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The image shown on the cover of the current annual report highlights the precious emerald stone in its attractive green color. It is one of the rare gemstones discovered in the Kingdom of Saudi Arabia. It is one of the types of corundum minerals with beautiful and attractive colors. Beryl is the mineral family of green emerald gemstones.

Beryl stones were found in the Bisha region, 12 kilometers southeast of Bisha Castle. Beryl is the mineral family of emerald green stones that are characterized by hardness, strength, and prestige. It is the stone of kings.

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

[zamilindustrial.com](http://zamilindustrial.com)







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# Board of Directors



**Abdulla Mohammed Al Zamil**

- Chairman of the Board



**Bander Abdulrahman Al Zamil**

- Vice Chairman
- Nomination and Remuneration Committee Member



**Sattam Abdulaziz Al Zamil**

- Board Member
- Audit Committee Member



**Mohammed Sulaiman Al Harbi**

- Board Member
- Audit Committee Chairman



**Khalid Mohammad Al Fuhaid**

- Board Member
- Audit Committee Member



**Saud Ghassan Al Sulaiman**

- Board Member
- Nomination & Remuneration Committee Member



**Adel Saleh Al Ghassab**

- Board Member
- Nomination & Remuneration Committee Chairman



**Mohammed Ali Al-Sahib**

- Chief Executive Officer



## Vision

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



### Honesty and Integrity

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



### Customers and Excellence

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



### Innovation and Change

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

## Mission

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



### Leadership and Prudence

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



### Community and Prosperity

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







## Chairman's Message

### Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the annual report of Zamil Industrial Investment Company (Zamil Industrial) for the year 2022 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 good In terms of our export markets, construction and infrastructure projects remain strong in general, particularly in Gulf Cooperation Council countries and other regions where we operate. However, the continuous decline in the value of the local currency in both Egypt and India, as well as the economic slowdown, new taxes imposed recently, and the effects of the coronavirus pandemic on global supply chains, are all having a negative impact on production costs.

Zamil Industrial, on the other hand, has continued to operate in those markets and has increased its exports to a number of other countries. Even as governments try to halt the economic slowdown with new financial measures and the prospect of new business opportunities, profit margins remain under severe pressure due to intense competition in all markets.



We will maintain our emphasis on operational and business excellence as the company's executive management and all of its employees work to achieve the company's strategic goals and the Kingdom's Vision 2030. The company's management systems, policies, and procedures are updated on a regular basis, and new and global digital transformation technologies are being implemented to gain more flexibility and competitiveness as well as improve efficiency across the company's sectors.

On the organizational level, the company's general assembly in 2022 approved the formation of the new Board of Directors in its ninth term. Consequently, the Board reformed its specialized committees to support it in performing its duties effectively, represented by the Audit Committee and the Nomination and Remuneration Committee.







## Chairman's Message (continued)

Corporate governance has also been an integral part of our core values. Throughout 2022, Zamil Industrial's Board of Directors was keen to fulfill its duties and ensure that the company's operations were conducted according to the best corporate governance methods. We are determined to adhere to governance and transparency principles by means of guiding the company's Internal Audit Department, which works continuously to ensure that the best available practices and the highest transparency and governance standards are observed across all sectors and fields of our business.

In this regard, we pay detailed attention to the recommendations of the Ministry of Commerce and Saudi Exchange (Tadawul) in the pursuit of a sound investment environment for shareholders.

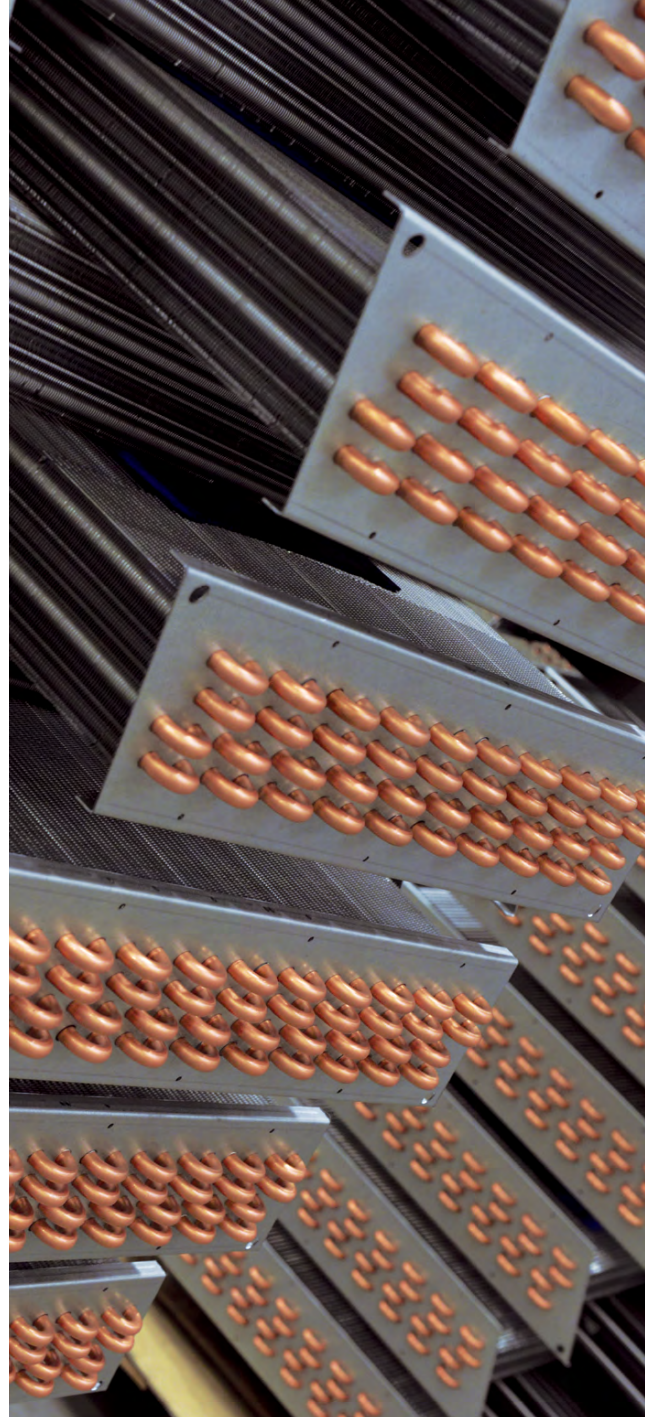
Furthermore, the Board of Directors has elected to seek social achievements and prioritize social responsibility. The company has taken on several social initiatives to enhance its role in serving our community. We will make progress in this field with our dedication to social responsibility.



In conclusion, I would like to say that we are confident in our ability to maintain and increase the growth of the company, but only with joint efforts and trust. I would not like to forget to thank our shareholders for their support, as well as my colleagues on the Board of Directors and the members of the executive management team for their responsible actions in managing Zamil Industrial and setting the company's goals and strategic policies.

My grateful thanks and appreciation are also extended to all Zamil Industrial affiliates for their dedicated efforts and contributions to the company's success, our customers for their trust in our ability and products, and our suppliers for their support. Together we have enjoyed success over many years, and together we pursue further success and prosperity for your company.

**Abdulla Mohammed Al Zamil**  
Chairman of the Board



# Board of **Directors'** **Report** for 2022





Dear **Respected Zamil Industrial Shareholders,**

The Board of Directors of Zamil Industrial Investment Company (Zamil Industrial) is pleased to present shareholders with its annual report, including a review of Zamil Industrial's performance, activities and investments inside and outside the Kingdom of Saudi Arabia, and an overview of the company's overall status for the year 2022 by looking at its sectors: Air Conditioning, Steel, Insulation, and other industries.



## Organization and Activities

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

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

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

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

### Products and services include:

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





Dammam

19**98**  
Dammam

**9,000+**  
people

**55**  
countries

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

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



STEEL



HVAC



INSULATION



# Steel

## Sector

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







QUALITY CONTROL



STRUCTURAL STEEL



Zamil 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, agricultural, aviation, entertainment, and military applications and in support of infrastructure and development projects. Zamil Steel products are sold in more than 90 countries through an international network of dedicated sales and representative offices, certified builders, agents, and distributors.

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

Zamil Steel's main factories are based in Dammam, Saudi Arabia. Additional facilities are located in Egypt, Vietnam, India, and the UAE. The company employs hundreds of engineers in its engineering departments in Saudi Arabia, Egypt, Vietnam, and India.





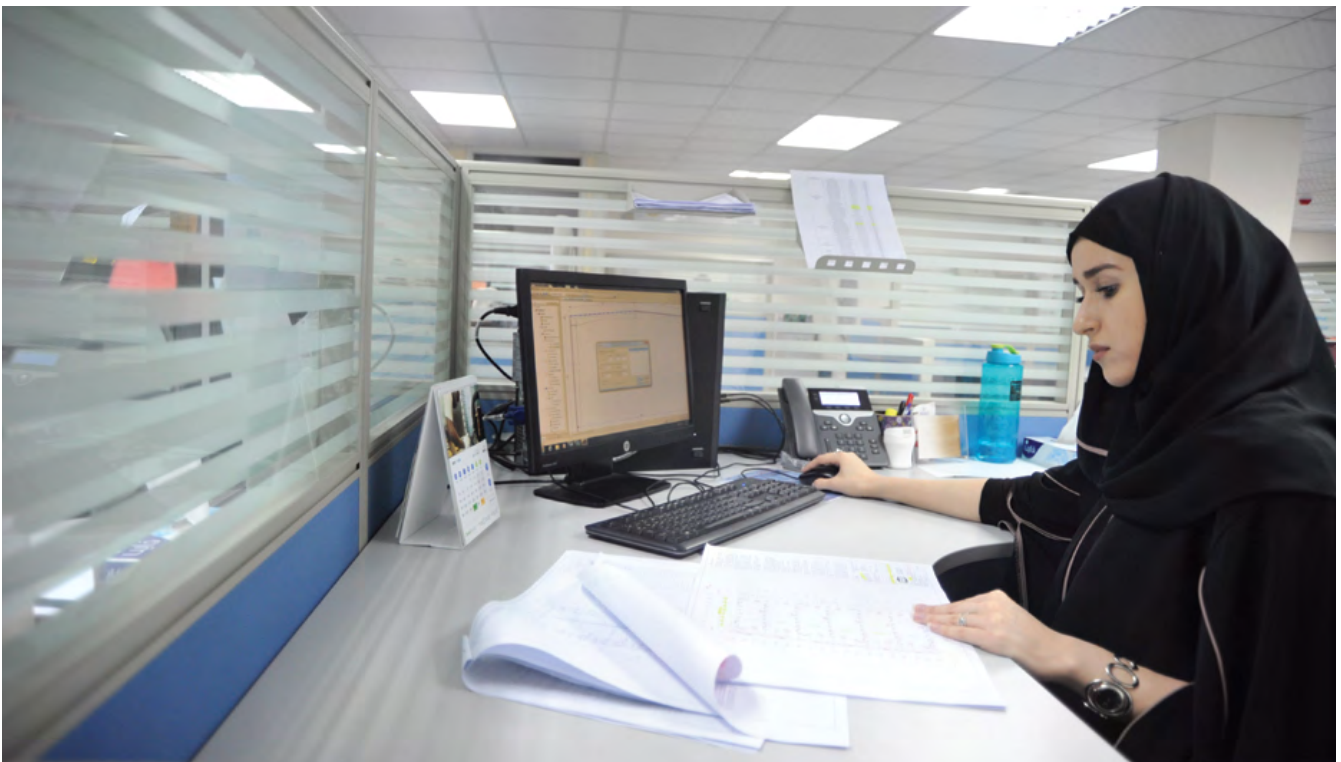
Zamil Steel utilizes state-of-the-art engineering and manufacturing software and machinery in the design, estimating, shop detailing, and manufacturing of each of its products.

