



PROSPECTUS



Prospectus of Consolidated Grünenfelder Saady Holding Company

A Saudi mixed unlisted joint-stock company registered in Riyadh under Commercial Registration No. 1010651887, dated 18/01/1442H (corresponding to 06/09/2020G).

Offering of thirty million (30,000,000) ordinary shares, representing 30% of the share capital of Consolidated Grünenfelder Saady Holding Company, for public subscription at an Offer Price of ten Saudi Riyals (SAR 10) per share.

Offering Period:

two (2) days, commencing on from Wednesday, 05/06/1447H (corresponding to 26/11/2025G) to Thursday, 06/06/1447H (corresponding to 27/11/2025G).



Consolidated Grünenfelder Saady Holding Company (the "Company" or the "Issuer") is an unlisted Saudi mixed joint-stock company pursuant to the Articles of Association dated 17/07/1441H (corresponding to 11/03/2020G), notarized on 28/11/1441H (corresponding to 19/07/2020G), with Commercial Registration No. 1010651887, dated 18/01/1442H (corresponding to 06/09/2020G). The Company's registered address is P.O. Box 35800, Postal Code 11383, New Industrial City, Riyadh, Kingdom of Saudi Arabia (the "Kingdom").

The Group's operations date back to 1976G, when Swiss engineer Mr. Albert Grünenfelder collaborated with Saudi entrepreneur Mr. Esmat Al Saady and the Saudi Establishment for Engineering Equipments (Conato) to establish CGS Conato-Grünenfelder-Saady Company through a joint venture aimed at manufacturing refrigerated bodies and carriers in the Kingdom. In accordance with the joint venture agreement dated 03/07/1396H (corresponding to 30/06/1976G), the partners agreed to establish CGS Conato-Grünenfelder-Saady Company with a share capital of one million, five hundred thousand Saudi Riyals (SAR 1,500,000), with the head office and factory of CGS Conato-Grünenfelder-Saady Company to be located in Riyadh. In 1977G, the two partners, Mr. Albert Grünenfelder and Mr. Esmat Al Saady, agreed to establish a limited liability company under the name "Consolidated Grünenfelder Saady", in accordance with the Articles of Association dated 18/07/1397H (corresponding to 04/07/1977G), notarized by the notary public in Riyadh on 27/10/1397H (corresponding to 11/10/1977G), with a share capital of one million, five hundred thousand Saudi Riyals (SAR 1,500,000) divided into one thousand, five hundred (1,500) equal shares with a nominal value of one thousand Saudi Riyals (SAR 1000) per share. In 1984G, the two partners established CGS Jeddah, a limited liability company incorporated in the Kingdom, under Commercial Registration No. 4030045594, dated 20/01/1405H (corresponding to 15/10/1984G), with a share capital of two million, four hundred thousand Saudi Riyals (SAR 2,400,000) divided into two thousand, four hundred (2,400) equal shares with a nominal value of one thousand Saudi Riyals (SAR 1000) per share. In 1988G, the two partners established CGS Riyadh, a limited liability company incorporated in the Kingdom, under Commercial Registration No. 1010064234, dated 24/03/1407H (corresponding to 27/11/1986G), with a share capital of four million, six hundred thousand Saudi Riyals (SAR 4,600,000) divided into four thousand, six hundred (4,600) equal shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share. In 2007G, Mr. Esmat Al Saady established CGS Bahrain, a limited liability company incorporated in the Kingdom of Bahrain, under Commercial Registration No. 1-65797, dated 17/06/1428H (corresponding to 03/07/2007G), with a share capital of twenty thousand Bahraini dinars (BHD 20,000), divided into two hundred (200) equal shares with a nominal value of one hundred Bahraini dinars (BHD 100) per share.

The Issuer was established on 17/07/1441H (corresponding to 11/03/2020G) pursuant to the Articles of Association dated 17/07/1441H (corresponding to 11/03/2020G), notarized on 28/11/1441H (corresponding to 19/07/2020G), as a mixed limited liability company with a fully paid-up share capital of one million Saudi Riyals (SAR 1,000,000) divided into ten thousand (10,000) equal cash shares with a fully paid-up nominal value of one hundred Saudi Riyals (SAR 100) per share. Darat Esmat Bin Abdul-Samad Al Saady Holding Company owned 50% of the shares, and GK Grünenfelder International AG owned the remaining shares. The Company was registered under Commercial Registration No. 1010651887, dated 18/01/1442H (corresponding to 06/09/2020G). It holds Services Investment License No. 1021140893597 from the Ministry of Investment, dated 11/06/1441H (corresponding to 06/02/2020G), permitting it to act as a holding company for its Subsidiaries.

On 15/05/1443H (corresponding to 20/12/2021G), the Issuer acquired 100% of CGS Jeddah's shares for SAR 11.7 million, under a share transfer agreement between the joint owners of both companies. On 03/08/1442H (corresponding to 17/03/2021G), the Issuer acquired 100% of CGS Riyadh's shares for SAR 30 million, under a share transfer agreement between the joint owners of both companies. On 22/09/1445H (corresponding to 01/04/2024G), the Issuer acquired 100% of CGS Bahrain's shares without consideration, following a full transfer of the shares by the owner to the Issuer.

Pursuant to the partners' resolution notarized on 07/06/1446H (corresponding to 08/12/2024G), the Company was converted from a limited liability company to an unlisted joint-stock company, and its share capital was increased from one million Saudi Riyals (SAR 1,000,000) fully paid-up to one hundred million Saudi Riyals (SAR 100,000,000) through: (i) the capitalization of forty-four million, five hundred and sixty thousand, four hundred and sixty-one Saudi Riyals (SAR 44,560,461) from the retained earnings account, and (ii) the capitalization of fifty-four million, four hundred and thirty-nine thousand, five hundred and thirty-nine Saudi Riyals (SAR 54,439,539) from the additional capital contribution account. The nominal value of the Company's shares was set at one Saudi Riyal (SAR 1). Accordingly, the Company's share capital amounted to one hundred million Saudi Riyals (SAR 100,000,000), divided into one hundred million (100,000,000) ordinary shares with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share, with no change to the shareholders' ownership percentages (for further details on the Company's history, please refer to Section 4.12 "Corporate History and Evolution of the Company's Ownership Structure and Share Capital" of this Prospectus.)

The Company's current share capital is one hundred million Saudi Riyals (SAR 100,000,000), divided into one hundred million (100,000,000) ordinary shares with a nominal value of one Saudi Riyal (SAR 1) per share.

The initial public offering (the "Offering") consists of thirty million (30,000,000) ordinary shares (collectively, the "Offer Shares" and each an "Offer Share") at an offer price of ten Saudi Riyals (SAR 10) per share (the "Offer Price"), with a nominal value of one Saudi Riyal (SAR 1) per share. The Offer Shares represent 30% of the Company's share capital.

The Offering is restricted to the following two tranches of investors (the "Investors"):

**Tranche (A): Participating Parties:** This tranche comprises the parties entitled to participate in the book building process as specified under the Instructions on Book Building and Allocation of Shares in Initial Public Offerings (the "Book Building Instructions") issued by the Capital Market Authority (the "CMA") Board pursuant to Resolution No. 2-94-2016, dated 15/10/1437H (corresponding to 20/07/2016G), as amended by CMA Board Resolution No. 1-103-2022, dated 02/03/1444H (corresponding to 28/09/2022G) (collectively, the "Participating Parties") (for further details, please refer to Section 1 "Definitions and Abbreviations" of this Prospectus). The number of Offer Shares to be initially allocated to the Participating Parties is thirty million (30,000,000) Offer Shares, representing 100% of the total Offer Shares. Final allocation of the Offer Shares will be made after the end of the subscription period for Individual Subscribers. In the event that Individual Subscribers (as defined in Tranche (B) below) subscribe for all the Offer Shares allocated thereto, the Financial Advisor, in coordination with the Company, shall have the right to reduce the number of shares allocated to Participating Parties to a minimum of twenty-four million (24,000,000) Offer Shares, representing 80% of the total Offer Shares. The number and percentage of the Offer Shares to be allocated to Participating Parties will be determined by the Financial Advisor in coordination with the Company, using the discretionary allocation mechanism. It is possible that certain Participating Parties may not be allocated any Offer Shares, as deemed appropriate by the Company and the Financial Advisor.

**Tranche (B): Individual Subscribers:** This tranche comprises Saudi Arabian natural persons, including any divorced or widowed Saudi woman with minor children from a marriage to a non-Saudi individual, who can subscribe for her benefit in their names provided that she proves that she is divorced or widowed and the mother of the minor children, GCC nationals, any foreign natural person who is resident in the KSA or used to be a resident in the KSA or any of GCC, in each case who have an investment account and an active portfolio with one of the Receiving Agents and are allowed to open an investment account with a Capital Market Institution (collectively, the "Individual Subscribers"), and each an "Individual Subscriber" and,

together with Participating Parties, the "Subscribers"). Subscription by a person in the name of his divorcee shall be deemed invalid, and if it is established that a transaction of this nature has occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of six million (6,000,000) Offer Shares, representing 20% of the total Offer Shares, will be allocated to Individual Subscribers. If Individual Subscribers do not subscribe for all of the Offer Shares allocated thereto, the Financial Advisor, in coordination with the Company, may reduce the number of shares allocated to Individual Subscribers in proportion to the number of shares for which they subscribed.

Prior to the Offering, 100% of the Company's share capital is directly owned by Darat Esmat Bin Abdul-Samad Al Saady Holding Company and GK Grünenfelder International AG (the "Substantial Shareholders" or the "Selling Shareholders"), each holding a 50% stake. The Offer Shares will be sold by the Substantial Shareholders through: (i) the sale of fifteen million (15,000,000) ordinary shares, representing 15% of the Company's share capital post-Offering, by Darat Esmat Bin Abdul-Samad Al Saady Holding Company, and (ii) the sale of fifteen million (15,000,000) ordinary shares, representing 15% of the Company's share capital post-Offering, by GK Grünenfelder International AG, in accordance with Table 12 "The Substantial Shareholders, the Number of their Shares and their Ownership Percentages Pre- and Post-Offering" of this Prospectus. Upon completion of the Offering, the Substantial Shareholders will collectively own seventy million (70,000,000) ordinary shares, representing 70% of the Company's shares. Darat Esmat Bin Abdul-Samad Al Saady Holding Company and GK Grünenfelder International AG will each hold thirty-five million (35,000,000) ordinary shares, representing 35% of the Company's share capital post-Offering, and will consequently retain a controlling interest in the Company. All of the Offering proceeds, less the Offering expenses (the "Net Offering Proceeds"), will be distributed and allocated to the Selling Shareholders, prorated to the percentage owned by each Shareholder in the shares to be sold as part of the Offering. The Company will not receive any part of the Net Offering Proceeds (for further details, please refer to Section 8 "Use of Offering Proceeds" of this Prospectus). The Offering is fully underwritten by the Underwriter (for further details on underwriting, please refer to Section 13 "Underwriting" of this Prospectus). The Substantial Shareholders may not dispose of their shares for a period of six (6) months (the "Lock-up Period") from the date trading of the Company's shares starts on the Saudi Exchange ("Tadawul" or the "Exchange"), as set out on page (xvii) of this Prospectus.

The offering period will start on Wednesday, 05/06/1447H (corresponding to 26/11/2025G), and will continue for a period of two (2) days, up to and including the closing day on Thursday, 06/06/1447H (corresponding to 27/11/2025G) (the "Offering Period"). Individual Subscribers can submit Subscription Applications for the Offer Shares during the Offering Period through any of the branches or websites and electronic channels of the Receiving Agents listed on pages (ix), (x) and (xi) (the "Receiving Agents") that provide all or some of these services to their clients (for further details, please refer to Section 17.32 "Subscription by Individual Subscribers" of this Prospectus). Participating Parties may subscribe for the Offer Shares through the Bookrunners during the book building process, which will take place before the shares are offered to Individual Subscribers.

Each Individual Subscriber who subscribes to the Offer Shares must apply for no less than ten (10) Offer Shares and no more than two hundred and fifty thousand (250,000) Offer Shares. The minimum allocation per Individual Subscriber is ten (10) Offer Shares, and the balance of Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Individual Subscriber. If the number of Individual Subscribers exceeds six hundred thousand (600,000), the Company will not guarantee the minimum allocation, in which case the Offer Shares will be allocated as the Financial Advisor deems appropriate, in coordination with the Company, using the discretionary allocation mechanism. Excess subscription monies (if any) will be refunded to Subscribers without any charge or withholding by the relevant Receiving Agents. Notification of the final allocation and the refund of excess subscription amounts will be made no later than 13/06/1447H (corresponding to 04/12/2025G) (for further details, please refer to the "Key Dates and Subscription Procedures" section on page (xviii) and Section 17 "Subscription Terms and Conditions" of this Prospectus).

