

Annual Report 2020



Zamilindustrial



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

zamilindustrial.com

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Board of Directors



Khalid A. Al Zamil

- Chairman
- Member, Nomination & Remuneration Committee



Abdallah Saleh Jum'ah

- Vice-Chairman
- Chairman, Nomination & Remuneration Committee



Ahmed Abdullah Al Zamil



Adib Abdullah Al Zamil

- A representative of Zamil Group Holding Company



Mohammed A. Al Ghaith

- A representative of the Public Pension Agency
- Member, Audit Committee



Mohammad S. Al Harbi

- Chairman, Audit Committee
- Member, Nomination & Remuneration Committee



Khalid M. Al Fuhaid

- Member, Audit Committee



Abdulla Mohammed Al Zamil

- 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) on the company's overall performance and the outcome of its activities and investments inside the Kingdom of Saudi Arabia and abroad.

Zamil Industrial recorded less revenues in the fiscal year ended 31 December 2020, as compared to the same period in 2019 despite the challenges facing the construction industry in particular and the domestic industrial sector in general due to the effects of the coronavirus pandemic and the resulting economic situation and market conditions that we had to overcome. During 2020, Zamil Industrial witnessed a reduction in sales across all sectors and a lower operating margin in the Steel and Insulation sectors, which adversely affected the company's net profits.

Under the current economic situation, especially in light of the global coronavirus pandemic, the slowdown in global growth, and the increase in debt levels by which most companies in the region have been affected during the past year, we have continued to reduce expenditures so as to adapt to the conditions and challenges at hand. We are redirecting more of our business to enhancing operational expenditure-based activities and operations related to continuing government projects, as opposed to capital expenditure-based ventures, including maintenance, repair,

and after-sales service; to maintaining an effective, low-cost structure; and to seriously considering opportunities to reduce costs and increase productivity at all of the company's manufacturing facilities, all the while maintaining the highest standards of governance, transparency, risk management, ethics, and core values.

While the domestic economy is undergoing a period of transformation that offers emerging opportunities as well as new challenges, an improvement in the performance of the Saudi economy is expected in the coming period. The IMF expects the Saudi economy to grow by 2.6% in 2021, while the Saudi government estimates that the economy may grow by 3.2% during 2021 after shrinking by 3.7% during 2020. Additionally, the launch of the vaccination initiative by Saudi Arabia and most countries during 2021 is bolstering global hopes for the end of the pandemic despite the uncertainties that the global economy is still facing.





Chairman's Message (continued)

Growth is expected to improve even in the nonpetroleum sector, thanks to an expansionary budget featuring a number of incentive packages designed to support growth, with revenues in the 2021 budget amounting to SAR 849 billion (USD 226.4 billion). This new Saudi budget is the third largest in the history of the Kingdom, reflecting the government's optimistic outlook. The new budget confirms the government's keenness to continue implementing major spending plans; executing major projects, vision realization programs, infrastructure development, and social protection network programs; and developing services provided to citizens

in accordance with the Kingdom Vision 2030. Also, the budget focuses on developing non-oil sectors so that they can contribute to building the country's economy, which remains completely dependent on oil revenues.

Consequently, the Kingdom's overall economic situation has stabilized, and structural changes to the economy are making their way toward Vision 2030. The Kingdom's economic diversification strategy, with the aim of expanding the country's investment base, is an important element in Vision 2030. Additionally, the recent initiatives announced by the Ministry of Industry

and Mineral Resources – which include the Saudi government’s decision to bear the cost of expatriates working in industrial firms for five years, to study energy and electricity prices for factories, and to make the ministry a main point of reference for all industrial sectors – will support the industrial sector and enable it to achieve its goals.

The fact that Kingdom of Saudi Arabia held the presidency of the G20 summit in 2020, which took place under exceptional circumstances, presented an opportunity to lead global efforts to reform the global economic system in order to achieve sustainable economic and social development, both for the Middle East region and worldwide. The opportunity to exercise this office is an indication of the Kingdom’s leadership and position in the international community and the pivotal role it has assumed through its participation in important issues at the global level, and represents an affirmation of the strength of its economy, which in turn affects the stability of the global economy. We are confident that the wise steps taken by our government and the Council of Economic and Development Affairs will bear fruit in the foreseeable future in ways that support the company’s businesses in achieving greater returns and maximizing the value of shareholders’ equity.

Regarding our export markets, construction and infrastructure projects remain acceptable in general, especially in the Gulf Cooperation Council countries, as well as in other regions where we operate. However, the continuous decline in the value of the local currency in both Egypt and India, along with the economic slowdown, the new taxes levied during the recent period, and the effects of the coronavirus pandemic on global supply chains, are adversely affecting production costs.





Zamil Industrial has, however, continued to conduct its usual activities in those markets and has increased its exports to various other countries. Even as governments seek to stem the economic slowdown with new financial steps and the possibility of various new business opportunities, profit margins remain under severe pressure due to strong competition in all markets.

Revenues amounted to SAR 3383 million as of 31 December 2020, a decrease of SAR 655.6 million (16.2%) from SAR 4,038.6 million in 2019. Net loss for the year, after deducting Zakat and tax, was SAR (159.9) million, compared with a net loss of SAR (138.8) million in 2019, an increase of 15.2%. Loss per share, after deducting Zakat and tax, was SAR (2.66), compared with SAR 2.31 during the same period in 2019.





The net loss increased for the year due to the impairment in certain capital assets and goodwill in the amount of SAR 43.2 million, an increase in the provisions for the expected credit loss of financial assets by SAR 24.2 million, a reduction in sales across all sectors, and a lower operating margin in the Steel and Insulation sectors.

Despite the aforementioned, the company succeeded in achieving the following during an exceptional year by all standards: continued diligent efforts toward cost-cutting and control of expenses, which resulted in a savings of SAR 220 million in operating expenses in 2020; a decrease in financial charges by SAR 39 million; an improved operating margin in the AC sector; and higher profits from associated companies and other income.

Shareholders' equity saw an (9.8%) decrease to SAR 1,334.9 million from SAR 1,479.8 million in 2019.

Our financial results are expected to be affected by the turbulent economic climate prevailing in the region, the challenges of macroeconomic positioning, fluctuating commodity and materials prices, shipping costs, and exchange rates, declining support, and intensifying competition, and it is difficult to comprehensively estimate the potential negative impacts of these factors on the company's businesses. There is no doubt that the government's prudent policies and the solidity of the Saudi economy are important positive elements that lead us to look forward with confidence and optimism to the coming years, and we expect the company to return to profitability in 2021.



We will continue our focus on operational and business excellence, as the executive management of the company and all of its employees strive to achieve the strategic goals of the Kingdom Vision 2030. The company's management systems, policies, and procedures are regularly updated, and new and global digital transformation technologies are being adopted to gain more flexibility and competitiveness and to enhance efficiency across the company's sectors.

Furthermore, the Board of Directors has elected to seek social achievements and prioritize social responsibility. The company has taken on a number of social initiatives in order to enhance its role in the service of our community, and we expect to continue making progress in the field of social responsibility.

Corporate governance has also been an integral part of our core values. Throughout 2020 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 methods of corporate governance. We are determined to adhere to governance and transparency principles and to continue guiding the company's Secretariat and Internal Audit

Department, which works continuously to ensure that the best available practices and the highest governance standards are observed across all sectors and fields of our business. In this regard, we pay detailed attention to the recommendations of the Saudi Stock Exchange (Tadawul) in the pursuit of a sound investment environment for shareholders.

In conclusion, on behalf of the Board of Directors, I would like to express my sincere thanks and appreciation to all employees of Zamil Industrial for their dedicated efforts and contributions to the company's success, and to our customers for their trust in our abilities and products. My grateful thanks and

appreciation are also extended to our shareholders for their precious trust and steadfast belief in us, even during these very difficult times. This trust motivates us to put forth our utmost efforts to achieve the company's goals, aspirations, and strategies.

Khalid Abdullah Al Zamil
Chairman of the Board



Board of **Directors'** **Report** for 2020



Dear **Respected Zamil Industrial Shareholders,**

The Board of Directors of Zamil Industrial Investment Company (Zamil Industrial) is pleased to present to shareholders 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 2020 by looking at its sectors: Air Conditioning, Steel, Insulation and other industries.

The report also comprises the audited consolidated financial statements and notes for the fiscal year that ended on 31 December 2020, including the report prepared by Ernst & Young auditors, the balance sheet, revenue, changes in shareholders' rights, cash flow statements and remarks on such statements for the aforementioned year.

1

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 four major industrial sectors – Steel, HVAC, Insulation Materials and Concrete. We are majority shareholders in joint venture companies and own several subsidiaries. Our companies employ more than 9,000 people in 55 countries.

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
- Turnkey project solutions



1998
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.

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 Stock Exchange (Tadawul) under the name “Zamil Industrial” (Saudi Stock Exchange: 2240, International Code: SA0007879410). More information can be found at www.tadawul.com.sa.



STEEL



HVAC



INSULATION

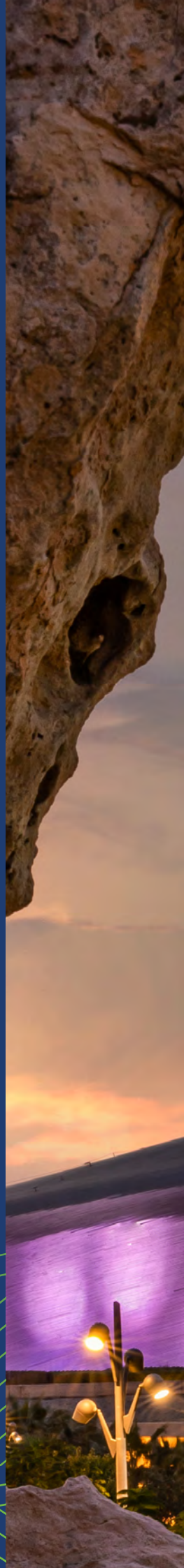


CONCRETE

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.







Zamil Steel engineers and produces fabricated steel of low-rise and high-rise steel buildings and structures for diverse industrial, commercial, agriculture, 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 network of nearly 55 area offices located in 34 countries, as well as a large number of 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 the 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 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 18 branches in Saudi Arabia and GCC countries. The company owns and maintains nearly 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 training courses for the company's own technicians and engineers as well as for those employed by dealers and large corporate clients.