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

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

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

Moreover, Zamil Steel offers the engineering, procurement and construction services needed to complete new projects in different market sectors for a variety of purposes. The company provides the design, fabrication and supply of steel buildings, as well as related civil and concrete works; the erection of steel buildings; and the installation of firefighting and fire alarm systems, architectural materials, mechanical systems, electrical systems and plumbing works through turnkey contracts using full-site management teams.











# HVAC

## Sector

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



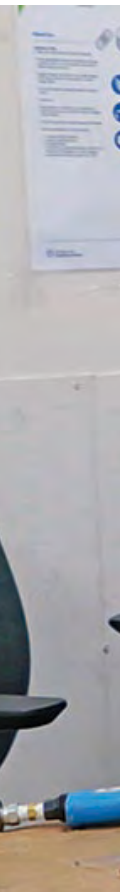
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Currently ranked as the region's leading air conditioning equipment service and maintenance provider, the company employs more than 2,500 qualified technicians spread across 21 branches in Saudi Arabia and the GCC countries. The company owns and maintains nearly

2,500 service vehicles, equipped with the necessary tools, equipment and emergency spare parts to repair and service any HVAC unit regardless of brand, capacity or make.

The company offers professional air conditioning services as well as complete preventive maintenance programs and other related HVAC services, aimed at providing regular, scheduled checkups to keep air conditioning systems in optimum operating condition. It operates a Service & Parts department and offers annual service and maintenance contracts for banks, industrial establishments, oil and gas companies, retail outlets and homes, in addition to handling regular customer service calls.

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



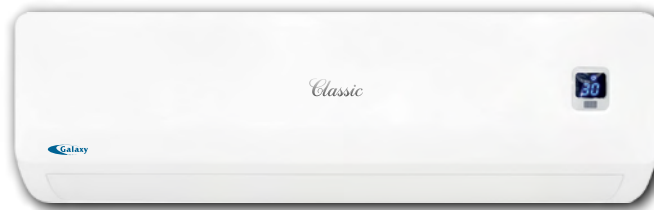


Moreover, Zamil Air Conditioners owns and operates Ikhtebar, the first independent laboratory created specifically for testing climate control solutions in the Middle East. Ikhtebar, which was constructed in 1984 by Intertek Testing Services and certified by Electrical Testing Laboratories (ETL), offers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

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

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 presses, 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 the operational efficiency of air conditioning systems.





# Insulation

## Sector

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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.







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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 customers with the best products and services.

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

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







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



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

Subsidiary	Capital	Ownership Percentage	Activity	Country of Operation	Country of Incorporation
<b>1 Zamil Steel Holding Co. – and its subsidiaries:</b>	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
<b>2 Zamil Air Conditioners Holding Co. – and its subsidiaries:</b>	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
Ikhteban Co. Ltd.	SAR 500,000	100%	HVAC Testing	KSA	KSA
Eastern District Cooling Co. Ltd.	SAR 1 million	100%	District cooling systems	KSA	KSA
Zamil Energy Services Co. Ltd.	SAR 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
<b>3 Arabian Stonewool Insulation Co.</b>	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		
<b>4 Zamil Steel Buildings Co.</b>	EGP 100 million	100%	Steel buildings	Egypt	Egypt
<b>5 Zamil Steel Buildings (Shanghai) Co. Ltd.</b>	RMB 12.5 million	100%	Steel buildings	China	China
<b>6 Zamil Steel Buildings India Pvt. Ltd</b>	INR 886.1 million	100%	Steel buildings	India	India
<b>7 Zamil Steel Engineering India Pvt. Ltd.</b>	INR 51.2 million	100%	Engineering office	India	India
<b>8 Zamil Industrial Investment Co. (LLC)</b>	AED 5 million	100%	Holdings	UAE	UAE
<b>9 Zamil Steel Industries (LLC)</b>	AED 20 million	100%	Steel buildings	UAE	UAE
<b>10 Zamil Structural Steel Co. Ltd.</b>	USD 10 million	100%	Structural steel	Egypt	Egypt
<b>11 Zamil Construction India Pvt. Ltd.</b>	INR 13.7 million	100%	Steel industry project management	India	India
<b>12 Zamil Information Technology Global Pvt. Ltd.</b>	INR 23.5 million	100%	Information technology	India	India
<b>13 Zamil Higher Institute for Industrial Training</b>	SAR 8.14 million	100%	Industrial training	KSA	KSA
<b>14 Zamil Air Conditioners India Pvt. Ltd.</b>	INR 1,372.7 million	100%	Air conditioners	India	India
<b>15 Saudi Central Energy Co. Ltd.</b>	SAR 1 million	100%	District cooling project management	KSA	KSA
<b>16 Zamil Industrial Investment Co. Asia Pvt. Ltd.</b>	SGD 1	100%	Holdings	Singapore	Singapore
<b>17 Zamil Steel Buildings Vietnam Co. Ltd.</b>	SAR 13.2 million	100%	Steel buildings	Vietnam	Vietnam



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

## 2 The Company's Investments

Investments in associates are as follows:

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

- |   |   |
|---|---|
| <p><b>A)</b> 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.</p> | <p>will enable the company to improve its financial position and earn higher returns for owners.</p>      |
| <p><b>B)</b> Continue to rationalize expenditures and increase production efficiency and cash management, which</p>   | <p><b>C)</b> Right-size a selection of activities in an effort to maximize yields and mitigate costs.</p> |



## Performance Highlights

Revenues amounted to SAR 3,926 million as of 31 December 2022, an increase of SAR 402.4 million (11.4%) from SAR 3,523 million in 2021. Net loss for the year, after deducting Zakat and tax, was SAR (178) million, compared with a net loss of SAR (159.4) million in 2021, an increase

of 11.7%. Loss per share, after deducting Zakat and tax, was SAR (2.97), compared with SAR (2.66) during the same period in 2021. 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	2022	2021	Change
Air Conditioning Industry	<b>37.3%</b>	38.1%	9%
Steel Industry	<b>57.7%</b>	56.7%	13.5%
Insulation Industry	<b>5.7%</b>	5.9%	7.4%
Head Office and Others	<b>(0.7%)</b>	(0.7%)	9.1%
	<b>100%</b>	<b>100%</b>	

### A) Statement of Income:

Item (SAR '000)	2022	2021	2020	2019	2018
Sales	<b>3,926,186</b>	3,523,817	3,382,962	4,038,583	4,313,649
Cost of sales	<b>3,374,758</b>	3,036,385	2,936,601	3,451,737	3,598,279
Gross profit	<b>551,428</b>	487,432	446,361	586,846	715,370
Total expenses	<b>710,716</b>	659,636	654,470	738,568	843,864
Other income, net	<b>9,959</b>	28,674	63,256	30,735	2,292
Zakat	<b>28,740</b>	15,887	15,020	17,822	13,631
Net income	<b>(178,069)</b>	(159,417)	(159,873)	(138,809)	(139,833)

### B) Balance Sheet:

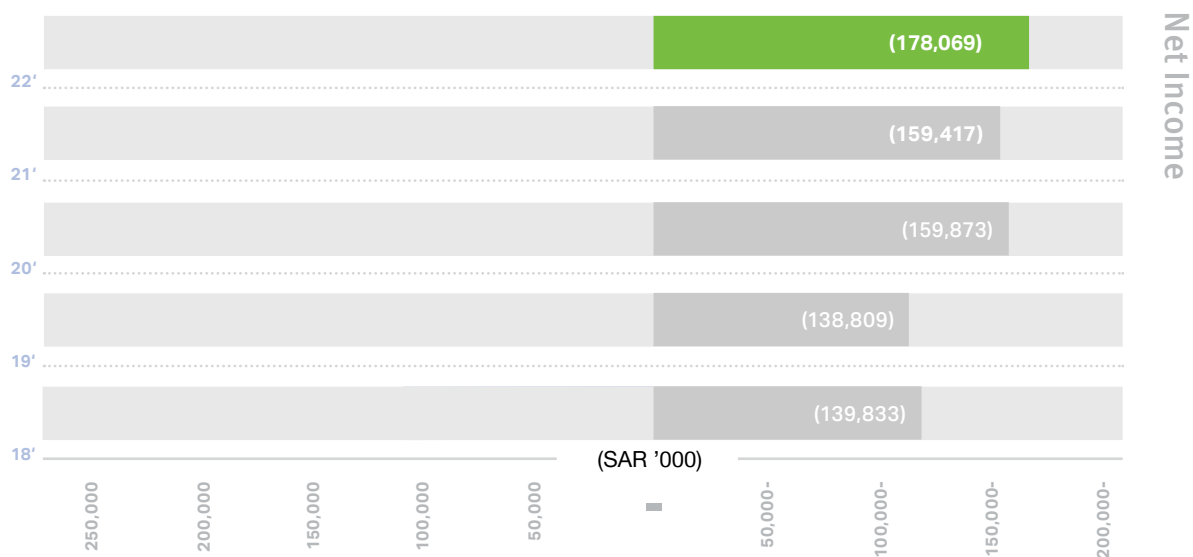
Item (SAR '000)	2022	2021	2020	2019	2018
Current assets	<b>4,737,036</b>	4,423,205	3,867,073	4,100,238	4,241,708
Current liabilities	<b>4,665,369</b>	4,267,462	3,647,001	3,696,223	3,848,401
Working capital	<b>71,667</b>	155,743	220,072	404,015	393,307
Other long-term assets	<b>427,888</b>	486,966	539,794	582,452	502,992
Fixed assets	<b>738,549</b>	804,853	868,553	960,708	1,018,511
Total assets	<b>5,903,471</b>	5,715,024	5,275,420	5,643,398	5,763,211
Current liabilities	<b>4,665,369</b>	4,267,462	3,647,001	3,696,223	3,848,401
Long-term loans	<b>13,862</b>	7,040	14,510	144,986	38,734
Other long-term liabilities	<b>276,382</b>	290,898	279,001	322,354	251,961
Total liabilities	<b>4,955,616</b>	4,565,400	3,940,512	4,163,563	4,139,096
Paid capital	<b>600,000</b>	600,000	600,000	600,000	600,000
Reserves and retained earnings	<b>170,883</b>	366,724	533,469	678,767	815,946
Minority interest	<b>176,975</b>	182,900	201,439	201,068	208,169
Shareholders' equity	<b>947,858</b>	1,149,624	1,334,908	1,479,835	1,624,115
Total liabilities and shareholders' equity	<b>5,903,471</b>	5,715,024	5,275,420	5,643,398	5,763,211