The Company has one class of shares. Each share entitles its holder to one vote, and each Shareholder (a "Shareholder") has the right to attend and vote at the general assembly meetings of the Company (the "General Assembly"). No Shareholder benefits from any preferential voting rights. Holders of Offer Shares will be entitled to receive dividends declared by the Company as of the date of this Prospectus (the "Prospectus") and for subsequent financial years (for further details on the dividend distribution policy, please refer to Section 7 "Dividend Distribution Policy" of this Prospectus).

Prior to the Offering, the Company's shares have not been listed or traded on any market in the Kingdom or elsewhere. The Company has submitted an application to the CMA for the registration and offer of the shares, and an application to the Saudi Exchange for the listing of its shares. All required documents have been submitted to the relevant authorities, all requirements have been met, and all approvals pertaining to the Offering, including this Prospectus, have been obtained. Trading of the shares on the Exchange is expected to commence shortly after the completion of the final allocation and satisfaction of all relevant regulatory requirements (for further details, please refer to the "Key Dates and Subscription Procedures" section on page (xviii) of this Prospectus). After the shares are registered with the CMA and listing on the Exchange, Saudi Arabian nationals, legal residents of the Kingdom, companies, banks, and investment funds established in the Kingdom or in GCC countries, as well as GCC nationals, will be permitted to trade in the shares. The following categories will also be able to invest in the Company's shares under the Rules for Foreign Investment in Securities (as defined in Section 1 "Definitions and Abbreviations" of this Prospectus): (i) Qualified Foreign Investors ("QFIs"), (ii) Foreign Strategic Investors, and (iii) any foreign natural or legal person who is a client of a Capital Market Institution licensed by the CMA to conduct management activities, provided that the Capital Market Institution has been appointed on terms that enable it to make all investment decisions on behalf of the client without obtaining their prior approval. Non-GCC individuals residing outside the Kingdom and non-GCC institutions incorporated outside the Kingdom (collectively, the "Foreign Investors") are also entitled to invest indirectly in order to acquire an economic benefit in the shares by entering into SWAP agreements with a Capital Market Institution licensed by the CMA (the "Capital Market Institutions") to buy and trade in shares listed on the Exchange on behalf of Foreign Investors, in accordance with the Rules for Foreign Investment in Securities (as defined in Section 1 "Definitions and Abbreviations" of this Prospectus). Under such SWAP agreements, the Capital Market Institutions will be the registered legal owners of such shares.

Persons wishing to subscribe for the Offer Shares should read and consider the "Important Notice" section on page (i) and Section 2 "Risk Factors" of this Prospectus prior to making a decision to invest in the Offer Shares.

This Prospectus includes information provided as part of the application for the registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations ("OSCOs") of the Capital Market Authority (the "CMA") and the application for the listing of securities in compliance with the Listing Rules of the Exchange. The Directors, whose names appear on page (iv), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts whose omission would make any statement herein misleading. The CMA and the Exchange bear no responsibility for the contents of this Prospectus, make no representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Prospectus.

This Prospectus is dated 29/12/1446H (corresponding to 25/06/2025G).

Financial Advisor, Lead Manager and Underwriter

ALIAZIRA CAPITAL

BSF Capital

الراجحي المالية

SNB Capital

الرياض المالية

الإبنة المالية

الإنماء المالية

anb capital

الأول للاستثمار

درج

يقين

الخبر المالية

Sahm

جيب كابيتال

مشاركة

EFG Hermes

adawad

Bookrunners

ALIAZIRA CAPITAL

arqam CAPITAL

Receiving Agents

الرياض المالية

الإبنة المالية

الإنماء المالية

anb capital

الأول للاستثمار

درج

يقين

الخبر المالية

Sahm

جيب كابيتال

مشاركة

EFG Hermes

adawad

This Prospectus is an unofficial English translation of the official Arabic Prospectus and is provided for information purposes only. The Arabic Prospectus published on the CMA's website (www.cma.org.sa) remains the only official, legally binding version and shall prevail in the event of any conflict between the two language versions.



## Important Notice

This Prospectus contains detailed information relating to the Company and the Offer Shares. When submitting an application for the Offer Shares, Participating Parties and Individual Subscribers will be treated as applying solely on the basis of the information contained in this Prospectus, copies of which are available on the websites of the Company ([www.cgs.com.sa](http://www.cgs.com.sa)), the CMA ([www.cma.org.sa](http://www.cma.org.sa)), or the Financial Advisor, Aljazira Capital ([www.aljaziracapital.com.sa](http://www.aljaziracapital.com.sa)).

The Company has appointed Aljazira Capital as the Financial Advisor (hereinafter referred to as the “**Financial Advisor**”), Lead Manager (hereinafter referred to as the “**Lead Manager**”), and Underwriter (hereinafter referred to as the “**Underwriter**”) with respect to the Offering of the Offer Shares described in this Prospectus. The Company has also appointed Aljazira Capital and Arqaam Capital Financial Company as the bookrunners (hereinafter referred to as the “**Bookrunners**”).

This Prospectus includes information that has been presented in accordance with the OSCOs issued by the CMA. The Directors, whose names appear on page (iv), collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts whose omission would make any statement herein misleading.

While the Company has made all reasonable inquiries as to the accuracy of the information contained in this Prospectus as of the date hereof, a substantial portion of the information contained herein regarding the market and industry in which the Company operates have been derived from external sources. While neither the Company, the Directors, nor any of the Advisors, whose names appear on pages (vii) and (viii) of this Prospectus, have any reason to believe that any of the market and industry information is materially inaccurate, such information has not been independently verified. Accordingly, no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as of the date hereof is subject to change. In particular, the financial condition of the Company and the value of shares may be adversely affected by future developments, such as inflation, interest rates, taxation or other economic, political and other factors, over which the Company has no control (for further details, please refer to Section 2 “**Risk Factors**” of this Prospectus). Neither this Prospectus nor any verbal, written or printed communications in connection with the Offer Shares shall be considered, relied upon in any way, or construed as a promise or representation regarding future earnings, results, or events.

This Prospectus is not to be regarded as a recommendation on the part of the Company, the Directors, the Substantial Shareholders, the Receiving Agents, or the Advisors to subscribe for the Offer Shares. Moreover, the information contained in this Prospectus is of a general nature and has been prepared without taking into account the individual investment objectives, financial situation, or particular investment needs of persons wishing to invest in the Offer Shares. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice from a CMA-licensed financial advisor in relation to the Offering to consider the appropriateness of both the investment opportunity and the information contained herein with regard to the recipient’s objectives, financial situation and needs, including the merits and risks involved in investing in the Offer Shares. An investment in the Offer Shares may be appropriate for some investors but not others. Prospective investors should not rely on another party’s decision whether to invest as a basis for their own examination of the investment opportunity or on such investor’s individual circumstances.

Subscription to the Offer Shares is limited to two tranches of investors, as follows:

**Tranche (A) Participating Parties:** This tranche comprises the parties entitled to participate in the book building process in accordance with the Book Building Instructions (for further details, please refer to Section 1 “**Definitions and Abbreviations**” of this Prospectus).

**Tranche (B) Individual Subscribers:** This tranche comprises Saudi Arabian natural persons, including any divorced or widowed Saudi woman with minor children from a marriage to a non-Saudi individual, who can subscribe for her benefit in their names provided that she proves that she is divorced or widowed and the mother of the minor children, GCC nationals, any foreign natural person who is resident in the KSA or used to be a resident in the KSA or any of GCC, in each case who have a bank account with one of the Receiving Agents and are allowed to open an investment account. Subscription by a person in the name of his divorcee shall be deemed invalid, and if it is established that a transaction of this nature has occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

The distribution of this Prospectus or the sale of the Offer Shares in any country other than the Kingdom of Saudi Arabia are expressly prohibited, with the exception of QFIs, Foreign Strategic Investors, and clients of Capital Market Institutions licensed by the CMA to conduct management activities, in accordance with the conditions set out in the Rules for Foreign Investment in Securities.

The Company, Substantial Shareholders, and the Financial Advisor request recipients of this Prospectus to inform themselves of all regulatory restrictions in relation to the Offering or sale of the Offer Shares and to observe all such restrictions. Individual Subscribers and Participating Parties should read this Prospectus in full and seek advice from a CMA-licensed financial advisor, as well as their own attorneys, accountants, and professional advisors regarding statutory, tax, regulatory, and economic considerations related to their investment in the Offer Shares, and they will personally bear the fees associated with such advice. Neither the Company, the Substantial Shareholders, nor the Financial Advisor can provide any assurance regarding the realization of profits.

## Market and Industry Information

The information and data contained in Section 3 “**Market and Industry Information**” of this Prospectus relating to the market and the industry in which the Company operates were obtained from the Market Study prepared in October 2024G by Euromonitor International PLC (the “**Market Consultant**”).

Euromonitor International PLC is a consulting firm specialized in providing international strategic market research services. Established in 1972G and headquartered in London, United Kingdom, it has offices in several countries around the world and is considered one of the leading global providers of professional services.

The Directors believe that the information and data contained in this Prospectus that has been derived from other sources, including the Market Study prepared by the Market Consultant, are reliable. However, this information has not been independently verified by the Company, the Directors, the Advisors (except for the Market Consultant), or the Substantial Shareholders, and therefore they do not provide any representation regarding its accuracy, validity or completeness.

Neither the Market Consultant, nor any of its shareholders, directors or their relatives hold any shares or interest of any kind in the Company or any of its Subsidiaries (collectively referred to as the “**Group**”). The Market Consultant has provided and not withdrawn its written consent to the use of the information supplied by it to the Company in the manner and form set out in this Prospectus.

## Financial Information

The audited consolidated financial statements of the Company and its Subsidiaries for the financial years ended 31 March 2022G and 2024G, as well as the restated audited consolidated financial statements of the Company and its Subsidiaries for the financial year ended 31 March 2023G, together with the accompanying notes thereto, have been prepared in accordance with the IFRS-KSA and other standards and pronouncements approved by SOCPA. These financial statements have been audited by Ernst & Young Professional Services (Professional LLC) (the “**Auditor**”). In addition, the unaudited interim condensed consolidated financial statements for the nine-month period ended 31 December 2024G, together with the accompanying notes thereto, have been prepared in accordance with IAS 34 – Interim Financial Reporting, as endorsed in the Kingdom of Saudi Arabia, and have been reviewed by the Auditor. The financial statements have been included in Section 19 “**Financial Statements and Auditor’s Report**” of this Prospectus. The Company publishes its financial statements in Saudi Riyals.

Certain financial and statistical information contained in this Prospectus has been rounded to the nearest integer. Accordingly, if figures contained in tables are aggregated, the total may not match what is stated in the Prospectus.



## Forecasts and Forward-looking Statements

The forecasts contained in this Prospectus have been prepared on the basis of assumptions relating to the Company's information as derived from its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used. Consequently, no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts or assumptions. The Company confirms that, to the best of its reasonable knowledge, the statements contained in this Prospectus have been made following the required due diligence.

Certain statements in this Prospectus constitute, or may be deemed to constitute, "forward-looking statements". Such statements can generally be identified by their use of forward-looking words such as "plans", "determines", "intends", "estimates", "expects", "anticipates", "may", "possibly", "will", "would be" or the negative forms thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events but are not a guarantee of the Company's future performance. Many factors could cause the Company's actual results, performance or achievements to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (for further details, please refer to Section 2 "**Risk Factors**" of this Prospectus). Should one or more of these factors materialize, or any forecasts or forward-looking statements contained in this Prospectus prove to be incorrect or inaccurate, the Company's actual results may vary materially from those described in this Prospectus.

Subject to the requirements of the OSCOs, the Company must submit a supplementary prospectus if, at any time after the date of publication of this Prospectus and prior to completion of the Offering, the Company becomes aware that: (i) there has been a significant change in material matters contained in this Prospectus or any document required under the OSCOs, or (ii) any significant issues have arisen that should have been included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Subscribers must consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

## Definitions and Abbreviations

For an explanation of certain terms and abbreviations included in this Prospectus, please refer to Section 1 "**Definitions and Abbreviations**" of this Prospectus.

