditions related to the quality of the product provided by the company, and it is an acknowledgment that the product meets all international quality standards.

Zamil Industrial Investment Company has also received (ISO 14001:2015) Environmental Management System. It aims to reduce and eliminate the adverse impact of a company's actions on natural resources. And received (ISO 45001:2018) Occupational Health & Safety Management System. The (ISO 45001) will give a company all the necessary tools and techniques to minimize on-job incidents, proactively improve health and safety performance, prevent injuries, and promote a safety culture within the environment.



10

Human Resources

Zamil Industrial attaches great importance to its human resources, as they are the most important element in the company's management and operation and are the basis for excellent business performance. Since its inception, the company has focused on attracting candidates with top-notch credentials and practical qualifications for key positions. In addition, the company has focused on developing human competencies by providing excellent growth and learning opportunities for its employees in all areas and sectors of the company.

At the end of 2023, Zamil Industrial employed a total of nearly 7,526 people in Saudi Arabia, an increase of 7.51% from the previous year.

The company's Saudization rate increased by 1.28% during 2023, especially in the Steel sector, which witnessed an increase from 24.36% to 33.60%, while the insulating

sector maintained a Saudization rate of 28%. The total number of Saudis in the companies increased by 1.17%.

The number of Saudi women working in the various divisions and departments has increased to 129. Attention was paid to fully complying with the Nitaqat nationalization program when hiring new employees, which ensures an increasing number of Saudi employees in the companies.

As an integral part of Zamil Industrial's commitment to diversity in the workplace, the company has developed a sustainable program to employ people with disabilities. The company now employs more than 90 people with disabilities in various business units and functional areas, either on-site or remotely, with appropriate awareness sessions conducted internally. In addition, the company regularly organizes seminars for officials and managers in Zamil Industrial's main sectors and departments, informing them of best practices in dealing with people with disabilities in the workplace.

The Human Capital Department, in cooperation with the Information Technology Department, also launched many digital services under the Oracle Fusion system related to employee management and development. The most prominent of these were the goals and performance monitoring system and the training and education system.

Corporate Human Capital continued to organize several social events for Zamil Industrial employees last year. These events included entertainment and educational programs, health and wellness campaigns, programs to celebrate national occasions, and other programs and events, the best known of which is the “Tistahil” program, which aims to provide employees with special discounts at merchants and services in all areas of life, from healthy lifestyles to children’s entertainment to resorts and accommodations and more, as well as the launch of the “iCare” platform, an employee grievance and whistle-blowing platform that all employees around the world can access to have their voices heard and responded to with the utmost confidentiality.

employees with special discounts at merchants and services in all areas of life, from healthy lifestyles to children’s entertainment to resorts and accommodations and more, as well as the launch of the “iCare” platform, an employee grievance and whistle-blowing platform that all employees around the world can access to have their voices heard and responded to with the utmost confidentiality.

11

Training and Development

Zamil Industrial is committed to providing training programs with outstanding content and value to ensure the success and continued development of its employees and all the company's business units.

Zamil Industrial's Human Capital conducted a series of virtual workshops throughout the year. Hundreds of employees representing Zamil Industrial's sectors, business units, and functional areas participated in these online workshops and training sessions.

The workshops covered vital topics, including Zamil Industrial’s core values, critical business skills, transformative change, absence management, workplace diversity, stress management, customer service orientation, communication skills, financial and business awareness, people management, results orientation, technology awareness, and more. The workshops also included policy refresher sessions to help employees better understand the nature and functions of specific policies.

Corporate Human Capital has also developed a transformational, role-specific assessment and development program for Procurement and Sales. These programs aim to improve and develop employees' competencies and skills in these two critical functions. They have been made available to the HVAC sector.





12 Corporate Social Responsibility

Zamil Industrial is proud of its strong commitment to social responsibility. It believes in its essential role in serving and developing the community.

This responsibility is manifested through Communication and establishing partnerships with charitable organizations and societies to help the needy, supporting ambitious initiatives, projects, and activities that contribute to the prosperity of communities, also making Active participation in job fairs, believing in the importance of providing job opportunities for young people.

Zamil Industrial emphasizes its commitment to supporting various community service and development programs, believing that social responsibility is an ethical and human duty. In 2023, Zamil Steel Buildings India was a key sponsor at the 9th edition of Steel Day, held at the Lalit Hotel in Mumbai. This event, themed “Technology Transforming the Usage of Steel in Construction,” attracted over 500 attendees from diverse areas within the steel industry.

Throughout this two-day conference, builders, architects, consultants, contractors, suppliers, fabricators, engineers, fire protection experts, and product and service providers convened to discuss the future of steel construction.



In January, Zamil Industrial signed a long-term partnership agreement with LinkedIn, the world's largest professional network, to launch the "LinkedIn Learning" educational platform for Zamil Industrial employees because we believe that our employees are more likely to reach their potential if they are equipped with the right skills and knowledge.

In February, Zamil Industrial participated as a Gold Sponsor in The Big 5 Saudi, the Kingdom's premier construction event, at the Riyadh Front Exhibition & Conference Center.

At this year's exhibition, more than 750 exhibitors from 40 countries presented the latest products, materials, and solutions for the construction industry. The event was attended by thousands of professionals and offered comprehensive solutions for the local and regional construction industries. In April, the inauguration ceremony of the "ĐỒ" Theater was held in the presence of H.E. Pham Minh Chinh, Prime Minister of the Socialist Republic of Vietnam, and Krishnakanth Kodukula, General Director of Zamil Steel Buildings Vietnam.

The Theater was Designed and supplied entirely by Zamil Steel Buildings Vietnam; the Vietnam Record Association awarded the project the record for a theater with unique indigenous architecture. Inspired by the "ĐỒ," a traditional fishing tool of the Vietnamese people, the "ĐỒ" Theater was built as a work of art in the center of Vega City Resort, an entertainment and art complex in Nha Trang, Khanh Hoa, Vietnam.

In September, a number of Zamil Industrial employees participated in a training course on Toyota's Flexible Manufacturing System, organized by the Saudi Ministry of Industry and Mineral Resources in cooperation with its Japanese counterpart. The program consisted of theoretical lectures and factory visits to exchange knowledge and transfer Japanese expertise.

In September also, a Saudi commercial delegation of 80 male and female entrepreneurs representing more than 50 Saudi companies, accompanied by representatives of specialized national bodies and centers, visited the factory of Zamil Steel Company in Vietnam, one of the most prominent Saudi industrial enterprises in the capital of the Socialist Republic of Vietnam, which had spent more than 25 years representing Saudi cross-border investments. The visit was part of the delegation program to visit several Vietnamese cities and to learn about investment opportunities in the framework of trade, investment, and industrial cooperation between the two countries.

In October, Zamil Industrial participated in the Wadaef Job Fair 2023, held at Dhahran, under the patronage of HRH Prince Saud bin Naif bin

Abdulaziz, Governor of the Eastern Province. The event, which showcased more than 5,000 job opportunities from nearly 120 participating companies from across the Kingdom, provided an important opportunity for job seekers of both genders, especially the most qualified, to meet with various national and international companies to discuss their professional goals and learn about available career opportunities.