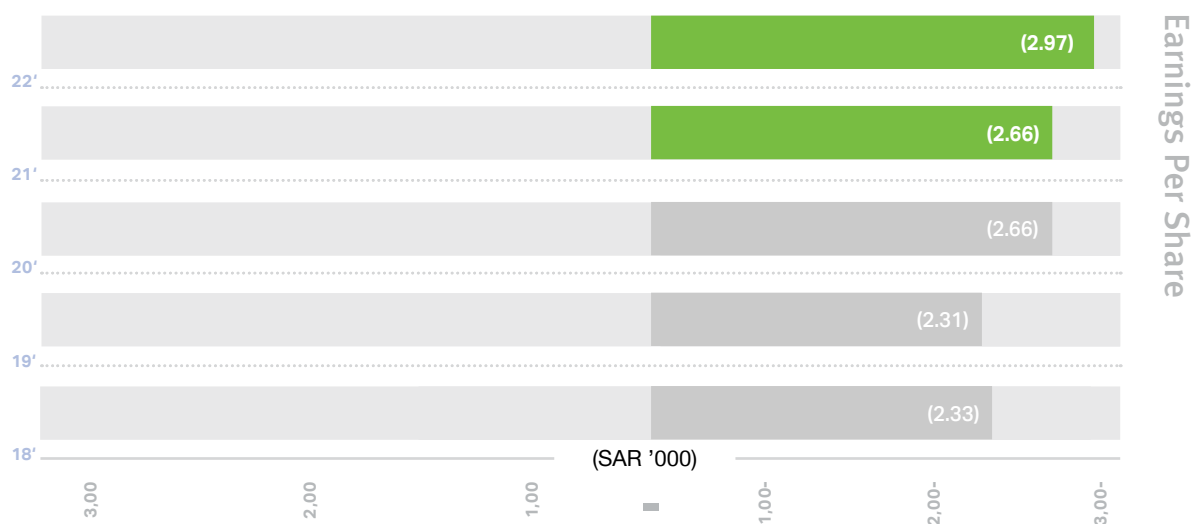
## C) Outcome of Operation Activities:

Item (SAR '000)	2022	2021	Change	%
Sales	<b>3,926,186</b>	3,523,817	402,369	11.4%
Cost of sales	<b>3,374,758</b>	3,036,385	338,373	11.1%
Total operating profits (loss)	<b>(41,449)</b>	(110,419)	68,970	(62.5%)
Expenses of main operations	<b>592,877</b>	597,851	(4,974)	(0.8%)
Losses of main operations	-	-	-	-
Other revenue/expenses	<b>107,880</b>	33,111	74,769	225.8%
Deductions: Zakat or tax	<b>28,740</b>	15,887	12,853	80.9%
Net profits (loss)	<b>(178,068)</b>	(159,417)	(18,652)	11.7%

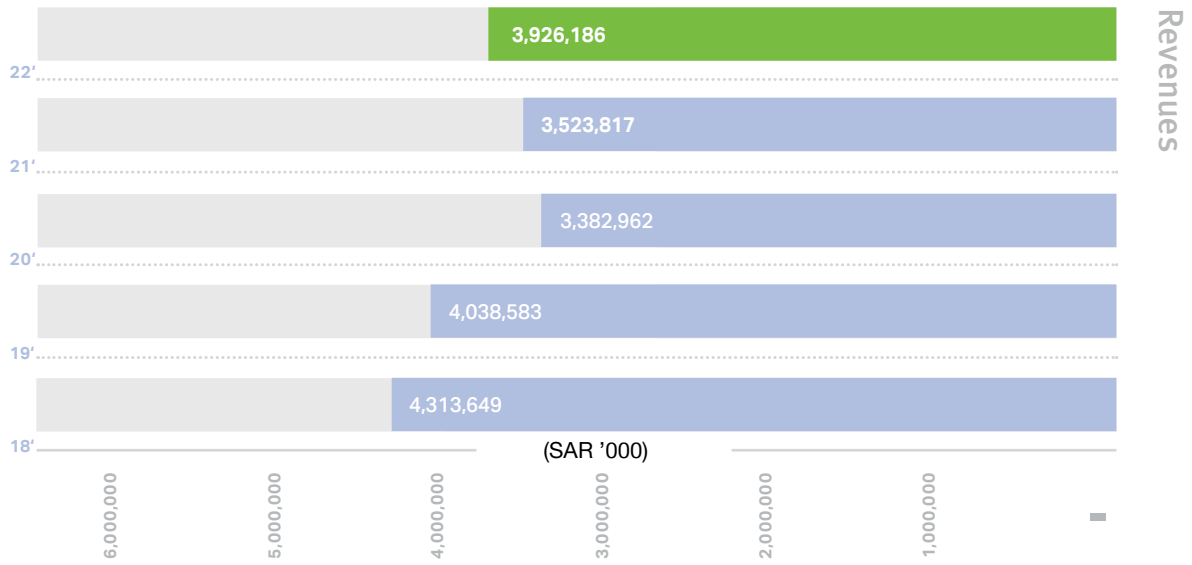
The following chart shows net incomes between 2018 and 2022:



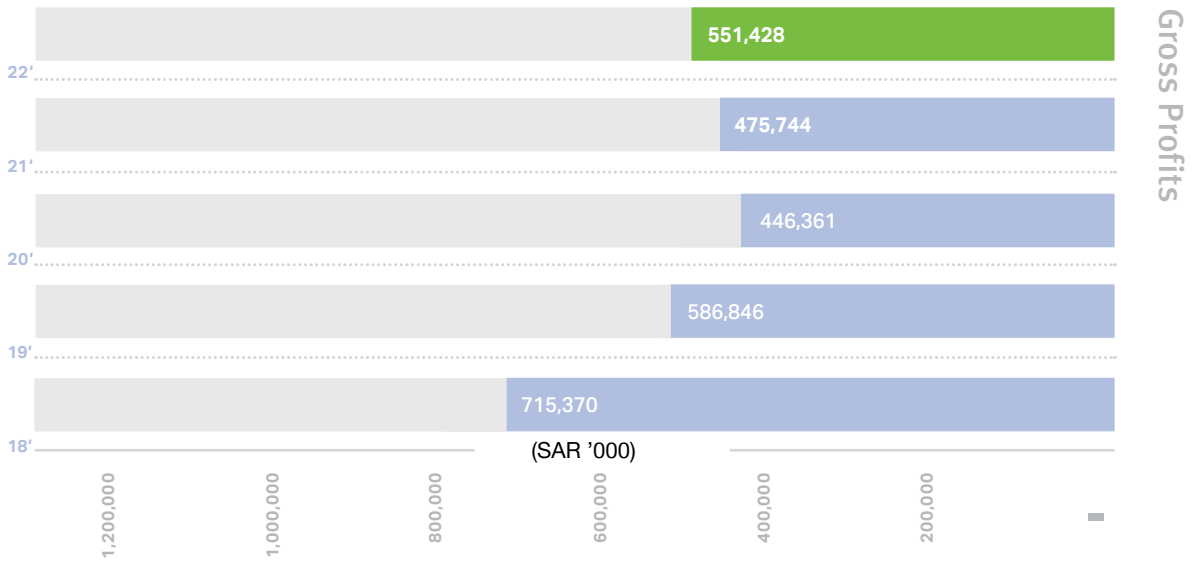
The following chart shows earnings (losses) per share between 2018 and 2022:



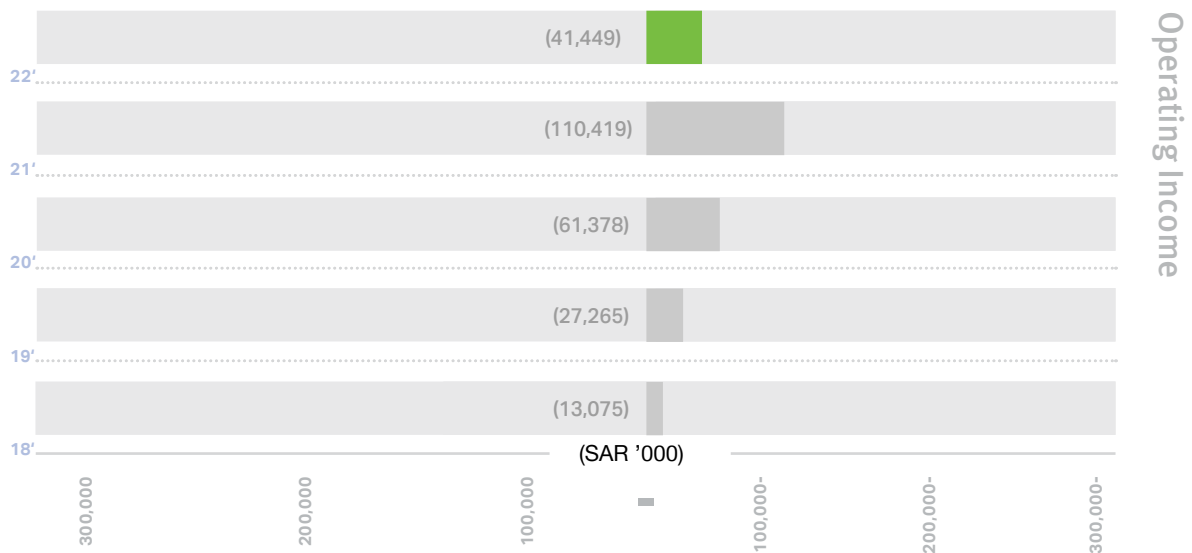
The following chart shows consolidated revenues over the past five years:



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



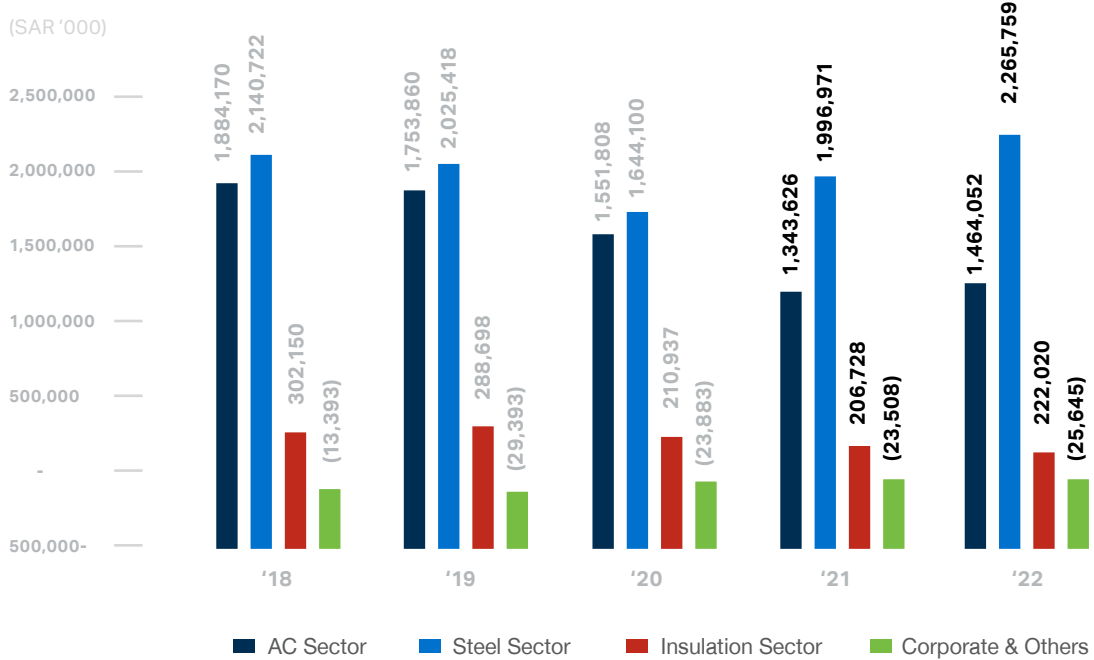
The following chart shows operating incomes over the past five years:





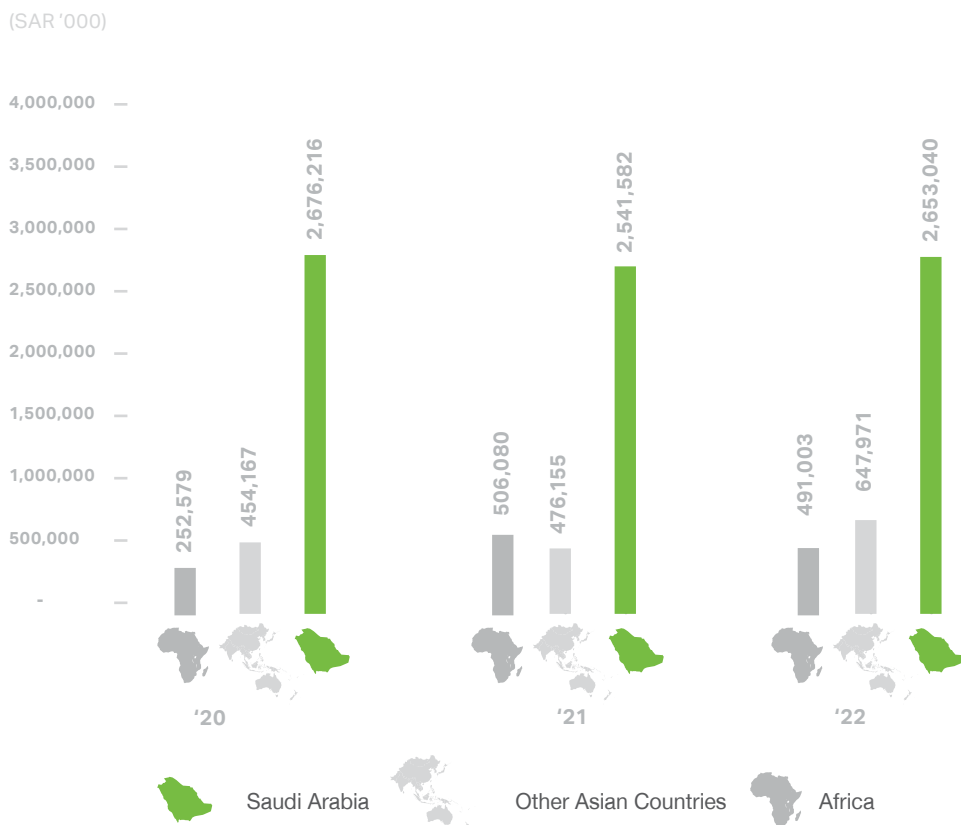
The Steel sector's revenue in 2022 was SAR 2,265.8 million, an increase of 13.5%. The AC sector's revenue increased by 9% to SAR 1,464.1 million. The Insulation sector's revenue also saw a 7.2% increase to SAR 222 million, as shown in the following chart:

Sales by Business Segments



Geographically, the company's revenues based on operations in the Kingdom of Saudi Arabia totaled SAR 2,653 million. Revenues of the company's subsidiary factories outside the Kingdom of Saudi Arabia totaled SAR 1,138.9 million. This analysis, however, does not include exports, which are detailed in the exports section of the report.

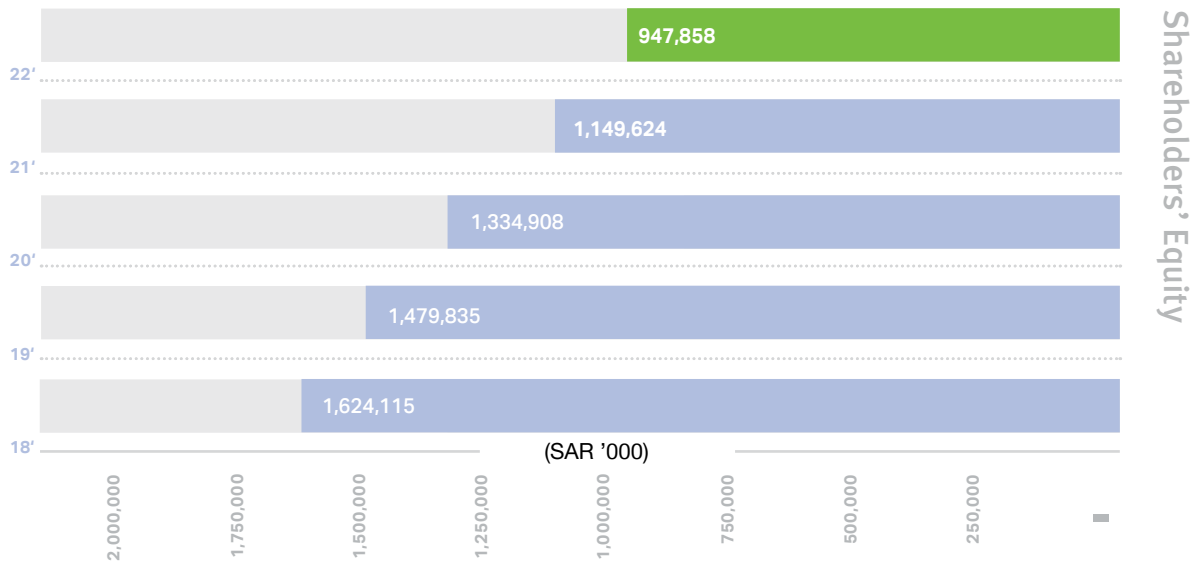
Sales by Geographic Area



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



Shareholders' equity saw a drop of 17.5% to SAR 947.8 million, compared with SAR 1,149.6 million in 2021, as shown in the following chart:



The company's exports amounted to about SAR 134.2 million in 2022, compared with SAR 435.9 million in 2021. The company's products are exported to more than 90 countries by means of a network of sales and representative offices around the world.





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

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

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

## 6 Loans

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

Item	2022	2021	Date Obtained	Due Date	Base Loan Amount	
	(SAR '000)	(SAR '000)			(SAR '000)	Lender
Loan No. 1	5,500	8,600	29/08/2012	24/04/2024	128,037	Saudi Industrial Development Fund
Loan No. 2	-	6,800	10/10/2019	11/10/2022	11,600	Saudi Industrial Development Fund
Loan No. 3	20,000	30,000	30/11/2021	01/12/2024	30,000	SABB - Saudi British Bank
Loan No. 4	2,882	2,265	31/03/2021	07/04/2025	2,265	HDFC Bank India
	<b>28,382</b>	<b>47,665</b>				
Less: Current installment	<b>(14,145)</b>	<b>(40,208)</b>				
Less SIDF Front-End Fees	<b>(150)</b>	<b>(417)</b>				
	<b>14,087</b>	<b>7,040</b>				

## 7 Financial Risk Management Objectives and Policies

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

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

- A) **Market risk:** Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: commission rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, short-term deposits and equity instruments at fair value through other comprehensive income. The sensitivity analyses in the following sections relate to the position as at 31 December 2022 and 2021.

#### ***Commission rate risk***

Commission rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market commission rates. The Group's exposure to the risk of changes in market commission rates relates primarily to the Group's long-term and short-term loans and its short-term deposits. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates. At 31 December 2022 and 2021, the Group's exposure to commission rate risk was not significant as its major long-term and short-term loans were subject to fixed commission rates.

#### ***Foreign currency risk***

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

Japanese Yen, Egyptian Pound, Indian Rupees, Bahraini Dinar, and Euros during the year. As Saudi Riyals are pegged to US Dollars, balances in US Dollars are not considered to represent significant currency risk. The Group is exposed to currency risk on transactions and balances in Euros, Japanese Yen, Indian Rupees, Bahraini Dinar and Egyptian Pound. The Group manages currency risk exposure to Euros, Japanese Yen, Indian Rupees, Bahraini Dinar and Egyptian Pound by continuously monitoring the currency fluctuations. At 31 December 2022 and 2021, the Group's exposure to foreign currency changes for its accounts receivable and accounts payable was not material.