## Type and Format of Figures in the Prospectus

This Prospectus was prepared using Arabic numerals (1, 2, 3, 4, 5, 6, 7, 8, 9, and 0). Certain figures have been formatted in decimal form, in which a decimal point is placed to the right of the decimal place with the base value. Each digit to the right of this decimal point has a base value accounting for one-tenth the value of the preceding digit from the left. Thus, the number 123.4 represents one hundred and twenty-three and four-tenths.

## Miscellaneous

Certain figures and percentages included in this Prospectus have been rounded to the nearest integer. Accordingly, figures shown for the same item presented in different tables may vary slightly and figures shown as totals in certain tables may not be the arithmetic aggregation of the figures which precede them due to such rounding.

Throughout this Prospectus, Hijri dates are presented along with corresponding Gregorian dates. The Hijri calendar is prepared on the basis of the anticipated lunar cycles. However, an actual sighting of the moon is used to determine the beginning of each month. As a result, conversions from the Hijri calendar to the Gregorian calendar are often subject to discrepancies of one or a few days. In addition, unless otherwise expressly stated in this Prospectus, any reference to "year" or "years" shall mean Gregorian years.

## Corporate Directory

### Directors

**Table (1.1): The Company's Board of Directors**

| #             | Name                                       | Position      | Nationality | Age      | Status <sup>(1)</sup> | Direct Ownership (%) |               | Indirect Ownership (%) <sup>(2)</sup> |               | Date of Appointment <sup>(3)</sup>         |
|---------------|--------------------------------------------|---------------|-------------|----------|-----------------------|----------------------|---------------|---------------------------------------|---------------|--------------------------------------------|
|               |                                            |               |             |          |                       | Pre-Offering         | Post-Offering | Pre-Offering                          | Post-Offering |                                            |
| 1.            | Sinan Esmat Abdul-Samad Al Saady           | Chairman      | Saudi       | 43 years | Non-executive         | -                    | -             | 3.50%                                 | 2.45%         | 07/06/1446H (corresponding to 08/12/2024G) |
| 2.            | Marcel Albert Grünenfelder                 | Vice Chairman | Swiss       | 68 years | Non-executive         | -                    | -             | 25.0%                                 | 17.50%        | 07/06/1446H (corresponding to 08/12/2024G) |
| 3.            | Eman Fawaz Hamza Al-Sayrafi                | Director      | Saudi       | 40 years | Independent           | -                    | -             | -                                     | -             | 07/06/1446H (corresponding to 08/12/2024G) |
| 4.            | Raad Abdulaziz Mohammed Al- Abdulkadr      | Director      | Saudi       | 45 years | Independent           | -                    | -             | -                                     | -             | 27/08/1446H (corresponding to 26/02/2025G) |
| 5.            | Sami Abdulkarim Mohammed Hashem Al-Zohaibi | Director      | Saudi       | 48 years | Independent           | -                    | -             | -                                     | -             | 07/06/1446H (corresponding to 08/12/2024G) |
| 6.            | Fahd Saleh Ali Al-Hathloul                 | Director      | Saudi       | 52 years | Independent           | -                    | -             | -                                     | -             | 07/06/1446H (corresponding to 08/12/2024G) |
| 7.            | Albert Peter Grünenfelder                  | Director      | Swiss       | 60 years | Non-executive         | -                    | -             | 25.0%                                 | 17.50%        | 07/06/1446H (corresponding to 08/12/2024G) |
| <b>Total:</b> |                                            |               |             |          |                       | -                    | -             | <b>53.50%</b>                         | <b>37.45%</b> | -                                          |

- (i) Under the Corporate Governance Regulations, the following, among other matters, negates the independence requirement for an independent Director:
- If he/she holds 5% or more of the shares of the Company or any other company within its Group or is a relative of someone who owns such percentage.
  - If he/she is a relative of any of the Directors of the Company or of any other company within the Company's Group.
  - If he/she is a relative of any Senior Executive of the Company or of any other company within the Company's Group.
  - If he/she is a director of any company within the Group of the Company for which he/she is nominated to be a Director.
  - If he/she is an employee or used to be an employee, during the preceding two years, of the Company or any company within its Group, or if he/she, during the preceding two years, held a controlling interest in the Company, any party dealing with the Company, or any company within its Group, such as auditors or key suppliers.
  - If he/she has a direct or indirect interest in the business and contracts executed for the Company's account.
  - If a Director receives financial consideration from the Company in addition to the remuneration for his/her membership on the Board or any of its committees exceeding two hundred thousand Saudi Riyals (SAR 200,000) or 50% of his/her remuneration in the previous year for membership on the Board or any of its committees, whichever is less.
  - If he/she engages in a business where he/she competes with the Company or conducts business in any of the Company's activities.
  - If he/she has served more than nine (9) years, consecutive or nonconsecutive, as a Director of the Company.

- (2) The indirect ownership of the Directors is as a result of the following:
- a. The indirect ownership of Sinan Esmat Abdul- Samad Al Saady in the Company arises from his direct ownership of three thousand, five hundred (3,500) shares in Buhur Holding Company, representing 70% of its share capital. Buhur Holding Company, in turn, directly owns one hundred (100) shares in Darat Esmat Bin Abdul-Samad Al Saady Holding Company, representing 10% of its share capital, and Darat Esmat Bin Abdul-Samad Al Saady Holding Company, in turn, directly owns 50% of the Company's shares.
  - b. The indirect ownership of Marcel Albert Grünenfelder in the Company arises from his direct ownership of 100% of Familienholding Marcel Grünenfelder AG, which holds 50% of GK Grünenfelder International AG, which in turn directly owns 50% of the Company's shares.
  - c. The indirect ownership of Albert Peter Grünenfelder in the Company arises from his direct ownership of 100% of Meteira AG, which holds 50% of GK Grünenfelder International AG, which in turn directly owns 50% of the Company's shares.
- (3) The dates listed in this table are the dates of appointment of the Directors to the current term pursuant to the Shareholders' resolution dated 07/06/1446H (corresponding to 08/12/2024G). However, Mr. Raad Abdulaziz Mohammed Al- Abdulkadr was appointed under the Board resolution dated 27/08/1446H (corresponding to 26/02/2025G). The Board term is three (3) years, commencing on 07/06/1446H (corresponding to 08/12/2024G) and ending on 10/07/1449H (corresponding to 08/12/2027G). The respective biographies of the Directors state the dates the Directors were appointed to the Board or any other position (for further details, please refer to Section 5.3.6 **"Summary Biographies of the Directors and the Board Secretary"** of this Prospectus).

Source: The Company



## Company Address

**Consolidated Grünenfelder Saady Holding Company**

New Industrial City  
P.O. Box 35800, Riyadh 11383  
Kingdom of Saudi Arabia  
Tel: +966 11 265 0990  
Fax: +966 11 265 1079  
Website: www.cgs.com.sa  
Email: info@cgs.com.sa



## Company Representatives

**Sinan Esmat Abdul- Samad Al Saady**

Chairman  
New Industrial City  
P.O. Box 35800, Riyadh 11383  
Kingdom of Saudi Arabia  
Tel: +966 11 265 0990 Ext. 1152  
Fax: +966 11 265 1079  
Website: www.cgs.com.sa  
Email: s.alsaady@daratalsaad.com

**Ruban Deep Singh Bilen**

CFO  
New Industrial City  
P.O. Box 35800, Riyadh 11383  
Kingdom of Saudi Arabia  
Tel: +966 11 265 0990 Ext. 1122  
Fax: +966 11 265 1079  
Website: www.cgs.com.sa  
Email: ruban.bilen@cgs.com.sa

## Board Secretary

**Ahmed Mohammed Ahmed Al-Omari**

New Industrial City  
P.O. Box 35800, Riyadh 11383  
Kingdom of Saudi Arabia  
Tel: +966 11 265 0990 Ext. 1151  
Fax: +966 11 265 1079  
Website: www.cgs.com.sa  
Email: a.alomari@daratalsaad.com

## Stock Exchange

**Saudi Tadawul Group (Tadawul)**

King Fahd Road - Al Olaya 6897  
Unit No. 15  
Riyadh 12211- 3388  
Kingdom of Saudi Arabia  
Tel: +966 11 92 000 1919  
Fax: +966 11 218 9133  
Website: www.saudiexchange.sa  
Email: csc@saudiexchange.sa



## Depository Center

**Securities Depository Center Company (Edaa)**

King Fahd Road - Al Olaya 6897  
Unit No. 11  
Riyadh 12211-3388  
Kingdom of Saudi Arabia  
Tel: +966 11 92 002 6000  
Fax: +966 11 218 9133  
Website: www.edaa.com.sa  
Email: cc@edaa.com.sa



من مجموعة تداول السعودية  
From Saudi Tadawul Group

## Advisors

### Financial Advisor, Lead Manager and Underwriter

#### Aljazira Capital

King Fahd Road  
P.O. Box 20438, Riyadh 11455  
Kingdom of Saudi Arabia  
Tel: +966 11 225 6000  
Fax: +966 11 225 6068  
Website: [www.aljaziracapital.com.sa](http://www.aljaziracapital.com.sa)  
Email: [IPO@aljaziracapital.com.sa](mailto:IPO@aljaziracapital.com.sa)



### Bookrunners

#### Aljazira Capital

King Fahd Road  
P.O. Box 20438, Riyadh 11455  
Kingdom of Saudi Arabia  
Tel: +966 11 225 6000  
Fax: +966 11 225 6068  
Website: [www.aljaziracapital.com.sa](http://www.aljaziracapital.com.sa)  
Email: [IPO@aljaziracapital.com.sa](mailto:IPO@aljaziracapital.com.sa)



#### Arqaam Capital Financial Company

Office 76 & 77, Olaya Business Centre  
7475 Olaya Street,  
Riyadh 12244-2257  
Kingdom of Saudi Arabia  
Tel: +966 11 4400  
Website: [www.arqaamcapital.com/saudi-arabia](http://www.arqaamcapital.com/saudi-arabia)  
Email: [info@arqaamcapital.com](mailto:info@arqaamcapital.com)



### Advisor to the Selling Shareholders

#### Himmah Capital

King Abdul Aziz Road  
P.O. Box 230645, Riyadh 11321  
Kingdom of Saudi Arabia  
Tel: +966 11 269 0043  
Website: [www.himmahcapital.com](http://www.himmahcapital.com)  
Email: [projectantarctica@himmahcapital.com](mailto:projectantarctica@himmahcapital.com)



### Legal Advisor to the Company

#### The Law Firm of Latham & Watkins

Floor 7, Tower 1, Tatweer Towers  
King Fahd Road  
P.O. Box 17411, Riyadh 11484  
Kingdom of Saudi Arabia  
Tel: +966 11 207 2500  
Fax: +966 11 207 2577  
Website: [www.lw.com](http://www.lw.com)  
Email: [projectantarctica.lwteam@lw.com](mailto:projectantarctica.lwteam@lw.com)



## Financial Due Diligence Advisor

**PricewaterhouseCoopers Public Accountants**

Kingdom Centre Tower

P.O. Box 8282, Riyadh 11482

Kingdom of Saudi Arabia

Tel: +966 11 211 0400

Fax: +966 11 211 0401

Website: [www.pwc.com/middle-east](http://www.pwc.com/middle-east)

Email: [mer\\_project\\_antarctica@pwc.com](mailto:mer_project_antarctica@pwc.com)



## Auditor

**Ernst & Young Professional Services (Professional LLC)**

King Fahd Road

P.O. Box 2732, Riyadh 11461

Kingdom of Saudi Arabia

Tel: +966 11 215 9898

Fax: +966 11 273 4730

Website: [www.ey.com/en\\_sa](http://www.ey.com/en_sa)

Email: [ey.ksa@sa.ey.com](mailto:ey.ksa@sa.ey.com)



## Market Consultant

**Euromonitor International PLC**

Dubai Silicon Oasis

F-Wing, Block 9

6th Floor, Office 606-607

Dubai 341155

United Arab Emirates

Tel: +971 4 372 4363

Fax: +971 4 372 4370

Website: [www.euromonitor.com](http://www.euromonitor.com)

Email: [info-mena@euromonitor.com](mailto:info-mena@euromonitor.com)

**Note:**

The abovementioned Advisors and the Auditor have given and, as of the date of this Prospectus, have not withdrawn their written consent to the inclusion of their names, logos, statements, and reports, as applicable, in this Prospectus in the form appearing herein. Moreover, neither the Advisors, the Auditor, nor their employees (forming part of the engagement team serving the Company), or any of their relatives have any shares or interest of any kind in the Company as of the date of this Prospectus which would impair their independence.

