شـركـة الحسن غـازي ابـراهـيـم شـاكر

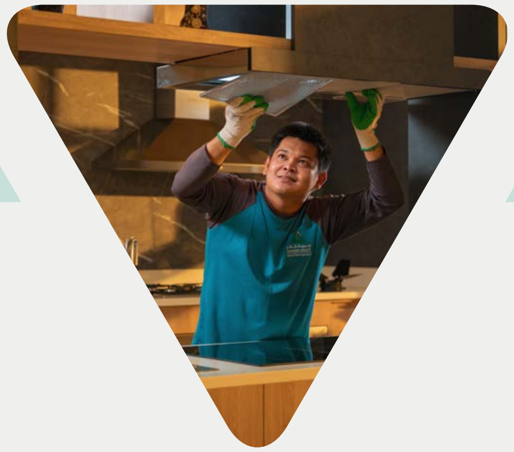
AL-HASSAN GHAZI IBRAHIM SHAKER CO.

Elevating lifestyles

ANNAUL REPORT 2024

بسم الله الرحمن الرحيم

In the name of Allah, the Most Gracious, the Most Merciful



Elevating lifestyles

Shaker Group is synonymous with home comfort. For over seven decades, Al-Hassan Ghazi Ibrahim Shaker Company, rebranded now as Shaker Group, has been delivering home comfort for millions of people in the Kingdom of Saudi Arabia. As a proud home-grown company, we have built enduring partnerships with globally leading manufacturers to consistently provide superior products that enhance everyday living.

The secret of our success lies in balancing tradition and transformation. Trust, which has been the cornerstone of our tradition, is central to everything that we do, whether it is about serving our customers or collaborating with our partners. Readiness to embrace change is our strength as we adopt and introduce newer technologies, adapting to the evolving needs of our customers and business partners.

In 2024, Shaker Group continued upholding that legacy of tradition and transformation, reinforcing our leadership in offering HVAC, home appliances and home entertainment solutions that deliver comfort and efficiency to millions of homes and businesses.

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2024 highlights

Revenue (in SAR)
1.4 billion
14.53% YoY growth ▲

Net profit (in SAR)
81.6 million
highest since 2016

Revenue growth
52%
increase from 2020 baseline ▲

Net profit
755%
growth since 2020 ▲

Localization achievement
95%
localized HVAC manufacturing

E-commerce growth
1.1 million
online customers

Retail expansion
10th
retail store opened

Workforce saudization
35%
Saudization rate achieved

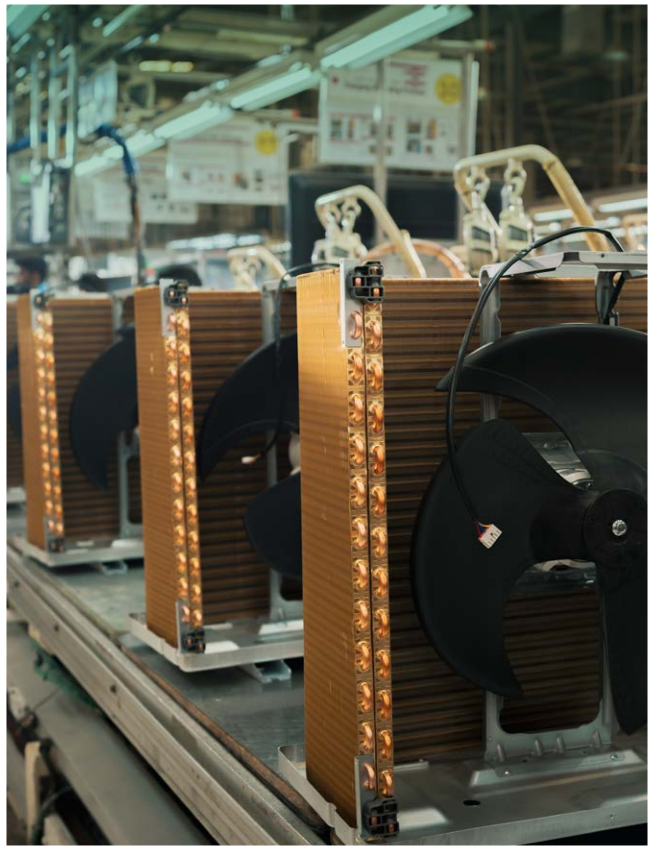
01

Overview

Humble origins to market leadership

Al Hassan Ghazi Ibrahim Shaker Company, established in 1950 by the late Sheikh Ibrahim Shaker, has evolved into a dynamic force within Saudi Arabia, achieving rapid growth as a leader in the HVAC, home appliances and home entertainment sectors. We have built our reputation by providing innovative cutting-edge products and solutions, enriching lives and enhancing experiences for businesses and consumers alike. Sustainability and technological innovation are at the core of our energy-efficient solutions for modern living.

We have consistently embraced market trends and technological advancements, enabling us to maintain a competitive edge and meet the evolving needs of our customers.



Shaker Group has undergone several strategic transformations over the past two decades. In 2006, we entered the manufacturing sector with the establishment of LG-Shaker Factory in Riyadh. It became operational in 2008, strengthening the local and regional HVAC sector and enhancing HVAC services. In 2015, we relocated our headquarters to Riyadh, signaling a strategic shift to facilitate business expansion and reinforce our commitment to the Saudi market. Over the past decade, Shaker has strengthened its position as a local manufacturing champion providing energy-efficient solutions that are fully aligned with the goals of Vision 2030.

We registered as a joint stock company in 2008. In April 2010, Shaker Group went public, offering 10.5 million shares to the public. By 2024, the company's capital reached SAR 555 million, with 55.5 million outstanding shares.

55.5 m
Outstanding shares

SAR 555 m
SHAKER GROUP capital in 2024

Vision

Be the go-to provider for all home appliance and HVAC needs for both businesses and consumers. We aim to enrich lives and enhance experiences through our best-in-class products and unrivaled after-sales services.

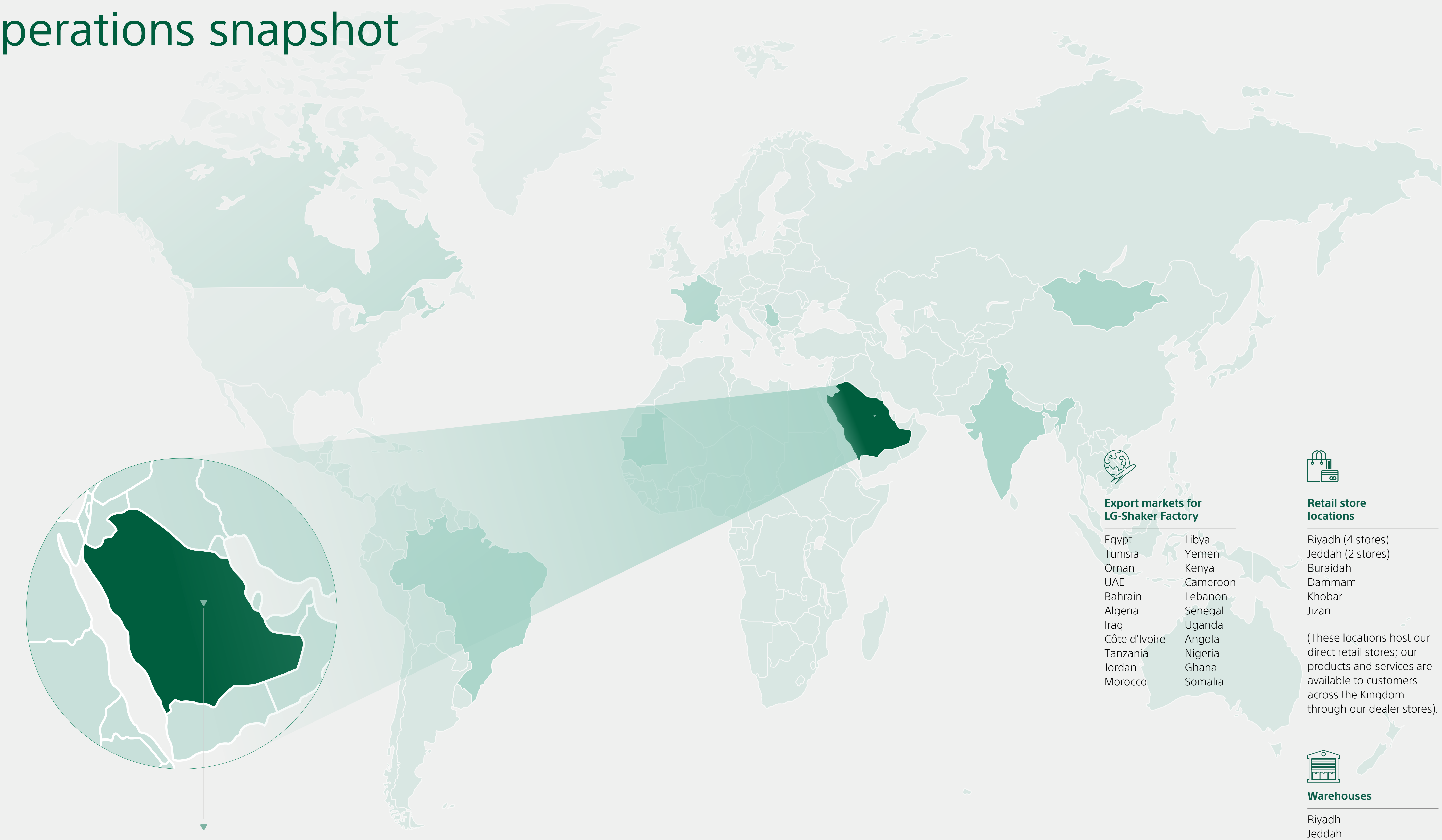
Mission

Leverage our strengths to grow Shaker while aligning with Saudi Vision 2030 and become a key manufacturing and logistics partner, to add value to communities.

Core values

Committed to excellence in our business and seek to achieve our ambitious goals supported by our foundational values:

Operations snapshot



Export markets for LG-Shaker Factory

Egypt	Libya
Tunisia	Yemen
Oman	Kenya
UAE	Cameroon
Bahrain	Lebanon
Algeria	Senegal
Iraq	Uganda
Côte d'Ivoire	Angola
Tanzania	Nigeria
Jordan	Ghana
Morocco	Somalia

Retail store locations

Riyadh (4 stores)
Jeddah (2 stores)
Buraidah
Dammam
Khobar
Jizan

(These locations host our direct retail stores; our products and services are available to customers across the Kingdom through our dealer stores).

Warehouses

Riyadh
Jeddah
Khamis Mushait
Dammam
Al Qassim

Chairman's statement

Year of milestones paves the way to an exciting future

Abdulelah Abdullah Abunayyan
Chairman of the Board of Directors

It was a defining year for Shaker Group, marked by our strongest bottom-line performance since 2016. In 2024, we crossed significant milestones, making remarkable progress in achieving strategic growth, operational excellence and contributing to sustainable development. The trust placed in us by our stakeholders, the dedication of our employees, and the strength of our leadership are the foundation of our remarkable performance and outstanding achievements.

Key achievements

The year marked the culmination of Shaker Group's 2020 growth strategy yielding remarkable achievements that solidified our leadership and positioned us for sustained success. We expanded our product portfolio, launched cutting-edge manufacturing capabilities including industrial robotics and AI, and significantly increased the localization of HVAC manufacturing from 65 percent to 95 percent.

We enhanced our operational efficiency by streamlining assets, and eliminating long-term debt. Strategic collaborations, such as the expansion of local manufacturing, enhanced customer engagement and introduction of new product lineups have further broadened our horizons. Collectively, these efforts have culminated in a remarkable 52 percent revenue growth and an extraordinary 755 percent increase in net profit attributable to Shaker owners compared to the 2020 baseline. These achievements underscore our strategy's effectiveness and our unwavering commitment to delivering sustainable value to our stakeholders while contributing to the Kingdom's Vision 2030 goals.

ESG has gained increasing prominence in our strategy, operations and growth plans. We are laying the groundwork to publish our first comprehensive ESG report in 2025, showcasing Shaker Group's commitment to sustainability, environmental stewardship, and governance excellence.

Lastly, our rebranding in 2024 marked a pivotal moment in Shaker Group's journey. We also developed our new strategy, Elevate 2027, which is set to roll out in 2025. These milestones signal our readiness to embrace new opportunities and tackle the challenges.

Supportive macro environment

The Kingdom's robust economy and business-friendly policies continue to inspire and fuel growth for businesses like ours. In 2024, it showed remarkable resilience, with its GDP growing nearly 3 percent, as reported by the General Authority for Statistics. This growth, achieved amidst global challenges, underscores the success of the government's diversification efforts. These initiatives exemplify Saudi Arabia's commitment to its long-term vision, creating a dynamic environment where businesses can thrive and contribute meaningfully to the nation's progress.

The Kingdom's evolving demographic and socioeconomic landscape is equally encouraging for Shaker Group. With its population projected to grow at a CAGR of 2.3 percent, reaching over 37 million by 2030 (Statista), and over 80 percent of citizens living in urban centers, the demand for modern home appliances and HVAC solutions are bound to grow. Rising income levels, supported by the IMF's forecast of GDP per capita surpassing USD 33,000 in the coming years, underline the improving standard of living across Saudi Arabia. Additionally, the major appliance market in Saudi Arabia is forecast to grow at a CAGR of 4 percent through 2029, according to Statista Market Insights.

The emerging landscape presents substantial opportunities for Shaker Group to capitalize on the expected surge in demand for innovative and energy-efficient solutions.

The megaprojects being executed by the government are reshaping the urban and industrial landscape of the Kingdom. These transformative projects are not just driving residential and commercial demand but are also creating new avenues for businesses like ours to innovate and grow. Saudi Arabia's preparations to host Expo 2030 and FIFA World Cup 2034, and the continuing relocation of multinational companies' regional headquarters to the Kingdom are expected to further drive significant economic development and business growth over the coming years.

Looking forward

We are excited about the impending launch of our new strategy, Elevate 2027, in the first quarter of 2025. Elevate 2027 builds on our legacy and the success of our growth strategy. This next phase of our journey is designed to drive transformative growth across the Shaker organization, leveraging our strengths across all our operations and business functions. While retaining our focus on core operations and exploring strategic opportunities in adjacent markets, Elevate 2027 lays out a clear path to sustain and strengthen our leadership in the HVAC and home appliances sector. The macroeconomic outlook for 2025 and beyond hold clear indicators for further growth we envisage as part of Elevate 2027.

Acknowledgements

I would like to extend my gratitude to my fellow board members, our management team, and every employee who has contributed to Shaker Group's success. It is through their dedication and hard work that we have achieved so much in 2024 and stand ready to embrace the opportunities of tomorrow.

Abdulelah Abdullah Abunayyan
Chairman of the Board of Directors

Chief Executive's foreword

Enhancing the core, seizing adjacent opportunities

Mohammed Ibrahim Abunayyan
Chief Executive Officer

As we reflect on 2024, I am proud to share that it has been nothing short of remarkable for Shaker Group—a year defined by record-breaking achievements, transformative milestones, and a clear vision for the future. Our performance is a testament to our resilience, innovation, and ability to thrive in a rapidly evolving economic landscape. As Saudi Arabia continues its transformative growth, Shaker Group has grown in parallel, making meaningful contributions to the nation's progress while charting a path of sustainable growth and operational excellence.

Financial and operational success

Our financial performance in 2024 conveys the success of our strategic direction and operational execution. Our revenues for the fiscal year crossed SAR 1.4 billion, a 14.53 percent year-on-year increase, while gross profit surged by 9.05 percent to SAR 346.5 million. Net profit climbed to SAR 81.586 million, marking our strongest performance since 2016. These results highlight our ability to consistently deliver value, even in a highly competitive and evolving market.

In operations, 2024 saw groundbreaking achievements that consolidate our leadership in the HVAC sector and highlight our commitment to innovation and sustainable growth. The launch of the LG Multi V5 air solution product at our Riyadh factory was a major milestone, celebrating a "made in Saudi" advanced technology-led offering from Shaker. This state-of-the-art, energy-efficient HVAC solution meets the growing demands of the Kingdom's infrastructure facilities and individual consumers.

We signed a landmark Memorandum of Understanding (MoU) with LG Electronics and the Ministry of Investment of Saudi Arabia (MISA) to explore the potential to locally manufacture AC compressors. By localizing the production of one of the most complex and essential components in air-conditioning systems, we are taking a significant step toward strengthening the Kingdom's domestic manufacturing capabilities.

Another key development was our partnership with Stanley Black & Decker, which brought their renowned BLACK+DECKER® appliances into the Saudi market. Once again, this partnership puts the spotlight on our efforts to expand and diversify our product portfolio, ensuring that we meet the evolving needs of our customers. By introducing globally recognized brands to the Kingdom, we continue to enhance quality of life in Saudi Arabia.

Another defining feature of 2024 was our success in expanding and integrating our dual-channel strategy across retail and e-commerce platforms. The opening of our 10th retail store highlights our commitment to providing customers with a modern and interactive shopping experience. At the same time, we have significantly enhanced our e-commerce platform to better meet growing customer expectations of convenience and innovation. By seamlessly combining physical retail with a dynamic online presence, we have created a customer-centric approach that caters to the diverse preferences of the modern consumer.

In 2024, we made significant strides in enhancing operational excellence. The implementation of SAP's S/4HANA ERP system proved to be a game-changer, drastically improving our operational efficiency and inventory management, and speeding up the decision-making processes. This advanced platform delivers real-time insights and streamlines workflows, further strengthening our foundation for future growth.

Paving the way for Elevate 2027

It was only fitting that we refreshed our brand identity in 2024, preparing Shaker Group for the next phase of growth and expansion. As our four-year growth strategy neared completion, we began developing a new strategy—Elevate 2027— designed to guide our journey over the coming years.

Elevate 2027 strategy reflects a bold vision for the future. Our primary goal is to establish Shaker Group as the leading one-stop solution for HVAC and home appliance distribution, while also seizing opportunities in adjacent verticals. This strategy underscores our commitment to innovation, operational excellence, and sustainable growth.

Driving growth in our core businesses, exploring new strategic opportunities and achieving ambitious financial milestones are the key goals at the center of Elevate 2027. These goals are reinforced by a renewed focus on enhancing customer experiences, fostering strategic partnerships, and leveraging advanced technology to unlock synergies across our operations.

Our strategy is built on two main pillars: core growth and strategic growth. Core growth focuses on strengthening our foundational business operations and leveraging existing competencies, while strategic growth targets adjacent opportunities to unlock and expand our reach.

As we embark on this ambitious journey, we remain steadfast in our commitment to delivering innovative solutions, contributing to the Kingdom's transformative goals, and creating a lasting impact on the communities we serve. Elevate 2027 strategy is not just a roadmap for growth. Rather, it reflects our vision, resilience, and intent to continue contributing to the Kingdom's future and enhancing value for our shareholders.

A team of champions

None of our successes would have been achieved without the dedication, talent, and creativity of the Shaker workforce. Today, our organization employs 680 people and has a 35 percent Saudization rate, reflecting our commitment to fostering local talent. Women make up 11 percent of our workforce, with 21 percent of them holding supervisory and managerial positions – a testament to our focus on diversity, empowerment, and inclusion.

Our people are our greatest asset, and by investing in local talent and providing opportunities for professional growth, we have built a resilient and dynamic workforce of champions ready to drive the next phase of our journey.

Acknowledgements

I take this opportunity to thank our Chairman and the Board of Directors for their leadership and guidance. I extend my heartfelt gratitude to every Shaker employee, partner and other stakeholders. Your unwavering support and dedication inspire us to reach new heights every day. Together, we will continue to shape the future of our company and our industry, and contribute to the remarkable progress of Saudi Arabia.

Mohammed Ibrahim Abunayyan
Chief Executive Officer

Shaker's journey

1950
Business established by late Sheik Ibrahim Mohammed Shaker

1980
MAYTAG
Home Appliances

1990
TRANE
Air Conditioners

1995
LG
Air Conditioners (Sole distribution rights)
ARISTON
Home Appliances

2005
indesit
Home Appliances

2006
LG LG-SHAKER CO.LTD
KSA manufacturing arm - Joint venture signed with annual production capacity of 1.4 million pieces (Highest in the region)

2009
LG
Applied Chiller
Midea
Home Appliances

2010
تــداول
Tadawul
Public listing - IPO floating 10.5 Million Shares (30% capital) on Tadawul

2013-2014
EMS
Part Acquisition of Energy Management Services (EMS) in UAE
esco

2015
Capital Increase from SAR 350 million to **SAR 630 million**
Annual sales turnover peaked at **SAR 1.9 billion**
Net Income at **SAR 136 million**

2016-2017
Shaker x LG Factory contract renewal (10 Years)
LG LG-SHAKER CO.LTD
Incorporation of Energy Services Company (ESCO) in Saudi Arabia
esco

2018
Expansion of LG Air Conditioning Academy
AHU manufacturing facility

2019-2020
Breakthrough Transformation Program 2019
Bompani
Cookers
Shaker recorded net profit in 2020
E-Commerce Shop

2021
Turnaround & Transformation Strategy execution
LG LG-SHAKER CO.LTD
Roll-Out of Industrial Robotics & AI at manufacturing facility

2022
Cashew MoU
cashew
Bompani MoU
Bompani
LG Home appliances agreement
LG
EMS investment divested
EMS
New Vision for Electronics & Electrical Appliances (NV) offered for sale
new vision
SEER Stamp

2023
Acquired 10% of Cashew KSA
cashew
Completed sale of NV
new vision

2024
Localized Multi V5 production
MISA-LG Compressor Factory MoU
LG
10th retail store
Partnership with Stanley Black & Decker
StanleyBlack&Decker

Year in review

January

7th retail store

The store is a testament to Shaker's commitment to elevating retail experience for customers. It defines a modern shopping experience designed for all ages, tailored to the evolving preferences of today's consumers.

February

MoU on manufacturing AC compressors

Shaker Group signed an MoU with LG Electronics and the Ministry of Investment of Saudi Arabia (MISA) to manufacture AC compressors in the Kingdom. This MOU paves the way for Shaker and LG to become the regional pioneers in manufacturing AC compressors.

March

Manufacture of Multi V5 at Shaker LG Factory

The start of local manufacturing of LG Multi V5 air solution product marked a new era in the Saudi market, introducing an innovative solution that enhances energy efficiency and supports the dynamic needs of modern high-rise buildings.

May

Issuing of bonus shares

Shaker Group Board of Directors held an Extraordinary General Assembly on May 19, 2024 to increase the company's capital by issuing bonus shares. The bonus shares helped to raise capital by 15.065 percent to SAR 555 million, which will strengthen the financial position of the company and help future growth plans.

June

Agreement with LG Electronics & Ma'athn

Shaker Group, LG Electronics & Mosques Care & Services Association signed an agreement to donate air conditioners to mosques.

July

Launch of LG DUALCOOL Air Conditioners

LG Electronics and Shaker Group launched the LG DUALCOOL inverters as part of their initiative to enhance energy efficiency in the Saudi market. These advanced air conditioning systems are designed to achieve optimal cooling performance while minimizing energy consumption.

Transition to SAP S4/HANA advanced ERP system

Shaker Group transitioned to the SAP S/4HANA advanced ERP system, which enhanced operational efficiency, enabled seamless integration across business functions, provided real-time data insights, and improved decision-making capabilities.

Year in review

September

Awarded by Wage Protection Program

Shaker Group received an award from the Saudi Wage Protection Program recognizing three consecutive years of compliance through Mudad platform, under the Ministry of Human Resources and Social Development. This achievement highlights our commitment to ensuring timely wage payments and promoting transparent labor practices.

September

9th retail store

Shaker Group reached an exciting milestone with the grand opening of its ninth retail store in Jizan. This expansion underscores the company's dedication to providing convenient shopping options throughout the Kingdom, ensuring that customers can enjoy a modern and enjoyable retail experience right in their locality.

November

10th retail store

Shaker Group celebrated the opening of its 10th retail store in Dammam, marking a significant milestone in expanding its physical footprint across the Kingdom, enhancing accessibility and providing a seamless shopping experience for customers.

November

Supply agreement with Samsung

Shaker Group signed a supply agreement with Samsung to distribute home appliances in Saudi Arabia. This agreement aims to showcase the innovative features and high-quality design of Samsung products, reinforcing Shaker's commitment to providing consumers in the Kingdom with top-tier home solutions.

December

Awarded Best Strategic Partner at the MIDEA Partner Conference

Shaker Group was honored with the Best Strategic Partner Award at the Midea MEARI Partner Conference. This recognition celebrated a partnership of over 15 years, built on mutual trust, collaboration, and a shared commitment to delivering excellence. The award reflects the dedication of Shaker Group's teams and the strength of its collaboration with Midea Group.

December

Strategic partnership with Stanley Black & Decker

Shaker Group entered a strategic partnership with Stanley Black & Decker, Inc. to distribute BLACK+DECKER® appliances in Saudi Arabia. This collaboration represents a significant step in Shaker's mission to bring high-quality products to consumers across the Kingdom.

Investment case

Shaker Group, Saudi Arabia's trusted provider of HVAC and home appliances, combines deep local roots with capabilities in manufacturing, distribution, and retail. Backed by strong partnerships, an unmatched logistics network, and a relentless focus on quality, Shaker drives sustainable growth, enhances value, and redefines customer experience, shaping the future of home living in the Kingdom.

1

Market leader with a forward-looking vision

- With a legacy dating back to 1950, Shaker has been a cornerstone of the Kingdom's HVAC and home appliance industry, blending decades of expertise with a forward-looking vision for growth.
- Shaker has built a strong reputation as a trusted partner for renowned international brands, delivering world-class products that elevate the quality of life in Saudi Arabia.
- As the largest local player in the HVAC and home appliances sector, Shaker empowers households across Saudi Arabia, offering modern technology-led solutions that transform everyday living.

2

Manufacturing and exports

- The LG-Shaker joint venture is the undisputed leader in local HVAC manufacturing, with an annual capacity of 1.5 million units. Through this collaboration, Shaker brought advanced HVAC technology to the Saudi market, supporting the Kingdom's aspiration of building self-sufficiency in key sectors.
- Shaker's products made in Saudi Arabia are exported to 20 countries, strengthening Saudi Arabia's position as a manufacturing hub.
- From advanced residential solutions to large-scale commercial systems, Shaker's diverse portfolio is designed to meet the evolving needs of both residential and commercial clients, setting new standards for innovation, energy efficiency, quality and reliability.

3

Expanding distribution, aftersales and retail network

- A powerful distribution network, covering 100,000 square meters of storage capacity across 10 fulfillment centers in 5 regions, strategically placed to optimize delivery efficiency across Saudi Arabia.
- Backed by a global sourcing network from key markets including Europe, the US, China, and South Korea, ensuring timely product availability and seamless operations.
- With 10 physical stores and an e-commerce platform attracting over 1.1 million visits annually, Shaker's omni-channel approach delivers a flexible, convenient shopping experience.
- An extensive aftersales network with 10 certified service centers and 5 training facilities, offering unmatched support for over 150,000 customers annually, setting the benchmark for reliability and customer satisfaction in the Kingdom.

4

Growing market, proven financial strength

- Shaker holds a leading market share in HVAC and in home appliances, is well-positioned to benefit from Saudi Arabia's rising population, increasing GDP per capita, and evolving consumer demand for quality home solutions.
- With its highest revenue since 2016, Shaker's financial strength is supported by disciplined cost management and strategic growth across B2B and B2C segments, ensuring long-term value creation.
- Shaker's focus on operational efficiency and cost optimization continues to drive sustained profitability, enabling it to capture growth opportunities and consistently deliver robust returns for shareholders.

5

Advancing Saudi Vision 2030

- Shaker plays a crucial role in boosting local content by integrating Saudi-manufactured components into its product lines, directly contributing to the Kingdom's goal of reducing import dependency.
- Shaker plays a pivotal role in executing key national mega projects, providing advanced, energy-efficient solutions that support Saudi Arabia's infrastructure growth and industrial development plans under Vision 2030.
- Shaker's operations, from local production to partnerships and job creation, significantly contribute to Saudi Arabia's GDP, driving economic diversification and supporting Vision 2030's long-term goals.
- By offering a wide range of energy-efficient products, Shaker supports Saudi Arabia's sustainability objectives, helping to reduce energy consumption and contributing to its environmental goals.

6

Visionary leadership driving long-term success

- Shaker is led by a highly experienced management team with a proven track record of driving strategic growth, ensuring agility and innovation across all operations.
- With a strong focus on corporate governance, Shaker prioritizes transparency and accountability, reinforcing investor confidence and long-term stability.

7

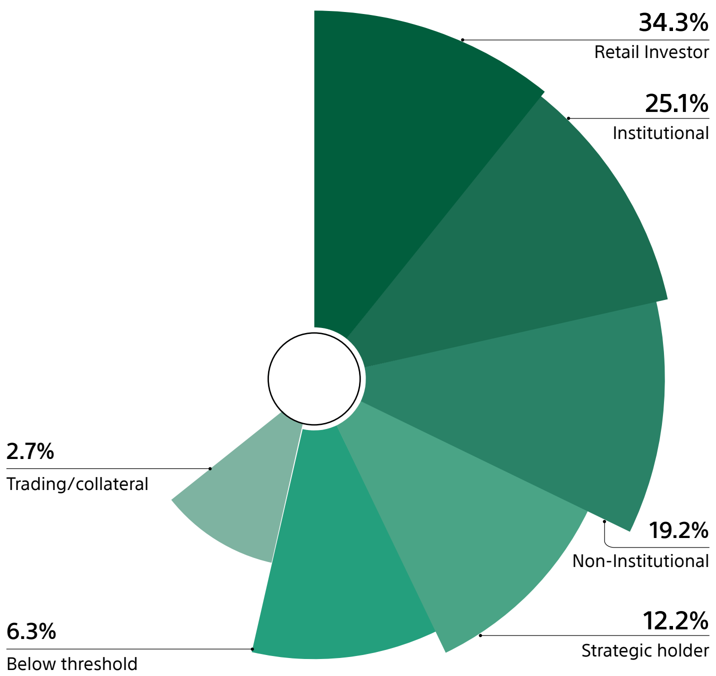
Portfolio expansion

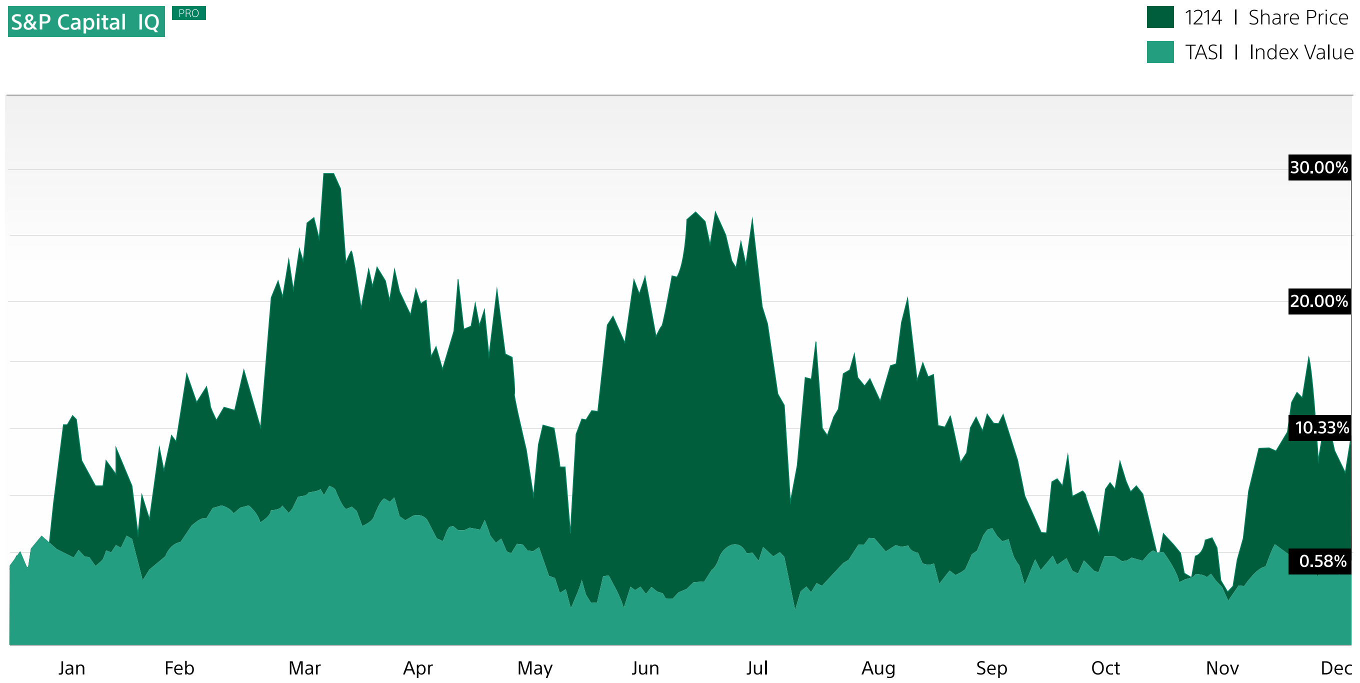
- Shaker collaborates with globally renowned brands, ensuring Saudi consumers and businesses have access to world-class HVAC and home appliance solutions.
- As the exclusive distributor of LG HVAC in KSA, Shaker continues to set the benchmark for excellence and quality in the market.
- Through its joint venture with LG Electronics, Shaker localizes manufacturing to enhance value chain capabilities, reinforcing its commitment to supporting both local and global markets.
- Shaker remains committed to expanding its product portfolio by entering into more partnerships with industry leaders, ensuring Saudi consumer's access to innovative and premium products.

