Zamilindustrial

PRIDE OF SAUDI MANUFACTURING

ZAMIL INDUSTRIAL INVESTMENT CO.

ANNUAL REPORT 2024

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Introduction

Dear shareholders,

2024 was a transformative year for Zamil Industrial. It stands as a testament to our resilience, innovative spirit, and unwavering commitment to excellence. The company delivered robust growth across all business sectors and returned to profitability, reflecting the success of our strategic initiatives and the dedication of our people. These achievements underscore our resolve to create lasting value for all our stakeholders.

As we present Zamil Industrial's 2024 Annual Report, we do so with great pride in what has been accomplished and great optimism for the future. The resilience, innovation, and strategic focus demonstrated this year have strengthened the foundation of our company. We enter 2025 with momentum – ready to seize new opportunities, continue our transformation, and deliver on our promises. On behalf of the Board of Directors and executive team, thank you for your continued trust and partnership. We remain committed to driving sustainable growth, fostering innovation, and creating lasting value for all who have a stake in our success.

The report also comprises the audited consolidated financial statements and notes for the fiscal year that ended on 31 December 2024, including the report prepared by Ernst & Young auditors, the balance sheet, revenue, changes in shareholders' rights, cash flow statements, and remarks on such statements for the aforementioned year.

2024 Highlights

TOTAL REVENUE	GROSS PROFIT	OPERATING PROFIT	NET PROFIT
6,090	**1,059**	**174**	**26.8**
SAR MILLION	SAR MILLION	SAR MILLION	SAR MILLION
LAST YEAR 4,684	**LAST YEAR 572**	**LAST YEAR -330**	**LAST YEAR -298**
+30%	**+85%**	**+153%**	

STEEL SECTOR SALES	HVAC SECTOR SALES	INSULATION SECTOR SALES
3,291	**2,504**	**325**
SAR MILLION	SAR MILLION	SAR MILLION
LAST YEAR 2,892	**LAST YEAR 1,508**	**LAST YEAR 328**
+14%	**+66%**	**-1%**

SAUDI ARABIA SALES	ASIA SALES	AFRICA SALES
4,968	**655**	**467**
SAR MILLION	SAR MILLION	SAR MILLION
LAST YEAR 3,426	**LAST YEAR 720**	**LAST YEAR 539**
+45%	**-9%**	**-13%**

SHAREHOLDERS' EQUITY	EARNINGS PER SHARE
669	**0.45**
SAR MILLION	SAR
LAST YEAR 648	**LAST YEAR -4,96**
+3%	

Chairman's Statement

2024 represents a remarkable year in the history of Zamil Industrial, marked by two significant milestones —the 50th anniversary of Zamil Air Conditioners' operations in Saudi Arabia and 25 years of successful growth for Zamil Steel in Egypt. These twin achievements reflect the enduring legacy and ongoing success of our company.

ABDULLA M. AL ZAMIL
Chairman of the Board

From our beginnings as a family business in the 1930s, Zamil Industrial has evolved into a global integrated entity that continues to thrive through innovation. As we reflect on our journey, we honor the vision of the late Shaikh Abdullah Hamad Al Zamil, who laid the foundation for this enterprise. From the launch of our first air conditioning units in 1974 to the establishment of Zamil Industrial as a joint-stock company in 1998, our story is one of resilience, innovation, and consistent growth. The anniversary milestones of our HVAC and steel businesses are a testament to the strength and perseverance of the Zamil Industrial brand. It is this legacy that provides the solid foundation upon which we continue to build for the future.

As we celebrate our history, we are equally focused on the present and future. Despite the complexities of the global economic landscape, 2024 has been a year of strong performance and strategic progress for Zamil Industrial. Revenues and profits saw substantial growth, driven by improvements across key sectors. The steel business, in particular, experienced robust demand, and our air conditioning division achieved enhanced margins and growth. These factors culminated in an increase in both gross profit and net income for the year.

Heritage and Progress

One of Zamil Industrial's greatest strengths is our ability to blend our rich heritage with a forward-thinking approach. Whether it's Zamil Steel, a pioneer in pre-engineered steel buildings and structures in the Middle East since 1977, or Zamil Air Conditioners, which introduced local manufacturing of HVAC units when it was virtually unheard of in the region, our companies have always embraced innovation and a willingness to break new ground. This spirit of entrepreneurship continues to drive us forward today. We honor our past by staying true to the values of integrity, quality, and customer-centricity that were instilled by our founders. At the same time, we are constantly evolving to stay ahead of the curve in an ever-changing world.

In 2024, we made considerable strides across multiple strategic fronts: accelerating our digital transformation initiatives, expanding our product offerings, and reinforcing our presence in key markets. Our operations in Vietnam, Egypt, and India are prime examples of how we've expanded from a single factory in Dammam to a global network, serving clients across continents while contributing to the development of industries far beyond the Kingdom of Saudi Arabia. This expansion has brought immense pride to Saudi industry and exemplifies the broad reach of Zamil Industrial.

In 2024, we continued to demonstrate a strong commitment to automation and AI-driven technologies, harnessing these innovations to boost efficiency, elevate quality, and advance sustainability across our operations. Key advancements during the year included the integration of advanced automation in our Saudi Arabia HVAC sector – particularly within our new e-commerce operations – and the implementation of cutting-edge robotics in our Vietnam steel factory. These initiatives are already delivering tangible benefits: increased productivity, optimized costs, enhanced product quality, and a reduced environmental footprint.

Our heritage not only serves as a pillar of stability and trust but also provides a foundation for continued innovation and progress. Our ongoing advancements ensure that Zamil Industrial remains competitive and relevant in a rapidly evolving global marketplace.

Milestone Celebrations in 2024

The anniversaries of Zamil Air Conditioners and Zamil Steel Egypt provided a chance to reflect, celebrate, and express gratitude. As we marked 50 years of air conditioning excellence, we recognized the generations of employees, partners, and customers who have contributed to our success. From the production of our first air conditioner in the 1970s to becoming the region's leading HVAC provider, Zamil AC's journey has been defined by relentless improvement and expansion.

Similarly, celebrating 25 years of Zamil Steel Egypt was a proud moment, highlighting our successful international expansion and the value of our long-term investments. Over the past 25 years, Zamil Steel Egypt's factories have produced approximately 1.2 million tons of metal structures for 7,400 projects across various industrial applications. Around 450,000 tons of these structures have been exported to more than 60 countries, showcasing the global impact of our operations.

These milestones affirm that Zamil Industrial's success is built over time through patience, hard work, and strategic foresight. We believe that acknowledging and celebrating these achievements strengthens our corporate culture, reinforces our collective sense of purpose, and motivates us to build on this legacy for the next generations. Importantly, these celebrations also allowed us to engage directly with our clients and partners, renewing their trust and confidence in Zamil Industrial as a reliable and experienced business partner.

Confident Outlook

As we move into 2025, Zamil Industrial enters with a healthy order book, a streamlined cost structure, and a clear strategy for growth – our Vision 2028. This vision sets ambitious yet achievable goals for the future, with a focus on expanding market leadership and creating long-term value for our shareholders. The industrial and construction sectors in our region are poised for significant growth, driven by economic diversification and infrastructure development, and Zamil Industrial is well-positioned to capitalize on these opportunities.I extend my deepest gratitude to our shareholders for their unwavering trust and support. Your confidence in Zamil Industrial drives our ambition to reach even greater heights. I also thank our customers for their continued loyalty – their success is our success, and we are dedicated to exceeding their expectations. My deep appreciation goes to our employees, whose hard work and innovation continue to bring our vision to life every day. Finally, I appreciate my fellow Board members and the executive team for their leadership and dedication in guiding the company through this exciting period.

As we celebrate our past and look toward the future, I am confident that Zamil Industrial will continue to thrive, delivering value to our shareholders and contributing to the development of both industry and communities. The achievements of 2024 have set a strong foundation for the future, and together, we will build on this momentum to ensure the continued success of Zamil Industrial.

Abdulla M. Al Zamil

Chairman of the Board

CEO's Statement

2024 has been a year of transformative growth and strategic advancement for Zamil Industrial. Over the course of the year, we have not only delivered robust financial performance but also made significant strides toward realizing our long-term vision.

AHMED ZAATARI
Chief Executive Officer

2024 has been a year of transformative growth and strategic advancement for Zamil Industrial. Over the course of the year, we have not only delivered robust financial performance but also made significant strides toward realizing our long-term vision.

As I reflect on our achievements in 2024, two key themes emerge: accelerated growth across all our business sectors and the foundational steps taken toward our Vision 2028. These successes are a direct result of the unwavering commitment of our talented team, the robust demand for our products and services, and the successful execution of the initiatives we set out at the beginning of the year.

Financial Performance Highlights

Zamil Industrial has delivered one of its strongest financial performances in recent years. We recorded impressive growth in both revenue and profitability, underscoring the resilience and potential of our business model. Consolidated revenues grew by 30% year-on-year, with sales expanding across all our core sectors. The HVAC sector led the growth, with a 66% increase in sales driven by rising demand for climate control solutions in both residential and industrial segments. The Steel sector also posted a remarkable growth of 14%, fueled by an uptick in construction projects and the successful acquisition of major contracts. This broad-based expansion is particularly encouraging and highlights the success of our strategy to maintain a well-diversified portfolio that leverages multiple market drivers.

On the profitability front, we achieved a significant turnaround, with Zamil Industrial returning to strong profitability in 2024 after navigating challenges in prior years. Net profit improved substantially, driven by higher sales volumes, enhanced margins from operational efficiencies, and the absence of one-off expenses from the previous year. Our gross profit surged by 85% compared to 2023, outpacing revenue growth due to better cost management and the benefits of operating leverage.

Each sector made valuable contributions to margin improvement. The Steel sector realized efficiency gains in production, HVAC benefited from a richer sales mix of higher-value products and services, Insulation maintained high-capacity utilization, and our Projects & Construction division capitalized on integrated solutions derived from other Zamil Industrial businesses. We also kept a close eye on overhead costs, which contributed to an increase in operating income.

In summary, our financial health has significantly strengthened, with solid free cash flow generation, a reduction in debt, and a stronger balance sheet. This financial foundation positions us well to continue investing in future growth initiatives while maintaining the flexibility to navigate external challenges.

Despite the setbacks of 2023 – notably the fire at our AC factory – we've emerged stronger by implementing rigorous risk mitigation strategies, securing comprehensive insurance coverage, and enhancing our safety protocols. Our performance in 2024 stands as a testament to our organization's agility and execution capabilities.

Executing Our Growth Strategy

At the beginning of 2024, we set clear strategic growth objectives, and I'm pleased to report significant progress on all fronts. A core part of our strategy is positioning Zamil Industrial as a leading integrated construction solutions provider in Saudi Arabia. In 2024, we took tangible steps toward this vision, strengthening our presence in our home market of Saudi Arabia, where government-led development programs are fueling substantial demand in the construction and industrial sectors. Zamil Industrial has positioned itself as a key supplier to several of the Kingdom's mega-projects, reinforcing the validity of our one-stop-shop model. Our clients are increasingly recognizing the value of engaging Zamil Industrial for comprehensive construction solutions, with a single point of accountability for the entire project.

Internationally, we made notable strides in target markets. Our operations in Egypt had an outstanding year, expanding exports to African markets and capitalizing on Egypt's growing domestic industrial capacity. Zamil Steel Egypt, in celebration of its 25th anniversary, exported around 450,000 tons of steel structures to more than 60 countries, adding new markets to its export portfolio in 2024. Additionally, our Vietnam operations extended our global footprint, contributing to our ongoing diversification of revenue streams. Currently, approximately 25% of our revenues come from outside Saudi Arabia, spreading risk and tapping into global opportunities.

Vision 2028—Strategic Roadmap

This year, we launched Vision 2028, our mid-term strategic roadmap that will guide us over the next three years. Vision 2028 is an ambitious plan designed to build on our existing strengths and invest in new capabilities to ensure Zamil Industrial's leadership in the future. Allow me to share the pillars of this vision:

- **Growth and Market Leadership:** We aim for sustainable, above-market growth across all our sectors, targeting profitable market share expansion in core businesses and new markets. A key focus is further expanding our footprint in Africa and Asia, leveraging our operations in Egypt, Vietnam, and India. Growth will come from both organic expansion—such as increasing capacity and launching new products—and strategic acquisitions or joint ventures that complement our portfolio.

- **Integrated Solutions and Innovation:** We will continue to enhance our integrated solutions model, positioning Zamil Industrial as a one-stop-shop for construction and building solutions. This involves fostering greater synergy across our 14 product and service offerings to deliver comprehensive, seamless solutions.

- **Digital Transformation:** Embracing digital technology is central to Vision 2028. In 2024, we began an end-to-end digital transformation of our operations, migrating core ERP systems to a cloud-based platform to standardize and integrate processes across business units. By 2028, we aim to have a fully digitized enterprise with seamless data flow, real-time decision-making, and automation. Our efforts also include introducing digital customer-facing tools, such as a portal for HVAC maintenance clients and an e-commerce platform for standard HVAC and insulation products, opening up new revenue streams and improving customer experience.

- **Local Content:** In line with Saudi Vision 2030's local content policies, we remain fully committed to strengthening the national economy by maximizing local value creation in our operations. For example, Zamil Air Conditioners has implemented strategic initiatives to manufacture more components domestically and nurture Saudi talents and resources. Similarly, Zamil Steel has expanded its local manufacturing capabilities and supplier partnerships to increase the use of Saudi-Made steel in key projects. These proactive efforts translate into tangible competitive advantages – improving cost efficiency, bolstering supply chain resilience, and qualifying us for government incentives that reward high local content. By championing local content across all our businesses, we not only gain a strategic edge but also reaffirm Zamil Industrial's leadership in supporting local economic growth.

- **Operational Excellence and Cost Leadership:** As we grow, it's critical to maintain cost competitiveness. Our Vision 2028 includes a comprehensive Operational Excellence program to drive efficiency across manufacturing, procurement, and project execution. We are adopting lean manufacturing principles to reduce waste and enhance productivity, which has already yielded improvements in output per man-hour at several of our plants. In project execution, we are strengthening our project management capabilities to ensure timely and on-budget project delivery, driving profitability in turnkey projects.

- **People and Culture:** We recognize that none of these ambitions can be realized without the dedication and talent of our people. As part of Vision 2028, we are investing in our human capital, including a leadership program to fast-track the development of young managers and strengthen our performance-driven, innovation-oriented culture.

While the goals of Vision 2028 are ambitious, we are confident that, with disciplined execution, we will achieve them, just as we have met our targets for 2024.

Zamil Industrial's Market Position

As we look ahead, it's important to recognize what truly sets Zamil Industrial apart in the marketplace. Our unique value proposition lies in our ability to offer end-to-end solutions for the construction and industrial sectors, all under one umbrella. In an industry often fragmented among specialized suppliers, Zamil Industrial stands out as a company capable of delivering multiple critical elements of a project using internal resources, ensuring seamless integration and execution.

This year, we've seen increasing recognition of the benefits of this model. Clients have told us that engaging Zamil Industrial as a one-stop provider reduces project management complexity, lowers risk, and accelerates project timelines.

From a market perspective, we are positioning Zamil Industrial not merely as a manufacturing or construction company, but as a trusted partner for comprehensive building solutions. This positioning is gaining traction in key markets, and our marketing and sales efforts in 2024 have emphasized this strategic approach. As the market increasingly demands larger, more complex projects on tighter timelines, our integrated solutions model makes Zamil Industrial a preferred partner for clients seeking reliability and certainty.

Outlook

Saudi Arabia is experiencing an unprecedented wave of investment in infrastructure, industrial capacity, and mega-projects, areas where our integrated solutions are in high demand. Internationally, emerging economies are investing heavily in manufacturing and logistics facilities, presenting significant opportunities for us. While we remain aware of global economic uncertainties—such as inflationary pressures and geopolitical risks—our ability to adapt and remain resilient has been proven. The diversity of our business lines and growing international footprint offer a buffer against market fluctuations.

Zamil Industrial is now stronger, more agile, and more unified in purpose than ever before. We have solidified our position as a leader in integrated construction solutions, and our brand is synonymous with quality and trust. The ambitious vision we have set for 2028 will propel us to new heights, driving performance, innovation, and continued success for years to come.

Ahmed Zaatari
Chief Executive Officer

A Year of Resilience and Strategic Growth

1. Zamil Industrial and Sectors Description

Zamil Industrial Investment Company (Zamil Industrial) has built a rich legacy as a pioneer in Saudi Arabia's industrial sector. Established as a joint-stock company in 1998 – but with roots tracing back to the Zamil family's business ventures in the 1930s – the company today stands as a one-stop integrated construction solutions provider.

Zamil Industrial is a leading industrial investment company providing integrated construction solutions, and high-quality products to meet the requirements of the evolving construction industry. The company's products and solutions include: pre-engineered steel buildings, steel structures, HVAC systems designed for various commercial, industrial, and residential applications, pre-cast concrete building products, fiberglass and rock wool insulation, pre-insulated pipes, HVAC and refrigeration maintenance and repair services, industrial project maintenance and inspection services, building automation systems, security and protection systems, turnkey project implementation services, solar energy projects, and high-quality installation and support services.

Over five decades, Zamil Industrial has grown from a local manufacturing trailblazer into a global player, supplying essential building products and services to projects in more +50 countries. This journey, marked by continuous innovation and diversification, has enabled Zamil Industrial to make a profound impact on the construction industry in the Middle East and beyond.

Vision & Mission

At the heart of Zamil Industrial's success is a clear vision and mission. The company aspires "to be a winning industrial leader creating superior values for business and community," and strives "to win markets' and stakeholders' trust through industrial competence and mutual prosperity". These guiding principles reflect a commitment to honesty, integrity, and excellence – values that have been ingrained since the company's early days. By upholding high ethical standards and focusing on customer satisfaction and innovation, Zamil Industrial has earned goodwill and a strong reputation in its markets. Its emphasis on learning and adopting global best practices has allowed it to "innovate to create leading local solutions leveraging world-class knowledge", thereby continually advancing its offerings to meet evolving market needs.

Integrated Construction Solutions

Zamil Industrial distinguishes itself by offering "Integrated Construction & Building Solutions" – the capability to serve as a single-source provider for a wide array of construction requirements. Through the strength and diversity of its business units, the company can meet complete project needs "from engineering to materials to climate control".

Broad Portfolio of Products & Services:

As a leading manufacturer, Zamil Industrial offers a remarkably wide range of products and services. These include: steel structure of a building to its air-conditioning, Insulation, MEP Systems, Firefighting Systems, Smoke Control Management Systems, BMS & Controllers, Security Systems, Solar Power Solutions, Pre-Cast Concrete, Low Current Systems, Low Voltage Solutions, Technical Facilities Management as well as Turnkey Construction Services. This end-to-end offering positions Zamil Industrial as a unique "one-stop shop" in an industry where projects often require juggling multiple vendors and contractors.

Global Footprint and Impact

From its headquarters in Dammam, Saudi Arabia, Zamil Industrial has expanded its footprint across the globe. The company operates state-of-the-art manufacturing facilities in 4 countries – Saudi Arabia, Egypt, India, and Vietnam – and markets its products in over 50 countries worldwide. It employs +11,000 people worldwide, drawing on a diverse pool of engineering talent and skilled workforce to drive its multinational operations. This global presence not only underscores Zamil Industrial's growth but also its impact: the company's products and solutions have been used in thousands of projects internationally, contributing to infrastructure development in fast-growing markets across the Middle East, Africa, Asia, and beyond. By establishing manufacturing bases abroad – for example, pioneering a pre-engineered buildings factory in Egypt in 1999 – Zamil Industrial has helped transfer technology and industrial know-how to new regions, supporting local economies and supply chains. Such achievements illustrate how Zamil Industrial has leveraged its heritage and expertise to achieve international scale, all while reinforcing Saudi Arabia's reputation for industrial excellence on the world stage.

Innovation and Industry Leadership

A key factor in Zamil Industrial's industry impact has been its relentless focus on innovation and quality. The company prides itself on "accessing the latest technological advances in the global construction industry" and translating them into "the most innovative & integrated construction solutions" for its clients.

Throughout its history, Zamil Industrial introduced several "firsts" in the region: for instance, Zamil Air Conditioners established the first HVAC manufacturing operation in Saudi Arabia in the 1974, and later built "Ikhtebar", the Middle East's first independent HVAC testing lab in 1984, to ensure world-class product performance. Likewise, the Insulation sector (through AFICO) became the only local producer of fiberglass insulation in Saudi Arabia, bringing advanced insulation technology to the Gulf. By localizing production of such critical building materials and equipment, Zamil Industrial has elevated regional standards and reduced reliance on imports. The company also continuously upgrades its manufacturing processes – adopting state-of-the-art software, automation, and Industry practices – to enhance efficiency and precision in production. These efforts ensure that the company remains at the cutting edge, offering customers products and services that meet the highest international standards for safety, durability, and efficiency.

Commitment to Sustainability

In line with global best practices and the increasing emphasis on sustainable development, Zamil Industrial has been actively integrating sustainability into its solutions. The very nature of its product mix – from high-efficiency HVAC systems to insulation that conserves energy – contributes to greener buildings and lower carbon footprints for its clients. For example, Zamil's insulation products are widely used to improve energy efficiency and fire safety in buildings, directly supporting green building goals. The company's HVAC sector has, since 2012, offered solar and "green building" solutions, recognizing the rise of solar technology and environmentally friendly construction in the region.

Social and Economic Contributions

Beyond its direct business activities, Zamil Industrial plays a broader role in the community and economy. As a prominent Saudi industrial company, it contributes to national objectives like Saudi Vision 2030 by diversifying the economy and creating high-value manufacturing jobs. The company believes in "mutual prosperity" – thriving in business while "bringing progress and prosperity" to its people and the communities where it operates. Over the years, Zamil Industrial has cultivated local talent through training and leadership development; for instance, the HVAC division's training center provides courses not only for its employees but also for dealers and clients' technicians, enhancing the overall skill level in the industry. The company also engages in corporate social responsibility initiatives and maintains rigorous health, safety, and environmental standards to protect its workforce and neighbors. By upholding such a stakeholder-oriented approach, Zamil Industrial has built trust and goodwill that reinforce its long-term success.

In summary, Zamil Industrial's evolution into an integrated construction solutions provider has been grounded in its legacy of innovation, diverse yet complementary business sectors, and unwavering commitment to quality and customer satisfaction. The following sections provide a closer look at each of the four key sectors of Zamil Industrial – Steel, HVAC, Insulation, and Construction – highlighting their roles, achievements, and contributions to the company's overall mission of delivering comprehensive building solutions.

Departmental Review

Founded in
1998

More than
11,000
employees

Our products and services are in
+50
countries

STEEL

HVAC

INSULATION

CONSTRUCTION

1.1. Steel Sector

The **Steel Sector** is a cornerstone of Zamil Industrial's integrated solutions, represented by its flagship subsidiary Zamil Steel Holding Co. Ltd. Founded in 1977, Zamil Steel has grown into a global leader in steel construction, known especially as the Middle East's premier supplier of pre-engineered steel buildings (PEBs) and structural steel products. .

Over the past five decades, Zamil Steel has revolutionized the region's construction landscape by providing a fast, efficient, and cost-effective way to create steel structures, from factories and warehouses to airports and high-rises. Its product portfolio is extensive – encompassing pre-engineered steel building systems, heavy structural steel sections, process equipment, transmission and telecommunications towers, open-web steel joists, and roof and floor decking panels. This wide range of offerings allows Zamil Steel to cater to diverse applications across industrial, commercial, agricultural, aviation, entertainment, and military sectors. Whether it's a manufacturing plant, an aircraft hangar, a shopping mall, or an oil & gas facility, Zamil Steel can design and fabricate the steel backbone needed for the project.

TOTAL REVENUE	GROSS PROFIT	OPERATING PROFIT
3,291	**552**	**191**
SAR MILLION	SAR MILLION	SAR MILLION
LAST YEAR 2,892	LAST YEAR 375	LAST YEAR 38
+14%	+47%	+407%

Market Reach and Leadership

Zamil Steel's quality and reliability have made it a trusted name far beyond Saudi Arabia. The company's steel products are sold in over 50 countries worldwide, supported by an international network of sales offices, certified builders, and distributors. This global outreach means that a building designed and manufactured by Zamil Steel can be delivered and erected on site anywhere from Africa to Asia, complete with local after-sales support. To date, Zamil Steel has supplied tens of thousands of steel buildings and structures around the world, contributing significantly to infrastructure development in emerging markets.

In Saudi Arabia and the GCC, the company has been a partner in numerous iconic projects, often chosen for its ability to meet challenging project requirements and timelines. The scale of Zamil Steel's operations is also reflected in its manufacturing footprint: its main factories are in Dammam, but it has also established large production facilities in Egypt, Vietnam and India to serve regional demands more efficiently. Across these facilities, Zamil Steel employs hundreds of engineers and utilizes advanced CAD/CAM software, automated fabrication lines, and modern machinery to ensure precision and consistency in every component. The result is a production capacity capable of delivering steel structures for multiple major projects concurrently, without compromising on quality or schedule.