## Receiving Agents

### Receiving Agents

#### Aljazira Capital

King Fahd Branch Road, Al Rahmaniyyah District  
P.O. Box 20438, Riyadh 11455  
Kingdom of Saudi Arabia  
Tel: +966 11 225 6000  
Fax: +966 11 225 6182  
Email: [contactus@aljaziracapital.com.sa](mailto:contactus@aljaziracapital.com.sa)  
Website: [www.aljaziracapital.com.sa](http://www.aljaziracapital.com.sa)



#### BSF Capital

King Saud Road – Al Maather  
P.O. Box 56006  
Riyadh 11554  
Kingdom of Saudi Arabia  
Tel: +966 11 289 9999  
Fax: +966 11 282 6823  
Website: [www.alfransi.com.sa](http://www.alfransi.com.sa)  
Email: [Communications@AlFransi.com.sa](mailto:Communications@AlFransi.com.sa)



#### Al Rajhi Capital

Head Office, King Fahd Road, Al Muruj District  
P.O. Box 5561, Riyadh 12263  
Kingdom of Saudi Arabia  
Tel: +966 92 000 5856  
Fax: +966 11 460 0625  
Email: [InvestmentBankingTeam@alrajhi-capital.com](mailto:InvestmentBankingTeam@alrajhi-capital.com)  
Website: [www.alrajhi-capital.com](http://www.alrajhi-capital.com)



#### SNB Capital

Building No. 7347, King Saud Street, Al Murabba District  
P.O. Box 2575, Riyadh 12624  
Kingdom of Saudi Arabia  
Tel: +966 11 92 000 0232  
International Call Center: +966 11 4060052  
Email: [snbc.cm@alahlicapital.com.sa](mailto:snbc.cm@alahlicapital.com.sa)  
Website: [www.alahlicapital.com](http://www.alahlicapital.com)



#### Riyad Capital

Unit No. 69, 2414 Al Shohda Dist.  
P.O. Box 13241, Riyadh 7279  
Kingdom of Saudi Arabia  
Tel: +966 11 4865649  
Fax: +966 11 4865908  
Email: [ask@riyadcapital.com](mailto:ask@riyadcapital.com)  
Website: [www.riyadcapital.com](http://www.riyadcapital.com)



#### Albilad Investment Company

King Fahd Road, Al Olaya, Riyadh 12313-3701  
Kingdom of Saudi Arabia  
Tel: +966 11 92 000 3636  
Fax: +966 11 290 6299  
Email: [investmentbanking@albilad-capital.com](mailto:investmentbanking@albilad-capital.com)  
Website: [www.albilad-capital.com](http://www.albilad-capital.com)





## Receiving Agents

**Alistithmar for Financial Securities and Brokerage Company**

King Fahd Road, Riyadh  
 Kingdom of Saudi Arabia  
 P.O. Box 6888, Postal Code 11452  
 Tel: +966 11 254 7666  
 Fax: +966 11 489 6253  
 Email: WebEcare@icap.com.sa  
 Website: www.alistithmarcapital.com

الاستثمار كابيتال  
 Alistithmar Capital

**Derayah Financial**

Third Floor, Prestige Center, Al Takhassousi Street, Riyadh  
 Kingdom of Saudi Arabia  
 Tel: +966 11 299 8000  
 Fax: +966 11 419 5498  
 Email: support@derayah.com  
 Website: www.derayah.com

**Alinma Capital**

Al Anoud Tower 2, King Fahd Road  
 P.O. Box 55560, Riyadh 11544  
 Kingdom of Saudi Arabia  
 Tel: +966 11 218 5999  
 Fax: +966 11 218 5970  
 Email: info@alinmainvest.com  
 Website: www.alinmainvestment.com

الإنماء المالية  
 alinma capital

**ANB Capital**

ANB Capital Building, King Faisal Street  
 Kingdom of Saudi Arabia  
 P.O. Box 220009, Riyadh 11311  
 Tel: +966 11 406 2500  
 Fax: +966 11 406 2548  
 Email: investment.banking@anbcapital.com.sa  
 Website: www.anbcapital.com.sa

anbcapital

**Yaqeen Capital**

Al Worood District, Al Olaya Street  
 P.O. Box 884, Riyadh 11421  
 Kingdom of Saudi Arabia  
 Tel: +966 800 429 8888  
 Fax: +966 11 205 4827  
 Email: addingvalue@yaqeen.sa  
 Website: www.yaqeen.sa

يقين  
 Yaqeen

**Alkhabeer Capital**

Madinah Road, Jeddah  
 P.O. Box 128289, Jeddah 21362  
 Kingdom of Saudi Arabia  
 Tel: +966 12 612 9345  
 Fax: +966 12 685 6663  
 Email: info@alkhabeer.com  
 Website: www.alkhabeer.com

الخبير المالية  
 Alkhabeer Capital



## Receiving Agents

**SAB Invest**

Olaya Main Street  
P.O. Box 1467, Riyadh 11431  
Kingdom of Saudi Arabia  
Tel: 800 124 2442  
Fax: +966 12 216 9102  
Email: [customer-care@sabinvest.com](mailto:customer-care@sabinvest.com)  
Website: [www.sabinvest.com](http://www.sabinvest.com)

**Sahm Capital**

Building 305, King Abdullah Financial District  
Riyadh 13519  
Kingdom of Saudi Arabia  
Tel: +966 11 414 5260  
Email: [Info@sahmcapital.com](mailto:Info@sahmcapital.com)  
Website: [www.sahmcapital.com](http://www.sahmcapital.com)

**GIB Capital**

Building No. B1, Granada Business and Residential Park  
Eastern Ring Road  
P.O. Box 89589, Riyadh 11692  
Kingdom of Saudi Arabia  
Tel: +966 800 124 0121  
Fax: +966 11 834 8400  
Email: [www.gibcapital.com](http://www.gibcapital.com)  
Website: [customer-care@gibcapital.com](mailto:customer-care@gibcapital.com)

**Musharaka Capital**

Prince Turkey Street, Alkurnaish,  
Al Khobar 34413,  
Kingdom of Saudi Arabia,  
Tel: +966 92000 6811  
Fax: +966 13 881 8412  
Email: [receiving-entity@musharaka.sa](mailto:receiving-entity@musharaka.sa)  
Website: [www.musharaka.sa](http://www.musharaka.sa)

**EFG Hermes KSA**

Third Floor, Northern Tower, Sky Towers,  
King Fahd Road, Al Olaya, Riyadh  
P.O. Box 300189, Riyadh 11372  
Kingdom of Saudi Arabia  
Tel: +966 11 2938048  
Fax: +966 11 2938032  
Email: [ksareipo@efg-hermes.com](mailto:ksareipo@efg-hermes.com)  
Website: [www.efghermesksa.com](http://www.efghermesksa.com)

**Awaed Alosool Capital**

AlUrubah Road 2163, AlMathar Ash Shamali 12334,  
Home Offices, Riyadh,  
Saudi Arabia  
Tel: 8001111870  
Email: [ipo\\_awaed@awaed.co](mailto:ipo_awaed@awaed.co)  
Website: [www.awaed.capital](http://www.awaed.capital)



## Offering Summary

This Offering Summary is intended to provide a brief overview of the information detailed in this Prospectus. This summary does not include all information that may be important to prospective investors and which must be taken into consideration before deciding to invest in the Offer Shares. Therefore, persons wishing to subscribe to the Offer Shares must read and review this Prospectus in full. Any decision to invest in the Offer Shares should be based on a consideration of this Prospectus as a whole. In particular, the “Important Notice” section on page (i) and Section 2 “Risk Factors” of this Prospectus must be carefully considered before deciding to invest in the Offer Shares. Subscribers should not rely solely on this summary.

### Company Name, Description and Incorporation

Consolidated Grünenfelder Saady Holding Company is an unlisted Saudi mixed joint-stock company with Commercial Registration No. 1010651887, dated 18/01/1442H (corresponding to 06/09/2020G), incorporated pursuant to the Articles of Association dated 17/07/1441H (corresponding to 11/03/2020G), notarized on 28/11/1441H (corresponding to 19/07/2020G). The Company’s registered address is P.O. Box 35800, Postal Code 11383, New Industrial City, Riyadh, Kingdom of Saudi Arabia. The Company’s current share capital is one hundred million Saudi Riyals (SAR 100,000,000), divided into one hundred million (100,000,000) ordinary shares with a nominal value of one Saudi Riyal (SAR 1) per share.

The Group’s operations date back to 1976G, when Swiss engineer Mr. Albert Grünenfelder collaborated with Saudi entrepreneur Mr. Esmat Al Saady and the Saudi Establishment for Engineering Equipments (Conato) to establish CGS Conato-Grünenfelder-Saady Company through a joint venture aimed at manufacturing refrigerated bodies and carriers in the Kingdom. In accordance with the joint venture agreement dated 03/07/1396H (corresponding to 30/06/1976G), the partners agreed to establish CGS Conato-Grünenfelder-Saady Company with a share capital of one million, five hundred thousand Saudi Riyals (SAR 1,500,000), with the head office and factory of CGS Conato-Grünenfelder-Saady Company to be located in Riyadh. In 1977G, the two partners, Mr. Albert Grünenfelder and Mr. Esmat Al Saady, agreed to establish a limited liability company under the name “**Consolidated Grünenfelder Saady**”, in accordance with the Articles of Association dated 18/07/1397H (corresponding to 04/07/1977G), notarized by the notary public in Riyadh on 27/10/1397H (corresponding to 11/10/1977G), with a share capital of one million, five hundred thousand Saudi Riyals (SAR 1,500,000) divided into one thousand, five hundred (1,500) equal shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share. In 1984G, the two partners established CGS Jeddah, a limited liability company incorporated in the Kingdom, under Commercial Registration No. 4030045594, dated 20/01/1405H (corresponding to 15/10/1984G), with a share capital of two million, four hundred thousand Saudi Riyals (SAR 2,400,000) divided into two thousand, four hundred (2,400) equal shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share. In 1986G, the two partners established CGS Riyadh, a limited liability company incorporated in the Kingdom, under Commercial Registration No. 1010064234, dated 24/03/1407H (corresponding to 27/11/1986G), with a share capital of four million, six hundred thousand Saudi Riyals (SAR 4,600,000) divided into four thousand, six hundred (4,600) equal shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share. In 2007G, Mr. Esmat Al Saady established CGS Bahrain, a limited liability company incorporated in the Kingdom of Bahrain, under Commercial Registration No. 1-65797, dated 17/06/1428H (corresponding to 03/07/2007G), with a share capital of twenty thousand Bahraini dinars (BHD 20,000), divided into two hundred (200) equal shares with a nominal value of one hundred Bahraini dinars (BHD 100) per share.

The Issuer was established on 17/07/1441H (corresponding to 11/03/2020G) pursuant to the Articles of Association dated 17/07/1441H (corresponding to 11/03/2020G), notarized on 28/11/1441H (corresponding to 19/07/2020G), as a mixed limited liability company with a fully paid-up share capital of one million Saudi Riyals (SAR 1,000,000), divided into ten thousand (10,000) equal cash shares with a fully paid-up nominal value of one hundred Saudi Riyals (SAR 100) per share. Esmat Bin Abdul-Samad Al Saady Holding Company owned 50% of the shares, and GK Grünenfelder International AG owned the remaining shares. The Company was registered under Commercial Registration No. 1010651887, dated 18/01/1442H (corresponding to 06/09/2020G). It holds Services Investment License No. 10211410693597 from the Ministry of Investment, dated 11/06/1441H (corresponding to 06/02/2020G), permitting it to act as a holding company for its Subsidiaries.