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

#### ***Commodity risk***

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

#### ***Equity price risk***

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

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



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

***Accounts receivable and contract assets***

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

***Bank balances and short-term deposits***

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

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

***Excessive concentration risk***

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

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

## Due Statutory Payments

The following table shows paid and due statutory payments for 2021:

Item	2022	2021
	(SAR '000)	
Custom charges	78,521	34,151
Visas and passports	21,120	22,204
Zakat and tax	287,619	214,707
General Organization for Social Insurance	40,637	38,318
Other	-	-
Total government charges:	427,897	309,380

## Awards, Certifications and Quality

All Zamil Industrial subsidiaries are ISO 9000 certified by recognized competent organizations. Additionally, most subsidiaries have obtained OHSAS 18001 Occupational Health and Safety Management Systems, ISO 14001 Environmental Management System (EMS) certification, and other international standard certificates. The Information Technology Department (IT) at Zamil Industrial has also obtained ISO/IEC 20000 certification for providing IT management services.

In March, Zamil Central Air Conditioners Company received TÜV SÜD certification for its Double-Skin Air Handling Units – Hygienic Design Range (TWH Series) products. The positive results of the tests conducted demonstrate compliance with the requirements of the certification program. TÜV SÜD conducted an on-site audit and a detailed data assessment. The TÜV SÜD certification mark indicates that Zamil Central Air Conditioners' products meet the highest international standards for performance, durability and safety.

In April, Zamil Steel Buildings Vietnam marked a great year of achievement by being awarded the prestigious Golden Dragon Award 2021 for the 18th consecutive year, marking its 25 years of excellence in Vietnam and Southeast Asia. The Golden Dragon Awards have been presented by the Vietnam Economic Times since 2001 to recognize the contribution of foreign-invested enterprises to the Vietnamese economy.

In July, Zamil Central Air Conditioners Company received AHRI 1360/ASHRAE 127 certification for its in-house manufactured precision cooling units (miniDPM series) in accordance with the latest edition of AHRI Standard 1360 and/or ASHRAE 127. The certificates were granted based on the positive results and passing tests for locally manufactured precision refrigeration units. The ANSI/ASHRAE 127 standard applies to air-conditioning units used to air condition data centers and other information technology equipment spaces.

In September, Zamil Central Air Conditioners completed the certification process of its air-cooled condensing units (CTXN Series) and air-cooled remote condenser units to industry standard UL 1995:2011, as tested and certified by Intertek. The ETL Listed Mark demonstrates compliance with the requirements of product safety standards, as determined through independent testing and periodic follow-up inspections by Intertek. Achieving such an internationally recognized certification guarantees our customers the highest standard of safety and quality.

In December, Zamil Steel Buildings Vietnam was recognized in the top 10 enterprises with two flagship products: pre-engineered steel buildings and structural steel solutions. The award ceremony was organized by the Hanoi Department of Industry and Trade and the Hanoi People's Committee to honor the key industrial products of Hanoi in 2022.

In 2022, Zamil Construction India Pvt. Ltd., a subsidiary of Zamil Industrial, received Certificates of Recognition in recognition of its outstanding safety practices and for completing client projects throughout India. The company completed all construction work without a single workplace accident resulting in a fatality. These achievements are an important milestone for Zamil Construction India in maintaining workplace safety.



## 10 Human Resources and Workforce Localization

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

At the end of 2022, Zamil Industrial employed a total of nearly 7,000 people in Saudi Arabia, down 8.7% from the previous year. The company is committed to achieving greater operational efficiency with less workforce while encouraging greater participation by Saudi nationals.

The overall Saudization ratio of Zamil Industrial was 3.7% higher in 2022, increasing from 29.5% to 33.2% year-on-year. This trend is also reflected in the individual sectors. Saudization in the HVAC sector increased from 31% to 34%, while Saudis in the insulation sector remained at 25%. The total number of Saudi nationals increased by 3%, while the total number of expatriate employees decreased by 14.5%, thanks to the Talent Acquisition Program, which continues to focus on attracting and hiring new Saudi employees.

The number of Saudi women working in the various divisions and departments has increased to 128. Attention was paid to fully comply with the Nitaqat nationalization program when hiring new employees, which ensures an increasing number of Saudi employees in the companies.



Corporate Human Capital has decentralized its operations into four focused HR units that focus on the needs and requirements of the business sectors. The newly established HR units have taken over the Personnel and Government Relations functions to provide a comprehensive service with the goal of improving the quality and efficiency of the service. On the other hand, strategies, frameworks, programs, and other corporate functions remain under the reformed Corporate Human Capital.

As an integral part of Zamil Industrial's commitment to diversity in the workplace, the company has developed a sustainable program to employ people with disabilities. The company now employs more than 60 people with disabilities in various business units and functional areas, either on-site or remotely, with appropriate awareness sessions conducted internally. In addition, the company regularly organizes seminars for officials and managers in Zamil Industrial's main sectors and departments, informing them of best practices in dealing with people with disabilities in the workplace.

11

### **Training and Development**

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

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

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

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

The workshops aimed to create a platform for learning in the "new normal" by taking advantage of technological advances and providing Zamil Industrial employees with easily accessible learning tools. These workshops also aimed to help employees develop the critical skills they need to effectively perform their daily tasks at work, as well as support key skill development



and employee credibility. The workshops were tailored to the needs of the business to increase team effectiveness and productivity and maximize return on investment.

In this context, several groups of Zamil Industrial employees representing a cross-section of Zamil Industrial's sectors, business units and functional areas have successfully completed the Leadership Skills Advancement Program under the sponsorship and support of the Saudi Basic Industries Corporation (SABIC). The training program aims to qualify promising leaders in the industry by providing them with the latest knowledge in the field of leadership and equipping them with leadership skills and behaviors that meet the requirements and practices of typical modern work environments through scientific means and methods. A variety of training and development methods are used, which have been proven to contribute to the development of talent and human resources.

Additionally, Corporate Human Capital has developed a transformational, role-specific assessment and development program for Procurement and Sales. These programs are aimed at improving and developing the competencies and skills of employees in these two critical functions. These programs have been made available to the HVAC sector.



## Corporate Social Responsibility

Zamil Industrial prides itself on its commitment to social responsibility in the communities in which it operates, partnering with charities and like-minded institutions to contribute extensively to a network of community service and development programs to help those in need. The company continues to support ambitious initiatives and social projects aimed at improving living conditions and contributing to the prosperity of the communities in which Zamil Industrial companies operate. However, corporate social responsibility is not limited to the workplace. Zamil Industrial encourages all employees to volunteer and participate in various community-related activities and initiatives.

On the other hand, Zamil Industrial sponsored some activities of Forsan Al-Sharqiya for Search and Rescue, an official association under the umbrella of the Ministry of Human Resources and Social Development.

In February, Zamil Steel Buildings Vietnam participated as a Silver Sponsor in the annual Vietnam Business Forum (VBF) 2022 held in Hanoi. The forum was organized by the Ministry of Planning and Investment in cooperation with the World Bank, the International Finance Corporation (IFC), and the Vietnam Business Forum Alliance. Furthermore, the company co-sponsored the Vietnam Industrial Property Forum 2022, organized by the Vietnam Investment Review in Ho Chi Minh City. The forum was attended by more than 250 delegates, including heads of state administrative agencies, business associations, investors and developers of industrial parks across the country, manufacturers, investment consultants and others.

In March, Zamil Industrial sector businesses participated in The Big 5 Saudi 2022, the International Building and Construction Show in Riyadh. At this year's exhibition, about 400 companies from 30 countries presented the latest products, materials and solutions for the building and construction industry.

Additionally, Zamil Industrial showcased its latest products, services and innovative solutions at the World Defense Show 2022, the global stage for defense interoperability, held in Riyadh, Saudi Arabia. The first edition of the show featured a wide range of military equipment and advanced engineering and industrial technologies. This year's event brought together more than 590 global companies from 42 countries and many national government agencies from the defense, military, and security sectors.

In June, Zamil Industrial participated in the 4th edition of The Big 5 Construct Egypt, a leading international building and construction event supported by Egypt's Ministry of Housing, Utilities and Urban Communities and the Egyptian Armed Forces Engineering Authority. The event was held at the Egypt International Exhibition Center in Cairo.

In 2022, Zamil Air Conditioning and Refrigeration Services Company, in cooperation with the National Labor Gateway (Taqat) in Jeddah, organized a recruitment campaign to fill 75 vacancies in the company's technical and engineering departments. The campaign is part of the company's goal to increase the number of Saudi nationals in its workforce, thereby promoting the employment of citizens in the Saudi industrial sector. One of the main goals of Saudi Vision 2030 is to increase the employment of Saudi nationals in all sectors and regions.

In September, Zamil Steel Buildings Vietnam celebrated its 25th anniversary at the Lotte Hanoi Hotel. The event was attended by the Ambassador of the Kingdom of Saudi Arabia to Vietnam, Mohammed Ismaeil A. Dahlwy, Director of the Department of Middle East-Africa at Vietnam's Ministry of Foreign Affairs, Bui Ha Nam, and more than 200 distinguished guests, including leading companies, representatives of ministries and government bodies, and over 30 press and media representatives.

The anniversary was celebrated to look back at the development of Zamil Steel over the past 25 years in Vietnam, with many outstanding historical milestones in production, business development, and expansion activities. Under the theme "25 Years of Trust and Quality", Zamil Steel Vietnam thanked its customers and partners throughout the Asia-Pacific region for their support, cooperation, and trust in the Zamil Steel brand.

Furthermore, Zamil Steel Buildings India members celebrated the company's 14th anniversary with great energy and enthusiasm to share the company's success and achievements with employees. The company has gone through remarkable developments in recent years. Since 2008, the company has been providing high-quality and sustainable pre-engineered steel buildings and steel structures to customers across India and neighboring countries and has successfully completed more than 2,000 projects.

In October, His Royal Highness Prince Saud bin Naif bin Abdulaziz, Governor of the Eastern Province, honored Zamil Industrial in recognition of its support of the initiative of the Ministry of Human Resources and Social Development in the Eastern Province. The honoring ceremony was held at the Emirate's Court. The initiative involved preparing 100 Saudi men and women for careers in occupational safety and health (OSH) in partnership and collaboration with the SABIC Employees Charitable Fund Foundation.



As part of ongoing recruitment efforts aimed at increasing the number of Saudis employed by the company, Zamil Industrial participated in the Wadaef Job Fair 2022, held in October 2022 at Dhahran Expo, under the patronage of HRH Prince Saud bin Naif bin Abdulaziz, Governor of the Eastern Province. The event, which showcased more than 5,000 job opportunities from nearly 120 participating companies across the Kingdom, provided an important opportunity for job seekers of both genders, especially the most qualified, to meet with various national and international companies to discuss their professional goals and learn about available career opportunities.