Shareholder information

Listing date	(17/05/2010)
Exchange symbol	(1214)
ISIN	(SA12I0OGIV12)
Number of shares issued	(55,500,000)
Par value	(10)
Closing price as of 31 December 2024	(SAR 27.05 per share)
Closing price as of 31 December 2023	(SAR 24.29 per share)
Market cap as of 31 December 2024	(SAR 1,501.28 million)
Foreign ownership as of 31 December 2024	(8.33 percent)
Free float percentage	87.79 percent

Shareholder composition





Investor Relations

Shaker Group continues to enhance its investor relations efforts, fostering transparency and engagement with the investment community. Shaker conducted its Extraordinary General Meeting (EGM) on May 19 2024, enabling shareholders to discuss critical business matters. One of the key points discussed was the company's capital increase through a 15 percent bonus share distribution, which raised its capital from SAR 482.33 million to SAR 555 million.

Shaker experienced a notable increase in participation during its earnings calls in 2024, reflecting the growing confidence and interest of investors in the company's performance and strategic direction. Additionally, three sell-side analysts actively cover the company. Notably, all analysts maintain either buy or hold ratings, reflecting sustained confidence of the financial community in the company.

In 2024 we actively engaged with shareholders, holding more than 100 meetings with investors in London, Dubai, and Riyadh, demonstrating our commitment to engaging with a diverse range of stakeholders. These events included both general investor forums and industry-specific conferences, providing us the opportunity to highlight our strategic priorities and performance to a global audience. Targeted engagements remain a priority for us as they strengthen our visibility for local and international investors and underscore our commitment to transparency. They are also a mark of our alignment with global best practices in investor relations and corporate governance.

We are committed to providing accessible and comprehensive information through our website, where shareholders can directly contact the Investor Relations team via email at investorrelations@shaker.com.sa or by phone at [+966 11 2638900 EXT:11532]. Additionally, investors have access to our financials through Shaker's profile on the Saudi Exchange website and Shaker's corporate website www.shaker.com.sa.

02

Strategic review

Business model

Shaker Group has established an expansive distribution network and a strong local manufacturing operation with international partnership. As the preferred partner for home-related needs, we deliver best-in-class products and unrivaled aftersales services. Our commitment to innovation and operational excellence ensures that we enrich lives and enhance experiences for both businesses and consumers across the Kingdom.

Manufacturing

- Shaker-LG Factory

Products

- HVAC
- Home appliances and home electronics

Services

Aftersales

- In-house call center
- Dedicated service teams and centers across the Kingdom
- Serving large corporates with annual maintenance contracts

Retrofitting & replacement

- ESCO
- Supporting government initiatives aimed at improving energy efficiency

Channels

Direct to consumer

- Retail stores
- Online website/ e-commerce
- Trade partners

Project solutions

- Enterprises
- Megaprojects
- Design, supply, installation, testing and commissioning

Distribution and logistics

- End-to-end, last-mile delivery
- Unmatched fulfillment center capacity for white goods
- Global sourcing network

Investments

Cashew Payments Holding Limited

- Shaker Group acquired a 10 percent stake in Cashew Arabia Company for Information Technology, which supported the launch of Cashew KSA's activities in Saudi Arabia. This investment positions Cashew as a strong participant in the fintech market and enhances its role in digital lending. It also facilitates the integration of Cashew KSA's solutions, including "buy now, pay later", with Shaker's expanding direct-to-retail segment consisting of showroom and e-commerce sales.

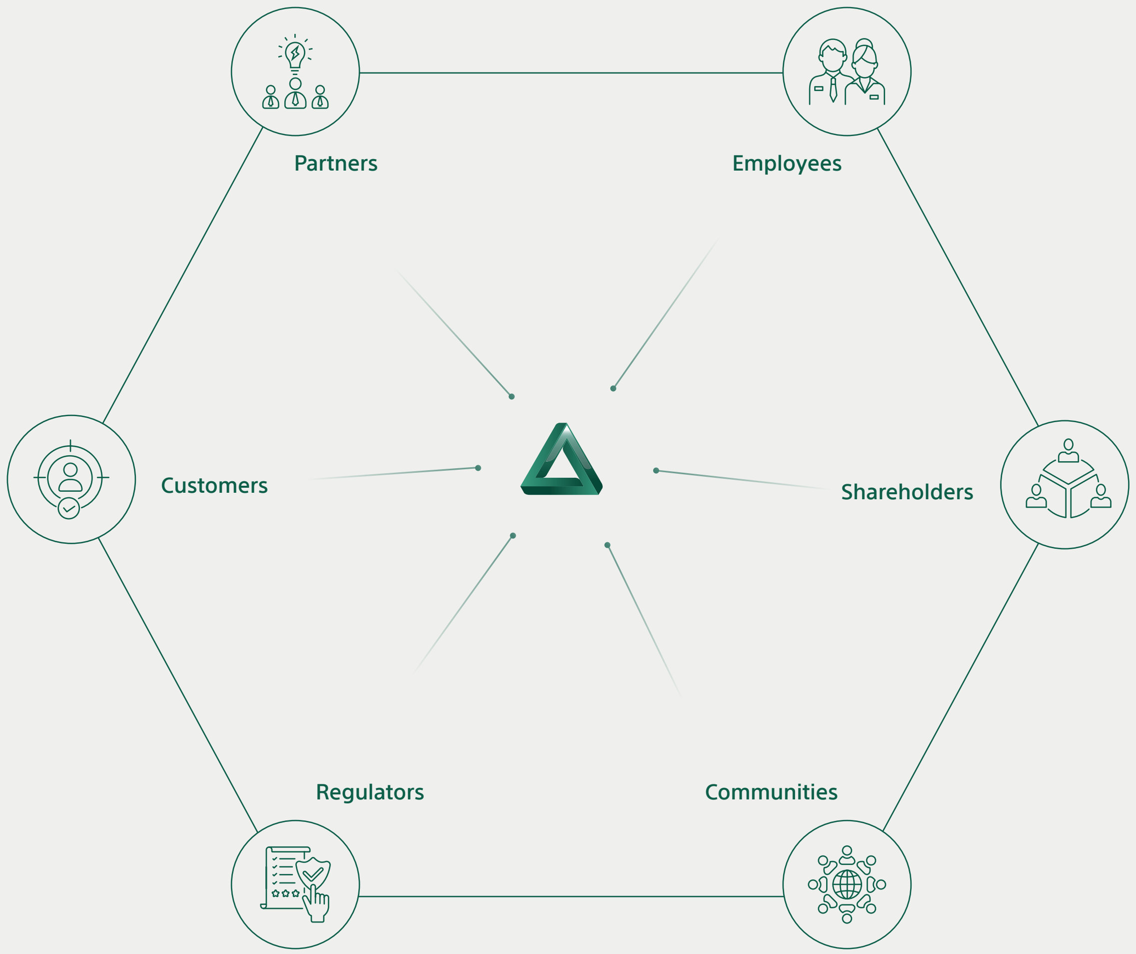
Ajeek

- Shaker Group acquired a 49 percent stake in Ajeek Services Limited Company in Saudi Arabia, in which Webuild Ventures UAE holds a 51 percent stake. Ajeek is a pioneering service technology company that stands at the forefront of transforming business operations and enhancing customer experiences. This investment supported Ajeek to develop a cutting-edge technology marketplace that empowers business to streamline their operations, optimize productivity and achieve customer satisfaction.

Value we create

- Innovative products and services
- Portfolio of world-class brands
- Seamless modern/ interactive retail and digital shopping experience
- B2B support to large-scale infrastructure projects
- Energy efficiency and retrofitting services to promote sustainability
- Reliable and trusted services to improve quality of life
- Local manufacturing and exporting, contributing to Saudi Arabia's economy.

Our stakeholders

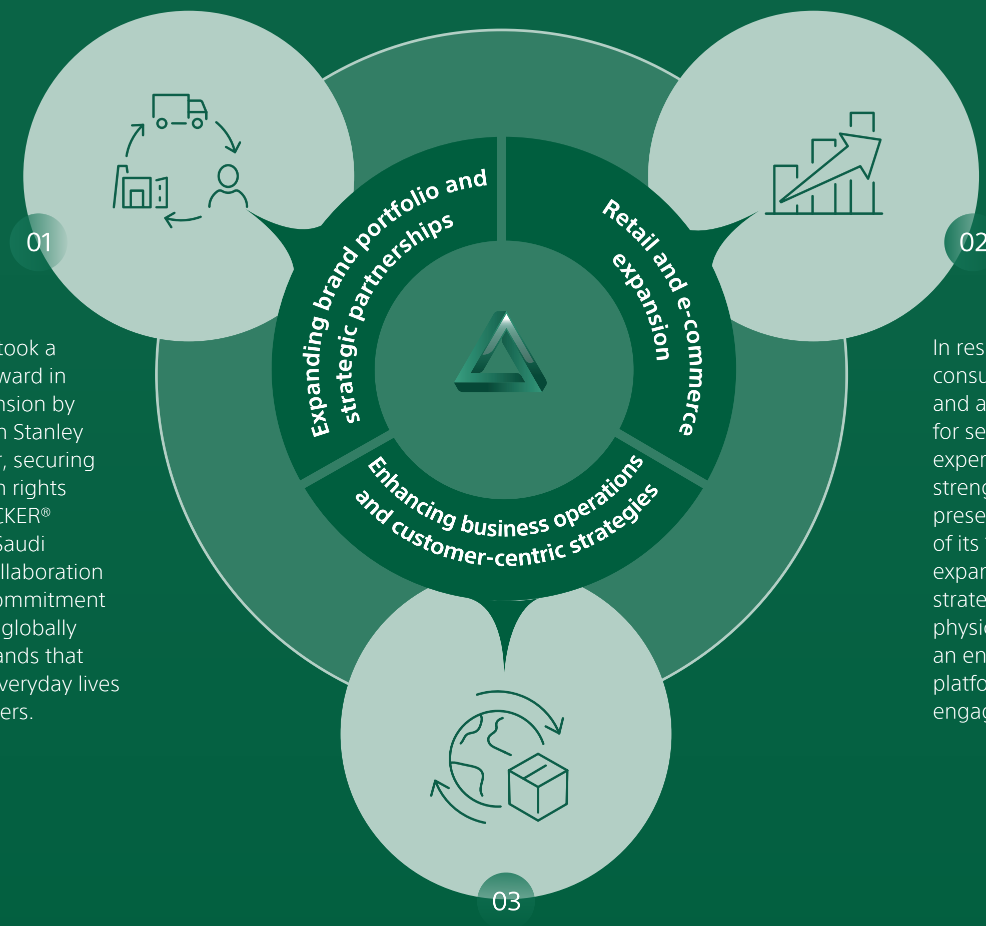


Strategy

With a strong foundation in market leadership, strategic partnerships, and advanced local manufacturing, Shaker Group is paving the way for a bold future. As consumer demand evolves and Saudi Vision 2030 drives further transformation, we are committed to staying ahead of the curve by expanding our presence, diversifying our offerings, and strengthening our position as the leading provider of home appliances and HVAC solutions in the Kingdom.

At the core of Shaker's strategy is a commitment to innovation, operational excellence, and delivering exceptional value to customers and partners. By continuously refining our approach, we are reinforcing our leadership in core sectors while identifying new avenues for growth and expansion. We also continue to focus on maintaining a competitive edge while driving efficiencies, enhancing customer experiences, and aligning with the Kingdom's broader economic and sustainability goals.

Strategy in action



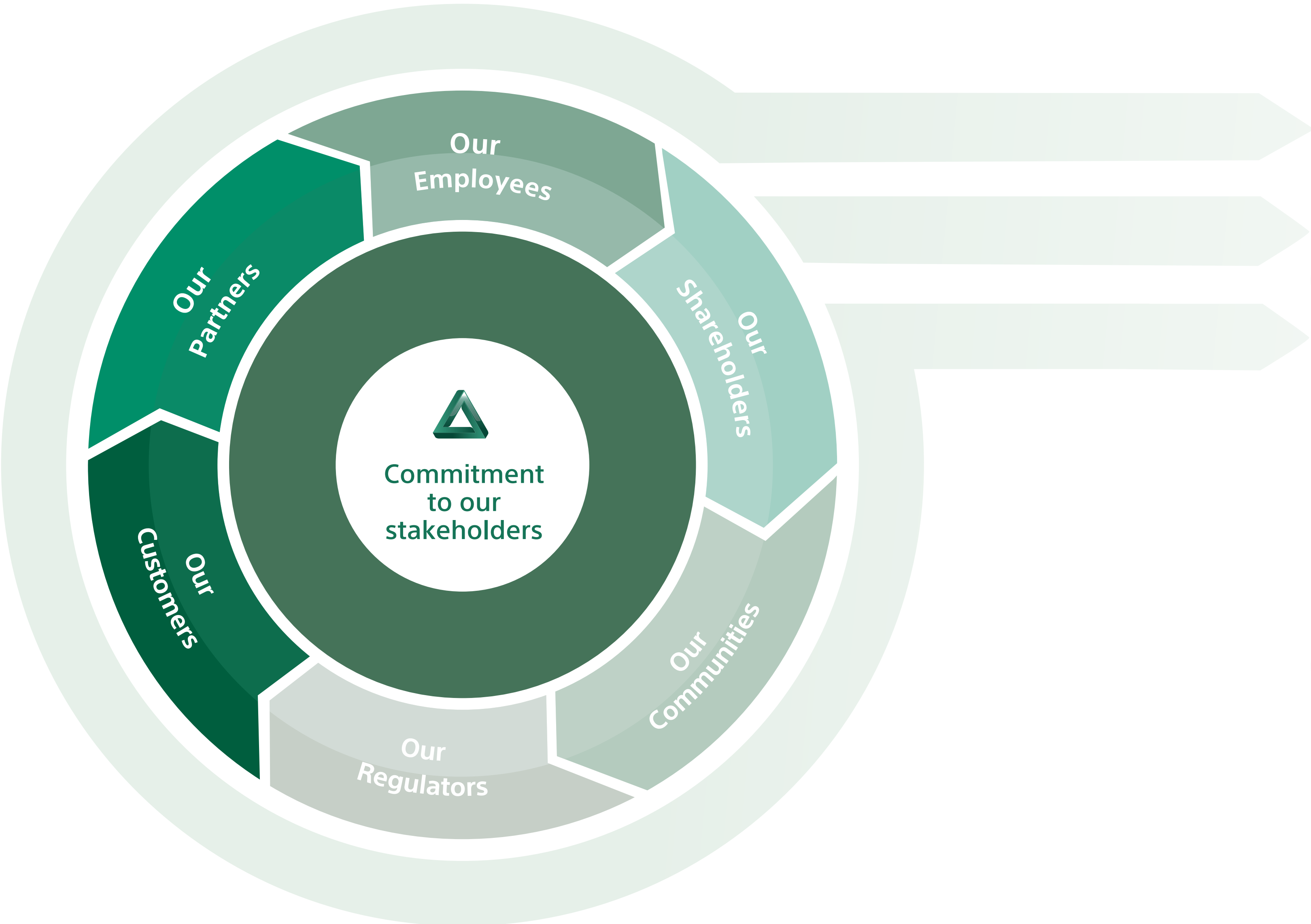
Shaker Group took a major step forward in portfolio expansion by partnering with Stanley Black & Decker, securing the distribution rights for BLACK+DECKER® appliances in Saudi Arabia. This collaboration conveys our commitment to introducing globally recognized brands that enhance the everyday lives of our consumers.

In response to shifting consumer behavior and a growing demand for seamless shopping experiences, Shaker strengthened its market presence with the opening of its 10th retail store. This expansion reinforces our strategy of integrating physical retail outlets with an enhanced e-commerce platform, serving a digitally engaged customer base.

Shaker Group has adopted a more integrated business model, optimizing its retail and digital platforms while strengthening partnerships across modern and traditional trade channels. Its extensive distribution and logistics capabilities, paired with a robust aftersales support network, ensure a seamless customer experience, from product selection to post-purchase services.

Strategic context

As Saudi Arabia's economy expands, fueled by demographic growth and Vision 2030 megaprojects, Shaker Group is seizing the opportunity to solidify its market leadership and diversify into adjacent revenue streams. With the successful completion of the Growth Strategy in 2024, the new strategy—Elevate 2027—will leverage Shaker Group's proven ability for regional growth and expansion, and position the company to scale up its operations, integrate advanced technology, and unlock synergies across business units.



While envisaging further growth and expansion, our strategy promises to uphold its commitments to all stakeholders.

Our Customers

Customers are at the core of Shaker Group's operations. We are committed to enriching their lives by providing best-in-class HVAC solutions and wide-ranging home appliances. Through unified retail and e-commerce platforms, Shaker Group delivers seamless and personalized experiences. Our investments in expanding the Group's retail footprint and optimizing digital platforms reflect a deep understanding of the evolving preferences of modern consumers in the Kingdom. These efforts have fostered stronger customer loyalty and satisfaction, building on a foundation of trust developed over seven decades.

Our Employees

Shaker Group is committed to becoming a benchmark for investment in human capital. By nurturing a culture that values talent development and diversity, we empower our workforce to excel. Training programs and initiatives to upskill local talent are integral to building a highly skilled and resilient team, equipped to lead the Group into the future and achieve continued success. During the year, we onboarded 195 employees, hosted nine in-person training courses adding up to 1,793 hours and offered 811 online courses equivalent to 5,246 hours.

Our Communities

Shaker Group is deeply committed to giving back to the communities it proudly serves, making a meaningful impact on lives across Saudi Arabia. This dedication to social development is demonstrated through initiatives that extend beyond business operations. We actively contribute to communities through charitable programs, donations, and by raising Saudization rates, hiring, and upskilling local talent to create opportunities that empower individuals and families.

Our Partners

Strategic partnerships are central to establishing technology-led and innovative operations and reinforcing Shaker Group's market position. The Group actively expands its network of partners to introduce advanced and energy-efficient solutions tailored to the Kingdom's residential and commercial sectors. These partnerships have played a key role in our collaborations with government entities, enabling us to deliver impactful solutions that support the execution of megaprojects aligned with Vision 2030. Our contribution to sustainable development and industrial growth through these partnerships and projects ensure that Shaker Group remains a key enabler of the Kingdom's progress. Shaker Group took a major step forward in portfolio expansion by partnering with Stanley Black & Decker, securing the distribution of BLACK+DECKER® appliances in Saudi Arabia. This collaboration conveys Shaker's commitment to introducing globally recognized brands that enhance the everyday lives of our consumers.

Our Shareholders

Shaker Group prioritizes delivering consistent and sustainable value to its shareholders. Through disciplined capital allocation, operational excellence, and strategic investments, we have achieved record-breaking financial performance. Transparent communication practices and a strong focus on long-term value creation ensure that Shaker Group continues to enjoy the full confidence and trust of our shareholders.

Our Regulators

Maintaining strong relationships with regulators is integral to our operations. Shaker Group works closely with government entities to comply with regulations and support initiatives such as the 'Made in Saudi' and energy efficiency standards programs. By aligning with national policies, we make every effort to advance the Kingdom's industrial and environmental goals.

ESG in line with Vision 2030

Shaker Group's strategy and growth are in line with the goals of Saudi Arabia's Vision 2030. By introducing technology-led home comfort solutions and through our commitment to sustainability, governance and Saudization, we continue to uphold the spirit of Vision 2030 and support the Kingdom's historic socioeconomic transformation.

Local content

Shaker Group remains steadfast in its commitment to Saudi Vision 2030, actively driving energy efficiency, strengthening local manufacturing capabilities, and contributing to the 'Made in Saudi' initiative. By aligning its strategy with the Kingdom's economic diversification goals, the company continues to play a pivotal role in advancing sustainable industrial growth.

In 2024, a key milestone in this journey was the signing of a Memorandum of Understanding (MoU) with LG Electronics and the Ministry of Investment of Saudi Arabia (MISA). This agreement set the stage for the local manufacturing of AC compressors in the Kingdom, positioning Shaker and LG as pioneers in regional compressor production.

Building on this momentum, the Shaker LG Factory commenced the local manufacturing of the LG Multi V5 air solution. Designed for energy efficiency, this advanced system meets the demands of modern infrastructure while strengthening Shaker's commitment to sustainable innovation.

Energy efficiency

Energy efficiency is at the center of Shaker Group's contribution to Vision 2030's sustainability pillars. Our role in ESTBDAL initiative, launched in partnership with the Saudi Energy Efficiency Center (SEEC), reflects Shaker's dedication to environmental stewardship. By achieving sector-leading Tarsheed Seasonal Energy Efficiency Ratio (SEER) standards, Shaker Group sets benchmarks in energy efficiency—an achievement that has been well-recognized in the Kingdom.

Our involvement in energy management services for key megaprojects such as NEOM and ROSHN underscores Shaker Group's capabilities as a reliable partner in offering sustainable solutions in shaping Saudi Arabia's modern urban, residential and industrial landscapes.

Human capital

Shaker Group's alignment with national priorities extends to the development of human capital. Through initiatives that foster a skilled and diverse workforce, we support Vision 2030's emphasis on talent development and equal opportunities. By cultivating local talent and creating opportunities for growth, we contribute to the Kingdom's vision of a knowledge-based economy while enhancing its internal capabilities.

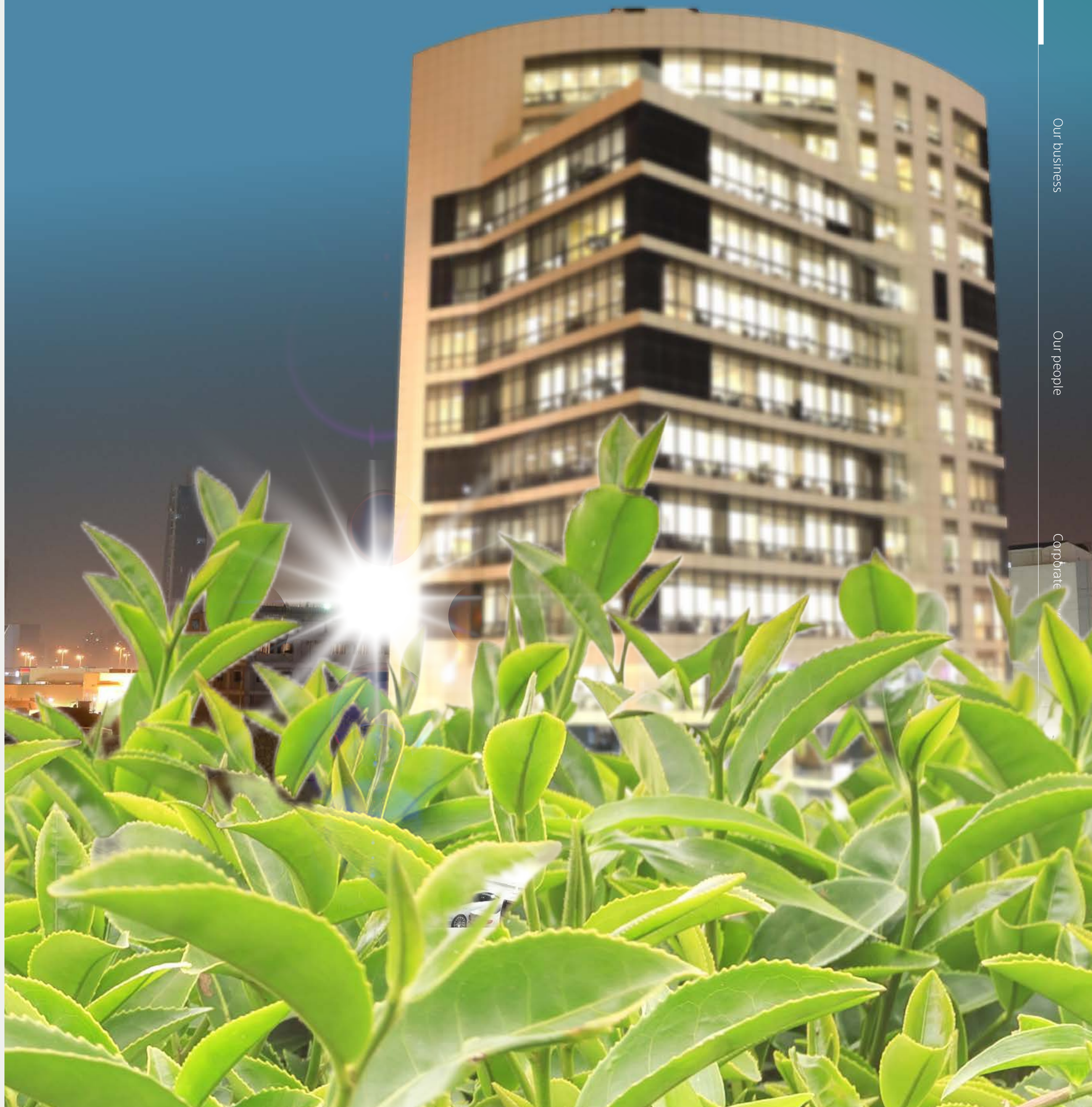
Social responsibility

In 2024, a range of impactful community-focused initiatives highlighted Shaker Group's commitment to social responsibility. These included distributing Ramadan food baskets to support families in need, organizing a blood donation drive, and raising awareness among employees about stem cell donation. We also donated clothing and electronic devices to underserved communities.

Our employees actively participated in a tree-planting initiative to support environmental conservation, reinforcing the Group's commitment to environmental sustainability.

Going forward, Shaker Group is committed to strengthening its social responsibility programs to make a positive difference and promote a culture of care and sustainability.

By aligning its strategy with the Kingdom's economic diversification goals, the company continues to play a pivotal role in advancing sustainable industrial growth.



03

Our business

Our business

Shaker Group is a dynamic homegrown business consisting of seven subsidiaries led by our flagship company Al Hassan Ghazi Ibrahim Shaker Company. These subsidiaries form the backbone our diversified operations and strategic growth in the Saudi and regional markets. Each subsidiary plays a crucial role across various operations: energy efficient air-conditioning manufacturing, wholesale distribution, home appliances wholesale and retail trade, investments, construction and logistics.

Shaker Group subsidiary network

Al Hasssan Ghazi Ibrahim Shaker Company

Al Hassan Ghazi Ibrahim Shaker Company, also known now as Shaker Group, was founded in 1950 and has been a pioneer in introducing air conditioning in the Saudi consumer market. The company is the manufacturer and sole distributor of LG air conditioners in Saudi Arabia. In addition, the group owns distribution rights to several international and leading home appliance brands that cater to most consumer segments in the Saudi market.

Shaker Group has expanded its services to energy solutions through its business unit, ESCO, which focuses on providing energy solutions that aim to reduce carbon footprints. Shaker has been a publicly listed company on the Saudi Exchange (Tadawul) since 2010.

01 Ibrahim Shaker Company Ltd.

Ibrahim Shaker Company Ltd. Is our trading arm that supplies household and electrical appliances to commercial agencies. With its headquarters in Riyadh, the limited liability company conducts trading operations across the Kingdom of Saudi Arabia. Al Hassan Ghazi Ibrahim Shaker Company holds a 90 percent stake, with the remaining 10 percent owned by Ibrahim Hussein Shaker Projects and Maintenance Company.

02 LG Shaker Company Ltd.

LG Shaker Company Ltd. Is a joint venture between LG Electronics Korea and Al Hassan Ghazi Ibrahim Shaker Company. The limited liability company manufactures air conditioners at its factory in Riyadh. LG holds a 51 percent stake in the company while Shaker's share stands at 49 percent. Through this associate company, we continue to contribute to modernizing Saudi Arabia's industrial landscape by introducing cutting-edge technologies. The factory started in 2008 to produce modern air conditioners in Riyadh, expanded product portfolio in 2024 to include state-of-the-art LG Multi V5 air solution product.

03 Ibrahim Hussein Shaker Projects and Maintenance Company

Ibrahim Hussein Shaker Projects and Maintenance Company plays a crucial role in providing marketing services for Al Hassan Ghazi Shaker Company and Ibrahim Shaker Company. Headquartered in Riyadh, this subsidiary enables us to participate in direct contracts, reinforcing our commitment to government partnerships.

04 Asdaa Al Khaleej Company

Asdaa Al Khaleej Company specializes in the wholesale and retail trade of electrical appliances, particularly as a distributor of Bompani, Black & Decker and Samsung brand products. With operations across Saudi Arabia and a capital of SAR 500,000, this subsidiary shows the diversity of our products in the consumer goods sector.

05 Shaker Innovative Investment Company

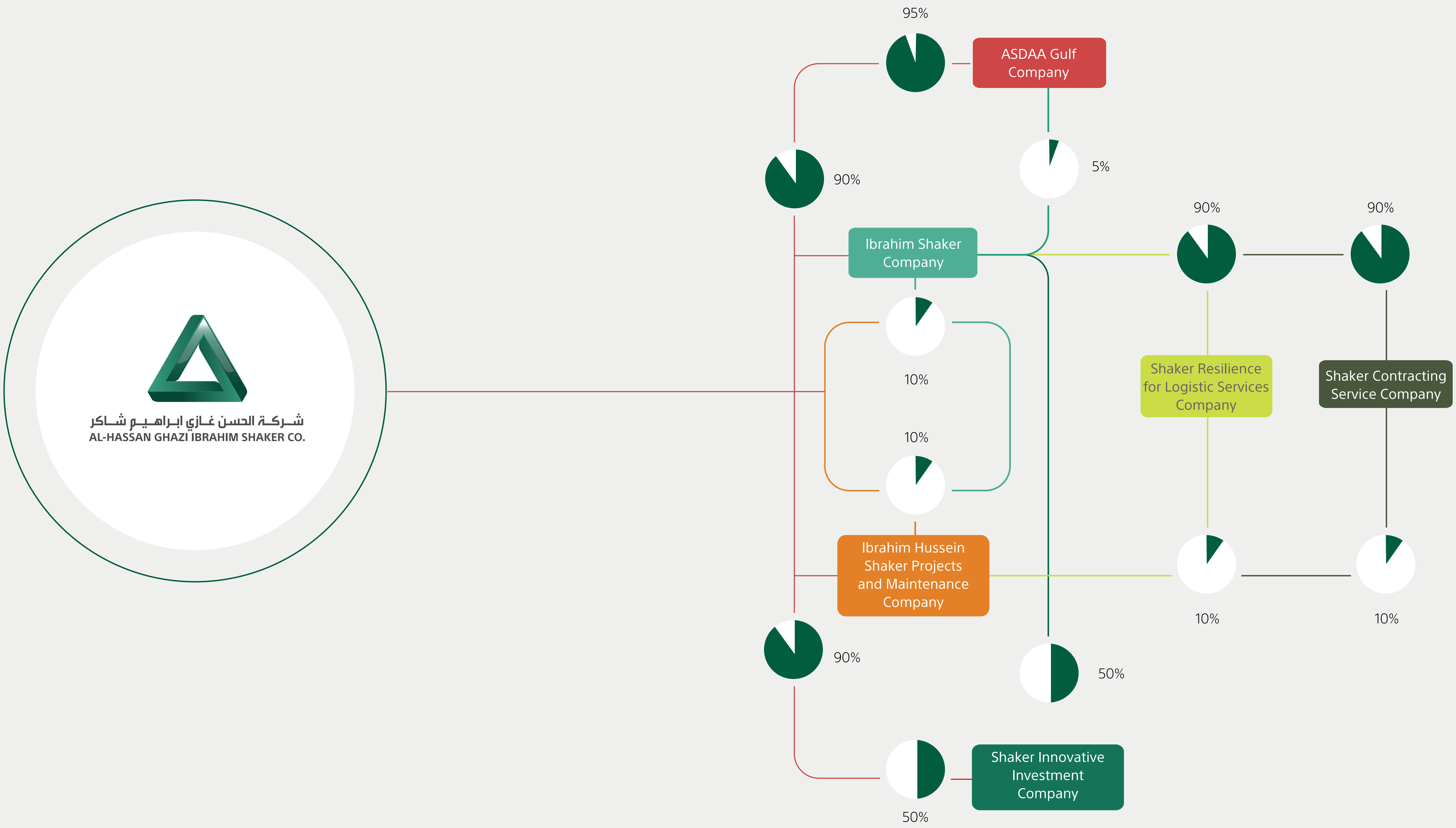
Shaker Innovative Investment Company drives the Group's strategic investments and manages other finance-related projects. Maintaining a close watch on industry developments and prospects for expansion, the subsidiary plays a crucial role in Shaker Group's portfolio expansion and ensuring long-term financial viability.