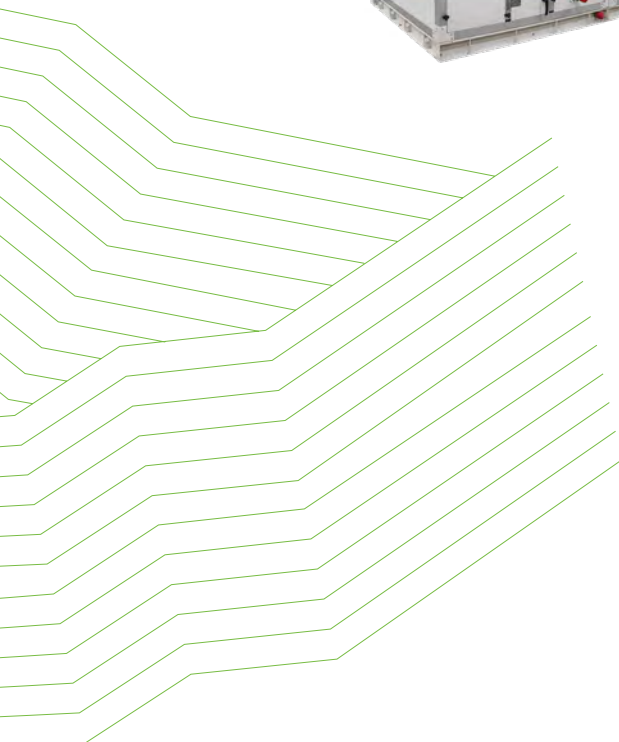
Moreover, Zamil Air Conditioners owns and operates Ikhtebar, the first independent laboratory created specifically for testing climate control solutions in the Middle East. Ikhtebar, which was constructed in 1984 by Intertek Testing Services and certified by Electrical Testing Laboratories (ETL), offers 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 of air conditioning products.

In 2010, Zamil Air Conditioners launched the first Saudi brand for anti-corrosion coating, ResisTec®, for high-quality anti-corrosion coating created specifically for HVAC products and components. The company developed ResisTec protective coating to help lower life-cycle costs, minimize HVAC depreciation and provide customers with the option to choose high-quality products and services that help them to substantially reduce costs and produce a healthier bottom line. The innovative, environmentally friendly ResisTec technology protects





HVAC equipment from corrosion and deterioration with a negligible effect on the performance of the coated coils. Resistec was developed specifically to lengthen the product life cycle and minimize equipment failure, especially under harsh Middle Eastern climate conditions.

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.

Zamil Air Conditioners designs and manufactures high-quality duct systems and other HVAC industry-related products, utilizing state-of-the-art automated duct lines, Plasma Cutting, CNC Turret punch press and other specific machinery through two duct factories located in Yanbu and Dammam, Saudi Arabia. The company also offers robotic duct cleaning solutions, using the latest European technologies to improve air quality and operational efficiency of air conditioning systems.



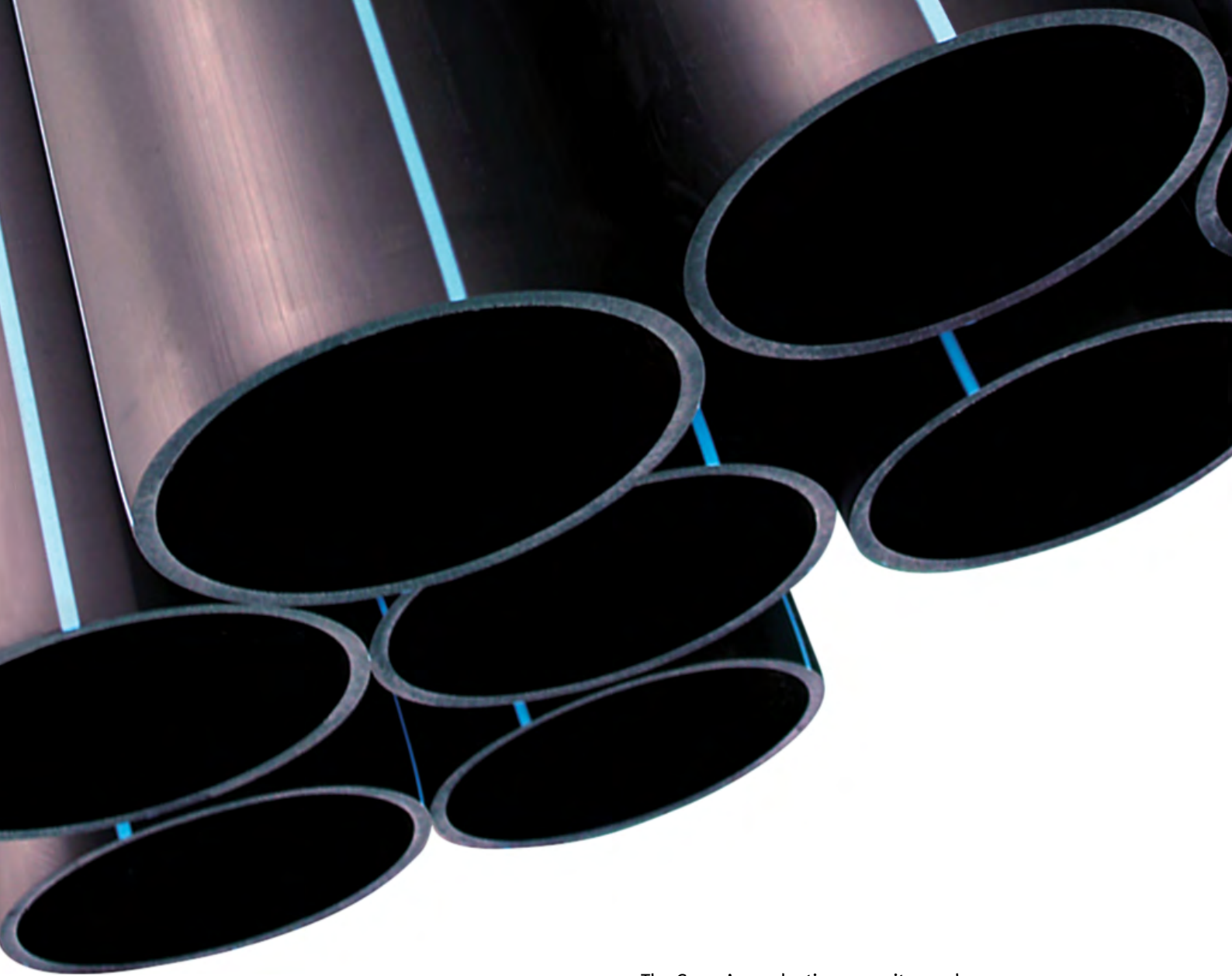
Insulation

Sector

Zamil Industrial maintains a presence in the insulation sector through **Gulf Insulation Group (GIG)**, of which Zamil Industrial is 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 **Saudi Pre-Insulated Pipes Industries (SPPI)**. 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.

Since 1992, the Group has been manufacturing rock wool products for construction and industrial customers, providing materials for the 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.

Concrete Sector

This sector is represented by **Rabiah & Nassar and Zamil Concrete Industries Co. Ltd. (Ranco Zamil)**, in which Zamil Industrial has a 50% equity interest.

The Rabiah and Nassar Precast Concrete Factory (RANCO Precast) designs, manufactures and erects precast concrete buildings used for various applications, including residential properties, schools, shopping malls and industrial plants.

The factory also produces wall panels and fabricates a variety of other concrete-based products used in the construction industry, including standard and non-standard columns, plinth foundation, pre-stressed beams, pre-stressed double TT-slabs and flat slabs, hollow core slabs, boundary walls and road construction supplies.





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 1 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
Ikhtabar 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 1 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 21.1 million	51%	Holdings	KSA	KSA
Saudi Preinsulated Pipes Industries.	SAR 7.2 million	51%	Pre-insulated pipes	KSA	KSA
4 Zamil Steel Buildings Co.	EGP 100 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 886.1 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 13.7 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 1,372.7 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.	SAR 13.2 million	92.27%	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.
2. A 20.83% share in IIB Paper Company Limited, which is registered in the Cayman Islands. Its principal activity is the production of tissue paper.

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.

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 3383 million as of 31 December 2020, a decrease of SAR 655.6 million (16.2%) from SAR 4,038.6 million in 2019. Net loss for the year, after deducting Zakat and tax, was SAR (159.9) million, compared with a net loss of SAR (138.8) million in 2019, an

increase of 15.2%. Loss per share, after deducting Zakat and tax, was SAR (2.66), compared with SAR 2.31 during the same period in 2019. 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	2020	2019	Change
Air Conditioning Industry	45.9%	43.4%	-11.5%
Steel Industry	48.6%	50.2%	-18.8%
Insulation Industry	6.2%	7.1%	-26.9%
Head Office and Others	-0.7%	-0.7%	+18.7%
	100%	100%	

A) Statement of Income:

Item (SAR '000)	2020	2019	2018	2017	2016
Sales	3,382,962	4,038,583	4,313,649	4,403,850	4,929,230
Cost of sales	2,919,850	3,451,737	3,598,279	3,495,651	3,858,159
Gross profit	463,112	586,846	715,370	908,199	1,071,071
Total expenses	672,926	738,568	843,864	785,070	932,755
Other income, net	63,394	30,735	2,292	(2,298)	30,677
Zakat	13,453	17,822	13,631	15,813	22,612
Net income / (loss)	(159,873)	(138,809)	(139,833)	105,018	146,381

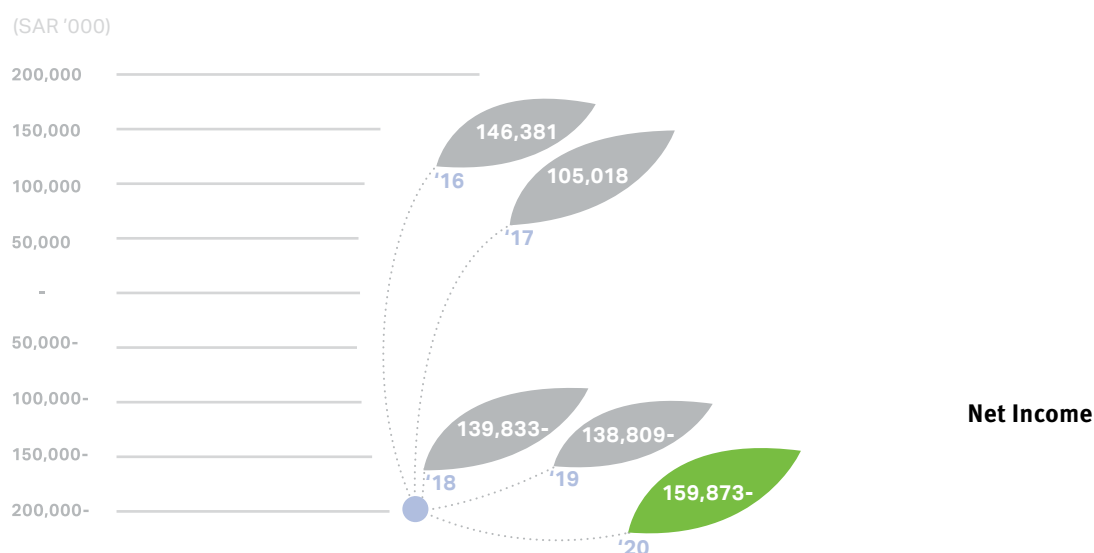
B) Balance Sheet:

Item (SAR '000)	2020	2019	2018	2017	2016
Current assets	3,867,073	4,100,238	4,241,708	4,036,713	4,093,137
Current liabilities	3,647,001	3,696,223	3,848,401	3,434,758	3,392,681
Working capital	220,072	404,015	393,307	601,955	700,456
Other long-term assets	539,794	582,452	502,992	555,122	584,704
Fixed assets	868,553	960,708	1,018,511	1,089,888	1,132,783
Total assets	5,275,420	5,643,398	5,763,211	5,681,723	5,810,624
Current liabilities	3,647,001	3,696,223	3,848,401	3,434,758	3,392,681
Long-term loans	14,510	144,986	38,734	67,255	195,246
Other liabilities	279,001	322,354	251,961	303,330	334,514
Total liabilities	3,940,512	4,163,563	4,139,096	3,805,343	3,922,441
Paid capital	600,000	600,000	600,000	600,000	600,000
Reserves and retained earnings	533,469	678,767	815,946	1,064,703	1,078,199
Minority interest	201,439	201,068	208,169	211,677	209,984
Shareholders' equity	1,334,908	1,479,835	1,624,115	1,876,380	1,888,183
Total liabilities and shareholders' equity	5,275,420	5,643,398	5,763,211	5,681,723	5,810,624

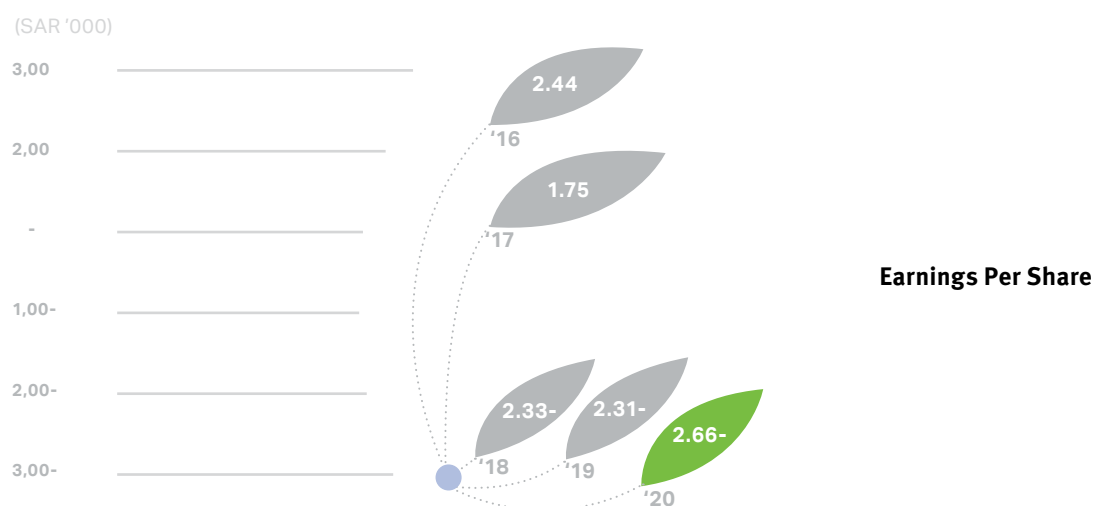
C) Outcome of Operation Activities:

Item (SAR '000)	2020	2019	Change	%
Sales	3,382,962	4,038,583	(655,621)	(16,2)
Cost of sales	2,919,850	3,451,737	(531,887)	(15,4)
Total operating profits	(60,754)	(27,265)	(33,489)	122,8
Expenses of main operations	523,866	614,111	(90,245)	(14,7)
Losses of main operations	-	-	-	-
Other revenue/expenses	85,666	93,722	(8,056)	(8,6)
Deductions: Zakat or tax	13,453	17,822	(4,369)	(24,5)
Net profits (loss)	(159,873)	(138,809)	(21,064)	15,2

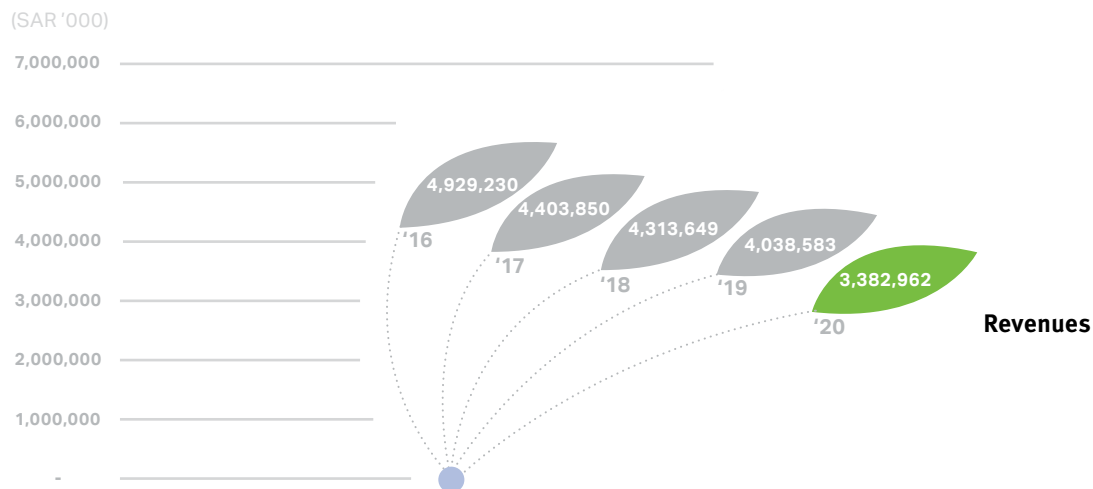
The following chart shows net incomes between 2016 and 2020:



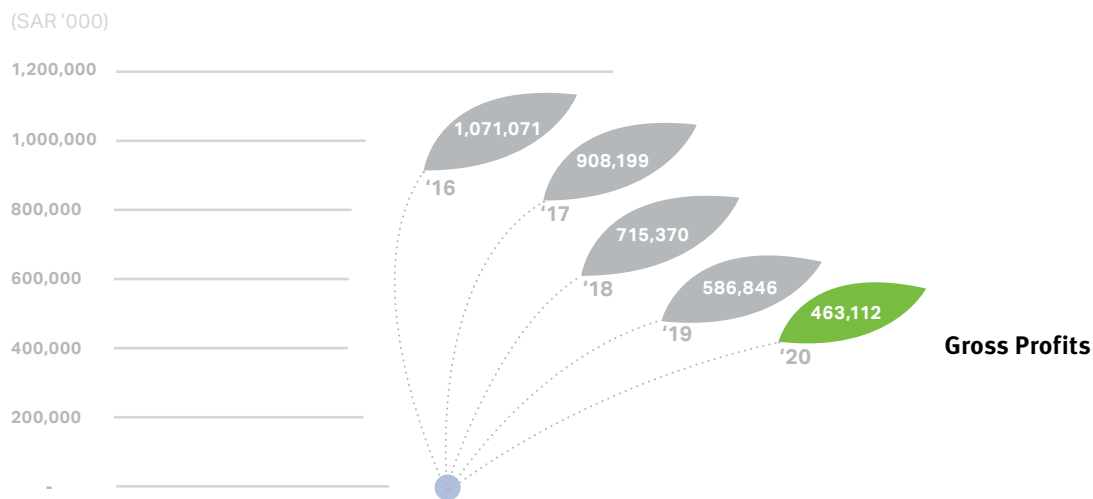
The following chart shows earnings per share between 2016 and 2020:



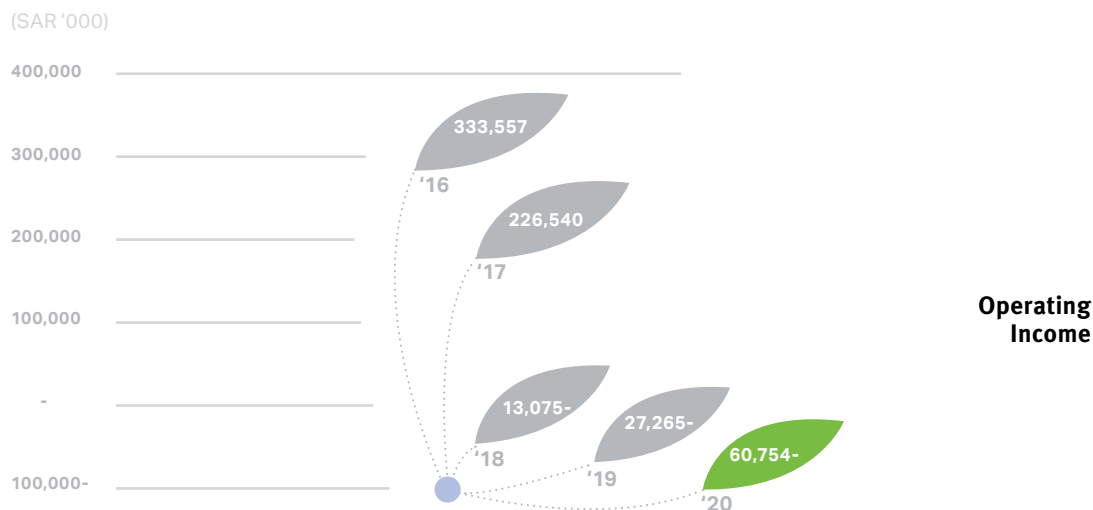
The following chart shows consolidated revenues over the past five years:



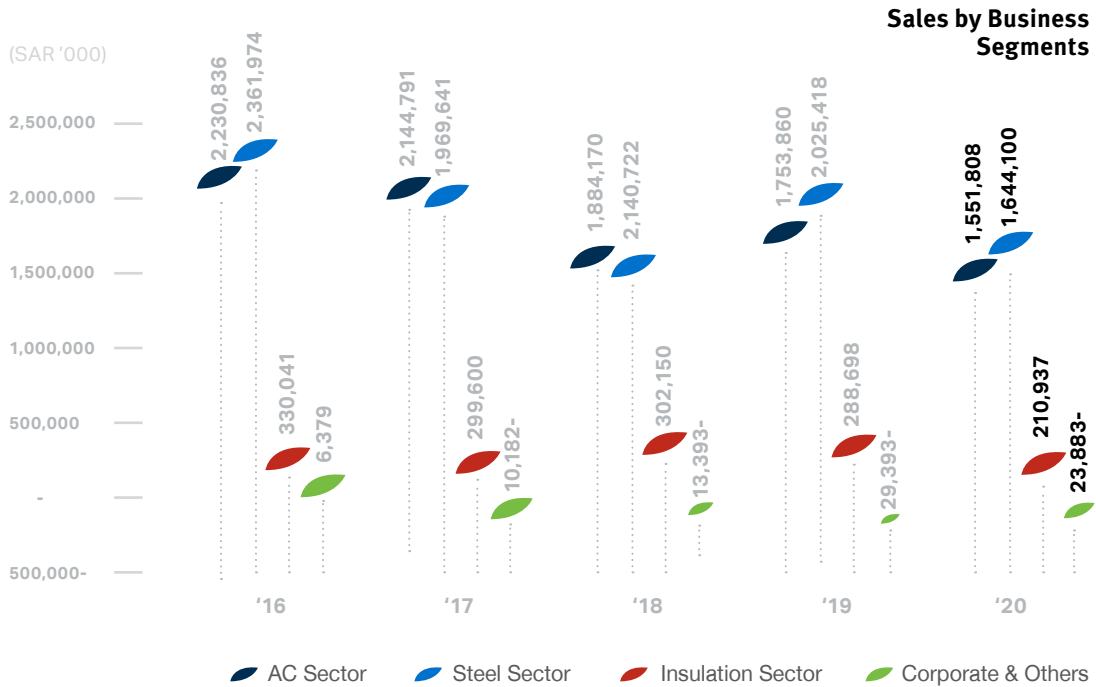
The following chart shows gross profits over the past five years:



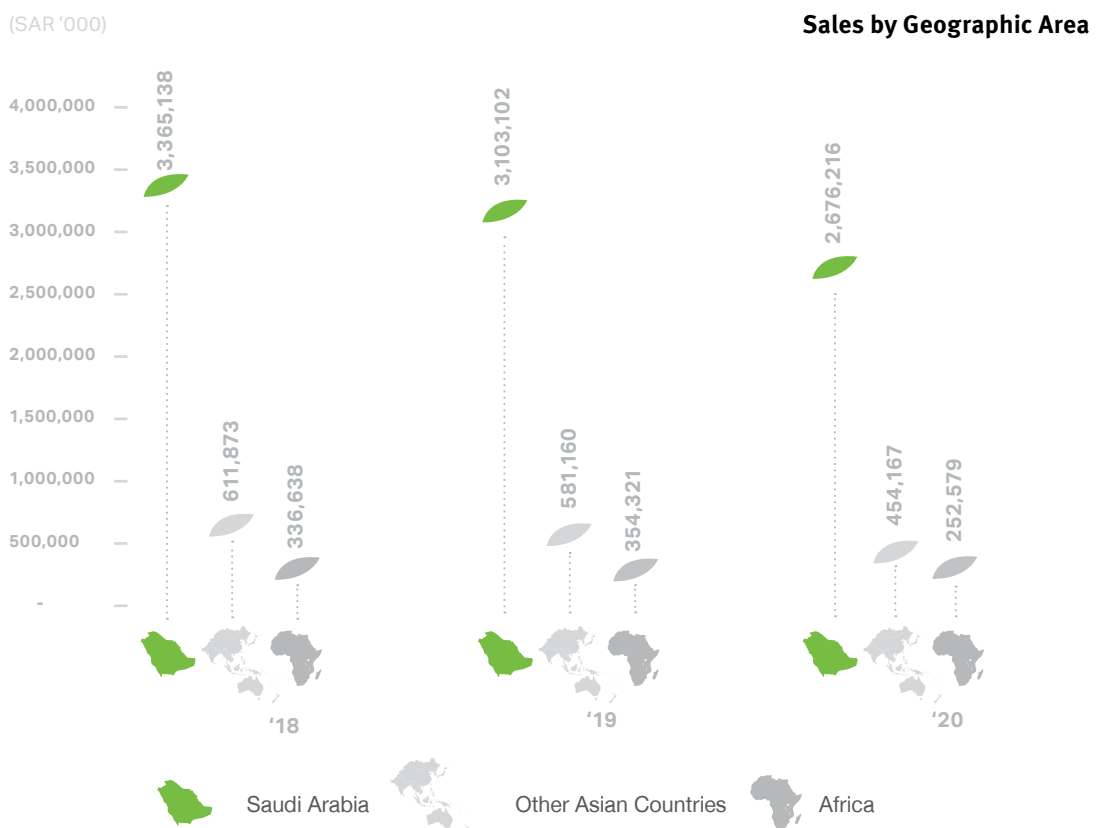
The following chart shows operating incomes over the past five years:



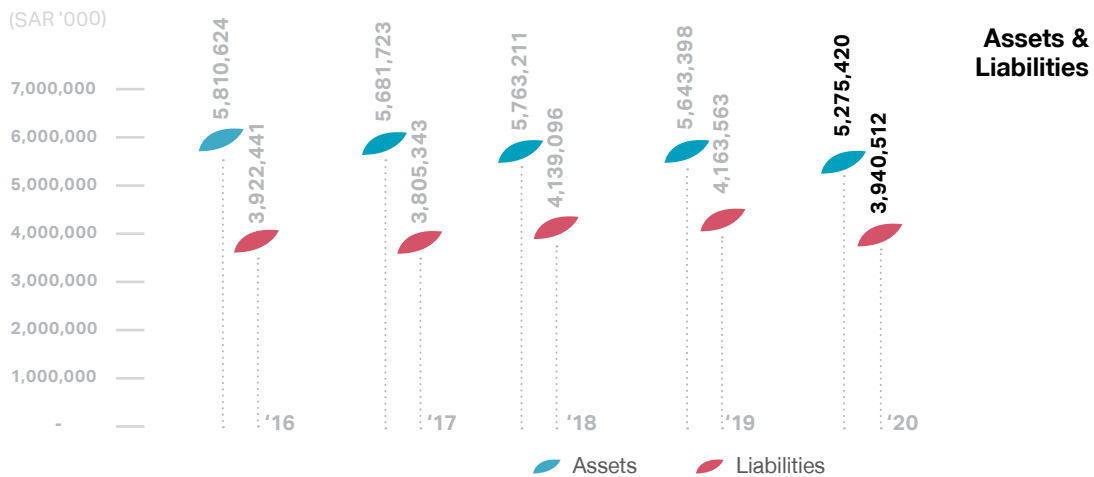
The Steel sector's revenue in 2020 was SAR 2,025.4 million, a decrease of 18.8%. The AC sector's revenue decreased 11.5% to SAR 1,551.8 million. The Insulation sector's revenue also saw a 26.9% decrease to SAR 210.9 million



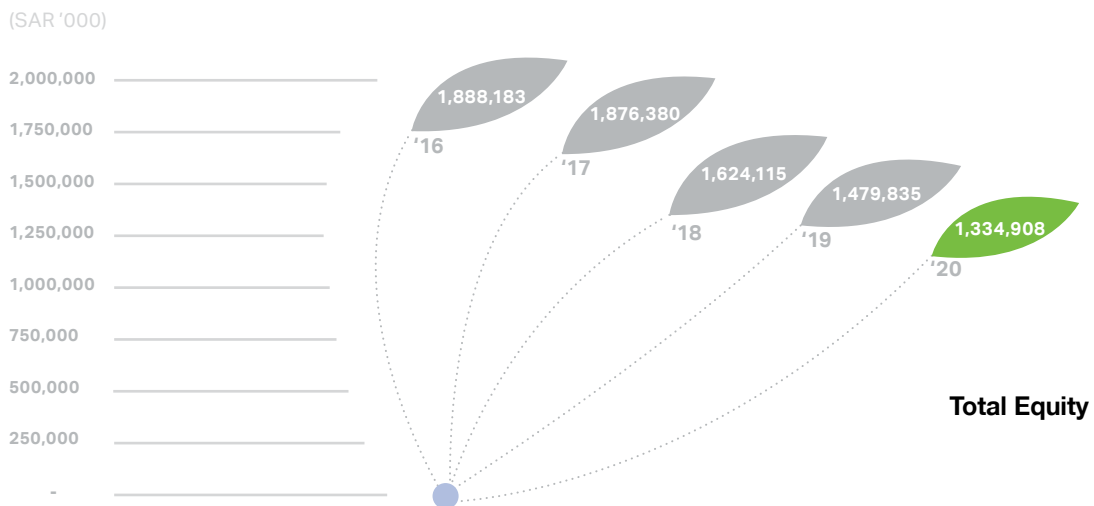
Geographically, the company's revenues based on operations in the Kingdom of Saudi Arabia totaled SAR 2,676.2 million. Revenues of the company's subsidiary factories outside the Kingdom of Saudi Arabia totaled SAR 706.8 million. This analysis, however, does not include exports, which are detailed in the exports section of the report.



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



Shareholders' equity saw a drop of 9.8% to SAR 1,334.9 million, compared with SAR 1,479.8 million in 2019, as shown in the following chart:



The company's exports amounted to about SAR 492 million in 2020, compared with SAR 567 million in 2019. Exports constituted about 14.6% of total sales in 2020. The company's products are exported to more than 90 countries by means of a network of sales and representative offices in more than 55 countries 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 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	2020	2019	Date Obtained	Due Date	Base Loan Amount	
	(SAR '000)				(SAR '000)	Lender
Loan No. 1	181,242	195,422	29/08/2012	24/04/2024	257,317	Saudi Industrial Development Fund
Less: Current instalment	181,242 (165,803)	195,422 (47,400)				
Less: Fund administrative fees	(929)	(3,036)				
	14,510	144,986				

7 Financial Risk Management Objectives and Policies

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

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 reviews 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 in any hedging activities. The Board of Directors reviews and agrees on 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 of 31 December 2020 and 2019.

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. On 31 December 2020 and 2019, 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 Pounds, 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 a significant currency risk. The Group is exposed to currency risk on transactions and balances in Euros, Japanese Yen, Indian Rupees, Bahraini dinar and Egyptian Pounds. The Group manages currency risk exposure to Euros, Japanese Yen and Egyptian Pounds by continuously monitoring the currency fluctuations. On 31 December 2020 and 2019, 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 Indian 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.

	Change in Egyptian Pound rate	Effect on other components in equity (SAR '000)
31 December 2020	+3%	1,133
	-3%	(1,133)
31 December 2019	+9%	1,086
	-9%	(1,086)

	Change in Indian Rupee rate	Effect on other components in equity (SAR '000)
31 December 2020	+2%	1,768
	-2%	(1,768)
31 December 2019	+2%	1,953
	-2%	(1,953)

Commodity risk

The Group is exposed to the impact of market fluctuations in 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 to 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 the investment securities' future values. 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.