In October, Prime Minister Pham Minh Chinh and a high-ranking Vietnamese delegation arrived in Riyadh to attend the ASEAN-Gulf Cooperation Council (GCC) Summit. They met with countries' leaders, leading corporations, and significant investment funds during their visit to Saudi Arabia. Prime Minister Pham Minh Chinh met with leaders of Zamil Group, Zamil Industrial Investment Company (ZIIC), and Zamil Steel Vietnam; he acknowledged Zamil Steel's contribution to the development of Vietnam's economy, thanks to the two factories it built locally, which created jobs for over 1,000 employees and exported products from Vietnam to other economic regions.

In November, The Loss Prevention Department at Zamil Industrial, in cooperation with The Saudi Authority for Industrial Cities and Technology Zones (MODON) in First Industrial City, organized a visit for family and community medicine students at the College of Medicine at Imam Abdul Rahman bin Faisal University in Dammam, within the University Fellowship Program, an introductory visit starting with a presentation on the Loss Prevention Department and the Occupational Safety and Health Management System, and concluded with a field visit to the Zamil Steel "Pre-engineered steel buildings."

Also, in November, 35 graduates from the College of Civil Engineering at Imam Abdul Rahman bin Faisal University visited the Zamil Pre-Engineered Steel Buildings Company to learn more about the factory's production lines and engineering departments and determine the work progress.

Also, in November, Zamil Construction conducted two-day in-house training for the CANDY-RIB software by the tendering and estimation team. The program aimed to empower participants in implementing this cutting-edge technology, which is expected to improve efficiency, accuracy, and progress of estimation and costing processes.

Zamil Steel also launched its annual seasonal flu vaccination campaign at the start of winter. The campaign occurs in November in First Industrial City in Dammam.

In December, Zamil Industrial participated in the "Big 5 Global" Building and Construction Show, held in Dubai, United Arab Emirates, at the Dubai World Trade Center, As part of their continued branding and networking effort.

13 Capital and Shares' Details

The following table details the company's capital. No debt instruments are convertible to stock.

Item	2023	2022
Authorized and fully paid share capital	SAR 600 million	SAR 600 million
Issued shares	60 MILLION SHARES	60 MILLION SHARES
Nominal value	SAR 10	SAR 10

14 Corporate Governance Controls

The company has adhered to all mandatory provisions of the Corporate Governance Regulations while disclosing in general terms the details in subparagraph (b) of paragraph (4) of Article (90) of the Corporate Governance Regulations according to the table contained in paragraph (3) of Clause (26) of this report.

15 Board of Directors' Composition

The Board of Directors comprises seven members who were elected by the General Assembly on 21/04/2022 for the current term, which runs from 01/05/2022 through 30/04/2025, for three years, in accordance with the Companies' Law and the Company's bylaws. The following table shows the names, positions, and classifications of members of the Board of Directors in accordance with corporate governance controls:

Name	Position	Classification
Abdulla Mohammed Abdullah Al Zamil	Chairman of the Board of Directors	Non-executive
Bander Abdulrahman Abdullah Al Zamil	Vice Chairman	Non-executive
* Mohammed Sulaiman Mohammed Al Harbi	Member	Non-executive
Sattam Abdulaziz Abdullah Al Zamil	Member	Non-executive
Khalid Mohammad Saleh Al Fuhaid	Member	Independent
Adel Saleh Mohsen Al Ghassab	Member	Independent
Saud Ghassan Ahmed Al Sulaiman	Member	Independent

* The company announced the Board of Directors decision (by circulation) on December 14, 2023, to appoint Mohammad Al-Harbi (Non-Executive Board member) as a managing director of the company and to amend the membership status to be an executive member as of January 16, 2024. Note that this change did not affect the level of independence of the Board of Directors, according to Paragraph (3) of Article (16) of Corporate Governance issued by the Capital Market Authority.

16 A description of any interest in a class of voting shares held by persons who have notified the company of their holdings, together with any change to such interests during the last fiscal year:

There are no interests in a class of voting shares held by persons who have notified the company of their holdings or any change to such interests during the last fiscal year.

17 A description of any interests, contractual securities or rights issues of Board members and their relatives on shares or debt instruments of the company:

Name	At year's beginning		At year's end		Net change	Change percentage
	Number of shares	Debt instruments	Number of shares	Debt instruments		
Mohammad Sulaiman Mohammad Al Harbi	1,000	0	1,000	0	0	0%
Khalid Mohammed Saleh Al Fuhaid	1,000	0	1,000	0	0	0%
Abdulla Mohammed Abdullah Al Zamil	21,000	0	21,000	0	0	0%
Adel Saleh Mohsen Al Ghassab	1,000	0	1,000	0	0	0%
Sattam Abdulaziz Abdullah Al Zamil	10	0	10	0	0	0%
Bander Abdulrahman Abdullah Al Zamil	1,000	0	1,000	0	0	0%
Saud Ghassan Ahmed Al Sulaiman	30	0	30	0	0	0%

18 A description of any interests, contractual securities or rights issues of senior executives and their relatives on shares or debt instruments of the company:

Name	At year's beginning		At year's end		Net change	Change percentage
	Number of shares	Debt instruments	Number of shares	Debt instruments		
Mohammed Ali Al-Sahib	0	0	0	0	0	0%
Said Fahad Al Daajani	0	0	0	0	0	0%
George Eapen	0	0	0	0	0	0%

There are no interest, contractual securities, or subscription rights belonging to relatives of board members and senior executives in the company's shares or debt instruments.

19 Controlling interests of substantial shareholders who own 5% or more and percentage changes

Name	At year's beginning		At year's end		Net change	Change percentage
	Number of shares	%	Number of shares	%		
Zamil Group Holding Company	11,999,989	19.99	11,999,989	19.99	0	0%
Zamil Group Investment Company Ltd.	3,091,528	5.15	3,091,528	5.15	0	0%

Names, former and current positions, qualifications and expertise of Board members, committee members and executives

1 | Members of the Board of Directors:

Name	Current positions	Previous positions	Qualifications	Experience
Abdulla Moham- med Abdullah Al Zamil	<ul style="list-style-type: none"> Chairman of the Board, Zamil Industrial Investment Co. (Zamil Industrial) 	<ul style="list-style-type: none"> CEO, Zamil Industrial COO, Zamil Industrial Various positions in Zamil Air Conditioners including EVP 	<ul style="list-style-type: none"> Master's in Finance and Business Administration Bachelor's in Industrial Engineering 	Professional experience since 1987
Khalid Mohammed Saleh Al Fuhaid	<ul style="list-style-type: none"> Chairman of the Board of Directors, Manafea Arabia Holding Co. 	<ul style="list-style-type: none"> CEO, Midad Holding Co. Technical and management positions in Aluminium Products Company (ALUPCO) 	<ul style="list-style-type: none"> Bachelor's in Mechanical Engineering 	Professional experience since 1989
Mohammad Sulaiman Mohammad Al Harbi	<ul style="list-style-type: none"> Freelance 	<ul style="list-style-type: none"> Chairman, Mohamed Al-Harbi Consulting Co. CEO, Takween Advanced Industries Chairman, Saudi German Company for Nonwoven Products Project Manager, Saudi Industrial Development Fund 	<ul style="list-style-type: none"> Bachelor's in Industrial Engineering 	Professional experience since 1992
Bander Abdulrahman Abdullah Al Zamil	<ul style="list-style-type: none"> President, Zamil Real Estate Co. VP, Zamil Group Holding Co. 	<ul style="list-style-type: none"> VP, Zamil Group Holding Co. General Manager of Real Estate Investment and Development at Zamil Group Holding Co. Project Engineer, Zamil Architectural Industries 	<ul style="list-style-type: none"> Bachelor's in Industrial Engineering, KSU, 2001 	Professional experience since 2001
Adel Saleh Mohsen Al Ghassab	<ul style="list-style-type: none"> Retired 	<ul style="list-style-type: none"> Chairman and member of the Board of Directors of Zamil Plastic Industries Managing Director of Zamil Plastic Industries Sales Manager, Tasnee Sales and Marketing Manager, FIPCO Sales and Marketing Manager, Al Sharq Plastic Industries Sales and Marketing Manager, Zamil Plastic Industries Sales Manager, SABIC - Headquarters in Riyadh 	<ul style="list-style-type: none"> Bachelor's in Industrial Management, KFUPM, 1986 	Professional experience since 1987
Sattam Abdulaziz Abdullah Al Zamil	<ul style="list-style-type: none"> EVP for Financial Affairs at Zamil Group Holding Co. 	<ul style="list-style-type: none"> Financial Analyst, Zamil Group Holding Co. EVP Financial Affairs, Zamil Group Holding Co. 	<ul style="list-style-type: none"> Bachelor's in Accounting, KFUPM, 1995 	Professional experience since 1996
Saud Ghassan Ahmed Al Sulaiman	<ul style="list-style-type: none"> CEO, Alsulaiman Group 	<ul style="list-style-type: none"> CEO, IKEA KSA & Bahrain since 2013 	<ul style="list-style-type: none"> Masters in Change from INSEAD in France, 2017 Executive MBA from the University of Hull in the United Kingdom, 2008 Bachelor's degree in Interior Design from the Design Institute of San Diego in the United States, 2003 	Professional experience since 2013

2 | Executives:

Name	Current positions	Previous positions	Qualifications	Experience
* Mohammed Ali Al-Sahib	<ul style="list-style-type: none"> CEO, Zamil Industrial Investment Co. 	<ul style="list-style-type: none"> General Manager, Zamil Steel VP, Zamil Industrial Investment Co. EVP, Zamil Industrial 	<ul style="list-style-type: none"> Executive MBA from KFUPM Bachelor's in Business Statistics and Operations Management 	Professional experience since 2000
George Eapen (Acting)	<ul style="list-style-type: none"> Chief Financial Officer (Acting), Zamil Industrial Investment Co. 	<ul style="list-style-type: none"> Corporate Finance Manager, Zamil Industrial Investment Co. Financial Analyst, Zamil Industrial Cost Accountant, Zamil Steel 	<ul style="list-style-type: none"> Bachelor of Commerce degree from Mahatma Gandhi University, India Member of the Institute of Cost Accountants of India and the Institute of Management Accountants in the United States 	Professional experience since 1999
Said Fahad Al Daajani	<ul style="list-style-type: none"> Director, Corporate Affairs; Corporate Secretary, Zamil Industrial Investment Co. 	<ul style="list-style-type: none"> Public and Investor Relations Manager Administrative Assistant 	<ul style="list-style-type: none"> BA in Administrative Sciences and Political Science Certification in Governance Certification in Investor Relations 	Professional experience since 1998

* The company announced the Board of Directors decision (by circulation) on December 14, 2023, accepting the resignation of Mohammed Al-Sahib from his position as CEO of the company to pursue his professional career, effective January 15, 2024.

21 | Names of companies inside and outside the Kingdom of Saudi Arabia whose current or former Boards of Directors or management teams include members of the company's Board of Directors

Name	Current companies	Location	Legal entity	Former companies	Location	Legal entity
Abdulla Mohammed Abdullah Al Zamil	Gulf Insulation Group	In KSA	Unlisted	Arabian Fiberglass Insulation Co.	In KSA	Limited Liability
	Zamil Steel Holding Co.	In KSA	Holding	Zamil Air Conditioning & Refrigeration Services (Bahrain)	Abroad	Limited Liability
	Zamil Air Conditioners Holding Co.	In KSA	Holding	Zamil Steel Buildings (Egypt)	Abroad	Limited Liability
	Middle East Air Conditioners Co.	In KSA	Limited Liability	Zamil Structural Steel (Egypt)	Abroad	Limited Liability
	Energy Central Saudi Arabia	In KSA	Limited Liability	Metallic Construction and Contracting Co.	Abroad	Limited Liability
	Saudi Rock Wool Factory	In KSA	Limited Liability	Zamil Steel Buildings Co. (China)	Abroad	Limited Liability
	Saudi Preinsulated Pipes Industries	In KSA	Limited Liability	Zamil Steel Buildings Co. (India)	Abroad	Limited Liability
	Second Insulation Company	In KSA	Limited Liability	Zamil Steel Buildings Co. (India)	Abroad	Limited Liability
	Arabian Stonewool Insulation Co.	In KSA	Limited Liability	Zamil Steel Engineering India Private Ltd.	Abroad	Limited Liability
	Rabiah & Nassar and Zamil Concrete Industries Co.	In KSA	Limited Liability	Zamil Construction India Private Ltd.	Abroad	Limited Liability
	Gulf International Bank – KSA	In KSA	Limited Liability	Zamil Information Technology Global Pvt. Ltd. (India)	Abroad	Limited Liability
	Gulf International Bank – Bahrain	Abroad	Limited Liability	Zamil Air Conditioners India Private Ltd.	Abroad	Limited Liability
	Gulf International Bank – UK	Abroad	Limited Liability	Zamil Steel Buildings Vietnam Co. Ltd.	Abroad	Limited Liability
	Zamil Gulf LLC (UAE)	Abroad	Limited Liability	Energy Central Saudi Arabia	In KSA	Limited Liability
	Zamil Steel Holding Co. (Bahrain)	Abroad	Holding	Dammam Airport Co.	In KSA	Government
	Saudi Global Ports	In KSA	Unlisted	VIVA Bahrain	Abroad	Unlisted
	Awqaf Sulaiman Al Rajhi Holding Co.	In KSA	Holding	GACA	In KSA	Government
	Saudi Telecommunication Company\ Bahrain	Abroad	Unlisted	Neom Industrial City	In KSA	Government
				Health Cluster in Eastern Province	In KSA	Government
				Eastern Province Council	In KSA	Government
			Zamil Air Conditioners Holding Co.	In KSA	Limited Liability	

21 Names of companies inside and outside the Kingdom of Saudi Arabia whose current or former Boards of Directors or management teams include members of the company's Board of Directors (continued)