Zamil Steel in Vietnam

Zamil Steel established its manufacturing presence in Vietnam with its first factory commissioned in 1997 in Hanoi, followed by a second state-of-the-art facility in Ho Chi Minh City, strategically positioning the company in the Southeast Asian market. These Vietnamese facilities form a crucial part of Zamil Steel's global production network, contributing significantly to the company's impressive total production capacity of more than 6,000,000 m^2 of pre-engineered buildings annually. The Vietnam operations serve as key manufacturing hubs that enable Zamil Steel to efficiently serve customers throughout Asia, from China and Japan to the Philippines and South Korea, reinforcing the company's status as the largest manufacturer and supplier of pre-engineered buildings across Asia and Africa. Since their establishment, the Vietnamese factories have played an instrumental role in Zamil Steel's global expansion, helping the company deliver over 90,000 buildings to more than 95 countries worldwide, demonstrating their significance within Zamil Steel's international manufacturing infrastructure.

Zamil Steel in India

Zamil Steel India commenced trial production at its Pune, Maharashtra facility in December 2007, followed by full commercial operations in February 2008, marking a strategic expansion into the dynamic and growing Indian marketplace. The state-of-the-art manufacturing facility, spread across 87,000 square meters, was established with an initial investment of SAR 75 million (USD 20 million) and is capable of producing complete pre-engineered buildings with an impressive annual production capacity of 100,000 MT. Since beginning commercial production, Zamil Steel India has delivered over 2,000 projects comprising approximately 15,000 buildings covering 8 million square meters of complete PEB buildings and related accessories to customers throughout India. The factory and head office are strategically

located to provide faster customer service across the Indian market, which was divided into four regions—North, West, South, and East—as part of the company's comprehensive approach to serving what they consider "a major market with high growth potential". The establishment of the Indian operations was a significant milestone, announced during the historic visit of King Abdullah bin Abdulaziz to India in January 2006, highlighting the importance of this expansion in Zamil Steel's global business strategy.

Zamil Steel in Egypt

2024 was particularly significant for Zamil Industrial's Steel Sector, marked by both achievements and milestones. Most notably, the company celebrated the 25th anniversary of Zamil Steel's operations in Egypt – its first overseas manufacturing venture. Over the past quarter century, Zamil Steel Egypt has flourished as a hub for African and Middle Eastern markets. The 25-year milestone in Egypt is a testament to the company's successful globalization strategy and the robust demand for its solutions internationally.

Product Innovation and Capacity

Zamil Steel has also kept pace with technological advancements in steel building design, for instance by adopting high-strength steels and optimizing designs for greater clear spans or heavier loads as required by modern projects. Its engineering teams routinely tackle complex structures, including multi-story steel buildings and special-purpose structures, tailoring solutions to client specifications. The ability to custom-engineer solutions is a strong competitive advantage – whether it's a unique architectural design or a challenging environmental condition (such as high wind or seismic zones), Zamil's Steel Sector has the expertise to deliver a safe and economical steel framing system.

Achievements and 2024 Highlights

In 2024, the Steel Sector also saw robust business growth. Driven by a surge in construction activities and several mega-projects breaking ground in Saudi Arabia and neighboring countries, Zamil Steel recorded a healthy increase in sales. In fact, steel sector revenues grew by about 14% year-on-year during the period, contributing significantly to Zamil Industrial's overall growth. This growth was supported by strong orders for pre-engineered buildings (for new industrial parks, logistics centers, and commercial developments) and continued demand for high-rise structural steel in the domestic market. Zamil Steel's continuous improvement initiatives – such as optimizing production workflows and enhancing supply chain efficiency – helped it capitalize on this demand while maintaining cost control, resulting in improved profitability for the sector. As regional development initiatives (like Saudi Vision 2030 projects) gain momentum, Zamil Steel is well-positioned to capture these opportunities. Its proven track record, combined with expanded capacity and an integrated service model, ensures that the Steel Sector will remain a key driver of Zamil Industrial's growth and its mission to provide total building solutions.

1.2. HVAC Sector

Zamil Industrial's **HVAC Sector** (Heating, Ventilation, and Air Conditioning) is spearheaded by Zamil Air Conditioners (ZAC), a company synonymous with climate control in the Middle East. Founded in 1974 as a pioneer in Saudi Arabia's air conditioning industry, Zamil Air Conditioners has evolved over 50 years to become the one of the largest supplier and manufacturer of air conditioning systems in the Middle East. This sector has been instrumental in both shaping the regional HVAC market and supporting the growth of key industries by providing reliable cooling solutions in one of the world's most demanding climates. From humble beginnings producing window AC units domestically, Zamil's HVAC division now offers a comprehensive suite of cooling products and services that few competitors can match, giving it a distinct leadership position in its field.

TOTAL REVENUE	GROSS PROFIT	OPERATING LOSS
2,504	**365**	**-45**
SAR MILLION	SAR MILLION	SAR MILLION
LAST YEAR 1,508	**LAST YEAR 89**	**LAST YEAR -367**
+66%	**+310%**	**-88%**

Comprehensive Product Range

One of the HVAC Sector's greatest strengths is its broad product portfolio, which caters to every need for air conditioning and ventilation. Zamil Air Conditioners designs and manufactures everything from small-scale residential units to colossal industrial cooling systems. Its product line includes window air conditioners and split units for homes and small offices, package units and ducted split systems for mid-sized commercial buildings, and large central chillers and air handling units for hospitals, malls, and industrial complexes. The company also produces specialized HVAC equipment such as precision cooling systems for data centers, district cooling chillers, and marine/offshore HVAC units for oil rigs and ships, demonstrating its engineering versatility.

All these products are built to perform under the Middle East's high ambient temperatures, with many models designed to operate above 50°C. The in-house design capabilities of Zamil's HVAC engineering team ensure that the latest advancements in refrigeration technology, controls, and energy efficiency are incorporated into its products. By maintaining such a wide and innovative product mix, the HVAC Sector can serve the cooling requirements of a single villa or a massive petrochemical plant with equal proficiency, reinforcing its reputation as a one-stop provider for climate control.

Quality Assurance and R&D

Zamil Air Conditioners has always placed a strong emphasis on quality and performance, which is evident from its significant investment in research & development and testing facilities. Ikhtebar, the first independent HVAC testing laboratory in the Middle East, which Zamil established in 1984. Ikhtebar is a state-of-the-art lab (built in cooperation with Intertek/ETL) where air conditioning units and chillers are tested for cooling capacity, energy efficiency, and compliance with various international standards. This facility gives Zamil a unique advantage: it can certify that its products meet or exceed ARI/ASHRAE and ISO performance standards, thereby instilling confidence in customers and allowing Zamil to enter markets with strict regulatory requirements. These adaptations ensure Zamil's AC systems have a longer lifespan and better reliability in severe weather conditions. Quality is further maintained through rigorous manufacturing processes in Zamil's factories (located in Dammam and various international joint ventures), which are ISO 9001 certified and employ advanced production techniques. Each unit that rolls off the assembly line undergoes thorough testing, meaning customers can trust that a Zamil AC system will perform as promised once installed.

After-Sales Service and Maintenance

Recognizing that HVAC is a lifecycle business, Zamil Industrial's HVAC Sector has built an extensive after-sales service network under the brand Zamil Services. This service arm provides installation, maintenance, repair and retrofitting services for HVAC systems. With over 2,500 qualified technicians and more than 21 service branches across Saudi Arabia and the GCC, Zamil Air Conditioners operates one of the region's largest AC service operation. The sheer scale – including a large fleet of service vehicles stocked with tools and spare parts – means that the company can respond quickly to customer service calls, minimizing downtime for critical cooling systems.

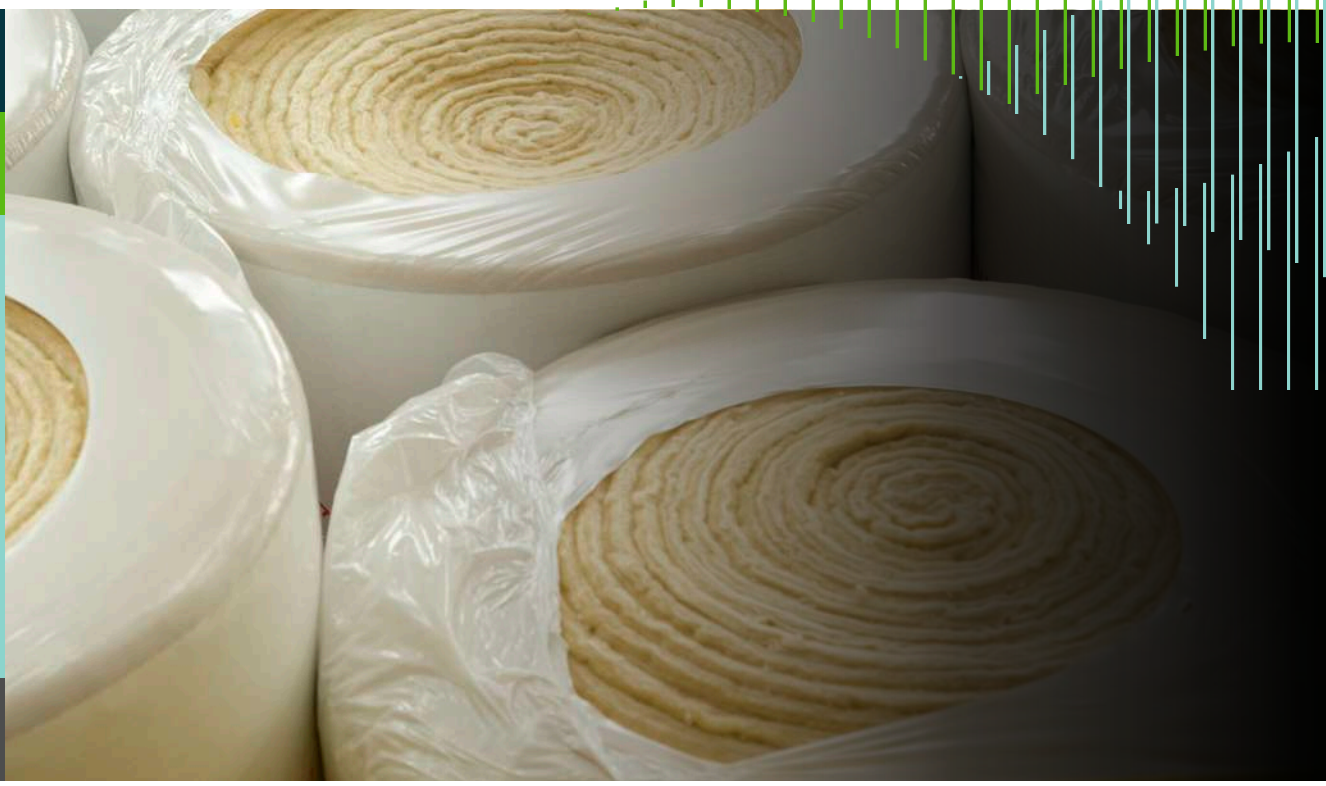
Zamil offers annual maintenance contracts to commercial clients (such as banks, hospitals, shopping centers, and industrial sites) to conduct regular preventive maintenance, ensuring systems remain in optimal condition year-round. These contracts give clients peace of mind that their cooling infrastructure is being looked after by experts. In 2024, Zamil's service teams handled thousands of maintenance calls and successfully executed several large retrofit projects where aging HVAC systems in key facilities were upgraded to newer, more efficient ones. The strong service capability not only generates revenue for the HVAC Sector but also strengthens the brand's value proposition. It has also led Zamil Air Conditioners to be "ranked as the region's leading HVAC maintenance provider", a testament to its reliability and customer focus.

In essence, Zamil AC remains the leader in cooling solutions across the region by virtue of its long-standing experience, diversified product range, unwavering commitment to quality, and customer-centric services. As demand for climate control continues to rise, the HVAC Sector is poised to maintain its growth trajectory. With 50 years already under its belt, Zamil Air Conditioners is looking ahead to the next era of innovation, focusing on smart HVAC systems and sustainable cooling to keep communities comfortable while conserving resources.

1.3. Insulation Sector

Gulf Insulation Group (GIG) is a key pillar within Zamil Industrial's diverse portfolio, representing the company's strategic presence in the **insulation materials sector.** Established in 2009, GIG operates as a leading industrial group in the Middle East and North Africa region, specializing in providing high-quality insulation solutions to various industrial and commercial sectors. GIG is an integral part of Zamil Industrial's business structure. This has enabled Zamil Industrial to become a major force in the regional insulation materials market, with a strong reputation based on quality, innovation, and adherence to international standards.

TOTAL REVENUE	GROSS PROFIT	OPERATING PROFIT
325	**137**	**64**
SAR MILLION	SAR MILLION	SAR MILLION
LAST YEAR 328	LAST YEAR 107	LAST YEAR 31
-1%	+28%	+109%



Product Range and Capabilities

GIG has a comprehensive product portfolio that includes two specialized subsidiaries, each focusing on specific insulation technologies and applications: Arabian Fiberglass Insulation Company (AFICO) and Saudi Rock Wool Factory (SRWF). This diverse portfolio provides integrated insulation solutions, enabling GIG to meet the insulation needs of industrial, commercial, and residential facilities.

Arabian Fiberglass Insulation Company (AFICO)

Through its partnership with Owens Corning, a global leader in fiberglass manufacturing technologies, AFICO has become a leading manufacturer of fiberglass insulation products in Saudi Arabia. This has enabled it to produce high-quality fiberglass insulation materials that comply with American and European standards. It also relies on advanced manufacturing techniques to ensure consistent quality and high performance across all production lines.

Saudi Rock Wool Factory (SRWF)

SRWF has been a pioneer in rock wool production in the region since 1992. The company uses state-of-the-art manufacturing processes to produce rockwool insulation that enhances safety, efficiency, and sustainability in various structures across the region. SRWF's product portfolio has expanded significantly over the years, adhering to the high international standards for which GIG is known, while continually adapting to evolving market needs and modern technical requirements.

Market Leadership and Expansion

GIG has established itself as a leading force in the regional insulation materials market. The Saudi Rockwool Factory (SRWF) has set its goal of becoming "the leading supplier and first choice for rockwool insulation products in the Middle East." This ambitious vision is based on the strong capabilities and continuous growth of the market. GIG has secured major contracts for major projects across multiple sectors, including government initiatives, private real estate projects, oil and gas operations, petrochemicals, healthcare facilities, educational institutions, and hotel projects. GIG consistently reinforces its leadership through its strict commitment to quality and environmental efficiency. All its products adhere to the highest international standards, ensuring customers receive insulation solutions that exceed global standards in performance, safety, and sustainability.

Industrial Infrastructure and Geographical Spread

The scale of GIG's operations reflects its extensive manufacturing capacity and geographical spread. Its factories are located in Riyadh, Saudi Arabia, enabling it to meet demand in markets across the Middle East and beyond. Investment in advanced technologies and modern manufacturing processes has led to the establishment of an integrated production system capable of meeting the requirements of large-scale projects while ensuring consistent quality.

Strategic Partnership with Perma-Pipe Gulf Industries

In June 2023, Gulf Insulation Group (GIG) entered into a joint venture with Perma-Pipe Gulf Industries, which owns 60% of the project, while GIG owns 40%. This venture aims to provide integrated solutions for pre-insulated piping systems, pipe manufacturing services, internal and external coatings, and leak detection systems. This collaboration targets markets in Saudi Arabia, Kuwait, and Bahrain, enhancing GIG's participation in infrastructure development initiatives under Saudi Vision 2030. This venture combines:

- GIG's strong manufacturing presence and expertise
- Perma-Pipe's specialized technical knowledge in pre-insulated piping systems.

This collaboration enhances capabilities to meet the engineering challenges of critical infrastructure projects. Services include engineering support, system design, and the application of specialized technologies to ensure optimal performance in challenging environments.

Gulf Insulation Group is part of Zamil Industrial's integrated solutions

The Gulf Insulation Group is a key component of Zamil Industrial's integrated approach to building and industrial solutions, contributing its specialized insulation products to Zamil Industrial's product portfolio. This integrated structure allows Zamil Industrial to offer comprehensive solutions for major projects, combining insulation components, steel structures, climate control systems, and other structural materials. Furthermore, strategic partnerships such as the collaboration with Perma-Pipe highlight how Zamil Industrial leverages global alliances to expand its capabilities and increase market penetration.

Zamil Industrial's insulation sector, led by the Gulf Insulation Group (GIG), is a regional market leader in providing essential materials that contribute to the construction of safe and energy-efficient buildings. With its diverse portfolio of products, technical partnerships, and added services, GIG is not just an insulation supplier, but a complete solutions provider that supports the region's drive towards energy efficiency and advanced construction standards.

1.4. Construction Sector

While Zamil Industrial's individual business sectors – Steel, HVAC, and Insulation – each excel in their domains, the company's true differentiation lies in its ability to integrate these capabilities into complete construction solutions. The **Construction Sector** led by (ZODCON) of Zamil Industrial is essentially the embodiment of its "one-stop provider" promise: it brings together the products and expertise of all divisions and delivers turn-key project execution for clients.

In a strategic consolidation of its construction capabilities, Zamil Industrial has established ZODCON in early 2025, integrating the expertise of two powerful subsidiaries—Zamil Steel Construction Company (ZSCC) from Zamil Steel Holding and Zamil Projects from Zamil Services. This merger represents a significant milestone in Zamil Industrial's evolution, creating a comprehensive construction powerhouse with enhanced capabilities to deliver complex turnkey projects across Saudi Arabia and beyond.

ZODCON emerges at a pivotal moment in Saudi Arabia's development landscape, with the country witnessing unprecedented infrastructure growth driven by Vision 2030 initiatives. The new entity builds upon the established reputation and proven track record of its predecessor companies, positioning itself as a premier provider of integrated construction solutions with a particular focus on high-value, technically complex projects requiring multi-disciplinary expertise.

Turnkey Project Delivery Excellence

The formation of Advanced Construction Solutions for Projects (ZODCON) builds on a strong legacy of turnkey projects executed by Zamil Steel Construction Company. Among the most notable recent projects that demonstrate the company's ability to provide comprehensive solutions is Maersk Logistics Hub in Jeddah, a model of the company's ability to deliver advanced facilities to international standards. Located in Jeddah Islamic Port, the project involves the construction of multi-purpose warehouses and a logistics yard for Maersk Logistics Arabia, encompassing structural, finishing, and electrical, mechanical, and electrical (MEP) works. The project's scope goes beyond conventional construction, encompassing specialized systems including air conditioning systems, steel buildings, insulation panels, and various insulation materials, reflecting ZODCON's vertical integration approach. One of the most distinctive aspects of the Maersk project is its strong focus on sustainability, meeting Gold-level green building standards and including the installation of solar energy systems generating approximately 15 megawatts of electricity. This commitment reflects ZODCON adoption of sustainable construction practices, an increasingly important factor in major infrastructure projects in the region. SAMI "Military Industrial Complex" in Al Kharj, is another prominent project in ZODCON portfolio. This 16-month contract with SAMI CMI Defense Systems LLC includes the construction of manufacturing facilities, administrative buildings, service facilities, and outdoor spaces dedicated to the development, design, and manufacturing of land defense systems. The scope of work includes structural, finishing, and electrical and mechanical works, in addition to the supply of HVAC products, insulated panels, steel structures, and other insulation materials from the Zamil Industrial portfolio.

Multidisciplinary Expertise and Project Integration

The establishment of ZODCON is a strategic step in bringing together the complementary capabilities of all Zamil Industrial companies, providing a unique integrated service. ZODCON ability to deliver turnkey solutions is based on its extensive in-house expertise in design, engineering, manufacturing, construction, and systems integration. This approach enables the company to ensure the highest levels of quality throughout the project lifecycle, while achieving time and cost efficiencies that exceed those achieved by separate contractors. In addition to its traditional construction capabilities, Zodcon offers specialized expertise in steel construction, leveraging Zamil Steel's position as the world's largest manufacturer of pre-engineered steel buildings, through its facility in Dammam's First Industrial City. This extensive manufacturing capacity complements ZODCON expertise in HVAC systems, insulation technology, and electrical and mechanical engineering, making it an integrated provider of comprehensive building solutions.

Innovation in Sustainable Projects

ZODCON capabilities are also expanding in the field of sustainable construction technologies, evident in its commitment to green building standards and the widespread implementation of renewable energy systems, as demonstrated by the Maersk project. This approach strengthens the company's position in the growing sustainable building market in Saudi Arabia, where government and private entities are seeking partners who can meet stringent environmental standards.

Expansion in Strategic Projects

Zodcon is strategically positioned to benefit from the ongoing development of the Saudi infrastructure sector, particularly in projects requiring advanced engineering solutions. The new commercial center project in the Al Faisaliah district of Dammam demonstrates ZODCON ability to execute turnkey projects in the commercial sector with the same efficiency it applies to industrial projects. The project spans an area of 33,000 square meters and is described as a fast-track project, underscoring the company's flexibility in dealing with various sectors. The defense sector represents a key growth area for Zodcon, as the SAMI project reflects the company's integration with the Kingdom's strategic priorities in developing the local defense industry. With the continued localization of defense industries as part of Vision 2030, Zodcon is ideally positioned to win more projects in this high-value sector. Sustainable construction offers significant growth opportunities, as ZODCON capabilities in implementing renewable energy systems and adhering to green building standards make it the preferred partner for future environmental projects.

As Zodcon advances its projects, its integrated approach, combining expertise in steel construction, electrical and mechanical engineering, and integrated project management, ensures it remains a key player in Saudi Arabia's evolving construction landscape.

By leveraging the synergies between its subsidiaries and focusing on complex, high-value projects, Zodcon continues to strengthen Zamil Industrial's position as a leading provider of integrated construction solutions, playing a key role in achieving the ambitious goals of Saudi Vision 2030.

Human Resources

2. Human Capital

At Zamil Industrial, we value our people as the key to managing and running our business successfully. We believe that our employees are our most valuable assets and the foundation of our sustainable performance. Since the company was founded, we have been committed to attract top talent with the right skills and qualifications. We also focus on continuously developing our employees by providing great learning and growth opportunities across all business sectors.

By the end of 2024, the total number of employees in Zamil Industrial's sectors in Saudi Arabia reached around 9,000, an increase of 1.62% compared to the previous year.

In 2024, the Saudization rate across the company increased by 17%. The steel sector witnessed a 12% rise, while the air conditioning sector recorded a 4% increase. The insulation sector maintained its previous Saudization levels.

The number of Saudi females employed across different departments also grew to 173 by the end of the year. The company follows all Saudization requirements set by the "Nitaqat" program to ensure more Saudi employees are joining the private sector.

As part of our commitment to workplace diversity, Zamil Industrial has established a sustainable program over the past few years to hire people with special needs, making them active members of the workforce. The company currently employs over 90 individuals with special needs across various business units and job functions, both in-person and remotely. Additionally, the management regularly organizes awareness seminars for leaders and managers in key sectors and departments, training them on the best practices for working with people with special needs in the workplace

As part of its unwavering commitment to employee health and well-being, Zamil Industrial has launched a series of meticulously planned health and social initiatives. These initiatives include the "Your Health in Your Hands" program, which offers complimentary medical checkups in collaboration with health and recreation institutes. Zamil Industrial further promotes awareness through campaigns like World Oral Health Day, as well as initiatives for World No Tobacco Day and Breast Cancer Awareness Day. In addition, the company actively encourages employee participation in social causes through programs such as blood donation campaigns in collaboration with health institutes and conducts surveys to gauge employee happiness, thereby fostering a positive and engaging work environment.

At Zamil Industrial, we are deeply proud of our heritage and our country. Our commitment to fostering a diverse and inclusive workforce is not just a reflection of our company's ethos, but also of our nation's vision for the future. We believe in the potential of our people to contribute to the Kingdom's ambitious goals and to elevate our national pride.

Through our efforts, we aim to be a shining example of how Saudi companies can lead the way in innovation, inclusivity, and corporate responsibility. By nurturing talent and providing opportunities for growth, we are not only building a stronger company but also contributing to the prosperity and development of our beloved Country.

2.1. Training and Development

Zamil Industrial places great emphasis on developing the skills of its employees through a wide range of training programs. These programs have been provided through specialized courses that align with the various job fields of our employees.

Throughout the past year, numerous workshops and training courses were organized, both in-person and virtually, in collaboration with leading training institutions such as the Chamber of Eastern Province Training Center, the Financial Academy and the Governance Academy.

A vast number of employees benefited from these training courses. The training programs included basic work skills for new employees, in addition to skill development for current employees, as well as specialized courses in safety and security for workers in factories and production lines. This effort contributes to enhancing the employees' ability to perform their tasks efficiently, which in turn helps increase the company's productivity and achieve exceptional performance across all departments.

2.2. Workforce Development and Employment Initiatives

As part of its commitment to developing future talent, Zamil Industrial actively participated in Wadaef Job Fair 2024 at Dhahran Expo, offering employment opportunities to young professionals and fresh graduates. This initiative reflects the company's dedication to empowering the workforce and investing in human capital, reinforcing its role as a key driver of economic growth.

Through these achievements, Zamil Industrial continues to advance corporate and social responsibility, innovation, and workforce development. By prioritizing safety, sustainability, and global collaboration, the company remains a leader in industrial excellence and a key contributor to Saudi Vision 2030.

2.3. Community Engagement & Future Growth

- Zamil Industrial actively participated in the Wadaef Job Fair 2024 at Dhahran Expo, providing career opportunities for young professionals and fresh graduates, supporting workforce development in line with national employment goals.
- A delegation of German industrial CEOs and Directors visited Zamil Steel and Zamil Air Conditioners in Dammam's Second Industrial City, facilitated by GESALO (German Saudi Arabian Liaison Office for Economic Affairs). The visit reinforced international collaboration and highlighted Saudi Arabia's growing competitiveness in the industrial sector.
- Zamil Industrial partnered with Accel Schools to implement a specialized training program at Ajyal Al-Khobar, equipping individuals with special needs with practical job skills, fostering greater independence and career opportunities.