On the reporting date, the exposure to unlisted equity securities at fair value was SR 53,650 thousands (2019: SR 39,140 thousands).

- 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, as follows:

	31/12/2020	31/12/2019
	(SAR '000)	
Bank balances	128,194	167,381
Short-term deposits	24,921	26,016
Accounts receivable	1,718,629	1,895,662
Contract assets	596,653	494,756
Net investments in finance lease	317,105	340,682
Other receivables	80,997	87,652
	2,866,499	3,012,149

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.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses for each business unit of the Group. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., geographical region, product type, customer type and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The provision matrix is initially based on the Group's historical observed loss rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults in a particular sector, then the historical loss rates are adjusted. At every reporting date, the historical observed loss rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed loss rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual loss in the future.

Generally, accounts receivable are written off if past due for more than three years and are not subject to enforcement activity. It is not the practice of the Group to obtain collateral over receivables, and the vast majority are, therefore, unsecured. On 31 December 2020, the Group obtained a letter of credit as collateral over its receivables amounting to SAR 109.2 million (2019: 145.3 million) from certain customers. The Group determined that such receivables are not exposed to significant credit risk and therefore have not been considered in the ECL assessment. The Group evaluates the concentration of risk with respect to trade accounts receivable as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Presented below is the information about the credit risk exposure on 31 December for the Group's accounts receivable, net investment in finance lease and contract assets:

Accounts receivable	2020 (SAR '000)	2019 (SAR '000)
Current	500,064	563,495
Less than 30 days	153,913	115,783
31 - 60 DAYS	64,831	100,271
61 - 90 DAYS	55,477	96,280
91 - 180 DAYS	88,396	162,108
181-360 DAYS	193,219	172,090
More than 360 days	611,984	555,268
	1,667,884	1,765,295
Receivables from related parties	67,573	102,706
Retention receivable	187,631	207,664
Net investment in finance lease	317,105	340,682
Contract assets	606,292	501,695
	2,846,485	2,918,042

Based on a provision matrix, the Group's expected credit losses on 31 December 2020 against its accounts receivable and contract assets exposed to credit risk amounted to SR 313.7 million and SR 9.6 million (2019: SR 325.3 million and SR 6.9 million), respectively. Accordingly, the Group recognized an amount of SR 46.5 million (2019: SR 22.3 million) as a provision for expected credit losses in its consolidated statement of income for its continuing operations. Related parties receivable include an amount of SR 11.3 million (2019: 145.3 million) attributable to discontinued operations. The Group recognized an amount of SR 857 thousand (2019: 14.5 million) as a provision for expected credit losses as part of its net loss on discontinued operations in the consolidated statement of income.

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 was 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 their fair value. The Group manages its liquidity risk by monitoring working capital and cash flow requirements on a regular basis and ensuring that bank facilities are available. The Group's terms of sales require amounts to be paid within 30 to 90 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, are engaged in 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 focuses on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Item	on demand	< 6 months	6 - 12 months	1 - 5 years	> 5 years	Total
As at 31 December 2020						
(SAR '000)						
Accounts payable	16,178	440,413	-	-	-	456,591
Lease liabilities	-	20,685	10,865	39,656	48,330	119,536
Other financial liabilities	-	374,149	-	-	-	374,149
Interest bearing loans and borrowings	8,000	2,182,550	137,042	15,200	-	2,342,792
	24,178	3,017,797	147,907	54,856	48,330	3,293,068

Item	on demand	< 6 months	6 - 12 months	1 - 5 years	> 5 years	Total
As at 31 December 2019						
(SAR '000)						
Accounts payable	5,408	386,811	-	-	-	392,219
Lease liabilities	-	10,430	14,289	56,684	55,328	136,731
Other financial liabilities	-	399,699	-	-	-	399,699
Interest bearing loans and borrowings	28,542	2,200,721	302,700	147,180	-	2,679,143
	33,950	2,997,661	316,989	203,864	55,328	3,607,792

Due Statutory Payments

The following table shows paid and due statutory payments for 2020:

Item	2020	2019
	(SAR '000)	
Custom charges	34,052	31,607
Visas and passports	33,171	42,787
Zakat and tax	133,452	58,715
General Organization for Social Insurance	30,178	40,005
Other	-	-
Total government charges:	230,854	173,114

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 certification and ISO 14001 Environmental Management System (EMS) certification. The Information Technology (IT) Department at Zamil Industrial has also received ISO/IEC 20000 certification for delivering IT management services.

In June, Zamil Construction India Pvt. Ltd., a subsidiary of Zamil Industrial, received Integrated Management System (IMS) certification for its facilities in Pune, Maharashtra, India. This certification unifies the three key standards – ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System, and OHSAS 18001:2007 Occupational Health & Safety Management System – into one coherent system. This subsidiary also received a certificate of appreciation for achieving 1 Million Safe Man-Hours with Zero Lost Time Injuries, awarded by ITC Ltd., for its AMLF-Project Kapurthala, Punjab, India.

In July, Zamil Central Air Conditioners was recognized by the Air-Conditioning, Heating and Refrigeration Institute (AHRI) certification program for achieving three consecutive years of a 100 percent success rate in the performance testing of a variety of industry-leading, innovative HVAC solutions. The AHRI certification demonstrates Zamil Central Air Conditioners' commitment to industry leadership and to providing properly rated products to the marketplace.

In November, Zamil Process Equipment Co. (ZPEC) received a special certificate of appreciation from the Onshore Maintain Potential Project Department at Saudi Aramco in recognition and appreciation of ZPEC's partnership. This award also noted ZPEC's outstanding dedication to repairing three oil stabilizer columns for the client's Abqaiq plants in a record time of four months and manufacturing and delivering two new stabilizer columns for the Abqaiq and Khurais plants in an unprecedented seven months.

Lastly, Saudi Aramco honored Zamil Air Conditioners and Zamil Steel at the 2020 Local Manufacturers Quality Awards Ceremony, organized by Saudi Aramco for the third consecutive year in December 2020. The Zamil companies were honored for providing high-quality products despite the effects of the COVID-19 pandemic. Zamil Air Conditioners received the Quality Award in the Large Manufacturers category, while Zamil Steel was honored in the Most Improved Manufacturers category for having undergone a remarkable development in quality.



10

Human Resources and Workforce Localization

Zamil Industrial attaches great importance to its human resources as being the most important elements in managing and operating its business and as the basis for achieving outstanding business performance. Since its establishment, the company has concentrated on attracting candidates with top credentials and practical qualifications for key positions. Further, the company has also focused on developing human competencies by providing excellent growth and learning opportunities for employees in all sectors of the company.

At the end of 2020, the total Zamil Industrial headcount in Saudi Arabia was nearly 7,000 employees, a decrease of 13.1% from the previous year as a result of the coronavirus pandemic's effects on various business sectors as well as the restructuring and organizing of some business units in the company. The

percentage of job localization in 2020 reached about 27.8% of the total employees of the company, an increase of 3% from 2019. The steel and AC sectors in particular witnessed an increase in the rate of job localization by 3.26% and 1.65%, respectively, compared to the previous year thanks to the Talent Acquisition program that continues to focus on attracting and recruiting new Saudi employees.

The number of Saudi females working in the various sections and departments dropped to 48, a decrease of 15.8% from 2019, due to decreases in the number of employees in the various sectors of the company. In employing new recruits, close attention was paid to maintaining full compliance with the Nitaqat nationalization program, which ensures a growing number of Saudi employees in company workforces.

During the year, the Corporate Human Resources department implemented several online workshops to address the “new normal” of social distancing. A total of 1,234 participants enrolled in learning sessions on Zamil Industrial core values, business communication, management-related topics, and job competencies.

In addition, select employees were nominated to the training programs of the Ministry of Communications and Information Technology, HRDF Academy, and the Doroob learning platform.

For Talent Management, three main activities were completed this year. The first was the Talent Review, which documented critical positions and identified potential successors and individuals targeted for leadership development. In support of this, the second initiative was competency activity, which evaluated the continuing relevance of core competencies for technical positions. Over 1,400 samples of competencies were documented and classified in this exercise. The third was the release of the Organizational Culture Assessment survey, which secured managers' feedback on six dimensions in order to assess areas of future emphasis for human resources initiatives.

Programs to promote the growth of Saudi managers and professionals were linked to nominating select individuals for training as well as continuing the profiling that began last year.

As an integral part of Zamil Industrial's commitment to diversity in the workplace, the company created a sustainable program

to employ persons with disabilities. The company now employs more than 60 people with disabilities across various business units and functional areas, whether in attendance or remotely, with interrelated awareness sessions conducted on an in-house basis. Also, the company regularly organizes awareness seminars for officials and managers in key Zamil Industrial sectors and departments on the best practices for dealing with people with disabilities in the workplace.

It is worth mentioning that Zamil Industrial was awarded the Bronze category and Zamil Structural Steel Co. and Zamil Air Conditioning & Refrigeration Services Co. were awarded the Silver category of "Mowaamah Certification" in recognition of their efforts to provide a supportive and motivational work environment for people with disabilities. The "Mowaamah Certification", launched by the Ministry of Human Resources and Social Development in Saudi Arabia, recognizes companies that adopt best practices and standards to create a work environment that comprehensively supports the special needs of workers with disabilities.

The Human Resources Department again organized a series of social events for Zamil Industrial employees during the past year, including entertainment and educational programs, health & wellness campaigns, blood donation campaigns, and more.

11

Training and Development

Zamil Industrial strives to provide training programs with outstanding content and high value to ensure the success and continuous development of employees and all business units in the company.

During the year 2020, the company was keen to implement the highest preventive safety measures to prevent the spread of the emerging coronavirus pandemic, preserve the human element, and follow all occupational safety and health guidelines and instructions to ensure a safe and risk-free work environment. The company also made use of digital learning resources and available modern training and professional development technologies.

In this context, throughout the year, the Human Resources Department at Zamil Industrial launched a series of virtual workshops running online. More than 650 employees representing a cross section of Zamil Industrial sectors, business units, and functional areas participated in these online workshops and training sessions.



The workshops covered various key topics, including Zamil Industrial's core values, critical business skills, transformative change, absence management, diversity at work, stress management, customer service orientation, communication skills, financial and commercial awareness, people management, results orientation, technological awareness, and more. Workshops also included policy refresher sessions so that employees could better comprehend the nature and functions of certain policies.

The workshops aimed to create a platform for learning within the "new normal" by taking advantage of technological advances and making learning tools readily available for Zamil Industrial employees. These workshops also aimed to help employees develop the critical skills they need to efficiently carry out their everyday functions at work and to support the development of critical competencies and employee credibility. The workshops were tailored to reflect the demands of the organization and to increase team effectiveness and productivity toward maximizing return on investment.