Name	Current companies	Location	Legal entity	Former companies	Location	Legal entity
Mohammad Sulaiman Mohammad Al Harbi	• National Company for Glass Industries	• In KSA	• Listed	• Hail Agricultural Development Co.	• In KSA	• Listed (formerly)
	• Arabian Amines Company	• In KSA	• Limited Liability	• Takween Advanced Industries	• In KSA	• Listed
	• National Talents Co.	• In KSA	• Limited Liability			
	• Gas Arabian Services Co.	• In KSA	• Unlisted			
	• Musharaka Capital Co.	• In KSA	• Unlisted			
	• Saudi Guardian International Co.	• In KSA	• Limited Liability			
Khalid Mohammed Saleh Al Fuhaid	• Guardian Glass International Company	• Abroad	• Limited Liability			
	• Manafea Arabia Holding Co.	• In KSA	• Limited Liability	• Midad Holdings	• In KSA	• Limited Liability
	• Manafea Industrial Co.	• In KSA	• Limited Liability	• Manafea Al-Bahr Co.	• In KSA	• Limited Liability
	• Manafea Holding (Health Care)	• In KSA	• Limited Liability	• Manafea Al Sharq Co.	• In KSA	• Limited Liability
	• First United Medical Co.	• In KSA	• Limited Liability	• Aluminum Rolling Shutter Co.	• In KSA	• Limited Liability
	• Smart Gates Ltd.	• In KSA	• Limited Liability	• Designs and IT Co.	• In KSA	• Limited Liability
Bander Abdulrahman Abdullah Al Zamil	• Door Experts Ltd	• In KSA	• Limited Liability	• Cherish Cosmetics	• In KSA	• Limited Liability
				• Manafea Gulf Co.	• Abroad	• Limited Liability
				• Manafea Medical Co.	• In KSA	• Limited Liability
				• Manafea Al-Jazeera Co	• In KSA	• Limited Liability
	• Yamama Com-pany for Red Bricks & Clay Products	• In KSA	• Unlisted	• National Company for Glass.	• In KSA	• Listed
	• Zamil Group Real Estate	• In KSA	• Limited Liability	• Saudi Venture Capital Co.	• In KSA	• Unlisted
Adel Saleh Mohsen Al Ghassab	• Mashareq Investment Co.	• In KSA	• Limited Liability			
	• Akwaan Real Estate Co.	• In KSA	• Unlisted			
	• Kinan Real Estate	• In KSA	• Unlisted			
	• Unaizah Endowment Co. / Unaizah Investment Co.	• In KSA	• Unlisted			
	• Al Azm Development and Real Estate Investment Co.	• In KSA	• Limited Liability			
	• Economic Gate Fund	• In KSA	• Real Estate Fund			
	• Industrial Master Plan Fund	• In KSA	• Real Estate Fund			
	• Al Ahli Orobah Real Estate Fund	• In KSA	• Real Estate Fund			
	• Emirates Company for Industrial Cities (UAE)	• Abroad	• Unlisted			
	• Polaris Al Zamil Co. (Egypt)	• Abroad	• Unlisted			
Sattam Abdulaziz Abdullah Al Zamil	• National Company for Glass Industries	• In KSA	• Listed	• FIPCO	• In KSA	• Limited Liability
	• Zamil Chemical and Plastic Industries	• In KSA	• Limited Liability	• Methanol Chemicals Co.	• In KSA	• Listed
	• Zamil Plastic Industries	• In KSA	• Limited Liability			
	• Gulf Stabilizers Industries	• In KSA	• Limited Liability			
	• Saudi German Co.	• In KSA	• Limited Liability			
	• Advanced Flexible Packaging Co	• In KSA	• Limited Liability			
Saud Ghassan Ahmed Al Sulaiman	• Al-Tawfiq Co. For Plastic & Woven Sacks	• In KSA	• Limited Liability			
	• Electrical Industries Co.	• In KSA	• Listed	• Zamil Group Holding Co.	• In KSA	• Unlisted
	• Saudi German Company for Nonwoven Products	• In KSA	• Limited Liability			
	• Advanced Flexible Packaging Co.	• In KSA	• Limited Liability			
	• Zamil Offshore Services Co.	• In KSA	• Unlisted			
	• United Carton Industries Co.	• In KSA	• Unlisted			
Saud Ghassan Ahmed Al Sulaiman	• Zamil Group Investment Company	• In KSA	• Limited Liability			
	• Salasa Holding Co.	• In KSA	• Limited Liability	• IKEA KSA & Bahrain	• In KSA	• Limited Liability
	• IKEA Global Strategic Sustainability Council	• Abroad	• Limited Liability			
	• IKEA Global Innovation Council	• Abroad	• Limited Liability			
	• Saudi Angel Investors	• In KSA	• Limited Liability			
	• FLOW Progressive Logistics	• In KSA	• Limited Liability			
	• L'azurde Jewelry	• In KSA	• Listed			
	• Logistics Partnership Council of the Saudi Ministry of Transport	• In KSA	• Government			
	• Board Member of the Commercial Sector Board at Jeddah Chamber	• In KSA	• Government			
	• Board Member of the Logistics Committee at the Riyadh Chamber of Commerce & Industry	• In KSA	• Government			
	• Board Member of Athath Cooperative Society	• In KSA	• Charity			
	• Saudi-Swedish Business Council, Council of Saudi Chambers	• In KSA	• Government			
	• Livespace Interior Design Co.	• In KSA	• Limited Liability			
• Cartlo for Resale Co.	• In KSA	• Limited Liability				
• Circle K company	• In KSA	• Limited Liability				

22 Board Meeting Attendance Record

In 2023, the Board of Directors convened (6) times during its ninth term. Members of the Board of Directors are paid sitting fees for each meeting they attend. Following is an attendance sheet.

9th Term

Name	No. (6/9) on 26\02	No. (7/9) on 29\03	No. (8/9) on 25/06	No. (9/9) on 28/09	No. (10/9) on 28\11	No. (11/9) on 28/12	Total
Abdulla Mohammed Abdullah Al Zamil	√	√	√	√	√	√	6
Bander Abdulrahman Abdullah Al Zamil	√	√	√	√	√	√	6
Mohammad Sulaiman Mohammad Al Harbi	√	√	√	√	√	√	6
Khalid Mohammed Saleh Al Fuhaid	√	√	√	√	√	√	6
Adel Saleh Mohsen Al Ghassab	√	√	√	√	√	√	6
Sattam Abdulaziz Abdullah Al Zamil	√	√	√	√	√	√	6
Saud Ghassan Ahmed Al Sulaiman	√	√	√	√	√	√	6

23 Procedure taken by the Board of Directors to inform its members of the shareholders' suggestions and remarks on the company and its performance:

The company's bylaws grant shareholders the right to attend General Assembly meetings to learn about the company's overall situation, activities and performance during the ended fiscal year. They also have the right to engage in deliberation and discussions conducted during meetings, and the Board of Directors shall answer questions raised by shareholders to the extent that doing so does not jeopardize the company's interests. The regulations protect the right to inquire and request information.

The Secretary of the Board and the Investor Relations Department, in turn, shall serve as a communication channel between shareholders, the Chairman of the Board of Directors and the company's Chief Executive Officer. It shall also present the Board of Directors with material views, suggestions and comments, if any, at the Board's first meeting following the General Assembly.

Committees of the Board of Directors

The Board of Directors has two substantive committees: the Audit Committee and the Nomination and Remuneration Committee. The committees are comprised of members of the Board of Directors, in accordance with the directives and regulations in place in connection with this matter. The following is a brief description of each committee:

1) Audit Committee

The Audit Committee comprises (3) members. It was formed by a resolution of the General Assembly on 21 April 2022.

It works in compliance with the duties and procedures provided in the Companies' Law, the Corporate Governance Regulations and the Audit Committee Regulations approved by the General Assembly. The Audit Committee is competent in monitoring the company's activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems. The duties of the Audit Committee specifically include the following:

A) Financial Reports:

1. Analyzing and monitoring the company's interim and annual financial statements before they are presented to the Board of Directors, and expressing its opinion and recommendations thereon to ensure their integrity, fairness and transparency.
2. Expressing its technical opinion, at the request of the Board of Directors, regarding whether the Board Report and the company's financial statements are fair, balanced and understandable and contain information that allows shareholders and investors to assess the company's financial position, performance, business model and strategy.
3. Examining any important or unusual issues contained in the financial reports.
4. Accurately investigating any issues raised by the company's Chief Financial Officer or any person assuming their duties or the company's compliance officer or external auditor.
5. Examining the accounting estimates with respect to significant matters that are contained in the financial reports.
6. Examining the accounting policies followed by the company and expressing its opinion and recommendations thereon to the Board of Directors.