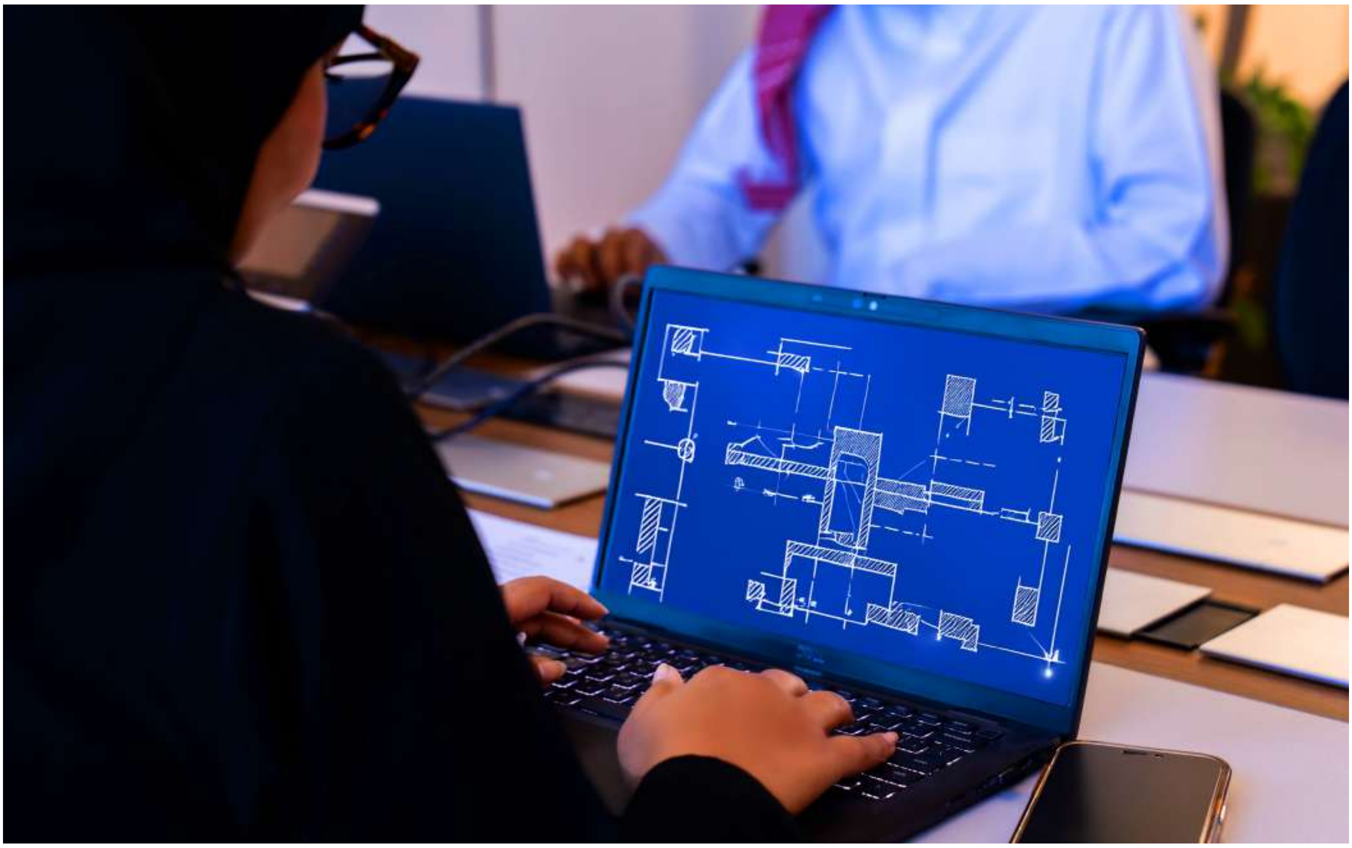
2.4. Social Responsibility and Sustainability Initiatives

Zamil Industrial remains dedicated to social responsibility through various impactful initiatives. The company received a Certificate of Excellence in Social Responsibility from AlMawarid Manpower for its participation in the "Ma Nsainakum" program on World Humanitarian Day 2024. This recognition underscores Zamil's ongoing efforts to contribute to social development and humanitarian causes.

Additionally, Zamil Air Conditioners was honored with the Ideal Factory Award, presented under the patronage of His Royal Highness Prince Saud bin Nayef, Governor of the Eastern Province. Organized by the Friends of the Environment Association, this award acknowledges Zamil's leadership in environmental sustainability and industrial excellence.

2.5. Strengthening International Collaboration

Zamil Industrial continues to foster global partnerships and expand its international presence. A delegation of German industrial CEOs and Directors visited the Zamil Steel and Zamil Air Conditioners facilities in Dammam's Second Industrial City. Facilitated by GESALO (German Saudi Arabian Liaison Office for Economic Affairs), this visit enhanced Saudi Arabia's standing as a global industrial hub and opened discussions for potential future business collaborations.



Additionally, Zamil Air Conditioners partnered with Accel Schools to implement a specialized training program at Ajyal Al-Khobar. This initiative provided individuals with special needs with practical job skills, empowering them with greater independence and career opportunities.

2.6. Technology & Digital Innovation

As part of its leadership in digital transformation, Abdulbary Atassi, Director of Information Technology at Zamil Industrial, was recognized with the prestigious IDC CIO50 Award in Saudi Arabia. This accolade highlights his contributions to technological innovation, reinforcing Zamil Industrial's role in adopting advanced technologies in line with Saudi Vision 2030.

2.7. Industry Contributions & Safety Excellence

- Zamil Construction played a key role in the development of the Maersk Logistics Park at Jeddah Islamic Port, the largest single-site logistics facility in the Middle East. The 225,000-square-meter project was completed within 16 months, maintaining the highest safety standards, achieving over 2 million safe man-hours with zero injuries.

- Zamil Industrial contributed to the Riyadh Metro Project – KAFD Station, supplying advanced cooling solutions and mechanical systems to enhance efficiency and passenger comfort.

- Zamil Steel celebrated 25 years of industrial excellence in Egypt, reinforcing its long-standing commitment to both local and international markets. The event was attended by Egypt's Deputy Prime Minister, the Minister of Industry and Transport, and other distinguished dignitaries.

2.8. Awards and Certifications

- Zamil Industrial received the Certificate of Excellence in Social Responsibility from the Human Resources Company for its participation in the "We Haven't Forgotten You" program, held in celebration of the 2024 World Humanitarian Day — reflecting the company's active role in supporting humanitarian initiatives.

- Zamil Air Conditioners Company was honored with the Ideal Factory Award under the patronage of His Royal Highness Prince Saud bin Naif, Governor of the Eastern Province. The award was organized by the Friends of the Environment Association in recognition of the company's contributions to environmental protection and the promotion of industrial sustainability.

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3. Performance Highlights

Revenues amounted to SAR 6,090 million as of 31 December 2024, an increase of SAR 1,406 million (30%) from SAR 4,684 million in 2023. Net profit for the year, after deducting Zakat and tax, was SAR 26.8 million, compared with a net loss of SAR 297.8 million in 2023. Profit per share, after deducting Zakat and tax, was SAR 0.45, compared with loss per share of SAR 4.96 during the same period in 2023. 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	2024	2023	Change in revenue
Air Conditioning Industry	**41.1%**	32.2%	66.0%
Steel Industry	**54.0%**	61.7%	13.8%
Insulation Industry	**5.3%**	7.0%	(0.8%)
Head Office and Others	**(0.5%)**	(0.9%)	(33.6%)
	100%	100%	

a. Statement of Income:

Item (SAR '000)	2024	2023	2022	2021	2020
Sales	**6,090,496**	4,684,427	3,926,186	3,523,817	3,382,962
Cost of sales	**5,031.844**	4,112,192	3,374,758	3,048,073	2,936,601
Gross profit	**1,058,652**	572,235	551,428	475,744	446,361
Total expenses	**1,097,868**	1,108,967	710,715	647,948	654,470
Other income, net	**97,543**	284,827	9,959	28,674	63,256
Zakat	**31,522**	45,938	28,740	15,887	15,020
Net income	**26,805**	(297,843)	(178,069)	(159,417)	(159,873)

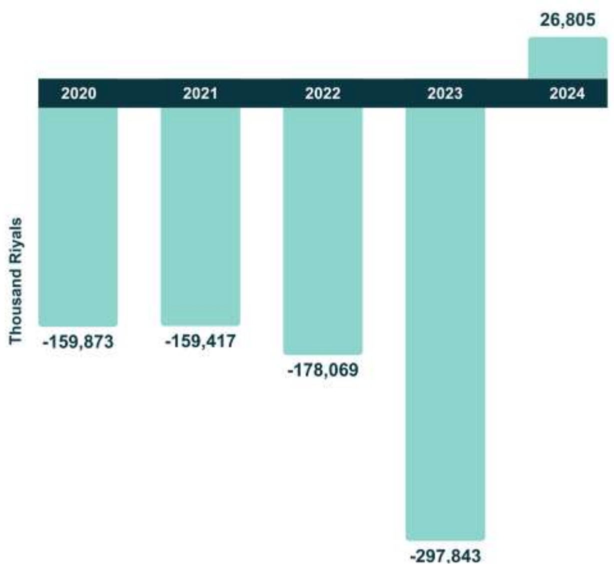
b. Balance Sheet:

Item (SAR '000)	2024	2023	2022	2021	2020
Current assets	**4,933,179**	4,969,382	4,840,592	4,432,260	3,867,073
Current liabilities	**5,021,682**	5,144,488	4,768,924	4,276,517	3,647,001
Working capital	**(88,503)**	(175,106)	71,668	155,743	220,072
Other long-term assets	**408,657**	409,975	427,888	486,966	539,794
Fixed assets	**691,280**	692,971	738,547	804,853	868,553
Total assets	**6,033,116**	6,072,328	6,007,027	5,724,079	5,275,420
Current liabilities	**5,021,682**	5,144,488	4,768,924	4,276,517	3,647,001
Long-term loans	**21,335**	1,150	13,862	7,040	14,510
Other long-term liabilities	**320,912**	279,132	276,383	290,898	279,001
Total liabilities	**5,363,929**	5,424,770	5,059,169	4,574,455	3,940,512
Paid capital	**600,000**	600,000	600,000	600,000	600,000
Reserves and retained earnings	**(121,482)**	(148,195)	170,883	366,724	533,469
Minority interest	**190,669**	195,753	176,975	182,900	201,439
Shareholders' equity	**669,187**	647,558	947,858	1,149,624	1,334,908
Total liabilities and shareholders' equity	**6,033,116**	6,072,328	6,007,027	5,724,079	5,275,420

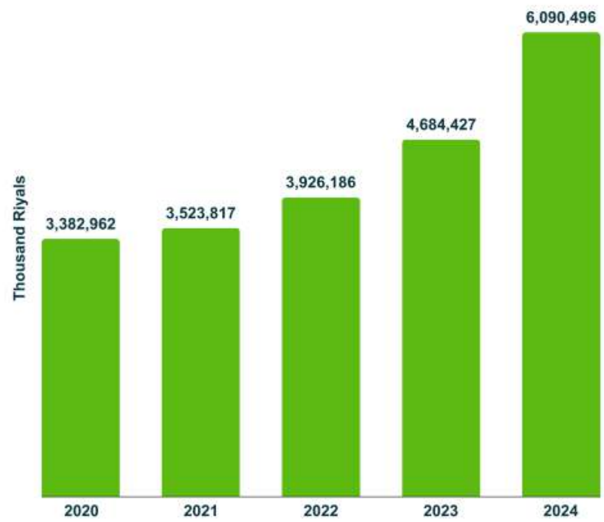
c. Outcome of Operation Activities:

Item (SAR'000)	2024	2023	Change	%
Sales	**6,090,496**	4,684,427	1,406,069	30%
Cost of sales	**5,031,844**	4,112,192	919,652	22%
Total operating profits	**173,806**	(329,543)	503,368	-
Expenses of main operations	**884,827**	901,778	(16,951)	-2%
Losses of main operations	**-**	-	-	-
Other revenue/(expenses)	**(115,479)**	77,638	(193,136)	-
Deductions: Zakat or tax	**31,522**	45,938	(14,416)	-31%
Net profits (loss)	**26,805**	(297,843)	324,648	-

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

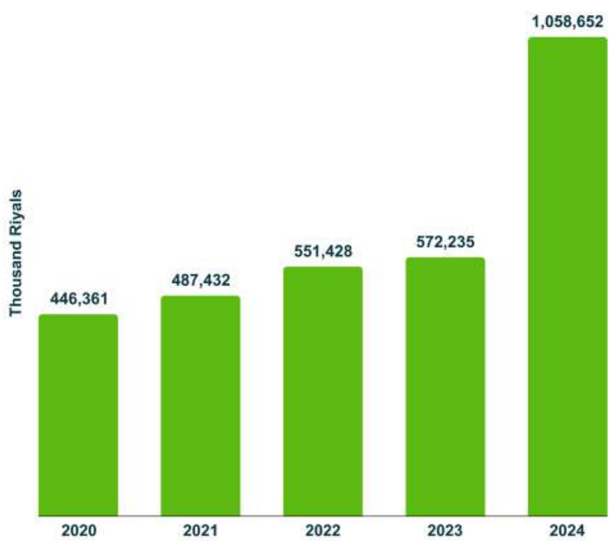


The following chart shows consolidated revenues over the past five years:



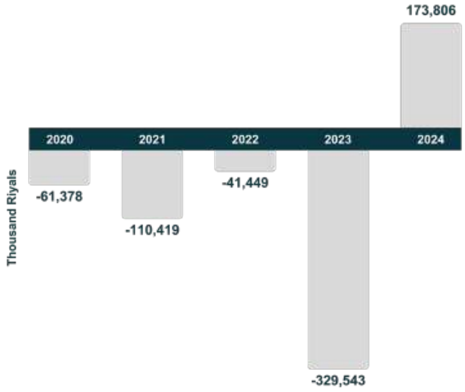
The following chart shows earnings per share over the past five years:

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

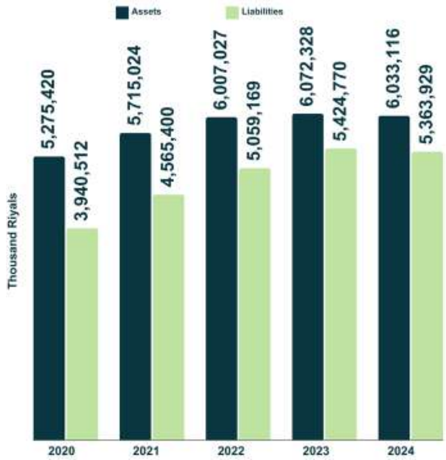


FINANCIAL STATEMENTS

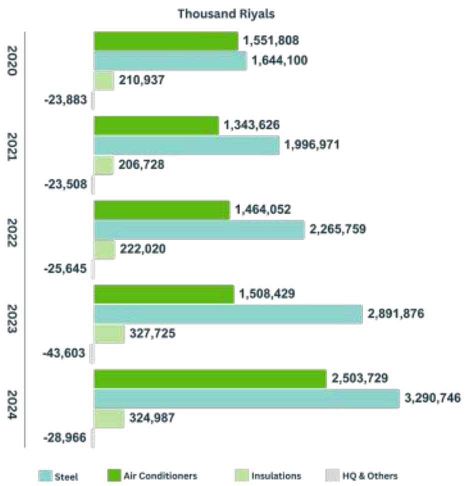
The following chart shows operating incomes over the past five years:



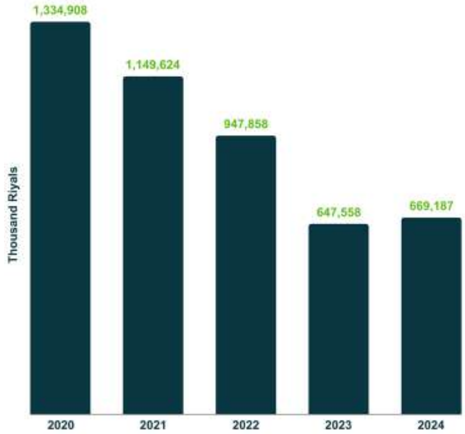
The following chart shows the company's assets and liabilities over the past five years:



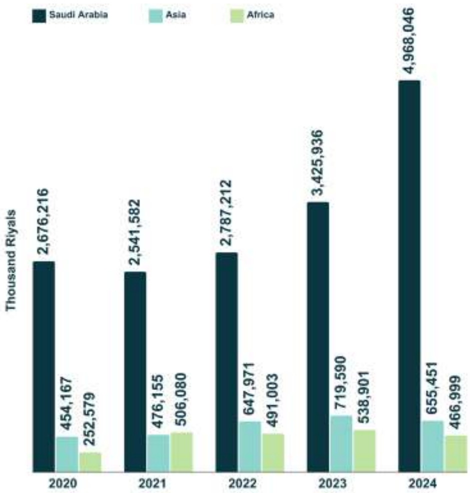
The Steel sector's revenue in 2024 was SAR 3,290 million, an increase of 13.8%. The AC sector's revenue increased by 66% to SAR 2,503.7 million. The Insulation sector's revenue saw a minor reduction of 0.8% to SAR 325 million, as shown in the following chart:



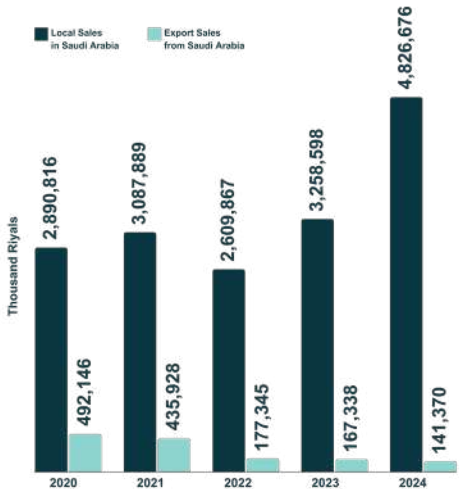
Shareholders' equity increased by 3.3% to SAR 669.2 million, compared with SAR 647.6 million in 2023, as shown in the following chart:



Geographically, the company's revenues based on operations in the Kingdom of Saudi Arabia totaled SAR 4,968 million. Revenues of the company's subsidiary factories outside the Kingdom of Saudi Arabia totaled SAR 1,122 million. This analysis, however, does not include exports, which are detailed in the exports section of the report.



The company's exports amounted to about SAR 586.8 million in 2024, compared with SAR 600.6 million in 2023. The company's products are exported to more than 90 countries by means of a network of sales and representative offices around the world.



4. 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.

5. Loans:

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

Loan	2024 (SAR '000)	2023 (SAR '000)	Date Obtained	Due Date	Base Loan Amount (SAR '000)	Lender
Loan No. 1	-	10,000	30/11/2021	01/12/2024	30,000	SAB – Saudi Awal Bank
Loan No. 2	**1,118**	2,001	31/03/2021	07/04/2027	2,265	HDFC Bank India
Loan No. 3	**26,000**	-	31/03/2024	25/12/2029	26,000	SAB – Saudi Awal Bank
	27,118	12,001				
Less: Current installment	**(5,783)**	(10,851)				
	21,335	1,150				

6. 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 2024.

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 2024, 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 2024, 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.

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

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

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 90 days of the date of submitting the invoice. Trade payables are normally settled within 30 to 120 days of the date of purchase.

Excessive concentration risk

Concentrations arise when a number of counterparties are engaged in similar business activities, 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.

7. Due Statutory Payments:

The following table shows paid and due statutory payments for 2024:

Item	2024 (SAR '000)	2023 (SAR '000)
Custom charges	**39,773**	56,717
Visas and passports	**35,226**	25,640
Zakat and tax	**432,415**	433,739
General Organization for Social Insurance	**46,525**	41,027
Other	**-**	-
Total government charges:	**553,939**	557,122

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8. Capital and Shares' Details:

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

Item	2024	2023
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

9. 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 (14) of this report.

The General Assembly, at its meeting held on 23/05/2024, approved governance regulations and policies as follows:

- Audit Committee Charter
- Nomination and Remuneration Committee Charter
- Board Membership Policies and Standards
- Remuneration Policy for Board, Committees, and Executive Management
- Controls and Standards of the Company›s Business Competition

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

Khalid Mohammad Al Fuhaid

- Board Member
- Audit Committee Chairman

Adel Saleh Al Ghassab

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

Saud Ghassan Al Sulaiman

- Board Member
- Nomination & Remuneration Committee Member

Executives

Ahmed Zaatari

Chief Executive Officer

George Eapen

Chief Financial Officer (Acting)

Said Fahad Al Daajani

- Director, Corporate Affairs
- Corporate Secretary

10. Board of Directors’ Composition:

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

#	Name	Position	Classification
1	Abdulla Mohammed Abdullah Al Zamil	Chairman of the Board of Directors	Non-executive
2	Bander Abdulrahman Abdullah Al Zamil	Vice Chairman	Non-executive
3	Sattam Abdulaziz Abdullah Al Zamil	Member	Non-executive
4	*Mohammed S. Mohammed Al Harbi	Member	Non-executive
5	Khalid Mohammad Saleh Al Fuhaid	Member	Independent
6	Adel Saleh Mohsen Al Ghassab	Member	Independent
7	Saud Ghassan Ahmed Al Sulaiman	Member	Independent

The company announced the Board of Directors decision (by circulation) on 04/04/2024, to accept the resignation of Board Member Mohammed S. Al Harbi due to his special circumstances. Note that this change did not affect the level of independence of the Board of Directors, according to Paragraph (3) of Article (16) of Corporate Governance issued by the Capital Market Authority.

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11. 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.

12. 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		
Abdulla Mohammed Al-Zamil	21,000	0	21,000	0	0	0%
Bander Abdulrahman Al-Zamil	1,000	0	1,000	0	0	0%
Khalid Mohammed Al-Fuhaid	1,000	0	1,000	0	0	0%
Adel Saleh Al-Ghassab	1,000	0	1,000	0	0	0%
Sattam Abdulaziz Al- Zamil	10	0	10	0	0	0%
Saud Ghassan Al-Sulaiman	30	0	30	0	0	0%
*Mohammad Sulaiman Al-Harbi	1,000	0	1,000	0	0	0%

* The company announced the Board of Directors decision (by circulation) on 04/04/2024, to accept the resignation of Board Member Mohammed S. Al Harbi due to his special circumstances.

13. 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	Percentage change
	Number of shares	Debt instruments	Number of shares	Debt instruments		
Ahmed Zaatari	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.

14. Controlling interests of substantial shareholders who own 5% or more and percentage changes:

Name	At year's beginning		At year's end		Net change	Percentage change
	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	3.241.528	5.40	150.000+	95,0%

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

Members of the Board of Directors:

Name	Current position(s)	Previous position(s)	Qualifications	Experience
Abdulla Mohammed Abdullah Al Zamil	- Chairman of the Board, Zamil Industrial Investment Co. (Zamil Industrial)	- CEO, Zamil Industrial - COO, Zamil Industrial - Various positions in Zamil Air Conditioners including EVP	- Master's in Finance and Business Administration - Bachelor's in Industrial Engineering	Professional experience since 1987
Bander Abdulrahman Abdullah Al Zamil	- President, Zamil Real Estate Co. - VP, Zamil Group Holding Co.	- VP, Zamil Group Holding Co. - General Manager of Real Estate Investment and Development at Zamil Group Holding Co. - Project Engineer, Zamil Architectural Industries	- Bachelor's in Industrial Engineering, KSU, 2001	Professional experience since 2001
Sattam Abdulaziz Abdullah Al Zamil	- Chief Financial Officer (CFO), Zamil Group Holding Co.	- Financial Analyst, Zamil Group Holding Co. - EVP Financial Affairs, Zamil Group Holding Co.	- Bachelor's in Accounting, KFUPM, 1995	Professional experience since 1996
Khalid Mohammed Saleh Al Fuhaid	- Chairman of the Board of Directors, Manafea Arabia Holding Co.	- CEO, Midad Holding Co. - Technical and management positions in Aluminum Products Company (ALUPCO)	- Bachelor's in Mechanical Engineering	Professional experience since 1989

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Adel Saleh Mohsen Al Ghassab	- President, Zamil Real Estate Co. - VP, Zamil Group Holding Co. - Vice Chairman of National Company for Glass Industries - Zamil AC Chairman of the Board	- Chairman and member of the Board of Directors of Zamil Plastic Industries - Managing Director of Zamil Plastic Industries - Sales Manager, Tasnee - Sales and Marketing Manager, FIPCO - Sales and Marketing Manager, Al Sharq Plastic Industries - Sales and Marketing Manager, Zamil Plastic Industries - Sales Manager, SABIC - Headquarters in Riyadh	- Bachelor's in Industrial Management, KFUPM, 1986	Professional experience since 1987
Saud Ghassan Ahmed Al Sulaiman	CEO, Al-Sulaiman Group	- Group CEO at Al-Sulaiman Group, Al-Sulaiman Investment Holding Co. (Since 2019) - Partners and Managing Director of Flow Progressive Logistics Co. (2014-2019).	- Masters in Change from INSEAD in France, 2017 - Executive MBA from the University of Hull in the United Kingdom, 2008 - Bachelor's degree in Interior Design from the Design Institute of San Diego in the United States, 2003	Professional experience since 2013

Executives:

Name	Current position(s)	Previous position(s)	Qualifications	Experience
Ahmed Zaatari	- CEO, Zamil Industrial Investment Co.	- President of Zamil AC	- BS in Electrical Engineering – University at Buffalo, New York, USA	Professional experience since 1983
George Eapen (Acting)	- Chief Financial Officer (Acting), Zamil Industrial Investment Co.	- Corporate Finance Manager, Zamil Industrial Investment Co. - Financial Analyst, Zamil Industrial - Cost Accountant, Zamil Steel	- Bachelor of Commerce degree from Mahatma Gandhi University, India - Member of the Institute of Cost Accountants of India and the Institute of Management Accountants in the United States	Professional experience since 1999
Said Fahad Al-Daajani	- Director, Corporate Affairs; Corporate Secretary, Zamil Industrial Investment Co.	- Public and Investor Relations Manager - Administrative Assistant	- BA in Administrative Sciences and Political Science - Certification in Governance - Certification in Investor Relations	Professional experience since 1998

* The company announced the Board of Directors decision on 25/03/2024, to appoint Mr. Ahmed Zaatari in a position of Company CEO effective 26/03/2024.