During the year, several groups of employees representing a cross-section of Zamil Industrial sectors, business units, and functional areas successfully completed the Human Resources Development Fund (HRDF) Leadership Development Program, which was hosted by the HRDF Academy for Leadership in Saudi Arabia and included direct training and virtual meetings. The 12-week program prepares and develops future leaders in the private sector and ensures they lead their organizations in accordance with the Kingdom's Vision 2030, which corroborates the qualitative localization of leadership in terms of providing high-caliber leaders with excellent planning and innovation capabilities.

Lastly, as part of its efforts to ensure that all employees are aware of the relevance and importance of their activities and how they contribute to the achievement of the ISO standards quality objectives, Zamil Steel Buildings Vietnam Co. organized several training sessions on ISO 14001 and ISO 45001 for all its staff and workers.

Corporate Social Responsibility

Zamil Industrial takes pride in its commitment to social responsibility in the communities in which it operates and contributes widely to a network of community service and development programs in partnership with charities and like-minded institutions to help those in need. The company continues its support of ambitious initiatives and social projects aimed at improving living conditions and contributing to the prosperity of communities in which the Zamil Industrial businesses operate. Corporate social responsibility is not limited to the workplace, however. Zamil Industrial encourages all employees to volunteer and participate in various community-based activities and initiatives

During the year 2020, Zamil Industrial focused on implementing initiatives that contributed to containing the repercussions of the coronavirus (COVID-19) pandemic. All Zamil Industrial business sectors implemented precautions and preventive measures to address the potential risks of the spread of the emerging coronavirus, making every effort to protect employees and members of society from this pandemic.

Some of the most prominent precautionary measures include launching intensive campaigns to raise awareness and protection from the emerging coronavirus at all Zamil Industrial companies' facilities, with an emphasis on the importance of commitment to apply precautionary and preventive measures at all times and in all workplaces; utilizing available advanced technologies to conduct virtual meetings and communications necessary to get work done; keeping all employees continuously informed about the decisions and information issued by government agencies and relevant bodies in this regard and notifying them of any amendments to work plans and other significant developments; and continuous follow-ups on the part of all business units and department heads to ensure proper implementation and strict compliance of all precautionary and preventive measures to restrict the spread of the virus in the workplace.

In solidarity with the Saudi government and the Ministry of Health's efforts to combat the emerging coronavirus, Zamil Air Conditioners provided free maintenance and technical support services to hospitals and healthcare facilities in the eastern region of Saudi Arabia. This effort included providing 30 skilled technicians for maintenance and repairs of air conditioning and refrigeration systems of various brands and cooling capacities at government hospitals in the region. The company also provided free engineering and technical support services to check on the performance of air conditioning systems in health isolation rooms in the region's hospitals due to their essential and vital role in caring for people infected with coronavirus to provide a healthy and suitable workplace for medical staff.

Additionally, the company provided free technical support services to study the possibility of upgrading air conditioning systems in hospitals to meet the requirements for reconfiguring patient rooms and converting them into health isolation rooms when needed.

In India, as the country battles the coronavirus crisis, Zamil Steel Buildings India Pvt. Ltd. distributed thousands of face masks to nearby police stations. The company earlier pledged funds to the Prime Minister's Citizen Assistance and Relief in Emergency Situation (PM CARES) Fund and Chief Ministers Relief Fund (CMRF) to fight against the coronavirus pandemic.

In Vietnam, the Zamil Steel Buildings Vietnam Co. team paid a visit to the "Thuy An Rehabilitation Centre for Handicapped Children" to hand over the funds collected from the Charity Bazaar. The trip was memorable, as the team managed to meet with many children who, despite their disabilities, have shown incredibly positive life attitudes. Additionally, Zamil Steel Vietnam employees supported the government's call for a national blood donation campaign (Le Hoi Xuan Hong). This comes in response to the Vietnam National Institute of Hematology & Blood Transfusion's call for support from eligible donors to help ensure blood is available throughout the year to meet patient needs, especially in light of the fact that, due to the coronavirus pandemic, the blood supply has fallen far below the current demand.

Zamil Industrial participated in the Exhibition of SABIC Conference 2020, which was held under the patronage of his Royal Highness the Prince of the Eastern region, Prince Saud bin Naif Al Saud, on February 16–20, 2020, at the King Abdullah Cultural Center in Jubail Industrial City. The theme of the SABIC Conference 2020 was Chemistry 4.0, reflecting a new era of development – the fourth phase – that is evolving in the chemical industry, where digitalization, the circular economy, sustainability, and innovation are the key characteristics.

Additionally, Zamil Air Conditioners, along with Zamil Air Conditioning & Refrigeration Services Co., participated as a Gold Sponsor of HVAC-R Expo Saudi 2020, the region’s largest dedicated event for commercial heating, air conditioning, ventilation, and refrigeration.

In related developments, the Director of Information Technology at Zamil Industrial, Abdulbary Atassi, participated as a speaker at Oracle OpenWorld Middle East 2020, held in January 2020, at the World Trade Center in Dubai, UAE. He highlighted two aspects of Zamil Industrial’s digital transformation program. The first aspect was about how to enhance the quality of the companies’ current services and reduce operational costs by consolidating the infrastructure landscape and centralizing controls using Oracle Cloud Infrastructure. The second aspect was about how Zamil Industrial is changing its entire financial and operational model by transforming to Oracle’s latest applications technology (Fusion) through the “ASaaS” program and how it is handling all the implementation and change management activities.

In October, Zamil Industrial, in cooperation with the Saudi German Hospital-Dammam and the Zahra Association, organized an awareness campaign for its female employees about the early detection of breast cancer during Breast Cancer Awareness Month in October. The campaign aimed to define breast cancer types, identify their dangers, and educate employees on self-

examination methods and the necessity of preventing the disease through regular screenings.

Zamil Industrial has a commitment to the continual improvement of the standards of health and safety of its employees at all levels within the organization and to providing employees with all the information and support necessary to work safely at all times. In collaboration with the Saudi Ministry of Health, Zamil Industrial launched its annual seasonal flu vaccination campaign at the start of the winter season. The campaign took place in November 2020 in both the First and Second Industrial Cities in Dammam.



13 Capital and Shares' Details

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

Item	2020	2019	(%) change
Authorized and fully paid share capital	SAR 600 million	SAR 600 million	0
Issued shares	60 MILLION SHARES	60 MILLION SHARES	0
Nominal value	SAR 10	SAR 10	0
Number of free-float shares	44,999,375 SHARES (74.9%)	44,999,375 SHARES (74.9%)	0
Closing share price	SAR 20.76	SAR 18.16	SAR 2.6
Market value	SAR 1,245,600,000	SAR 1,089,600,000	14.3%

14 Corporate Governance Controls

The company has adhered to all mandatory provisions of the Corporate Governance Regulations, while it disclosed in general terms the details in subparagraph (b) of Paragraph (4) of Article (93) of the Corporate Governance Regulations according to the table contained in Paragraph (3) of Clause (26) of this report below and the note on it. The company communicated with the Capital Market Authority requesting the exemption from disclosure in accordance with the provisions of Paragraph (b) of Article (61) of the Rules on the offer of Securities and Continuing Obligations.

15 Board of Directors' Composition

The Board of Directors comprises eight members who are elected by the General Assembly before their memberships expire, and their term shall be 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
Khalid Abdullah Hamad Al Zamil	Chairman of the Board of Directors	Independent
Abdallah Saleh Jum'ah Al Dossari	Vice Chairman	Independent
Ahmed Abdullah Hamad Al Zamil	Member	Independent
Adib Abdullah Hamad Al Zamil As a representative of Zamil Group Holding Company	Member	Non-executive
Mohammed Ahmed Mahmoud Al-Ghaith As a representative of the Public Pension Agency	Member	Non-executive
Mohammad Sulaiman Mohammad Al Harbi	Member	Independent
Khalid Mohammed Saleh Al Fuhaid	Member	Independent
Abdulla Mohammed Abdullah Al Zamil	Member/CEO	Executive

The members of the Board of Directors were elected for the eighth term during the company's general assembly meeting on 28/04/2019, at which a vote was taken on the election of a new Board of Directors from among the candidates for Board membership for the eighth term, which runs from 01/05/2019 through 30/04/2022.

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		
Khalid Abdullah Hamad Al Zamil	1,747,233	0	1,747,233	0	0	0%
Abdallah Saleh Jum'ah Al Dossari	2,666	0	2,666	0	0	0%
Ahmed Abdullah Hamad Al Zamil	1,000	0	1,000	0	0	0%
Adib Abdullah Hamad Al Zamil As a representative of Zamil Group Holding Company	*11,999,989	0	*11,999,989	0	0	0%
Mohammed Ahmed Mahmoud Al-Ghaith As a representative of the Public Pension Agency	*60,636	0	0	0	(60,636)	(100%)
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%

*The number of shares owned by a corporate entity represented by the member.

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		
Osama Fahad Al Bunyan	200,000	0	0	0	200,000	100%
Said Fahad Al Daajani	10,000	0	10,000	0	0	0%

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%
Waleed Abdullah Hamad Al Zamil	3,168,066	5.28	3,168,066	5.28	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

Members of the Board of Directors:

Name	Current positions	Previous positions	Qualifications	Experience
Khalid Abdullah Hamad Al Zamil	<ul style="list-style-type: none"> Chairman of the Board, Zamil Group Holding Company 	<ul style="list-style-type: none"> Chairman, Zamil Group Holding Company Managing Director, Zamil Industrial Investment Co. Managing Director, Strategic Affairs, Zamil Group Holding Co. 	<ul style="list-style-type: none"> Bachelor's in Civil Engineering Executive education programs (Harvard and IMD) 	Professional experience since 1972
Abdallah Saleh Jum'ah Al Dossari	<ul style="list-style-type: none"> Retired 	<ul style="list-style-type: none"> CEO, Saudi Arabian Oil Company (Saudi Aramco) 	<ul style="list-style-type: none"> B.A. in Political Science Executive Management program 	Professional experience since 1968
Ahmed Abdullah Hamad Al Zamil	<ul style="list-style-type: none"> Businessman 	<ul style="list-style-type: none"> President, Zamil Air Conditioners 	<ul style="list-style-type: none"> Bachelor's in Business Administration 	Professional experience since 1972
Adib Abdullah Hamad Al Zamil	<ul style="list-style-type: none"> Chief Executive Officer, Zamil Group Holding Company 	<ul style="list-style-type: none"> Managing Director, Finance and Investment, Zamil Group Holding Company Managing Director, Zamil Industrial Investment Co. Managing Director, Zamil Air Conditioners Financial Auditor, Zamil Group 	<ul style="list-style-type: none"> Bachelor's in Business Administration 	Professional experience since 1975
Mohammed Ahmed Mahmoud Al-Ghath	<ul style="list-style-type: none"> Senior Auditor, Public Pension Agency 	<ul style="list-style-type: none"> Financial Auditor, Public Pension Agency Statistics Researcher, Public Pension Agency 	<ul style="list-style-type: none"> Master's in Financial Management Bachelor's in Operations Research 	Professional experience since 2001
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
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. General Manager, Aluminium Products Company (ALUPCO) 	<ul style="list-style-type: none"> Bachelor's in Mechanical Engineering 	Professional experience since 1989
Abdulla Mohammed Abdullah Al Zamil	<ul style="list-style-type: none"> CEO, Zamil Industrial Investment Co. 	<ul style="list-style-type: none"> COO, Zamil Industrial Investment Co. VP, Zamil Air Conditioners Senior VP of Shared Services, Zamil Industrial Investment Co. VP, Sales & Marketing and Purchasing & Materials Management, Zamil Air Conditioners 	<ul style="list-style-type: none"> Master's in Finance and Business Administration Bachelor's in Industrial Engineering 	Professional experience since 1987