06 Shaker Contracting Service Company

Shaker Contracting Service Company is our infrastructure development arm, specializing in building construction, plumbing, heating, and air conditioning services, with a focus on quality, efficiency, and innovation.

07 Shaker Resilience for Logistic Services

Shaker Resilience for Logistic Services plays a crucial role by providing transportation, warehousing, cargo handling and other logistics services to the Group. Adopting a strategic approach to logistics management enables the subsidiary to ensure the smooth flow of goods and services, strengthening the Group's operations and consistently improving its ability to deliver products efficiently to customers.


شـركـة الحسن غـازي ابـراهـيـم شـاكر
AL-HASSAN GHAZI IBRAHIM SHAKER CO.
95%
ASDAA Gulf Company
90%
5%
90%
90%
Ibrahim Shaker Company
10%
10%
Shaker Resilience for Logistic Services Company
Shaker Contracting Service Company
Ibrahim Hussein Shaker Projects and Maintenance Company
10%
10%
90%
50%
50%
Shaker Innovative Investment Company

04

Our people

Our people

In 2024, Shaker Group continued to expand its workforce. With the recruitment of 41 new employees across various departments, our staff strength increased to 682 as of December 31, 2024. This growth highlights our commitment to scaling operations, strengthening our capabilities, and contributing to the broader economic development in the Kingdom.

41+

new employees across departments

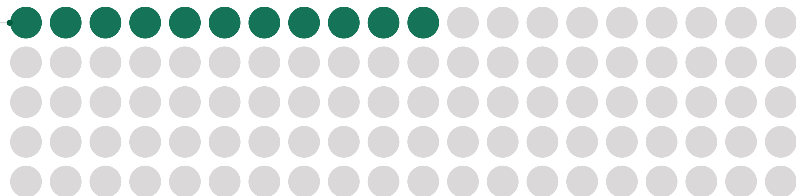
Diversity and inclusivity remain core pillars of Shaker Group's workforce strategy. We actively promote an environment where equal opportunities and representation are prioritized, aligning with the Kingdom's evolving market dynamics.

Women now make up 11 percent of our workforce, contributing across key functions and playing a crucial role in driving the company's growth and expansion. Together, this diverse workforce collaborates effectively to achieve Shaker Group's journey toward greater success, ensuring that every team member' is recognized for their unique contributions.

Aligned with Vision 2030 and the national drive to enhance local employment, Shaker Group remains dedicated to advancing Saudization within its workforce. As of 2024, the company has achieved a Saudization rate of 35 percent, with about 240 Saudi employees playing an integral role in the organization. We are committed to continue our efforts to develop and empower local talent, reinforcing the company's position as a key contributor to the Kingdom's long-term economic and social progress.

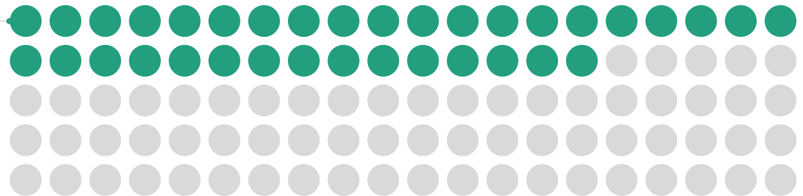
Women in workforce

11%



Saudiazation rate

35%



Ensuring employee engagement and satisfaction

Shaker Group is dedicated to fostering a dynamic and engaging work environment that attracts, retains, and empowers employees while actively contributing to the community. Recognizing that employee well-being and corporate social responsibility go hand-in-hand, we continuously invest in initiatives that not only enhance workplace culture and teambuilding, but also strengthen our involvement in community programs.

January

Ariston Training Program

We organized a specialized training program in collaboration with Ariston, a leading Italian home appliances brand which has been in partnership with Shaker since 1995, educating employees and partners on the latest advancements in home appliance technology. This program ensured that our staff are up-to-date and well-informed about home appliances, enabling us to deliver exceptional customer service.

February

Founding Day celebration

We hosted an engaging event filled with traditional music, cultural exhibitions, and historical insights to commemorate Saudi Arabia's Founding Day. The celebration served as a reminder of the Kingdom's remarkable journey and strengthened the sense of unity among our employees.

March

Ramadan Food Basket Initiative

During the holy month of Ramadan, Shaker Group organized a food basket donation initiative. We distributed essential food supplies to underprivileged families.

March

Employee Excellence Award

Our Employee Excellence Award recognizes 31 outstanding performers within the Group, celebrating their exceptional contributions and dedication. Among the recipients, seven are women, underscoring our commitment to diversity and inclusion. Additionally, we honored the long service of six employees who have completed 20 years of working with us, alongside 19 staff celebrating their 10-year milestone. This award not only acknowledges individual excellence but also reflects our collective values and aspirations.

April

Eid Al-Fitr celebration

Marking this important religious celebration, Shaker Group hosted a festive gathering for employees, fostering a sense of community and appreciation. The occasion was marked by special decorations, refreshments, and cultural elements, creating a warm and celebratory atmosphere.

May

Coffee Day Initiative

Shaker Group introduced Coffee Day to foster a positive work-place culture, offering employees a break during work hours to unwind and connect with colleagues over coffee. This initiative highlighted the company's focus on employee well-being and workplace engagement.

Ensuring employee engagement and satisfaction

June

Eid Al-Adha celebration

Shaker Group continued its tradition of celebrating Eid Al-Adha with employees, reinforcing its commitment to workplace culture. The event provided an opportunity for colleagues to come together and celebrate in a festive and inclusive environment.

August

Blood donation campaign

Shaker Group partnered with local health organizations to host a blood donation drive for employees, encouraging a spirit of community support. This initiative underscored the company's commitment to health and social welfare, demonstrating how small acts can make a life-saving impact.

September

Saudi National Day celebration

Shaker Group celebrated Saudi National Day at its headquarters, bringing employees together to honor the Kingdom's rich heritage. The event featured traditional performances, cultural activities, and a spirit of national pride, reinforcing the company's deep-rooted commitment to Saudi Arabia's vision and progress.

September

Stem Cell Donation Awareness Initiative

We launched an educational campaign to raise awareness about stem cell donations. Employees were provided with vital information on the impact of stem cell transplants and the importance of registering as donors to support individuals battling life-threatening conditions.

October

Albir Charity Partnership

Shaker Group collaborated with Albir Charity to donate clothing and electronic devices to those in need. This initiative aimed to support underprivileged communities by providing essential resources and promoting the values of compassion and generosity.

November

Tree Planting Campaign

As part of its sustainability initiatives, Shaker Group organized a tree-planting drive, reinforcing its commitment to environmental conservation. Employees actively participated in planting trees, contributing to a greener and more sustainable future for the Kingdom.

December

Winter gathering for women

In recognition of the contributions of the women in our workforce, Shaker Group held a dedicated winter gathering for them. This exclusive event provided an opportunity for Shaker Group women to network, relax, and celebrate their achievements in a supportive and engaging environment.

Overview | Strategic review | Our business | Our people | Corporate governance | Consolidated financial satement

05

Corporate governance

Corporate governance

Guided by clearly defined priorities and high standards

Al Hassan Ghazi Ibrahim Shaker Company ("the Company"), also known as Shaker Group, has adopted a comprehensive governance framework that aligns with best practices in corporate governance and the regulations issued by the Capital Market Authority (CMA), Saudi Arabia. Our governance framework plays a key role in guiding the implementation of the Company's objectives and strategy to ensure sustainable business management according to the highest standards, with a focus on supporting innovation and adding value. It strengthens the roles of the Board of Directors and the executive management by clearly defining their tasks and responsibilities.

Our framework is built on a set of pillars that lend clarity and discipline to our corporate governance function. They include internal regulations and policies that enhance transparency, accountability and efficiency. They also include the Company's values, organizational structure, and the delegation of authority matrix, with an effective separation between the supervisory functions of the Board of Directors and the tasks of executive management, ensuring independence and effective performance.

The Board of Directors oversees the management of the Company, provides strategic leadership and guidance to executive management, evaluates opportunities and risks, and oversees the implementation of corporate governance, risk management and compliance.

Policies and regulations

The Company is committed to upholding the highest standards of governance and transparency. We aim to achieve the highest levels of transparency, disclosure and sustainability to protect the interests of the Company and its investors—an essential pillar of our strategy. This commitment is reflected in our continuous adoption and refinement of regulations, policies, procedures and regulatory frameworks. These include, but are not limited to:

Governance Charter

The Corporate Governance Charter sets out the regulatory framework for the Company's management to ensure compliance with the best corporate governance practices that ensure protection of the rights of shareholders and other stakeholders. It aims to enhance trust, transparency and integrity among all stakeholders to ensure that the Company achieves its strategic objectives.

Board of Directors' Work Regulation

The regulations consist of comprehensive rules on the mechanisms of holding Board meetings, the decision-making process, and the specific responsibilities and powers of the members of the Board of Directors. They are designed to enhance the effectiveness and efficiency of the Board in overseeing the affairs of the Company.

Audit Committee Charter

These bylaws regulate the work of the Board of Directors Audit Committee and include the Committee's mandate. It explains the controls and procedures related to the Committee's tasks, the rules for selecting members, their term of membership, and their remuneration. The Committee primarily aims to verify the validity of the Company's transactions and manage the risks facing the Company.

The Remuneration and Nomination Committee Charter

These bylaws regulate the work of the Board of Directors Remuneration and Nominations Committee. They include the rules concerning the Committee's membership, its duration, meeting procedures, the remuneration of its members, and the scope of its tasks and responsibilities. They aim to ensure efficiency and fairness in nominations and remunerations in a way that raises the level of governance and achieves the Company's objectives.

Board Membership Criteria and Procedures Policy

The Board Membership Criteria and Procedures Policy sets out the criteria for individuals to be nominated to the Company's Board of Directors, along with the procedures to ensure the selection of qualified members capable of managing and achieving the Company's objectives.

Remuneration Policy of the Board Members and Committees

The Remuneration Policy sets out the criteria and procedures related to the remuneration of the members of the Board of Directors and its committees, in line with best practice to contribute to help achieve the Company's objectives.

Social Responsibility Policy

The Social Responsibility Policy guides and regulates the Company's social work in an effort to strike a balance between our business and social objectives. Our aim is to support the community through social and environmental initiatives and by strengthening the Company's role as an effective partner in socioeconomic development.

Conflict of Interest Policy

The Conflict of Interest Policy sets out the rules and procedures to be followed when faced with conflict of interest or engaging with the Company's competitors. The Policy seeks to ensure that in such situations, objective decisions are taken to protect the interests of the Company and its shareholders.

Professional Conduct Policy and Ethical Values

The Professional Conduct Policy sets out the rules and standards governing work-related practices of the Company's employees to ensure compliance with the best professional practices. The policy aims to ensure the rights of all employees are protected. It sets the rules to promote a culture of mutual respect, professionalism and respect for regulations. It encourages employees to report any violations or illegal practices, ensuring that whistleblowers are protected to maintain a safe and transparent work environment.

Board of Directors

The Company's Articles of Association regulate the Board of Directors, which specifies that the Company shall be managed by a Board of Directors consisting of seven (7) members, in the General Assembly of Shareholders that was held on 15/05/2022 elected the members of the Board of Directors for the current session, which began its work on 25/05/2022 for a period of three years ending on 24/05/2025 The current Board of Directors consists of three non-executive and four independent members. The Board of Directors also has two committees: the Audit Committee and the Nomination and Remuneration Committee.

The Board of Directors is appointed in accordance with the Articles of Association and the regulatory requirements of the Capital Market Authority, ensuring that the standards of members' independence are considered before the appointment. In compliance with the regulatory requirement, the Company ensures that one-third of the Board members are independent, which in turn reflects the quality of the Board's decision-making.

Board of Directors and Committee members

Abdulelah Abdullah Abunayyan
Chairman of the Board of Directors

Musaab Sulaiman Al-Muhaidib
Vice Chairman and Chairman of the Nomination and Remuneration Committee

AbdulRaouf Walid Albitar
Board Member

Azzam Bin Saud Al-Mudaiheem
Board Member

Eid Bin Faleh Al-Shamri
Member of the Board of Directors and Chairman of the Audit Committee

Rasheed Bin Abdulrahman Alrasheed
Board Member

Hussam Bin Ali Shobokshi
Board Member

Committee members from outside the board

Ahmed Bin Zaki AlFraih
Member of the Audit Committee

Mohammed Bin AbdulMohsen Al-Grenees
Member of the Audit Committee

Moteb Bin Ali Al-Qunaisi
Member of the Nomination and Remuneration Committee

Bakr Bin Ghazi Darwish
Member of the Nomination and Remuneration Committee

Board of Directors: Members' Profiles

Abdulelah Abdullah Abunayyan

Chairman of the Board of Directors

Qualifications:

- Bachelor of Economics from King Saud University.

Experiences:

- 2016 – Present Managing Director of Laffana Holding Company in Riyadh.
- 2011 – 2016 Chief Executive Officer at Lafana Holding Company in Riyadh.
- Extensive experience in board memberships of major companies / experience in strategic business development, sales and marketing.
- Outstanding skills in leadership, management, strategic planning, communications and stakeholder and community engagement.
- Several leadership and executive positions in public and private commercial and industrial companies.

Musaab Sulaiman Al-Muhaidib

Vice Chairman and Chairman of the Nomination and Remuneration Committee

Qualifications:

- Master of Business Administration - University of Liverpool - United Kingdom.
- Bachelor of Business Administration (Finance) - University of Miami, Florida - USA.

Experiences:

- 2019 to date – Chief Executive Officer of Al Muhaidib Entertainment Investment
- 2004 – 2019 Chief Executive Officer of Masdar Group.
- 2004 – 2014 Chief Executive Officer of Masdar Technical Equipment.
- 2001 – 2004 Project and Asset Manager for Grand Stores Company.
- 2000 – 2001 Financial and Economic Analyst at Gefinor Bank, USA.

AbdulRaouf Walid Albitar

Board Member

Qualifications:

- Bachelor of Civil Engineering from Syracuse University , USA.

Experiences:

- 1992 to date Experience in companies with an industrial field.

Azzam Bin Saud Al-Mudaiheem

Board Member

Qualifications:

- Bachelor of Mechanical Engineering with honors - King Saud University.

Experiences:

- 2023 - Present CEO of Saudi Ceramics.
- 2020 - 2023 - President at Abonyian Trading Company 2023.
- 2017 - 2020 CEO of Al Hassan Ghazi Ibrahim Shaker.
- 2001 – 2017 General Manager of Al Muhaidib Carpentry Materials Company (Masdar).
- 1999 –2001 Regional Sales Manager – Central Region at Al Muhaidib Foods.
- 1996 – 1998 Manufacturing Engineer at the Advanced Electronics Company.

Board of Directors: Members' Profiles

Eid Bin Faleh Al-Shamri

Member of the Board of Directors and Chairman of the Audit Committee

Qualifications:

- Bachelor of Science in Industrial Management with honors - King Fahd University of Petroleum and Minerals.
- Certified Public Accountant – American Organization of Certified Public Accountants – 1995.

Experiences:

- 2022 – Present Full-time Consultant.
- 2021 – 2022: Consultant in the Industry and Mineral Resources Sector.
- 2008 – 2020: CEO of Ithra Capital.
- 2006 – 2008: Deputy General Manager at Al-Saif Investment Company.
- 2001 – 2005: CEO of Inmia Company for Investment and Real Estate and Tourism Development.
- 1996 – 2001: Director of Mergers, Acquisitions and Direct Equity at the National Commercial Bank.
- 1993 – 1996: Senior Manager of Corporate Finance and Financial Advisory at the Saudi American Bank.
- 1990 – 1992: Auditor Pricewaterhouse, Ohio, USA.
- 1989 – 1990: Senior Auditor at the Saudi Industrial Development Fund.

Rasheed Bin Abdulrahman Alrasheed

Board Member

Qualifications:

- Higher Diploma in Management Information Technology Systems from King Saud University in Riyadh.

Experiences:

- Managing Director of Tarabot Investment and Development Company in Riyadh.
- Owner of Ramoz Holding Company.
- 2007 – 2014 CEO of the Arab Water and Energy Development Company (formerly ACWA Holding) in Riyadh.
- 2000 – 2007 Group Vice President and Chief Financial Officer of Abdullah Abunayyan Group in Riyadh.
- 1998 – 2000 Senior Management Information Consultant for Al-Rashed Chartered Accountants in Riyadh.
- 1996 – 1997 Senior Management Consultant for Al-Rashed Chartered Accountants in Riyadh.
- 1993 – 1995 Management Consultant for Al-Rashed Chartered Accountants in Riyadh.
- 1992 – 1993 Computer programmer and systems analyst at the Royal Saudi Air Force (BDM International) in Riyadh.
- 1988 – 1992 Computer programmer for Saudi Telecom Company (STC) in Riyadh.

Hussam Bin Ali Shobokshi

Board Member

Qualifications:

- Certified Manager – Institute of Directors UK.
- Bachelor of Science in Economics with honors from the University of Pennsylvania, Wharton School of Business.

Experiences:

- 2021 -2023: CEO of Saray Capital (United Kingdom)
- 2016 – 2023: Vice Chairman and CEO of Saray Capital.
- 2007 – 2009 General Manager of the Middle East and North Africa at Standard Chartered Bank – Dubai.
- 1996 – 2002 Investment Manager for Shobokshi Company for Development and Trade.

Profiles of Committee members from outside the Board of Directors

Ahmed Bin Zaki AlFraih
Member of the Audit Committee

Qualifications:
- Bachelor of Accounting from the University of Sharjah.
- Executive program for financial affairs directors from Chicago University.
- The International Institute for Administrative Development- Lazan- Switzerland

Experiences:
- 2023 – Present at the National Unified Procurement Company (NUPCO)
- 2018 – 2023 Saudi Telecom Channels Company . STC
- 2016 – 2018 Special Economic Cities and Zones Authority.
- 2014 – 2016 Elm Information Security Company.
- 2013 – 2014 ALARGAN Real Estate Company.
- 2005 – 2013 Ernst & Young.

Mohammed Bin AbdulMohsen Al-Grenees
Member of the Audit Committee

Qualifications:
- Bachelor of Chemical Engineering – Kuwait University.

Experiences:
- 2022 to date – Investment Manager at Asilah Investment Company.
- 2017 – 2021 : Director of Local Equities and Fixed Income at Al Raeda Investment Company.
- 2015 – 2017 : Portfolio Manager at Jadwa Investment Company.
- 2008 – 2015 : Director of Local Equities at NCB Capital.
- 2003-2008 : Portfolio Manager at HSBC.

Moteb Bin Ali Al-Qunaisi
Member of the Nomination and Remuneration Committee

Qualifications:
- Master of Strategic Management of Human Resources - University of Wollongong -. Master of Management - University of Wollongong

Experiences:
- 2023 to date: Executive Director of Human Resources - Human Resources Development Fund.
- 2020 – 2023: Director of Human Resources – Abu Nayan Holding Group.
- 2018 – 2020 AD: Director of Organizational Development and Performance Management Department – National Gas and Industrialization Company.
- 2017 – 2018: Director of Human Resources for Business Partners – Riyadh Airports.

Bakr Bin Ghazi Darwish
Member of the Nomination and Remuneration Committee

Qualifications:
- Bachelor of Electrical Engineering - King Fahd University of Petroleum and Minerals.

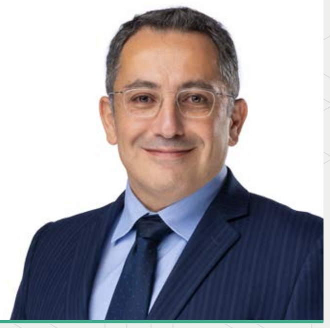
Experiences:
- 2023 to date: Chief Executive Officer of Shared Services and Business Solutions – Saudi – Olympic and Paralympic Committee.
- 2020 – 2023: Chief Executive Officer of Individuals and Shared Services - Saudi Tourism Authority.
- 2019 – 2020: Executive Director of Human Resources - Saudi Entertainment Projects·
- 1999 – 2019: Executive Director of Human Resources - Proctor & Gamble.

Executive management

Mohammed Abunayyan
Chief Executive Officer (CEO)

Appointed CEO in 2020, Mohammed Abunayyan holds strategic planning credentials from London Business School and INSEAD. He also serves on the board of Abunayyan Holding, Cashew Payments, WETICO and Arabian Oud, leveraging his extensive experience to drive corporate growth and innovation.

Mazen ElGhafeer
Vice President Finance



Joining in 2022, Mazen ElGhafeer brings over 20 years of expertise in financial planning, analysis, reporting, and mergers and acquisitions. He holds an EMBA from Oxford University, and plays a key role in strengthening Shaker Group's financial strategies and operations.

Firas AlSayegh
Vice President – Strategy & Shared Services

Firas Al Sayegh joined Shaker in 2018 to launch and execute the Group's business transformation journey. He holds an MBA degree from the University of California, Riverside and has over 10 years of experience in strategy and turnarounds within various industries including FMCG, consumer retail and wholesale, manufacturing, and Automotive.

Byeongwoo Park
Vice President – Marketing

With an MBA from the Helsinki School of Economics, Byeongwoo Park joined Shaker in 2018. He has over 25 years of experience in electronics, telecommunication, and HVAC B2B business, primarily with LG Electronics.

Mohammed Eldada
Vice President – B2C Sales

Mohammed Eldada, who joined in 2018, holds an Executive MBA from the Lebanese American University. As Vice President, he draws on over 30 years of experience in sales and marketing within the consumer electronics and home appliances sectors.

Eunjun Jung
Vice President – B2B Sales

Eunjun Jung joined Shaker Group in 2021, bringing over 30 years of global experience in sales and business management of LG products. He holds a Bachelor's degree in Applied Statistics and an MBA degree from Korea and Helsinki, Finland respectively.

Dr. Sultan Al Aydan
Vice President – Legal & Compliance

Joining in 2023, Dr Sultan Al Aydan holds a PhD in Law and a Master's in Corporate Finance Law from Westminster University in London. Starting his career at SAMA, the central bank of Saudi Arabia where he worked for five years, he brings over 12 years of experience in law practice and corporate governance.

Hazem ElSamanody
Vice President - Supply Chain

Since 2020, Hazem ElSamanody has led Shaker Group's supply chain operations with over 20 years of end-to-end experience. He holds a Master's degree in International Transportation & Logistics Management from the Arab Academy for Science, Technology & Maritime Transport.

Abdullatheef Meethal
Vice President - Aftersales

Joining in 2023, Abdullatheef Meethal has a Diploma in Electronics Engineering and over 30 years of experience in customer and product service across Saudi Arabia, Kuwait, and India.

Fahad Almusa
HR & Admin Director

Fahad Almusa has been the HR & Admin Director and joined Shaker Group in 2016. Having held leadership roles at PepsiCo and Al-Rabea Food Company, he brings over 18 years of experience across sectors such as FMCG and property management. He holds a degree in International Business Administration from King Abdulaziz University.

Muhammad Bilal Khan
IT Director

With over 25 years of experience in IT, infrastructure, and digital transformation, he has worked across sectors like FMCG and aviation, and leading groundbreaking ERP implementations. He holds an MBA from the Institute of Business Management, Pakistan.

Board of Directors and membership classification

Name	Role	Membership classification
Abdulelah Abdullah Abunayyan	Chairman of the Board of Directors	Non-Executive
Musaab Suleiman Al-Muhaidib	Vice Chairman	Independent
Abdul Raouf Walid Albitar	Board Member	Non-Executive
Azzam Saud Al-Mudaiheem	Board Member	Non-Executive
Eid Bin Faleh Al-Shamri	Board Member	Independent
Rasheed Abdulrahman Alrasheed	Board Member	Independent
Hussam Ali Shobokshi	Board Member	Independent

Qualifications and experience of Board members, committee members, and their current and previous positions:

Abdulelah Abdullah Abunayyan | Chairman of the Board of Directors (Non-Executive)

	Names of companies in which the board member is a member of the current boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability		Names of companies in which the board member is a member of the previous boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability
1	Chairman of the Board of Directors of Al-Hassan Ghazi Ibrahim Shaker Company	Inside the Kingdom	Listed Joint Stock	1	CEO of Lafana Holding Company	Inside the Kingdom	Closed Joint Stock
2	Chairman of the Board of Directors of Ultra Medical Company	Inside the Kingdom	Limited Liability	2	Member of the Board of Directors Telecom Solutions Company	Inside the Kingdom	Closed Joint Stock
3	Manging Director and Member of the Investment Committee of Lafana Holding Company	Inside the Kingdom	Closed Joint Stock	3	Member of the Board of Directors Middle East Paper Manufacturing & Production Co.	Inside the Kingdom	Listed Joint Stock
4	Member of the Board of Directors and Member of the Executive Committee of Rafal Real Estate Development Company	Inside the Kingdom	Closed Joint Stock				
5	Member of the Board of Directors of Abunayyan Investment Holding Company	Inside the Kingdom	Limited Liability				
6	Member of the Board of Directors of LG Shaker Company	Inside the Kingdom	Limited Liability				
7	Member of the Board of Directors of Himma Capital Company	Outside the Kingdom	Limited Liability				

Musaab Suleiman Al-Muhaidib | Vice Chairman (Independent)

	Names of companies in which the board member is a member of the current boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability		Names of companies in which the board member is a member of the previous boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability
1	Vice Chairman of the Board of Directors and Chairman of the Nomination and Remuneration Committee of Al Hassan Ghazi Ibrahim Shaker Company	Inside the Kingdom	Listed Joint Stock	1	President, Global Youth Presidency, Saudi Section	Inside the Kingdom	Educational institution
2	Chairman & Member of the Strategic Committee Masdar Group for Building Materials	Inside the Kingdom	Closed Joint Stock	2	Chairman of the Board of Directors of INSEAD International Business School Saudi Section	Inside the Kingdom	Educational institution
3	Chairman of the Board of Directors of Goldman Sachs Saudi Arabia	Inside the Kingdom	Closed Joint Stock	3	Member of the Board of Directors of Dur Hospitality Company	Inside the Kingdom	Listed Joint Stock
4	Chairman of the Board of Directors of Endeavor Saudi Arabia	Inside the Kingdom	Limited Liability	4	Member of the Board of Directors of Saudi Shooting Federation	Inside the Kingdom	Government Institution
5	Chairman of Sidra Investment Company	Inside the Kingdom	Closed Joint Stock	5	Member of the Board of Directors of Thabat Contracting Company	Inside the Kingdom	Closed Joint Stock
6	Chairman of the Board of Directors and Member of the Executive Committee ofStart Creativity Entertainment Company	Inside the Kingdom	Closed Joint Stock	6	Member of the Board of Directors of Asala Real Estate Development Company	Inside the Kingdom	Closed Joint Stock
7	Member of the Board of Directors Daily Mills Company	Inside the Kingdom	Closed Joint Stock	7	Member of the Board of Directors of Ebdaa Real Estate Development Company	Inside the Kingdom	Closed Joint Stock
8	Member of the Board of Directors and Member of the Strategic Committee and Executive Committee of the Middle East Paper Industry and Production Company (MEPCO)	Inside the Kingdom	Listed Joint Stock	8	Member of the Board of Directors of Badia Cement Company	Outside the Kingdom	Closed Joint Stock
9	Member of the Board of Directors Hoshan Company	Inside the Kingdom	Closed Joint Stock	9	Member of the Board of Directors of Al Rayyan Company	Inside the Kingdom	Closed Joint Stock
10	Member of the Board of Directors Saudi Crafts and Handicrafts Co.	Inside the Kingdom	Closed Joint Stock	10	Member of the Board of Directors of Al Latifiya Contracting Group	Inside the Kingdom	Closed Joint Stock
11	Member of the Board of Directors, the Audit Committee and the Governance and Risk Committee of the National Industrialization Company	Inside the Kingdom	Listed Joint Stock	11	Member of the Board of Directors of Al Muhaidib Charitable Foundation for Community Service	Inside the Kingdom	Closed Joint Stock
12	Member of the Board of Directors GLL Saudi Arabia	Inside the Kingdom	Limited Liability	12	Member of the Audit Committee at Masdar Technical Supplies	Inside the Kingdom	Closed Joint Stock
13	Member of the Board of Directors of Gulf Family Business Council	Inside the Kingdom	Limited Liability	13	Member of the Board of Directors Sabbar Company	Inside the Kingdom	Closed Joint Stock
14	CEO and Member of the Board of Directors Al Muhaidib Investment Entertainment Group	Inside the Kingdom	Closed Joint Stock	14	Member of the Culture and Entertainment Committee in Riyadh Chamber	Inside the Kingdom	Government Institution
15	Member of the Board of Directors and Member of the Executive Committee of King Abdulaziz Royal Reserve	Inside the Kingdom	Government Entity				

Abdul Raouf Walid Albitar | Board Member (Non-Executive)

	Names of companies in which the board member is a member of the current boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability		Names of companies in which the board member is a member of the previous boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability
1	Member of the Board of Directors Al , Hassan Ghazi Ibrahim Shaker Company	Inside the Kingdom	Listed Joint Stock	1	Member of the board of directors of Middle East Specialized Cables Company.	Inside the Kingdom	Listed Joint Stock
2	Member of the Board of Directors Saudi Pipe Insulation Factory	Inside the kingdom	Closed Joint stock	2	Member of the board of directors of Saudi Tabreed Company.	Inside the Kingdom	Closed Joint Stock
3	Member of the Board of Directors Gulf Insulation Group Company	Inside the Kingdom	Closed Joint Stock	3	Executive Director of Al Manhal Water Factory Company	Inside the Kingdom	Limited Liability
4	Member of the Board of Directors Middle East Metal & Plastic Molds Factory	Inside the Kingdom	Limited Liability	4	Executive Director of Nestlé Water Factory Company	Inside the Kingdom	Limited Liability
5	Member of the Board of Directors Spring Beverage Factory Company	Inside the Kingdom	Limited Liability	5	Member of the board of directors of Elite Foods Company	Inside the Kingdom	Closed Joint Stock
6	General Manager Mawaduna Company	Inside the Kingdom	Limited Liability	6	General Manager of Amha Catering	Inside the Kingdom	Limited Liability
7	General Manager Converged Generation Communication	Inside the Kingdom	Limited Liability				
8	General Manager Shahia Company for fresh meat	Inside the Kingdom	Limited Liability				
9	General Manager Lamaa Holding	Inside the Kingdom	Limited Liability				
10	Chairman of the Board of Directors EFS FM Facilities Management Company.	Inside the Kingdom	Closed joint stock				
11	Member of the Board of Directors of Rowad Al Ittihad Training Company	Inside the Kingdom	Limited Liability				
12	Member of the Board of Directors of Saudi Arabian Worth Company	Inside the Kingdom	Limited Liability				
13	Member of the Board of Directors Sharqia Network Solutions Company for Communications and Information Technology	Inside the Kingdom	Limited Liability				

Azzam Saud Al-Mudaiheem | Board Member (Non-Executive)

	Names of companies in which the board member is a member of the current boards of directors or their directors	Inside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability		Names of companies in which the board member is a member of the previous boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability
1	Member of the Board of Directors Al, Hassan Ghazi Ibrahim Shaker Company	Inside the Kingdom	Listed Joint Stock	1	Chairman of the Board of Directors of Energy Management Solutions	Outside the Kingdom	Limited Liability
2	Member of the National Committee for Ceramics and Porcelain in the Federation of Saudi Chambers	Inside the Kingdom	Government Entity	2	General Manger Almuhaidib carpentry materials “Masdar”	Inside the Kingdom	Limited Liability
3	Member of the Board of Directors, Nomination and Remuneration Committee and Governance and Risk Management Committee of Arabian Pipes Company	Inside the Kingdom	Listed Joint Stock	3	CEO of Al, Hassan Ghazi Ibrahim Shaker Company	Inside the Kingdom	Listed Joint Stock
4	CEO of Saudi Ceramics.	Inside the Kingdom	Listed Joint Stock	4	Chairman of the Board of Directors of New Vision Company	Outside the Kingdom	Closed Joint Stock
				5	CEO Abunayyan Trading Co	Inside the Kingdom	Limited Liability
				6	Telecom Solutions Company	Inside the Kingdom	Closed Joint Stock

Eid Bin Faleh Al-Shamri | Board Member (Independent)