On 15/05/1443H (corresponding to 20/12/2021G), the Issuer acquired 100% of CGS Jeddah’s shares for SAR 11.7 million, under a share transfer agreement between the joint owners of both companies. On 03/08/1442H (corresponding to 17/03/2021G), the Issuer acquired 100% of CGS Riyadh’s shares for SAR 30 million, under a share transfer agreement between the joint owners of both companies. On 22/09/1445H (corresponding to 01/04/2024G), the Issuer acquired 100% of CGS Bahrain’s shares without consideration, following a full transfer of the shares by the owner to the Company.

|                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Company Name, Description and Incorporation</b> | <p>Pursuant to the partners' resolution notarized on 07/06/1446H (corresponding to 08/12/2024G), the Company was converted from a limited liability company to an unlisted joint-stock company, and its share capital was increased from one million Saudi Riyals (SAR 1,000,000) fully paid-up to one hundred million Saudi Riyals (SAR 100,000,000) through: (i) the capitalization of forty-four million, five hundred and sixty thousand, four hundred and sixty-one Saudi Riyals (SAR 44,560,461) from the retained earnings account, and (ii) the capitalization of fifty-four million, four hundred and thirty-nine thousand, five hundred and thirty-nine Saudi Riyals (SAR 54,439,539) from the additional capital contribution account. The nominal value of the Company's shares was set at one Saudi Riyal (SAR 1). Accordingly, the Company's share capital amounted to one hundred million Saudi Riyals (SAR 100,000,000), divided into one hundred million (100,000,000) ordinary shares with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share, with no change to the shareholders' ownership percentages (for further details on the Company's history, please refer to Section 4.1.2 "<b>Corporate History and Evolution of the Company's Ownership Structure and Share Capital</b>" of this Prospectus).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Company Activities</b>                          | <p>Pursuant to its main commercial registration, the Company's main activity is the management of subsidiaries of holding companies.</p> <p>Pursuant to its Bylaws, the Company's activities consist of activities of holding companies (i.e., entities that acquire assets owning controlling levels of equity of a group of subsidiaries, and whose principal activity is the ownership of that group).</p> <p>The Group's principal actual business activities comprise the following (for further details, please refer to Section 4.3 "<b>Overview of the Group's Business</b>"): </p> <ol style="list-style-type: none"> <li>1- <b>Refrigerated Transport:</b> This segment provides standardized and customized mobile refrigeration solutions for the transport of food, beverages, pharmaceuticals, and other sensitive products, ensuring their quality is maintained in transit. Services include the design and manufacturing of highly durable and insulated refrigerated vehicle bodies, engineered to withstand harsh climatic conditions and terrains. The Group produces select refrigerated transport solutions upon specific client requests (i.e., custom-made) to address the needs of different industries.</li> <li>2- <b>Refrigeration:</b> This segment focuses on the development of cold stores and stationary industrial facilities serving sectors such as food and beverage and healthcare. Refrigeration solutions are designed with an emphasis on energy efficiency and sustainability, utilizing advanced technologies and high-quality components sourced from global suppliers to ensure long-term, reliable performance.</li> <li>3- <b>Customized Solutions:</b> This segment offers customizable units—both mobile and stationary, according to client requests—to provide a cool and secure environment for personnel, equipment and products at work sites or under complex operating conditions. It includes the design and modification of vehicles and mobile units based on each client's specific needs, serving vital sectors such as energy, healthcare, and telecommunications. These solutions are flexible and efficient in the most demanding environments. Additionally, this segment provides electromagnetic interference (EMI) shielded units that protect sensitive electronic devices, ensuring equipment performance is not affected by external electromagnetic signals.</li> <li>4- <b>After-Sales Service:</b> This segment aims to maximize equipment efficiency and lifespan. The Group offers customized annual maintenance contracts, continuous monitoring, and comprehensive operational support, ensuring optimal system performance and compliance with regulatory requirements. Moreover, the Group provides scheduled maintenance and training services for client teams to enhance equipment reliability.</li> </ol> |
| <b>Subsidiaries</b>                                | <p>The Company has three (3) Subsidiaries:</p> <ol style="list-style-type: none"> <li>1- <b>Cold Stores Group of Saudi Arabia (single shareholder)</b>, a single shareholder limited liability company incorporated in Riyadh with Commercial Registration No. 1010064234, dated 24/03/1407H (corresponding to 27/11/1986G) ("<b>CGS Riyadh</b>");</li> <li>2- <b>Consolidated Grünenfelder Saady (single shareholder)</b>, a single shareholder limited liability company incorporated in Jeddah with Commercial Registration No. 4030045594, dated 20/01/1405H (corresponding to 16/10/1984G) ("<b>CGS Jeddah</b>"); and</li> <li>3- <b>Al Saadi Refrigeration Air Conditioning W.L.L</b>, a limited liability company incorporated in the Kingdom of Bahrain with Commercial Registration No. 1-65797, dated 17/06/1428H (corresponding to 03/07/2007G) ("<b>CGS Bahrain</b>").</li> </ol> <p>(CGS Riyadh, CGS Jeddah, and CGS Bahrain are collectively referred to as the "<b>Subsidiaries</b>" or the "<b>Group</b>") (for further details on the Subsidiaries, please refer to Section 4.1.6 "<b>Overview of the Company's Subsidiaries</b>" of this Prospectus).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Material Subsidiaries</b>                       | <ol style="list-style-type: none"> <li>1- CGS Riyadh.</li> <li>2- CGS Jeddah.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

### Substantial Shareholders

The following table sets out the Substantial Shareholders' shares and ownership percentages in the Company pre-and post-Offering:

**Table (1.2): The Substantial Shareholders, the Number of their Shares and their Ownership Percentages Pre-and Post-Offering**

| #            | Shareholder                                          | No. of Shares      | Pre-Offering              |             | No. of Shares     | Post-Offering             |            |
|--------------|------------------------------------------------------|--------------------|---------------------------|-------------|-------------------|---------------------------|------------|
|              |                                                      |                    | Total Nominal Value (SAR) | Percentage  |                   | Total Nominal Value (SAR) | Percentage |
| 1.           | Darat Esmat Bin Abdul-Samad Al Saady Holding Company | 50,000,000         | 50,000,000                | 50%         | 35,000,000        | 35,000,000                | 35%        |
| 2.           | GK Grünenfelder International AG                     | 50,000,000         | 50,000,000                | 50%         | 35,000,000        | 35,000,000                | 35%        |
| <b>Total</b> |                                                      | <b>100,000,000</b> | <b>100,000,000</b>        | <b>100%</b> | <b>70,000,000</b> | <b>70,000,000</b>         | <b>70%</b> |

Source: The Company

The following table sets out the details of the Substantial Shareholders who indirectly own 5% or more of the Company's shares:

**Table (1.3): The Company's Substantial Shareholders by Indirect Ownership as of the Date of this Prospectus**

| #            | Shareholder                                      | No. of Shares      | Pre-Offering                        |               | No. of Shares     | Post-Offering                       |               |
|--------------|--------------------------------------------------|--------------------|-------------------------------------|---------------|-------------------|-------------------------------------|---------------|
|              |                                                  |                    | Total Nominal Value of Shares (SAR) | Ownership (%) |                   | Total Nominal Value of Shares (SAR) | Ownership (%) |
| 1.           | Esmat Abdul-Samad Naguib Al Saady <sup>(1)</sup> | 45,000,000         | 45,000,000                          | 45.0%         | 31,500,000        | 31,500,000                          | 31.50%        |
| 2.           | Marcel Albert Grünenfelder <sup>(2)</sup>        | 25,000,000         | 25,000,000                          | 25.0%         | 17,500,000        | 17,500,000                          | 17.50%        |
| 3.           | Albert Peter Grünenfelder <sup>(3)</sup>         | 25,000,000         | 25,000,000                          | 25.0%         | 17,500,000        | 17,500,000                          | 17.50%        |
| 4.           | Buhur Holding Company <sup>(4)(5)</sup>          | 5,000,000          | 5,000,000                           | 5.0%          | 3,500,000         | 3,500,000                           | 3.50%         |
| <b>Total</b> |                                                  | <b>100,000,000</b> | <b>100,000,000</b>                  | <b>100%</b>   | <b>70,000,000</b> | <b>70,000,000</b>                   | <b>70%</b>    |

(1) Esmat Abdul-Samad Al Saady's indirect ownership in the Company is due to his direct ownership of 90% of Darat Esmat Bin Abdul-Samad Al Saady Holding Company, which in turn directly owns 50% of the Company's shares.

(2) Marcel Albert Grünenfelder's indirect ownership in the Company is due to his direct ownership of 100% of Familienholding Marcel Grünenfelder AG, which owns 50% of GK Grünenfelder International AG, which in turn directly owns 50% of the Company's shares.

(3) Albert Peter Grünenfelder's indirect ownership in the Company is due to his direct ownership of 100% of Meteira AG, which owns 50% of GK Grünenfelder International AG, which in turn directly owns 50% of the Company's shares.

(4) Buhur Holding Company's ownership in the Company is due to its direct ownership of 10% of Darat Esmat Bin Abdul-Samad Al Saady Holding Company, which in turn directly owns 50% of the Company's shares.

(5) Post-Offering, Buhur Holding Company will no longer be an indirect Substantial Shareholder in the Company.

Source: The Company

For further details on the Shareholders who indirectly own 5% or more of the Company's shares, please refer to Table 4.11 "The Company's Substantial Shareholders by Indirect Ownership as of the Date of this Prospectus".

### Share Capital of the Company

One hundred million Saudi Riyals (SAR 100,000,000), fully paid.

### Total Number of the Company's Shares

One hundred million (100,000,000) fully paid ordinary shares.

|                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Nominal Value per Share</b>                                            | One Saudi Riyal (SAR 1) per share.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Offering</b>                                                           | Offering of thirty million (30,000,000) ordinary shares, representing 30% of the share capital of the Company, for public subscription at an Offer Price of ten Saudi Riyals (SAR 10) per share.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Total Number of Offer Shares</b>                                       | Thirty million (30,000,000) fully-paid ordinary shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Percentage of the Offer Shares to the Company's Share Capital</b>      | The Offer Shares represent 30% of the Company's shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Offer Price</b>                                                        | Ten Saudi Riyals (SAR 10).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Total Offering Value</b>                                               | Three hundred million Saudi Riyals (SAR 300,000,000).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Use of Offering Proceeds</b>                                           | The Offering Proceeds, amounting to three hundred million Saudi Riyals (SAR 300,000,000) (after deducting all Offering costs and expenses, estimated at twenty-two million Saudi Riyals (SAR 22,000,000)), will be paid to the Selling Shareholders in proportion to their respective ownership percentages in the Sale Shares to be sold as part of the Offering. The Company will not receive any part of the Offering Proceeds (for further details, please refer to Section 8 "Use of Offering Proceeds" of this Prospectus).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Number of Offer Shares Underwritten</b>                                | Thirty million (30,000,000) ordinary shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Total Offering Value Underwritten</b>                                  | Three hundred million Saudi Riyals (SAR 300,000,000).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Target Investor Categories</b>                                         | <p>Subscription to the Offer Shares is limited to two tranches of investors, as follows:</p> <p><b>Tranche (A): Participating Parties:</b> This tranche comprises the parties entitled to participate in the book building process as specified under the Book Building Instructions (for further information, please refer to Section 1 "Definitions and Abbreviations" of this Prospectus).</p> <p><b>Tranche (B): Individual Subscribers:</b> This tranche comprises Saudi Arabian natural persons, including any divorced or widowed Saudi woman with minor children from a marriage to a non-Saudi individual, who can subscribe for her benefit in their names provided that she proves that she is divorced or widowed and the mother of her minor children, GCC nationals, any foreign natural person who is resident in the KSA or used to be a resident in the KSA or any of GCC, in each case who have an investment account and active portfolio with one of the Receiving Agents and are allowed to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid, and if it is established that a transaction of this nature has occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.</p> |
| <b>Total Offer Shares Available for Each Category of Target Investors</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Number of Offer Shares Available to Participating Parties</b>          | Thirty million (30,000,000) Offer Shares, representing 100% of the total Offer Shares. In the event that Individual Subscribers subscribe for the Offer Shares allocated thereto, the Financial Advisor, in coordination with the Company, shall have the right to reduce the number of shares allocated to Participating Parties to a minimum of twenty-four million (24,000,000) Offer Shares, representing 80% of the total Offer Shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Number of Offer Shares Available to Individual Subscribers</b>         | A maximum of six million (6,000,000) Offer Shares, representing 20% of the total Offer Shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Subscription Method for Each Category of Target Investors</b>          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Subscription Method for Participating Parties</b>                      | Participating Parties may apply for participation in the book building process by completing Bid Forms, which will be provided to them by the Bookrunners during the book building process. After the initial allocation, the Bookrunners will provide Subscription Application Forms to Participating Parties to be completed in accordance with the instructions set out in Section 17 "Subscription Terms and Conditions" of this Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Subscription Method for Individual Subscribers</b>                     | Individual Subscribers who wish to subscribe for the Offer Shares must submit their subscription applications electronically through the websites or digital platforms of the Receiving Agents that provide this service, or through any other method made available by the Receiving Agents through which Individual Subscribers can subscribe for the Company's shares during the Offering Period (for further details, please refer to Section 17 "Subscription Terms and Conditions" of this Prospectus).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |