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

Name	Current companies	Location	Legal entity	Former companies	Location	Legal entity
Abdulla Mohammed Abdullah Al-Zamil	- Gulf Insulation Group - Zamil Steel Holding Co. - Rabiah & Nassar and Zamil Concrete Industries Co. - Gulf International Bank – KSA - Gulf International Bank – Bahrain - Gulf International Bank – UK - Awqaf Sulaiman Al-Rajhi Holding Co. - Saudi Telecom Company\ Bahrain - Folk Maritime Services Co. - Gulf International Bank Capital	- In KSA - In KSA - In KSA - In KSA - Abroad - Abroad - In KSA - Abroad - In KSA - Abroad	- Unlisted - Holding - LLC - LLC - LLC - LLC - Holding - Unlisted - Unlisted - LLC	- Arabian Fiberglass Insulation Co. - Zamil Air Conditioning & Refrigeration Services (Bahrain) - Zamil Steel Buildings (Egypt) - Zamil Structural Steel (Egypt) - Metallic Construction and Contracting Co. - Zamil Steel Buildings Co. (China) - Zamil Steel Buildings Co. (India) - Zamil Steel Engineering India Private Ltd. - Zamil Construction India Private Ltd. - Zamil Information Technology Global Pvt. Ltd. (India) - Zamil Air Conditioners India Private Ltd. - Zamil Steel Buildings Vietnam Co. Ltd. - Energy Central Saudi Arabia - Dammam Airport Co. - VIVA Bahrain - GACA - Neom Industrial City - Health Cluster in Eastern Province - Eastern Province Council - Zamil Air Conditioners Holding Co. - Middle East Air Conditioners Co. - Saudi Rock Wool Factory - Second Insulation Company - Arabian Stonewool Insulation Co. - Zamil Gulf LLC (UAE) - Saudi Global Ports	- In KSA - Abroad - Abroad - Abroad - Abroad - Abroad - Abroad - Abroad - Abroad - Abroad - Abroad - Abroad - In KSA - In KSA - Abroad - In KSA - In KSA - In KSA - In KSA - In KSA - In KSA - In KSA - In KSA - In KSA - Abroad - In KSA	- LLC - LL C - LLC - LLC - LLC - LLC - LLC - LLC - LLC - LLC - LLC - LLC - LLC -Government - Unlisted -Government -Government -Government -Government - LLC - LLC - LLC - LLC - LLC - LLC - Unlisted
Khalid Mohammed Saleh Al Fuhaid	- Manafea Arabia Holding Co. - Manafea Industrial Co. - Life Lines Medical Company - First United Medical Services Company	- In KSA - In KSA - In KSA - In KSA	- LLC - LLC - LLC - LLC	- Midad Holdings - Manafea Al-Bahr Co. - Manafea Al Sharq Co. - Aluminum Rolling Shutter Co. - Designs and IT Co. - Cherish Cosmetics - Manafea Gulf Co. - Manafea Medical Co. - Manafea Al-Jazeera Co. - Smart Gates Ltd. - Door Experts Ltd.	- In KSA - In KSA - In KSA - In KSA - In KSA - In KSA - Abroad - In KSA - In KSA - In KSA - In KSA	- LLC - LLC - LLC - LLC - LLC - LLC - LLC - LLC - LLC - LLC - LLC
Bander Abdulrahman Abdullah Al Zamil	- Yamama Company for Red Bricks & Clay Products - Zamil Group Real Estate - Mashareq Investment Co. - Akwaan Real Estate Co. - Kinan Real Estate - Unaizah Endowment Co. / Unaizah Investment Co. - Al Azm Development and Real Estate Investment Co. - Industrial Master Plan Fund -Al Ahli Orobah Real Estate Fund - Qimam Al Sirat Company - Emirates Company for Industrial Cities (UAE) - Polaris Al Zamil Co. (Egypt)	- In KSA - In KSA - In KSA - In KSA - In KSA - In KSA - In KSA - In KSA - In KSA - In KSA - Abroad - Abroad	- Unlisted - LLC - LLC - Unlisted - Unlisted - Unlisted - LLC - Real Estate Fund - Real Estate Fund - Unlisted - Unlisted - Unlisted	- National Company for Glass - Saudi Venture Capital Co. - Economic Gate Fund	- In KSA - In KSA - In KSA	-Listed -Unlisted - Real Estate Fund

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Adel Saleh Mohsen Al Ghassab	-National Company for Glass Industries - Zamil AC Company	- In KSA - In KSA	- Listed - LLC	- Al-Sharq Plastic Industries - Methanol Chemicals - Zamil Chemical and Plastic Industries - Zamil Plastic Industries - Saudi German Co. -Advanced Flexible Packaging Co - Al-Tawfiq Co. For Plastic & Woven Sacks - Gulf Stabilizers Industries	- In KSA - In KSA - In KSA - In KSA - In KSA - In KSA - In KSA - In KSA	- LLC - Listed - LLC - LLC - LLC - LLC - LLC - LLC
Sattam Abdulaziz Abdullah Al Zamil	- Electrical Industries Co. - United Carton Industries Co.	- In KSA - In KSA	- Listed - Unlisted	- Zamil Group Holding Co. - Saudi German Company for Nonwoven Products - Advanced Flexible Packaging Co. - Zamil Offshore Services Co. - Zamil Group Investment Company Ltd.	- In KSA - In KSA - In KSA - In KSA - In KSA	- Unlisted - LLC - LLC - Unlisted - LLC
Saud Ghassan Ahmed Al Sulaiman	- Salasa Holding Co. - IKEA Global Strategic Sustainability Council - IKEA Global Innovation Council - FLOW Progressive Logistics - Lazurde Jewelry - Logistics Partnership Council of the Saudi Ministry of Transport - Board Member of the Commercial Sector Board at Jeddah Chamber - Board Member of the Logistics Committee at the Riyadh Chamber of Commerce & Industry - Board Member of Athath Cooperative Society - Saudi-Swedish Business Council, Council of Saudi Chambers - Livespace Interior Design Co. - Saudi Angel Investors - Channels by STC	- In KSA - Abroad - Abroad - In KSA - In KSA - In KSA - In KSA - In KSA - In KSA - In KSA - In KSA - In KSA - In KSA	- LLC - LLC - LLC - LLC - Listed - Government - Government - Government - Charity - Government - LLC - LLC - LLC	- IKEA KSA & Bahrain - Cartlo for Resale Co. - Circle K company	- In KSA - In KSA - In KSA	- LLC - LLC - LLC

17. Board Meeting Attendance Record:

In 2024, the Board of Directors convened (6) times during its ninth term. Members of the Board of Directors are paid sitting fees for each meeting they attend. Following is an attendance sheet.

Name	9th Term						Total
	No. (12/9) on 18\02	No. (13/9) on 28\03	No. (14/9) on 04/07	No. (15/9) on 02/10	No. (16/9) on 28\11	No.(17/9) On 30\12	
Abdulla Mohammed Abdullah Al Zamil	✓	✓	✓	✓	✓	✓	6
Khalid Mohammed Saleh Al Fuhaid	✓	✓	✓	✓	✓	✓	6
Adel Saleh Mohsen Al Ghassab	✓	✓	✓	✓	✓	✓	6
Bander Abdulrahman Abdullah Al Zamil	✓	✓	✓	✓	✓	✓	6
Sattam Abdulaziz Abdullah Al Zamil	✓	✓	✓	✓	✓	✓	6
Saud Ghassan Ahmed Al Sulaiman	✓	✓	✓	✓	✓	✓	6

18. 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.

19. Committees of the Board of Directors:

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

First: 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 and Capital Market Authority (CMA) Corporate Governance and the Audit Committee Charter approved by the General Assembly on May 23, 2024. 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. Analyze interim and annual financial statements prior to presenting them to the Board and provide opinion and recommendations thereon to ensure their integrity, fairness, and transparency.
2. Provide technical opinion, at the Board's request, regarding whether the Board's report and the financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company›s financial position, performance, business model, and strategy.
3. Analyze any important or non-familiar issues contained in the financial reports.
4. Accurately investigate any issues raised by the Chief Financial Officer – or any person assuming his/her duties – or the compliance officer or External Auditor.
5. Examine the accounting estimates in respect of significant matters contained in the financial reports.
6. Examine the adopted accounting policies and provide its opinion and recommendations to the Board thereon.

b. Internal Audit:

1. Examine and review the Company›s internal and financial control systems and risk management system.
2. Analyze the internal audit reports and follow up the implementation of the corrective measures outlined in such reports.
3. Monitor and oversee the performance and activities of the Internal Auditor and Internal Audit department to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.

Recommend to the Board the appointment of the internal audit department head, or the internal auditor and propose his/her remuneration.

c. External Auditor:

1. Recommend to the Board the nomination of external auditors, their dismissal, their remuneration, and assess their performance after verifying their independence, review their scope of work, and contractual terms.
2. Verify the auditor's independence, objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards.

3. Review the plan and activities of the Company's external auditor, and ensure that they do not provide any technical, administrative, or consulting works that are beyond their scope, and provide opinion thereon.

4. Respond to the Company's External Auditor's inquiries.

5. Review the External Auditor's reports and comments on the financial statements and follow up on actions taken.

d. Ensuring Compliance:

1. Review the findings of the reports of supervisory authorities and ensure that the Company has taken the necessary actions in connection therewith.

2. Ensure that the Company complies with the relevant laws, regulations, policies, and instructions.

3. Review contracts and proposed Related Party Transactions and offer recommendations to the Board.

4. Report to the Board any issues that are deemed to require action and provide recommendations about the actions that should be taken.

e. Arrangement of Submitting Observations:

The Committee shall review the arrangements that allow the company's employees to confidentially submit their observations regarding any abuse of financial statements or other reports. The Committee shall ensure that these arrangements are applied through an independent investigation in proportion to the size of fault or abuse. It shall also adopt appropriate follow-up action.

In 2024, the committee convened (7) times during its ninth term. An attendance sheet is shown below:

Name	9th Term							Total
	No. (10/9) on 25/02	No. (11/9) on 25/03	No. (12/9) on 14\05	No. (13/9) on 11/06	No. (14/9) on 05/08*	No. (15/9) on 06/11	No. (16/9) on 29/12	
Adel Saleh Mohsen Al Ghassab	✓	✓	✓	✓	✓	✓	✓	7
Khalid Mohammed Saleh Al Fuhaid	✓	✓	✓	✓	✓	✓	✓	7
Sattam Abdulaziz Abdullah Al Zamil	✓	✓	✓	✓	✓	✓	✓	7

* Follow-up meeting on August 11, 2024.

The company announced on December 14, 2024 appointment of Adel Al-Ghassab as a member of the Audit Committee, effective January 17, 2024, to complete his predecessor's remaining tenure of Mr. Mohammad Al-Harbi for the current Board term.

Second: 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 Capital Market Authority (CMA) Corporate Governance and the Nomination and Remuneration Charter approved by the General Assembly on May 23, 2024, including:

a. Responsibilities on Remunerations:

1. Prepare a clear policy for the remunerations of the Board and Committees' members and the Executive Management; and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards that are linked to performance; and disclosing and ensuring the implementation of such policy.

2. Clarify the relation between the paid remuneration and the adopted remuneration policy and highlight any material deviation from that policy.

3. Periodic review the of remuneration policy and assess its effectiveness in achieving its objectives.

4. Recommend to the Board the remuneration of the Board and Committees' members and Senior Executives in accordance with the approved policy.

b. Responsibilities on Nominations:

1. Propose clear policies and standards for Board membership and the Executive Management.
2. Recommend to the Board the nomination or re-nomination of its members in accordance with approved policies and standards, taking into account the nomination shall not include any person convicted of a crime involving moral turpitude or dishonesty.
3. Prepare a description of the capabilities and qualifications required for Board membership and Executive Management positions.
4. Determine the amount of time a member shall allocate to the activities of the Board.
5. Annual review of the skills or experience required for the Board members and Executive Management.
6. 1Review the structure of the Board and Executive Management and recommend changes.
7. Annually ensure the independence of the Independent Directors and the absence of conflicts of interest if a member is on the board of another company.
8. Develop job descriptions for the Executive, Non-Executive, and independent members, and senior executives.
9. Set necessary procedures if the position of a Board member or senior executives becomes vacant.
10. Identify the strengths and weaknesses of the Board and recommend solutions that serve the Company's interests.

The committee convened in 2024 (6) times during its ninth term. An attendance sheet is shown below:

Name	9th Term						Total
	No. (9/9) on 14\02*	No. (10/9) on 21\04	No. (11/9) on 03\06	No. (12/9) on 22\09	No. (13/9) On 14\10	No. (14/9) On 28\11	
Adel Saleh Al-Ghassab	✓	✓	✓	✓	✓	✓	6
Bander Abdulrahman Al-Zamil	✓	✓	✓	✓	✓	✓	6
Saud Ghassan Al-Sulaiman	✓	✓	✓	✓	✓	✓	6

* Follow-up meeting on February 25, 2024.

20. 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 2024, and the Nomination and Remuneration Committee will review this matter.

21. 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 2024. 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:

Members of the Board of Directors (Ninth Term):

(SAR'000)

Member	Fixed remuneration							Variable remuneration						End of Service Benefit	Grand total	Expenses allowance
	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			
1st : Independent Directors																
Khalid Mohammed Al Fuhaid	200	18	21	0	0	0	239	0	0	0	0	0	0	0	239	0
Adel Saleh Al Ghassab	200	18	39	0	0	0	257	0	0	0	0	0	0	0	257	0
Saud Ghassan Al Sulaiman	200	18	18	0	0	0	236	0	0	0	0	0	0	0	236	0
Total	**600**	**54**	**78**	**0**	**0**	**0**	**732**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**732**	**0**
2nd : Non-Executive Directors																
Abdulla Mohammed Al Zamil	500	18	0	0	0	0	518	0	0	0	0	0	0	0	518	0
Bander Abdulrahman Al Zamil	200	18	18	0	0	0	236	0	0	0	0	0	0	0	236	0
Sattam Abdulaziz Al Zamil	200	18	21	0	0	0	239	0	0	0	0	0	0	0	239	0
Total	**900**	**54**	**39**	**0**	**0**	**0**	**993**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**993**	**0**
3rd : Executive Directors																
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Committees Members (Ninth Term):

(SAR'000)

Members	Fixed remuneration	Attendance allowance	Total
AC Members			
Khalid Mohammed Al Fuhaid	0	21	21
Sattam Abdulaziz Al Zamil	0	21	21
Adel Saleh Al Ghassab	0	21	21
RNC Members			
Adel Saleh Al Ghassab	0	18	18
Bander Abdulrahman Al Zamil	0	18	18
Saud Ghassan Al Sulaiman	0	18	18

Senior Executives:

(SAR 000)

	Fixed remuneration				Variable remuneration						End of Service Benefit	Total remunerations for Board executives, if any	Grand total
	Salaries	Allowances	In-kind benefits	Total	Periodic remuneration	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares	Total			
Four senior executives who received the highest remunerations, including the CEO and the CFO	3.505	2.056	0	5.561	0	0	0	0	0	0	381	0	5.942

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.

It is worth noting that the remuneration of the Chairman and members of the Board of Directors, Committees, and the Secretary will be paid for the fiscal year ending on December 31, 2024 according to what was stipulated in the Remuneration Policy for Board, Committees, and Executive Management.

22. Remuneration policy:

In compliance with Article (90) of the Corporate Governance Regulations, the General Assembly, in its meeting on May 23, 2024, approved the "Remuneration Policy for Board, Committees, and 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:

1. Remuneration and compensation shall be in line with the company's strategy and objectives.
2. Remuneration shall be proportionate to the company's activities and the required skills for its management.
3. The Policy shall be prepared in coordination with the Committee with respect to new appointments.
4. The Policy shall take into consideration the sector in which the company operates, its size, and the experience of its Board members and executive management.
5. Benchmarking shall be used to take into consideration the remuneration practices of other companies in addition to what is prevalent in the labor market. The disadvantages of such comparisons in leading to unjustifiable increases in remunerations and compensations shall be avoided.
6. Remuneration shall be based on job level, duties, and responsibilities; educational qualifications; practical experience; skills; and performance level.
7. Remunerations are intended to encourage Board members and executive management contribute to the company's success and its long-term development, such as linking the variable part of the remuneration to long-term performance.
8. The remuneration shall be suspended if it has been determined that such remuneration was based on inaccurate information provided by a member of the Board, its committees, or the executive management in order to prevent the use of one's position in the company to derive undeserved benefits.
9. The Committee shall supervise the program if the company develops one to grant some of its shares to Board members and executive management, whether a new issue or shares purchased by the company.
10. Members of the Board may not vote on the directors' remuneration at the annual shareholders' General Assembly meeting if the remuneration was added as an agenda item.

11. A member of the Board may receive remuneration for his membership in the Audit Committee or for any other additional executive, technical, administrative, or advisory work or positions (professionally licensed) assigned to him by the company in addition to the remuneration that may be acquired as a member of the Board and any committees formed by the Board, in accordance with the Companies Laws and the Company Bylaws.

12. The remunerations of different Board members may vary depending on the Board members' experience, expertise, duties he undertakes, and the independence and number of Board meetings he attended, in addition to other considerations.

13. The remuneration of independent Board members shall not be a percentage of the profits that are realized by the company, nor shall it be based directly or indirectly on the company's profitability.

14. If the General Assembly decides to terminate the membership of any Board member who fails to attend (3) three consecutive Board meetings without a legitimate excuse, then such Board member shall not be entitled to any remuneration since the last Board meeting, he failed to attend, and he shall pay back any remuneration he received for that period.

Board Members' Remuneration:

1. Chairman and Board members' remuneration may consist of a specified amount, an attendance fee, expense fees, other in-kind benefits, a certain percentage of the net profits, or a combination of two or more of those benefits.
    a. The Chairman is entitled to an annual remuneration amount of (500,000) five hundred thousand riyals.
    b. A Board member is entitled to an annual remuneration amount of (200,000) two hundred thousand riyals.
    c. A Committee member who is appointed from outside the Board is entitled to an annual remuneration amount of (100,000) one hundred thousand riyals.
    d. The Secretary is entitled to an annual remuneration with a total amount of (100,000) one hundred thousand riyals.
2. The Board can from time to time based on the Committee recommendation review the annual remuneration and all financial or in-kind benefits for the Board and committees' members, and executive management based on changes in laws and regulations as well as the Board and committees' members.
3. The Board shall determine the Managing Director's compensation – if appointed – based on the Committee recommendation for the assigned tasks, in addition to the remuneration as a member of the Board. In all cases the total amount shall not exceed (1,000,000) one million riyals per year.
4. The Board Report to the General Assembly must include a disclosure of all the remuneration, allowances, expenses, and other benefits that the Chairman, Board, and committees' members received during the fiscal year. It shall also include the amounts received by the members in their capacity as employees or executives, or in consideration of such technical, administrative, or advisory services (if any). The report shall also include a statement of the number of the Board meetings held and the number of meetings attended by each member beginning from the date of the last meeting of the General Assembly.

The Committees' Members Remuneration:

1. The committee's remuneration for its committees. The annual remuneration shall consist of a lump sum amount and sitting fees for attending meetings.
2. The remuneration for membership of the Board committees shall be approved in accordance with what is stipulated in Article (Fourth), and when forming the committees, the number of memberships that a member of the Board of Directors can hold shall be taken into account, so that it does not exceed the total remuneration that the member receives for his membership in the Board and the committees stipulated in Paragraph (1-B) Article (Fourth) of this policy.

Executive Management's Remuneration:

1. The Board shall, on the Committee recommendation, determine the types of remuneration awarded to senior executives of the company – for example: fixed bonuses, performance-related bonuses, and incentive bonuses – without conflict with the executive regulations issued to joint stock companies.

2. Senior executives' remuneration must be consistent with the company's strategic objectives, its business activity, and the skills required to manage it, considering the sector in which the company operates and its size.
3. The Committee shall review the incentive scheme for the executive management on a regular basis and submit its recommendations to the Board for approval.
4. Remuneration aims to provide the competitive advantage needed to attract and retain highly qualified and experienced staff and to maintain the high level of skills needed by the company.

General provisions:

1. The remuneration of the Chairman, Board and committees' members, Managing Director if appointed, and Secretary are paid immediately after publishing the yearend financial statements on Tadawul website.
2. Sitting fees are paid after each session, quarterly, or with annual bonuses, according to what the Committee deems appropriate or according to the member's request.
3. Sitting fees and other expenses are disbursed only once one or more meetings are held on the same day.
4. Executive management remuneration is paid annually upon Board approval pursuant to the Committee recommendation.

23. The company's policy on profit distribution:

The Company has not distributed any dividend for the year 2024.

24. Related Party Transaction:

A statement of the business and contracts in which the members of the Board of Directors have a direct or indirect personal interest, including the transactions that took place with the shareholders of the company and were represented by the member of the Board of Directors on the board or with the companies owned by the members of the Board of Directors during the year ending on 31 December 2024.

As part of the continuous activities of the subsidiaries of Zamil Industrial Investment Company (Zamil Industrial), there are business transactions and contracts between them and Zamil Group Holding Company in 2024, which is represented by Mr. Sattam A. Al Zamil, CFO of Zamil Group Holding Company.

1. The following is a list of the transactions relating to sales, purchases, and other transactions that the company undertook during the year that ended on 31 December 2024:

Sale of goods and services made by the company to the following companies:

Company Name	Business Relation	Amount
Zamil Group Holding Company	Affiliated with a shareholder	8.280.426
Arabian Gulf Construction Company	Affiliated with a shareholder	253.192

Purchase of the company's goods and services from the following companies:

Company Name	Business Relation	Amount
Zamil Group Holding Company	Affiliated with a shareholder	31.748.757
Arabian Gulf Construction Company	Affiliated with a shareholder	0

2. We assure the respected shareholders that the transactions described in this notification have been reviewed and approved by the CFO, the CEO, and the Board of Directors of the company.
3. We assure the respected shareholders that all transactions described in this notification have been recorded in the company's consolidated financial statements for the year ended 31 December 2024. Only material information has been disclosed in these consolidated financial statements, specifically in Note No. (36), based on the accepted accounting standards issued by the Saudi Organization for Chartered and Professional Accountants in the Kingdom of Saudi Arabia.
4. We assure the respected shareholders of the accuracy of the calculations for the transactions described in this notification.

25. Company's Shares in its Subsidiaries:

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

Subsidiary	Capital	Ownership Percentage	Activity	Country of Operation	Country of Incorporation
1. Zamil Steel Holding Co. – and its subsidiaries:	SAR 250 million	100%	قابضة	KSA	KSA
Zamil Steel Pre-Engineered Buildings Co. Ltd.	SAR 50 million	100%	Holdings	KSA	KSA
Zamil Structural Steel Co. Ltd.	SAR 75 million	100%	Steel buildings	KSA	KSA
Zamil Towers and Galvanizing Co. Ltd.	SAR 10 million	100%	Structural steel	KSA	KSA
Zamil Process Equipment Co. Ltd.	SAR 55 million	100%	Transmission and telecommunications towers	KSA	KSA
Zamil Inspection and Maintenance of Industrial Projects Co. Ltd.	SAR 2 million	100%	Process equipment	KSA	KSA
Metallic Construction and Contracting Co. Ltd.	EGP 250,000	100%	Inspection and maintenance	Egypt	Egypt
2. Advanced Building Solutions for Project Co.	SAR 12 million	100%	Steel buildings	KSA	KSA
3. Zamil Air Conditioners Holding Co. – and its subsidiaries:	SAR 1 million	100%	Holdings	KSA	KSA
Zamil Air Conditioners and Home Appliances Co. Ltd.	SAR 173 million	100%	Air conditioners	KSA	KSA
Zamil Central Air Conditioners Co. Ltd.	SAR 101 million	100%	Air conditioners	KSA	KSA
Zamil Air Conditioning and Refrigeration Services Co. Ltd.	SAR 35.7 million	100%	Maintenance and services	KSA	KSA
Ikhtebar 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
4. Arabian Stonewool Insulation Co.	SAR 10 million	100%	Stonewool insulation	KSA	KSA
Second Insulation Co. Ltd.	SAR 50,000	100%	Insulation materials marketing	KSA	KSA
Saudi Preinsulated Pipes Industries	SAR 7.2 million	51%	Pre-insulated pipes	KSA	KSA
5. Gulf Insulation Group (CJSC)	SAR 100 million	51%	Insulation materials	KSA	KSA
Saudi Reckwool Factory Co.	SAR 40 million	100%	Insulation materials	KSA	KSA
Arabian Fiberglass Insulation Co.	SAR 25 million	100%	Fiberglass materials	KSA	KSA
Building Component Solutions Co.	SAR 25 million	100%	Insulation materials	KSA	KSA
6. Zamil Steel Buildings Co.	EGP 100 million	100%	Steel buildings	Egypt	Egypt
7. Zamil Steel Buildings (Shanghai) Co. Ltd.	RMB 12.5 million	100%	Steel buildings	China	China

8.	Zamil Steel Buildings India Pvt. Ltd.	INR 886.1 million	100%	Steel buildings	India	India
9.	Zamil Steel Engineering India Pvt. Ltd.	INR 51.2 million	100%	Engineering office	India	India
10.	Zamil Industrial Investment Co. (LLC)	AED 5 million	100%	Holdings	UAE	UAE
11.	Zamil Structural Steel Co. Ltd.	USD 10 million	100%	Structural steel	Egypt	Egypt
12.	Zamil Construction India Pvt. Ltd.	INR 43.7 million	100%	Steel industry project management	India	India
13.	Zamil Information Technology Global Pvt. Ltd.	INR 23.5 million	100%	Information technology	India	India
14.	Zamil Higher Institute for Industrial Training	SAR 8.14 million	100%	Industrial training	KSA	KSA
15.	Zamil Air Conditioners India Pvt. Ltd.	INR 3363.73 million	100%	Air conditioners	India	India
16.	Saudi Central Energy Co. Ltd.	SAR 1 million	100%	District cooling project management	KSA	KSA
17.	Zamil Industrial Investment Co. Asia Pvt. Ltd.	SGD 1	100%	Holdings	Singapore	Singapore
18.	Zamil Steel Buildings Vietnam Co. Ltd.	USD 13.2 million	100%	Steel buildings	Vietnam	Vietnam

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

26. The Company's Investments

Investments in associates are as follows:

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

Available for sale investments are as follows:

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

27. 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 2024 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 2024, the Audit Committee held (7) 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.