B) Internal Audit:

1. Examining and reviewing the company's internal and financial control systems and risk management system.
2. Analyzing internal audit reports and observing the implementation of corrective measures with respect to the remarks made in such reports.
3. Monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties. If the company has no internal auditor, the committee shall provide a recommendation to the Board of Directors on whether there is a need to appoint an internal auditor.
4. Providing recommendations to the Board of Directors for appointing a manager of the internal audit unit or department or an internal auditor and suggesting their remunerations, or approving the appointment of a professional accounting firm to undertake internal audit duties.

C) External Auditor:

1. Providing recommendations to the Board of Directors to appoint external auditors, dismiss them, determine their remunerations and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
2. Verifying the external auditors' independence, their objectivity and the fairness and effectiveness of the audit activities, taking into account the relevant rules and standards.
3. Reviewing the plan for the company's external auditors and their activities and ensuring that they do not provide any technical or administrative services that are beyond their scope of work, and providing their opinion thereon.
4. Responding to the company's external auditor's queries.
5. Reviewing the external auditor's reports and comments on the financial statements and following up on the procedures taken in connection therewith.

D) Ensuring Compliance:

1. Reviewing the findings of supervisory authorities and ensuring that the company has taken the necessary actions in connection therewith.
2. Ensuring the company's compliance with the relevant laws, regulations, policies and instructions.
3. Reviewing the contracts and proposed related party transactions and providing its recommendations to the Board of Directors in connection therewith.
4. Reporting to the Board of Directors any issues in connection with which it deems it necessary to take action, and providing recommendations as to the steps that should be taken.

In 2023, the committee convened (5) times during its ninth term. An attendance sheet is shown below:

Name	9 th Term					Total
	No. (5/9) on 28/03	No. (6/9) on 17/05	*No. (7/9) on 09\08	No. (8/9) on 23/08	** No. (9/9) on 06/11	
Mohammad Sulaiman Mohammad Al Harbi	✓	✓	✓	✓	✓	5
Khalid Mohammed Saleh Al Fuhaid	✓	✓	✓	✓	✓	5
Sattam Abdulaziz Abdul-lah Al Zamil	✓	✓	✓	✓	✓	5

* A subsequent meeting was held on 14/08

** A subsequent meeting was held on 11/11

The company announced the Board of Directors decision (by circulation) on December 14, 2023, accepting the resignation of the Audit Committee Chairman, Mr. Mohammad Al-Harbi (Non-Executive Board member), due to his appointment as Managing Director. The Board also approved the appointment of Adel Al-Ghassab (Independent Board Member) as a member of the Audit Committee, effective January 17, 2024, to complete his predecessor's remaining tenure for the current Board term.

2) Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises (3) members nominated by the Board of Directors.

It works in compliance with the duties and procedures provided in the Corporate Governance Regulations and the Nomination and Remuneration Regulations approved by the General Assembly, including:

1. Preparing a clear policy for the remuneration of members of the Board of Directors and its committees and senior executives and presenting such policy to the Board of Directors in preparation for approval by the General Assembly, provided that such policy follows standards that are connected to performance, and disclosing and ensuring the implementation of such policy.
2. Clarifying the relation between the remunerations paid and the adopted remuneration policy and highlighting any material deviation from that policy.
3. Periodically reviewing the remuneration policy and assessing its effectiveness in achieving its objectives.
4. Providing recommendations to the Board of Directors with respect to the remunerations of its members, committee members and senior executives, in accordance with the approved policy.
5. Suggesting clear policies and standards for the Board of Directors and Executive Management membership.
6. Providing recommendations to the Board of Directors for the nomination or re-nomination of members in accordance with the approved policies and standards, taking into account that nominations shall not include any person convicted of a crime involving dishonesty.
7. Preparing a description of the capabilities and qualifications required for membership on the Board of Directors and Executive Management positions.
8. Determining the amount of time that the member shall allocate to the Board of Directors' activities.
9. Annually reviewing the skills and expertise required of members of the Board of Directors and Executive Management positions.
10. Reviewing the structure of the Board of Directors, Committees and Executive Management and providing recommendations regarding changes that may be made to such structure.
11. Annually ensuring the independence of independent directors and the absence of any conflicts of interest if a member of the Board of Directors also acts as a member of the Board of Directors of another company.
12. Setting forth job descriptions for executive, non-executive and independent directors and senior executives.
13. Setting special procedures to be followed in the event that the position of a member of the Board of Directors or a senior executive becomes vacant.
14. Determining the strengths and weaknesses of the Board of Directors and recommending remedy solutions that serve the company's interests.
15. Assessing the matters that fall within its authority or those referred to it by the Board of Directors and communicating its recommendations to the Board of Directors to issue decisions in connection therewith or make decisions with regard to these matters if delegated by the Board of Directors.
16. Seeking assistance from any experts or specialists, whether internal or external, within the scope of its powers. This shall be included in the committee meeting minutes; the minutes shall state the name of the expert and his or her relation to the company or its Executive Management.

The committee convened in 2023 (5) times during its ninth term. An attendance sheet is shown below:

Name	9 th Term					Total
	No. (5/9) on 29\01	No. (6/9) on 23\03	No. (7/9) on 15\05	No. (8/9) on 13\11	No. (9/9) On 18\12	
Adel Saleh Mohsen Al Ghassab	✓	✓	✓	✓	✓	5
Bander Abdulrahman Abdullah Al Zamil	✓	✓	✓	✓	✓	5
Saud Ghassan Ahmed Al Sulaiman	✓	✓	✓	✓	✓	5

25 The means used by the Board of Directors to assess its performance and the performance of its committees and members, the external body which conducted the assessment and its relation to the company, if any:

The Nomination and Remuneration Committee shall determine the strengths and weaknesses of the Board of Directors and recommend remedy solutions that serve the company's interests. The Chairman of the Board of Directors shall evaluate the Nomination and Remuneration Committee. The Board of Directors has not appointed an external body to conduct the performance assessment during the fiscal year 2023, and the Nomination and Remuneration Committee will review this matter.