| Minimum Number of Offer Shares that may be Applied for by Each Category of Target Investors               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Minimum Number of Offer Shares that may be Applied for by Participating Parties                           | One hundred thousand (100,000) Offer Shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Minimum Number of Offer Shares that may be Applied for by Individual Subscribers                          | Ten (10) Offer Shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Minimum Subscription Amount for Each Category of Target Investors                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Minimum Subscription Amount for Participating Parties                                                     | One million Saudi Riyals (SAR 1,000,000).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Minimum Subscription Amount for Individual Subscribers                                                    | One hundred Saudi Riyals (SAR 100).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Maximum Number of Offer Shares that may be Applied for by Each Category of Target Investors               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Maximum Number of Offer Shares that may be Applied for by Participating Parties                           | Four million, nine hundred and ninety-nine thousand, nine hundred and ninety-nine (4,999,999) Offer Shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Maximum Number of Offer Shares that may be Applied for by Individual Subscribers                          | Two hundred and fifty thousand (250,000) Offer Shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Maximum Subscription Amount for Each Category of Target Investors                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Maximum Subscription Amount for Participating Parties                                                     | Forty-nine million nine hundred ninety-nine thousand nine hundred ninety Saudi Riyals (SAR 49,999,990).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Maximum Subscription Amount for Individual Subscribers                                                    | Two million five hundred thousand Saudi Riyals (SAR 2,500,000).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Allocation of Offer Shares and Refund of Excess Subscription Monies for Each Category of Target Investors |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Allocation of Offer Shares and Refund of Excess Subscription Monies for Participating Parties             | The initial allocation will be made as the Financial Advisor deems appropriate, in coordination with the Company, using the discretionary allocation mechanism. It is possible that certain Participating Parties will not be allocated any Offer Shares, as deemed appropriate by the Company and the Financial Advisor. The final allocation of the Offer Shares to Participating Parties shall be made through the Financial Advisor upon completion of the allocation of Offer Shares to Individual Subscribers. The number of Offer Shares to be initially allocated to Participating Parties is thirty million (30,000,000) Offer Shares, representing 100% of the total Offer Shares. If there is sufficient demand from Individual Subscribers, the Financial Advisor, in coordination with the Company, shall have the right to reduce the number of shares allocated to the Participating Parties to a minimum of twenty-four million (24,000,000) Offer Shares, representing 80% of the total Offer Shares, upon completion of the allocation of Offer Shares to Individual Subscribers. |

|                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Allocation Method for Individual Subscribers</b>  | The Offer Shares are expected to be allocated no later than Wednesday, 12/06/1447H (corresponding to 03/12/2025G). The minimum allocation per Individual Subscriber is ten (10) shares, and the maximum allocation per Individual Investor is two hundred and fifty thousand (250,000) Offer Shares. The balance of Offer Shares, if any, will be allocated on a pro rata basis based on the number of Offer Shares applied for by each Individual Subscriber. If the number of Individual Subscribers exceeds six hundred thousand (600,000), the Company will not guarantee the minimum allocation. In this case, the Offer Shares will be allocated as the Financial Advisor deems appropriate, in coordination with the Company, using the discretionary allocation mechanism (for further details, please refer to Section 17 “ <b>Subscription Terms and Conditions</b> ” of this Prospectus). |
| <b>Refund of Excess Subscription Monies (if any)</b> | The Lead Manager and Receiving Agents, as applicable, will notify Subscribers of the final number of Offer Shares allocated to them, together with the amounts to be refunded. Excess subscription monies, if any, will be refunded to Subscribers in full, without any deductions or fees, and will be deposited in the Subscribers’ accounts specified in the Subscription Application Forms. Announcement of the final allocation will be made on Wednesday, 12/06/1447H (corresponding to 03/12/2025G), and excess subscription monies (if any) will be refunded no later than Thursday, 13/06/1447H (corresponding to 04/12/2025G).                                                                                                                                                                                                                                                             |
| <b>Offering Period</b>                               | The Offering Period will commence on Wednesday, 05/06/1447H (corresponding to 26/11/2025G), and will continue for a period of two (2) days, up to and including the closing day on Thursday, 06/06/1447H (corresponding to 27/11/2025G).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Entitlement to Dividends</b>                      | Holders of Offer Shares will be entitled to receive any dividends declared and paid by the Company as of the date of this Prospectus and for subsequent financial years (for further details, please refer to Section 7 “ <b>Dividend Distribution Policy</b> ” of this Prospectus).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Voting Rights</b>                                 | The Company has one class of ordinary shares. None of the shares carry any preferential voting rights. Each share entitles its holder to one vote. Each Shareholder has the right to attend and vote at General Assembly meetings, and may delegate another Shareholder that is not a Director to attend and vote at General Assembly meetings on their behalf (for further details on voting rights, please refer to Section 12.3 “ <b>Summary of the Company’s Bylaws</b> ” of this Prospectus).                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Restrictions on the Shares (Lock-up Period)</b>   | The Substantial Shareholders are subject to a Lock-up Period of six (6) months from the date on which trading of the Company’s shares commences on the Exchange, during which they may not dispose of their shares. Following the Lock-up Period, the Substantial Shareholders may dispose of their shares without the prior approval of the CMA.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Shares Previously Listed by the Company</b>       | Prior to the Offering, the Company’s shares have not been listed in the Kingdom or elsewhere. The Company has submitted an application to the CMA for the registration and offer of the shares in accordance with the OSCOs. The Company has also submitted an application to the Exchange for admission to listing in accordance with the Listing Rules. All relevant approvals pertaining to the Offering have been granted, and all supporting documents required by the CMA have been obtained. Trading of the shares on the Exchange is expected to commence shortly after the completion of the final allocation (for further details, please refer to the “ <b>Key Dates and Subscription Procedures</b> ” section on page (xviii) of this Prospectus).                                                                                                                                       |
| <b>Risk Factors</b>                                  | There are certain risks related to investment in the Offer Shares. Such risks can be classified as follows:<br>1- Risks related to the Group’s business and operations.<br>2- Risks related to the market and sector in which the Group operates.<br>3- Risks Related to the Offer Shares.<br>These risks are described in Section 2 “ <b>Risk Factors</b> ” of this Prospectus and should be carefully considered prior to deciding to invest in the Offer Shares.                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Offering Expenses</b>                             | The expenses and costs related to the Offering will be fully borne by the Selling Shareholders and deducted from the Offering Proceeds. The Offering expenses are estimated at approximately twenty-two million Saudi Riyals (SAR 22,000,000). This includes the fees of the Financial Advisor, Underwriter, Lead Manager, Bookrunners, Legal Advisor, Auditor, Market Consultant, Financial Due Diligence Advisor, and Receiving Agents, in addition to marketing, printing, distribution, translation, and other Offering-related expenses.                                                                                                                                                                                                                                                                                                                                                        |
| <b>Underwriter</b>                                   | <b>Aljazira Capital</b><br>King Fahd Road<br>P.O. Box 20438, Riyadh 11455<br>Kingdom of Saudi Arabia<br>Tel: +966 11 225 6000<br>Fax: +966 11 225 6068<br>Website: www.aljaziracapital.com.sa<br>Email: IPO@aljaziracapital.com.sa                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

**Note:** The “**Important Notice**” section on page (i) and Section 2 “**Risk Factors**” of this Prospectus should be carefully considered prior to deciding to invest in the Offer Shares.

## Key Dates and Subscription Procedures

### Key Dates

**Table (1.4): Expected Offering Timetable**

| Event                                                                                                                             | Date                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Bidding and Book Building Period for Participating Parties                                                                        | A period of five (5) days, commencing on Wednesday, 14/05/1447H (corresponding to 05/11/2025G), and ending on Tuesday, 20/05/1447H (corresponding to 11/11/2025G).                                                                                                                                               |
| Subscription Period for Individual Subscribers                                                                                    | A period of two (2) days, commencing on Wednesday, 05/06/1447H (corresponding to 26/11/2025G), and ending on Thursday, 06/06/1447H (corresponding to 27/11/2025G).                                                                                                                                               |
| Deadline for Submission of Applications for Participating Parties Based on the Number of Provisionally Allocated Offer Shares     | Tuesday, 04/06/1447H (corresponding to 25/11/2025G).                                                                                                                                                                                                                                                             |
| Deadline for Payment of Subscription Monies for Participating Parties Based on the Number of Provisionally Allocated Offer Shares | Tuesday, 04/06/1447H (corresponding to 25/11/2025G).                                                                                                                                                                                                                                                             |
| Deadline for Submission of Subscription Applications and Payment of Subscription Monies for Individual Subscribers                | Thursday, 06/06/1447H (corresponding to 27/11/2025G).                                                                                                                                                                                                                                                            |
| Announcement of the Final Allocation of Offer Shares                                                                              | Wednesday, 12/06/1447H (corresponding to 03/12/2025G).                                                                                                                                                                                                                                                           |
| Refund of Excess Subscription Monies (if any)                                                                                     | Thursday, 13/06/1447H (corresponding to 04/12/2025G).                                                                                                                                                                                                                                                            |
| Expected Commencement Date of Trading of the Shares on the Exchange                                                               | Trading of the Company's shares on the Exchange is expected to commence after all requirements are satisfied and all relevant regulatory procedures are completed. The start of trading of the shares will be announced on Tadawul's website ( <a href="http://www.saudiexchange.sa">www.saudiexchange.sa</a> ). |

**Note:** The above timetable and dates therein are indicative. Actual dates will be communicated through announcements appearing on the websites of the Exchange ([www.saudiexchange.sa](http://www.saudiexchange.sa)), the Company ([www.cgs.com.sa](http://www.cgs.com.sa)), and the Financial Advisor, Aljazira Capital ([www.aljaziracapital.com.sa](http://www.aljaziracapital.com.sa)).

## How to Apply for the Offering

Subscription to the Offer Shares is limited to two tranches of investors, as follows:

### A- Participating Parties:

This tranche comprises the parties entitled to participate in the book building process as specified under the Book Building Instructions (for further details, please refer to Section 1 “**Definitions and Abbreviations**” of this Prospectus).

Participating Parties can obtain Bid Forms from the Bookrunners during the book building process, and Subscription Forms from the Bookrunners following the initial allocation. The Bookrunners shall, after obtaining the approval of the CMA, offer the Offer Shares to Participating Parties during the book building period only. Subscriptions by Participating Parties shall commence during the Offering Period, which also includes Individual Subscribers, in accordance with the terms and conditions detailed in the Subscription Application Forms. A signed Subscription Application Form must be submitted to the Bookrunners, forming a legally binding agreement between the Substantial Shareholders and the Participating Party submitting the application.

### B- Individual Subscribers:

This tranche comprises Saudi Arabian natural persons, including any divorced or widowed Saudi woman with minor children from a marriage to a non-Saudi person, who can subscribe for her benefit in their names provided that she proves that she is divorced or widowed and the mother of her minor children, GCC nationals, any foreign natural person who is resident in the KSA or used to be a resident in the KSA or any of GCC, in each case who have an investment account and an active portfolio with one of the Receiving Agents and are allowed to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid, and if it is established that a transaction of this nature has occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

Individual Subscribers who wish to subscribe for the Offer Shares must submit subscription applications electronically through the websites or digital platforms of the Receiving Agents that provide this service, or through any other method made available by the Receiving Agents for Individual Subscribers to subscribe for the Offer Shares during the Offering Period, provided:

- the Individual Subscriber, including non-Saudis or GCC nationals, has an investment account and an active portfolio with a Receiving Agent that offers such services; and
- there have been no changes in the personal information or data of the Individual Subscriber (the removal or addition of a family member) since he/she last participated in a recent initial public offering.

Subscription Application Forms must be completed in accordance with the instructions set out in Section 17 “**Subscription Terms and Conditions**” of this Prospectus. Applicants must complete all relevant items of the Subscription Application Form. The Company reserves the right to reject any investment, in whole or in part, if any of the subscription terms and conditions are not met. Once submitted, subscription applications may not be amended or withdrawn. Upon submission, a Subscription Application Form is considered a binding agreement between the relevant subscriber and the Substantial Shareholders (for further details, please refer to Section 17 “**Subscription Terms and Conditions**” of this Prospectus).