28. 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.

29. 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.

30. 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.

31. Company announcements and disclosures in 2024

During 2024, the company posted announcements and disclosures of material events on the Saudi Exchange website (Tadawul). They included the following.

#	Announcement Date	Announcement Title
1	25/03/2024	Zamil Industrial Investment Co. Announces Ending the Assignment of the MD and Appointment of a CEO
2	28/03/2024	Zamil Industrial Investment Company Announces its Annual Financial Results for the Period Ending on 31-12-2023
3	04/04/2024	Zamil Industrial Investment Company Announces Resignation of a Board Member
4	02/05/2024	Zamil Industrial Investment Company Invites its Shareholders to Attend the Extraordinary General Assembly Meeting (First Meeting)
5	15/05/2024	Zamil Industrial Investment Company Announces its Interim Financial results for the Period Ending on 31-03-2024 (Three Months)
6	26/05/2024	Zamil Industrial Investment Company Announces the Results of the Extraordinary General Assembly Meeting (Second Meeting)
7	04/07/2024	Zamil Industrial Investment Co. Announces an update on Zamil Industrial Investment Company Announces Receiving Letters from the General Authority for Zakat & Tax (GAZT) Amending the Zakat Declarations Submitted for the years from 2014 to 2018 Demanding Additional Payments

8	06/08/2024	Zamil Industrial Investment Company Announces its Interim Financial Results for the Period Ending on 30-06-2024 (Six Months)
9	08/09/2024	Addendum Announcement from Zamil Industrial Investment Company on its Announcement of the Interim Financial Results for the Period Ending on 30-06-2024 (Six Months)
10	12/09/2024	amil Industrial Investment Company Announces Receiving Letters from Zakat, Tax and Customs Authority (ZATCA) Amending the Zakat Declarations Submitted for the Years from 2015-to-2018 Demanding Additional Payments
11	06/11/2024	Zamil Industrial Investment Company Announces its Interim Financial Results for the Period Ending on 30-09-2024 (Nine Months)
12	01/12/2024	Zamil Industrial Investment Company Announces the Call for Nomination for the Board of Directors

32. Numbers of the company's requests of shareholder records and the dates and reasons thereof:

In 2024, 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	04/01/2024	02/01/2024	Preparation of annual analysis report
2	05/02/2024	04/02/2024	Preparation of monthly analysis report
3	06/03/2024	04/03/2024	Preparation of monthly analysis report
4	28/03/2024	02/04/2024	Preparation of monthly analysis report
5	05/05/2024	02/05/2024	Preparation of monthly analysis report
6	19/05/2024	23/05/2024	Attendance record of the General Assembly meeting
7	30/05/2024	03/06/2024	Preparation of monthly analysis report
8	26/06/2024	02/07/2024	Preparation of monthly analysis report
9	23/07/2024	04/08/2024	Preparation of monthly analysis report
10	29/08/2024	02/09/2024	Preparation of monthly analysis report
11	29/09/2024	02/10/2024	Preparation of monthly analysis report
12	30/10/2024	03/11/2024	Preparation of monthly analysis report
13	05/11/2024	04/11/2024	Preparation of monthly analysis report
14	01/12/2024	02/12/2024	Preparation of monthly analysis report
15	29/12/2024	02/01/2025	Preparation of monthly analysis report

33. 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 2024, the company convened two General Assembly meetings. The following is a list of the members of the Board of Directors present at the meeting:

Board member	Ordinary General Assembly (23/05/2024)
Abdulla Mohammed Abdullah Al Zamil	✓
Bander Abdulrahman Abdullah Al Zamil	✓
Adel Saleh Mohsen Al Ghassab	✓
Khalid Mohammed Saleh Al Fuhaid	✓
Saud Ghassan Ahmed Al Sulaiman	✓
Sattam Abdulaziz Al Zamil	✓

34. 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 2024.

35. 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 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.
6. 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.
7. There have been no redemptions, purchases or cancellations by the company or any of its subsidiaries of any redeemable debt instruments during 2024.
8. There have been no transactions between the company and related parties.
9. 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.
10. 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.
11. 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.

36. Future Plans and Important Decisions

In line with Zamil Industrial Vision 2028 and our long-term aspirations, Zamil Industrial has identified key strategic priorities that will guide our investments and initiatives in 2024 and beyond. These focus areas reflect our commitment to sustainable growth, innovation, and excellence, providing a clear roadmap toward our 2028 objectives:

- Investing in People through Applied & Integrated Learning: We are committed to developing our leadership and high-potential talent by embedding applied, business-integrated learning into our culture. Using advanced training methodologies (like on-the-job projects, coaching, and digital learning), we align employee development with real business strategies and performance goals. This ensures our people's skills grow in tandem with company needs, strengthening our leadership pipeline to drive Zamil Industrial's Vision 2028 objectives forward.
- Driving Continuous Improvement & Sustainable Practices: We will continuously refine our processes and systems to boost efficiency, quality, and sustainability across all operations. This involves streamlining workflows, adopting modern technologies, and instilling a culture of operational excellence that reduces waste and enhances productivity. At the same time, we are deepening our commitment to eco-friendly practices – from energy-efficient production to green supply chain initiatives – ensuring that our pursuit of efficiency also advances environmental sustainability as we grow.

- Enhancing Customer-Centric Excellence & Responsiveness: We put customers at the center of our strategy, adapting to evolving needs and delivering superior products and services with greater agility. By actively listening to client feedback and market trends, we continually tailor our offerings to provide more value and timely solutions. Improvements such as faster delivery times, more agile service support, and customized solutions are geared toward delighting our customers. Through this commitment to customer-centric excellence, we aim to exceed expectations, strengthen loyalty and trust, and fuel mutual growth on our journey toward 2028.

- Cultivating a Culture of Meaningful Innovation & Social Contribution: We are fostering an environment that champions meaningful innovation – encouraging creativity, new ideas, and positive change at every level of the organization. By leveraging global best practices and world-class knowledge, we innovate to develop leading local solutions that set us apart in the market. Equally important, we are expanding our social contributions and community initiatives, reflecting our belief that business success goes hand-in-hand with social responsibility. This dual focus on innovation and community impact will not only drive our competitive edge but also ensure we create shared value for society as we advance toward our long-term vision.

- Advancing Total Building Solutions through Engineering Excellence & Digital Transformation: We aim to lead in providing total building solutions for high-specification projects, from industrial complexes to next-generation skyscrapers. By harnessing our engineering expertise and a relentless focus on execution excellence, we will deliver integrated solutions that meet the stringent demands of large-scale projects. In parallel, we are embracing digital transformation – adopting cutting-edge design technologies, automation, and smart project management tools – to enhance collaboration and precision in project delivery. Through excellence in engineering, flawless execution, and digital innovation, we will position Zamil Industrial at the forefront of complex building projects, seizing new opportunities and setting industry benchmarks on the road to 2028.

STRATEGIC REPORT

FINANCIAL STATEMENTS

GOVERNANCE

ADDITIONAL INFORMATION

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

ZAMIL INDUSTRIAL INVESTMENT COMPANY (A SAUDI JOINT STOCK COMPANY) AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

31 DECEMBER 2024

Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

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Building a better working world

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ZAMIL INDUSTRIAL INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

Opinion

We have audited the consolidated financial statements of Zamil Industrial Investment Company ("the Company"), a Saudi Joint Stock Company, and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (collectively referred to as "IFRS as endorsed in KSA").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, that is relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ZAMIL INDUSTRIAL INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

Key Audit Matters

Key audit matters	How our audit addressed the key audit matter
Impairment of accounts receivable The Group has gross accounts receivable of SR 2,513.7 million as at 31 December 2024 against which the Group has recorded a provision for expected credit losses amounting to SR 614.9 million. Assessment of provision for expected credit losses is highly subjective due to the significant judgement, estimates and assumptions applied by the management in determining the expected losses. The management is required to determine an expected loss rate against its outstanding accounts receivables based on the Group's historical credit loss experience adjusted with forward-looking information. The assessment of the correlation between historical observed loss rates, forecast economic conditions and expected future cash flows is a significant estimate. Given the judgements particularly related to the calculation of expected credit losses we considered this area as a key audit matter. Refer to note 22 of the accompanying financial statements for further details.	In order to assess the appropriateness of the management's judgment and estimates, following procedures were performed: • We evaluated the appropriateness of significant judgements and assumptions used in the estimates made by the management. • We analysed the accounting policies and assessed the methodology developed to calculate the expected loss rate. • We checked the mathematical accuracy of the model and recalculated expected losses on a sample basis. • We analysed the results of expected credit loss model performed by the Group. Tested the accounts receivable aging and other source data used in assessment on a sample basis. • Assessed the adequacy of the Group's disclosure regarding expected credit losses of accounts receivable and the management's assessment of the credit risk and their responses to such risks.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ZAMIL INDUSTRIAL INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

Key Audit Matters (continued)

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

Revenue recognition of long-term contracts

One of the Group's significant revenue stream is long-term contracts. The Group recognizes revenue from long-term contracts using percentage of completion method. The determination of the percentage of completion requires significant management judgement and estimates such as assessment of costs incurred over total cost of the project and the process for identification of loss making contracts. The revenues and costs related to a project include estimates, as the project scope may change and the total costs of a project depend on various factors including estimation of material and labour costs.

Refer to notes 2 and 6 of the accompanying financial statements for the accounting policy and other related information related to revenue from long-term contracts.

The recoverability of contract assets related to long-term contracts is therefore based on management's evaluation and best estimate of the ultimate realisation of these balances.

Considering the above, revenue recognition from construction contracts has been determined as a key audit matter.

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Our audit procedures in relation to revenue recognition of long-term contracts included:

- Reviewed the Group's estimation process (including the approval of project budget, monitoring of project costs and activities, and management's review and customer's approval of projects stage of completion and milestones achieved) used in determining the amounts of revenue and costs recognized in the consolidated financial statements.

- On a sample basis, reviewed the contractual terms and work status of the customer contracts, along with discussion with management and checked that contract revenue was recognized according to the percentage of completion of each project measured by the stage of completion of physical activities.

- Performed analytical procedures to compare revenue and gross margin with those reported in prior periods for identifying significant fluctuations and obtaining explanations from management about such fluctuations.

- Reviewed the estimation of contract costs, on a sample basis, arising from contract modification and analysed current on-going negotiations and settlements that may impair the profitability of such contracts as well as the collectability of significant contracts by reference to the recent credit review assessment of each customer prepared by management.

- Assessed the recoverability of contract assets by considering if work is physically certified and progress billings have been raised since the year-end.

- Assessed the adequacy of the disclosures in assessing the areas of judgement and estimation uncertainties involving revenue recognition and work executed in excess of billings.

</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ZAMIL INDUSTRIAL INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

Other information included in the Group's 2024 Annual Report

Other information consists of the information included in the Group's 2024 annual report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information in its annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the applicable provisions of the Regulations for Companies' and Company's By-laws, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ZAMIL INDUSTRIAL INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)
As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ZAMIL INDUSTRIAL INVESTMENT COMPANY
(A SAUDI JOINT STOCK COMPANY)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

for Ernst & Young Professional Services

CR 2051058792
Ernst & Young Professional Services
(Professional LLC)

Marwan S. AlAfaliq
Certified Public Accountant
License No. 422

Al Khobar: 10 Shawwal 1446H
8 April 2025

Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	***2024*** ***SR'000***	*2023* *SR'000*
CONTINUING OPERATIONS			
REVENUES			
Revenue from contracts with customers	6	**6,080,849**	4,673,622
Finance lease income		**9,647**	10,805
		6,090,496	4,684,427
DIRECT COSTS			
Cost of sales	7	**(3,095,791)**	(3,082,607)
Contract costs	8	**(1,936,053)**	(1,029,585)
		(5,031,844)	(4,112,192)
GROSS PROFIT		**1,058,652**	572,235
EXPENSES			
Selling and distribution	9	**(199,398)**	(177,536)
General and administration	10	**(685,448)**	(553,202)
Write-off of inventory	16	**-**	(162,788)
Impairment of property, plant and equipment	16	**-**	(8,252)
OPERATING PROFIT/(LOSS)		**173,806**	(329,543)
Income from insurance claim, net	16	**-**	183,240
Finance costs	12	**(173,067)**	(187,754)
Other income, net	11	**73,309**	41,617
Share in results of an associate and joint ventures	18	**24,123**	20,641
PROFIT/(LOSS) BEFORE ZAKAT AND INCOME TAX FROM CONTINUING OPERATIONS		**98,171**	(271,799)
Zakat and income tax	36	**(31,522)**	(45,938)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**66,649**	(317,737)
DISCONTINUED OPERATIONS			
Gain after zakat and income tax for the year from discontinued operations	13	**111**	39,329
NET PROFIT/(LOSS) FOR THE YEAR		**66,760**	(278,408)
ATTRIBUTABLE TO:			
Shareholders of the parent company		**26,805**	(297,843)
Non-controlling interests		**39,955**	19,435
		66,760	(278,408)
EARNINGS PER SHARE:			
Basic and diluted earnings per share attributable to the shareholders of the parent company	14	**0.45**	(4.96)
EARNINGS PER SHARE FOR CONTINUING OPERATIONS:			
Basic and diluted earnings per share attributable to the shareholders of the parent company	14	**0.44**	(5.62)

The accompanying notes from 1 to 44 form an integral part of these consolidated financial statements

Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	***2024***	*2023*
		SR'000	*SR'000*
NET PROFIT/(LOSS) FOR THE YEAR		**66,760**	(278,408)
OTHER COMPREHENSIVE INCOME			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Foreign currency differences on translation of foreign operations		**(26,615)**	(9,663)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		**(26,615)**	(9,663)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Net gain / (loss) on equity instruments at fair value through other comprehensive income	19	**6,420**	(1,701)
Remeasurement loss on employees' defined benefit liabilities	31	**(19,617)**	(9,872)
Share in other comprehensive income /(loss) of an associate	18	**207**	(658)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		**(12,990)**	(12,231)
Other comprehensive loss for the year		**(39,605)**	(21,894)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**27,155**	(300,302)
ATTRIBUTABLE TO:			
Shareholders of the parent company		**(12,646)**	(319,080)
Non-controlling interests		**39,801**	18,778
		27,155	(300,302)

The accompanying notes from 1 to 44 form an integral part of these consolidated financial statements

Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	2024 SR'000	2023 SR'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	**691,280**	692,971
Right-of-use assets	17	**35,222**	31,660
Investments in an associate and joint ventures	18	**106,058**	89,228
Equity instruments at FVOCI	19	**63,840**	57,420
Net investments in finance lease	20	**183,002**	212,142
Amount due from a joint venture		**10,324**	10,324
Deferred tax assets, net	36	**10,211**	9,201
TOTAL NON-CURRENT ASSETS		**1,099,937**	1,102,946
CURRENT ASSETS			
Inventories	21	**1,438,895**	1,371,235
Accounts receivable	22	**1,923,695**	1,891,347
Contract assets	23	**697,543**	698,506
Advances, prepayments and other receivables	24	**258,949**	359,457
Current portion of net investment in finance lease	20	**29,139**	27,930
Short term deposits	25	**33,223**	193,094
Cash and cash equivalents	26	**551,735**	427,813
TOTAL CURRENT ASSETS		**4,933,179**	4,969,382
TOTAL ASSETS		**6,033,116**	6,072,328
EQUITY AND LIABILITIES			
EQUITY			
Share capital	27	**600,000**	600,000
Statutory reserve	28	**-**	10,747
Accumulated losses		**(52,153)**	(109,810)
Foreign currency translation reserve		**(96,985)**	(70,370)
Fair value of equity instrument at FVOCI		**27,656**	21,236
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT COMPANY		**478,518**	451,803
NON-CONTROLLING INTERESTS	29	**190,669**	195,753
TOTAL EQUITY		**669,187**	647,556
NON-CURRENT LIABILITIES			
Term loans	30	**21,335**	1,150
Employees' defined benefit liabilities	31	**289,784**	250,209
Lease liabilities	17	**24,474**	22,534
Deferred tax liability, net	36	**6,654**	6,389
TOTAL NON-CURRENT LIABILITIES		**342,247**	280,282
CURRENT LIABILITIES			
Accounts payable	32	**570,224**	499,732
Accruals and provisions	33	**835,473**	673,188
Short term loans	34	**2,112,308**	2,316,022
Current portion of term loans	30	**5,783**	10,851
Current portion of lease liabilities	17	**6,786**	4,567
Contract liabilities	35	**1,402,594**	1,548,043
Zakat and income tax provision	36	**88,514**	92,087
TOTAL CURRENT LIABILITIES		**5,021,682**	5,144,490
TOTAL LIABILITIES		**5,363,929**	5,424,772
TOTAL EQUITY AND LIABILITIES		**6,033,116**	6,072,328

The accompanying notes from 1 to 44 form an integral part of these consolidated financial statements

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Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributed to shareholders of the parent company							
	Share capital	*Statutory reserve*	*Retained earnings/ (accumulated losses)*	*Foreign currency translation reserve*	*Fair value of equity instrument at FVOCI*	*Total*	*Non-controlling interests*	*Total equity*
	SR '000	*SR '000*	*SR '000*	*SR '000*	*SR '000*	*SR '000*	*SR '000*	*SR '000*
Balance at 1 January 2023	600,000	180,000	28,653	(60,707)	22,937	770,883	176,975	947,858
Net (loss) profit for the year	-	-	(297,843)	-	-	(297,843)	19,435	(278,408)
Other comprehensive loss	-	-	(9,873)	(9,663)	(1,701)	(21,237)	(657)	(21,894)
Total comprehensive (loss)/income	-	-	(307,716)	(9,663)	(1,701)	(319,080)	18,778	(300,302)
Absorption of losses against statutory reserve (note 28)	-	(169,253)	169,253	-	-	-	-	-
Balance at 31 December 2023	600,000	10,747	(109,810)	(70,370)	21,236	451,803	195,753	647,556
Net profit for the year	-	-	26,805	-	-	26,805	39,955	66,760
Other comprehensive (loss)/income	-	-	(19,256)	(26,615)	6,420	(39,451)	(154)	(39,605)
Total comprehensive (loss)/income	-	-	7,549	(26,615)	6,420	(12,646)	39,801	27,155
Transfer from statutory reserve	-	(10,747)	10,747	-	-	-	-	-
Dividend paid by GIG	-	-	-	-	-	-	(34,924)	(34,924)
Additional investment by minority	-	-	-	-	-	-	29,400	29,400
Excess of consideration received over book value of net assets of the partial disposal of a subsidiary (note 1.1)	-	-	39,361	-	-	39,361	(39,361)	-
Balance at 31 December 2024	**600,000**	**-**	**(52,153)**	**(96,985)**	**27,656**	**478,518**	**190,669**	**669,187**

The accompanying notes from 1 to 44 form an integral part of these consolidated financial statements.

Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	***2024 SR'000***	*2023 SR'000*
OPERATING ACTIVITIES			
Profit/(loss) before zakat and income tax from continuing operations		**98,171**	(271,799)
Profit before zakat and income tax from discontinued operations		**111**	39,329
Profit/(loss) before zakat and income tax		**98,282**	(232,470)
Adjustments to reconcile loss before zakat and income tax to net cash flows:			
Depreciation of property, plant and equipment	15	**83,630**	83,860
Impairment of property, plant and equipment	15	**-**	8,252
Depreciation of right-of-use assets	17	**6,130**	6,377
Reversal of impairment loss on property, plant and equipment	15	**(475)**	-
Reversal of impairment loss on asset held for sale	13	**-**	(22,056)
Provision for employees' defined benefit liabilities	31	**29,598**	26,855
Finance costs	12 & 13	**173,067**	188,527
Dividend income from equity instruments at FVOCI	11	**(1,642)**	(1,516)
Loss/(gain) on disposal of property, plant and equipment	11	**11,556**	(26,339)
Share in results of associate and joint ventures	18	**(24,123)**	(20,641)
Write-off of inventory	16	**-**	162,788
Gain on derecognition of leases		**-**	(3,170)
		376,023	170,467
Working capital adjustments:			
Inventories		**(67,660)**	162,337
Accounts receivable		**(32,348)**	(120,975)
Contract assets		**963**	13,795
Advances, prepayments and other receivables		**100,508**	(44,945)
Net investment in finance lease		**27,931**	26,773
Accounts payable		**70,492**	64,080
Accruals and provisions		**162,350**	71,170
Contract liabilities		**(145,449)**	726,407
Cash from operations		**492,810**	1,069,109
Financial charges paid		**(160,273)**	(176,165)
Zakat and income tax paid		**(33,658)**	(13,292)
Employees' defined benefit liabilities paid		**(20,671)**	(23,639)
Net cash flows from operating activities		**278,208**	856,013
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	15	**(116,346)**	(80,799)
Proceeds from disposal of property, plant and equipment		**19,043**	82,882
Dividend from associate and subsidiary	11	**7,500**	-
Net movement in short term deposits		**159,871**	(193,094)
Additional investment by non-controlling interest		**29,400**	-
Dividend income from equity instruments at FVOCI	11	**1,642**	1,516
Net cash flows from/(used in) investing activities		**101,110**	(189,495)
FINANCING ACTIVITIES			
Net movement in short term loans		**(203,714)**	(510,576)
Net movement in term loans		**15,117**	(16,142)
Payments against lease liabilities	17	**(7,361)**	(7,860)
Dividend paid to non-controlling interests		**(34,924)**	-
Net cash flows used in financing activities		**(230,882)**	(534,578)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**148,436**	131,940

The accompanying notes from 1 to 44 form an integral part of these consolidated financial statements

Zamil Industrial Investment Company (A Saudi Joint Stock Company) and its Subsidiaries

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the year ended 31 December 2024

	Notes	***2024***	*2023*
		SR'000	*SR'000*
Cash and cash equivalents at the beginning of the year		**427,813**	304,055
Movement in foreign currency translation reserve, net		**(24,514)**	(8,182)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	26	**551,735**	427,813

The accompanying notes from 1 to 44 form an integral part of these consolidated financial statements

1 CORPORATE INFORMATION

Zamil Industrial Investment Company ("the Company") ("Parent Company") was converted to a Saudi Joint Stock Company in accordance with the Ministerial Resolution number 407 dated 14 Rabi' I 1419 H (corresponding to 9 July 1998). Prior to that the Company was operating as a limited liability company under the name of Zamil Steel Buildings Company Limited.

The registered address of the Company is street 11, 1st Industrial District, P.O Box 32234, Dammam, Kingdom of Saudi Arabia. The Company is registered in the Kingdom of Saudi Arabia under Commercial Registration number 2050004215 dated 19 Ramadan 1396H (corresponding to 14 September 1976).