 Executives:

Name	Current positions	Previous positions	Qualifications	Experience
Abdulla Mohammed Abdullah Al Zamil	<ul style="list-style-type: none"> • CEO, Zamil Industrial Investment Co. 	<ul style="list-style-type: none"> • COO, Zamil Industrial Investment Co. • VP, Zamil Air Conditioners • Senior VP of Shared Services, Zamil Industrial Investment Co. • VP, Sales & Marketing and Purchasing & Materials Management, Zamil Air Conditioners 	<ul style="list-style-type: none"> • Master's in Finance and Business Administration • Bachelor's in Industrial Engineering 	Professional experience since 1987
Osama Fahad Al Bunyan*	<ul style="list-style-type: none"> • COO, Zamil Industrial Investment Co. 	<ul style="list-style-type: none"> • VP, Zamil Air Conditioners • Director, Material Management, Zamil Air Conditioners • Accountant, Saudi Electricity Company 	<ul style="list-style-type: none"> • Bachelor's in Industrial Management 	Professional experience since 1993
Awadh Sharif Al- Ameen	<ul style="list-style-type: none"> • CFO, Zamil Industrial Investment Co. 	<ul style="list-style-type: none"> • CFO, Zamil Air Conditioners 	<ul style="list-style-type: none"> • Bachelor's in Accounting 	Professional experience since 1981
Said Fahad Al Daajani	<ul style="list-style-type: none"> • Director, Corporate Affairs; Corporate Secretary 	<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

*Early retirement at the end of December 2020.

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
Khalid Abdullah Hamad Al Zamil	• SAHARA international Petrochemical Company	• In KSA	• Listed	• Gulf Insulation Group	• In KSA	• Unlisted
	• Middle East Battery Co.	• In KSA	• Limited Liability			
	• Saudi Aramco Base Oil Company (Luberef)	• In KSA	• Limited Liability			
	• Rabiah & Nassar and Zamil Concrete Industries Co.	• In KSA	• Limited Liability			
	• Zamil Group Holding Co.	• In KSA	• Unlisted			
	• Prince Mohammad Bin Fahd University	• In KSA	• Limited Liability			
Abdallah Saleh Jum'ah Al Dossari	• Hassana Investment Co.	• In KSA	• Unlisted	• Halliburton	• Abroad	• Listed
	• Saudi Investment Bank	• In KSA	• Listed	• Saudi Arabian Oil Company (Saudi Aramco)	• In KSA	• Listed
	• Saudi Arabian Mining Company (Ma'aden)	• In KSA	• Listed	• Motiva	• Abroad	• Limited Liability
				• Motor Oil Hellas	• Abroad	• Listed
				• Petron	• Abroad	• Listed
				• S-Oil Corporation	• Abroad	• Listed
Ahmed Abdullah Hamad Al Zamil				• Saudi Petroleum International, Inc.	• Abroad	• Unlisted
				• Saudi Arabian Airlines	• In KSA	• Unlisted
				• Zamil Group Holding Co.	• In KSA	• Unlisted
				• United Plastic Cards Co.	• In KSA	• Limited Liability
				• Sigma Paints	• In KSA	• Limited Liability
				• Saudi German Company for Nonwoven Products	• In KSA	• Limited Liability
Adib Abdullah Hamad Al Zamil				• Gulf Packaging Industries	• In KSA	• Limited Liability
				• Saudi Industrial Export Co.	• In KSA	• Limited Liability
	• United Carton Industries Co.	• In KSA	• Limited Liability	• Al-Bilad Bank	• In KSA	• Listed
	• Jadwa Investment	• In KSA	• Unlisted	• Methanol Chemicals Co. (Chemanol)	• In KSA	• Listed
	• Fajr Capital	• Abroad	• Unlisted	• Gulf Union Co-Operative Insurance Co.	• In KSA	• Listed
	• Saudi Arabian Investment Co. (Sanabil)	• In KSA	• Unlisted	• Dana Gas	• Abroad	• Listed
Mohammed Ahmed Mahmoud Al- Ghaith	• Zamil Group Holding Co.	• In KSA	• Unlisted	• Saudi Guardian International Float Glass (GulfGuard)	• In KSA	• Limited Liability
Mohammad Sulaiman Mohammad Al Harbi	• Musharaka Capital Co.	• In KSA	• CJSC	• 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			
Khalid Mohammed Saleh Al Fuhaid	• Manafea Arabia Holding Co.	• In KSA	• Limited Liability	• Midad Holdings	• In KSA	• Limited Liability
	• Manafea Holding (Health Care)	• In KSA	• Limited Liability	• Manafea Al-Bahr Co.	• In KSA	• Limited Liability
	• Manafea Industrial Co.	• In KSA	• Limited Liability	• Manafea Al-Jazeera Co.	• In KSA	• Limited Liability
	• Life Lines Medical Co.	• 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
	• Al-Narjes Real Estate Development Co.	• In KSA	• Limited Liability	• Designs and IT Co.	• In KSA	• Limited Liability
		• In KSA	• Limited Liability	• Cherish Cosmetics	• In KSA	• Limited Liability
				• Manafea Gulf Co.	• Abroad	• Limited Liability

Name	Current companies	Location	Legal entity	Former companies	Location	Legal entity
Abdulla Mohammed Abdullah Al Zamil	• Gulf International Bank (Bahrain)	• Abroad	• Unlisted	• Saudi Food Bank	• In KSA	• Limited Liability
	• Gulf International Bank (KSA)	• In KSA	• Unlisted	• Endeavor Saudi Arabia	• In KSA	• Limited Liability
	• Gulf International Bank Capital	• In KSA	• Unlisted	• Gulf International Bank (UK)	• Abroad	• Unlisted
	• Saudi Global Ports Co.	• In KSA	• Limited Liability	• VIVA Bahrain	• Abroad	• Unlisted
	• Rabiah & Nassar and Zamil Concrete Industries Co.	• In KSA	• Limited Liability	• Dammam Airport Co.	• In KSA	• Limited Liability
	• Gulf Insulation Group	• In KSA	• Unlisted			
	• Dhahran Ahliyya Schools	• In KSA	• Limited Liability			

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Board Meeting Attendance Record

In 2020, the Board of Directors convened (4) times during its eighth term. Members of the Board of Directors are paid Sitting Fees for each meeting attended. Any member who did not attend a Board of Directors meeting has appointed another member as a proxy to attend in their stead and vote on their behalf. The following is an attendance sheet.

Name	8 th Term				Total
	No. (4/8) on 23/03	No. (5/8) on 22/06	No. (6/8) on 30/09	No. (7/8) on 16/12	
Khalid Abdullah Hamad Al Zamil	√	√	√	√	4
Abdallah Saleh Jum'ah Al Dossari	x	√	√	√	3
Ahmed Abdullah Hamad Al Zamil	√	√	x	√	3
Adib Abdullah Hamad Al Zamil	√	√	√	√	4
Mohammed Ahmed Mahmoud Al-Ghaith	√	√	√	√	4
Mohammad Sulaiman Mohammad Al Harbi	√	√	√	√	4
Khalid Mohammed Saleh Al Fuhaid	√	√	√	√	4
Abdulla Mohammed Abdullah Al Zamil	√	√	√	√	4

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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 interest. 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 comprise 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 28 April 2019.

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 its 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 2020, the committee convened (7) times during the Board's eighth term. An attendance sheet is shown below:

Meeting No.	Mohammad Sulaiman Mohammad Al Harbi (Chairman)	Mohammed Ahmed Mahmoud Al-Ghaith	Khalid Mohammed Saleh Al Fuhaid
8 th Term			
No. (4/8) on 19/03	✓	✓	✓
No. (5/8) on 20/05	✓	✓	✓
No. (6/8) on 27/07	✓	✓	✓
No. (7/8) on 29/07	✓	✓	✓
No. (8/8) on 25/10	✓	✓	✓
No. (9/8) on 02/11	✓	✓	✓
No. (10/8) on 12/24	✓	✓	✓
Total	7	7	7

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 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 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 the 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 twice in 2020 during the Board's eighth term. An attendance sheet is shown below:

Meeting No.	Abdallah Saleh Jum'ah Al Dossari (Chairman)	Khalid Abdullah Hamad Al Zamil	Mohammad Sulaiman Mohammad Al Harbi
8 th Term			
No. (2/8) on 30/06	✓	✓	✓
No. (3/8) on 30/11	✓	✓	✓
Total	2	2	2

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 2020, 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 remunerations and compensations paid to members of the Board of Directors, committee members and senior executives during the fiscal year 2020. Remunerations and compensations are subject to the remuneration policy approved by the General Assembly. The Board recognizes that there is no significant deviation from this policy:

Members of the Board of Directors:

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 Abdullah Al Zamil	200	12	6	0	0	0	218	0	0	0	0	0	0	0	218	0
Abdallah Saleh Jum'ah	200	9	6	0	0	0	215	0	0	0	0	0	0	0	215	0
Ahmed Abdullah Al Zamil	200	9	0	0	0	0	209	0	0	0	0	0	0	0	209	0
Mohammad Sulaiman Al Harbi	200	12	27	0	0	0	239	0	0	0	0	0	0	0	239	0
Khalid Mohammed Al Fuhaid	200	12	21	0	0	0	233	0	0	0	0	0	0	0	233	0
Second: Non-Executive Directors																
Adib Abdullah Al Zamil	200	12	0	0	0	0	212	0	0	0	0	0	0	0	212	0
Mohammed Ahmed Al-Ghaith	200	12	21	0	0	0	233	0	0	0	0	0	0	0	233	0
Third: Executive Directors																
Abdulla Mohammed Abdullah Al Zamil	200	12	0	0	0	0	212	0	0	0	0	0	0	0	212	0

Committee members

Member	Fixed remuneration	Allowance for attending meetings	Total
Audit Committee members:			(SAR '000)
Mohammad Sulaiman Mohammad Al Harbi	0	21	21
Mohammed Ahmed Mahmoud Al-Ghaith	0	21	21
Khalid Mohammed Saleh Al Fuhaid	0	21	21
Nomination and Remuneration Committee members:			
Abdallah Saleh Jum'ah Al Dosari	0	6	6
Khalid Abdullah Hamad Al Zamil	0	6	6
Mohammad Sulaiman Mohammad Al Harbi	0	6	6

Senior Executives

Fixed remuneration			Variable remuneration							(SAR '000)		
Salaries	Allowances	In-kind benefits	Total	Periodic remuneration	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares	Total	End of Service Benefit	Total remunerations for Board executives, if any	Grand total
4,450	959	0	5,409	0	0	0	0	0	0	0	200	5,609

Four senior executives who received the highest remunerations, including the CEO and the CFO

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 (93) of the Corporate Governance Regulations. An exemption request has also been submitted in accordance with Paragraph (b) of Article (61) of the Rules on the offer of Securities and Continuing Obligations.