Excess subscription monies, if any, will be refunded to the Individual Subscriber’s investment account with the Receiving Agent from which the subscription value was initially debited, without any commissions or deductions being withheld by the Lead Manager or the Receiving Agents. Excess subscription monies shall not be refunded in cash or to third-party accounts.

For further details on subscriptions by Individual Subscribers and Participating Parties, please refer to Section 17 “**Subscription Terms and Conditions**” of this Prospectus.

## Summary of Key Information

This summary is intended to provide a brief overview of the information detailed in this Prospectus. This summary does not include all of the information that may be important to prospective investors and which must be taken into consideration before deciding to invest in the Offer Shares. Therefore, persons wishing to subscribe to the Offer Shares must read and review this Prospectus in full. Any decision to invest in the Offer Shares should be based on a consideration of this Prospectus as a whole. In particular, the “**Important Notice**” section on page (i) and Section 2 “**Risk Factors**” of this Prospectus must be carefully considered before deciding to invest in the Offer Shares. Subscribers should not rely solely on this summary.

## Overview of the Company

Consolidated Grünenfelder Saady Holding Company (the “**Company**” or the “**Issuer**”) is an unlisted Saudi mixed joint-stock company with Commercial Registration No. 1010651887, dated 18/01/1442H (corresponding to 06/09/2020G), incorporated pursuant to the Articles of Association dated 17/07/1441H (corresponding to 11/03/2020G), notarized on 28/11/1441H (corresponding to 19/07/2020G). The Company’s registered address is P.O. Box 35800, Postal Code 11383, New Industrial City, Riyadh, Kingdom of Saudi Arabia (the “**Kingdom**”).

The Group’s operations date back to 1976G, when Swiss engineer Mr. Albert Grünenfelder collaborated with Saudi entrepreneur Mr. Esmat Al Saady and the Saudi Establishment for Engineering Equipments (Conato) to establish CGS Conato–Grünenfelder–Saady Company through a joint venture aimed at manufacturing refrigerated bodies and carriers in the Kingdom. In accordance with the joint venture agreement dated 03/07/1396H (corresponding to 30/06/1976G), the partners agreed to establish CGS Conato–Grünenfelder–Saady Company with a share capital of one million, five hundred thousand Saudi Riyals (SAR 1,500,000), with the head office and factory of CGS Conato–Grünenfelder–Saady Company to be located in Riyadh. In 1977G, the two partners, Mr. Albert Grünenfelder and Mr. Esmat Al Saady, agreed to establish a limited liability company under the name “**Consolidated Grünenfelder Saady**”, in accordance with the Articles of Association dated 18/07/1397H (corresponding to 04/07/1977G), notarized by the notary public in Riyadh on 27/10/1397H (corresponding to 11/10/1977G), with a share capital of one million, five hundred thousand Saudi Riyals (SAR 1,500,000), divided into one thousand, five hundred (1,500) equal shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share. In 1984G, the two partners established CGS Jeddah, a limited liability company incorporated in the Kingdom, under Commercial Registration No. 4030045594, dated 20/01/1405H (corresponding to 15/10/1984G), with a share capital of two million, four hundred thousand Saudi Riyals (SAR 2,400,000) divided into two thousand, four hundred (2,400) equal shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share. In 1986G, the two partners established CGS Riyadh, a limited liability company incorporated in the Kingdom, under Commercial Registration No. 1010064234, dated 24/03/1407H (corresponding to 27/11/1986G), with a share capital of four million, six hundred thousand Saudi Riyals (SAR 4,600,000), divided into four thousand, six hundred (4,600) equal shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share. In 2007G, Mr. Esmat Al Saady established CGS Bahrain, a limited liability company incorporated in the Kingdom of Bahrain, under Commercial Registration No. 1-65797, dated 17/06/1428H (corresponding to 03/07/2007G), with a share capital of twenty thousand Bahraini dinars (BHD 20,000), divided into two hundred (200) equal shares with a nominal value of one hundred Bahraini dinars (BHD 100) per share.

The Issuer was established on 17/07/1441H (corresponding to 11/03/2020G) pursuant to the Articles of Association dated 17/07/1441H (corresponding to 11/03/2020G), notarized on 28/11/1441H (corresponding to 19/07/2020G), as a mixed limited liability company with a fully paid-up share capital of one million Saudi Riyals (SAR 1,000,000), divided into ten thousand (10,000) equal cash shares with a fully paid-up nominal value of one hundred Saudi Riyals (SAR 100) per share. Darat Esmat Bin Abdul-Samad Al Saady Holding Company owned 50% of the shares, and GK Grünenfelder International AG owned the remaining shares. The Company was registered under Commercial Registration No. 1010651887, dated 18/01/1442H (corresponding to 06/09/2020G). It holds Services Investment License No. 10211410693597 from the Ministry of Investment, dated 11/06/1441H (corresponding to 06/02/2020G), permitting it to act as a holding company for its Subsidiaries.

On 15/05/1443H (corresponding to 20/12/2021G), the Issuer acquired 100% of CGS Jeddah’s shares for SAR 11.7 million, under a share transfer agreement between the joint owners of both companies. On 03/08/1442H (corresponding to 17/03/2021G), the Issuer acquired 100% of CGS Riyadh’s shares for SAR 30 million, under a share transfer agreement between the joint owners of both companies. On 22/09/1445H (corresponding to 01/04/2024G), the Issuer acquired 100% of CGS Bahrain’s shares without consideration, following a full transfer of the shares by the owner to the Company.

Pursuant to the partners' resolution notarized on 07/06/1446H (corresponding to 08/12/2024G), the Company was converted from a limited liability company to an unlisted joint-stock company, and its share capital was increased from one million Saudi Riyals (SAR 1,000,000) fully paid-up to one hundred million Saudi Riyals (SAR 100,000,000) through: (i) the capitalization of forty-four million, five hundred and sixty thousand, four hundred and sixty-one Saudi Riyals (SAR 44,560,461) from the retained earnings account, and (ii) the capitalization of fifty-four million, four hundred and thirty-nine thousand, five hundred and thirty-nine Saudi Riyals (SAR 54,439,539) from the additional capital contribution account. The nominal value of the Company's shares was set at one Saudi Riyal (SAR 1). Accordingly, the Company's share capital amounted to one hundred million Saudi Riyals (SAR 100,000,000), divided into one hundred million (100,000,000) ordinary shares with a fully paid-up nominal value of one Saudi Riyal (SAR 1) per share, with no change to the shareholders' ownership percentages (for further details on the Company's history, please refer to Section 4.1.2 "**Corporate History and Evolution of the Company's Ownership Structure and Share Capital**" of this Prospectus).

## Principal Activities of the Group

The Group's principal business activities comprise the following (for further details, please refer to Section 4.3 "**Overview of the Group's Business**"):

Since its inception in 1976G, the Group has focused on delivering advanced engineering and manufacturing solutions across multiple segments, including refrigerated transport solutions, refrigeration, customized solutions, and an integrated after-sales service network. The Group operates in the Kingdom of Saudi Arabia and the Kingdom of Bahrain and is committed to providing innovative and reliable solutions tailored to the specific needs of its clients. The following is an overview of each of the Group's main segments:

- 1- **Refrigerated Transport:** This segment provides standardized and customized mobile refrigeration solutions for the transport of food, beverages, pharmaceuticals, and other sensitive products, ensuring their quality is maintained in transit. Services include the design and manufacturing of highly durable and insulated refrigerated vehicle bodies, engineered to withstand harsh climatic conditions and terrains. The Group produces select refrigerated transport solutions upon specific client requests (i.e., custom-made) to address the needs of different industries.
- 2- **Refrigeration:** This segment focuses on the development of cold stores and stationary industrial facilities serving sectors such as food and beverage and healthcare. Refrigeration solutions are designed with an emphasis on energy efficiency and sustainability, utilizing advanced technologies and high-quality components sourced from global suppliers to ensure long-term, reliable performance.
- 3- **Customized Solutions:** This segment offers customizable units—both mobile and stationary, according to client requests—to provide a cool and secure environment for personnel, equipment and products at work sites or under complex operating conditions using electromagnetic pulses. It includes the design and modification of vehicles and mobile units based on each client's specific needs, serving vital sectors such as energy, healthcare, and telecommunications. These solutions are flexible and efficient in the most demanding environments. Additionally, this segment provides electromagnetic interference (EMI) shielded units that protect sensitive electronic devices, ensuring equipment performance is not affected by external electromagnetic signals.
- 4- **After-Sales Service:** This segment aims to maximize equipment efficiency and lifespan. The Group offers customized annual maintenance contracts, continuous monitoring, and comprehensive operational support, ensuring optimal system performance and compliance with regulatory requirements. Moreover, the Group provides scheduled maintenance and training services for client teams to enhance equipment reliability.

The Group is distinguished by its diversified portfolio and engineering expertise, which enable it to offer a broad range of products and solutions. It continuously invests in advanced technologies to enhance service quality, improve production efficiency, and automate its operations. To support these efforts, the Group partners with leading industry players. As of 31 December 2024G, the Group operated one (1) manufacturing facility, and four (4) service centers located in the Kingdom of Saudi Arabia and the Kingdom of Bahrain.



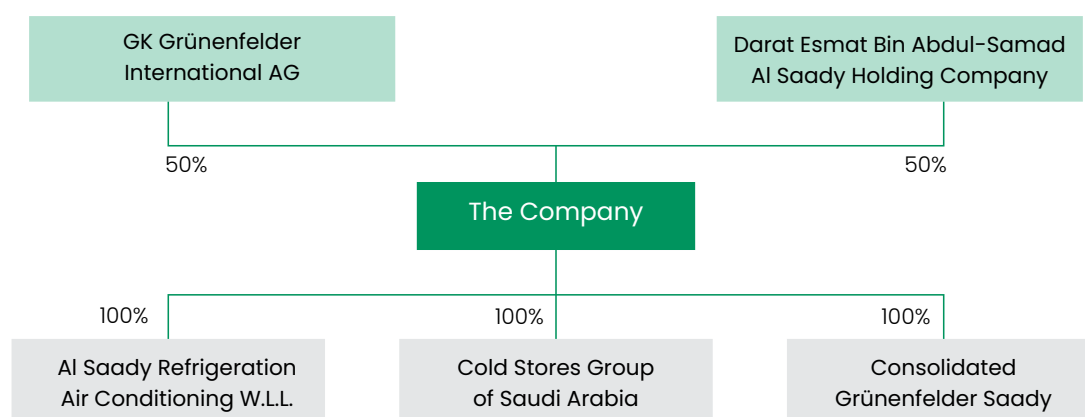
## Subsidiaries

The Company has three (3) Subsidiaries:

- 1- **CGS Riyadh**, a single shareholder limited liability company incorporated in Riyadh with Commercial Registration No. 1010064234, dated 24/03/1407H (corresponding to 27/11/1986G);
- 2- **CGS Jeddah**, a single shareholder limited liability company incorporated in Jeddah with Commercial Registration No. 4030045594, dated 20/01/1405H (corresponding to 16/10/1984G); and
- 3- **CGS Bahrain**, a single shareholder limited liability company incorporated in Bahrain with Commercial Registration No. 1-65797, dated 17/06/1428H (corresponding to 03/07/2007G).

## Ownership Structure of the Company

**Figure (1): Ownership Structure of the Company**



Source: The Company

## The Group's Vision, Mission, and Strategy

### Vision

Engineering and innovation, best-in-class comprehensive solutions provider in the MENA region.

### Mission

To empower clients to establish quality standards that safeguard and enhance people's health, safety, lifestyle and the environment.

### Strategy

The Group's strategy is centered on achieving sustainable growth through new product development, technological innovation, and a steadfast commitment to operational efficiency. The Group aims to maintain its market leadership and respond to evolving client needs by delivering customized solutions and personalized service.

### Maintain Manufacturing Superiority by Investing in Technology and Capacity

The Group is committed to investing in advanced technology and industrial capabilities across strategic locations, including Al-Kharj and Dammam, with the objective of enhancing operational efficiency and establishing cutting-edge production lines. These investments include state-of-the-art laser cutting machinery and automated welding robots, which significantly improve precision and scalability in manufacturing processes.