26 Remunerations and compensations for members of the Board of Directors, committee members and senior executives

The following tables detail all remuneration and compensation paid to members of the Board of Directors, committee members and senior executives during the fiscal year 2023. Remuneration and compensation are subject to the remuneration policy approved by the General Assembly. The Board recognizes that there is no significant deviation from this policy:

1 | Members of the Board of Directors (Ninth Term):

Member	Fixed remuneration							Variable remuneration					(SAR '000)			
	Specific amount	Allowance for attending Board Meetings	Allowance for attending Committee meetings	In-kind Benefits	Remunerations for technical and consultative work	Remunerations of the chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic Remuneration	Short-term incentive plans	Long-term incentive plans	Granted shares	Total	End of Service Benefit	Grand total	Expenses allowance
First: Independent Directors																
Khalid Mhammed Al Fuhaid	200	18	15	0	0	0	233	0	0	0	0	0	0	0	233	0
Adel Saleh Al Ghassab	200	18	15	0	0	0	233	0	0	0	0	0	0	0	233	0
Saud Ghassan Al Sulaiman	200	18	15	0	0	0	233	0	0	0	0	0	0	0	233	0
Second: Non-Executive Directors																
Abdulla Mohammed Al Zamil	500	18	0	0	0	0	518	0	0	0	0	0	0	0	518	0
Bander Abdulrahman Al Zamil	200	18	15	0	0	0	233	0	0	0	0	0	0	0	233	0
Sattam Abdulaziz Al Zamil	200	18	15	0	0	0	233	0	0	0	0	0	0	0	233	0
Third: Executive members																
Mohammad Sulaiman Al Harbi	200	18	15	0	0	0	233	0	0	0	0	0	0	0	233	0

2 | Committee members:

Member	Fixed remuneration	Allowance for attending meetings	Total
Audit Committee members:			(SAR '000)
Mohammad Sulaiman Al Harbi	0	15	15
Khalid Mohammed Saleh Al Fuhaid	0	15	15
Sattam Abdulaziz Al Zamil	0	15	15
Members of the Nominations and Remuneration Committee:			
Adel Saleh Al Ghassab	0	15	15
Bander Abdulrahman Al Zamil	0	15	15
Saud Ghassan Al Sulaiman	0	15	15

3 | Senior Executives

	Fixed remuneration			Variable remuneration						(SAR '000)		Grand total
	Salaries	Allowances	In-kind benefits	Periodic remuneration	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares	End of Service Benefit	Total remunerations for Board executives, if any		
Five senior executives who received the highest remunerations, including the CEO and the CFO	3,408	1,050	0	4,458	0	0	0	0	0	338	0	4,796

Note: The company compiled and disclosed the total remuneration of its senior executives in accordance with the statutory requirements contained in subparagraph (b) of paragraph (4) of Article (90) of the Corporate Governance Regulations.

Remuneration policy

In compliance with Article (90) of the Corporate Governance Regulations, the General Assembly, in its meeting on 31 December 2017, approved the "Remuneration and Compensation Policy for Members of the Board, Committees and the Executive Management." The major standards and mechanisms that apply for remunerations of members of the Board of Directors, its committees and the Executive Management are as follows:

General remuneration standards:

Under this policy, the company's Nomination and Remuneration Committee provides recommendations to the Board of Directors on the remunerations and compensations of members of the Board of Directors, its committees and the Executive Management in accordance with the following standards:

1. Remuneration and compensation shall be consistent with the company's strategy and objectives.
2. Remuneration shall be proportionate to the company's activity and the skills required for its management.
3. The policy shall be designed in coordination with the Nomination and Remuneration Committee when new members are appointed.
4. The industry in which the company operates, its size and the expertise of members of the Board of Directors and Executive Management shall be taken into account.
5. Practices adopted by other companies with respect to determining remunerations and practices common to the market shall be taken into account, provided that any unjustifiable increases in remunerations and compensations that may result therefrom be avoided.
6. Remuneration shall be determined based on the job level as well as its holder's duties and responsibilities, educational qualifications, practical experience, skills and level of performance.
7. Remuneration shall be provided with the aim of encouraging members of the Board of Directors and Executive Management to contribute to the success of the company and its long-term development by, for example, linking the variable part of the remuneration to long-term performance.
8. To prevent abuse of power to obtain unmerited remuneration, remunerations shall be suspended or reclaimed if it is determined that such remunerations were set based on inaccurate information provided by a member of the Board of Directors, its committees or the Executive Management.
9. The granting of company shares to members of the Board of Directors and Executive Management, whether newly issued or purchased by the company, shall be regulated.
10. Members of the Board of Directors may not vote on the Board of Directors members' remuneration at the shareholders' General Assembly meeting.
11. Members of the Board of Directors may receive remuneration for their membership in the Audit Committee composed by the General Assembly or for any additional executive, technical, administrative or consultation – under a professional license – duties or positions that may be commissioned to them within the company, in addition to the remuneration that they may receive in their capacity as members of the Board of Directors and committees composed by the Board of Directors in accordance with the Companies' Law and the company's bylaws.
12. Remunerations of members of the Board of Directors shall vary in their magnitudes in a manner that reflects each member's experience, competencies, duties, independence, number of sessions attended and other relevant considerations.
13. Remunerations for independent members of the Board of Directors must not be a percentage of the company's profits or be directly or indirectly based on the company's profitability.
14. In the event that the General Assembly decides to terminate the membership of a member of the Board of Directors following their absence from three consecutive board meetings without a legitimate excuse, such member shall not be entitled to any remuneration for the period following the last meeting that they attended. They shall refund any remuneration that was issued for that period.

Remunerations for members of the Board of Directors:

1. Remunerations for members of the Board of Directors may be fixed sums, attendance allowances, benefits in kind, a percentage of net profits or a combination of such benefits.
2. In the event that remunerations are a percentage of the company's profits, such percentage may not amount to more than 10% of the net profits after setting aside the reserves determined by the General Assembly in accordance with the provisions of the law and the company's bylaws and after distributing profits to the shareholders equal to no less than 5% of the company's paid capital, provided that such remunerations be proportionate to the number of sessions attended by the member. Any assessment inconsistent with that shall be void.
3. In all cases, the sum of remuneration, in-kind benefits or financial benefits received by each member of the Board of Directors shall not exceed SAR 500,000 per annum, in accordance with the regulations set forth by the competent organization.

4. The Board Report submitted to the General Assembly must detail all remuneration, allowances for expenses and other benefits collected by members of the Board of Directors throughout the fiscal year. It must also detail all fees collected by members of the Board of Directors in their capacities as employees or administrative employees and the compensations received by them for technical or administrative work or consultations. It must also detail the number of board meetings and the number of sessions attended by each member of the Board of Directors since the last General Assembly meeting.

Remunerations for committee members:

1. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors shall determine and approve remuneration, attendance fees and other entitlements for the membership of its committees, with the exception of the Audit Committee.
2. Remuneration for committee membership shall be in the form of a lump sum in addition to meeting attendance fees.
3. Remuneration for membership of the Audit Committee shall be approved by the shareholders' General Assembly based on the recommendation of the Board of Directors.
4. The number of memberships held by a member of the Board of Directors shall be taken into account upon the composition of committees, such that the total remuneration amount disbursed to a member for their membership on the Board of Directors and its committees shall not exceed the maximum provided in the Companies' Law and in accordance with clause (11) of Article (3) of this policy.

Remunerations for the Executive Management:

1. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors shall determine the types of remuneration disbursed to senior executives in the company – such as fixed remuneration, performance-based remuneration and bonuses – without prejudice to directives and regulations issued to joint-stock companies.
2. Senior executives' remunerations shall be consistent with the company's strategic objectives and proportionate to the company's activity and its management skills, while taking into account the industry in which the company operates and the company's size.
3. The Nomination and Remuneration Committee will continually review incentive plans for senior executives and submit its recommendations to the Board of Directors for approval.
4. The objective of remuneration is to foster the necessary competitive atmosphere to attract and retain qualified, skilled employees and maintain the skillfulness that the company requires.

General terms:

1. Remunerations for members of the Board of Directors and its committees and secretary shall be disbursed annually following the approval of the consolidated annual financial statements (after audit) by the company shareholders' General Assembly.
2. Attendance allowance may be disbursed quarterly or with annual remuneration following each session.
3. In the event that more than one meeting is convened on one day, allowances and other expenses shall be disbursed only once.
4. Remunerations for members of the Executive Management shall be disbursed annually as soon as they are approved by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee.