	Names of companies in which the board member is a member of the current boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability		Names of companies in which the board member is a member of the previous boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability
1	Member of the Board of Directors and Chairman of the Audit Committee of Al-Hassan Ghazi Ibrahim Shaker Company	Inside the Kingdom	Listed Joint Stock	1	Member of the Board of Directors and Chairman of the Investment Committee and Member of Excutive Committee, Amana Cooperative Insurance Company	Inside the Kingdom	Listed Joint Stock
2	Member of the Board of Directors, Chairman of the Audit Committee, Member of the Governance Committee and the Nomination and Remuneration Committee at Aldrees Petroleum Services Company	Inside the Kingdom	Listed Joint Stock	2	Member of the Audit Committee of Banque Saudi Fransi	Inside the Kingdom	Listed Joint Stock
3	Member of the Audit Committee at Riyad Bank	Inside the Kingdom	Listed Joint Stock	3	Member of the Board of Directors and Chairman of the Audit Committee of Elitco	Inside the Kingdom	Closed Joint Stock
4	Member of the Audit Committee of Almarai Company	Inside the Kingdom	Listed Joint Stock	4	Member of the Board of Directors of Al-Saif RDB Company for Breakouts	Inside the Kingdom	Limited Liability
5	Member of the Board of Directors and Chairman of the Audit Committee, Taiba Investment Company	Inside the Kingdom	Listed Joint Stock	5	Member of the Board of Directors and CEO Inmia Real Estate Investment & Development Company	Inside the Kingdom	Closed Joint Stock
6	Member of the Board of Directors and Chairman of the Nomination and Remuneration Committee, Seera Holding Company	Inside the Kingdom	Listed Joint Stock	6	Member of the Board of Directors Gulf Contracting Company for Stevedoring	Inside the Kingdom	Limited Liability
7	Member of the Audit Committee of King Salman Park Foundation	Inside the Kingdom	Government Institution	7	Member of the Audit Committee at Fawaz Al Hokair Company	Inside the Kingdom	Listed Joint Stock
8	Member of the Audit Committee of the Sports Path Foundation	Inside the Kingdom	Government Institution	8			

Rasheed Abdulrahman Alrasheed | Board Member (Independent)

	Names of companies in which the board member is a member of the current boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability		Names of companies in which the board member is a member of the previous boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability
1	Member of the Board of Directors Al, Hassan Ghazi Ibrahim Shaker Company	Inside the Kingdom	Listed Joint Stock	1	Member of the Board of Directors Arabian Water & Energy Projects Co.	Inside the Kingdom	Limited Liability
2	Member of the Board of Directors and Audit Committee of ACWA Power	Inside the Kingdom	Listed Joint Stock	2	Member of the Board of Directors Rabigh Arabian Company for Water and Electricity	Inside the Kingdom	Limited Liability
3	Board Member Dr. Sulaiman Al Habib Group Services Company Medical	Inside the Kingdom	Listed Joint Stock	3	Member of the Board of Directors Shuqaiq Water & Electricity Company	Inside the Kingdom	Limited Liability
4	Chairman of the Board of Directors of Himma Capital Company	Outside the Kingdom	Closed Joint Stock	4	Member of the Board of Directors Abdullah Abunayyan Group	Inside the Kingdom	Closed Joint Stock
5	Chairman of the Board of Directors of Al Ramz Real Estate Company	Inside the Kingdom	Closed Joint Stock	5	Member of the Board of Directors Shuaiba Water & Electricity Company	Inside the Kingdom	Liability Limited
6	Member of the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee and Chairman of the Executive Committee of Saudi SAL Logistics Services	Inside the Kingdom	Listed Joint Stock	6	Member of the Board of Directors Arab Japanese Membranes Company	Inside the Kingdom	Liability Limited
7	Member of the Board of Directors Data Volt Information Technology Company	Inside the Kingdom	Limited Liability	7	Member of the Board of Directors Wellsspoon Middle East Pipes Company	Inside the Kingdom	Limited Liability
8	General manger Tarabot Company for Investment and Development	Inside the Kingdom	Closed Joint Stock	8	Member of the Board of Directors Saudi District Cooling Company	Inside the Kingdom	Closed Joint Stock
9	Member of the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee and Chairman of the Executive Committee of Saudi Airlines Cargo Company	Inside the Kingdom	Closed Joint Stock	9	Member of the Board of Directors International Water & Energy Works Company	Inside the Kingdom	Closed Joint Stock
10	Member of the Board of Directors Himma Financial Company Ltd.	Inside the Kingdom	Closed Joint Stock	10	Member of the Board of Directors Saudi Tabreed Company for Operation and Maintenance	Inside the Kingdom	Limited Liability

Rasheed Abdulrahman Alrasheed | Board Member (Independent)

	Names of companies in which the board member is a member of the current boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability		Names of companies in which the board member is a member of the previous boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability
11	Member of the Board of Directors and Chairman of the Risk and Audit Committee of Jazan Gas Works Company	Inside the Kingdom	Limited Liability	11	Member of the Board of Directors Dhahran Cooling Company Saudi Arabia	Inside the Kingdom	Limited Liability
12	Member of the Board of Directors of Tarabot Air Cargo Services Company	Inside the Kingdom	Limited Liability	12	Member of the board of directors of Central Cooling Company	Inside the Kingdom	Limited Liability
13	Member of the Board of Directors of Saudi Integrated Waste Treatment Company	Inside the Kingdom	Limited Liability	13	Member of the board of directors of International Ports and Railways Company	Inside the Kingdom	Limited Liability
14	Member of the Board of Directors and Executive Committee of Roya International Investment Company	Inside the Kingdom	Closed Joint Stock	14	Member of the board of directors of Riyadh Water Production Company	Inside the Kingdom	Limited Liability
15	Chairman of the Board of Directors of Al-Anam Symbols Livestock Holding Company	Inside the Kingdom	Closed Joint Stock	15	Member of the board of directors of Riyadh Saudi Cooling Company	Inside the Kingdom	Limited Liability
				16	Member of the board of directors of Dhahran Valley Cooling Company	Inside the Kingdom	Limited Liability
				17	Member of the board of directors of Integrated Towers Telecommunications Company	Inside the Kingdom	Limited Liability
				18	Member of the board of directors of Network Company	Inside the Kingdom	Limited Liability
				19	Member of the Board of Directors Zilan Arabian Company	Inside the Kingdom	Limited Liability
				20	Member of the board of directors of Al Athatha Company	Inside the Kingdom	Limited Liability
				21	CEO of the Arab Water and Energy Development Company	Inside the Kingdom	Listed Joint Stock

Hussam Ali Shobokshi | Board Member (Independent)

	Names of companies in which the board member is a member of the current boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability		Names of companies in which the board member is a member of the previous boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability
1	Member of the Board of Directors of Al-Hassan Ghazi Ibrahim Shaker Company	Inside the Kingdom	Listed Joint Stock	1	Initiative Partners in the Middle East	Outside the Kingdom	Limited Liability
2	Chairman of JP Morgan Bank	Inside the Kingdom	Closed Joint Stock				
3	Board Member of Orascom Industrial Parks	Outside the Kingdom	Listed Joint Stock				
4	Board Member in Aswa	Inside the Kingdom	Limited Liability				
5	Chairman of Eden Mountain	Outside the Kingdom	Limited Liability				

Members of committees from outside the Board

Ahmed Bin Zaki AlFraih | Member of the Audit Committee

	Names of companies in which the board member is a member of the current boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability		Names of companies in which the board member is a member of the previous boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability
1	Member of the Audit Committee of Al-Hassan Ghazi Ibrahim	Inside the Kingdom	Listed Joint Stock	1	Member of the Audit Committee of the Saudi Korean Maintenance Company (Mumtalakat)	Inside the Kingdom	Closed Joint Stock
2	Member of the Board of Directors Homeland Solutions Company	Inside the Kingdom	Closed Joint Stock	2	Member of the Board of Directors Gulf Laboratory	Inside the Kingdom	Closed Joint Stock
3	Member of the Audit Committee of the Saudi Omani Investment Company	Inside the Kingdom	Closed Joint Stock	3	Member of the Audit Committee of the Valley Development Company	Inside the Kingdom	Closed Joint Stock
4	Member of the Audit Committee of Silah Company	Inside the Kingdom	Closed Joint Stock				
5	Member of the Audit Committee of the Uqair Area Development Company	Inside the Kingdom	Closed Joint Stock				
6	Member of the Audit Committee at Diriyah Company	Inside the Kingdom	Closed Joint Stock				
7	Member of the Audit Committee at Swani Company	Inside the Kingdom	Closed Joint Stock				
8	Member of the Board of Directors of Smart Real Estate Supply Company	Inside the Kingdom	Limited Liability				

Mohammed Bin Abdulmohsen Al-Grenees | Member of the Audit Committee

	Names of companies in which the board member is a member of the current boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability	Names of companies in which the board member is a member of the previous boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability
1	Member of the Audit Committee of Al-Hassan Ghazi Ibrahim Shaker Company	Inside the Kingdom	Listed Joint Stock			
2	Member of the Nomination and Remuneration Committee and the Audit Committee of Taiba Investment Company	Inside the Kingdom	Listed Joint Stock			
3	Member of the Executive Committee of Knowledge City	Inside the Kingdom	Listed Joint Stock			
4	Member of the Executive Committee and the Nomination and Remuneration Committee at The Saudi Investment Bank	Inside the Kingdom	Listed Joint Stock			
5	Member of the Nomination and Remuneration Committee Saudi Ceramics	Inside the Kingdom	Listed Joint Stock			

Moteb Bin Ali Al-Qunaisi | Member of the Nomination and Remuneration Committee

	Names of companies in which the board member is a member of the current boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability	Names of companies in which the board member is a member of the previous boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability
1	Member of the Nomination and Remuneration Committee at Al Hassan Ghazi Ibrahim Shaker Company	Inside the Kingdom	Listed Joint Stock			
2	Human Resources Executive Director - Human Resources Development Fund	Inside the Kingdom	Government Institution			

Members of committees from outside the Board

Bakr Bin Ghazi Darwish | Member of the Nomination and Remuneration Committee

	Names of companies in which the board member is a member of the current boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability	Names of companies in which the board member is a member of the previous boards of directors or their directors	Inside the Kingdom Outside the Kingdom	Legal entity Listed Joint Stock Closed Joint Stock Limited Liability
1	Member of the Nomination and Remuneration Committee - Al Hassan Ghazi Ibrahim Shaker Company	Inside the Kingdom	Listed Joint Stock			
2	Chairman of the Nomination and Remuneration Committee, Prince Mohammed bin Salman Reserve Development Authority	Inside the Kingdom	Government Entity			
3	CEO of Shared Services and Business Solutions - Saudi Olympic and Paralympic Committee	Inside the Kingdom	Government Entity			
4	Member of NEOM's Nomination and Remuneration Committee	Inside the Kingdom	Government Entity			
5	Member of the Remuneration and Nomination Committee at the National Development Fund	Inside the Kingdom	Government Entity			
6	Member of the Remuneration and Nomination Committee at the Royal Commission for AlUla	Inside the Kingdom	Government Entity			
7	Member of the Remuneration and Nomination Committee of the Esports World Cup Foundation	Inside the Kingdom	Government Entity			
8	Member of the Nomination and Remuneration Committee at the National Center for Measuring the Performance of Government Agencies	Inside the Kingdom	Government Entity			
9	Member of the Nomination and Remuneration Committee at Ocean Quest	Inside the Kingdom	Non-profit organization			

Board of Directors Meetings

The current Board of Directors waselected by the extraordinary assembly of shareholders on 15/05/2022.
The Board held four (4) meetings during fiscal year 2024 and the attendance of the members are presented in the table below:

#	Name Member	07-05-2024	15-09-2024	04-11-2024	17-12-2024	Total
1	Mr. Abdulelah Abdullah Abunayyan (Chairman)	√	√	√	√	4/4
2	Mr. Musab Sulaiman Al-Muhaidib (Vice Chairman)	√	√	√	√	4/4
3	Mr. AbdulRaouf Walid Al-Bitar (Member Board)	√	√	√	√	4/4
4	Mr. Azzam Saud Al-Mudaiheem (Member Board)	√	√	√	√	4/4
5	Mr. Eid Faleh Al Shamri (Member Board)	√	√	√	√	4/4
6	Mr. Rasheed Abdulrahman Al-Rasheed (Member Board)	√	X	√	√	3/4
7	Mr. Hussam Ali Shobokshi (Member Board)	√	√	√	√	4/4

The meeting of the general assemblies of shareholders during fiscal year 2024 and the names of the members of the Board of Directors present at the meeting:

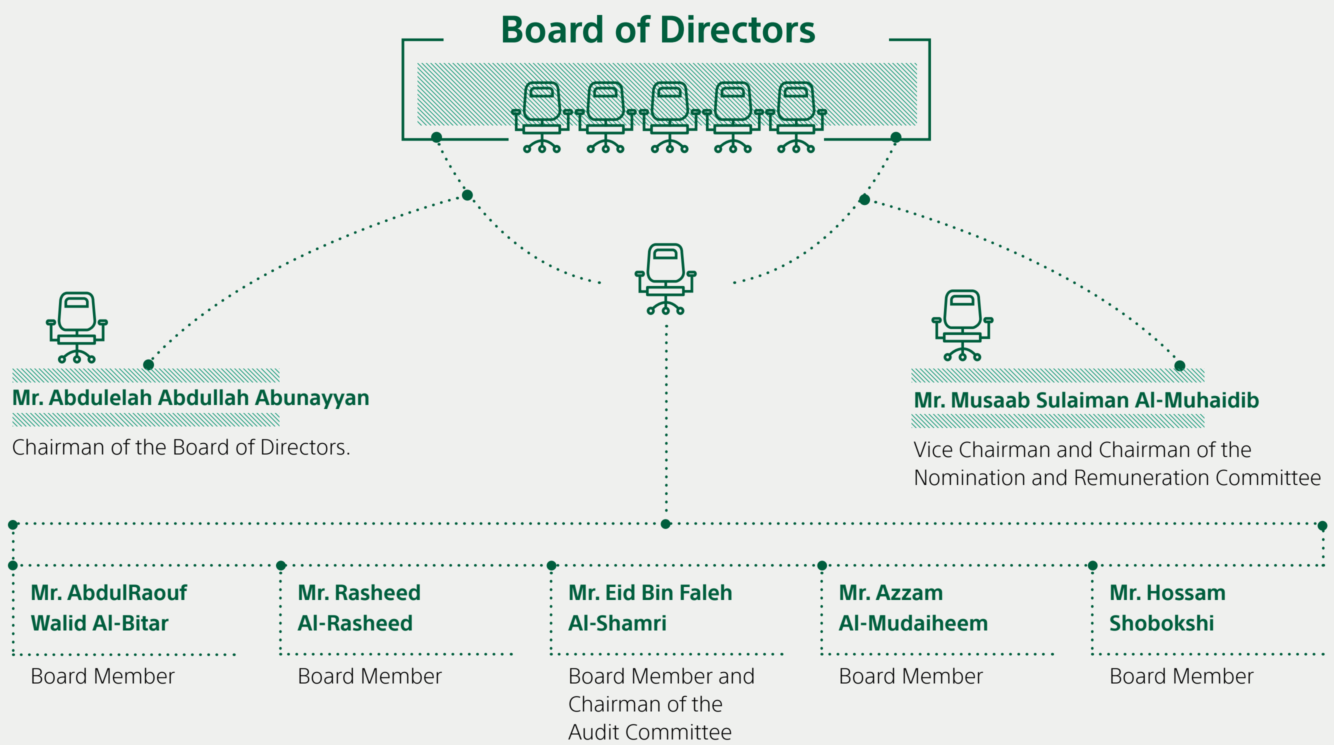
During fiscal year 2024, the Company held an Extraordinary General Assembly meeting on 19/05/2024, where the agenda included the following items:

1. Voting on the recommendation of the Board of Directors to increase the Company's capital by granting bonus shares to shareholders. The key elements of the recommendation were:

- Capital before increase: SAR 482,334,000; capital after increase: SAR 555,000,000. Percentage increase: 15.065494%.
- The number of shares before the increase: 48,233,400; the number of shares after the increase: 55,500,000.
- This recommendation aims to raise capital to support the financial position and future growth plans of the Company.
- The increase will be made through the capitalization of SAR (72,666,000) from the statutory reserve account, one share will be granted for every (6,637685) shares.
- In the event of fractional shares, they will be collected in one portfolio for all shareholders, sold at the market price, and then distributed to the shareholders entitled to the grant, each according to their share, within a period not exceeding 30 days from the date of determining the shares due to each shareholder.
- The eligibility of the bonus shares will be for the Company's shareholders who own the shares at the end of the day of the Extraordinary General Assembly and who are registered in the Company's shareholders register at the Securities Depository Center Company (Edaa) at the end of the second trading day following the maturity date.
- Amending Article (6) of the Company's Articles of Association related to capital.
- Amending Article (7) of the Company's Articles of Association related to subscription to shares.

2. Voting on the amendment of Article (3) of the Company's Articles of Association related to the Company's purposes.
3. Voting on the amendment of the Audit Committee Bylaws.
4. Voting on the amendment of the Nomination and Remuneration Committee Bylaws.
5. Voting on amending the remuneration policy for members of the Board of Directors and the pop-up committees.
6. Voting on amending the membership policy and criteria of the Board of Directors.
7. Voting on transferring SAR (71,682,000) from the statutory reserve item of SAR 144,384,000 as in the financial statements for the year ended 31 December 2023, to the balance of retained earnings.Voting on authorizing the Board of Directors to distribute interim dividends semi-annually or quarterly for the fiscal year 2024.
8. Voting on authorizing the Board of Directors to distribute interim dividends semi-annually or quarterly for fiscal year 2024.
9. Review and discuss the Board of Directors' report for the financial year ended 31/12/2023.
10. Review and discuss the audited financial statements for the fiscal year ended 31/12/2023.
11. Voting on the auditor's report for the fiscal year ending on 31/12/2023 after discussing it.
12. Voting on the appointment of the Company's auditor from among the candidates based on the recommendation of the Audit Committee, to examine, review and audit the financial statements for the second, third and annual quarters of the fiscal year 2024 and the first quarter of the fiscal year 2025, and determine his fees.
13. Voting on the discharge of the members of the Board of Directors from liability for the financial year ended 31/12/2023.
14. Voting on the business and contracts concluded between the Company and Lafana Holding Company, in which the member of the Board of Directors, Mr. Abdulelah bin Abdullah Abunayyan, has an indirect interest. The contract is for preventive maintenance for the air conditioners of Lafana Holding Company, and its duration is one calendar year, and the volume of transactions reached SAR (24,840,000) , and this contract was made without conditions or preferential benefits.
15. Voting on the delegation of the Board of Directors with the authority of the Ordinary General Assembly with the license mentioned in paragraph (1) of Article 27 of the Companies Law, for a period of one year from the date of approval of the General Assembly or until the end of the session of the authorized Board of Directors, whichever is earlier, in accordance with the conditions contained in the Executive Bylaws of the Companies Law for Listed Joint Stock Companies.

The meeting was held under the chairmanship of **Mr. Abdulelah Abdullah Abunayyan**, Chairman of the Board of Directors.



Dividend Policy

The Company's policy in distributing profits is based on what is stated in the Articles of Association and in the approved Dividend Distribution Policy. We also ensure that the practice is in compliance with the relevant laws and regulations.

According to Article 40 of the Company's Articles of Association and the Dividend Distribution Policy, the distribution of profits shall be as follows:

1. The Ordinary General Assembly may, when determining the allocation of net profits, decide to create reserves if it is deemed in the interest of the Company or to distribute fixed dividends to the shareholders to the extent possible.
2. The General Assembly may, upon the proposal of the Board of Directors, decide to disburse these reserves in accordance with any statutory requirements that were in effect prior to the adoption of the Articles of Association for the benefit of the Company or the shareholders.
3. The General Assembly shall determine the percentage of net profit to be distributed to shareholders after allocating the reserves, if any, upon a recommendation from the Board of Directors in accordance with the regulations.
4. The Company may distribute interim dividends to its shareholders on a semi-annual or quarterly basis by a resolution of the Board of Directors in accordance with the regulations in force and the controls set by the competent authority.

According to the Company's approved dividend policy, the Company may distribute interim dividends to its shareholders on a semi-annual or quarterly basis after fulfilling the following requirements:

a) The General Assembly shall authorize the Board of Directors of the Company to distribute interim dividends by virtue of a resolution renewed annually.

b) The Company should be profitable and regular.

c) The Company has reasonable liquidity and can reasonably predict its level of profits.

d) The Company shall have distributable profits in accordance with the latest audited financial statements, sufficient to cover the profits proposed to be distributed, after deducting the dividends that have been distributed and capitalized after the date of these financial statements.

Directors' and senior executives' interests

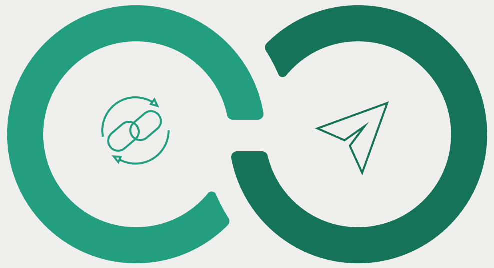
In this section, we provide a description of any interest, contractual securities and subscription rights of the members of the Company's Board of Directors, senior executives and their relatives in the shares or debt instruments of the Company or any of its subsidiaries, and any change in such interest or rights during the last financial year:

The following table shows the names and ownership of the members of the Board of Directors, senior executives or their relatives in the Company's shares and any change in their ownership during 2024.

The name of the person to whom the interest belongs	The beginning ofthe year 2024		Change in 2024		End of year 2024	
	Percentage of ownership	Number of shares	Percentage change	Number of shares		
Abdulelah Abdullah Abunayyan*	1.74%	957,058	0%	0	1.74%	957,058
Abdul Raouf Waleed Al-Bitar**	6.72%	3,696,290	0%	0	6.72%	3,696,290
Musaab Sulaiman Al-Muhaidib	0.003%	1,585	0%	0	0.003%	1,585
Eid Bin Faleh Al- Shamri	0.00159%	880	0%	0	0.00159%	880
Azzam Saud Al-Mudaiheem	-	-	-	-	-	-
Rasheed Abdulrahman Alrasheed	-	-	-	-	-	-
Hussam Ali Shobokshi	-	-	-	-	-	-

Except for the people mentioned in the foregoing statement, none of the senior executives or their relatives have any interest in the shares of the Company or any of its subsidiaries.

* Indirect ownership in Shaker Company through Abdulelah Abdullah Abunayyan Co. Ltd., which owns 14.074% in Lafana Holding Company (formerly known as Ibrahim Abdullah Abunayyan & Sons Company), a direct shareholder in the Company with 6,788,921 shares as on 31/12/2024 in addition to direct ownership of 1,585 shares.



** Direct ownership of 1,585 shares and indirect ownership in the shares of the Company through 100% direct ownership in Lamaa Holding Company's shareholding in the Company with 3,171,419 shares as on 31/12/2024 and indirect ownership through his wife Mrs. Lama Abu Khadra, partner in Ismailia Lights Company with 33% shareholding in the Company with 1,585,714 as on 31/12/2024.

All of the above shares for the beginning of the year 2024 have been amended retroactively as a result of the General Assembly's resolution dated 19 May 2024 to increase the Company's capital by granting one bonus share for every 6.6377 shares.

During fiscal year 2024, the Company was not informed of any interest in voting shares belonging to people other than members of the Board of Directors, senior executives and their relatives, or any change in those rights.

Actions taken by the Board of Directors to inform its members, especially non-executive members, of shareholders' suggestions and observations regarding the Company and its performance:

Recognizing the importance of effective and direct communication with shareholders, all Board members attended the Extraordinary General Assembly meeting held on May 19, 2024. This also ensures that the Board members are fully informed about shareholder proposals and feedback regarding the Company's status and performance. At this meeting, the shareholders were briefed through a presentation on the most prominent activities of the Company during the past year and its important strategic directions, and their inquiries and questions about the performance and results of the Company were answered. They were also briefed about the Company's strategy for the coming years in a manner that does not conflict with the disclosure regulations issued by the competent authorities.

The Company also organizes meetings with investors. As an ongoing practice, significant proposals and observations of shareholders and investors, if any, are presented to the members of the Board at the subsequent meeting of the Board.

Remuneration of Board Directors, committee members and senior executives

1. Remuneration of Board and Committee members

1.1 Summary of the Remuneration Policy for the members of the Board of Directors and Board committees

i. The remuneration of the Chairman of the Board of Directors shall be SAR (500,000), and the remuneration of each member for membership in the Board shall be SAR (300,000), disbursed in compliance with the laws and regulations issued by the competent authorities.

ii. Each member of the Board of Directors shall have a remuneration of SAR (75,000) for his membership in the Board committees, and the remuneration of a committee member from outside the Board shall be SAR (150,000), The annual remuneration shall be calculated as of the date of the Board's approval of the member's joining the committee.

iii. Each member of the Board of Directors shall have an allowance of SAR (4,000) for each Board meeting, and the attendance allowance for each meeting of the committees shall be SAR (2,000).

iv. The remuneration of the Secretary of the Board shall be SAR (100,000).

1.2 Summary of policy implementation mechanism

1. Remuneration shall be based on the recommendation of the Remuneration and Nomination Committee of the Company, which shall review the attendance records of the meetings of the Board and its committees, the tasks and topics they have undertaken, and submit to the Board the appropriate recommendation to determine the remuneration for the members of the Board of Directors. In developing the recommendation, the Remuneration and Nomination Committee shall consider the following criteria:

ii. The remuneration shall be fair and proportionate to the members' competencies, work and responsibilities carried out and borne by the member of the Board of Directors in addition to the objectives specified by the Board of Directors to be achieved during the fiscal year.

iii. The remuneration shall be commensurate with the Company's activity and the skills necessary to manage it.

iv. The remuneration shall consider the sector in which the Company operates, its size and the experience of the member.

v. The remuneration shall be reasonably sufficient to attract, motivate and retain members with appropriate competence and experience.

2. A member of the Board of Directors may obtain remuneration for any executive, technical or advisory work or positions under an additional professional license assigned to him in the Company, in addition to the remuneration that he may receive as a member of the Board of Directors and in the committees formed by the Board in accordance with the Companies Law and the Articles of Association.

3. The remuneration of members may be of varying amount to reflect the extent of the member's experience, specializations, tasks entrusted to him, his status as an independent, the number of sessions he attends and other considerations.

4. The remuneration of independent directors should not be a percentage of the profits achieved by the Company or be based directly or indirectly on the profitability of the Company.

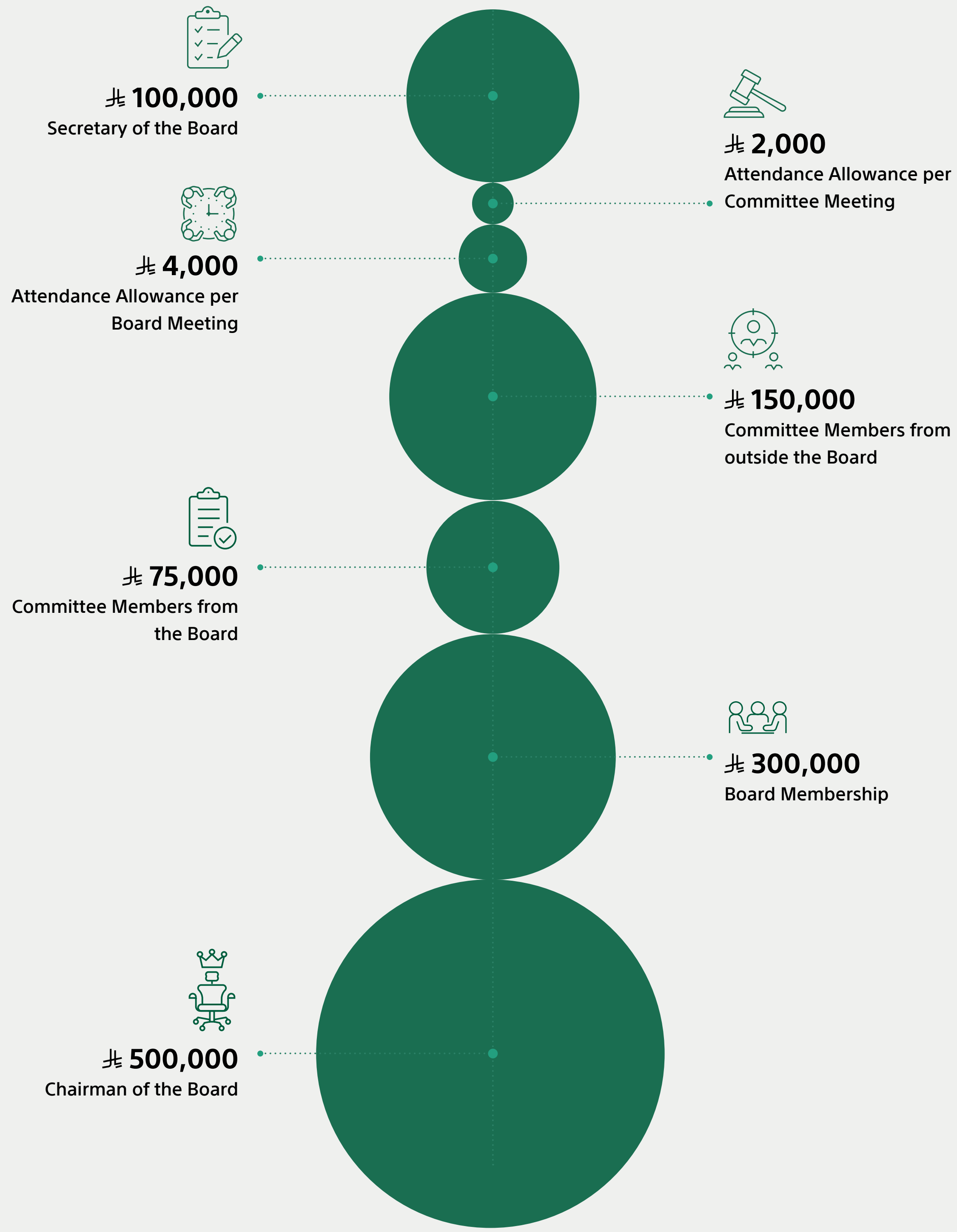
5. If it is found that the remuneration disbursed to any of the members of the Board is based on incorrect or misleading information, and was presented to the General Assembly or included in the annual report of the Board of Directors, the Board member must return the remuneration to the Company and the Company has the right to demand their refund. If the General Assembly decides to terminate the membership of any member of the Board of Directors, the member is not entitled to remuneration and must return all remuneration and allowances paid to him from the period in which his membership was revoked.

6. The lump sum remuneration and allowances shall be paid to the members of the Board and the members of the Board committees on an annual basis after the end of the fiscal year, and this need not be presented to the General Assembly. The Board may also pay attendance allowance and other allowances to its members and committee members after the end of each session or periodically as it is deemed appropriate.

7. The annual remuneration shall be divided among the two members of the Board of Directors in the event of resignation and the appointment of a new Board of Directors, according to the date of appointment. The remuneration shall also be divided among the members of the Board in the event of the end of a Board's tenure sand the start of a new tenure, according to the start date of the tenure. This division applies to Board committee members as well.

Remuneration Policy of Board and Committee Members

Summary of Remuneration Structures



2 Summary of the Remuneration Policy for senior executives

The Remuneration Policy for executive management has set several important criteria to determine remunerations, the most important of which are:

- Attracting and retaining top talent.
- Motivating employees and enhancing performance to achieve the Company's annual objectives and fulfill assigned tasks and responsibilities.
- Aligning employee performance with the Company's annual goals.
- Remuneration decisions will be made based on the recommendation of the Remuneration and Nomination Committee.
- Both the reward and the associated performance indicators are clear, measurable, and tied to overall organizational performance as well as individual performance. Rewards are granted solely based on the outcomes of the performance appraisal process.
- Attract and retain best talent.
- Motivate employees and enhance their performance to achieve the Company's annual goals and to fulfil assigned tasks and responsibilities.
- Align employee performance to the Company's annual goals.
- Make remuneration decisions based on the recommendation of the Remuneration and Nomination Committee.
- Both the reward and the associated performance indicator are clear, measurable and tied to overall organizational performance as well as individual performance. Rewards are granted solely based on employee appraisal outcomes.

Remuneration of the members of the Board and its committees:

On 08/01/2024, the Board of Directors recommended granting the following annual remuneration for fiscal 2023 to the members of the Board of Directors and its committees:

	Fixed Rewards							Variable Rewards								
	A certain amount	Allowance for attending Council meetings	Total allowance for attending committee meetings	The advantages of his eyes	A statement of what the members of the Council received as administrative workers or what they received in exchange for technical, administrative or consulting work	Remuneration of the Chairman of the Board, Managing Director or Secretary if he is a member	Total	Percentage of profits	Periodic bonuses	Short-term incentive plans	Long-term incentive plans	Granted shares (value to be entered)	Total	End of Service Gratuity	Total	Expense allowance
First: Independent Members:																
Musab bin Sulaiman Al-Muhaidib*	250,000	12,000	3000				265,000								265,000	
Eid bin Faleh Al-Shamri**	250,000	12,000	7,500				269,500								269,000	
Hussam Bin Ali Shobokshi***	239,452	12,000	3000				254,452								254,452	
Rasheed Bin Abdulrahman Alrasheed	200,000	9,000					209,000								209,000	
Total	939,452	45,000	13,500				997,952								997,952	
Second: Non-Executive Members:																
Abdulelah Bin Abdullah Abunayyan	200,000	12,000					212,000								212,000	
Azzam Bin Saud Al-Mudaiheem	200,000	12,000					212,000								212,000	
AbdulRaouf Bin Walid Albitar	200,000	12,000					212,000								212,000	
Total	600,000	36,000					636,000								636,000	

Clarification:

* Certain amount: Board membership SAR 200,000 + Nomination and Remuneration Committee membership SAR 50,000.