Moreover, the Chief Executive Officer of Zamil Industrial, Mohammed Al-Sahib, accompanied by several officials in the company's various sectors, met with the Governor of the Saudi Standards, Metrology and Quality Organization (SASO), Dr. Saad Bin Othman Al-Qasabi, at the SASO headquarters in Riyadh, in the presence of SASO representatives and sector heads. The purpose of the meeting was to activate effective partnerships with the private sector, promote business development, and exchange experiences between the private sector and SASO in order to improve business productivity. The various obstacles and challenges faced by the private sector were also addressed. Zamil Industrial is a strategic partner of SASO, and they collaborate on the development of various standards and technical specifications.

Additionally, Zamil Industrial participated in the Saudi Pipeline International Conference and Exhibition 2022 (SPICONX), which was held at Dhahran Expo in October 2022 in partnership with Saudi Aramco.

As part of their continued branding and networking efforts, Zamil Industrial sector businesses participated in the Big 5 International Building and Construction Show 2022, held in Dubai, United Arab Emirates, in December 2022, at the Dubai World Trade Center.

In 2022, Zamil Central Air Conditioners Company and Arabian Fiberglass Insulation Co. (AFICO) welcomed a group of students from Qassim University to the companies' facilities in the Second Industrial City of Dammam. The visit took place as part of an initiative aimed at showcasing national factories and various local products, as well as demonstrating the diverse capabilities and processes of factories in the Kingdom of Saudi Arabia.

Zamil Industrial, in cooperation with Zamil Group, organized a field trip for students of Al Forsan International Schools to the facilities of Zamil Central Air Conditioners and Zamil Process Equipment Company in Dammam Second Industrial City. The students aimed to explore the engineering services, industrial operations, and manufacturing facilities, as well as the specific processes, products, and capabilities of Zamil Industrial companies.

In related developments, Zamil Steel Buildings Vietnam welcomed a group of 45 students from the Vietnam National University - International School in Hanoi to the company's factory in Noi Bai. The purpose of the visit was to provide students with an insight into the manufacturing process and quality control of Zamil Steel Vietnam's end products, as well as broaden their knowledge of the industry, which could be helpful in their future careers.

In October, Zamil Industrial, in collaboration with the Saudi German Hospital in Dammam, organized an awareness program for its female employees about the early detection of breast cancer during Breast Cancer Awareness Month. The program aimed to define breast cancer types, identify their dangers, and educate female employees on methods of self-examination and the need to prevent the disease through regular screenings.

Additionally, Zamil Industrial organized and held its annual blood donation events in collaboration with King Fahad Specialist Hospital in Dammam. The events were held in both the First and Second Industrial Cities in Dammam and were attended by participants from across the company. Also, Zamil Industrial's Human Capital Department, in collaboration with Bupa Arabia for Cooperative Insurance Co., organized the annual Health Lounge for Zamil Industrial employees at the premises of Zamil Industrial companies. With a team of professional medical service providers from Bupa Arabia, the Health Lounge focuses on raising employee awareness of good health.

Zamil Industrial is committed to continuously improving health and safety standards for its employees at all levels of the company and providing employees with all the information and support they need to work safely at all times. In collaboration with the Saudi Ministry of Health, Zamil Industrial launched its annual seasonal influenza vaccination campaign at the beginning of the winter season. The campaign took place in November 2022 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	2022	2021
Authorized and fully paid share capital	SAR 600 million	SAR 600 million
Issued shares	60 MILLION SHARES	60 MILLION SHARES
Nominal value	SAR 10	SAR 10

### 14 Corporate Governance Controls

The company has adhered to all mandatory provisions of the Corporate Governance Regulations while disclosing in general terms the details in subparagraph (b) of paragraph (4) of Article (90) of the Corporate Governance Regulations according to the table contained in paragraph (3) of Clause (28) of this report.

### 15 Board of Directors' Composition

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

The members of the Board of Directors were elected for the ninth term during the company's general assembly meeting on 21/04/2022, at which a vote was taken on the election of a new Board of Directors from among the candidates for Board membership for the next term, which runs from 01/05/2022 through 30/04/2025.

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

The membership of the aforementioned members of the Board ended at the end of the eighth term of the Board on 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	1,459,302	0	1,459,302	0	0	0%
* Mohammed Ahmed Mahmoud Al-Ghaith	0	0	0	0	0	0%
Mohammad Sulaiman Mohammad Al Harbi	1,000	0	1,000	0	0	0%
Khalid Mohammed Saleh Al Fuhaid	1,000	0	1,000	0	0	0%
Abdulla Mohammed Abdullah Al Zamil	21,000	0	21,000	0	0	0%
Adel Saleh Mohsen Al Ghassab	1,000	0	1,000	0	0	0%
Sattam Abdulaziz Abdullah Al Zamil	10	0	10	0	0	0%
Bander Abdulrahman Abdullah Al Zamil	1,000	0	1,000	0	0	0%
Saud Ghassan Ahmed Al Sulaiman	30	0	30	0	0	0%

\* His membership ended at the end of the eighth term of the Board on 30/04/2022.

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

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

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

**19 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	%	Number of shares	%		
Zamil Group Holding Company	11,999,989	19.99	11,999,989	19.99	0	0%
Zamil Group Investment Company Ltd.	3,091,528	5.15	3,091,528	5.15	0	0%



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

### 1 | Members of the Board of Directors:

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

## 2 | Executives:

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

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

Name	Current companies	Location	Legal entity	Former companies	Location	Legal entity
Abdulla Mohammed Abdullah Al Zamil	<ul style="list-style-type: none"> <li>Gulf Insulation Group</li> <li>Zamil Steel Holding Co.</li> <li>Zamil Air Conditioners Holding Co.</li> <li>Middle East Air Conditioners Co.</li> <li>Energy Central Saudi Arabia</li> <li>Saudi Rock Wool Factory</li> <li>Saudi Preinsulated Pipes Industries</li> <li>Second Insulation Company</li> <li>Arabian Stonewool Insulation Co.</li> <li>Rabiah &amp; Nassar and Zamil Concrete Industries Co.</li> <li>Gulf International Bank – KSA</li> <li>Gulf International Bank – Bahrain</li> <li>Gulf International Bank – UK</li> <li>Zamil Gulf LLC (UAE)</li> <li>Zamil Steel Holding Co. (Bahrain)</li> <li>Saudi Global Ports</li> <li>Eastern Province Council</li> <li>Awqaf Sulaiman Al Rajhi Holding Co.</li> <li>Health Cluster in Eastern Province</li> </ul>	<ul style="list-style-type: none"> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> </ul>	<ul style="list-style-type: none"> <li>Unlisted</li> <li>Holding</li> <li>Holding</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> </ul>	<ul style="list-style-type: none"> <li>Arabian Fiberglass Insulation Co.</li> <li>Zamil Air Conditioning &amp; Refrigeration Services (Bahrain)</li> <li>Zamil Steel Buildings (Egypt)</li> <li>Zamil Structural Steel (Egypt)</li> <li>Metallic Construction and Contracting Co.</li> <li>Zamil Steel Buildings Co. (China)</li> <li>Zamil Steel Buildings Co. (India)</li> <li>Zamil Steel Engineering India Private Ltd.</li> <li>Zamil Construction India Private Ltd.</li> <li>Zamil Information Technology Global Pvt. Ltd. (India)</li> <li>Zamil Air Conditioners India Private Ltd.</li> <li>Zamil Steel Buildings Vietnam Co. Ltd.</li> <li>Dammam Airport Co.</li> <li>VIVA Bahrain</li> <li>GACA</li> <li>Neom Industrial City</li> </ul>	<ul style="list-style-type: none"> <li>In KSA</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> </ul>	<ul style="list-style-type: none"> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> </ul>
		<ul style="list-style-type: none"> <li>In KSA</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> <li>Abroad</li> </ul>	<ul style="list-style-type: none"> <li>Government</li> <li>Unlisted</li> <li>Government</li> <li>Government</li> </ul>			