28 The company's policy on profit distribution

The decision to distribute any cash profits shall be made based on the assessment and recommendation of the Board of Directors, and all existing factors shall be taken into consideration, including but not limited to the company's financial position, cash inflow, future investments, and the performance of the company's sectors. The company has been distributing annual profits to shareholders since it was established, but past distributions do not necessarily guarantee future distributions.

The Company has not distributed any dividend for the year 2023, taking into account that the profit distribution policy is set out in Article (41) of the Company's Bylaws as follows:

Net profits of the company shall be distributed as deemed reasonable by the Board, provided that the General Assembly delegates the distribution of periodic payouts and are renewed on an annual basis, according to the following method:

- 10% of the net profits shall be kept as a statutory reserve, and the ordinary General Assembly may discontinue this deduction when such reserve reaches 30% of the paid-up capital.
- The ordinary General Assembly may, upon a Board proposal, set aside 10% of the net profits to build up a conventional reserve, which shall be used for specific purpose(s).
- The ordinary General Assembly may decide to build up other reserves to the extent that doing so fulfills the company's interests or guarantees continuous cash dividend distribution. The General Assembly can also choose to establish social and welfare programs for its employees or support existing ones.
- The remaining amount shall be distributed to shareholders at no less than 5% of the paid-up capital.
- Observing the provisions stipulated in Article (16) and Article (76) of the Companies' Act, the Nomination and Remuneration Committee recommends the remuneration of the Board, provided it does not exceed the maximum amount as per the prevailing regulations. Moreover, the remuneration should be pro-rata with the number of actual meetings the member attends.

29 Transactions with relevant bodies

A statement of the business and contracts in which the members of the Board of Directors have a direct or indirect personal interest, including the transactions that took place with the shareholders of the company and were represented by the member of the Board of Directors on the board or with the companies owned by the members of the Board of Directors during the year ending on 31 December 2023.

As part of the continuous activities of the subsidiaries of Zamil Industrial Investment Company (Zamil Industrial), there are business transactions and contracts between them and Zamil Group Holding Company in 2023, related to Mr. Sattam A. Al Zamil, is CFO of Zamil Group Holding Company, is a member of the Board of Directors.

- 1) The following is a list of the transactions relating to sales, purchases, and other transactions that the company undertook during the year that ended on 31 December 2023:

A) The company's sales of goods and services to the following companies:

Company Name	Business Relation	Amount (SAR '000)
Zamil Group Holding Company	Affiliated with a shareholder	7,397,768
Arabian Gulf Construction Company	Affiliated with a shareholder	1,654,918

B) Purchasing the company's goods and services from the following companies:

Company Name	Business Relation	Amount (SAR '000)
Zamil Group Holding Company	Affiliated with a shareholder	25,778,964
Arabian Gulf Construction Company	Affiliated with a shareholder	0

- 2) We assure the respected shareholders that the transactions described in this notification have been reviewed and approved by the CFO, the CEO, and the Board of Directors of the company.
- 3) We assure the respected shareholders that all transactions described in this notification have been recorded in the company's consolidated financial statements for the year ended 31 December 2023. Only material information has been disclosed in these consolidated financial statements, specifically in Note No. (36), based on the accepted accounting standards issued by the Saudi Organization for Chartered and Professional Accountants in the Kingdom of Saudi Arabia
- 4) We assure the respected shareholders of the accuracy of the calculations for the transactions described in this notification.

30 Results of the annual review of the effectiveness of the company's internal control procedures and the opinion of the Audit Committee with respect to the adequacy of the company's internal control system

The Corporate Internal Audit Department independently implements the audit plan approved by the Audit Committee and regularly assesses the internal control systems applied within the Group and its subsidiaries inside and outside Saudi Arabia. It also follows up with executive departments on the implementation of recommendations and remedy procedures for remarks provided in its reports.

Judging by internal review reports, the Audit Committee verified the effectiveness of financial, operational and administrative policies and procedures, and it did not reveal any substantial risks that may affect the company's activities. Based on the information obtained by the Audit Committee, there were no major remarks for the year 2023 that may impact the company's financial position. Minor remarks are issued in the framework of the daily activities and business of the company and the industries in which it operates; they are taken into account, and appropriate solutions and procedures are immediately devised for their remedy. It is noteworthy that the Executive Management continues to take the necessary remedy procedures to mitigate the risks mentioned in internal review reports and to adhere to the applicable policies, laws and instructions.

The Committee also verified the external auditor's independence, and a discussion was conducted regarding the company's performance, including the annual and quarterly financial statements and the appended clarifications, all prior to submission to the Board of Directors.

During 2023, the Audit Committee held five meetings, given that the Committee performs the duties and functions set out in the Companies Law, the Corporate Governance Regulations, the Company's Bylaws and the Audit Committee Regulations.

Generally, the Audit Committee is confident in the effectiveness of the company's internal control system. Thus, the Board of Directors acknowledges the functionality and effectiveness of the company's internal control system in the realization of the company's purposes and shareholders' benefit.

31 The Audit Committee's recommendation regarding the need to appoint an internal auditor for the company in the absence of an internal auditor

The company has a department concerned with internal auditing that is headed by the general auditor. The general auditor continually and periodically keeps the Audit Committee informed by means of regular reports. Therefore, the Audit Committee has not made any recommendations regarding the need to appoint an internal auditor.

The Corporate Internal Audit Department also prepares and develops the company's policies and provides consultation, assistance and clarification on policies, procedures, internal regulations and other relevant fields, contributing to the enhancement and improvement of internal auditing.

32 The Audit Committee's recommendations that conflict with resolutions of the Board of Directors or those which the Board of Directors has disregarded relating to the appointment, dismissal, assessment or determination of the remuneration of the internal auditor, as well as justifications for those recommendations and reasons for disregarding them

No recommendations by the Audit Committee were disregarded by the Board of Directors.

33 Any punishment, penalty, precautionary procedure or preventive measure imposed on the company by the Capital Market Authority or any other supervisory, regulatory or judicial authority, and the reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future

The Board of Directors declares that no punishment, penalty, precautionary procedure or preventive measure has been imposed on the company by the Capital Market Authority or any other supervisory, regulatory or judicial authority.

34 Company announcements and disclosures in 2023

During 2023, the company posted announcements and disclosures of material events on the Saudi Exchange website (Tadawul). They included the following.