The Company has investment in the following subsidiaries:

Name of subsidiaries	*Country of incorporation*	*Effective ownership percentage*	
		2024	*2023*
- Zamil Steel Holding Company Limited (refer note 1.1)	Saudi Arabia	**100%**	100%
- Zamil Steel Pre-Engineered Buildings Company Limited	Saudi Arabia	**100%**	100%
- Zamil Structural Steel Company Limited	Saudi Arabia	**100%**	100%
- Zamil Towers & Galvanizing Company	Saudi Arabia	**100%**	100%
- Zamil Process Equipment Company Limited	Saudi Arabia	**100%**	100%
- Building Component Solutions Company Limited (refer note 1.1)	Saudi Arabia	**-**	100%
- Advanced Building Solutions for Projects Company (formerly Zamil Steel Construction Company Limited) (refer note 1.2)	Saudi Arabia	**-**	100%
- Zamil Inspection & Maintenance of Industrial Projects Company Limited	Saudi Arabia	**100%**	100%
- Metallic Construction and Contracting Company Limited	Egypt	**100%**	100%
- Zamil Air Conditioners Holding Company Limited	Saudi Arabia	**100%**	100%
- Zamil Air Conditioners & Home Appliances Company Limited	Saudi Arabia	**100%**	100%
- Zamil Central Air Conditioners Company Limited	Saudi Arabia	**100%**	100%
- Zamil Air Conditioning & Refrigeration Services Company Limited	Saudi Arabia	**100%**	100%
- Ikhtebar Company Limited	Saudi Arabia	**100%**	100%
- Eastern District Cooling Company Limited	Saudi Arabia	**100%**	100%
- Zamil Energy Services Company Limited	Saudi Arabia	**100%**	100%
- Zamil Air Conditioning and Refrigeration Services Company W.L.L	Bahrain	**100%**	100%
- Advanced Building Solutions for Projects Company (formerly Zamil Steel Construction Company Limited) (refer note 1.2)	Saudi Arabia	**100%**	-
- Arabian Stonewool Insulation Company	Saudi Arabia	**100%**	100%
- Second Insulation Company Limited	Saudi Arabia	**100%**	100%
- Saudi Preinsulated Pipes Industries	Saudi Arabia	**51%**	51%
- Gulf Insulation Group (refer note 1.1 and 1.3)	Saudi Arabia	**51%**	51%
- Saudi Rockwool Factory Company	Saudi Arabia	**51%**	51%
- Arabian Fibreglass Insulation Company Limited (refer note 1.3)	Saudi Arabia	**26%**	26%
- Building Component Solutions Company Limited (refer note 1.1)	Saudi Arabia	**51%**	-
- Zamil Steel Building Company	Egypt	**100%**	100%
- Zamil Steel Buildings (Shanghai) Company Limited	China	**100%**	100%
- Zamil Steel Buildings India Private Limited	India	**100%**	100%
- Zamil Steel Engineering India Private Limited	India	**100%**	100%
- Zamil Industrial Investment Company	UAE	**100%**	100%
- Zamil Steel Industries Abu Dhabi (LLC) (refer note 1.4)	UAE	**-**	100%
- Zamil Structural Steel Company	Egypt	**100%**	100%
- Zamil Construction India Private Limited	India	**100%**	100%
- Zamil Information Technology Global Private Limited	India	**100%**	100%
- Zamil Higher Institute for Industrial Training	Saudi Arabia	**100%**	100%
- Zamil Air Conditioners India Private Limited	India	**100%**	100%
- Saudi Central Energy Company Limited	Saudi Arabia	**100%**	100%
- Zamil Industrial Investment Company Asia Pte. Limited	Singapore	**100%**	100%
- Zamil Steel Buildings Vietnam Company Limited	Vietnam	**100%**	100%

1 CORPORATE INFORMATION (continued)

1.1 Effective from 31 December 2024, Gulf Insulation Group, has acquired 100% ownership of Building Component Solutions Company Limited, one of the subsidiaries under Zamil Steel Holding Company Limited at the net consideration of SR 120 million. This has resulted in partial loss of control and Parent Company have recognized the excess of consideration received over book value of net assets of the partial disposal of ownership in the subsidiary amounted to SR 39.36 million in consolidated statement of changes in equity. The legal formalities in respect of change in ownership have been completed.

1.2 Effective from 31 December 2024, the Ownership of Zamil Steel Construction Company, one of the subsidiaries under Zamil Steel Holding Company Limited, has been changed to Parent Company. Also, legal name of the Company has changed from ‘Zamil Steel Construction Company’ to ‘Advanced Building Solutions For Projects Company’. The legal formalities in this respect have been completed.

1.3 During the year, Gulf Insulation Group, has signed the Share purchase agreement (SPA) with the foreign shareholder of Arabian Fibreglass Insulation Company Limited "AFICO" amounting to SR 123.75 million to acquire its full ownership. As at year end, legal formalities were not yet completed.

1.4 During the year ended 31 December 2024, Zamil Steel Industries Abu Dhabi (LLC), a subsidiary, managagement decided to close the Company. Legal formalities has been completed.

The Company and its subsidiaries (collectively referred to as the "Group") are engaged in design and engineering, manufacturing and fabrication of construction materials, pre-engineering steel buildings, steel structures, air conditions and climate control systems for commercial, industrial and residential applications, telecom and broadcasting towers, process equipment, fiberglass, rockwool and engineering plastic foam insulation, and solar power projects.

The consolidated financial statements of the Group as of 31 December 2024 were authorised for issuance in accordance with the Board of Directors' resolution on 26 March 2025 (corresponding to 26 Ramadhan1446H).

2 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation

These consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards (“IFRS”) that are endorsed in the Kingdom of Saudi Arabia ("KSA") and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IFRS as endorsed in KSA”).

The Group has prepared these consolidated financial statements on the basis that it will continue to operate as a going concern.

Basis of measurement

These consolidated financial statements are prepared using historical cost convention unless otherwise stated in the accounting policy information below.

These consolidated financial statements are presented in Saudi Riyals (“SR”) which is also the functional currency of the Group. All values are rounded to the nearest thousands (“SR ‘000”), except when otherwise indicated.

Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in consolidated statement of profit or loss. Any investment retained is recognised at fair value.

Non-controlling interest represents the portion of profit or loss and net assets that are not held by the Group and are presented separately in the consolidated statement of financial position and within shareholders' equity in the consolidated statement of financial position, separately from the equity attributable to the shareholders of the Group.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

a) Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

In general the contracts for the sale of goods do not provide customers with a right of return and volume rebates. Accordingly, the application of the constraint on variable consideration did not have any impact on the revenue recognised by the Group.

The Group provides normal warranty provisions for general repairs for one to five years on its certain products, in line with industry practice. A liability for potential warranty claims is recognised at the time the product is sold. The Group does not provide any extended warranties or maintenance contracts to its customers.

Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

b) Rendering of services

The Group provides installation, maintenance and engineering services that are either sold separately or bundled together with the sale of equipment to a customer. These services can be obtained from other providers and do not significantly customise or modify the equipment.

Contracts for bundled sales of equipment and related services are comprised of two performance obligations because the promises to transfer equipment and provide maintenance or installation services are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the equipment and maintenance or installation services.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition (continued)

b) Rendering of services (continued)

The Group recognises revenue from above services at a point in time, generally upon completion of the service or delivery of the equipment.

c) Revenue from long-term contracts

The Group has determined that for its long-term contracts for turnkey projects in its steel and air conditioner segments and for made-to-order equipment in its steel segment, the customer controls all of the work in progress as the project progresses and equipment is manufactured.

This is because under those contracts the works are performed and equipment are made to a customer's specification and if a contract is terminated by the customer, then the Group is entitled to reimbursement of the costs incurred to date, including a reasonable margin.

At the time of entering into a contract, the Group identifies the performance obligations attached to each contract. For this purpose, the Group evaluates the contractual terms and its customary business practices to identify whether there are distinct performance obligations within each contract. The Group determines the transaction price of each contract in order to identify the transaction price of each aforementioned performance obligations as the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to a customer. Having determined the transaction price of the contract, the Group allocates the transaction price to each performance obligation.

The Group recognises revenue upon the satisfaction of performance obligations attached to contracts, which occurs when service obligations mentioned in the contract are met and accepted by the customer in form of acceptance of works completed. The Group recognises revenue from such long-term contracts over time, using an input method to measure progress towards complete satisfaction of the performance obligation by reference to the percentage of completion method. In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue multiplied by the actual completion rate based on the proportion of total contract costs incurred to date and the estimated cost to complete.

The Group receives advances from customers for its long-term projects. Generally, such advances are not significant to the contract consideration and received in the normal course of business at the start of the project. The Group does not adjust the promised amount of consideration for the effects of a significant financing component as the Group has determined that such advances are received for reasons other than financing the projects. These advances are adjusted against progress billings raised to the customer in accordance with the terms of the contract.

The value of work completed but not billed at the date of consolidated statement of financial position is classified as "contract assets" under current assets in the consolidated statement of financial position. Amounts billed in excess of work completed and advances received at the consolidated statement of financial position date is classified as "contract liabilities" under current liabilities in the consolidated statement of financial position. Invoices are issued according to contractual terms and are usually payable within 30 to 180 days.

Cost to obtain a contract

The Group pays sales commission to its employees and sales agents for certain contracts for sales of goods and services. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions because the amortisation period of the asset that the Group otherwise would have used is one year or less.

d) Finance income

Finance income, including income arising from finance leases and other financial instruments, is recognised using the effective interest method.

e) Dividend income

Dividends are recognised when the Group's right to receive the payment is established, which is generally when dividends are approved.

f) Other income

Any other income is recognised when the realisation of income is virtually certain and earned by the Group on its own account. Non-cash consideration received from customers is initially recognized at fair value. Subsequent to initial recognition, non-cash consideration is recognized as revenue over the expected period over which related performance obligations are satisfied.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Contract balances

Contract assets

A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation.

Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade receivables.

Accounts receivable

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Expenses

Expenses are recognised when incurred based on the accrual basis of accounting. Selling and distribution expenses are those that specifically relate to salesmen, sales department, warranties, warehousing and delivery vehicles. All other expenses related to main operations are allocated on a consistent basis to direct costs and general and administration expenses in accordance with allocation factors determined as appropriate by the Group. Finance costs are presented separately in consolidated statement of profit or loss.

Foreign currencies

The Group's consolidated financial statements are presented in Saudi Riyal, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to consolidated statement of profit or loss reflects the amount that arises from using this method.

Transaction and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the consolidated statement of profit or loss with the exception of differences on foreign monetary items that form part of a net investment in a foreign operation. These are recognised in OCI until the disposal of the net investment, at which time they are reclassified to consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction and are not subsequently restated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of a gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or consolidated statement of profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Saudi Riyal at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to consolidated statement of profit or loss.

Property, plant and equipment/depreciation

Construction in progress, property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment/depreciation (continued)

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in consolidated statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Buildings	20 to 40 years
- Machinery	5 to 20 years
- Furniture, fixtures and equipment	3 to 5 years
- Motor vehicles	3 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leases

Group as lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives.

- Plots of land	5 to 30 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Leases (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment and accodomations that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated. Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within control.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Investments in an associate and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture. The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and noncontrolling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the consolidated statement of profit or loss. Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of profit or loss.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Net investment in finance lease

Where the Group determines an arrangement to be or to contain a lease and where the Group transfers substantially all the risks and benefits incidental to ownership of the leased item, the arrangement is considered as a finance lease. A finance lease is presented as net investment in finance lease and is recognised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments received are apportioned between finance income and the reduction of the net investment in finance lease so as to achieve a constant rate of commission on the remaining balance of the asset.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification, as described below:

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes account receivable and certain other receivables.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial assets (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for its financial assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Business combination and goodwill (continued)

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognised in the consolidated statement of profit or loss.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill at each reporting date.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition and is calculated on the following basis:

Raw materials	- purchase cost on a weighted average basis.
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity.
Goods in transit	- cost of direct materials which are under shipment and for which risks and rewards have been passed to the Group and are stated at cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and time deposits with original maturity of three-months or less from the acquisition date which are subject to an insignificant risk of changes in value.

Statutory reserve

In accordance with the Company's by-laws, the Company must transfer 10% of its profit for the year to the statutory reserve. The Company may resolve to discontinue such transfers when the reserve totals 30% of the share capital. The reserve is not available for distribution.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, lease liabilities and term loan.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Employees' defined benefit liabilities

The Group operates a non-funded employee end-of-service benefit plan, which is classified as defined benefit obligation under IAS 19 'Employee Benefits'. A defined benefit plan is a plan which is not a defined contribution plan. The liability recognised in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets at that date. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows using market yields at the end of the reporting period of high quality corporate bonds that have terms to maturity approximating to the estimated term of the post employment benefit obligations. Actuarial gains and losses arising from changes in actuarial assumptions and experience adjustments are recognised in equity through other comprehensive income in the period in which they arise.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Liabilities which are probable, they are recorded in the consolidated statement of financial position under accounts payable and accruals. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Zakat and tax

Zakat and income tax

Zakat is provided for the Company and for subsidiaries operate inside the Kingdom of Saudi Arabia in accordance with Regulations of the Zakat, Tax and Customs Authority (the "ZATCA") prevailing in the Kingdom of Saudi Arabia. Income tax is provided for in accordance with fiscal regulations in which the Company's subsidiaries operate. Provision for zakat and income tax is charged to the consolidated statement of profit or loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The Group offsets deferred tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Value-added Tax ("VAT")

Revenues, expenses and assets are recognised net of the amount of VAT, except for:

- where the VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable ; and
- in case of receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from or payable to the tax authority is classified as an asset or a liability, respectively, in the statement of consolidated financial position.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Zakat and tax (continued)

Withholding tax

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia, as required under Saudi Arabian Income Tax Law.

Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

The Group measures financial instruments such as available for sale investments at fair value at each consolidated statement of financial position date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows and other relevant factors. Cost is considered to be the fair value where there is no reliable fair value information available for such investments.

2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss.

3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

Capital management	Note 41
Financial risk management objectives and policies	Note 40
Sensitivity analyses disclosures	Note 40

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty, and critical judgments in applying accounting policies (that have the most significant effect on the amount recognised in the consolidated financial statements) includes:

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed.

3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

Valuation of defined benefit obligations

The cost of the defined benefit pension plan and other post-employment benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and other assumptions. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Impairment of accounts receivable, contract assets and net investment in finance lease

The Group uses a provision matrix to calculate expected credit losses (ECLs) for accounts receivable, contract assets and net investment in finance lease. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed loss rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in a particular sector, the historical loss rates are adjusted. At every reporting date, the historical observed loss rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed loss rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual loss in the future.

Zakat and tax

At each reporting date, the Group is required to estimate zakat base and the income tax provision which is based on the Group's understanding of zakat and income tax regulations prevailing in the Kingdom of Saudi Arabia. The zakat and income tax regulations in Saudi Arabia are subject to different interpretations and the assessments to be raised by the ZATCA could be different from the declarations filed by the Company.

As part of the process of preparing consolidated financial statements, the Group estimates income tax in each of the jurisdictions it operates. This process involves estimating current and deferred tax expenses. Temporary differences result in deferred tax assets and liabilities, which are included in the consolidated statement of financial position. Significant judgement is required in assessing the recoverability of deferred tax assets recognised on deductible temporary differences, tax credits and tax losses carried forward.

Estimated cost to complete

At each reporting date, the Group is required to estimate costs to complete on fixed-price contracts. Estimating costs to complete on such contracts requires the Group to make estimates of future costs to be incurred, based on work to be performed beyond the reporting date. This estimate will impact contract revenues, contract costs and contract assets. Project costs to complete estimate is based on the managements best estimates at the reporting date after considering all the available and known factors.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

Determining the lease term of contracts with renewal and termination options – Group as lessee (continued)

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Fair value measurement of financial instruments

When the fair values of financial assets recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Useful lives of property, plant and equipment

The management determines the estimated useful lives of its equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Provisions

By their nature, provisions are dependent upon estimates and assessments whether the criteria for recognition have been met, including estimates of the probability of cash outflows. Provisions for uncertain liabilities including warranty provisions involve management's best estimate of whether cash outflows are probable.

4 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's consolidated financial statements.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement .
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had not an impact on the classification of the Group's liabilities.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no impact on the Group's consolidated financial statements.

5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Lack of exchangeability - Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Group is currently working to identify all impacts the amendments will have on the primary consolidated financial statements and notes to the consolidated financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosure

In May 2024, the IASB issued IFRS 19, which allows eligible entities to elect to apply its reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards.

IFRS 19 will become effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

As the Group's equity instruments are publicly traded, it is not eligible to elect to apply IFRS 19.

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

6.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2024	*2023*
	SR '000	*SR '000*
Type of goods or service		
Sale of goods	**3,512,794**	3,262,433
Revenue from long-term contracts	**2,255,620**	1,091,052
Rendering of services	**312,435**	320,137
Total revenue from contracts with customers	**6,080,849**	4,673,622
Geographical markets		
Kingdom of Saudi Arabia	**4,958,399**	3,415,131
Egypt	**466,999**	538,901
Other Asian countries	**655,451**	719,590
Total revenue from contracts with customers	**6,080,849**	4,673,622
Timing of revenue recognition		
At a point in time	**3,825,229**	3,582,570
Over time	**2,255,620**	1,091,052
Total revenue from contracts with customers	**6,080,849**	4,673,622
Customer wise revenue recognition		
Third parties	**6,060,801**	4,650,071
Related parties	**20,048**	23,551
Total revenue from contracts with customers	**6,080,849**	4,673,622

Information related to segments disclosure, refer to note 39.

6.2 Contract balances

Group's contract balances comprise of the following:

	2024	*2023*
	SR '000	*SR '000*
Accounts receivable (note 22)	**2,513,730**	2,297,268
Contract assets (note 23)	**697,543**	698,506
Contract liabilities (note 35)	**1,402,594**	1,548,043

Accounts receivable are non-interest bearing and are generally on terms of 30 to 180 days. In 2024, SR 614.9 million (2023: SR 439.6 million) was recognised as provision for expected credit losses on accounts receivable. Refer note 22 for the details.

Contract assets are initially recognised for revenue earned from its long-term contracts in its steel and air conditioner segment as receipt of consideration that is conditional on successful completion of obligations mentioned in the contract and accepted by the customer in form of acceptance of works completed. Upon completion of contract obligation and acceptance by the customer, the amounts recognised as contract assets are reclassified to accounts receivable.

In 2024, SR 111.4 million (2023: SR 70.5 million) was recognised as provision for expected credit losses on contract assets. Refer note 23 for the details.

Contract liabilities include advances received from customer and billings in excess of value of work executed against its long-term contracts.

7 COST OF SALES

	2024	*2023*
	SR'000	*SR'000*
Cost of inventories recognised as expense	**1,914,294**	1,911,034
Employees' and labour costs	**534,063**	495,594
Sub-contracting costs	**107,043**	256,442
Depreciation (note 15)	**56,891**	55,867
Depreciation of right-of-use assets (note 17)	**3,405**	3,841
Other direct costs	**480,095**	359,829
	3,095,791	3,082,607

8 CONTRACT COSTS

	2024	*2023*
	SR'000	*SR'000*
Cost of project materials	**1,050,080**	539,927
Sub-contracting costs	**546,689**	186,266
Employees' and labour costs	**256,171**	239,051
Depreciation (note 15)	**7,529**	6,615
Depreciation of right-of-use assets (note 17)	**248**	248
Other direct costs	**75,336**	57,478
	1,936,053	1,029,585

9 SELLING AND DISTRIBUTION EXPENSES

	2024	*2023*
	SR'000	*SR'000*
Employees' costs	**100,864**	91,796
Transportation	**44,349**	31,343
Warranties	**11,826**	15,495
Advertising and sales promotion	**11,610**	9,055
Rent and utilities	**10,789**	9,960
Business travel	**3,814**	2,419
Depreciation (note 15)	**1,372**	2,863
Depreciation of right-of-use assets (note 17)	**59**	127
Others	**14,715**	14,478
	199,398	177,536

10 GENERAL AND ADMINISTRATION EXPENSES

	2024	*2023*
	SR'000	*SR'000*
Employees' costs	**295,688**	269,248
Allowance for expected credit losses (notes 22 and 23)	**250,806**	157,094
Communication and IT services	**34,778**	30,535
Depreciation (note 15)	**17,838**	18,267
Professional and legal fees*	**14,557**	10,849
Rent and utilities	**11,945**	7,425
Business travel	**5,663**	4,577
Repairs and maintenance	**4,063**	3,241
Depreciation of right-of-use assets (note 17)	**2,418**	1,446
Others	**47,692**	50,520
	685,448	553,202

*Professional and legal fees includes the auditor's fee for the statutory audit and review of the Group's consolidated financial statements (including financial statement of certain subsidiaries) for the year ended 31 December 2024 amounting to SR 2.7 million (2023: SR 2.52 million). Auditor's fee for the provision of other services is amounting to SR 1.1 million (2023: SR1.07 million).

11 OTHER INCOME, NET

	2024	*2023*
	SR'000	*SR'000*
Scrap sales related to fire incident	**33,027**	-
Finance income	**26,785**	17,739
Foreign currency exchange gain/(loss)	**12,199**	(1,380)
Dividend income from equity instruments at FVOCI	**1,642**	1,516
(Loss)/gain on disposal of property, plant and equipment	**(11,556)**	10,670
Write back of balances and advances	**-**	15,086
Others	**11,212**	(2,014)
	73,309	41,617

12 FINANCE COSTS

	2024	*2023*
	SR'000	*SR'000*
Interest on debts and borrowings	**160,273**	176,148
Interest cost on employees' defined benefit obligation (note 31)	**11,031**	10,041
Interest on lease liabilities (note 17)	**1,763**	1,415
Amortisation of loan upfront fees (note 30)	**-**	150
	173,067	187,754

Finance costs amounting to SR nil (2023: SR 0.773 million) related to discontinued operations is shown separately under note 13.

13 DISCONTINUED OPERATIONS

In prior years, the executive management had decided to discontinue the operations of certain subsidiaries. The results of these operations have been classified as discontinued operations in the consolidated statement of profit or loss. The results of the discontinued operations for the year are presented below:

	2024	*2023*
	SR'000	*SR'000*
Revenues	**-**	-
Expenses	**-**	(2,336)
Operating loss	**-**	(2,336)
Profit on disposal of property,plant & equipment	**-**	15,669
Gain on derecognition of lease	**-**	3,161
Other income, net	**111**	1,552
Reversal of impairment loss on asset held for sale	**-**	22,056
Finance costs:		
Employees' defined benefit liabilities (note 31)	**-**	(7)
Lease liability (note 17)	**-**	(766)
	-	(773)
Profit for the year from discontinued operations	**111**	39,329
Amount included in other comprehensive income:		
Remeasurement loss on employees' defined benefit liabilities	**-**	(18)
The net cash flows generated from discontinued operations are as follows:		
Operating	**-**	(54,054)
Investing	**-**	56,161
Financing	**-**	(1,793)
Net cash inflow	**-**	314

During 2022, the management had entered into a sale and purchase agreement to sell its building that was constructed on a leasehold land for a consideration of SR 56 million. During 2023, the Company had obtained the sale consideration in full. The legal formalities for transfer of leasehold rights from the Company to the buyer had completed.

During the year ended 31 December 2023, the impairment losses that was previously recognised amounting to SR 22.06 million was reversed and gain on sale of building amounting to SR 15.67 million was recognised in the profit or loss. As the Company had completed the process for transfer of leasehold rights to the buyer, the Company derecognised the right-of use asset and the related lease liability amounting to SR 28.4 million and SR 31.5 million respectively and net gain of SR 3.1 million was recognised in the consolidated statement of profit or loss.

14 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the net profit/(loss) for the year attributable to the shareholders of the parent company by the weighted average number of outstanding shares during the year as follows:

	2024	*2023*
	(SR '000)	*(SR '000)*
Net profit/(loss) for the year attributable to the shareholders of the parent company :		
Continuing operations	**26,694**	(337,172)
Discontinued operations	**111**	39,329
	26,805	(297,843)

	2024	*2023*
	(share '000)	*(share '000)*
Weighted average number of outstanding shares during the year	**60,000**	60,000

	2024	*2023*
Earning per share	***SR***	*SR*
Basic and diluted earnings per share attributable to the shareholders of the parent company	**0.45**	(4.96)
Earning per share for continuing operations		
Basic and diluted earnings per share attributable to the shareholders of the parent company	**0.44**	(5.62)

15 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	*Buildings*	*Machinery*	*Furniture, fixtures and equipment*	*Motor vehicles*	*Capital work-in-progress*	*Total*
	SR '000	*SR '000*	*SR '000*	*SR '000*	*SR '000*	*SR '000*	*SR '000*
Cost:							
At 1 January 2023	96,266	820,657	1,490,944	233,249	104,649	4,272	2,750,037
Additions	-	4,662	39,113	8,542	5,348	23,134	80,799
Transfer	-	(28)	26,591	(13,789)	4,293	(17,067)	-
Disposals	-	(52,515)	(123,461)	(17,810)	(1,896)	(12)	(195,694)
Foreign currency translation	(292)	(1,410)	(1,822)	(1,394)	(271)	(285)	(5,474)
At 31 December 2023	95,974	771,366	1,431,365	208,798	112,123	10,042	2,629,668
Additions	-	25,764	57,142	10,186	11,331	11,923	116,346
Transfer	-	1,663	4,706	1,604	-	(7,973)	-
Disposals	(22,102)	(23,046)	(173,666)	(17,776)	(7,159)	-	(243,749)
Write off	-	(10,271)	-	-	-	-	(10,271)
Foreign currency translation	(461)	(3,382)	(3,845)	(2,674)	(497)	(180)	(11,039)
At 31 December 2024	**73,411**	**762,094**	**1,315,702**	**200,138**	**115,798**	**13,812**	**2,480,955**
Depreciation and impairment:							
At 1 January 2023	-	525,312	1,178,026	208,548	99,604	-	2,011,490
Charge for the year	-	26,120	44,030	9,402	4,308	-	83,860
Impairment	-	1,537	5,991	724	-	-	8,252
Transfer	-	2,074	12,382	(15,230)	774	-	-
Disposals	-	(33,265)	(110,509)	(17,719)	(1,897)	-	(163,390)
Foreign currency translation	-	(601)	(1,427)	(1,239)	(248)	-	(3,515)
At 31 December 2023	-	521,177	1,128,493	184,486	102,541	-	1,936,697
Charge for the year	-	24,666	42,697	12,030	4,237	-	83,630
Disposals	-	(23,029)	(165,253)	(17,755)	(7,113)	-	(213,150)
Write off	-	(10,271)	-	-	-	-	(10,271)
Impairment reversal	-	-	(475)	-	-	-	(475)
Foreign currency translation	-	(1,240)	(2,888)	(2,235)	(393)	-	(6,756)
At 31 December 2024	**-**	**511,303**	**1,002,574**	**176,526**	**99,272**	**-**	**1,789,675**
Net book amounts:							
At 31 December 2024	**73,411**	**250,791**	**313,128**	**23,612**	**16,526**	**13,812**	**691,280**
At 31 December 2023	95,974	250,189	302,872	24,312	9,582	10,042	692,971

15 PROPERTY, PLANT AND EQUIPMENT (continued)

15.1 During 2023, Zamil Higher Institute for Industrial Training Company, a subsidiary, sold building that constructed on leasehold land with a net book value of SR 12.7 million for a consideration of SR 24 million and the resulting gain on sale amounting to SR 11.3 million was recorded in the profit or loss. The legal formalities for transfer of leasehold rights to the buyer were completed.