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

Name	Current companies	Location	Legal entity	Former companies	Location	Legal entity
Mohammad Sulaiman Mohammad Al Harbi	<ul style="list-style-type: none"> <li>National Company for Glass Industries</li> <li>Arabian Amines Company</li> <li>National Talents Co.</li> <li>Gas Arabian Services Co.</li> <li>Musharaka Capital Co.</li> <li>Saudi Guardian International Co.</li> <li>Guardian Glass International Company</li> </ul>	<ul style="list-style-type: none"> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>Abroad</li> </ul>	<ul style="list-style-type: none"> <li>Listed</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Unlisted</li> <li>Unlisted</li> <li>Limited Liability</li> <li>Limited Liability</li> </ul>	<ul style="list-style-type: none"> <li>Hail Agricultural Development Co.</li> <li>Takween Advanced Industries</li> </ul>	<ul style="list-style-type: none"> <li>In KSA</li> <li>In KSA</li> </ul>	<ul style="list-style-type: none"> <li>Listed (formerly)</li> <li>Listed</li> </ul>
	Khalid Mohammed Saleh Al Fuhaid	<ul style="list-style-type: none"> <li>Manafea Arabia Holding Co.</li> <li>Manafea Indus-trial Co.</li> <li>Manafea Hold-ing (Health Care)</li> <li>First United Medical Co.</li> <li>Smart Gates Ltd.</li> <li>Gateway</li> <li>Door Experts Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> </ul>	<ul style="list-style-type: none"> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> </ul>	<ul style="list-style-type: none"> <li>Midad Holdings</li> <li>Manafea Al-Bahr Co.</li> <li>Manafea Al Sharq Co.</li> <li>Aluminum Rolling Shutter Co.</li> <li>Designs and IT Co.</li> <li>Cherish Cosmetics</li> <li>Manafea Gulf Co.</li> <li>Manafea Medical Co.</li> <li>Manafea Al-Jazeera Co</li> </ul>	<ul style="list-style-type: none"> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>Abroad</li> <li>In KSA</li> <li>In KSA</li> </ul>
Bander Abdulrahman Abdullah Al Zamil	<ul style="list-style-type: none"> <li>National Com-pany for Glass</li> <li>Saudi Advanced Technologies Co.</li> <li>Yamama Com-pany for Red Bricks &amp; Clay Products</li> <li>Zamil Group Real Estate</li> <li>Mashareq In-vestment Co.</li> <li>Akwaan Real Estate Co.</li> <li>Saudi Venture Capital Co.</li> <li>Kinan Real Es-tate</li> <li>Unaizah En-dowment Co. / Unaizah Invest-ment Co.</li> <li>Al Azm Devel-opment and Real Estate Invest-ment Co.</li> <li>Economic Gate Fund</li> <li>Emirates Com-pany for Industrial Cities (UAE)</li> <li>Polaris Al Zamil Co. (Egypt)</li> </ul>	<ul style="list-style-type: none"> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>Abroad</li> </ul>	<ul style="list-style-type: none"> <li>Listed</li> <li>Limited Liability</li> <li>Unlisted</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Unlisted</li> <li>Unlisted</li> <li>Unlisted</li> <li>Unlisted</li> <li>Limited Liability</li> <li>Real Estate Fund</li> <li>Unlisted</li> <li>Unlisted</li> </ul>	<ul style="list-style-type: none"> <li>VP, Zamil Group Holding Co.</li> <li>General Manager of Real Estate Investment and Development at Zamil Group Holding Co.</li> <li>Project Engineer, Zamil Architectural Industries</li> </ul>	<ul style="list-style-type: none"> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> </ul>	<ul style="list-style-type: none"> <li>Unlisted</li> <li>Limited Liability</li> <li>Limited Liability</li> </ul>
	Adel Saleh Mohsen Al Ghassab	<ul style="list-style-type: none"> <li>Zamil Chemical and Plastic Industries</li> <li>Zamil Plastic Industries</li> <li>Gulf Stabilizers Industries</li> <li>Saudi German Co.</li> <li>Al-Tawfiq Co. For Plastic &amp; Woven Sacks</li> <li>Methanol Chemicals Co.</li> </ul>	<ul style="list-style-type: none"> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> </ul>	<ul style="list-style-type: none"> <li>Limited Li-ability</li> <li>Limited Li-ability</li> <li>Limited Li-ability</li> <li>Limited Li-ability</li> <li>Limited Li-ability</li> <li>Limited Li-ability</li> </ul>	<ul style="list-style-type: none"> <li>Zamil Plastic Industries</li> <li>Tasnee</li> <li>FIPCO</li> <li>Al Sharq Plastic Industries</li> <li>SABIC HQ</li> </ul>	<ul style="list-style-type: none"> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> </ul>
Sattam Abdulaziz Abdullah Al Zamil	<ul style="list-style-type: none"> <li>Electrical Industries Co.</li> <li>Saudi German Company for Nonwoven Products</li> <li>Advanced Flexible Packaging Co.</li> <li>Zamil Offshore Services Co.</li> <li>United Carton Industries Co.</li> </ul>	<ul style="list-style-type: none"> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> </ul>	<ul style="list-style-type: none"> <li>Listed</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Unlisted</li> <li>Unlisted</li> </ul>	<ul style="list-style-type: none"> <li>Zamil Group Holding Co.</li> </ul>	<ul style="list-style-type: none"> <li>In KSA</li> </ul>	<ul style="list-style-type: none"> <li>Unlisted</li> </ul>
Saud Ghassan Ahmed Al Sulaiman	<ul style="list-style-type: none"> <li>Salasa Holding Co.</li> <li>IKEA Global Strategic Sus-tainability Council</li> <li>IKEA Global Innovation Coun-cil</li> <li>Saudi Angel Investors</li> <li>FLOW Progres-sive Logistics</li> <li>L'azurde Jewerly</li> <li>Logistics Part-nership Council of the Saudi Ministry of Transport</li> <li>Board Member of the Commercial Sector Board at Jeddah Chamber</li> <li>Board Member of the Logistics Committee at the Riyadh Chamber of Commerce &amp; Industry</li> <li>Board Member of Athath Coop-erative Society</li> <li>Saudi-Swedish Business Council, Council of Saudi Chambers</li> <li>Livespace Inte-rior Design Co.</li> <li>Cartlo for Resale Co.</li> </ul>	<ul style="list-style-type: none"> <li>In KSA</li> <li>Abroad</li> <li>Abroad</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> <li>In KSA</li> </ul>	<ul style="list-style-type: none"> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Limited Liability</li> <li>Listed</li> <li>Listed</li> <li>Government</li> <li>Government</li> <li>Government</li> <li>Charity</li> <li>Government</li> <li>Liability</li> <li>Limited Liability</li> </ul>	<ul style="list-style-type: none"> <li>IKEA KSA &amp; Bahrain</li> </ul>	<ul style="list-style-type: none"> <li>In KSA</li> </ul>	<ul style="list-style-type: none"> <li>Limited Liability</li> </ul>



## 22 Board Meeting Attendance Record

In 2022, the Board of Directors convened (1) time during its eighth term, while it convened (5) times during its ninth term. Members of the Board of Directors are paid sitting fees for each meeting they attend. 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 <sup>th</sup> Term		9 <sup>th</sup> Term				Total
	No. (12/8) on 21/03	No. (1/9) on 08/05	No. (2/9) on 23/06	No. (0/9) on 26/09	No. (4/9) on 03/11	No. (5/9) on 19/12	
Abdulla Mohammed Abdullah Al Zamil	✓	✓	✓	✓	✓	✓	6
Mohammad Sulaiman Mohammad Al Harbi	✓	×	✓	✓	✓	✓	5
Khalid Mohammed Saleh Al Fuhaid	✓	✓	✓	✓	✓	✓	6
Adel Saleh Mohsen Al Ghassab		✓	✓	✓	✓	✓	5
Bander Abdulrahman Abdullah Al Zamil		✓	✓	✓	✓	✓	5
Sattam Abdulaziz Abdullah Al Zamil		✓	✓	✓	✓	✓	5
Saud Ghassan Ahmed Al Sulaiman		✓	✓	✓	✓	✓	5
* Khalid Abdullah Hamad Al Zamil	✓						1
* Abdallah Saleh Jum'ah Al Dossari	×						0
* Ahmed Abdullah Hamad Al Zamil	✓						1
* Adib Abdullah Hamad Al Zamil	✓						1
* Mohammed Ahmed Mahmoud Al-Ghaith	✓						1

\* His membership ended at the end of the eighth term of the Board of Directors on 30/04/2022.

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

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

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

## Committees of the Board of Directors

The Board of Directors has two substantive committees: the Audit Committee and the Nomination and Remuneration Committee. The committees 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 21 April 2022.

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

#### A) Financial Reports:

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

#### B) Internal Audit:

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

#### C) External Auditor:

1. Providing recommendations to the Board of Directors to appoint external auditors, dismiss them, determine their remunerations and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
2. Verifying the external auditors' independence, their objectivity and the fairness and effectiveness of the audit activities, taking into account the relevant rules and standards.
3. Reviewing the plan for the company's external auditors and their activities and ensuring that they do not provide any technical or administrative services that are beyond their scope of work, and providing 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 2022, the committee convened twice during the Board's eighth term, while it convened (4) times during its ninth term. An attendance sheet is shown below:

Name	8 <sup>th</sup> Term			9 <sup>th</sup> Term			Total
	No. (16/8) on 19/01	No. (17/8) on 20/03	No. (1/9) on 19/05	No. (1/9) on 12/06	No. (1/9) on 11/08	No. (1/9) on 02/11	
Mohammad Sulaiman Mohammad Al Harbi	✓	✓	✓	✓	✓	✓	6
Khalid Mohammed Saleh Al Fuhaid	✓	✓	✓	✓	✓	✓	6
Sattam Abdulaziz Abdul-lah Al Zamil			✓	✓	✓	✓	4
* Mohammed Ahmed Mahmoud Al-Ghaith	✓	✓					2

\* His membership ended at the end of the eighth term of the Board of Directors on 30/04/2022.

## 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 2022 during the Board's eighth term, while it convened (4) times during its ninth term. An attendance sheet is shown below:

Name	8 <sup>th</sup> Term			9 <sup>th</sup> Term			Total
	No. (16/8) on 19/01	No. (17/8) on 20/03	No. (1/9) on 19/05	No. (1/9) on 12/06	No. (1/9) on 11/08	No. (1/9) on 02/11	
Adel Saleh Mohsen Al Ghassab			✓	✓	✓	✓	4
Bander Abdulrahman Abdullah Al Zamil			✓	✓	✓	✓	4
Saud Ghassan Ahmed Al Sulaiman			✓	✓	✓	✓	4
* Abdallah Saleh Jum'ah Al Dossari	✓	✓					2
* Khalid Abdullah Al Zamil	✓	✓					2
* Mohammad Sulaiman Mohammad Al Harbi	✓	✓					2

\* His membership ended at the end of the eighth term of the Board of Directors on 30/04/2022.



**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 2022, and the Nomination and Remuneration Committee will review this matter..

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

The following tables detail all remuneration and compensation paid to members of the Board of Directors, committee members and senior executives during the fiscal year 2022. Remuneration and compensation are subject to the remuneration policy approved by the General Assembly. The Board recognizes that there is no significant deviation from this policy:

**1 | Members of the Board of Directors:**

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
<b>First: Independent Directors</b>																
<b>Khalid Mhammed Al Fuhaid</b>	133	15	12	0	0	0	<b>160</b>	0	0	0	0	0	<b>0</b>	0	<b>160</b>	0
<b>Adel Saleh Al Ghassab</b>	133	15	12	0	0	0	<b>160</b>	0	0	0	0	0	<b>0</b>	0	<b>160</b>	0
<b>Saud Ghassan Al Sulaiman</b>	133	15	12	0	0	0	<b>160</b>	0	0	0	0	0	<b>0</b>	0	<b>160</b>	0
<b>Second: Non-Executive Directors</b>																
<b>Abdulla Mohammed Al Zamil</b>	133	15	0	0	0	0	<b>148</b>	0	0	0	0	0	<b>0</b>	0	<b>148</b>	0
<b>Mohammad Sulaiman Al Harbi</b>	133	12	12	0	0	0	<b>157</b>	0	0	0	0	0	<b>0</b>	0	<b>157</b>	0
<b>Bander Abdulrahman Al Zamil</b>	133	15	12	0	0	0	<b>160</b>	0	0	0	0	0	<b>0</b>	0	<b>160</b>	0
<b>Sattam Abdulaziz Al Zamil</b>	133	15	12	0	0	0	<b>160</b>	0	0	0	0	0	<b>0</b>	0	<b>160</b>	0

The (ninth) term of the Board of Directors began on 01/05/2022 and ends on 30/04/2025.