** Certain amount: Board membership SAR 200,000 + Audit Committee membership SAR 50,000.

*** Certain amount: Board membership SAR 200,000 + Nomination and Remuneration Committee membership ended on 15/10/2023 therefore his remuneration was 39,452 SAR.

Except as stated in the above tables, the Company has not paid any of the members of the Board of Directors, whether as employees, administrators, or for technical, administrative or consulting work.

Remuneration of committee members:

A- Audit Committee:

Name	Fixed remuneration (excluding session attendance allowance)	Attendance Allowance	Total
Audit Committee members from outside the Board of Directors:			
1. Ahmed Bin Zaki Alfraih	100,000	7,500	107,500
2. Mohammed bin AbdulMohsen Al-grenees	100,000	7,500	107,500
Total	**200,000**	**15,000**	**215,000**

B- Nomination and Remuneration Committee:

Name	Fixed remuneration (excluding session attendance allowance)	Attendance Allowance	Total
Members of the Nomination and Remuneration Committee from outside the Board of Directors:			
1. Bakr Bin Ghazi Darwish	100,000	3,000	103,000
2. *Hind bint Khalid Al-Zahid	78,904	3,000	81,904
3. **Walthroys Cornelis Matisse	78,904	3,000	81,904
4. ***Moteb Al-Qunaisi	21,096		21,096
Total	**278,904**	**9,000**	**287,904**

* Membership ended with the reformation of the committee by a decision of the Board of Directors on 15/10/2023.
** Membership ended with the reformation of the committee by a decision of the Board of Directors on 15/10/2023.
***Joined the Committee after its reformation by a decision of the Board of Directors on 15/10/2023

The table below shows remuneration received by the top five executives, including the CEO and CFO:

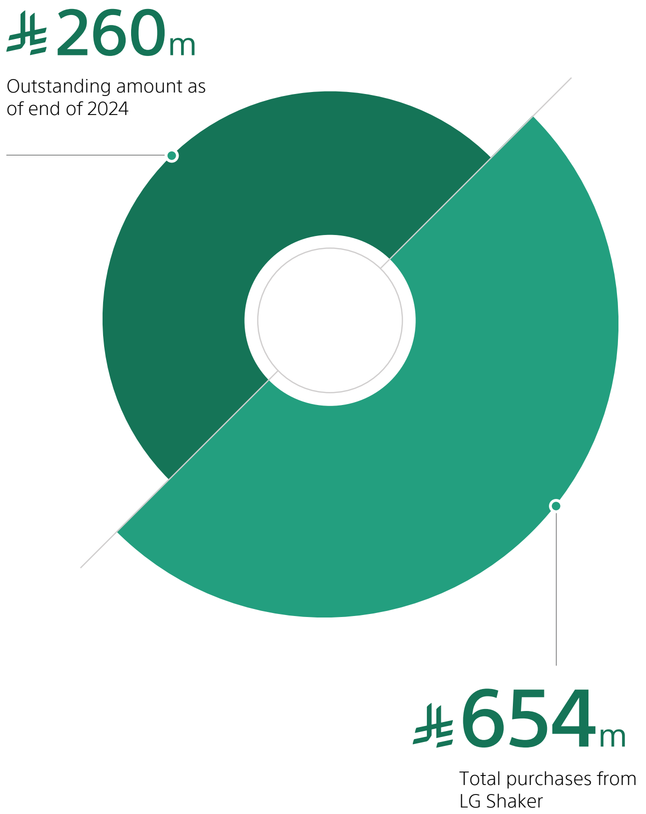
	Fixed Rewards				Variable Rewards								
Senior Executive	Salaries	Allowances	The advantages of his eyes	Total	Periodic bonuses	Earnings	Short-term incentive plans	Long-term incentive plans	Granted shares (value to be entered)	Total	End of Service Gratuity	Total remuneration of executives for the Board, if any	Total
Total remuneration of the top five senior executives including CEO and Chief Financial Officer	6,280,032.00	2,419,968.00		8,700,000.00	7,800,000.00								16,500,000.00
Total	6,280,032.00	2,419,968.00		8,700,000.00	7,800,000.00								16,500,000.00

Related party transactions

This section outlines any transactions between the Company and related parties, as well as information regarding contracts or business engagements in which the Company is involved, where any Board member, senior executive, or individual related to them has an interest.

After the Company ceased consolidating the financial statements of LG Shaker Company Ltd. on 26/5/2014, LG Shaker Company was reclassified as a subsidiary (related party). In accordance with standard accounting practices for assets, any transaction with a subsidiary company is considered a related party transaction. As a result, the purchases of air conditioners from the subsidiary LG Shaker totaling SAR 654 million were concluded within the scope of the business and commercial activity of the Company. As of the end of 2024, an amount of SAR 260 million remains outstanding to the subsidiary.

There were no other business or contracts to which the Company was a party, or in which there was an interest for one of the members of the Board of Directors, senior executives or any person related to them during fiscal year 2024, except the ones mentioned in this report.



Committees

The Board of Directors has established two committees– the Audit Committees and the Nominations and Remuneration Committee– to support the effective management of the Company's operations and enhance communication between the executive management and the Board. The Ordinary General Assembly has approved the guidelines for selecting members for these committees, outlining their responsibilities and determining their remuneration.

Audit Committee

The Extraordinary General Assembly approved amended charter of the committee on 19/05/2024, which included risk management in addition to its established tasks and responsibilities, rules and controls of its work and remuneration of its members.

The Committee's tasks and responsibilities

The Committee shall assume the following tasks and responsibilities:

A. Summary of tasks and responsibilities

1. Regularly review and assess the adequacy of the tasks, rules, and controls outlined in the bylaws, recommending any necessary changes. These recommendations should be included in the annual report to be submitted to the Board of Directors. The Board shall make sufficient copies of the report available at the Company's head office at least 21 days before the General Assembly meeting to ensure that each shareholder receives a copy, unless the report is published and circulated using modern technology.
2. Review the Company's overall strategy, business masterplans, risk management policies and procedures.
3. Propose regulations, policies and procedures that are required to ensure the smooth completion of the committee's tasks.
4. Review the performance of the Audit Committee and submit a full report on its activities to the Board of Directors.
5. Manage any allegations from whistleblowers as well as any fraud cases that are reported.
6. Monitor the Company's business and verify policies and procedures to ensure their integrity and the integrity of reports, financial statements and internal control systems. Include the relevant reports in annual reports to be presented to the competent authority in the Company.

The committee's specific tasks related to several key corporate functions are presented below.

1. Financial Reports

1.1. Review the interim quarterly and annual financial statements before presenting them to the Board of Directors and recommend changes if necessary to ensure their integrity, fairness and transparency.

1.2. Provide technical opinion at the request of the Board of Directors on whether the annual report of the Board of Directors and the financial statements of the Company are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the Company's financial position, performance, business model and strategy.

1.3. Study any important or special issues contained in financial reports and accounts.

1.4. Review the reports submitted by the financial department on budget performance and analyze the deviations between the actual expenditure and the approved estimated budget.

1.5. Discuss any matters raised by the Company's financial director, his alternative, compliance officer or the auditor.

1.6. Verify accounting estimates on material matters contained in financial reports.

1.7. Study the accounting policies followed in the Company and share recommendations to the Board of Directors.

1.8. Review the annual financial statements, reports of the Board of Directors, and interim statements if the Board of Directors decides to prepare them.

2. Internal Audit:

2.1. Make recommendations to the Board on the appointment (and termination if required) of the Director of Internal Audit, determining the person's remuneration and evaluating performance.

2.2. Study and assess the internal financial control systems and risk management processes to ensure their effectiveness. Review periodic reports from the internal audit department or other sources regarding the efficiency of these systems. Prepare a report with proposals and recommendations, and submit it to the Board.

2.3. Supervise the internal audit department's plans and work, and verify their effectiveness in line with the regulations, laws and professional norms.

2.4. Study the internal audit reports and follow up the implementation of corrective actions for the observations made in those reports.

2.5. Oversee and supervise the performance and activities of the internal auditor and the internal audit department to ensure the availability of the necessary resources and their effectiveness in carrying out assigned tasks and responsibilities.

2.6. Ensure the independence of internal audit and enable it to perform its work effectively.

2.7. Study the internal audit plan and the estimated budget for its implementation and recommend it to the Board of Directors for approval.

2.8. Develop internal control systems and policies to manage actual and potential conflicts of interest that may impact the performance of Board members, executive management, or other employees. Address any conflicts of interest and related issues and create a written policy to regulate relationships with stakeholders to protect their rights. This policy must comply with the relevant laws and regulations.

3. External Auditor:

3.1. Recommend to the Board of Directors the nomination, dismissal, fees and performance evaluation of auditors, ensuring their independence and reviewing their scope of work and the terms of their contract.

3.2. Verify the independence and objectivity of the auditor, and the effectiveness of audit work, considering the relevant approved rules and standards.

3.3. Review the auditor's plan and work, verify that there is no overreach or deficiency in performance. Ensure that the auditor does not perform tasks beyond the scope of audit work, and provide feedback accordingly.

3.4. Respond to the inquiries from the Company's auditor.

3.5. Review the auditor's reports and observations on the financial statements, provide feedback and monitor the follow-up actions taken based on these reports.

3.6. Review and address any restrictions that may hinder the auditor's ability to perform his duties effectively.

3.7. Engage in discussions with the auditor and seek clarifications if needed.

4. Compliance Guarantee:

4.1. Review the reports from regulatory authorities and ensure that the Company has taken the necessary measures to address relevant points.

4.2. Supervise the Company's compliance with the laws, regulations, policies and instructions related to its operations.

4.3. Review the contracts and transactions proposed by the Company involving related parties and potential conflicts of interest, and submit recommendations to the Board of Directors.

4.4. Present to the Board of Directors matters that require action within the scope of its work, recommending the steps that need to be taken.

4.5. Develop policies and procedures that ensure the Company's compliance with the rules and regulations and disclose material information to shareholders, creditors and other stakeholders. Monitor the commitment of executive management to those policies and procedures.

4.6. Ensure the Company's compliance with the laws and regulations of the Kingdom of Saudi Arabia.

5. **IT Control:**

The Audit Committee shall work with senior management, the auditor and the Internal Audit Department to ensure that:

5.1. The controls and control systems for the Company's information system are effective.

5.2. The findings and recommendations by the Chartered Accountant and the Internal Audit Department, along with management's responses, are implemented in a timely manner. These include the implementation of recommendations on controls and control tools, minimizing associated risks.

5.3. The Company's management information systems and other information technology systems are efficient and effective.

5.4. The Committee, the Internal Audit Department and the Chartered Accountant coordinate audit efforts to ensure full coverage of the system of controls and key IT-related risk areas.

6. **Risk Management:**

6.1. Develop a comprehensive risk management strategy and policies commensurate with the nature and size of the Company's activities, and verify their implementation, review and update them based on the internal and external variables of the Company.

6.2. Determine and maintain a future risk threshold for the Company and ensure that the Company does not exceed it.

6.3. Assess the feasibility of the Company's continuation of its activities, while identifying potential risks that may threaten continuity during the next 12 months.

6.4. Oversee the Company's risk management system and evaluate the effectiveness of systems and mechanisms for identifying, measuring and following up the risks to which the Company may be exposed.

6.5. Reassess the Company's risk tolerance and exposure periodically (e.g. by conducting stress tests).

6.6. Prepare detailed reports on risk exposure and proposed steps to manage these risks and submit them to the Board of Directors.

6.7. Provide recommendations to the Board on issues related to risk management.

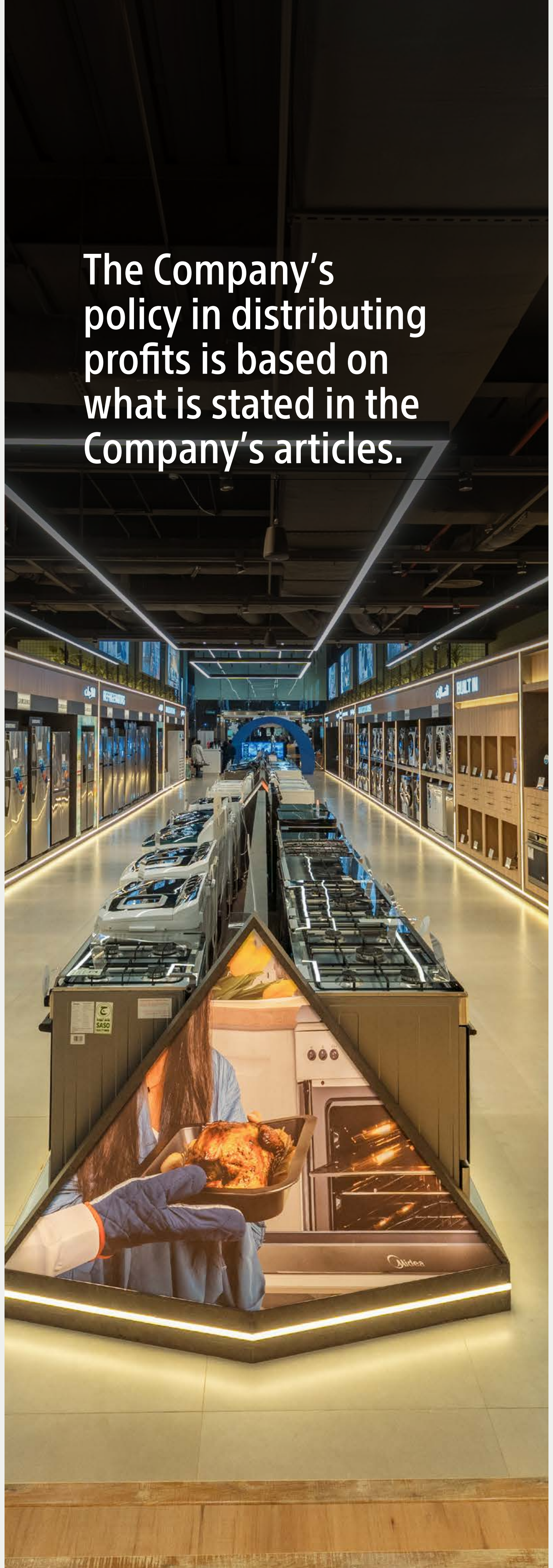
6.8. Ensure the availability of adequate resources, including materials and systems, for risk management.

6.9. Review the organizational structure of risk management and make recommendations to the Board of Directors.

6.10. Ensure the independence of risk management staff from activities that may result in the Company's exposure to risks.

6.11. Ensure that risk management staff understand the risks surrounding the Company, and work to raise awareness of the risk management culture.

6.12. Review any issues that may be raised by the external auditor that could affect the Company's risk potential.



The Company's policy in distributing profits is based on what is stated in the Company's articles.

Statement of meetings and attendance of the members of the Audit Committee:

During fiscal year 2024, the Audit Committee held four meetings, and the attendance of the members are presented in the table below.

#	Member Name	26-02-2024	09-05-2024	25-07-2024	03-11-2024	Total
1	**Mr. Eid bin Faleh Al Shamri** (Chairman of the Audit Committee)	√	√	√	√	4/4
2	**Mr. Ahmed bin Zaki Al-Fraih** (Member of the Audit Committee)	√	√	√	√	4/4
3	**Mr. Mohammed Abdulmohsen Al-Grenees** (Member of the Audit Committee)	√	√	√	√	4/4

The Audit Committee's work during 2024 focused on financial and auditor's reports, internal audit and risk management.

Financial reports and auditor's reports:

1. Review the interim and annual financial statements before presenting them to the Board of Directors, along with the committee's recommendations, to ensure the reports' integrity and fairness.
2. Review the audit plan with the external auditor to ensure that it is within the scope of work and does not include inappropriate technical or administrative aspects.
3. Review the auditor's reports and observations on the financial statements and follow up on the actions taken to address identified issues.
4. Provide recommendations to the Board of Directors on the selection of an external auditor, supervise and evaluate the auditor's performance.

Internal Audit:

1. Control and supervise the performance and activities of the Company's Internal Audit Department in accordance with the annual internal audit plan to ensure its effectiveness in carrying out the activities and tasks assigned to it.
2. Review the internal audit reports and follow up on the implementation of corrective actions on work-related observations that were recorded in the Company.
3. Ensure that the principle of independence is upheld and that the Internal Audit Department and the external auditor submit reports directly to the Audit Committee without any interference from any party.

Risk Management:

The Audit Committee approved the Internal Audit Plan for 2024, which specifically aimed to identify risks within the Company. On a regular basis, the Committee discusses and follows up on the audit plan, as well as the reports and observations provided by the Internal Audit Department.

Remuneration and Nomination Committee

The updated Remuneration and Nomination Committee bylaws were approved by the General Assembly on 19/05/2024.
The most important tasks of the Committee are listed below.

Nominations:

The functions of the Committee include, but are not limited to, the following:

1. Propose clear policies and criteria for membership of the Board of Directors, executive management and the Company's representatives in its subsidiaries.
2. Recommend to the Board of Directors the nomination and renomination of its members in accordance with the approved policies and standards, ensuring that no person who has previously been convicted of breach of trust is nominated.
3. Prepare a description of the capabilities and qualifications required for membership of the Board of Directors and to fill the positions of executive management.
4. Determine the number of hours or days that the member must allocate to the work of the Board of Directors.
5. Conduct annual review of the skills or experience needed to quality for the membership of the Board of Directors and the functions of executive management.
6. Review the organizational structure of the Company, including its operating model and governance mechanisms, which define its relationship with subsidiaries.
7. Verify on an annual basis the independence of independent members and the absence of any conflict of interest if any of them is on the Board of directors of another company.
8. Develop job descriptions for executive members of the Board, independent non-executive members and senior executives of the Company.
9. Establish special procedures to be undertaken in the event of a vacancy in the Board of Directors or senior executive management.
10. Identify the weaknesses and strengths of the Board of Directors and propose solutions to address them to better serve the interests of the Company.
11. Review the remuneration of the committees of the Board, recommend any amendments required, and present them to the Board for approval. The Committee may also submit its recommendations to the Board in the event of a vacancy in any of the Board committees.
12. At the request of the CEO, appoint senior executives (other than the CEO) and determine their powers and remuneration.
13. Ensure that new Board members are given proper orientation and ongoing educational guidance about their role, and regularly review their effectiveness.
14. Establish standards and performance indicators for the executive management in line with the Company's objectives and strategy and monitor their implementation.
15. Establish the administrative succession plan for the Company's management.
16. Define the values and standards that govern the work culture and practices in the Company.
17. Review and evaluate the performance indicators of the executive management and recommend an organizational and management structure for the Company and the executive management when requested by the CEO.

Bonuses:

1. Develop a clear policy for the remuneration of the Board of Directors, its committees and the executive management, and present it to the Board for review prior to seeking approval by the General Assembly. The policy must consider standards related to performance, disclosure and verification of their implementation.
2. Clarify the relationship between the bonuses granted and the applicable remuneration policies and indicate any material deviation from this policy.
3. Review the Remuneration Policy periodically and evaluate its effectiveness in achieving the desired objectives.
4. Recommend to the Board of Directors the remuneration of the Board of Directors, its committees and senior executives in accordance with the approved policy.
5. Without prejudice to the provisions of the Companies Law and the Capital Market Law and their Implementing Regulations, the Remuneration Policy shall consider the following:

a. Alignment with the Company's strategy and objectives.
b. Remuneration should be designed to encourage the Board of Directors and executive management to drive the Company's long-term successs and growth. The variable part of the remuneration should be tied to long-term performance.
c. Remuneration should be determined based on job level, responsibilities, academic qualifications, work experience, skills, and performance.
d. The policy provisions should be aligned with the size, nature and degree of risks facing the Company.
e. Best practice in determining remuneration, ensuring that there will be no unjustified rise in remuneration and compensation.
f. The objective of attracting, retaining and motivating professional competencies, while not exaggerating them.
g. Possibility of suspension or refund of the remuneration if it is found that a member of the Board of Directors or the executive management had secured a position and remuneration by providing inaccurate information.
h. Allocation of shares in the Company to the members of the Board of Directors and the executive management, whether it is a new issue, or shares purchased by the Company for this purpose.

Statement of meetings and attendance of the members of the Nomination and Remuneration Committee:

The Committee held three meetings during the fiscal year 2024, and the table below shows the attendance record:

#	Member Name	03-01-2024	10-03-2024	24-09-2024	Total
1	Mr. Musaab Sulaiman Al-Muhaidib (Chairman of the Remuneration and Nominations Committee)	√	√	√	3/3
2	Mr. Moteb Al-Qunaisi (Member of the Remuneration and Nomination Committee)	√	√	√	3/3
3	Mr. Baker Darwish (Member of the Remuneration and Nomination Committee)	√	√	X	2/3

Performance of the Board of Directors and Board committees

No external party evaluates the performance of the Board of Directors and its committees currently. In 2018, the Company had appointed an external party to evaluate the performance of the Board of Directors with the intent of adopting best practice standards in Board activities and corporate governance.

Penalties

No penalty, precautionary measure or precautionary restriction was imposed on the Company by any supervisory, regulatory or judicial authority during fiscal year 2024.

Company requests for Shareholders Register

M	History of the property file	Reason for the request
1	07/01/2024	Other
2	15/01/2024	Other
3	03/04/2024	Other
4	13/05/2024	Company Procedures
5	15/05/2024	Extraordinary General Assembly
6	19/05/2024	Extraordinary General Assembly
7	02/07/2024	Other
8	06/10/2024	Other
9	19/11/2024	Other
10	31/12/2024	Other

There are no business or contracts involving the Company in 2024 in which any member of the Board of Directors, senior executives, or their affiliates had an interest.

The Company has not created any investments or reserves for the benefit of employees.

The Company's disclosures on Tadawul website during fiscal year 2024

Number	Date of Announcement	Ad Theme
1	16/01/2024	Corrective announcement from Al Hassan Ghazi Ibrahim Shaker Company regarding the Board of Directors' recommendation to increase the Company's capital by granting shares
2	13/02/2024	Addendum announcement from Al Hassan Ghazi Ibrahim Shaker Company regarding the Board of Directors' recommendation to increase the Company's capital by granting shares
3	15/02/2024	Al Hassan Ghazi Ibrahim Shaker signs a memorandum of understanding with LG Electronics and the Saudi Ministry of Investment aimed at exploring opportunities for local manufacturing of air conditioner compressors in the Kingdom of Saudi Arabia
4	27/02/2024	Al Hassan Ghazi Ibrahim Shaker Co. announces its Annual Financial Results for the Period Ending on 31/12/2023
5	27/02/2024	Corrective announcement from Al Hassan Ghazi Ibrahim Shaker Co. regarding Al Hassan Ghazi Ibrahim Shaker Co. announces its annual financial results for the period ending on 31/12/2023
6	25/04/2024	The Board of Directors of Al Hassan Ghazi Ibrahim Shaker Company invites its shareholders to attend the Extraordinary General Assembly Meeting that includes increasing the Company's capital (first meeting) through modern technology means
7	29/04/2024	Addendum announcement from Al Hassan Ghazi Ibrahim Shaker Company regarding inviting the Board of Directors of Al Hassan Ghazi Ibrahim Shaker Company to its shareholders to attend the extraordinary general assembly meeting including the increase of the Company's capital (first meeting) through modern technology
8	12/05/2024	Al Hassan Ghazi Ibrahim Shaker Co. announces its Interim Financial Results for the Period Ending on 31/03/2024 (Three Months)
9	20/05/2024	Al Hassan Ghazi Ibrahim Shaker Co. announces the results of the Extraordinary General Assembly Meeting which included the approval of the Company's capital increase (Second Meeting)
10	13/06/2024	Alhassan Ghazi Ibrahim Shaker Co. announces the deposit of the amounts due from the sale of fractional shares resulting from the increase in the Company's capital in the accounts of the eligible shareholders
11	28/07/2024	Al Hassan Ghazi Ibrahim Shaker Co. announces its Interim Financial Results for the Period Ending on 30/06/2024 (Six Months)
12	04/11/2024	Al Hassan Ghazi Ibrahim Shaker Co. announces its Interim Financial Results for the Period Ending on 30/09/2024 (Nine Months)

Application of the provisions of the Corporate Governance Regulations

During the fiscal year 2024, the Company applied all the provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority, except for the provisions listed below:

Article/Paragraph Number	Article/paragraph text	Reasons for non-application
9 Paragraph c	"The shareholder shall be entitled to his share in the profits in accordance with the resolution of the General Assembly issued regarding the distribution of dividends to shareholders, or the resolution of the Board of Directors to distribute interim dividends…."	No dividends were distributed during fiscal year 2024, and therefore do not apply
13 Paragraph c	"The Board of Directors shall convene the Ordinary General Assembly to meet if requested by the auditor, the Audit Committee or a number of shareholders whose ownership represents at least (10%) of the Company's capital. The auditor may convene the assembly if the board of directors does not convene it within thirty days from the date of the auditor's request.	During the fiscal year 2024, neither the auditor nor any of the shareholders representing 10% requested the convening of the Ordinary General Assembly. Thus do not apply
14 Paragraph a	The Board of Directors, when preparing the agenda of the General Assembly, shall take into account the topics that the shareholders wish to include, and the shareholders who own at least (10%) of the Company's shares may add one or more topics to the agenda of the General Assembly when preparing it.	The Company has not been informed of any topics that shareholders wish to include on the agenda of the General Assembly held during the year 2024, and therefore does not apply
37	Training	(Guideline)
39	Evaluation	(Guideline)
44 Paragraph 3	The Board of Directors shall inform the Ordinary General Assembly when it convenes of the competing business carried out by the Board member.	Not applicable
51 Paragraph c	The Chairman of the Audit Committee must be an independent member	(Guideline)
67	A committee called the Risk Management Committee shall be formed by a resolution of the Company's Board of Directors, the Chairman and the majority of whose members shall be non-executive members of the Board of Directors. Its members are required to have an appropriate level of knowledge of risk management and finance.	(Guideline) The Company has not formed a specialized committee for risk management, which includes the work of the audit committee in addition to its tasks to supervise the risk management work.
69	The Risk Management Committee shall meet periodically at least every six months, and whenever the need arises.	(Guideline) The Company did not form a specialized committee for risk management
82	The Company shall develop and stimulate the participation and performance of the Company's employees, including, in particular, the following: 1. Forming committees or holding specialized workshops to listen to the opinions of employees in the Company and discuss them on the issues and topics subject to important decisions. 2. Programs to grant employees shares in the Company or a share of the profits it makes or retirement programs, and establish an independent fund to spend on those programs. 3. Establishing social enterprises for the Company's employees.	(Guideline)
84	The Ordinary General Assembly, upon the proposal of the Board of Directors, shall establish a policy that ensures a balance between its objectives and the objectives that society aspires to achieve for the purpose of developing the social and economic conditions of society.	(Guideline)
85	The Board of Directors sets programs and identifies the means to introduce the Company's initiatives in the field of social work.	(Guideline)
92	In the event that the Board of Directors forms a committee specialized in corporate governance, it shall delegate to it the competencies prescribed under Article (ninety-four) of these Bylaws, and this committee shall follow up on any topics related to governance applications, and provide the Board of Directors with The management, at least annually, with its reports and recommendations.	(Guideline)

Results of the annual review of the effectiveness of the Company's internal control procedures:

The role of the Audit Committee in the Company is to supervise and review the financial reporting procedures in accordance with the Committee's list of tasks approved by the General Assembly on 19/05/2024, in addition to supervising the risk management work. The Committee relies in its work on the financial statements prepared by the Company's management, periodic meetings with the auditor, and periodic and annual reports that it presents to the Committee for approval.

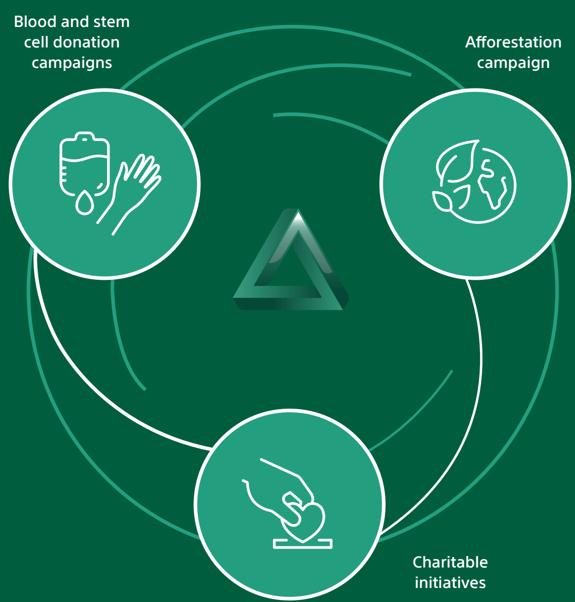
Considering the foregoing and based on periodic reports, the Audit Committee oversees the Company's internal audit work by assessing the adequacy and effectiveness of the internal control system. This includes reviewing the financial statements in accordance with approved accounting standards, continuously evaluating the internal control system, and addressing and rectifying any observations that come out of it. These actions align with the objectives of the Board of Directors to ensure the safety and effectiveness of the Company's internal control system.

The results of the annual review of the effectiveness of internal control procedures did not raise any concerns for the Audit Committee, which implies that there are no fundamental deficiencies that demand disclosure. However, there was a delay in the implementation of internal audit work as a result of the resignation of the Director of Internal Audit who relocated to Australia, and the limited availability of qualified professionals in the market. The Company addressed this by appointing a licensed

company to carry out the internal audit work under the supervision of the Committee. The Company continues to periodically evaluate and review the regulatory system to ensure that it meets the objectives of internal control, improves its efficiency and effectiveness, and complies with applicable laws and regulations.

Social contribution

At Shaker Group, we believe that giving is part of who we are. Striving to build a more prosperous, healthier and happier society, we are keen to implement a variety of community initiatives that reflect our commitment to social responsibility.



Blood and stem cell donation campaigns

Believing in the importance of every drop of blood, Shaker Group has organized blood and stem cell donation campaigns, with the aim of saving the lives of many patients in need, as well as encouraging a culture of donation in the community.

Afforestation campaign

Believing in the importance of preserving the environment, we organized afforestation campaigns in cooperation with the National Center for Vegetation Cover Development and Combating Desertification, with the aim of increasing green spaces and reducing pollution.

Charitable initiatives

In cooperation with Al-Bir National Society, a donation of food baskets was organized, which contributed to providing food to many needy families, and the initiative of the group's employees to donate new clothes and electronic devices to the needy.

We will continue our efforts to strengthen our position as a leader in the field of social responsibility, and invite our employees, customers and partners to join us on this journey, to build together a better society.

Compliance declaration

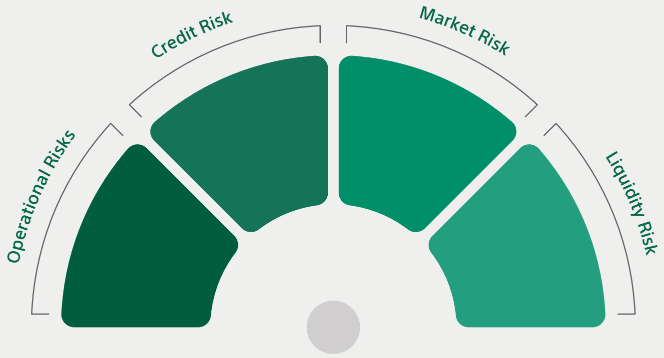
In accordance with paragraph (39) of Article 87 of the Corporate Governance Regulations, the Board of Directors of the Company affirms the following:

1. The records of accounts have been prepared properly.
2. The internal control system has been established and implemented effectively.
3. There is no doubt about the ability of the exporter to continue its activity.