15.2 During the year, Group has sold its piece of land located in Jeddah at a consideration of SR 17.2 million. Carrying value of the land was SR 22.1 million with the loss on disposal amounting to SR 4.8 million.

15.3 The majority of the buildings are constructed on plots of land leased from The Saudi Industrial Property Authority (MODON) in Riyadh and Dammam for periods ranging from 4 to 25 years with various commencing dates from 2010. The Group has a right to renew these lease agreements.

15.4 Property, plant and equipment amounting to SR nil (2023: SR nil) net book value are mortgaged as a security against the loans obtained from the financial institutions. (notes 30 and 34).

15.5 Allocation of depreciation charge of property,plant and equipment is as follows:

	2024	*2023*
	SR'000	*SR'000*
Cost of sales (note 7)	**56,891**	55,867
Contract costs (note 8)	**7,529**	6,863
Selling and distribution expenses (note 9)	**1,372**	2,863
General and administration expenses (note 10)	**17,838**	18,267
	83,630	83,860

Also refer note 16 for details of impairment loss on property, plant and equipment damaged by fire.

16 FIRE INCIDENT AND INSURANCE CLAIM

On 3 March 2023 (corresponding to 11 Sha'ban 1444H), one of the factory of Zamil Air Conditioners and Home Appliances Company, a subsidiary, was damaged by fire. In 2023, the Group had made an assessment of the loss caused by the fire incident to the property, plant and equipment and recorded an impairment loss of SR 8.2 million and inventories damaged by fire amounting to SR 162.8 million was written off. The Group filed a claim with the insurance company and the total claim amount, that was accepted and acknowledged by the insurance company amounted to SR 183 million (net of insurance expenses), was recognised in statement of profit or loss as the Company had an unconditional right to receive the amount in full from the insurance company. The Company has received the remaining amount of SR 121.1 million from insurance company during the year.

17 LEASES

The Group has lease contracts for plots of land and buildings used in its operations. Leases of plots of land generally have lease terms between 5 and 20 years. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

The Group also has certain leases with lease terms of 12 months or with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	2024	*2023*
	SR'000	*SR'000*
At 1 January	**31,660**	57,987
Additions	**9,692**	9,388
Derecognition	**-**	(29,338)
Depreciation expense	**(6,130)**	(6,377)
At 31 December	**35,222**	31,660

17 LEASES (continued)

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	2024 SR'000	*2023 SR'000*
At the beginning of the year	**27,101**	52,908
Interest expense	**1,763**	2,181
Additions	**9,757**	12,380
Derecognition	**-**	(32,508)
Payments	**(7,361)**	(7,860)
At the end of the year	**31,260**	27,101

	2024 SR'000	*2023 SR'000*
Analysed as:		
Current	**6,786**	4,567
Non-current	**24,474**	22,534
	31,260	27,101

The maturity analysis of lease liabilities are disclosed in note 40.

The following are the amounts recognised in consolidated statement of profit or loss:

	2024 SR'000	*2023 SR'000*
Depreciation expense of right-of-use assets (as disclosed below)	**6,130**	6,377
Interest expense on lease liabilities (note 12)	**1,763**	2,181
Expense related to short-term leases (note 7, 8, 9 and 10)	**24,825**	15,889
Gain on derecognition of leases	**-**	3,170
Total amount recognised in consolidated statement of profit or loss	**32,718**	27,617

Allocation of depreciation expense of right-of-use assets is as follows:

	2024 SR'000	*2023 SR'000*
Cost of sales (note 7)	**3,405**	3,640
Contracts cost (note 8)	**248**	248
Selling and distribution expenses (note 9)	**59**	126
General and administration expenses (note 10)	**2,418**	2,363
	6,130	6,377

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

18 INVESTMENTS IN AN ASSOCIATE AND JOINT VENTURES

Carrying values of the Group's share for investment in an associate and joint ventures are as follows:

	Effective ownership percentage			
	2024	*2023*	***2024 SR'000***	*2023 SR'000*
Associate				
Rabiah Nasser and Zamil Concrete Industries Company Limited - Saudi Arabia ("RANCO") (note 18.1)	**50%**	50%	**72,157**	67,428
			72,157	67,428
Joint ventures				
Perma Pipe Gulf Arabia Industry Company Limited (note 18.2)	**20.4%**	-	**30,329**	17,995
Middle East Air Conditioners Company Limited (note 18.3)	**51%**	51%	**3,572**	3,805
			33,901	21,800
			106,058	89,228

Movement of the investment in an associate and joint ventures

	2024 SR'000			*2023 SR'000*		
	Associate	***Joint ventures***	***Total***	*Associate*	*Joint ventures*	*Total*
As at 1 January	**67,428**	**21,800**	**89,228**	58,819	4,493	63,312
Capital contribution	**-**	**-**	**-**	-	5,933	5,933
Share in results - profit or loss	**12,022**	**12,101**	**24,123**	9,267	11,374	20,641
Share in results - OCI	**207**	**-**	**207**	(658)	-	(658)
Dividend	**(7,500)**	**-**	**(7,500)**	-	-	-
As at 31 December	**72,157**	**33,901**	**106,058**	67,428	21,800	89,228

18 INVESTMENTS IN AN ASSOCIATE AND JOINT VENTURES (continued)

The following table illustrates the summarised financial information of the Group's investment in an associate:

	2024	*2023*
	SR'000	*SR'000*
Summarised statement of financial position of an associate		
Current assets	**222,215**	224,652
Non-current assets	**137,130**	148,291
Current liabilities	**(177,546)**	(190,618)
Non-current liabilities	**(37,488)**	(47,471)
Net assets	**144,311**	134,854
Proportion of the Group's ownership	**50%**	50%
Group's share of net assets	**72,157**	67,428
Group's carrying amount of the investment	**72,157**	67,428

RANCO's banker had provided guarantees to various third parties, amounting to SR 59.2 million (2023: SR 84.31 million).

The tables below provide the summarised financial information of an associate of the Group. The information disclosed reflects the amounts presented in the financial statements of the associate and not Group’s share of those amounts.

	2024	*2023*
	SR'000	*SR'000*
Summarised statement of profit or loss and other comprehensive income of an associate		
Revenue	**224,209**	289,955
Operating profit	**30,148**	26,456
Net profit for the year	**24,044**	18,531
Other comprehensive income/(loss)	**413**	(1,315)
Total comprehensive income for the year	**24,457**	17,216
Group's share of total comprehensive income	**12,229**	8,609

18 INVESTMENTS IN AN ASSOCIATE AND JOINT VENTURES (continued)

The tables below provide the summarised financial information of material joint venture of the Group. The information disclosed reflects the amounts presented in the financial statements of the joint venture and not Group's share of those amounts.

Summarised statement of financial position for joint venture

	2024 ***SR'000***	*2023* *SR'000*
Current assets	**184,578**	90,739
Non-current assets	**51,464**	38,967
Current liabilities	**(132,254)**	(56,715)
Non-current liabilities	**(29,750)**	(29,790)
Net assets	**74,038**	43,201
Proportion of the Group's ownership	**20.4%**	20.4%
Group's effective share of net assets	**15,468**	9,177
Group's effective carrying amount of the investment	**15,468**	9,177

Summarised statement of comprehensive income for joint venture

	2024 ***SR'000***	*2023* *SR'000*
Revenues	**129,524**	86,144
Cost of sales	**(80,638)**	(51,106)
Selling and distribution expenses	**-**	(990)
General and administrative expenses	**(12,689)**	(3,003)
Other income	**-**	272
Finance cost	**(1,601)**	(83)
Profit before zakat and income tax	**34,596**	31,234
Zakat	**(366)**	(431)
Income tax	**(4,234)**	(4,396)
Total comprehensive income for the year	**29,996**	26,407
Group's share of total comprehensive income for the year	**6,871**	6,152

18.1 Rabiah Nasser and Zamil Concrete Industries Company Ltd ("RANCO") which is registered in Kingdom of Saudi Arabia and engaged in the production of concrete products, asphalt and polystyrene.

18.2 During 2023, Gulf Insulation Group, a subsidiary of Zamil Industrial Investment Company had entered into a joint venture agreement with Perma Pipe Saudi Arabia LLC for manufacturing of pre-insulated pipes and related products in the Kingdom of Saudi Arabia. The legal formalities in connection with formation has been completed and the joint venture has commenced its operations.

During 2023, the Group had contributed certain plant and equipments to the joint venture company with a net book value of SR 17.9 million and had recorded the loss amounting to SR 1.69 million. The Group had also recorded share of results in joint venture for the period amounting to SR 12.06 million. As at reporting date, the Group's carrying value of investment in joint venture is amounted to SR 30.3 million (2023: SR 17.9 million).

18.3 Middle East Air Conditioners Company Limited is registered in Kingdom of Saudi Arabia and is engaged in sale of air conditioners. During the year, the management entered into an agreement with the foreign shareholder, who holds a 49% interest in Middle East Air Conditioner Company, a joint venture, to acquire their ownership stake in the joint venture. The agreed consideration for this acquisition amounts to SAR 3.59 million. Subsequent to the year, the legal formalities necessary to finalize this transaction has been completed.

ADDITIONAL INFORMATION

19 EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Percentage of ownership		***2024***	*2023*
	2024	*2023*	***SR'000***	*SR'000*
Kinan International For Real Estate Development Company Limited	**2.11%**	2.11%	**63,840**	57,420

Reconciliation of fair value of unquoted equity shares classified as equity instruments at fair value through other comprehensive income (FVOCI) is as follows:

	2024 ***SR '000***	*2023* *SR '000*
At the beginning of the year	**57,420**	59,121
Remeasurements recognised in consolidated statement of other comprehensive income	**6,420**	(1,701)
At the end of the year	**63,840**	57,420

Kinan International For Real Estate Development Company Limited, a company which is registered in Saudi Arabia and is engaged in real estate activities.

20 NET INVESTMENT IN FINANCE LEASE

Eastern District Cooling Company ("EDCC"), a subsidiary, entered into an energy performance contract during 2008 with Saudi Iron and Steel Company ("Hadeed") for a period of 20 years. As per the terms stipulated in the agreement, it is agreed to design, construct, operate and maintain a District Cooling Plant (DCP) at the premises of Hadeed. At the end of the contract term, all the rights, title and interest in the DCP will be transferred to Hadeed for an all-inclusive lump sum payment of SR 53.3 million. During 2013, the construction of DCS was completed and it was transferred to Hadeed under finance lease agreement on 1 April 2013.

The net investment in finance lease and the future minimum lease payments are as follows:

a) Net investment in finance lease consists of:

	2024 ***SR'000***	*2023* *SR'000*
Gross investments in finance lease (see (b) below)	**241,169**	278,747
Less: Unearned finance income	**(29,028)**	(38,675)
	212,141	240,072

	2024 ***SR'000***	*2023* *SR'000*
Analysed as:		
Net investment in finance lease, current	**29,139**	27,930
Net investment in finance lease, non-current	**183,002**	212,142
	212,141	240,072

b) The future minimum lease payments to be received consists of:

	2024 ***SR'000***	*2023* *SR'000*
Within one year	**37,578**	37,578
After one year but not more than five years	**187,888**	187,888
More than five years	**15,703**	53,281
	241,169	278,747

21 INVENTORIES

	2024 SR'000	2023 SR'000
Raw materials	**1,006,764**	919,953
Finished goods	**369,460**	365,480
Work-in-progress	**67,620**	83,046
Goods in transit	**80,316**	68,942
Spares	**62,377**	60,086
	1,586,537	1,497,507
Less: allowance for slow moving and obsolete inventory	**(147,642)**	(126,272)
	1,438,895	1,371,235

During 2023, the Group had writen off the inventories amounting to SR 162.8 million that was damaged by the fire incident.
The movement in the provision for obsolete and slow moving inventory is as follows;

	2024 SR'000	2023 SR'000
At the beginning of the year	**126,272**	139,043
Charge during the year	**35,932**	181,524
Written-off during the year	**(14,403)**	(194,300)
Exchange difference	**(159)**	5
At the end of the year	**147,642**	126,272

22 ACCOUNTS RECEIVABLE

	2024 SR'000	2023 SR'000
Accounts receivable	**2,071,934**	1,983,069
Retentions receivable	**441,796**	314,199
	2,513,730	2,297,268
Less: allowance for expected credit losses	**(614,940)**	(439,672)
	1,898,790	1,857,596
Receivables from related parties (note 37)	**24,905**	33,751
	1,923,695	1,891,347

During 2023, Zamil Air Conditioning & Refrigeration Services Company Limited, a subsidiary of the parent company,had received a notice for immediate termination of a contract from a customer (contractor) mainly due to project delays and violation of certain technical specification as per contract. The Company had rejected the termination notice on grounds that the termination notice was not served in line with the contractual terms, failure to provide proper technical design, lack of clarity in the scope of work and time.
The Company had filed a legal case against the contractor in the Court for settlement of the amount due to the Company. The Court appointed an external independent expert to review and assess the value of the work executed by the Company.
As of the end of the reporting period, the total due from customer amounted to SR 115.1 million, which includes SR 38.3 million billed to the customer, retention receivables of SR 8.7 million and a value of work executed of SR 68.1 million. Based on the management assessment and considering the contractual rights confirmed by the management's legal advisor, the management believe that the amounts due from customer are expected to be fully recoverable.
For terms and conditions related to related parties receivables, refer to note 37.

22 ACCOUNTS RECEIVABLE (continued)

Accounts receivables are non-interest bearing and are generally on terms of 30 to 180 days. Movement in the allowance for expected credit losses of accounts receivables is as follows:

	2024	*2023*
	SR'000	*SR'000*
At the beginning of the year	**439,672**	339,303
Allowance for expected credit losses - continuing operations	**209,939**	111,749
Written-off during the year	**(30,950)**	(9,908)
Exchange differences	**(3,721)**	(1,472)
At the end of the year	**614,940**	439,672

Information about the credit exposures on accounts receivable is disclosed in note 40.

23 CONTRACT ASSETS

	2024	*2023*
	SR'000	*SR'000*
Value of the work executed to date (refer below)	**596,081**	629,252
Unbilled revenues	**101,462**	69,254
	697,543	698,506

	2024	*2023*
	SR'000	*SR'000*
Value of the work executed to date	**3,582,081**	3,123,691
Less: Amounts received and receivable as progress billings	**(2,874,562)**	(2,423,868)
	707,519	699,823
Less: allowance for expected credit losses	**(111,438)**	(70,571)
	596,081	629,252

Movement in the allowance for expected credit losses of value of work executed to date is as follows:

	2024	*2023*
	SR'000	*SR'000*
At the beginning of the year	**70,571**	25,225
Allowance for expected credit losses	**40,867**	45,346
At the end of the year	**111,438**	70,571

Also refer note 22 for details of termination of a contract from customer. Information about the credit exposures on contract assets is disclosed in note 40.

24 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	2024	*2023*
	SR'000	*SR'000*
Advances to suppliers	**138,344**	123,594
Prepaid expenses	**35,735**	31,315
Insurance claim receivable (note 16)	**-**	121,174
Other receivables	**84,870**	83,374
	258,949	359,457

25 SHORT TERM DEPOSITS

	2024	*2023*
	SR'000	*SR'000*
Short term deposits	**33,223**	193,094

Short-term deposits represents the amounts deposited with commercial banks that has the maturity date between more than three months to less than twelve months, earn interest at the respective short-term deposit rates and is subject to insignificant risk of change in value.

26 CASH AND CASH EQUIVALENTS

	2024	*2023*
	SR'000	*SR'000*
Bank balances and cash	**315,848**	303,476
Short-term deposits	**235,887**	124,337
	551,735	427,813

Short-term deposits represents the amounts deposited with commercial banks that has the maturity date upto three months and is subject to insignificant risk of change in value. The average interest rate on the short-term deposits during the year was 3% to 6% per annum (2023: 3.6% to 7.7% per annum).

27 SHARE CAPITAL

The authorised, issued and fully paid share capital of the Company is divided into 60 million shares (2023: same) of SR 10 each (2023: same).

28 STATUTORY RESERVE

On 23 May 2024, at their Extraordinay General Assembly, the Company's shareholders approved amending the Company's by-laws to comply with the New Companies' Law issued on 1 Dhul-Hijjah 1443H (corresponding to 30 June 2022), whereby Article No. 41 of the bylaws relating to the statutory reserve was amended and accordingly the balance of the statutory reserve amounting to SR 10.7 million has been transferred to the retained earnings/(accumulated losses).

In 2023, the shareholders of the Parent Company, at their Extraordinary General Assembly, held on 28 September 2023, approved the recommendation of the Board of Directors to use a portion of the statutory reserve to absorb the Parent Company's accumulated losses of SR 169.25 million.

29 MATERIAL PARTIALLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	*Country of incorporation*	*2024*	*2023*
Gulf Insulation Group	Kingdom of Saudi Arabia	**49%**	49%
Saudi Pre Insulated Pipe Company	Kingdom of Saudi Arabia	**49%**	49%

Accumulated balances of non-controlling interest:

	2024	*2023*
	SR'000	*SR'000*
Gulf Insultaion Group (note 1.1)	**185,908**	190,447
Saudi Pre Insulated Pipe Company	**4,761**	5,306
	190,669	195,753

Profit allocated to material non-controlling interest:

	2024	*2023*
	SR'000	*SR'000*
Gulf Insulation Group	**40,347**	21,082

29 MATERIAL PARTIALLY-OWNED SUBSIDIARIES (continued)

The summarised financial information of the above subsidiary is provided below. This information is based on amounts before inter-group eliminations.

Summarised statement of profit or loss:

	2024	*2023*
	SR'000	*SR'000*
Revenues	**323,101**	268,782
Cost of sales	**(186,444)**	(168,493)
Other operating expenses	**(71,057)**	(64,681)
Share in results of a joint venture	**12,334**	12,063
Other (expense) income	**742**	(1,444)
Finance costs	**(4,243)**	(4,850)
Profit before zakat	**74,433**	41,377
Zakat and income tax	**(6,199)**	(3,096)
Net profit for the year	**68,234**	38,281
Other comprehensive income /(loss) for the year	**-**	(1,233)
Total comprehensive income for the year	**68,234**	37,048
Attributable to non-controlling interests	**40,347**	21,082
Dividends paid to non-controlling interests	**12,250**	-

Summarised statement of financial position:

	2024	*2023*
	SR'000	*SR'000*
Non-current assets	**277,570**	259,675
Investments in a joint venture	**40,654**	17,995
Current assets	**225,209**	146,521
Non-current liabilities	**(60,940)**	(31,013)
Current liabilities	**(174,569)**	(85,329)
Total equity	**307,924**	307,849
Attributable to:		
Shareholders of the parent company	**122,016**	117,402
Non-controlling interests	**185,908**	190,447

Summarised cash flow information for year ended:

	2024	*2023*
	SR'000	*SR'000*
Cash flows from operating activities	**92,928**	30,806
Cash used in investing activities	**(133,601)**	(6,230)
Cash generated from/(used in) financing activities	**36,363**	(24,858)
Net decrease in the cash and cash equivalents	**(4,310)**	(282)

30 TERM LOANS

	2024 ***SR'000***	*2023* *SR'000*
Term loan	**27,118**	12,001
	27,118	12,001
Less: current portion:		
Term loan	**(5,783)**	(10,851)
Non-current portion:		
Term loan	**21,335**	1,150
	21,335	1,150

The term loans obtained by the Group's subsidiaries for working capital and for certain capital expenditures. The loans are repayable in unequal instalments. The loans carry financial charges at prevailing market borrowing rates. As at 31 December 2024, the Group was in compliance with certain loan covenants as per the agreement with the bank.

Following are the combined aggregate amounts of future maturities of the term loans:

	SR'000
2025	**5,783**
2026	**5,735**
2027 and onwards	**15,600**
	27,118

31 EMPLOYEES' DEFINED BENEFIT LIABILITIES

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit obligations at 31 December 2024 and 31 December 2023 in respect of employees' end-of-service benefits payable under relevant local regulations and contractual arrangements. The main actuarial assumptions used to calculate the defined unfunded benefit obligation are as follows:

	2024	*2023*
Discount rate	**5.25%**	4.60%
Expected rate of salary increase		
- short term	**6.00%**	2.50%
- long term	**4.75%**	4.20%

The break up of net benefit costs charged to consolidated statement of profit or loss is as follows:

	2024 ***SR'000***	*2023* *SR'000*
Current service cost	**29,598**	26,855
Interest cost on benefit obligation	**11,031**	10,048
Net benefit expense	**40,629**	36,903

Changes in the present value of defined unfunded benefit obligation is as follows:

	2024 ***SR'000***	*2023* *SR'000*
At the beginning of the year	**250,209**	224,856
Net benefit expense	**40,629**	36,903
Benefits paid	**(20,671)**	(23,639)
Advance payments made as at beginning of the year	**-**	2,217
Remeasurement loss on employees' defined benefit liabilities	**19,617**	9,872
At the end of the year	**289,784**	250,209

31 EMPLOYEES' DEFINED BENEFIT LIABILITIES (continued)

Employees' defined benefit obligations due to a reasonable possible change in the significant actuarial assumptions, as at 31 December 2024 and 2023 is, as shown below:

	2024	*2023*
	SR'000	*SR'000*
Discount rate:		
0.5% increase	**271,319**	237,473
0.5% decrease	**290,167**	250,809
Future salary increase:		
0.5% increase	**289,477**	250,203
0.5% decrease	**271,884**	237,990

The sensitivity analysis above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.
The following payments are expected against the defined benefit liability in future years:

	2024	*2023*
	SR'000	*SR'000*
Within the next 12 months (next annual reporting period)	**29,181**	35,980
Between 2 and 5 years	**160,631**	150,327
Beyond 5 years but less than 10 years	**215,350**	176,149
Total expected payments	**405,162**	362,456

The average duration of the defined benefit plan obligation at the end of the reporting period is 6.72 years (2023: 5.39 years).

32 ACCOUNTS PAYABLE

	2024	*2023*
	SR'000	*SR'000*
Trade accounts payable	**524,006**	429,127
Retentions payable	**34,604**	28,813
Related parties (note 37)	**11,614**	41,792
	570,224	499,732

Trade payables are non-interesting bearing and are normally settled on 30 to 120 days terms. For terms and conditions with related parties, refer to note 37. For explanations on the Group's liquidity risk management processes. Also, refer note 40.

33 ACCRUALS AND PROVISIONS

	2024	*2023*
	SR'000	*SR'000*
Accrued expenses	**592,623**	535,325
Accrued contract costs	**230,773**	124,955
Warranties provision	**12,077**	12,908
	835,473	673,188

34 SHORT TERM LOANS

	2024	*2023*
	SR'000	*SR'000*
Murabaha and tawarruq finances	**2,070,033**	2,235,800
Short term loans - conventional	**42,275**	80,222
	2,112,308	2,316,022

The short term loans, Murabaha and Tawarruq finances were obtained from various local banks to meet the working capital requirements. These loans are secured by promissory notes and assignment of corporate guarantees. These loans carry commission charges at prevailing market borrowing rates. The effective commission rate for the year ended 31 December 2024 is 7.2 % per annum (2023: 6.14% per annum).

35 CONTRACT LIABILITIES

	2024	*2023*
	SR'000	*SR'000*
Advances from customers	**922,069**	1,359,231
Billings in excess of value of work executed (refer below)	**480,525**	188,812
	1,402,594	1,548,043

Billings in excess of value of work executed comprise of following:

	2024	*2023*
	SR'000	*SR'000*
Amounts received and receivable as progress billings	**2,979,190**	2,450,575
Less: Value of the work executed to date	**(2,498,665)**	(2,261,763)
	480,525	188,812

36 ZAKAT AND INCOME TAX

The major components of zakat and income tax expense in the consolidated statement of profit or loss for the year ended 31 December 2024 and 2023 are as follows:

	2024	*2023*
	SR'000	*SR'000*
Zakat and income tax:		
Current year income tax charge	**19,493**	15,073
Zakat charge	**15,727**	33,544
Deferred tax credit	**(3,698)**	(2,679)
	31,522	45,938

Movement in zakat and income tax for the year was as follows:

	2024	*2023*
	SR '000	*SR '000*
At the beginning of the year	**92,087**	57,909
Current year provision	**35,220**	48,617
Payments during the year	**(33,658)**	(13,292)
Exchange differences	**(5,135)**	(1,147)
At the end of the year	**88,514**	92,087

36 ZAKAT AND INCOME TAX (continued)

36.1 Zakat

Charge for the year

The zakat charge consists of:

	2024	*2023*
	SR '000	*SR '000*
Current year provision	**15,727**	33,544

The provision for the year is based on zakat base of the Company and its wholly owned Saudi subsidiaries as a whole and individual zakat base of other Saudi subsidiaries.