#	Announcement Date	Announcement Title
1	05/03/2023	The Company Announced a Fire Incident in One of Its Subsidiaries' factories in Dammam First Industrial City)
2	06/03/2023	The Company Announced That It Has Signed a Contract with Maersk Arabia Logistics Services for the Construction of Multi-purpose Warehouses and a Logistics Yard at Jeddah Islamic Port
3	30/03/2023	The Company Announced Its Annual Financial Results for the Year Ending 31 December 2022
4	17/04/2023	The Company Invited Shareholders to Attend the General Assembly (First Meeting) Virtually
5	17/05/2023	The company announced Its Interim Financial Results for the Three-Month Period Ending 31 March 2023
6	18/05/2023	The company announced the Results of the General Assembly Meeting (First Meeting)
7	14/08/2023	The company announced Its Interim Financial Results for the Six-Month Period Ending 30 June 2023
8	27/08/2023	The company announced its accumulated losses reaching 28.2 % of its capital
9	28/08/2023	The company announced a Contract signed by Its Subsidiary (Zamil Air Conditioning and Refrigeration Services Company) with Al Muhammadiyah Hospital for Healthcare (a Subsidiary Company of Dr. Sulaiman Al Habib Medical Services Group) for the Mechanical, Electrical and Plumbing (MEP) Works for Al Muhammadiyah Hospital Project in Jeddah City
10	03/09/2023	The company announced the Board of Directors' Recommendation to the Extraordinary General Assembly to Approve Using a Portion of Statutory Reserves against the Company's Accumulated Losses
11	06/09/2023	The company Invited its Shareholders to Attend the Extraordinary General Assembly Meeting (First Meeting)
12	01/10/2023	The Company Announced the Results of the Extraordinary General Assembly Meeting (Second Meeting)
13	09/11/2023	The Company announced that it is unable to publish its interim financial results for the period ended 30-09-2023 (Nine months) on the Saudi Stock Exchange (Tadawul website) within the specified regular period.
14	12/11/2023	The Company Announced Its Interim Financial Results for the Period Ending on 30-09-2023 (Nine Months)
15	21/11/2023	The Company Announced the Decrease of its Accumulated Losses to 5.53 % of the Capital
16	10/12/2023	The Company Announced Signing a Contract with SAMI LAND Systems for the Construction of an Industrial Complex to Develop and Support the Defense Sector in Al Kharj, Saudi Arabia
17	14/12/2023	The Company Announced the Appointment of a Managing Director
18	14/12/2023	The Company Announced the Resignation of the CEO
19	14/12/2023	The Company Announced the Resignation and Appointment of Audit Committee Members
20	27/12/2023	The Company Announced the Recent Developments Relating to the fire incident in one of Its Subsidiaries' factories in Dammam First Industrial City

35 Numbers of the company's requests of shareholder records and the dates and reasons thereof

In 2023, the company's Investor Relations Department requested shareholder records (14) times using the Tadawulaty service, in the following manner and for the following reasons

Req.	Date of request	Date of ownership	Reason
1	29/12/2022	02/01/2023	Preparation of annual analysis report
2	30/01/2023	02/02/2023	Preparation of monthly analysis report
3	26/02/2023	02/03/2023	Preparation of monthly analysis report
4	28/03/2023	03/04/2023	Preparation of monthly analysis report
5	01/05/2023	02/05/2023	Preparation of monthly analysis report
6	14/05/2023	17/05/2023	Attendance record of the General Assembly meeting
7	28/05/2023	04/06/2023	Preparation of monthly analysis report
8	26/06/2023	03/07/2023	Preparation of monthly analysis report
9	07/08/2023	02/08/2023	Preparation of monthly analysis report
10	29/08/2023	04/09/2023	Preparation of monthly analysis report
11	28/09/2023	28/09/2023	Attendance record of the General Assembly meeting
12	28/09/2023	02/10/2023	Preparation of monthly analysis report
13	29/10/2023	02/11/2023	Preparation of monthly analysis report
14	03/12/2023	04/12/2023	Preparation of monthly analysis report

36 A list of the dates of the General Assembly meetings held during the last fiscal year and the names of members of the Board of Directors who attended them

During the fiscal year 2023, the company convened two General Assembly meetings. The following is a list of the members of the Board of Directors present at the meeting

Board member	Ordinary General Assembly (17/05/2023)
Abdulla Mohammed Abdullah Al Zamil	✓
Bander Abdulrahman Abdullah Al Zamil	✓
Mohammad Sulaiman Mohammad Al Harbi	✓
Adel Saleh Mohsen Al Ghassab	✓
Khalid Mohammed Saleh Al Fuhaid	✓
Saud Ghassan Ahmed Al Sulaiman	✓
Sattam Abdulaziz Al Zamil	x

Board member	Extraordinary General Assembly (28/09/2023)
Abdulla Mohammed Abdullah Al Zamil	✓
Bander Abdulrahman Abdullah Al Zamil	✓
Mohammad Sulaiman Mohammad Al Harbi	✓
Adel Saleh Mohsen Al Ghassab	✓
Khalid Mohammed Saleh Al Fuhaid	✓
Saud Ghassan Ahmed Al Sulaiman	✓
Sattam Abdulaziz Al Zamil	✓

37 Statement regarding the value of any investments made or any reserves set up for the benefit of the employees of the company

No investments have been made or reserves set up for the benefit of the company's employees in 2023.

38 Board of Directors' Declarations

The Board of Directors affirms the following:

1. The accounting records have been prepared correctly.
2. The internal control system has been properly prepared and implemented effectively.
3. There is no doubt with regard to the company's ability to continue its activity
4. No shares or debt instruments have been issued for affiliate companies.
5. There are no interest, contractual securities or rights issues of the members of the Board of Directors, senior executives or their relatives on shares or debt instruments of the company or its affiliates.
6. There are no classes or numbers of any convertible debt instruments, contract-based securities, warrants or similar rights issued or granted by the company during the fiscal year or any compensation obtained by the company in this regard.
7. There are no conversion or subscription rights under any convertible debt instruments, contract-based securities, warrants or similar rights issued or granted by the company
8. There have been no redemptions, purchases or cancellations by the company or any of its subsidiaries of any redeemable debt instruments during 2023.
9. There have been no transactions between the company and related parties.
10. Aside from what has been listed in this report, there are no contracts to which the company is party and which involve or previously involved a substantial interest, whether directly or indirectly, for a member of the Board of Directors, a senior executive or a person related to any of the above.
11. There are no competing businesses for the company or any of the branches of activity that it practices and which any member of the Board of Directors is practicing or was practicing.
12. There are no arrangements or agreements under which a shareholder of the company, a member of the Board of Directors, a senior executive or an employee of the company has waived any rights to dividends.
13. There are no undisclosed conflicts of interest.
14. The company has not received a request/call from the certified public accountant for the convention of the General Assembly in 2023.
15. The company has not received a request/call from shareholders holding shares equal to at least 5% of the share capital of the company for the convention of the General Assembly in 2023.
16. There have been no procedures that may lead to the impediment of shareholders' voting rights.
17. The company has not provided any member of its Board of Directors or its senior executives with loans or credit facilities.
18. The company acknowledges that no member of the Board of Directors, committee member, senior executive, or Chief Executive Officer is in competition with the company or any of the businesses conducted by the company.

39 Conclusion

The Board of Directors of Zamil Industrial Investment Company (Zamil Industrial) would like to thank the Custodian of the Two Holy Mosques, the Crown Prince, and our good government for the continuous support that the company has received to stimulate the economic development process and promote national industries that will enable the company to compete with international companies and achieve the goals of Vision 2030. The Board of Directors would also like to thank the staff of the Ministry of Commerce, the Ministry of Industrial, the Capital Market Authority, the Saudi Exchange (Tadawul), and the Securities Depository Center Company (Edaa) for their cooperation and efforts in serving national companies.

The Board of Directors would also like to thank the management and employees of Zamil Industrial Investment Company and its subsidiaries in all industries, branches, factories, and internal and external offices for their dedication and commitment to achieving the company's goals. The Board of Directors urges them to continue their devoted efforts despite all challenges. Also, thanks are extended to the company's customers inside and outside the Kingdom of Saudi Arabia for the trust they have placed in the company and its products and services and for their continued support.