The Company also acknowledges the following:

- There is no competing business activity conducted by the Company or any of its branches, nor any competing business practiced currently or previously by any member of the Board of Directors.
- There is no agreement whereby any shareholder of the Company waives any right to profits.
- The Company has not redeemed, purchased or cancelled any redeemable debt instruments.
- The Company acknowledges that it does not have any treasury shares held during the financial year ending on 31/12/2024.
- The Board of Directors did not recommend a change of auditors before the expiry of the term period for which they were appointed.
- There is no arrangement or agreement whereby a member of the Company's Board of Directors or a senior executive waives any remuneration.
- There has been no transfer or subscription rights under convertible debt instruments, contractual securities, rights memoranda, or similar rights issued or granted by the Company during 2024.
- There is no recommendation from the Audit Committee that contradicts the decisions of the Board of Directors, nor has the Board refused to consider the committee's recommendations on the appointment of the Company's auditor, fees, dismissal and performance evaluation, or the appointment of the internal auditor.
- The Company has not issued any convertible debt instruments, contractual securities, rights memoranda or similar instruments during the financial year.
- There is no interest in the voting class of shares held by individuals (other than members of the Company's Board of Directors, senior executives, and their relatives) who have notified the Company of such rights under Article 85 of the Rules on the Offer of Securities and Continuing Obligations, nor any changes to those rights during the last financial year.

Summary of risks facing the Company



Risk Summary

Operational Risks:

Risks that arise from deficiencies or errors in operational processes within the company, in addition to external events that may hinder business continuity.

Credit Risk:

Credit risk is represented in the potential failure of one party to fulfill its obligations, which leads to the other party incurring a financial loss. Based on this definition, the Company does not face substantial credit risks, as it deals mainly with customers in the local market who are known for their credibility, and sufficient guarantees are in place to minimize associated risks. The Company verifies customer debts and establishes a credit limit for each customer. The outstanding accounts receivable are closely monitored and followed up on a timely basis to minimize risks.

Market Risk:

Market risk is associated with fluctuations in financial markets (interest rates, currencies, or commodities) which may affect a company's profits or market value.

Liquidity Risk:

Liquidity risk indicates the inability to mobilize funds when needed, specifically the lack of liquidity that a company needs to meet its obligations. Liquidity risk can be the result of inability to sell a financial asset in a short time at fair value. Liquidity risk management is important to the Company, which has processes in place to continuously monitor liquidity levels and ensure availability of sufficient funds through cash flows and quick solutions such as credit facilities to meet any future obligations.

Risks related to a decline in the number of consumers or the level of consumer spending

The Company's revenues depend on the level of sales of goods and products to customers and as a result, the Company's success is exposed to the overall risks associated with the wholesale and retail sectors. These sectors are subject to rapid and sometimes unpredictable changes in consumer behavior that affect customer requirements, which is influenced by general economic conditions, including levels of disposable income, tax levels, consumer spending, changes in consumer behavior and choices and demographics. A change in consumer behavior, and failure to anticipate, identify, or respond to these changes, can reduce demand for a company's products. On the other hand, the success of new products introduced to the market depends on the Company's ability to predict the desires and habits of consumers, and offer products that appeal to them and suit their tastes.

Risks related to changes in government regulations and policies in the Kingdom of Saudi Arabia:

The Company operates according to a set of legal laws and regulations. A number of government agencies are working to implement these laws and regulations in accordance with government policies and directives. Demand for the Company's products, and the Company's business in general may be adversely affected as a result of amendments to laws, regulations, government policy and administrative directions, including specifically those applicable to the retail and wholesale sector in the Kingdom of Saudi Arabia.

Financial performance

Highlights of 2024 performance

The following is a summary of the financial outcomes achieved in fiscal 2024 as compared to the data of the previous fiscal year 2023:

Net sales in 2024

SAR 1,416 million

approximately compared to
SAR 1,236 million
In the previous year,
marking an increase of **14.56%.**

Operating profit

SAR 82.17 million

compared to
SAR 89.15 million
In the previous year.

Net profit

SAR 81.59 million

compared to
SAR 65.43 million
In the previous year.

Earnings per share

SAR 1.47

compared to
SAR 1.18
In the previous year.

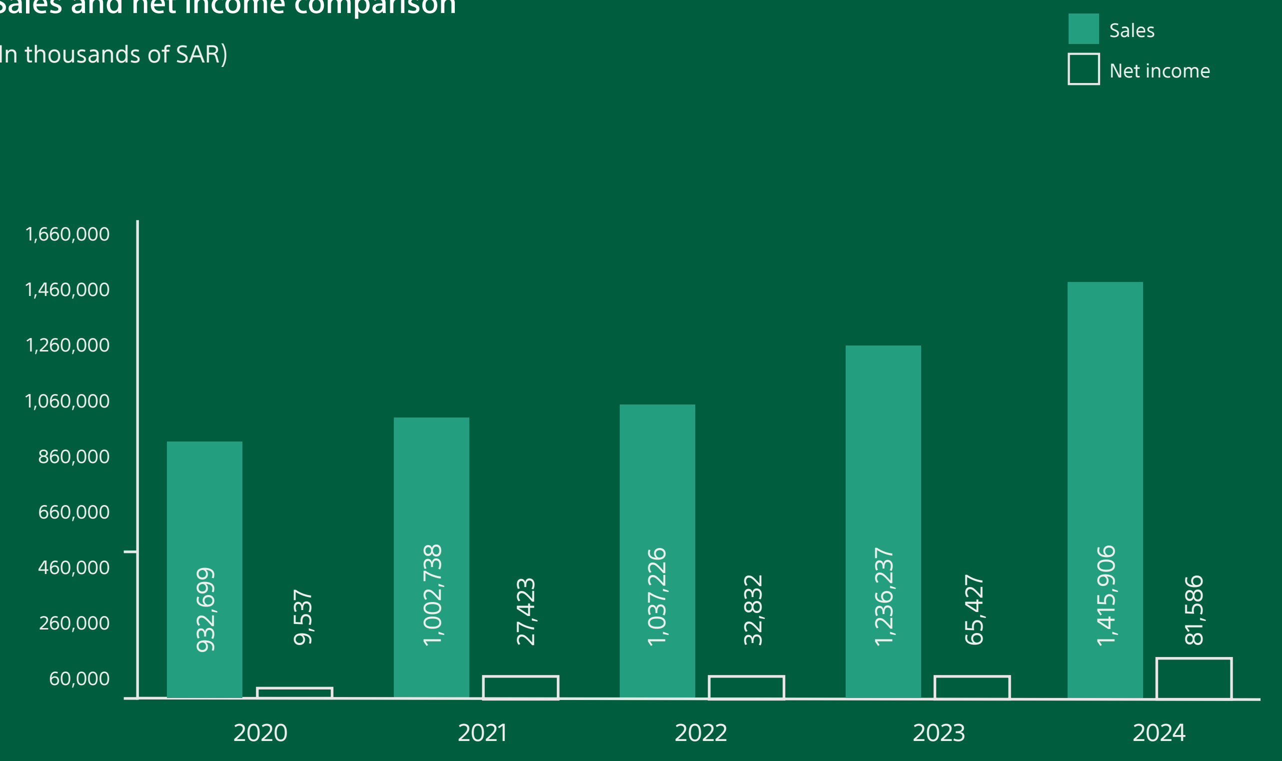
Gross profit

SAR 346.52 million

compared to
SAR 317.76 million
In the previous year

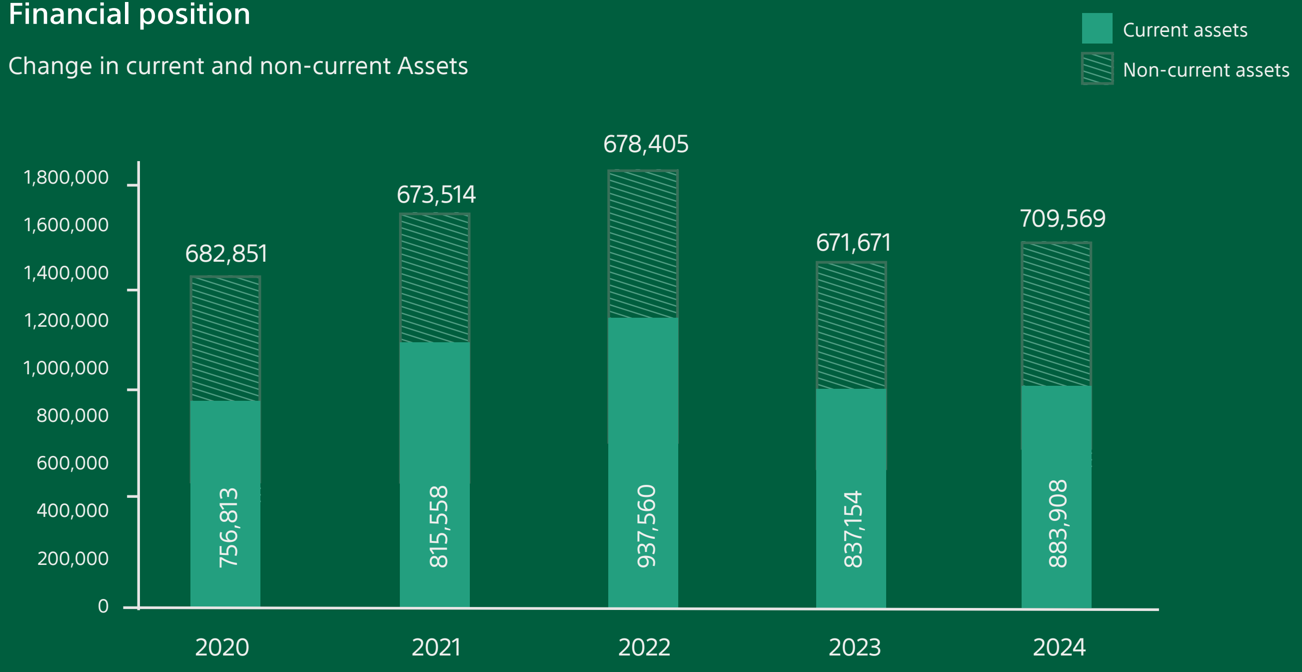
1. Sales and net income comparison

(In thousands of SAR)



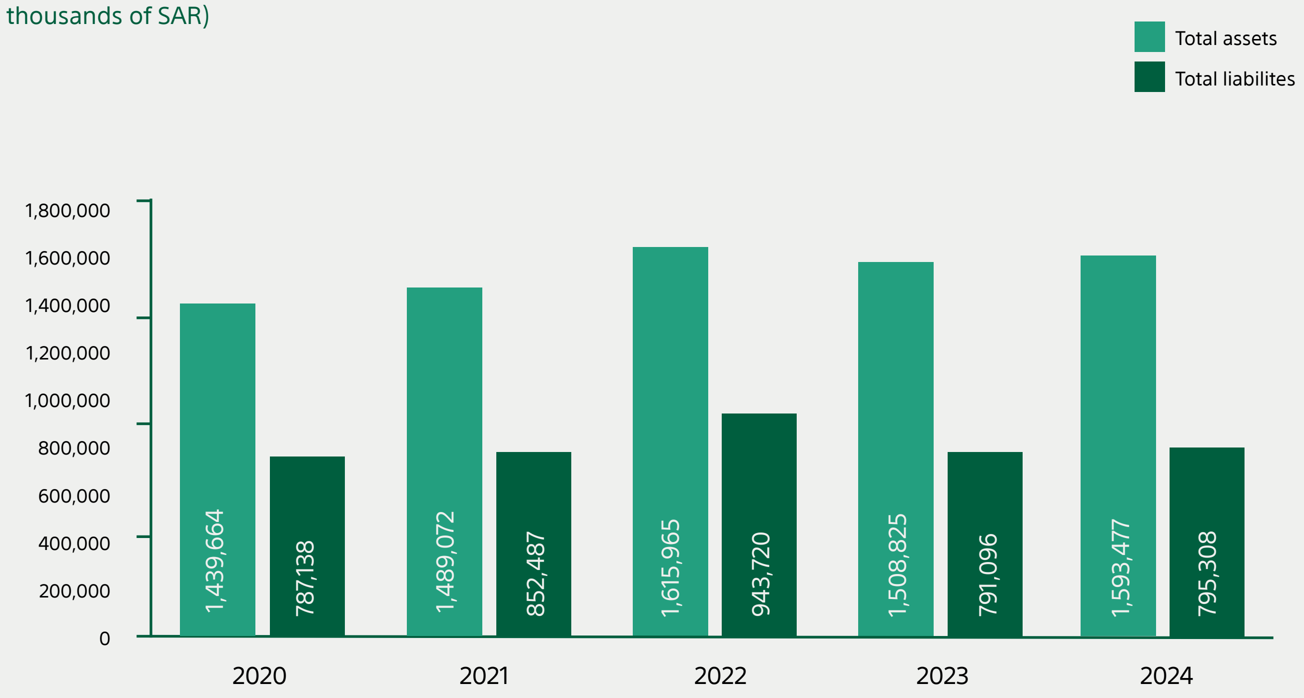
2. Financial position

Change in current and non-current Assets



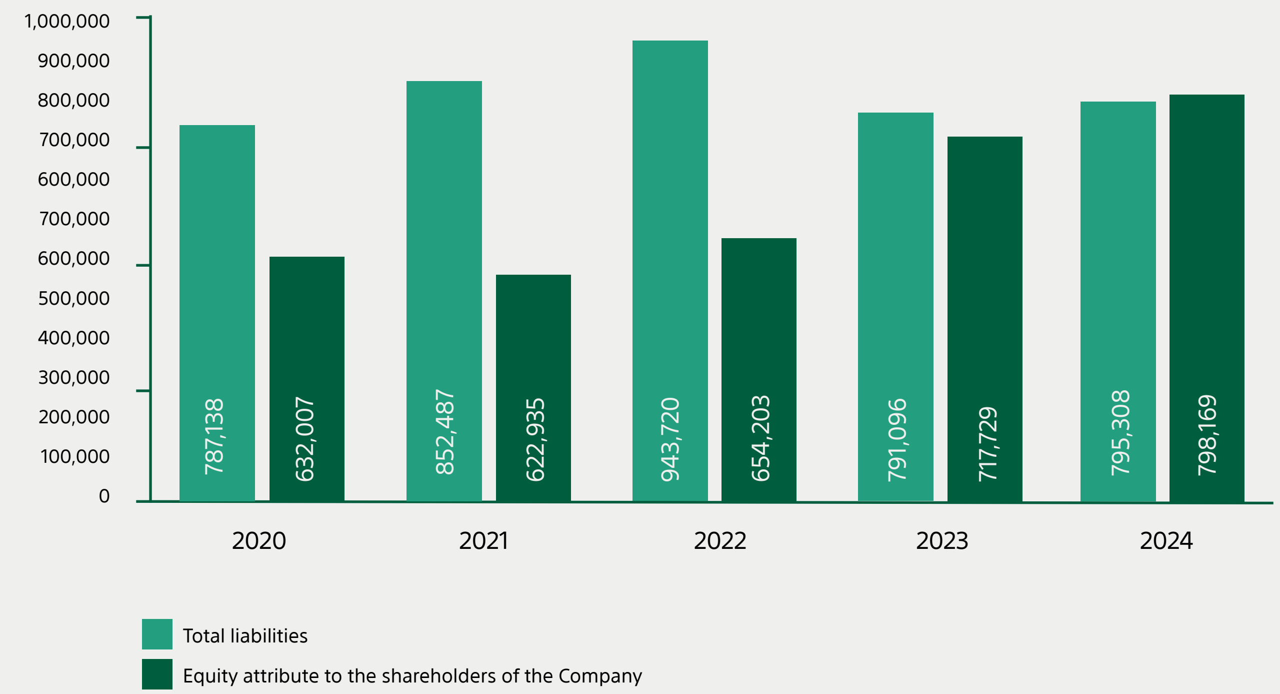
Change in assets and liabilities

(In thousands of SAR)



Change in liabilitites and shareholders equity

(In thousands of SAR)



3. Geographical analysis of the Company's revenues and the total revenues of affiliates outside the Kingdom

The table below shows the geographical analysis of the revenues of the Company and its affiliates in the Kingdom of Saudi Arabia, and Jordan:

	2023		2024	
Statement	Sales	Net Profit	**Sales**	**Net Profit**
KSA	1,236,237	64,834	**1,415,906**	**81,586**
Jordan (*)	39,782	1,452	**-**	**-**
Total	1,276,019	66,286	**1,415,906**	**81,586**

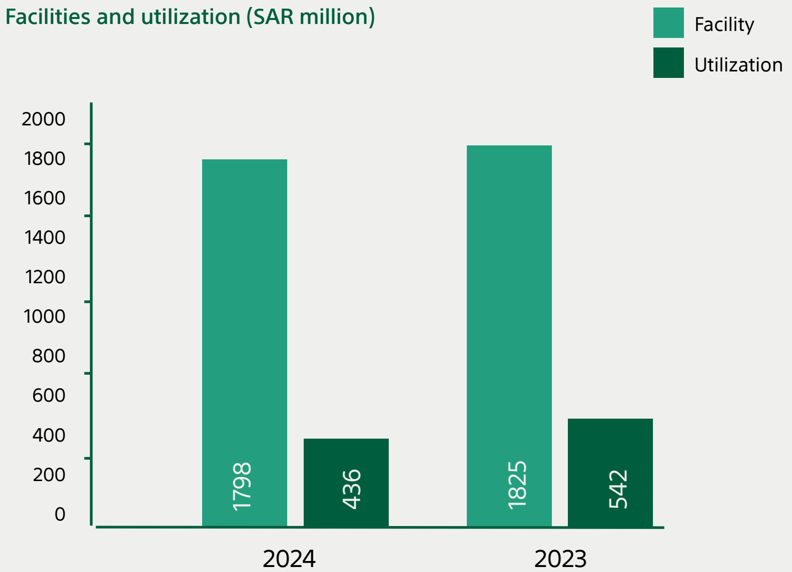
*Entity located in Jordan is classified as discontinued operations in the consolidated statement of profit or loss and other comprehensive income in the consolidated financial statements.

4. Source of financing:

	Beginning Balance	Additions during the year	Repayments During The Year	Non-cash items	Ending Balance	Period of the loan
Financial Leases	16,469	9,346	(7,936)	757	18,636	1-5 years
Short term loans and notes payable (Less than 1 year)	397,126	1,034,036	(1,160,254)	-	270,908	Less than 1 year
Total	413,595	1,043,382	(1,168,190)	757	289,544	

Facilities and Utilization (SAR million)	2024	2023
Facility	**1798**	1825
Utilization	**436**	542

Facilities and utilization (SAR million)

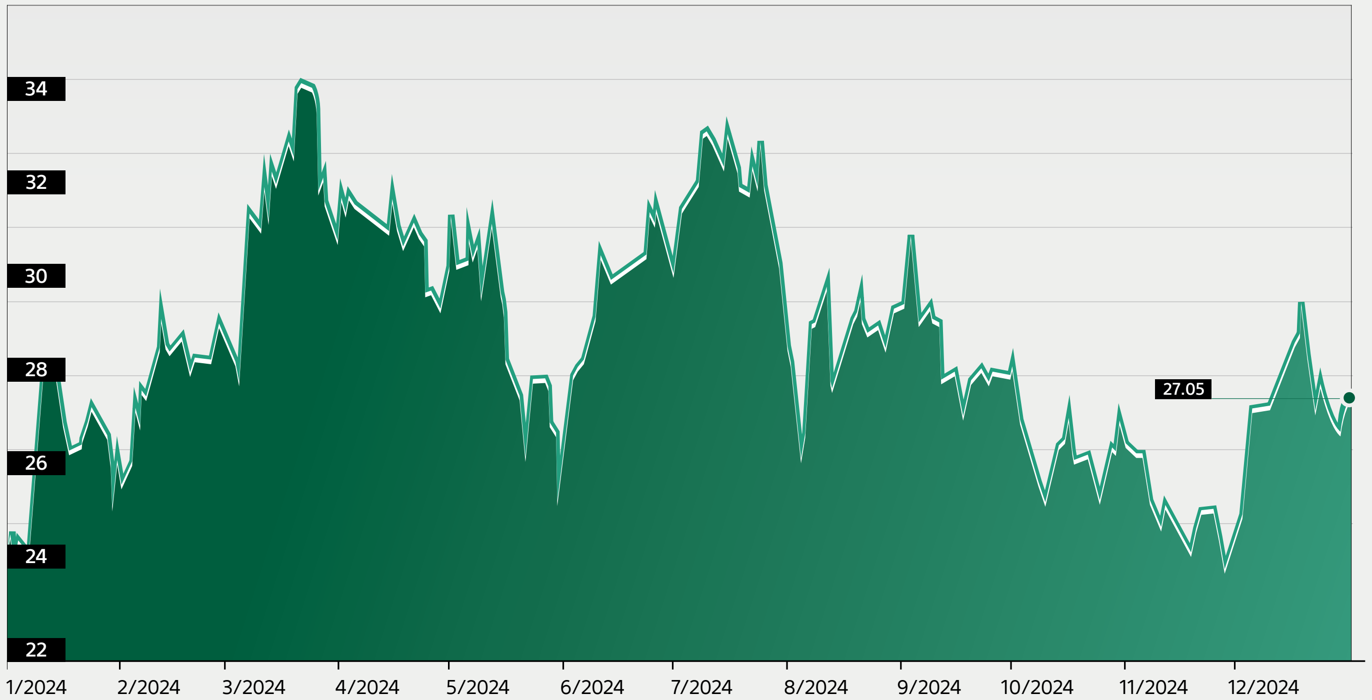


5. Share information:

Listing or subscription date	2010
Exchange	Tadawul Saudi Arabia
Symbol	1214
Number of shares issued	55,500,000
Market cap as of 31 December 2024 (million of Saudi Riyals)	1,501

Share price 31 December 2024	Share price 31 December 2023	Variance	Percentage of change
27.05	24.29	2.76	11%

Stock price performance



There are no debt instruments issued by Shaker Group inside or outside the Kingdom.

6. Geographical analysis of the Group's revenue:

a) The table below shows the amounts paid by the Company and its subsidiaries in the Kingdom within 2024:

Statement (Thousands Saudi Riyals)	Paid Due and unpaid	Due and unpaid	Briefed Description	Reasons
Customs fees	22,820	-	The fees and tariffs established by the competent governmental parties that will be paid	Regulatory requirement
Zakat and due tax	7,331	-	The allocations calculated as per the provisions and rules of Zakat, Tax and Customs Authority (ZATCA)	Regulatory requirement
General Social Insurance Corporation	7,724	-	The amounts calculated and paid as per the provisions and rules of General Social Insurance Corporation	Regulatory requirement
Visas and passports	2,765	-	The amounts paid as per the provisions and rules of Labor Office and Department of Passports for the residents and commercial visits	Regulatory requirement

Status of Zakat assessments:

The Group submitted its zakat returns for the years up to 2023 to the Zakat, Tax and Customs Authority (ZATCA). The Group's zakat returns up to the years 2023 were finalized and the related liabilities were paid during the year..

Provisions for the year 2024

a. An impairment on trade and other receivables provision was formed with the amount of 14.3 million Saudi Riyals..

b. Zakat provision reached an amount of 4.0 million Saudi Riyals.

c. Inventory provision reached an amount of 1.8 million Saudi Riyals.

d. A Provision for employee benefits obligation formed with the amount of 4.4 million Saudi Riyals.

06

Consolidated financial statements

for the Year Ended December 31, 2024

Consolidated statement of financial position

(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	December 31, 2024	December 31, 2023
Assets			
Non-current assets			
Property and equipment	4.1	**169,090**	176,556
Right-of-use assets	4.2	**20,410**	17,552
Intangible assets	5	**15,106**	9,854
Investment in associates	7	**504,963**	466,959
Equity investment at fair value through other comprehensive income		**-**	750
Total non-current assets		**709,569**	671,671
Current assets			
Inventories	8	**336,474**	373,978
Trade and other receivables	6	**430,473**	356,030
Prepayments and other debt balances	9	**72,239**	88,303
Investments at fair value through profit or loss	13	**10,734**	-
Cash and cash equivalents	10	**22,797**	18,843
Total current assets		**872,717**	837,154
Assets held for sale	32.2	**11,191**	-
Total assets		**1,593,477**	1,508,825
Equity and liabilities			
Equity			
Share capital	11	**555,000**	482,334
Reserves	12	**-**	144,348
Retained earnings		**243,169**	91,047
Total equity		**798,169**	717,729
Liabilities			
Non-current liabilities			
Lease liabilities – non-current portion	4.2	**11,473**	11,229
Employees' benefits obligation	15	**26,619**	24,430
Total non-current liabilities		**38,092**	35,659
Current liabilities			
Short-term borrowings	14	**270,908**	397,126
Lease liabilities – current portion	4.2	**7,163**	5,240
Trade and other payables	16	**466,248**	333,572
Zakat liabilities	17	**3,207**	6,542
Warranty provision	18	**9,690**	12,957
Total current liabilities		**757,216**	755,437
Total liabilities		**795,308**	791,096
Total equity and liabilities		**1,593,477**	1,508,825

The accompanying notes on the pages from 10 to 51 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	December 31, 2024	December 31, 2023
Revenues	20	**1,415,906**	1,236,237
Cost of sales	21	**(1,069,383)**	(918,474)
Gross profit		**346,523**	317,763
General and administrative expenses	24	**(115,162)**	(95,571)
Selling and distribution expenses	23	**(141,468)**	(133,792)
Impairment loss on trade and other receivables	6	**(14,291)**	(1,440)
Unrealized gains from investments at fair value through profit or loss	13	**434**	-
Other income	22	**6,136**	2,191
Income from operations		**82,172**	89,151
Finance costs	25	**(32,872)**	(51,483)
Other expense – foreign exchange loss		**(1,722)**	(494)
Share of net profit from investment in associates	7	**38,004**	36,110
Income before zakat		**85,582**	73,284
Zakat expense	17	**(3,996)**	(8,450)
Net income for the year from continuing operations		**81,586**	64,834
Discontinued operations			
Gain from discontinued operations	32.1	**-**	1,452
Net income for the year		**81,586**	66,286
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Re-measurement of employees' benefits obligation	15	**(1,146)**	(1,901)
Other comprehensive loss for the year		**(1,146)**	(1,901)
Continuing operations		**(1,146)**	(1,901)
Discontinued operations		**-**	-
Total comprehensive income for the year		**80,440**	64,385
Profit attributable to:			
Owners of the Company		**81,586**	65,427
Non-controlling interests	32.1	**-**	859
		81,586	66,286
Total comprehensive income attributable to:			
Owners of the Company		**80,440**	63,526
Non-controlling interests		**-**	859
		80,440	64,385
Earnings per share:			
Basic and diluted earnings per share	26	**1.47**	1.18

The accompanying notes on the pages from 10 to 51 form an integral part of these consolidated financial statements.

Consolidated statement of change in equity

(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Equity attributable to the owners of the Company					
	Share capital	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
Balance at January 1, 2023	482,334	144,348	27,521	654,203	18,042	672,245
Net income for the year	-	-	65,427	65,427	859	66,286
Other comprehensive loss	-	-	(1,901)	(1,901)	-	(1,901)
Total comprehensive income for the year	-	-	63,526	63,526	859	64,385
Disposal of a subsidiary (Note 32.1)	-	-	-	-	(18,901)	(18,901)
Balance at December 31, 2023	482,334	144,348	91,047	717,729	-	717,729
Balance at January 1, 2024	**482,334**	**144,348**	**91,047**	**717,729**	**-**	**717,729**
Net income for the year	-	**-**	**81,586**	**81,586**	**-**	**81,586**
Other comprehensive loss	-	**-**	**(1,146)**	**(1,146)**	**-**	**(1,146)**
Total comprehensive income for the year	-	**-**	**80,440**	**80,440**	**-**	**80,440**
Increase in share capital (Note 1)	**72,666**	**(72,666)**	**-**	**-**	**-**	**-**
Transfer from reserves to retained earnings (Note 1)	-	**(71,682)**	**71,682**	**-**	**-**	**-**
Balance at December 31, 2024	**555,000**	**-**	**243,169**	**798,169**	**-**	**798,169**

The accompanying notes on the pages from 10 to 51 form an integral part of these consolidated financial statements

Consolidated statement of cash fows

(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Notes	December 31, 2024	December 31, 2023
Cash flows from operating activities			
Income before zakat:			
Continuing operations		**85,582**	73,284
Discontinued operations	32.1	**-**	1,452
Adjustments for non-cash items			
Depreciation of property and equipment	4.1	**4,045**	3,913
Depreciation of right-of-use assets	4.2	**6,488**	6,519
Amortization of intangible assets	5	**45**	-
Impairment losses on inventories	8	**1,804**	4,473
Impairment losses on trade and other receivables	6	**14,291**	1,440
Share of profit from investment in associates	7	**(38,004)**	(36,110)
Gain from sale of property and equipment		**-**	(221)
Unrealized gains from investments at fair value through profit or loss	13	**(434)**	-
Finance costs	25	**32,872**	51,483
Gain on disposal of a subsidiary		**-**	(1,452)
Impairment loss on equity investment at fair value through other comprehensive income		**750**	-
Provision for employees' benefits obligation	15	**4,382**	3,246
		111,821	108,027
Changes in working capital:			
Inventories		**35,700**	35,898
Trade and other receivables		**(88,734)**	(52,785)
Prepayments and other debt balances		**16,064**	(25,462)
Trade and other payables		**132,676**	21,141
Warranty provision		**(3,267)**	(1,232)
Cash generated from operating activities		**204,260**	85,587
Finance cost paid	14	**(32,115)**	(50,764)
Zakat paid	17	**(7,331)**	(12,482)
Employees' benefits obligation paid	15	**(3,339)**	(1,525)
Net cash generated from operating activities		**161,475**	20,816
Cash flows from investing activities			
Additions to property and equipment	4.1	**(7,770)**	(2,203)
Proceeds from sale of property and equipment		**-**	261
Additions to investment in associates		**-**	(1,425)
Additions to equity investment at fair value through other comprehensive income		**-**	(750)
Addition to investments at fair value through profit or loss	13	**(10,300)**	-
Addition to intangible assets	5	**(5,297)**	-
Proceed from sale of a subsidiary	32.1	**-**	27,534
Dividends received	7	**-**	36,750
Net cash (used in) / generated from investing activities		(23,367)	60,167

Consolidated statement of cash flows (continued)

(All amounts in thousands of Saudi Riyals unless otherwise stated) (continued)

	Notes	December 31, 2024	December 31, 2023
Cash flows from financing activities			
Proceeds from bank borrowings	14	1,034,036	2,079,566
Repayment of bank borrowings	14	(1,160,254)	(2,226,645)
Payment of lease liabilities	4.2	(7,936)	(6,673)
Change in non-controlling interests	32.1	-	18,901
Net cash used in financing activities		(134,154)	(134,851)
Net increase / (decrease) in cash and cash equivalents		3,954	(53,868)
Cash and cash equivalents at the beginning of the year		18,843	72,711
Cash and cash equivalents at the end of the year	10	22,797	18,843
Non-cash transactions:			
Capital increase	1	72,666	-
Transfer from reserves to retained earnings	1	71,682	-
Write-off of trade and other receivables	6	981	26,196
Assets held for sale	32.2	11,191	-
Inventories impairment losses utilized during the year	8	7,097	(22,443)
Re-measurement of employees' benefits obligation	15	1,146	1,901
Addition to right-of-use assets and lease liabilities	4.2	9,346	-

The accompanying notes on the pages from 10 to 51 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements for the year ended December 31, 2024

(All amounts in thousands of Saudi Riyals unless otherwise stated)

1. Status and nature of activities

Al Hassan Ghazi Ibrahim Shaker Company (the "Company" (or) the "Parent Company" (or) "HGISC") was registered as a limited liability Company in the Kingdom of Saudi Arabia under Commercial Registration number 1010149252 dated 26 Dhu al-Qadah 1418H (corresponding to March 25, 1998). The Company converted from a limited liability company to a closed joint stock company pursuant to the Ministerial Resolution No. 275 on 17 Shaban 1429H (corresponding to August 18, 2008).

The Parent Company offered 10.5 million shares to public, during the subscription period from April 26, 2010 (corresponding to 11 Jumada al-Awwal 1431H) to May 2, 2010 (corresponding to 17 Jumada al-Awwal 1431H). The Parent Company's shares started trading in the Saudi Stock Exchange on May 17, 2010 (corresponding to 3 Jumada al-Thani 1431H). Accordingly, after successful completion of the IPO (Initial Public Offering Process), the Parent Company was declared as a Saudi Joint Stock Company with a share capital of SR 350 million, divided into 35 million shares of SR 10 each. On March 29, 2015, a bonus of four shares for every five ordinary shares outstanding was issued and resultantly the share capital of the Company was increased from SR 350 million to SR 630 million.

The Company's shareholders approved during the Extraordinary General Assembly Meeting held on 14 Shawwal, 1443H (corresponding to May 15, 2022) the decrease in share capital of SR 147.666 million through absorbing accumulated losses with the same amount. The legal formalities for capital decrease were finalized on June 19, 2022.

On May 19, 2024, the general assembly approved transferring SAR 71.682 million from reserve to retained earnings.

Also, on May 19, 2024, the general assembly approved the board of directors recommendation to increase the Company's capital by granting 1 bonus share for every 6.637685 shares. The authorized, issued and paid up share capital of the Company has increased from SR 482.3 million to SR 555 million. The number of issued shares has increased from 48.2 million shares to 55.5 million shares of SR 10 each. The increase in share capital was funded through the capitalization of SAR 72.7 million from the reserve account. The capital increase shares were deposited at the end of the day following the maturity date (the date of the assembly meeting).