It is worth mentioning that members of the Board of Directors will only receive their annual remunerations for the fiscal year that ended 31 December 2020 in their capacities as members of the Board of Directors after the approval of the company's General Assembly, which will convene at a later date. Members' remunerations are in accordance with the laws issued by the relevant authorities in this regard.

Remuneration policy

In compliance with Article 93 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. Remunerations and compensations shall be consistent with the company's strategy and objectives.
2. Remunerations 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. Remunerations 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. Remunerations 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 remunerations, 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 legitimate excuse, such member shall not be entitled to any remunerations for the period following the last meeting that they attended, and they shall refund any remunerations that were 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 remunerations, 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 remunerations, 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 remunerations, attendance fees and other entitlements for the membership of its committees, with the exception of the Audit Committee.
2. Remunerations for committee membership shall be in the form of a lump sum in addition to meeting attendance fees.
3. Remunerations 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 remunerations disbursed to senior executives in the company – such as fixed remunerations, 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 the skills for its management, while taking into account the industry in which the company operates and the company's size.
3. The Nomination and Remuneration Committee shall continually review incentive plans for senior executives and submit its recommendations to the Board of Directors for approval.
4. The objective of remunerations 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 allowances may be disbursed following each session, quarterly or with annual remunerations.
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.

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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 sectors. The company has been distributing annual profits to shareholders since it was established, but past distributions do not necessarily guarantee future distributions.

The profit distribution policy provided in Article 41 of the company's bylaws stipulates as follows:

Net profits of the company shall be distributed as deemed reasonable by the Board, provided that the General Assembly delegates 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 interest or guarantees continuous cash dividend distribution. The General Assembly can also decide to provide for establishing 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.

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Transactions with relevant bodies

As part of Zamil Industrial Investment Company (Zamil Industrial) subsidiaries' continuous activities, there exist business and contracts between them and affiliates/subsidiaries of Zamil Group Holding Company in 2020, which is represented by Mr. Adib A. Al Zamil.

Such business and contracts are either annual or time-limited; they are renewed automatically, and agreements on them have been reached in previous years, as they are a continuation of long-standing relationships.

Agreements in that regard are reached in light of common commercial terms and in accordance with the company's relevant internal procedures and bylaws.

All prices and terms of payment for these agreements and transactions are approved by the Board of Directors. The vote of the related party is excluded from voting during the meeting. They are also approved and authorized annually for each upcoming year by the shareholders' General Assembly.

Such transactions include:

1. The purchase of SAR 1,918,625 worth of products or services from Zamil Architectural Holding Company, which is a subsidiary of Zamil Group Holding Company, represented by Mr. Adib Abdullah Al Zamil, who is a member of the Board of Directors of Zamil Industrial Investment Company.
2. The purchase of SAR 6,850,267 worth of products or services from Zamil Chemical and Plastic Industries Holding Company, which is a subsidiary of Zamil Group Holding Company, represented by Mr. Adib Abdullah Al Zamil, who is a member of the Board of Directors of Zamil Industrial Investment Company.
3. The purchase of SAR 12,518,494 worth of products or services from Zamil Trade & Services Holding Company, which is a subsidiary of Zamil Group Holding Company, represented by Mr. Adib Abdullah Al Zamil, who is a member of the Board of Directors of Zamil Industrial Investment Company.
4. The purchase of SAR 8,406,244 worth of products or services from Zamil Real Estate Holding Company, which is a subsidiary of Zamil Group Holding Company, represented by Mr. Adib Abdullah Al Zamil, who is a member of the Board of Directors of Zamil Industrial Investment Company.

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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 2020 that may have an impact on 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 the remedy thereof. It is noteworthy that the Executive Management continues to take the necessary remedy procedures to mitigate 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 annual and quarterly financial statements and the appended clarifications, all prior to submission to the Board of Directors.

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 Share Buy Back

On March 26, 2020, the Board of Directors announced its recommendation to the General Assembly that the company buy its own shares. The recommendation was for the company to purchase up to a maximum of three million shares, or no more than 5% of the issued shares, with a value not exceeding 50 million riyals. They would be retained as Treasury Shares, with the purpose of maintaining the stability of the share price, as the Board of Directors saw at that time that the share price was lower than its fair value. The Board indicated that the financing of the purchase would be from the company's internal sources, through the cash available to the company. The General Assembly authorized the Board of Directors, or whomever the Board authorizes, to complete the purchase within twelve months from the date of the Extraordinary General Assembly's decision. The General Assembly also authorized the retention of the Treasury Shares, without selling them or allocating them to the Employee Shares Program, for a maximum period of five years. The Extraordinary General Assembly held on 7 May 2020 approved this recommendation.

The company appointed a financial advisor to manage the portfolio. However, by the end of the fiscal year on 31 December 2020, the company's purchase of its shares had not been completed. This was due to the rise in the share price, to a level above the fair value at the time the recommendation was made.

Company announcements and disclosures in 2020

During 2020, the company posted announcements and disclosures of material events through the Saudi Stock Exchange website (Tadawul). They included the following.

#	Announcement Date	Announcement Title
1	22/03/2020	The company's announcement of its annual financial results for the fiscal year ending 31 December 2019
2	26/03/2020	The company announced its intention to buy its own shares
3	15/04/2020	The company invited shareholders to attend the Extraordinary General Assembly (first meeting)
4	20/04/2020	The company announced the effects on its businesses of the precautionary measures taken to combat COVID-19
5	10/05/2020	The company announced the results of the Extraordinary General Assembly (first meeting)
6	21/05/2020	The company announced its interim condensed financial results for the three months period ending 31 March 2020
7	28/07/2020	The company announced its interim condensed financial results for the six months period ending 30 June 2020
8	25/10/2020	The company announced its interim condensed financial results for the nine months period ending 30 September 2020
9	28/10/2020	The company announced that one of its subsidiaries had signed a cooperation agreement with the Local Content and Government Procurement Authority to support local content in the manufacturing sector
10	17/12/2020	The company announced that it had received letters from the General Authority for Zakat & Tax (GAZT) amending the Zakat declarations submitted for the years from 2014 to 2018, demanding additional payments

Substantial events

On 17 December 2020 the company announced that it had received letters from the General Authority of Zakat & Tax (GAZT) amending the Zakat declarations submitted for the years from 2014 to 2018. The letters demand the payment of Zakat differences for those years, for a total amount of SAR 229,252,852. The company indicated that it submitted its Zakat declarations and paid the Zakat based on audited financial statements for the respective fiscal years. Zamil Industrial has the right to object and file an appeal to these amendments during the statutory period of sixty days from the date of receiving the letters. Accordingly, the company will prepare its list of objections to the amendments and submit its appeal within the statutory period.

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

In 2020, 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	06/01/2020	02/01/2020	Preparation of annual analysis report
2	03/02/2020	02/02/2020	Preparation of monthly analysis report
3	03/03/2020	02/03/2020	Preparation of monthly analysis report
4	08/04/2020	02/04/2020	Preparation of monthly analysis report
5	05/05/2020	04/05/2020	Preparation of monthly analysis report
6	07/05/2020	07/05/2020	Record attendance of the General Assembly meeting
7	02/06/2020	02/06/2020	Preparation of monthly analysis report
8	05/07/2020	02/07/2020	Preparation of monthly analysis report
9	09/08/2020	06/08/2020	Preparation of monthly analysis report
10	03/09/2020	02/09/2020	Preparation of monthly analysis report
11	05/10/2020	04/10/2020	Preparation of monthly analysis report
12	12/10/2020	12/10/2020	Preparation of monthly analysis report
13	02/11/2020	02/11/2020	Preparation of monthly analysis report
14	07/12/2020	02/12/2020	Preparation of monthly analysis report

38 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 2020, the company convened only one General Assembly meeting. The following is a list of the members of the Board of Directors present at the meeting.

Board member	Extraordinary General Assembly (07/05/2020)
Khalid Abdullah Hamad Al Zamil (Chairman)	✓
Abdallah Saleh Jum'ah Al Dossari (Vice Chairman)	✓
Ahmed Abdullah Hamad Al Zamil	✓
Adib Abdullah Hamad Al Zamil	✓
Mohammed Ahmed Mahmoud Al-Ghaith	✓
Mohammad Sulaiman Mohammad Al Harbi	✓
Abdulla Mohammed Abdullah Al Zamil	✓
Khalid Mohammed Saleh Al Fuhaid	✓

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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

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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 2020.
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 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.
12. There are no undisclosed conflicts of interest.
13. The company has not received a request/call from the certified public accountant for the convention of the General Assembly in 2020.
14. 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 2020.
15. There have been no procedures that may lead to the impediment of shareholders' voting rights.
16. The company has not provided any member of its Board of Directors or its senior executives with loans or credit facilities

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Conclusion

The Board of Directors of Zamil Industrial Investment Company (Zamil Industrial) tenders grateful thanks to the esteemed 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, which enable the company to compete with international companies and achieve Vision 2030. The Board of Directors would also like to thank employees of the Ministry of Commerce and Investment, Capital Market Authority, Saudi Stock Exchange (Tadawul) and Securities Depository Center Company (Edaa) and all relevant entities for their cooperation and efforts to serve companies.

The Board of Directors also tenders grateful thanks to the management and employees of Zamil Industrial Investment Company and its affiliates in all industries, branches, factories and internal and external offices for their efforts and dedication, and the Board invites them to continue their devoted efforts in the face of adversity. Thanks are also extended to the company's clients inside and outside the Kingdom of Saudi Arabia for the trust they have placed in the company and its products and for their continued support.

Board of Directors