Status of assessments

The status of assessments of the Company including its wholly owned subsidiaries and major partially owned subsidiaries are as follows:

i) The Company and its wholly owned subsidiaries

During 2020, the Company received a zakat assessment for years 2014 to 2018 from the Zakat, Tax and Customs Authority (ZATCA) with total additional zakat liability amounting to SR 229 million. The Company submitted an objection letter against the mentioned Zakat assessment and ZATCA issued revised assessment in 2021 amounting to SR 225.62 million and Company submitted an escalation letter against the revised assessment to the Tax Violations and Disputes Resolution Committee (TVDRC). The Company submitted an appeal against the TVDRC resolution with Tax Violations and Disputes Appellate Committee (TVDAC). Subsequent to the year end, the TVDAC resolution was issued partially in favour of the Company and the revised assessment is awaited. The Group's management believes that the available provision is sufficient for any zakat liability that may arise on finalization of these assessments.

During June 2024, the Company received the decision for the year 2014, issued by the General Secretariat of the Zakat, Tax and Customs Committees reducing the additional liability from SR 46 million to SR 7.3 million, the additional liability was accepted by the Company and settled during the July 2024. Furthermore, the Company received a separate decision that reduced the additional tax liability for the years 2015 to 2018 from SAR 185.5 million to SAR 61 million. Management has accepted this decision and agreed settlement of the revised liability in eleven equal monthly installments starting from November 2024.

Zakat declarations for years 2019 to 2023 have been filed with ZATCA. However, the assessments have not yet been raised by ZATCA.

ii) Partially owned subsidiaries

Saudi Preinsulated Pipes Industries

Zakat assessments have been agreed with the ZATCA up to 2020. The zakat declarations for the years 2020 to year 2023 have been filed with the ZATCA. However, the assessments have not yet been raised by the ZATCA.

Gulf Insulation Group

Zakat and income tax assessments have been agreed with the ZATCA up to 2019. The zakat declarations for the year 2019 to year 2023 have been filed with the ZATCA. However, the assessments have not yet been raised by the ZATCA.

36.2 Income tax

Charge for the year

The income tax charge consists of:

	2024	*2023*
	SR '000	*SR '000*
Current year provision	**19,493**	15,073

Income tax provision is provided for in accordance with fiscal authorities in which the Group's subsidiaries operate.

36 ZAKAT AND INCOME TAX (continued)

36.2 Income tax (continued)

Status of assessments

The status of assessment of the major foreign subsidiaries are as follows:

Zamil Air Conditioners India Private Limited

Income tax assessments have been agreed with the Department of Income Tax of India ("the DIT") up to the year ended 31 March 2012. The income tax returns for the years ended 31 March 2013 to 31 March 2024 have been filed with the DIT. However, the final assessments have not yet been raised by the DIT.

Zamil Steel Buildings India Private Limited - India

Income tax assessments have been agreed with the DIT up to the year ended 31 March 2022. The income tax returns for the years ended 31 March 2023 to 31 March 2024 have been filed with the DIT. However, the final assessments have not yet been raised by the DIT.

Zamil Construction India Private Limited

Income tax assessments have been agreed with the DIT up to the year ended 31 March 2022. The income tax returns for the years ended 31 March 2023 & 31 March 2024 have been filed with the DIT. However, the final assessments have not

Zamil Information Technology Global Private Limited - India

Income tax assessments have been agreed with the DIT up to the year ended 31 March 2022. The income tax returns of the company for the year ended 31 March 2023 and 31 March 2024 have been filed with the DIT. However, the final assessments have not yet been raised by the DIT for any of the year.

Zamil Steel Engineering India Private Limited - India

Income tax assessments have been agreed with the DIT up to the year ended 31 March 2024.

Zamil Steel Buildings Vietnam Company Limited

Income tax return & assessments have been agreed with the tax authorities ("the TA") of Vietnam up to the year 2022. However, tax returns has been filed upto year 2024.

Zamil Structural Steel - S.A.E - Private Free Zone

The subsidiary, was established under the free zone system according to the provision of Investment Guarantees and Incentive Law number 8 of 1997. Accordingly, the subsidiary is exempted from corporate taxes and withholding taxes and these privileges will continue to apply for the lifetime of the subsidiary.

Zamil Steel Buildings Company Egypt - S.A.E

Income tax assessments have been agreed with the Egyptian tax authorities ("the tax authorities") up to the year 2019. The income tax return for the year 2020, 2021 & 2022 has been filed with the tax authorities. However, the final assessments have not yet been raised by tax authorities.

Income tax has been computed based on the management's understanding of the income tax regulations enforced in their respective countries. The income tax regulations are subject to different interpretations, and the assessments to be raised by the tax authorities could be different from the income tax returns filed by the respective subsidiaries.

36.3 Deferred tax

Deferred tax asset

The deferred tax assets relate to foreign subsidiaries in Vietnam, Egypt and India. The Group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiaries.

The deferred tax asset comprises of timing differences relating to:

	2024	*2023*
	SR'000	*SR'000*
Deferred tax asset		
Provisions	**10,730**	9,760
Total deferred tax assets	**10,730**	9,760

ADDITIONAL INFORMATION

36 ZAKAT AND INCOME TAX (continued)

36.3 Deferred tax (continued)

	2024	*2023*
	SR'000	*SR'000*
Deferred tax liability		
Accelerated depreciation for tax purposes	**(519)**	(559)
Total deferred tax liability	**(519)**	(559)
Net deferred tax asset	**10,211**	9,201

Reconciliation of deferred tax assets, net was as follows:

	2024	*2023*
	SR '000	*SR '000*
At the beginning of the year	**9,201**	7,395
Charge during the year	**3,963**	2,475
Exchange differences	**(2,953)**	(669)
At the end of the year	**10,211**	9,201

Deferred tax liability

The deferred tax liability relates to a partially owned Saudi subsidiary with a foreign shareholder. The deferred tax liability comprise of timing differences relating to:

	2024	*2023*
	SR'000	*SR'000*
Deferred tax liability		
Accelerated depreciation for tax purposes	**8,688**	8,827
Total deferred tax liability	**8,688**	8,827

	2024	*2023*
	SR'000	*SR'000*
Deferred tax asset		
Employees' defined benefit liabilities	**1,027**	-
Allowance for expected credit losses	**-**	1,242
Provisions	**1,007**	1,196
Total deferred tax assets	**2,034**	2,438
Net deferred tax liability	**6,654**	6,389

Reconciliation of deferred tax liability, net was as follows:

	2024	*2023*
	SR'000	*SR'000*
At the beginning of the year	**6,389**	6,593
Credit during the year	**265**	(204)
At the end of the year	**6,654**	6,389

The Group offsets deferred tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

37 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent major shareholders, directors and key management personnel of the Group, and entities controlled or significantly influenced by such parties.

The Group in the normal course of business carries out transactions with various related parties. Amounts due from/to related parties are shown under accounts receivable and accounts payable respectively.

37 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Transactions with related parties included in the consolidated statement of profit or loss are as follows:

Relationship and name of related party		*Sales to related parties*	*Purchases from related parties*	*Amounts owed by related parties*	*Amounts owed to related parties*
		SR'000	*SR'000*	*SR'000*	*SR'000*
Entity with significant influence over the Group					
Zamil Group Holding Company	***2024***	**8,280**	**31,749**	**18,099**	**3,182**
	2023	7,398	25,779	17,617	25,221
Arabian Gulf Construction Company	***2024***	**253**	**-**	**386**	**-**
	2023	1,655	-	1,413	-
Joint venture					
Middle East Air Conditioners Company Limited	***2024***	**-**	**-**	**-**	**6,965**
	2023	-	-	-	7,234
Associates					
Rabiah Nasser & Zamil Concrete Industries Company Limited	***2024***	**1,179**	**-**	**5,837**	**-**
	2023	1,179	-	11,264	-
ZNA Infra Private Limited - India	***2024***	**-**	**-**	**-**	**-**
	2023	-	-	2,946	-
Other related parties	***2024***	**10,336**	**418**	**583**	**1,467**
	2023	13,319	26,565	511	9,337
Total	***2024***	**20,048**	**32,167**	**24,905**	**11,614**
	2023	23,551	52,344	33,751	41,792

Compensation of key management personnel of the Group are as follows:

	2024	*2023*
	SR'000	*SR'000*
Short-term employee benefits	**5,561**	4,459
Post-employment benefits	**381**	338
Total compensation	**5,942**	4,797

The directors' remuneration for the year ended 31 December 2024 amounted to SR 1.6 million (2023: SR 1.7 million).

The amounts disclosed in the above table are the amounts recognised as an expense during the reporting period related to key management personnel.

Pricing policies and terms of payments of transactions with related parties are approved by the Board of Directors. Outstanding balances at the year end are unsecured, interest free and settled in cash.

The amounts due from and due to related parties have been classified as account receivables and account payables respectively in the consolidated statement of financial position (refer to note 22 and 32).

38 CONTINGENCIES AND COMMITMENTS

Guarantees

The Group's bankers have issued performance and payments guarantees, on behalf of the Group, amounting to SR 1,715 million (2023: SR 2,166 million).

Capital commitments

The Board of Directors have approved future capital expenditure amounting to SR 204.2 million (2023: SR 162.9 million), relating to certain expansion projects.

39 SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has four reportable segments, as follows:

The air conditioners industry, which is engaged in production of window, split and central air conditioners, electrical and gas ovens, automatic dryers, microwave ovens, air-conditioning ducts/channels, household refrigerators, automatic washing machines and installation, maintenance, operation and leasing of air conditioning and refrigeration systems.

The steel industry, which is engaged in construction, managing and operating industrial projects, constructing, managing and operating airports and warehouses, constructing and providing fire protection services for building and structures, building, repairing and maintaining the communication towers, business of steel sheets works, heavy equipment and its spare parts, storage tanks, installation containers and pumps and implementation of electric works.

The insulation industry, which is engaged in production of complete line of insulation products including fiberglass for using in thermal insulation of central air conditioners, pre-insulated pipes, glass wool, rock wool and engineering plastic foam insulations.

Corporate and others, which are engaged in providing corporate and shared services, training and investment activities.

The Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income and is measured consistently in the consolidated financial statements.

Inter-segment revenues are eliminated upon consolidation and reflected in the ‘adjustments and eliminations’ column. All other adjustments and eliminations are part of detailed reconciliation presented further below.

39 SEGMENTAL INFORMATION (continued)

Business segments

	For the year ended 31 December 2024 (SR '000)						
	Air conditioner industry	*Steel industry*	*Insulation industry*	*Corporate and others*	*Total segments*	*Adjustments and eliminations*	*Consolidated*
Revenue from contracts with customers:							
External customer	**2,491,018**	**3,290,746**	**298,060**	**1,025**	**6,080,849**	**-**	**6,080,849**
Inter-segment	**3,064**	**-**	**26,927**	**-**	**29,991**	**(29,991)**	**-**
	2,494,082	**3,290,746**	**324,987**	**1,025**	**6,110,840**	**(29,991)**	**6,080,849**
Finance lease income	**9,647**	**-**	**-**	**-**	**9,647**	**-**	**9,647**
Total revenue	**2,503,729**	**3,290,746**	**324,987**	**1,025**	**6,120,487**	**(29,991)**	**6,090,496**
Timing of revenue recognition:							
At a point in time	**1,198,276**	**2,330,932**	**324,987**	**1,025**	**3,855,220**	**(29,991)**	**3,825,229**
Over time	**1,295,806**	**959,814**	**-**	**-**	**2,255,620**	**-**	**2,255,620**
	2,494,082	**3,290,746**	**324,987**	**1,025**	**6,110,840**	**(29,991)**	**6,080,849**
Gross profit	**365,332**	**552,464**	**136,905**	**1,025**	**1,055,726**	**2,926**	**1,058,652**
Operating (loss)/profit	**(44,930)**	**191,230**	**64,342**	**(41,042)**	**169,600**	**4,206**	**173,806**
Unallocated (expenses)/income:							
Income from insurance claim							**-**
Finance costs							**(173,067)**
Other income, net							**73,309**
Share in results of an associate and joint ventures							**24,123**
Profit before zakat and income tax and discontinued operations							**98,171**
Zakat and income tax							**(31,522)**
Discontinued operations							**111**
Net profit for the year							**66,760**

39 SEGMENTAL INFORMATION (continued)

Business segments (continued)

	For the year ended 31 December 2023 (SR '000)						
	Air conditioner industry	*Steel industry*	*Insulation industry*	*Corporate and others*	*Total segments*	*Adjustments and eliminations*	*Consolidated*
Revenue from contracts with customers:							
External customer	1,494,562	2,863,352	314,683	1,025	4,673,622	-	4,673,622
Inter-segment	3,062	28,524	13,042	-	44,628	(44,628)	-
	1,497,624	2,891,876	327,725	1,025	4,718,250	(44,628)	4,673,622
Finance lease income	10,805	-	-	-	10,805	-	10,805
Total revenue	1,508,429	2,891,876	327,725	1,025	4,729,055	(44,628)	4,684,427
Timing of revenue recognition:							
At a point in time	1,016,123	2,282,325	327,725	1,025	3,627,198	(44,628)	3,582,570
Over time	481,501	609,551	-	-	1,091,052	-	1,091,052
	1,497,624	2,891,876	327,725	1,025	4,718,250	(44,628)	4,673,622
Gross profit/(loss)	89,127	374,727	107,270	(1,795)	569,329	2,906	572,235
Operating (loss)/profit	(366,751)	37,726	30,717	(35,654)	(333,962)	4,419	(329,543)
Unallocated (expenses)/income:							
Income from insurance claim							183,240
Finance costs							(187,754)
Other income, net							41,617
Share in results of associates and a joint venture							20,641
Loss before zakat and income tax and discontinued operations							(271,799)
Zakat and income tax							(45,938)
Discontinued operations							39,329
Net loss for the year							(278,408)

39 SEGMENTAL INFORMATION (continued)

Business segments (continued)

	At 31 December 2024 (SR '000)						
	Air conditioner industry	*Steel industry*	*Insulation industry*	*Corporate and others*	*Total segments*	*Adjustments and eliminations*	*Consolidated*
Total assets	**3,984,389**	**2,960,536**	**554,404**	**760,310**	**8,259,639**	**(2,226,523)**	**6,033,116**
Total liabilities	**3,907,070**	**2,142,005**	**236,766**	**1,304,611**	**7,590,452**	**(2,226,523)**	**5,363,929**
Others:							
Investment in an associate and joint ventures	**-**	**-**	**-**	**116,382**	**116,382**	**-**	**116,382**
Capital expenditure	**18,754**	**82,139**	**14,004**	**1,449**	**116,346**	**-**	**116,346**

	At 31 December 2023 (SR '000)						
	Air conditioner industry	*Steel industry*	*Insulation industry*	*Corporate and others*	*Total segments*	*Adjustments and eliminations*	*Consolidated*
Total assets	2,966,340	2,727,549	443,499	1,274,241	7,411,629	(1,339,301)	6,072,328
Total liabilities	2,862,467	2,065,063	124,821	1,711,722	6,764,073	(1,339,301)	5,424,772
Others:							
Investment in an associate and joint ventures	-	-	17,995	71,233	89,228	-	89,228
Capital expenditure	11,586	58,677	6,289	4,247	80,799	-	80,799

Capital expenditure consists of additions of property, plant and equipment.

39 SEGMENTAL INFORMATION (continued)

Geographic information

	2024	*2023*
	SR '000	*SR '000*
Revenue from external customers:		
Kingdom of Saudi Arabia	**4,968,046**	3,425,936
Egypt	**466,999**	538,901
Other Asian countries	**655,451**	719,590
	6,090,496	4,684,427

	2024	*2023*
	SR '000	*SR '000*
Non-current operating assets:		
Kingdom of Saudi Arabia	**607,262**	603,923
Egypt	**54,349**	58,313
Other Asian countries	**64,891**	62,395
	726,502	724,631

Non-current assets for this purpose consist of property, plant and equipment and right-of-use assets.

40 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 receivable, 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 through other comprehensive income.

The Group is exposed to market risk, credit risk and liquidity risk. The Group’s senior management oversees the management of these risks. The Group’s senior management regularly 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 summarised 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 2024 and 2023.

Commission rate risk

Commission rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market commission rates. The Group’s exposure to the risk of changes in market commission rates relates primarily to the Group’s long-term and short-term loans and its short-term deposits. The Group manages its exposure to commission rate risk by continuously monitoring movements in commission rates. At 31 December 2024 and 2023, the Group's exposure to commission rate risk was not significant as its major long-term and short-term loans were subject to fixed commission rates.

Foreign currency risk

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

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

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 2024 and 2023, the Group's exposure to foreign currency changes for its accounts receivable and accounts payable was not material.

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

	Change in Egyptian Pound rate	*Effect on other components in equity*
		SR '000
31 December 2024	**3%**	**1,530**
	-3%	**(1,530)**
31 December 2023	+3%	1,560
	-3%	(1,560)

	Change in Indian Rupee rate	*Effect on other components in equity*
		SR '000
31 December 2024	**2%**	**1,440**
	-2%	**(1,440)**
31 December 2023	+2%	1,336
	-2%	(1,336)

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.

At the reporting date, the exposure to unlisted equity securities at fair value was SR 63,840 thousands (2023: SR 57,420 thousands).

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Credit risk

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

	2024	*2023*
	SR '000	*SR '000*
Cash and cash equivalents	**551,735**	427,813
Short-term deposits	**33,223**	193,094
Accounts receivable	**1,923,695**	1,891,347
Contract assets	**697,543**	698,506
Net investments in finance lease	**212,141**	240,072
Other receivables	**84,870**	83,374
	3,503,207	3,534,206

Accounts receivable and contract assets

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

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

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

Generally, accounts receivables are written-off if past due for more than three years and are not subject to enforcement activity. It is not the practice of the Group to obtain collateral over receivables and the vast majority are, therefore, unsecured. At 31 December 2024, the Group has obtained letter of credits as collateral over its receivables amounting to SR 164.83 million (2023: SR 176.5 million) from its certain customers. The Group determined that such receivable are not exposed to significant credit risk and therefore have not been considered in ECL assessment. The Group evaluates the concentration of risk with respect to trade accounts receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Credit risk (continued)

Set out below is the information about the credit risk exposure at 31 December 2024 on the Group's accounts receivable and contract assets:

	Gross carrying amount SR'000	***Loss rate %***	***Expected credit losses SR'000***
Accounts receivable:			
Current	**1,057,421**	**2%**	**22,107**
Less than 30 days	**140,266**	**3%**	**3,685**
31- 60 days	**79,207**	**4%**	**2,993**
61 - 90 days	**71,893**	**7%**	**5,181**
91 - 180 days	**102,002**	**11%**	**11,675**
181 - 360 days	**70,173**	**33%**	**22,940**
More than 360 days	**550,972**	**86%**	**475,804**
Retentions receivable	**441,796**	**16%**	**70,555**
	2,513,730		**614,940**
Contract assets	**808,981**	**14%**	**111,438**
	3,322,711		**726,378**

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

Set out below is the information about the credit risk exposure at 31 December 2023 on the Group's accounts receivable and contract assets:

	Gross carrying amount SR'000	*Loss rate %*	*Expected credit losses SR'000*
Accounts receivable:			
Current	905,623	1%	5,288
Less than 30 days	200,684	1%	2,527
31- 60 days	133,609	3%	4,430
61 - 90 days	41,233	6%	2,268
91 - 180 days	121,131	4%	4,772
181 - 360 days	73,267	20%	14,575
More than 360 days	507,522	77%	388,493
Retentions receivable	314,199	6%	17,319
	2,297,268		439,672
Contract assets	769,077	9%	70,571
	3,066,345		510,243

Based on a provision matrix, the Group's expected credit losses at 31 December 2024 against its accounts receivable and contract assets exposed to credit risk amounted to SR 614.9 million and SR 111.4 million (2023: SR 439.6 million and SR 70.5 million) respectively. Accordingly, the Group recognised an amount of SR 250.86 million (2023: SR 157.09 million) as provision for expected credit losses in its consolidated statement of income for its continuing operations. Related parties receivable include an amount of SR nil (2023: SR nil) attributable to discontinued operations. The Group recognised an amount of SR nil (2023: SR nil) as provision for expected credit losses as part of its net loss on discontinued operations in the consolidated statement of profit or loss.

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

b) Credit risk (continued)

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.

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

As at 31 December 2024

	on demand	***< 6 months***	***6 to 12 months***	***1 to 5 years***	***> 5 years***	***Total SR' 000***
Accounts payable	**11,614**	**558,610**	**-**	**-**	**-**	**570,224**
Lease liabilities	**-**	**7,111**	**116**	**16,869**	**8,760**	**32,856**
Other financial liabilities	**-**	**823,396**	**-**	**-**	**-**	**823,396**
Short term loans	**-**	**2,112,308**	**-**	**-**	**-**	**2,112,308**
Term loans	**-**	**2,892**	**2,891**	**21,335**	**-**	**27,118**
	11,614	**3,504,317**	**3,007**	**38,204**	**8,760**	**3,565,902**

As at 31 December 2023

	on demand	*< 6 months*	*6 to 12 months*	*1 to 5 years*	*> 5 years*	*Total SR' 000*
Accounts payable	41,792	457,940	-	-	-	499,732
Lease liabilities	-	2,263	2,440	17,722	9,638	32,063
Other financial liabilities	-	660,280	-	-	-	660,280
Short term loans	-	2,316,022	-	-	-	2,316,022
Term loans	-	5,425	5,425	1,151	-	12,001
	41,792	3,441,930	7,865	18,873	9,638	3,520,098

40 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Changes in liabilities arising from financing activities:

	As at 31 December 2024			
	1 January 2024 SR' 000	***Cash inflow/others SR' 000***	***(Cash outflow) SR' 000***	***31 December 2024 SR' 000***
Short term loans	**2,316,022**	**9,728,025**	**(9,931,739)**	**2,112,308**
Term loans	**12,001**	**26,000**	**(10,883)**	**27,118**
Lease liabilities	**27,101**	**4,159**	**-**	**31,260**
Total liabilities from financing activities	**2,355,124**	**9,758,184**	**(9,942,622)**	**2,170,686**

	As at 31 December 2023			
-	*1 January 2023 SR' 000*	*Cash inflow/others SR' 000*	*(Cash outflow) SR' 000*	*31 December 2023 SR' 000*
Short term loans	2,826,598	14,294,302	(14,804,878)	2,316,022
Term loans	28,007	-	(16,006)	12,001
Lease liabilities	52,908	6,701	(32,508)	27,101
Total liabilities from financing activities	2,907,513	14,301,003	(14,853,392)	2,355,124

41 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the year ended 31 December 2024 and the year ended 31 December 2023. Capital comprises share capital, statutory reserve, retained earnings and other reserves and is measured at SR 478,518 thousands as at 31 December 2024 (2023: SR 451,803 thousands).

42 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair values

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurement during the year.

Financial assets consist of cash and cash equivalents, equity investments at fair value through other comprehensive income, accounts receivable, net investment in finance lease and some other current assets. Financial liabilities consist of term loans, short term loan, accounts payable and some other current liabilities. The fair values of financial assets and financial liabilities approximate to their carrying amounts.

42 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Set out below is a comparison, of the carrying amounts and fair values of the Group's equity investments at fair value through other comprehensive income:

	Carrying value	*Fair value*	*Fair value measurement using*		
			Level 1	*Level 2*	*Level 3*
	SR '000	*SR '000*	*SR '000*	*SR '000*	*SR '000*
31 December 2024					
Equity instruments at fair value through other comprehensive income					
At fair value	**63,840**	**63,840**	**-**	**-**	**63,840**
	63,840	**63,840**	**-**	**-**	**63,840**

	Carrying value	*Fair value*	*Fair value measurement using*		
			Level 1	*Level 2*	*Level 3*
	SR '000	*SR '000*	*SR '000*	*SR '000*	*SR '000*
31 December 2023					
Equity instruments at fair value through other comprehensive income					
At fair value	57,420	57,420	-	-	57,420
	57,420	57,420	-	-	57,420

The fair value of the Group's investments in unquoted equity shares at 31 December 2024 and 2023 have been measured using Level 3 (significant unobservable inputs). The Group estimated the fair value of the investment using adjusted net asset method at 31 December 2024 and 2023. The adjusted net asset method involves deriving the fair value of an investee's equity instruments by reference to the fair value of its assets and liabilities.

43 COMPARATIVE FIGURES

Certain of the prior year numbers have been reclassified to conform with the presentation in the current period.

44 SUBSEQUENT EVENTS

Subsequent to the year end, the group has acquired 49% ownership of Middle East Air Conditioner Company (MEAC). Accordingly, the group share in Middle East Air Conditioner Company has increased from 51% to 100%. The legal formalities has been completed subsequent to the yearend and settled the consideration.

Subsequent to the year end, Gulf Insulation Group "GIG" has finalized the share purchase agreement with Arabian Fibreglass Insulation Company Limited "AFICO" foreign sharehodler and settled amounting to SR 123.75 million which results in effective ownership of Zamil Industrial Investment Company changes from 26% to 51% in Arabian Fibreglass Insulation Company Limited "AFICO". Legal formalities has been completed.

In the opinion of management, there have been no other significant subsequent events since the year ended 31 December 2024 that would have a material impact on the consolidated financial position of the Group as reflected in these consolidated financial statements.

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