As at December 31, 2024, the authorized, issued, and paid-up share capital of the Company is SR 555 million divided into 55.5 million shares of SR 10 each. As at December 31, 2023, the authorized, issued, and paid-up share capital of the Company was SR 482.3 million divided into 48.2 million shares of SR 10 each.

The Parent Company is engaged in the trading and wholesale of spare parts, electronic equipment, household equipment and air-conditioners, maintenance of the items mentioned above and providing agency services to those companies which are in the same business.

The Company's registered office is located at the following address: Shaker Group Building, Alsahafa District, King Fahad Road, Riyadh 11422, Kingdom of Saudi Arabia.

These consolidated financial statements include the financial position and performance of the Company and its branches as well as the following subsidiaries (collectively referred as the "Group")

Name	Principal field of activity	Country of incorporation	December 31, 2024	December 31, 2023
Ibrahim Shaker Company Limited ("ISCL")	Wholesale of household appliances	Saudi Arabia	100%	100%
Ibrahim Hussein Shaker Projects and Maintenance Company Limited (IHSCL)	Import, export and marketing services	Saudi Arabia	100%	100%
Asdaa Gulf Trading Company ("Asdaa")	Wholesale of electronic devices	Saudi Arabia	100%	100%
Shaker Innovative Investment Company	Financial and insurance activities	Saudi Arabia	100%	100%
Shaker Contracting Service	Constructions	Saudi Arabia	100%	100%
Shaker Resilience for logistic services	Transportation and Storage	Saudi Arabia	100%	100%

Notes to the consolidated financial statements for the year ended December 31, 2024 (continued)

The Group has branches which are operating under separate commercial registrations. Details of these branches are as follows

Branch location	Commercial Registration	Commercial Registration Date
Branches of HGISC – Parent Company		
Buraidah	1131014566	July 20,1999 (7 Rabi" al-Thani 1420H)
Khamis Mushait	5855025991	April 13,2005 (4 Rabi' al-Awwal 1426H)
Khobar	2051029431	May 2,2004 (13 Rabi' al-Awwal 1425H)
Jeddah	4030102685	April 3,1994 (21 Shawwal 1414 H)
Riyadh	1010685573	February 5, 2022 (22 Jumada al-Thani 1442H)
Riyadh	1010411362	April 20,2014 (20 Jumada al-Thani 1435H)
Madina	4650035092	May 5,2004 (15 Rabi' al- Awwal 1425 H)
Mecca	4031213336	March 20,2018 (3 Rajab 1439H)
Branches of Ibrahim Shaker Company Limited – subsidiary		
Jeddah	4030034475	May 10, 1982 (16 Rajab 1402H)
Khobar	2051010124	July 14, 1984 (15 Shawwal 1404H)
Buraidah	1131020925	June 14, 2005 (7 Jumada al-Awwal 1426H)
Khamis Mushait	5855027659	January 30, 2007 (11 Muharram 1428H)
Najran	5950028155	November 3, 2013 (29 Dhu al-Hijjah 1434H)
Riyadh	1010045129	June 7, 1982 (15 Sha'ban 1402 H)
Tabuk	3550039676	January 15, 2018 (27 Rabi al-Thani 1439H)
Jeddah	4030043910	June 3, 1984 (4 Ramadan 1404H)
Jeddah	4030298838	January 15, 2018 (27 Rabi al-Thani 1439H)
Jizan	5900112066	January 22, 2018 (5 Jumada al-Awwal 1439H)
Dammam	2050115449	January 30, 2018 (13 Jumada al-Awwal 1439H)
Jeddah	4030034931	June 9, 1982 (16 Shaban 1402H)
Branches of Ibrahim Hussain Shaker Projects and Maintenance Company Limited – subsidiary		
Jeddah	4030159728	February 6, 2006 (7 Muharram 1427H)
Riyadh	1010434932	June 15, 2015 (28 Sha'ban 1436H)
Branch of ASDAA Gulf Trading Company – subsidiary		
Riyadh	1010243196	January 26,2008 (17 Muharram 1429H)

These consolidated financial statements were approved by the Board of Directors on February 18, 2025.

2. Basis of preparation and material accounting policies

Significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies are consistently applied to all periods presented, unless otherwise stated.

2.1 Basis of preparation

a. Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA), hereafter referred to as "IFRS".

The amounts in the consolidated financial statements have been presented in Saudi Riyals (SR) with all values rounded to the nearest thousand except where stated otherwise.

b. Historic cost convention

The consolidated financial statements have been prepared on a historical cost basis except for the defined benefit plan which is measured at present value of future obligations using Projected Unit Credit Method. Further, the consolidated financial statements are prepared using the accrual basis of accounting and going concern concept.

c. Basis of consolidation

These consolidated financial statements comprising the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements of the Group include assets, liabilities and the results of the operations of the Company and its subsidiaries, as set out in note (1). The Company and its subsidiaries are collectively referred to as the "Group". Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control commences until the date on which control ceases. The Group accounts for the business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identified net assets acquired and fair value of pre-existing equity interest in the subsidiary. The excess of the cost of acquisition and amount of Non-Controlling Interest ("NCI") over the fair value of the identifiable net assets acquired is recorded as goodwill in the Consolidated Statement of Financial Position. NCI is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. If the business combination is achieved in stages, the acquisition date carrying value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in the consolidated statement of profit or loss. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Accounting policies of subsidiaries are aligned, where necessary, to ensure consistency with the policies adopted by the Group. The Company and its subsidiaries have the same reporting periods.

2.2 Material accounting policies

a. New Standards, Amendment to Standards and Interpretations

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2024:

- IAS 1 'Presentation of Financial Statements' on classification of liabilities, to clarify that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period.
- IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments' on the disclosures of supplier finance arrangements, to enhance the transparency and enable the users of financial statements to assess the effects of those arrangements on the liabilities, cash flows and exposure to liquidity risk.
- IFRS 16 'Leases' on sale and leaseback, to clarify how to account for after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

b. New standards and interpretations not yet adopted

Following are the new standards and amendments to standards which are effective for annual periods beginning on or after January 1, 2025 and earlier application is permitted; however, the Group has not early adopted them in preparing these financial statements.

- IAS 21, 'The Effects of Changes in Foreign Exchange Rates' on lack of exchangeability related to the impact of having transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
- IFRS 18, 'Presentation and Disclosure in Financial Statements' on updates to the statement of profit or loss related to the structure of the statement of profit or loss, required disclosures in the financial statements for certain profit or loss performance measures that are reported outside financial statements and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change operating profit or loss.

Unless otherwise stated above, it is not expected that the new standards and interpretations will have a significant impact on the Group's consolidated financial statements.

c. Business combinations and goodwill

Business combinations are accounted for using the acquisition method when the control is transferred to the Group. 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 interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred 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.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest (NCI), 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 recognized 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 recognized in 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 forms part of a cash-generating unit and part of the operation within that unit is disposed of the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

d. *Investment in associates*

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 over those policies.

The Group's investments in its associates and is accounted for using the equity method.

Under the equity method, the investment in associates is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associates is included in the carrying amount of the investment and is neither amortised, nor individually tested for impairment.

The profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognized its share of any changes, when applicable, in the statement of changes in equity (Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate and is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associates is 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 recognize an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognized the loss as 'Share of profit of an associate in the profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognized any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

e. *Current versus non-current classification*

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

- Expected to be recognize or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading.
- Expected to be recognize 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.

The Group classifies all other assets 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.

f. *Fair value measurement*

The Group measures certain financial instruments and non-financial assets at fair value at each balance sheet 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 to 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, recognized the use of relevant observable inputs and recognized the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are recognized 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.

To measure the fair value of properties, the Group engages an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the asset being valued. Management reviews valuer's report and assesses appropriateness of assumptions and valuation techniques and the overall reasonableness of valuation. For the purpose of fair value disclosures, the Group has determined classes of assets based on the nature, characteristics and risks of the asset and the level of the fair value hierarchy, as explained above.

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. The fair value of investments in mutual funds, unit trusts or similar investment vehicles are based on the last published net assets value for unquoted financial instruments fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers" quotes.

For financial instruments carried at amortised cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments. For investments in equity instruments, where a reasonable estimate of fair value cannot be determined, the investment is carried at cost.

For assets and liabilities that are recognized 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 categorization (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.

g. *Revenue from contracts with customers*

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks. The specific recognition criteria described below must also be met before revenue is recognized.

Sale of goods

Revenue from the sale of goods is recognized when a customer obtains controls of the goods at a point in time i.e. on delivery and acknowledgement of goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

For volume rebates a refund liability is recognized for expected volume discount payable to customers in relation to sales made until the end of the reporting period.

The Group provides normal warranty provisions for general repairs for two, five and ten years on all its products sold, in line with industry practice. A liability for potential warranty claims is recognized at the time the product is sold.

Rendering of services

Revenue from service is recognized when obligation is performed or services are rendered, by reference to the stage of completion. Stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor hours for each contract. When the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Generally the Group recognizes revenue from services related to installation of products, repairs or maintenance service when control is transferred being over the time the service is provided. For service contracts covering a longer period revenue is recognized on a linear basis over the contract period.

Professional consultancy fees

The Group provides consultancy services for energy value analysis during the design phase of projects and developments. Revenue from consultancy services is recognized when the obligation is performed, or services have been rendered as per the terms and condition of the respective customer contracts.

Revenue is recognized overtime when the services have been rendered as per the terms and conditions of the respective customer contracts. Any amounts remaining unbilled at the of the reporting period are presented in the consolidated statement of financial position as contract assets.

h. Contract balances

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

i. Zakat and Taxation

Zakat and income tax

The Parent Company and domestic subsidiaries are subject to zakat in accordance with the regulations of Zakat and Tax and Customs Authority ("ZATCA"). The Group's zakat is accrued and charged to the consolidated statement of profit or loss and other comprehensive income currently. Additional zakat, if any, related to prior years' assessments are accounted for in the period in which the final assessments are finalized.

Withholding tax

The Group withholds taxes on transactions with non-resident parties in accordance with applicable ZATCA regulations.

j. Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Parent Company's shareholders. Dividends for the year that are approved after the consolidated statement of financial ition date are disclosed as an event after the consolidated statement of financial position date.

k. Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. When assets are sold or retired, i.e., when risks and rewards of ownership are transferred to the buyer, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is recognized in the consolidated statement of profit or loss. If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Land is not depreciated. Depreciation is computed on a straight-line basis to their residual values over the estimated useful lives of property and equipment as follows and is recognized in the consolidated statement of profit or loss:

The useful life, residual values and depreciation method are reviewed at each reporting date and adjusted if appropriate to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

	Years
Buildings	40
Motor vehicles	5
Furniture and office equipment	6.67
Tools and equipment	5
Leasehold improvements	The lease term or useful life whichever is shorter

l. Leases

The Group leases real estate represented in warehouses and buildings. The duration of such lease contracts is between one to 5 years and some of these contracts have the option to extend the lease period.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group uses that rate as a starting point to determine the incremental borrowing rate.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

m. Loans and borrowing costs

Loans are initially calculated at fair value, net of transaction costs incurred. Loans are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the loans using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fees are deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fees are amortized over the period of the facilities to which they relate.

n. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the consolidated statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period, residual value and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected patter of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

Amortization of IT software is computed on a straight-line basis over the estimated useful lives of 10 years.

o. Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

The Group reclassifies debt investments when and only when its business model for managing those asssets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its FA instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group de-recognizes financial liabilities when its contractual obligations are discharged, cancelled or expired.

The Group also de-recognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

p. *Inventories*

Inventories are presented at the lower of cost or net realizable value. The cost of inventories is based on the weighted average principle. In the case of manufactured inventory materials and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. A provision is made for obsolete and slow-moving items when needed.

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.

q. *Impairment of financial instruments*

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost.

The Group measures loss allowances at an amount equivalent to a credit loss over the lifetime of the debt, except for the following:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on financial assets has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- default of the financial asset for 90 days or more from its maturity date.

Management considers 'low credit risk' for financial assets to be customers with good credit history and no historical default.

Lifetime ECLs are those that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from other events that are possible over 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is of impaired credit includes the following observable data:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract such as default or delinquency for a period of more than 90 days;
- It is becoming probable that the borrower will enter bankruptcy or other financial restructuring; or
- The disappearance of an active market for the security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

r. *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 assets recoverable amount. An assets recoverable amount is the higher of an assets or cash-generating units (CGU) fair value less costs to sell and its value in use and 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. Where 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 to sell, recent market transactions are taken into account, if available. 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 subsidiaries 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 cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, 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 and other comprehensive income, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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 recognized 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 or amortisation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss and other comprehensive income.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGU) 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.

Intangible assets with indefinite useful lives are tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

s. *Cash and cash equivalents*

For the purpose of the consolidated cash flow statement, cash and cash equivalents includes cash and bank balances, deposits and other short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities up to three months from the date of acquisition and that are subject to an insignificant risk of change in value.

t. *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 statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting expected future cash flows using a current pre-tax rate that reflects, when appropriate, current market assessments of time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold, or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is reviewed annually. The Group provides normal warranty provisions for general repairs for two, five and ten years on all its products sold, 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.

u. *Employees end of service benefits*

1 Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognised in respect of employees services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

2 Defined benefit plans

The Group operates a single employment benefit scheme of defined benefit plan driven by the Labour Law of Saudi Arabia which is based on most recent salary and number of service years.

The post-employment benefits plans is not funded. Accordingly, valuations of the obligations under the plan are carried out by an independent actuary based on the estimated unit method. The costs relating to such plans primarily consist of the present value of the benefits attributed on an equal basis to each year of service and the interest on this obligation in respect of employee service in previous years.

Current and past service costs related to post-employment benefits are recognized immediately in profit or loss while unwinding of the liability at discount rates used are recorded in profit or loss. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in the other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized directly to other comprehensive income and transferred to retained earnings in the consolidated statement of changes in equity in the period in which they occur.

Changes in the present value of the defined benefit obligations resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs. End of service payments are based on employees' final salaries and allowances and their cumulative years of service, as stated in the Labour Law of Saudi Arabia.

Employee benefits obligations are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

v. *Segment information*

A segment is a distinguishable component of the Group that engages in business activities from which it earns revenue and incurs costs. The operating segments are used by the management of the Group to allocate resources and assess performance. Operating segments exhibiting similar economic characteristics, product and services, class of customers where appropriate are aggregated and reported as reportable segments.

w. *Contingencies*

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

x. *Operating profit*

Operating profit is the result generated from the continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of investment in associate and income taxes.

y. *Non-current assets (or disposal group) held for sale and discontinued operations*

Non-current assets (or disposal group) are classified as held for sale if their carrying amount is recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, if any.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not more than any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the condensed consolidated balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

A discontinued operations is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated statement of profit or loss and other comprehensive income.

3. Significant accounting judgments, estimates and assumptions

Use of estimates and judgements:

The preparation of consolidated financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Although these estimates and judgments are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. The estimates and assumptions that have a risk of causing an adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a. *Provision for slow moving inventories*

Inventories are held at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices.

b. *Impairment of trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default 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. Refer to note 27 for the sensitivity analysis.

c. *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 discounted cash flow (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.

d. *Warranty*

Provisions for warranty is recorded based on an estimate and the actual cost and timing of future cash flows are dependent on future events. The difference between expectation and the actual future liability is accounted for in the period when such determination is made.

d. *Customer rebates*

Accounting for the amount and timing of recognition of customer rebate require the exercise of judgement. The rebate relates to the customers for achieving agreed purchase or sales targets within a set period. Where rebate span different accounting periods, the amount recognised in each period is estimated based on the probability that the customers will meet contractual target volumes based on historical and forecast performance.

e. *Employees' benefits*

The cost of end of service benefit plans and the present value of end of service benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions 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. Refer to note 15 for the sensitivity analysis.

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for specific countries. There are no publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates and the management outlook for the respective country.

4.1 Property and equipment

The reconciliation of carrying amount is as follows:

	Lands	Buildings	Motor vehicles	Furniture and office equipment	Tools and equipment	Leasehold improvements	Total
Cost:							
Balance at January 1, 2023	97,208	111,924	9,432	49,852	8,721	28,282	305,419
Additions	-	98	626	488	197	795	2,204
Disposals	-	-	(889)	-	-	-	(889)
Balance at December 31, 2023	97,208	112,022	9,169	50,340	8,918	29,077	306,734
Accumulated depreciation:							
Balance at January 1 2023	-	36,587	9,251	45,462	7,804	28,009	127,113
Depreciation (Note 24 and 32)	-	2,719	174	436	99	485	3,913
Disposals	-	-	(848)	-	-	-	(848)
Balance at December 31, 2023	-	39,306	8,577	45,898	7,903	28,494	130,178
Net carrying amount:							
At December 31, 2023	97,208	72,716	592	4,442	1,015	583	176,556
Cost:							
Balance at January 1, 2024	**97,208**	**112,022**	**9,169**	**50,340**	**8,918**	**29,077**	**306,734**
Additions	**-**	**4,207**	**357**	**1,166**	**-**	**2,040**	**7,770**
Reclassification	**-**	**(668)**	**-**	**8,918**	**(8,918)**	**668**	**-**
Assets held for sale (Note 32.2)	**(11,191)**	**-**	**-**	**-**	**-**	**-**	**(11,191)**
Balance at December 31, 2024	**86,017**	**115,561**	**9,526**	**60,424**	**-**	**31,785**	**303,313**
Accumulated depreciation:							
Balance at January 1, 2024	**-**	**39,306**	**8,577**	**45,898**	**7,903**	**28,494**	**130,178**
Depreciation (Note 24)	**-**	**2,375**	**202**	**992**	**-**	**476**	**4,045**
Reclassification	**-**	**-**	**-**	**7,903**	**(7,903)**	**-**	**-**
Balance at December 31, 2024	**-**	**41,681**	**8,779**	**54,793**	**-**	**28,970**	**134,223**
Net carrying amount:							
At December 31, 2024	**86,017**	**73,880**	**747**	**5,631**	**-**	**2,815**	**169,090**

(a) Guarantee

As of December 31, 2024 and December 31, 2023, the Group had no pledged assets related to bank loans guarantee.

(b) Key estimates: estimate of useful lives of properties and equipment

Note 2.2 shows the estimated useful lives of property and equipment, which vary according to their nature and usage methods. The actual useful life may be shorter or longer. Management revises its estimates of these useful lives and adjusts them as appropriate.

4.2 Leases

The Group leases real estate represented by warehouses and buildings. The duration of such lease contracts is between 1 to 5 years and some of these contracts have the option to extend the lease period.

The following table shows the balance of the right-of-use leased assets and the related lease liabilities in the consolidated statement of financial position:

	December 31, 2024	December 31, 2023
Cost - Right-of-use assets		
Building	**26,536**	24,333
Warehouses	**17,854**	20,306
	44,390	44,639
Accumulated depreciation - Right-of-use assets		
Building	**7,383**	8,961
Warehouses	**16,597**	18,126
	23,980	27,087
Net carrying amount	**20,410**	17,552

	December 31, 2024	December 31, 2023
Lease liabilities – current		
Building	**6,279**	4,321
Warehouses	**884**	919
	7,163	5,240
Lease liabilities – non-current		
Building	**11,473**	11,087
Warehouses	**-**	142
	11,473	11,229

The following table shows the movement during the year in lease liabilities

	Year ended December 31, 2024	Year ended December 31, 2023
Balance at the beginning of the year	**16,469**	22,423
Additions during the year	**9,346**	-
Interest during the year (Note 25)	**757**	719
Payments during the year	**(7,936)**	(6,673)
Balance at end of the year	**18,636**	16,469

4.2 Leases (continued)

The following table shows the movement during the year in the right-of-use assets:

	Year ended December 31, 2024	Year ended December 31, 2023
Cost		
Balance at beginning of year	**39,539**	44,993
Additions for the year	**9,346**	-
Disposals during the year	**(4,495)**	(5,454)
	44,390	39,539
Accumulated depreciation		
Balance, at beginning of year	**21,987**	20,922
Depreciation charge for the year	**6,488**	6,519
Disposals during the year	**(4,495)**	(5,454)
	23,980	21,987
Net book value	**20,410**	17,552

The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	2024	2023
Depreciation charge of right-of-use assets	**6,488**	6,519
Interest expense (included in finance charges)	**757**	719
Expense relating to short-term leases	**4,757**	3,257
Total	**12,002**	10,495

Total cash outflow for the year ended December 31, 2024, amounted to SR 7,936 (SR 6,673 for the year ended December 31, 2023).

The following table shows the depreciation charge of the right-of-use leased assets in the consolidated statement of profit or loss and other comprehensive income:

	December 31, 2024	December 31, 2023
Depreciation charge for the year		
Building	**5,565**	4,848
Warehouses	**923**	1,671
	6,488	6,519

Key estimates: estimate of incremental borrowing rate, lease term

The application of IFRS 16 requires management to exercise certain judgments, such as determining the incremental borrowing rate, which is one of the main inputs to the calculation of the right to use assets, therefore, management contacted some of its banks to provide them with commission rates on loans with similar values for lease contracts subject to the requirements of this accounting standard and for periods of time approximate to these contracts as well. In the opinion of management, the interest rate quotations submitted by the banks take into account the credit rating of the Group and the risks of the sector in which the Group operates, and therefore no adjustment has been made to the rates of these bank commissions.

If the incremental borrowing rate changes by 1%, this will cause an increase (decrease) in the right -of- use assets by SR 435 and SR (435) respectively (2023: SR 420 and SR (420) respectively). With regard to the judgments related to determining the lease term, most of the lease contracts are fixed term. In the event that an extension option is available, management relies on historical experience and other factors, including facts and circumstances that create an economic incentive to exercise the extension option or not 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).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

5 Intangible assets

	December 31, 2024	December 31, 2023
Goodwill (Note 5.2) – Asdaa Gulf Trading Company (Asdaa) *	**9,854**	9,854
IT Software	**5,252**	-
	15,106	9,854

(*) Effective November 12, 2014, HGISC acquired effectively 100% shareholding in Asdaa for a purchase consideration of SR 20 million, which was in excess of the fair value of the net assets acquired by SR 9.9 million and has been recorded as goodwill.

5.1 Reconciliation of the carrying amounts of intangible assets is as follows:

	Intangible assets	Goodwill	Total
Cost			
As at January 1, 2023	-	9,854	9,854
Additions	-	-	-
Disposal of intangible assets	-	-	-
As at December 31, 2023	-	9,854	9,854
Additions	**5,297**	-	**5,297**
Disposal of intangible assets	-	-	-
As at December 31, 2024	**5,297**	**9,854**	**15,151**
Accumulated amortization:			
As at January 1, 2023	-	-	-
Charge for the year	-	-	-
Disposal of intangible asset	-	-	-
As at December 31, 2023	-	-	-
Charge for the year	**45**	-	**45**
Disposal of intangible asset	-	-	-
As at December 31, 2024	**45**	-	**45**
Net carrying amount:			
As at December 31, 2023	-	9,854	9,854
As at December 31, 2024	**5,252**	**9,854**	**15,106**

5.2 Goodwill – Asdaa Gulf Trading Company:

The recoverable amount of this CGU is estimated using discounted cash flows.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2024	2023
Discount rate	**16.7%**	17.4%
Terminal value growth rate	**2.8%**	2.9%
Budgeted EBITDA growth rate (average of next five years)	**3%**	2.0%

5 Intangible assets (continued)

5.2 Goodwill – Asdaa Gulf Trading Company (continued)

	December 31, 2024		December 31, 2023	
Particulars	CGU Recoverable amount "In Millions"	% Change	CGU Recoverable amount "In Millions"	% Change
+1% Discount rate	**100**	**(7%)**	122	(4%)
-1% Discount rate	**117**	**8%**	133	5%
+1% Terminal value growth rate	**113**	**5%**	131	3%
-1% Terminal value growth rate	**103**	**(4%)**	124	(2%)
+1% Budgeted EBITDA growth rate	**109**	**1%**	128	1%
-1% Budgeted EBITDA growth rate	**107**	**(1%)**	126	(1%)

The discount rate was a pre-tax measure estimated based on the historical industry average weighted average cost of capital.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter.

None of the above changes would result in an impairment on the CGU level including the recorded goodwill.

The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

Budgeted EBITDA was estimated taking into account past experience. Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that the sales price would increase in line with forecast inflation over the next five years.

The estimated recoverable amount of the CGU exceeded its carrying value by SR 108 million (2023: SR 114 million).

6. Trade and other receivables

	December 31, 2024	December 31, 2023
Trade receivables	**471,305**	372,804
Less: Impairment losses on trade receivables	**(48,671)**	(35,361)
	422,634	337,443
Other receivables:		
Advertisement claims from suppliers	**7,839**	18,587
Customs duties deposit	**-**	5,956
Impairment losses on other receivables	**-**	(5,956)
	430,473	356,030

Reconciliation of impairment losses on trade receivables is as follow:

	December 31, 2024	December 31, 2023
Balance at beginning of year	**35,361**	60,117
Charge for the year	**14,291**	1,440
Write-offs during the year	**(981)**	(26,196)
Balance at end of year (Note 27)	**48,671**	35,361

7. Investment in associates

The details of the Group's investment in associate is as follows:

Name of Company	Principal activities	Country of incorporation	December 31, 2024	December 31, 2023
LG Shaker Company Limited ("LG Shaker")	Manufacture of air conditioners	Saudi Arabia	**49%**	49%
Ajeek Maintenance Service Company Limited ("Ajeek")	Consumer electronics repair	Saudi Arabia	**49%**	49%

Investments in associates is as follows:

	December 31, 2024	December 31, 2023
LG Shaker (Note 7.1)	**503,538**	465,534
Ajeek	**1,425**	1,425
	504,963	466,959

Reconciliations for the investment in associates are as follows:

	LG Shaker	Ajeek	Total
At January 1, 2023	466,174	**-**	466,174
Additions	-	**1,425**	1,425
Share of profit for the year	36,110	**-**	36,110
Dividends received	(36,750)	**-**	(36,750)
At December 31, 2023	465,534	**1,425**	466,959
At January 1, 2024	**465,534**	**1,425**	**466,959**
Share of profit for the year	**38,004**	**-**	**38,004**
Dividends	-	**-**	**-**
At December 31, 2024	**503,538**	**1,425**	**504,963**

During the year ended December 31, 2023, dividends of SR 36.75 million were received by the Group on December 18, 2023. No dividends were received by the Group for the year ended December 31, 2024.

7.1 LG Shaker

LG Shaker is a mixed limited liability company registered in the Kingdom of Saudi Arabia under the commercial registration number 1010226606 Dated 4 Dhul Hijah 1427H (corresponding to December 25, 2006). The principal activity of the company is to manufacture various types of air conditioners.

The following table summarizes the financial information of this material associate - LG Shaker as included in its own financial statements. The table also reconciles the summarized financial information to the carrying amount of the Group's interest in the associate.

Balance as at	December 31, 2024	December 31, 2023
Non-current assets	**141,795**	107,645
Current assets	**461,142**	369,636
Non- current liabilities	**(14,563)**	(11,582)
Current liabilities	**(172,623)**	(116,672)
Net assets (100%)	**415,751**	349,027
Group's share of net assets (49%)	**191,554**	153,550
Goodwill	**311,984**	311,984
Carrying amount of interest in associate	**503,538**	465,534

7 Investment in associates (continued)

7.1 LG Shaker (continued)

	December 31, 2024	December 31, 2023
Revenue	**688,918**	612,029
Total comprehensive income (100%) (*)	**66,724**	88,738
Group share of the total comprehensive income (49%) (*)	**38,004**	36,110

* The difference between the Group's share in net assets of the associate and share of total comprehensive income and 49% of associate reported net assets and total comprehensive income pertains to the adjustment made for the elimination of unrealised profit on upstream transactions between the Group and its associate.

The recoverable amount of this equity-accounted investee is estimated using discounted cash flows. The fair value measurement was categorized as a level 3 fair value based on the inputs in the valuation technique used.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	2024	2023
Discount rate	**11.9%**	13.50%
Terminal value growth rate	**2.8%**	2.90%
Budgeted EBITDA growth rate (average of next five years)	**10%**	3.20%

	December 31, 2024		December 31, 2023	
Particulars	Investment Recoverable amount "In Millions"	% Change	Investment Recoverable amount "In Millions"	% Change
+1% Discount rate	**574**	**(10%)**	528	(8%)
-1% Discount rate	**710**	**12%**	636	10%
+1% Terminal value growth rate	**688**	**8%**	617	7%
-1% Terminal value growth rate	**592**	**(7%)**	543	(6%)
+1% Budgeted EBITDA growth rate	**641**	**1%**	584	1%
-1% Budgeted EBITDA growth rate	**628**	**(1%)**	569	(1%)

The management of the Group has assessed in detail the carrying value of LG Shaker as at December 31, 2024. These were based on certain detailed assumptions and management plans. Management expects these plans to continue to support the carrying value of the investee, although this will be dependent on the success of the plans and the continued improvement in the wider economic conditions in Saudi Arabia. Management will continue to monitor the detailed assumptions against these plans in their future impairment reviews.

8. Inventories

	December 31, 2024	December 31, 2023
Finished goods	**298,492**	337,911
Spare parts	**24,480**	31,989
Goods in transit	**39,095**	34,964
	362,067	404,864
Impairment losses on inventories	**(25,593)**	(30,886)
	336,474	373,978

8. Inventories (continued)

Reconciliation of the impairment losses on inventories is as follows:

	December 31, 2024	December 31, 2023
Balance at beginning of year	**30,886**	48,856
Charge for the year (Note 21)	**1,804**	4,473
Utilized during the year	**(7,097)**	(22,443)
Balance at end of year	**25,593**	30,886

a. At December 31, 2024, the Group has outstanding bank guarantees of SR 124.1 million (December 31, 2023: SR 87.2 million) issued by local and foreign banks in respect of import of finished goods and other supplies. See note (33).

b. At December 31, 2024, the Group has outstanding bank letter of credits of SR 62.7 million (December 31, 2023: SR 81.7 million) issued against import of finished goods and other supplies. See note (33).

9. Prepayments and other debt balances

	December 31, 2024	December 31, 2023
Advances		
Advances to suppliers	**26,755**	33,621
Other advances	**21,563**	29,257
Advances to employees	**1,377**	3,876
Total advances	**49,695**	66,754
Amounts due from a related party (Note 28)	**6,509**	-
Prepaid expenses	**10,209**	14,336
Cash margin	**2,137**	5,547
Others	**3,689**	1,666
	72,239	88,303

10. Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash in hand	**1,640**	790
Bank balances - current accounts	**21,069**	18,053
Credit cards	**88**	-
Total	**22,797**	18,843

11. Share capital

	December 31, 2024	December 31, 2023
Authorized share capital (shares of SR 10 each)	**555,000**	482,334
Issued and fully paid-up capital (shares of SR 10 each)	**555,000**	482,334

As at December 31, 2024, the authorized, issued, and paid-up share capital of the Company is SR 555 million divided on 55.5 million shares of SR 10 each. As at December 31, 2023, the authorized, issued, and paid-up share capital of the Company is SR 482.3 million divided on 48.2 million shares of SR 10 each.

On May 19, 2024, the general assembly approved the Board of Directors recommendation to increase the Company's capital by granting 1 bonus share for every 6.637685 shares. The authorized, issued and paid up share capital of the Company has increased from SR 482.3 million to SR 555 million. The number of issued shares has increased from 48.2 million shares to 55.5 million shares of SR 10 each. The increase in share capital was funded through the capitalization of SAR 72.7 million from the reserve account. The capital increase shares were deposited at the end of the day following the maturity date (the date of the assembly meeting).

12 Reserves

The Ordinary General Assembly may decide to form reserves to the extent that it is in the interest of the Company or ensures the distribution of fixed dividends, to the extent possible, to the shareholders. For further details, refer to Note 1.

13 Investments at fair value through profit or loss

Investments at fair value through profit or loss consist of investment in Al Rajhi Awaeed Fund (An open-ended mutual fund), and various quoted equity securities listed in the Saudi exchange market (Tadawul), all are managed by Al Rajhi Capital. The Group invested Saudi Riyals 10.3 million during the current year. During the year ended December 31, 2024, the unrealized gains from investments at fair value through profit or loss amounted to Saudi Riyals 434 thousand.

14 Loans and borrowings

The Group has credit facility agreements with local and foreign commercial banks for long and short-term borrowings in Saudi Riyal and US Dollar. Such facilities were obtained principally under Murabaha/Tawarruq arrangements. Certain facility agreements are secured against promissory notes, corporate guarantees of the Group are provided wherever required for loans to subsidiaries. The facilities bear financial charges on prevailing market rates. The agreements contain certain covenants, which among other things, requires certain financial ratios to be maintained.