## 21 Members of the Board of Directors (Eighth Term)

Member	Fixed remuneration							Variable remuneration					(SAR '000)			
	Specific amount	Allowance for attending Board Meetings	Allowance for attending Committee meetings	In-kind Benefits	Remunerations for technical and consultative work	Remunerations of the chairman, Managing Director or Secretary, if a member	<b>Total</b>	Percentage of the profits	Periodic Remuneration	Short-term incentive plans	Long-term incentive plans	Granted shares	<b>Total</b>	End of Service Benefit	Grand total	Expenses allowance
<b>First: Independent Directors</b>																
<b>Khalid Mohammed Al Fuhaid</b>	67	3	6	0	0	0	<b>76</b>	0	0	0	0	0	<b>0</b>	0	<b>76</b>	0
<b>Khalid Abdullah Al Zamil</b>	67	3	6	0	0	0	<b>76</b>	0	0	0	0	0	<b>0</b>	0	<b>76</b>	0
<b>Abdallah Saleh Al Dosari</b>	67	0	6	0	0	0	<b>73</b>	0	0	0	0	0	<b>0</b>	0	<b>73</b>	0
<b>Ahmed Abdullah Al Zamil</b>	67	3	0	0	0	0	<b>70</b>	0	0	0	0	0	<b>0</b>	0	<b>70</b>	0
<b>Mohammad Sulaiman Al Harbi</b>	67	3	12	0	0	0	<b>82</b>	0	0	0	0	0	<b>0</b>	0	<b>82</b>	0
<b>Second: Non-Executive Directors</b>																
<b>Mohammed Ahmed Al-Ghaith</b>	67	3	6	0	0	0	<b>76</b>	0	0	0	0	0	<b>0</b>	0	<b>76</b>	0
<b>Adib Abdullah Al Zamil</b>	67	3	0	0	0	0	<b>70</b>	0	0	0	0	0	<b>0</b>	0	<b>70</b>	0
<b>Third: Executive Directors</b>																
<b>Abdulla Mohammed Abdullah Al Zamil</b>	67	3	0	0	0	0	<b>70</b>	0	0	0	0	0	<b>0</b>	0	<b>70</b>	0

The (eighth) term of the Board of Directors ended on 30/04/2022.

### 2 | Committee members (Ninth Term):

Member	Fixed remuneration	Allowance for attending meetings	Total
<b>Audit Committee members:</b>		(SAR '000)	
<b>Mohammad Sulaiman Al Harbi</b>	0	12	<b>12</b>
<b>Khalid Mohammed Saleh Al Fuhaid</b>	0	12	<b>12</b>
<b>Sattam Abdulaziz Al Zamil</b>	0	12	<b>12</b>

The (ninth) term of the Board of Directors began on 01/05/2022 and ends on 30/04/2025.

#### **Nomination and Remuneration Committee members:**

<b>Adel Saleh Al Ghassab</b>	0	12	<b>12</b>
<b>Bander Abdulrahman Al Zamil</b>	0	12	<b>12</b>
<b>Saud Ghassan Al Sulaiman</b>	0	12	<b>12</b>

The (ninth) term of the Board of Directors began on 01/05/2022 and ends on 30/04/2025.

### 3 | Committee members (Eighth Term):

Member	Fixed remuneration	Allowance for attending meetings	Total
<b>Audit Committee members:</b>		(SAR '000)	
<b>Mohammad Sulaiman Al Harbi</b>	0	6	<b>6</b>
<b>Khalid Mohammed Al Fuhaid</b>	0	6	<b>6</b>
<b>Mohammed Ahmed Al-Ghaith</b>	0	6	<b>6</b>

#### **Nomination and Remuneration Committee members:**

<b>Abdallah Saleh Al Dosari</b>	0	6	<b>6</b>
<b>Khalid Abdullah Al Zamil</b>	0	6	<b>6</b>
<b>Mohammad Sulaiman Al Harbi</b>	0	6	<b>6</b>

The (eighth) term of the Board of Directors ended on 30/04/2022.



Fixed remuneration			Variable remuneration							(SAR '000)		
Salaries	Allowances	In-kind benefits	<b>Total</b>	Periodic remuneration	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares	<b>Total</b>	End of Service Benefit	Total remunerations for Board executives, if any	<b>Grand total</b>
3,900	1,167	0	<b>5,567</b>	0	0	0	0	0	<b>0</b>	490	67	<b>5,624</b>

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

## Remuneration policy

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

### General remuneration standards:

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

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

**Remunerations for members of the Board of Directors:**

1. Remunerations for members of the Board of Directors may be fixed sums, attendance allowances, benefits in kind, a percentage of net profits or a combination of such benefits.
2. In the event that remunerations are a percentage of the company's profits, such percentage may not amount to more than 10% of the net profits after setting aside the reserves determined by the General Assembly in accordance with the provisions of the law and the company's bylaws and after distributing profits to the shareholders equal to no less than 5% of the company's paid capital, provided that such remunerations be proportionate to the number of sessions attended by the member. Any assessment inconsistent with that shall be void.
3. In all cases, the sum of remuneration, in-kind benefits or financial benefits received by each member of the Board of Directors shall not exceed SAR 500,000 per annum, in accordance with the regulations set forth by the competent organization.
4. The Board Report submitted to the General Assembly must detail all remuneration, allowances for expenses and other benefits collected by members of the Board of Directors throughout the fiscal year. It must also detail all fees collected by members of the Board of Directors in their capacities as employees or administrative employees and the compensations received by them for technical or administrative work or consultations. It must also detail the number of board meetings and the number of sessions attended by each member of the Board of Directors since the last General Assembly meeting.

**Remunerations for committee members:**

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

**Remunerations for the Executive Management:**

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

**General terms:**

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



## 28 The company's policy on profit distribution

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

The Company has not distributed any dividend for the year 2022, taking into account that the profit distribution policy is set out in Article (41) of the Company's Bylaws as follows:

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

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

## 29 Transactions with relevant bodies

As part of Zamil Industrial Investment Company (Zamil Industrial) subsidiaries' continuous activities, there are business and contracts between them and Zamil Group Holding Company in 2022, which is represented by **Mr. Adib A. Al Zamil**. His membership ended at the end of the eighth term of the Board of Directors on 30/04/2022.

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.

The following is a list of the company's sales, purchases, and other transactions completed during the fiscal year ended 31 December 2022:

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

Company Name	Business Relation	Amount (SAR '000)
Zamil Group Holding Company	Affiliated with a shareholder	11,363,042
Arabian Gulf Construction Company	Affiliated with a shareholder	189,536

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

Company Name	Business Relation	Amount (SAR '000)
Zamil Group Holding Company	Affiliated with a shareholder	32,761,278
Arabian Gulf Construction Company	Affiliated with a shareholder	0

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

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

Judging by internal review reports, the Audit Committee verified the effectiveness of financial, operational and administrative policies and procedures, and it did not reveal any substantial risks that may affect the company's activities. Based on the information obtained by the Audit Committee, there were no major remarks for the year 2021 that may impact the company's financial position. Minor remarks are issued in the framework of the daily activities and business of the company and the industries in which it operates; they are taken into account, and appropriate solutions and procedures are immediately devised for their remedy. It is noteworthy that the Executive Management continues to take the necessary remedy procedures to mitigate the risks mentioned in internal review reports and to adhere to the applicable policies, laws and instructions.

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

During 2021, the Audit Committee held five meetings, given that the Committee performs the duties and functions set out in the Companies Law, the Corporate Governance Regulations, the Company's Bylaws and the Audit Committee Regulations.

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

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

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

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

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

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

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

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

**34 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 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 2021, the company's purchase of its shares had not been completed.

**35 Company announcements and disclosures in 2022**

During 2022, the company posted announcements and disclosures of material events on the Saudi Stock Exchange website (Tadawul). They included the following.

#	Announcement Date	Announcement Title
1	02/02/2022	The company invited shareholders to attend the Ordinary General Assembly (First Meeting)
2	27/02/2022	The company announced the results of the Ordinary General Assembly (First Meeting)
3	24/03/2022	The company's announcement of its annual financial results for the fiscal year ending 31 December 2021
4	31/03/2022	The company invited shareholders to attend the Extraordinary General Assembly (First Meeting)
5	17/04/2022	The company announced the start of electronic voting on the items of the Extraordinary General Assembly meeting (First Meeting)
6	08/05/2022	The company announced the results of the Extraordinary General Assembly (First Meeting)
7	08/05/2022	The company announced the resignation and appointment of the CEO
8	08/05/2022	The company announced the appointment of the Chairman, Vice Chairman, and Committees
9	19/05/2022	The company announced its interim condensed financial results for the three-month period ending 31 March 2022
10	11/08/2022	The company announced its interim condensed financial results for the six-month period ending 30 June 2022
11	03/11/2022	The company announced its interim condensed financial results for the nine-month period ending 30 September 2022



- 36 Numbers of the company's requests of shareholder records and the dates and reasons thereof**  
In 2022, the company's Investor Relations Department requested shareholder records (15) times using the **Tadawulaty service**, in the following manner and for the following reasons.

Req.	Date of request	Date of ownership	Reason
1	30/12/2021	03/01/2022	Preparation of annual analysis report
2	03/02/2022	02/02/2022	Preparation of monthly analysis report
3	24/02/2022	24/02/2022	Attendance record of the General Assembly meeting
4	28/02/2022	02/03/2022	Preparation of monthly analysis report
5	31/03/2022	04/04/2022	Preparation of monthly analysis report
6	19/04/2022	21/04/2022	Attendance record of the General Assembly meeting
7	08/05/2022	09/05/2022	Preparation of monthly analysis report
8	22/05/2022	22/05/2022	Preparation of monthly analysis report
9	31/05/2022	02/06/2022	Preparation of monthly analysis report
10	04/07/2022	04/07/2022	Preparation of monthly analysis report
11	28/07/2022	02/08/2022	Preparation of monthly analysis report
12	29/08/2022	04/09/2022	Preparation of monthly analysis report
13	06/11/2022	02/11/2022	Preparation of monthly analysis report
14	28/11/2022	04/12/2022	Preparation of monthly analysis report
15	29/12/2022	02/01/2023	Preparation of monthly analysis report

- 37 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 2022, the company convened two General Assembly meetings. The following is a list of the members of the Board of Directors present at the meetings.

Board member	Ordinary General Assembly (24/02/2022)
Khalid Abdullah Hamad Al Zamil	✓
Abdallah Saleh Jum'ah Al Dossari	✓
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	✓
Board member	Extraordinary General Assembly (21/04/2022)
Khalid Abdullah Hamad Al Zamil	✓
Abdallah Saleh Jum'ah Al Dossari	✓
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	✓

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

No investments have been made or reserves set up for the benefit of the company's employees in 2022.

**39 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 2022.
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 2022.
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 2022.
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.
17. The Company acknowledges that no member of the Board of Directors, committee member, senior executive, or Chief Executive Officer is in competition with the Company or any of the businesses conducted by the Company.

**40 Conclusion**

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

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

**Board of Directors**