	December 31, 2024	December 31, 2023
Current:		
Lease Liability (Note 4.2)	**7,163**	5,240
Bank loans	**270,908**	397,126
	278,071	402,366
Non-current:		
Lease Liability (Note 4.2)	**11,473**	11,229
	11,473	11,229

Secured liabilities and assets pledged as security

All bank loans are secured by promissory notes signed by the Parent Company equal to the maximum facility amount. Promissory notes amounted to SR 1,798 million as at December 31, 2024 (December 31, 2023: SR 1,825 million).

As at December 31, 2024 and December 31, 2023, the Group had no pledged assets related to bank loans guarantee.

Compliance with loan covenants

Under the terms of the loan agreements, the Group is required to commit to certain levels for the following financial covenants:

1 Financial leverage ratio;
2 Current ratio;
3 Gearing ratio (Debt to equity not to exceed 1.5:1);
4 Ratio of total liabilities and tangible net worth.

The Group has complied with the loan covenants as at December 31, 2024 and December 31, 2023.

						December 31, 2024	December 31, 2023
	Currency	Nominal interest rate	Year of maturity	Total facility amount	Carrying Amount	Total facility amount	Carrying amount
Short term loans	SR	SIBOR + fixed rate per annum	2025	**1,798,000**	**270,908**	**1,825,000**	397,126

Reconciliation of bank loans are as follows:

	2024	2023
Balance, beginning of the year	**397,126**	544,205
Proceeds	**1,034,036**	2,079,566
Repayments	**(1,160,254)**	(2,226,645)
Balance, end of the year	**270,908**	397,126

Reconciliation of movement of liabilities to cash flows arising from financing:

	Cash and cash equivalents	Loans	Lease Liabilities	Total
Balance as January 1, 2023	72,711	544,205	22,423	639,339
Non-cash transactions				
Finance costs	-	45,542	719	46,261
Additions of lease liabilities	-	-	-	-
Net non-cash flow transaction	72,711	589,747	23,142	685,600
Cash flow transaction				
Proceeds from loans and borrowings	-	2,079,566	-	2,079,566
Payments of loans and borrowings	-	(2,226,645)	-	(2,226,645)
Payments of finance costs	-	(45,542)	-	(45,542)
Lease payments	-	-	(6,673)	(6,673)
Change in cash and cash equivalents	(53,868)	-	-	(53,868)
Net cash flow	(53,868)	(192,621)	(6,673)	(253,162)
Balance as December 31, 2023	18,843	397,126	16,469	432,438

	Cash and cash equivalents	Loans	Lease Liabilities	Total
Balance as January 1, 2024	**18,843**	**397,126**	**16,469**	**432,438**
Non-cash transactions				
Finance costs	**-**	**32,115**	**757**	**32,872**
Additions of lease liabilities	**-**	**-**	**9,346**	**9,346**
Net non-cash flow transaction	**18,843**	**429,241**	**26,572**	**474,656**
Cash flow transaction				
Proceeds from loans and borrowings	**-**	**1,034,036**	**-**	**1,034,036**
Payments of loans and borrowings	**-**	**(1,160,254)**	**-**	**(1,160,254)**
Payments of finance costs	**-**	**(32,115)**	**-**	**(32,115)**
Lease payments	**-**	**-**	**(7,936)**	**(7,936)**
Change in cash and cash equivalents	**3,954**	**-**	**-**	**3,954**
Net cash flow	**3,954**	**(158,333)**	**(7,936)**	**(162,315)**
Balance as December 31, 2024	**22,797**	**270,908**	**18,636**	**312,341**

15 Employees' benefits obligation

	December 31, 2024	December 31, 2023
Net defined benefit liability	**26,619**	24,430

The Group operates an approved unfunded employees' end of service benefits plan ("EOSB") for its employees as required by the local Labor Law.

In Kingdom of Saudi Arabia (KSA), the plan entitles an employee who complete over two but less than five years of service, to receive a payment equal to one-third of their last month half salary for each completed year of service. Similarly, the employees who complete up to five years to receive a payment equal to 50% of their last monthly salary for each completed year of service and over five but less than ten years of service, to receive a payment equal to two-thirds of their last monthly salary for each completed year of service. Further, the employees who complete over ten years of service, to receive a payment equal to their last monthly salary for each completed year of service.

Reconciliation in employees' benefits obligation is as follows:

	December 31, 2024	December 31, 2023
Balance at beginning of year	**24,430**	20,808
Included in profit and loss		
Continued operations		
Current service cost	**3,222**	2,362
Interest cost	**1,160**	884
	4,382	3,246
Included in other comprehensive income		
Actuarial loss	**1,146**	1,901
Benefit paid	**(3,339)**	(1,525)
Balance at end of year	**26,619**	24,430

Actuarial assumptions

The following are the principal actuarial assumptions applied at December 31, 2024, and December 31, 2023:

	December 31, 2024	December 31, 2023
Discount rate	**5.50% p.a.**	4.75% p.a.
Salary increase	**2.00 % p. a.**	2.00 % p. a.
Average years of past service	**6.40 years**	6.90 years

Sensitivity analysis

	December 31, 2024		December 31, 2023	
Particulars	**PVDBO**	**% Change**	**PVDBO**	**% Change**
EOSB liability	**26,619**		24,430	
+ 1% Discount rate	**(1,195)**	**(4.49%)**	(1,163)	(4.76%)
- 1% Discount rate	**1,318**	**4.95%**	1,286	5.53%
+ 1% Salary increase rate	**1,352**	**5.08%**	1,309	5.09%
-1% Salary increase rate	**(1,246)**	**(4.68%)**	(1,204)	(4.68%)
1 Year mortality age set back	**4**	**0.02%**	(3)	(0.01%)
1 Year mortality age set forward	**(4)**	**(0.02%)**	3	0.01%

PVDBO: Present value of defined benefit obligations

Employee benefit expenses	December 31, 2024	December 31, 2023
Salaries and benefits	**112,156**	91,848
Social security contributions	**1,874**	2,341
Expenses related to post - employment defined benefit plans	**1,359**	3,253
	115,389	97,442

The weighted average duration of the defined benefit obligation is 6.4 years (December 31, 2023: 6.8 years). The expected maturity analysis is as follows:

	Less than one year	1–2 years	2-5 years	Over 5 years	Total
December 31, 2024	**6,411**	**3,069**	**8,902**	**16,509**	**34,891**
December 31, 2023	5,268	3,125	7,761	16,401	32,555

16 Trade and other payables

	December 31, 2024	December 31, 2023
Trade payables due to related parties (Note 28)	**264,426**	164,308
Trade payables – third parties	**61,417**	34,134
Total trade payables	**325,843**	198,442
Accrued expenses	**15,654**	16,461
Employee benefits	**20,905**	15,340
Contract liabilities-advance from customers	**31,793**	32,982
Accrued cost for vendors	**7,009**	5,131
Refund liabilities	**4,854**	2,201
Other payables	**60,190**	63,015
Total other payables	**140,405**	135,130
Total trade and other payables	**466,248**	333,572

17 Zakat liabilities

a) Zakat provision

Movement of the Company's Zakat provision for the year ended December 31 comprise of the following:

	2024	2023
Balance, beginning of the year	**6,542**	10,574
Current year expense	**3,996**	8,450
Payments during the year	**(7,331)**	(12,482)
Balance, end of the year	**3,207**	6,542

b) Status of assessments

Zakat

The Group submitted its zakat returns for the years up to 2023 to the Zakat, Tax and Customs Authority (ZATCA). The Group's zakat returns up to the years 2023 were finalized and the related liabilities were paid during the year.

18. Warranty provision

A provision is recognized for expected warranty claims on products sold for which the Group is liable to cover warranty. It is expected all these costs will be incurred within two to ten years after the reporting date. Assumptions used to calculate the provision for warranties are based on product sales, date of sale, warranty period, and estimated level of repairs and warranty costs. The estimate has been made based on historical warranty trend.

The movement in provisions is as follows:

	December 31, 2024	December 31, 2023
Balance, beginning of the year	**12,957**	14,189
Charge for the year	**206**	2,772
Utilized during the year	**(3,473)**	(4,004)
Balance, end of the year	**9,690**	12,957

Provisions are recognized when the Group has a present obligation as result of a past event, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of time value of money is material, the amount recognized is the present value of the estimated expenditures.

Provisions for warranty are recognized at the date of sale of the products covered by the warranty and are calculated based on historical data for similar products. warranty is normally granted for two to ten years after the sale. Warranty provision is recognized to cover the cost of repair of defective products.

Provision related to warranties created as per Group's policy for the purpose of repair or replacements of defected goods.

19. Operating segments

For management purposes, the Group is organized into three main business segments based on internal reporting provided to the chief operating decision maker:

Heating, ventilation, and air-conditioning solutions (HVAC): Represents residential and commercially conditioners including chillers and related services.

Home appliances: Represents televisions, washing machines, dryers, refrigerators, irons, gas cookers, and floor care.

All other segments represent consultancy services for energy solutions and sale mobile phones.

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessments.

CoDM uses segments Profit Before Tax (PBT) to measure performance being the most relevant in evaluating the results of segments.

Transfer prices between operating segments are on mutually agreed terms in a manner similar to transactions with third parties.

19. Operating segments (continued)

Segment information provided to the board of directors:

The table below shows the segment information provided to the board of directors for the reportable segments for the year ended December 31, 2024 and 2023 and also the basis on which revenue is recognised:

For the year ended December 31, 2024	HVAC Solutions	Home Appliances	Total reportable segments	Others	Total
Revenues from external customers	1,053,407	357,701	1,411,108	4,798	1,415,906
Cost of sales	(769,251)	(297,928)	(1,067,179)	(2,204)	(1,069,383)
Gross profit	284,156	59,773	343,929	2,594	346,523
General and administrative expenses	(99,309)	(15,061)	(114,370)	(792)	(115,162)
Selling and distribution expenses	(98,869)	(42,176)	(141,045)	(423)	(141,468)
Impairment loss on trade and other receivables	(14,291)	-	(14,291)	-	(14,291)
Unrealized gains from investments at fair value through profit or loss	434	-	434	-	434
Other income	5,789	347	6,136	-	6,136
Income from operations	77,910	2,883	80,793	1,379	82,172
Finance costs	(30,983)	(1,880)	(32,863)	(9)	(32,872)
Other expenses – foreign exchange loss	(862)	(860)	(1,722)	-	(1,722)
Share of profit from an associate	38,004	-	38,004	-	38,004
Income before zakat	84,069	143	84,212	1,370	85,582
Zakat expense	(2,974)	(1,008)	(3,982)	(14)	(3,996)
Net income for the year	81,095	(865)	80,230	1,356	81,586

For the year ended December 31, 2023	HVAC Solutions	Home Appliances	Total reportable segments	Others	Total
Revenues from external customers	799,676	436,487	1,236,163	74	1,236,237
Cost of sales	(568,957)	(349,517)	(918,474)	-	(918,474)
Gross profit	230,719	86,970	317,689	74	317,763
General and administrative expenses	(67,349)	(28,222)	(95,571)	-	(95,571)
Selling and distribution expenses	(90,052)	(43,609)	(133,661)	(131)	(133,792)
Impairment loss on trade and other receivables	(1,440)	-	(1,440)	-	(1,440)
Other income	2,180	11	2,191	-	2,191
Income from operations	74,058	15,150	89,208	(57)	89,151
Finance costs	(52,111)	628	(51,483)	-	(51,483)
Other expenses – foreign exchange loss	(648)	154	(494)	-	(494)
Share of profit from an associate	36,110	-	36,110	-	36,110
Income before zakat	57,409	15,932	73,341	(57)	73,284
Zakat expense	(6,436)	(2,014)	(8,450)	-	(8,450)
Net income for the year from continuing operations	50,973	13,918	64,891	(57)	64,834
Discontinued operations					
Gain from discontinued operations	1,452	-	1,452	-	1,452
Net income for the year	52,425	13,918	66,343	(57)	66,286

19. Operating segments (continued)

2024	HVAC solutions	Home appliances	Total reportable segments	Others	Adjustments and eliminations	Total
Reportable segment assets	**1,813,131**	**916,962**	**2,730,093**	**10,494**	**(1,147,110)**	**1,593,477**
Additions to properties and equipment	**7,591**	**179**	**7,770**	**-**	**-**	**7,770**

2023	HVAC solutions	Home appliances	Total reportable segments	Others	Adjustments and eliminations	Total
Reportable segment assets	1,658,150	820,174	2,478,324	4,153	(973,652)	1,508,825
Additions to properties and equipment	2,164	39	2,203	-	-	2,203

2024	HVAC solutions	Home appliances	Total reportable segments	Others	Adjustments and eliminations	Total
Total segment liabilities	**983,320**	**601,683**	**1,585,003**	**8,970**	**(798,665)**	**795,308**

2023	HVAC solutions	Home appliances	Total reportable segments	Others	Adjustments and eliminations	Total
Total segment liabilities	909,994	505,267	1,415,261	4,110	(628,275)	791,096

Adjustments and eliminations represent intercompany transactions and consolidation elimination entries transactions, and the intercompany transactions are mainly related to financing transactions.

The non-current assets are geographically located in KSA by 100% as of December 31, 2024 and December 31, 2023.

Depreciation and amortization for the year ended December 31, 2024 amounted to SR 5 million for HVAC Solutions segment and SR 5.6 million for Home Appliances segment (2023: SR 5 million for HVAC Solutions and SR 5.5 million for Home Appliances segment).

Assets held for sale as at December 31, 2024 are presented in the HVAC Solutions segment. See note (32.2).

20. Revenues

The Group's revenues are derived from contracts with customers for sale of goods and rendering of services.

Revenues from sale of goods are satisfied at a point in time when the products are sold to and accepted by customers. Service revenues are recognized overtime.

All Group's revenues are generated within the Kingdom of Saudi Arabia.

For the year ended December 31, 2024	HVAC Solutions	Home appliances	All other segments	Total
Revenue from sales of goods	**1,001,593**	**357,701**	**-**	**1,359,294**
Revenue from rendering services	**51,814**	**-**	**4,798**	**56,612**
Total	**1,053,407**	**357,701**	**4,798**	**1,415,906**

For the year ended December 31, 2023	HVAC Solutions	Home appliances	All other segments	Total
Revenue from sales of goods	780,050	436,487	74	1,216,611
Revenue from rendering services	19,626	-	-	19,626
Total	799,676	436,487	74	1,236,237

21. Cost of sales

	December 31, 2024	December 31, 2023
Material cost	**1,028,510**	899,352
Installation cost	**26,396**	10,596
Impairment losses on inventories (Note 8)	**1,804**	4,473
Others	**12,673**	4,053
	1,069,383	918,474

22. Other income

Other income for the year ended 31 December comprise the following:

	December 31, 2024	December 31, 2023
Rental income	**1,512**	1,960
Gain on disposal of property and equipment	**-**	221
Others	**4,624**	10
	6,136	2,191

23. Selling and distribution expenses

Selling and distribution expenses for the year ended 31 December comprise the following:

	December 31, 2024	December 31, 2023
Employee costs	**65,446**	57,109
Sales commission	**21,008**	21,537
Dealer promotional incentives	**19,356**	17,831
Publicity and advertising	**18,393**	15,114
Transportation	**8,177**	5,418
Rent	**2,065**	2,066
Repairs and maintenance	**1,500**	547
Printing and stationery	**582**	911
Warranty expenses	**358**	2,772
Materials and installations	**358**	369
Utilities	**264**	120
Depreciation of right-of-use assets	**-**	6,495
Insurance	**-**	39
Others	**3,961**	3,464
	141,468	133,792

24. General and Administrative expenses

General and administrative expenses for the year ended 31 December comprise the following:

	December 31, 2024	December 31, 2023
Employee costs	**49,942**	40,332
Travel	**19,598**	13,916
Professional fees	**10,888**	10,482
Repairs and maintenance	**9,407**	7,267
External Labor	**7,681**	6,075
Depreciation (Note 4.1)	**4,045**	5,013
Utilities	**1,942**	1,982
Insurance	**1,610**	1,968
Rent	**2,692**	1,191
Printing and stationery	**1,022**	1,305
Communication	**401**	1,504
Entertainment	**207**	141
Amortization of intangible assets (Note 5)	**45**	-
Others	**5,682**	4,395
	115,162	95,571

Included within the Professional fees an audit and reviews fees amounted to SAR 1,650 thousand (2023: SAR 1,260 thousand), and other services amounted to SAR 145 thousand (2023: SAR 140 thousand).

25. Finance costs

Finance costs, net for the year ended 31 December comprise the following:

	December 31, 2024	December 31, 2023
Finance charges	**23,405**	45,542
Bank charges	**8,710**	5,222
Interest on lease liabilities (Note 4.2)	**757**	719
	32,872	51,483

26. Basic and diluted earnings per share

Basic and diluted earnings per share amounts are calculated by dividing the earnings for the year ended attributable to owners of the Parent Company by the weighted average number of ordinary shares outstanding, as follows:

	December 31, 2024	December 31, 2023
Earnings attributable to owners of the Parent Company		
From continuing operations	**81,586**	64,834
From discontinued operations	**-**	593
	81,586	65,427
Weighted average number of ordinary shares outstanding (*)	**55,500**	55,500
Basic and diluted earnings per share		
From continuing operations attributable to the owners of the Parent Company	**1.47**	1.17
From discontinued operations attributable to the owners of the Parent Company	**-**	0.01
Total basic and diluted earnings per share attributable to the owners of the Parent Company	**1.47**	1.18

(*) The weighted average number of ordinary shares outstanding has been retrospectively adjusted for the prior year to reflect the effect of the changes in number of shares due to issuance of bonus shares as disclosed in note (1).

27. Financial instruments – fair values

This note provides information about the Group's financial instruments, including:

- An overview of all financial instruments held by the Group;
- Specific information about each type of financial instruments.

Financial assets

Financial assets are measured at amortized cost, fair value through profit or loss ("FVTPL"), or fair value through other comprehensive income ("FVOCI"). The decision to classify these financial assets into appropriate categories depends on:

- The business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

All financial assets owned by the Group are measured at amortized cost, with the fair values being not materially different from their carrying amounts due to their short-term nature.

Financial liabilities

The fair values of financial liabilities are not materially different from their carrying amounts, since the interest payable on those liabilities is either close to current market rates or the liabilities are of a short-term nature.

Financial instruments – risk management

The Group has exposure to the following risks arising from financial instruments:

- Credit risk;
- Market risk; and
- Liquidity risk.

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Company's Board of Directors is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Company's Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are provided to the Audit Committee.

Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Company's audit committee.

Credit risk

The Group is exposed to credit risk as a result of the counterparty's failure to meet its contractual obligations when due, in respect of:

- Trade receivables
- Cash at banks

In monitoring customer credit risk, customers are grouped according to their credit characteristic and geographic location and existence of previous financial difficulties.

The Group is closely monitoring the economic environment in taking actions to limit its exposure to customers in countries experiencing particular economic volatility. Purchase limits are monitored, particularly for customers operating in Kingdom of Saudi Arabia, because the Group's experience is that the recent economic volatility has had a greater impact for customers than for customers in other countries.

Credit risk is the risk that the Group will incur a financial loss as a result of the failure of the customer or counterparty to a financial instrument to fulfil its contractual obligations. The carrying amount of financial assets represents the maximum credit exposure. Impairment losses on financial assets recognized in consolidated statement of profit or loss and other comprehensive income amounted to SR 14.3 million (2023: SR 1.4 million).

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. management also considers the factors that may influence the credit risk of its customers base, including the default risk of the industry and the country in which customers operate. Further, details of concentration of revenue are included in note (19).

For receivables, the Group has set a credit policy according to which each new customer is individually analysed according to the financial solvency before presenting the Group's standard payment and delivery terms and conditions, and it includes reviewing the financial statements, information about the business and in some cases bank references. credit limits are set for each customer and are reviewed periodically. The Group limits its exposure to credit risk by providing credit terms that usually do not exceed three months on average.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry, and existence of previous financial difficulties.

27. Financial instruments – fair values (continued)

Credit risk (continued)

As at December 31, 2024 and December 31, 2023 the exposure to credit risks for receivables was as follows:

Gross carrying amount	December 31, 2024	December 31, 2023
Trade receivables (Note 6)	**471,305**	372,804
Cash and cash equivalents (bank balances and credit cards) (Note 10)	**21,157**	18,053
Total	**492,462**	390,857

* For trade receivables, the Group grouped the customers who can buy on credit by geographic region, the maximum exposure to the credit risk for total current and non-current trade receivables by geographic region are as follows:

	December 31, 2024	December 31, 2023
KSA	**471,305**	372,804
	471,305	372,804

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (including but not limited to audited financial statements, management accounts and cash flow projections) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of loss such as general economic and/or market conditions, client financial performance and profitability, cash flow or liquidity issues, payment delays and past due information and management experience.

These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions such as oil prices over the expected lives of the receivables. The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers that represent a large number of low value balances. The expected loss rates are based on the payment profiles of sales over a period of 36 months.

December 31, 2024	Gross carrying amount	Weighted average loss	Loss allowance (%)
KSA	**471,305**	**48,671**	**10.3%**
	471,305	**48,671**	**10.3%**

December 31, 2023	Gross carrying amount	Weighted average loss	Loss allowance (%)
KSA	372,804	35,361	9.5%
	372,804	35,361	9.5%

The following table provides information about the exposure to credit risk and ECLs for all trade receivables as at December 31, 2024 and December 31, 2023:

2024	Gross carrying amount	Weighted average loss	Loss allowance (%)
1-90 days	**242,872**	**9,475**	**3.9%**
91-180 days	**149,380**	**8,610**	**5.8%**
181-270 days	**42,341**	**2,152**	**5.1%**
271-360 days	**5,755**	**667**	**11.6%**
More than 360 days	**30,957**	**27,767**	**89.7%**
	471,305	**48,671**	**10.3%**

2023	Gross carrying amount	Weighted average loss	Loss allowance (%)
1-90 days	219,765	9,433	4.3%
91-180 days	97,685	2,425	2.5%
181-270 days	27,711	942	3.4%
271-360 days	3,507	319	9.1%
More than 360 days	24,136	22,242	92.2%
	372,804	35,361	9.5%

Factors impacting ECL model:

- Trade receivables collections;
- Forward-looking information included in ECL model is the GDP which is correlated to the Group's trade receivables.

Sensitivity

The following table demonstrates the sensitivity of the impairment of trade receivables to reasonably possible changes in GDP with all other variables held constant:

	December 31, 2024	December 31, 2023
Increase by 100 basis points	**19**	74
Decrease by 100 basis points	**(19)**	(74)

The Group has assessed other receivables as underperforming receivables and as the expected lifetime of related financial assets for less than 12 months the Group has applied the expected loss measurement over the life of the assets. The expected losses of other receivables as at December 31, 2024 are SR nil (2023: SR 5,956).

Financial instruments and cash deposits

The Group has kept cash and cash equivalents in reputable banks and financial institutions, so the expected credit losses of cash and cash equivalents as at December 31, 2024 is insignificant (December 31, 2023: insignificant). The cash balance as at December 31, 2024 is SR 22.8 million (December 31, 2023: SR 18.8 million).

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on bank balances is low considering the Group has outstanding loans balances and credit facilities with the various banks, in Saudi Arabia, with good credit ratings (in the range of A+ to BB+) as aligned from external credit rating companies such as Moody's and Fitch, so concentration risk is also low.

Market risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, such as foreign exchange rates, commission rates and goods prices, will affect the Group 's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risks

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and US Dollars.

Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group - primarily Saudi Arabian Riyal. In addition, interest on borrowings is denominated in the currency of the borrowing. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances. Currency risk regarding purchase in Euro is immaterial.

27. Financial instruments – fair values (continued)

Profit rate risk

Profit rate risk is the exposure to risks associated with the effect of fluctuations in the prevailing profit rates on the Group's financial position and cash flows. Islamic banking facilities (Murabaha) and other banking facilities amounting to SR 271 million as at December 31, 2024 (2023: SR 397 million) carry fee of variable profit financing according to prevailing market rates. The Group's management monitors the fluctuations in commission rates on an ongoing basis.

The interest rate profile of the Group's interest -bearing financial instruments as reported to the management of the Group is as follows.

	2024	2023
Financial liabilities:		
Variable rate instruments	**270,908**	397,126
	270,908	397,126

Sensitivity Analysis

A reasonably possible change of 1% interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant

	Profit or loss		Equity net of tax	
	Increase	Decrease	Increase	Decrease
December 31, 2024				
Variable rate instruments	**2,709**	**(2,709)**	**2,709**	**(2,709)**
December 31, 2023				
Variable rate instruments	3,971	(3,971)	3,971	(3,971)

Price risk

Price risk is the potential change in the fair value of financial instruments as a result of instrument-specific developments or systemic factors affecting the overall market in which the instrument is being traded.

The total size of investments which are exposed to market price risk is SR 10.7 million (2023: SR nil). Underlying equities are susceptible to market price risk arising from uncertainty about the future value of invested securities.

The Group manages this risk conducting thorough due diligence on each instrument prior to investing a well as maintaining exposure limits guidelines to minimise the potential impact of marking to market on the overall portfolio.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group seeks continuously to comply with its legal obligations, including any, relating to its financing agreements.

Liquidity risk is managed by monitoring on a regular basis that sufficient funds and banking and other credit facilities are available to meet the Group's future commitments.

Management monitors rolling forecasts of the Group's liquidity reserve comprising the undrawn borrowing facilities amounting to SR 1,340 million (December 31, 2023: SR 1,427.9) (See note 14) and cash and cash equivalents amounting to SR 22.8 million as at December 31, 2024 (December 31, 2023: SR 18.8) (See note 10) on the basis of expected cash flows. This is generally carried out at a Group level. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The associate has outstanding credit facility guaranteed by the Company in proportion to its share. As of December 31, 2024 and 2023, no loans were drawn by the associate under the facility agreement.

The following are the contractual maturities of the financial liabilities at the end of the reporting period. Amounts are shown in total and not discounted:

	Saudi Riyals				
Contractual maturities of financial liabilities as at December 31, 2024	Less than one year	1-2 years	2- 5 years and more	Total	Carrying amount
Trade payables due to related parties	**264,426**	**-**	**-**	**264,426**	**264,426**
Trade payables – third parties	**61,417**	**-**	**-**	**61,417**	**61,417**
Bank loans	**288,912**	**-**	**-**	**288,912**	**270,908**
Lease liabilities	**7,843**	**8,439**	**3,334**	**19,616**	**18,636**
Total	**622,598**	**8,439**	**3,334**	**634,371**	**615,387**

	Saudi Riyals				
Contractual maturities of financial liabilities as at December 31, 2023	Less than one year	1-2 years	2- 5 years and more	Total	Carrying amount
Trade payables due to related parties	164,308	-	-	164,308	164,308
Trade payables – third parties	34,134	-	-	34,134	34,134
Bank loans	412,018	-	-	412,018	397,126
Lease liabilities	5,828	4,948	6,797	17,573	16,469
Total	616,288	4,948	6,797	628,033	612,037

The following table summarize the assets and liabilities expected recovery/settlement period:

Assets	expected time frame for recovery /settlement	December 31, 2024	December 31, 2023
Investments at fair value through profit or loss	Less than 1 year	**10,734**	-
Prepayments and other debt balances	Less than 1 year	**72,239**	88,303
Trade and other receivables	Less than 1 year	**471,305**	372,804
Inventories	Less than 1 year	**336,474**	373,978

Liabilities		December 31, 2024	December 31, 2023
Non-current liabilities			
Lease liabilities	More than 1 year	**11,473**	11,229
Current liabilities			
Bank loans	Less than 1 year	**270,908**	397,126
Trade and other payables	Less than 1 year	**466,248**	333,572
Lease liabilities	Less than 1 year	**7,163**	5,240

28. Related party transactions

Significant balances and transactions with related parties included in the consolidated financial statements are as follows:

			Transactions		Closing Balance	
Name	**Relationship**	**Nature of Transaction**	**December 31, 2024**	**December 31, 2023**	**December 31, 2024**	**December 31, 2023**
a) Due to related parties – under trade and other payables:						
LG Shaker Company Limited	Associate	Purchase of finished goods	**654,005**	671,272	**259,808**	162,968
LG Electronics Inc.	A 51% owner of LG Shaker Company Ltd. (Note 7)	Purchase of finished goods	**40,223**	49,824	**4,618**	1,340
Total trade and other payable (Note 16)					**264,426**	164,308
b) Due from related parties – under prepayments and other debt balances:						
LG Electronics Saudi Arabia Limited	Owned by a related party	Purchase of finished goods	**126,741**	-	**4,302**	-
Ajeek Maintenance Service Company Limited	Associate	Expenses paid on behalf	**2,207**	-	**2,207**	-
Total prepayments and other debt balances (Note9)					**6,509**	-
Key management personnel	Key management	Remuneration and meeting attendance fee	-	2,352	**2,650**	1,533

b) Key management personal compensation:

	2024	2023
Short-term employee benefits	**13,081**	10,295
Post-employment benefits	**941**	677
	14,022	10,972

29. Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business Management monitoring the return on capital as well as the level of dividends to ordinary shareholders.

The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group monitors capital using a ratio of adjusted net debt' to 'adjusted equity". For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings, less cash, and cash equivalents. Adjusted equity comprises all components of equity.

The Group's adjusted net debt to equity ratio at December 31, 2024 was as follows:

	2024	2023
Total liabilities	**795,308**	791,096
Less: cash and cash equivalents	**(22,797)**	(18,843)
Adjusted net debt	**772,511**	772,253
Total equity	**798,169**	717,729
Adjusted net debt to equity ratio	**97%**	108%

30. Dividends

No cash dividends have been declared nor paid during the year ended December 31, 2024 (2023: nil).

Also, on May 19, 2024, the general assembly approved the Board of Directors recommendation to increase the Company's capital by granting 1 bonus share for every 6.637685 shares. The authorized, issued and paid-up share capital of the Company has increased from SR 482.3 million to SR 555 million. The number of shares issued has increased from 48.2 million shares to 55.5 million shares of SR 10 each. The increase in share capital was funded through the capitalization of SAR 72.7 million from the reserve account. The capital increase shares were deposited at the end of the day following the maturity date (the date of the assembly meeting).

31. Subsequent events

No material events occurred subsequent to the reporting date which could materially affect the consolidated financial statements and the related disclosures for the year ended December 31, 2024.

32. Disposal groups

32.1 Disposal group – Sale of New Vision Company

On May 16, 2023, the Group signed an agreement for sale its entire share of investment in New vision Company for a transaction price of SR 27.5 million which was 60% owned by the Group. An analysis of the results in relation to the operations of disposal group during the year ended December 31, 2024, and 2023 is as follows:

32.1.a Financial performance and cash flow information

	For the period ended May 16, 2023
Revenue	39,782
Expenses	(37,635)
Profit before zakat and income tax	2,147
Income tax expense	-
Net profit from discontinued operations	2,147
Other comprehensive income from discontinued operations	-
Total comprehensive income from discontinued operations	2,147
Net cash used in operating activities	(805)
Net cash used in investing activities	(1,320)
Net cash used in financing activities	(135)
Net decrease in cash and cash equivalent from the discontinued operations	(2,260)

32.1.b Assets and liabilities of disposal group – Sale of New Vision Company

The following assets and liabilities in relation to the discontinued operations as at May 16, 2023:

	May 16, 2023
Assets relating to disposal group	
Property and equipment	13,152
Right of use assets	2,019
Intangible assets	669
Inventory	16,419
Trade and other receivables	41,671
Prepayments and other debt balances	2,985
Cash and cash equivalents	5,720
Total assets of disposal group	82,635
Liabilities relating to disposal group	
Lease liabilities	9,827
Short term loans	1,903
Trade and other payables	23,856
Total liabilities of disposal group	35,586
Net assets of disposal group	47,049

32. Disposal groups (continued)

32.1.b Assets and liabilities of disposal group – Sale of New Vision Company (continued)

	2024	2023
Net gain from new vision	-	2,147
Net loss from disposal of New Vision	-	(695)
Total gain from discontinued operations	**-**	1,452

32.2 Assets held for sale

During the year, the company classified two parcels of lands located in Al Qassim Province as held for sale. The sale is part of the company's strategy to optimize its asset portfolio and generate cash flows.

The carrying amount of the lands at the date of classification was SR 11.2 million and the fair value less cost to sell was SR 14.92 million based on an independent valuation conducted by an authorized valuation Company.

The active program to locate a buyer was initiated in October 2024. Sale of the land is expected to be completed within the next 12 months from that date.

33 Contingencies and commitments

The Group has the following as of December 31, 2024.

- Outstanding bank guarantees of SR 124.1 million (December 31, 2023: SR 87.2 million) issued by the local and foreign banks in respect of import of finished goods and other supplies.
- Outstanding bank letters of credit of SR 62.7 million (December 31, 2023: SR 81.7 million) issued against import of finished goods and other supplies.
- The Group has a contractual obligation with regard to the purchase of lot of land amounting to SR 10.9 million as of December 31, 2024.

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