## New Manufacturing Facility

The Group plans to establish a second manufacturing facility in Al-Kharj Industrial City. This facility will be equipped with Industry 4.0 technologies to support the growing needs of the healthcare, defense, and oil and gas sectors. Over SAR 150 million will be invested over the next three years to meet rising demand and broaden the Group's product portfolio.

## Broaden Product Portfolio and Diversify Client Base

Leveraging its engineering expertise, the Group seeks to expand its product offering and penetrate new sectors such as oil and gas, healthcare, and defense. The Group targets both public and private sector clients, focusing on delivering high-performance, customized solutions that address industry-specific requirements and strengthen its position as a trusted engineering partner.

## Enhance Operational Efficiency and Sustainability

The Group is committed to minimizing its environmental impact and improving operational efficiency through the adoption of lean manufacturing practices, the implementation of energy-efficient technologies, and the exploration of sustainable materials and processes, thereby bolstering long-term partnerships with sustainability-focused clients and stakeholders.

## Develop Leadership and Strengthen Human Resources

The Group focuses on building a strong management team, investing in leadership development, and enhancing technical competencies with the objective of cultivating a flexible and adaptable workforce. Through succession planning and leadership development programs, the Group aims to support the Company's expansion and achieve its strategic objectives.

At its core, the Group's strategic framework underscores its commitment to innovation, adaptability, and excellence across all business segments. The Group aspires to set new industry benchmarks, drive sustainable growth, and maximize value creation for all stakeholders.

## Strengths and Competitive Advantages

The Group's competitive edge is rooted in its unique engineering expertise and advanced manufacturing capabilities, underpinned by a steadfast commitment to delivering tailored solutions that address the specific needs of clients across diverse sectors. With a legacy spanning five decades, the Group has built a strong reputation for providing customized cold chain solutions and for retrofitting vehicles for refrigerated transport, particularly suited to the challenging climatic conditions of Saudi Arabia and Bahrain.

### Unique Product Capabilities and Market Leadership in Cold Chain Solutions

The Group distinguishes itself through its exceptional capabilities in designing and manufacturing customized solutions that serve critical industries such as healthcare, logistics, and defense. Its portfolio includes ambulances, rapid deployment units for mobile defense solutions, and multi-purpose telecom units. The Group also delivers advanced refrigeration solutions utilizing a variety of refrigerants, including Freon, Ammonia, and Carbon Dioxide, positioning it as a market leader with a 41% share in the refrigerated transport segment.

### Good Reputation and Long-Standing Relationships

The Group enjoys a trusted reputation among key clients, including semi-government entities and leading private-sector companies across multiple industries. Many of these relationships span over two decades, contributing to stable revenue streams and fostering innovation and capability development. The Group's engineering excellence is further reflected in its qualification as an approved supplier to Thales for EMP-powered units.

### Engineering Expertise and Innovation

The Group relies on a multidisciplinary engineering team with expertise spanning mechanical, structural, electrical, and civil engineering. It leverages advanced design software such as AutoCAD, SolidWorks, and Ansys to deliver high-quality, reliable solutions. By incorporating 3D printing and virtual reality into its workflows, the Group accelerates product development cycles, reduces production errors, and ensures stringent product quality through advanced testing protocols.

## Advanced Digitization and Industry 4.0 Integration

The Group harnesses digital technologies and robotics to enhance efficiency and minimize waste. It employs IoT technologies and collaborative robots to enable real-time monitoring and data-driven decision-making, thereby ensuring high product consistency and accelerated turnaround times. The deployment of industrial robots further enhances precision and adaptability, allowing the Group to scale production in line with evolving client demands.

## Service Network and Total Protection Plan

The Group offers a fully-integrated service network across Saudi Arabia and Bahrain, encompassing both fixed workshops and mobile service units to ensure on-site maintenance and repair. Additionally, the Group provides a “**Total Protection Plan**,” a tailored maintenance and repair program designed to meet specific client needs, reinforcing client trust and loyalty by ensuring equipment performs optimally throughout its lifecycle.

## Market and Industry Overview

**The Kingdom’s ambitions for industrial transformation, economic diversification, and urban expansion, along with prevailing climate conditions, are all key growth drivers for the refrigeration equipment and services market**

In 2023G, the refrigerated transport and stationary refrigeration solutions market in Saudi Arabia reached SAR 1.4 billion, reflecting a CAGR of 3.1% between 2019G and 2023G.<sup>1</sup> The National Industrial Strategy (NIS), launched by the Government, seeks to enhance non-oil exports by accelerating industrial activity through advanced manufacturing systems and an integrated logistics framework. A central objective of this initiative is the localization of food and pharmaceutical production, both of which are highly reliant on efficient refrigeration solutions. The NIS prioritizes 12 key industrial sub-sectors, including food/agriculture, pharmaceuticals, chemicals, renewable energy, and defense manufacturing, with the goal of raising the industrial sector’s contribution to the GDP to SAR 1.4 trillion by 2035G.<sup>2</sup>

The Kingdom aspires to position itself as both a regional and global logistics hub. Achieving this ambition hinges on several foundational pillars, including the National Industrial Development and Logistics Program (NIDLP), which outlines a multi-sector industrial transformation roadmap focused on resilient supply chains, expanded transportation infrastructure, and the localization of industrial content. These efforts are expected to support the development of last-mile logistics and storage infrastructure critical to the Kingdom’s ongoing industrial transformation.

Within the framework of the NIDLP, the logistics sector is gaining significant traction, supported by agreements aimed at increasing the volume of annual freight from 0.5 million tons to 4.5 million tons by 2030G. This underscores the growing demand for cold chain solutions across the Kingdom.<sup>3</sup>

- Stationary refrigeration solutions are direct beneficiaries of the establishment of special economic zones and industrial clusters dedicated to food processing, pharmaceutical manufacturing, and renewable energy production. Under the NIDLP, the Kingdom’s food security strategies, including investments in vertical farming technologies, aim to localize up to 85% of food production,<sup>4</sup> thereby driving demand across both refrigerated transport and stationary refrigeration segments.
- The expanding oil and gas sector, which is increasingly focused on petrochemical production, is also fueling demand for stationary refrigeration solutions across value chains, including process cooling, heat recovery, and chemical stabilization.
- The localization of pharmaceutical content—targeted to reach 40% under the NIDLP and supported by Public Investment Fund (PIF) initiatives such as Lifera—further reinforces the need for dependable refrigeration services across the pharmaceutical value chain, encompassing both stationary storage and transportation logistics.

<sup>1</sup> Euromonitor International’s Passport estimates based on business interviews, published data sources, and official statistical bodies (General Authority for Statistics, GSTAT).

<sup>2</sup> U.S.-Saudi Business Council (2024G). Saudi National Industrial Strategy.

<sup>3</sup> Arab News (2023G). Raft of agreements signed to further boost ‘unprecedented’ growth of KSA’s logistics sector.

<sup>4</sup> FoodNavigator-Asia (2023G). Food manufacturing in the KSA: National targets and ‘gender inclusivity’ propelling industry to new heights.

The growth in the KSA's food and beverage, agriculture, and healthcare sectors has been instrumental in maintaining strong demand for refrigerated transport solutions across both volume and value metrics. The following table shows the gross value from the food and beverage and hospitality sectors:

**Table (1.5): Gross Value Added from Food and Beverage and Hospitality (2019G–2023G)**

| Category                                                                  | Unit        | 2019G     | 2022G     | 2023G     | CAGR<br>(2019G–2023G) |
|---------------------------------------------------------------------------|-------------|-----------|-----------|-----------|-----------------------|
| Gross value added from manufacture of food, beverages and tobacco         | SAR million | 285,025.5 | 359,039.2 | 357,717.1 | 5.8%                  |
| Gross value added from wholesale and retail trade, restaurants and hotels | SAR million | 306,297.0 | 348,344.7 | 386,496.7 | 6.0%                  |

Source: Euromonitor International's Passport estimates based on official statistics and published sources.

Social and demographic dynamics in the Kingdom, most notably urbanization, which reached 85.0% in 2023G,<sup>5</sup> have significantly driven demand for refrigerated transport and stationary refrigeration solutions in the Kingdom. The expanding urban population, which accounted for a CAGR of 2.6% from 2019G to 2023G,<sup>6</sup> has further intensified the need for large-scale refrigeration, storage, and cold chain logistics solutions, particularly in support of fast-growing sectors such as retail grocery. This demand is even more pronounced in underserved and remote areas, where goods must often be transported over long distances from urban centers.

The COVID-19 pandemic acted as a catalyst for operational enhancements and regulatory reforms, triggering long-term structural shifts aimed at supporting the sustainable growth of both the stationary and mobile services market. For example, the Saudi Food and Drug Authority (SFDA) introduced stringent guidelines for the transport and storage of food products, including halal requirements for refrigerated storage—involving Halal Category J certification—and pharmaceutical products (please refer to Sections 4.2 and 4.3). In line with good distribution practices (GDP) and good manufacturing practices (GMP), the SFDA requires that refrigeration equipment used for pharmaceuticals and other temperature-sensitive goods undergo temperature mapping to ensure consistency across the storage and transport lifecycle.<sup>7</sup> These regulatory frameworks have created a favorable environment for the sustained expansion of the Saudi refrigeration market.

The growing demand for commercial and industrial refrigeration solutions is fueled by ongoing expansions and sustained public and private sector investments across Saudi Arabia's industrial ecosystem, underpinned by Saudi Vision 2030 and NIDLP. The Kingdom is poised to launch over 800 industrial projects in 2023G alone, with a total value of SAR 1 trillion. The manufacturing sector's contribution to GDP is targeted to reach SAR 895 billion by 2030G, up from SAR 352.9 billion in 2023G (excluding oil refining). The NIDLP has laid a robust foundation for growth in the stationary refrigeration segment, enabling domestic production of high-quality refrigeration equipment for use in food processing, oil and gas, pharmaceuticals, and renewable energy sectors. In addition, it has contributed to the development of complementary logistics supply chains aimed at reinforcing industrial activity.

The Kingdom's warehousing and storage market—driven by the expansion of the food and beverage, e-commerce, and pharmaceutical sectors—has significantly contributed to the rising demand for modern and efficient stationary refrigeration solutions, particularly within the business segment (please refer to Section 4.3.1). This demand was further amplified by the COVID-19 pandemic, the nationwide boom in e-commerce and vaccine rollouts, all of which required substantial storage capacity at controlled temperatures. As a result, the transport and storage market grew by 7% between 2022G and 2023G, increasing from SAR 76.0 billion to SAR 81.6 billion.<sup>8</sup> In parallel, the Saudi government has prioritized the development of temperature-controlled warehouses to serve diverse sectors and cities. The Invest Saudi platform launched a tender for the development of a controlled-temperature warehousing complex to service various industries in the Jeddah 2nd and 3rd Industrial Cities.<sup>9</sup> This facility is designed to support food and beverage manufacturers, as well as pharmaceutical and cosmetics producers in Jeddah by addressing their need for high-efficiency, temperature-controlled storage facilities.

5 Euromonitor International's Passport estimates based on official statistics and published sources.

6 Euromonitor International's Passport estimates based on official statistics and published sources.

7 Vacker. Temperature Mapping Study Saudi Arabia.

8 National Industrial Development and Logistics Program (2023G) Annual Report.

9 Invest Saudi (2020G). Investment Opportunity Scorecard.

Looking ahead, the market size for refrigerated transport and stationary refrigeration solutions in the Kingdom is projected to reach SAR 776.3 million and SAR 1.3 billion, respectively, by 2028G. This anticipated growth is underpinned by intensifying climate change challenges and continued economic diversification—particularly within the food and beverage, healthcare, and retail sectors—as well as accelerating urbanization and industrial transformation. These factors are expected to sustain market expansion at a projected CAGR of 8.7% and 7.6% over 2023G–2028G, respectively.<sup>10</sup>

**Table (1.6): Market Size: Refrigerated Transport and Stationary Refrigeration Equipment Engineering Solutions (2019G–2028G)**

| Category                 | Unit        | 2019G | 2022G | 2023G | 2024G | 2028G   | CAGR<br>(2019G–2023G) | CAGR<br>(2023G–2028G) |
|--------------------------|-------------|-------|-------|-------|-------|---------|-----------------------|-----------------------|
| Refrigerated transport   | SAR million | 419.6 | 475.2 | 511.3 | 562.2 | 776.3   | 5.1%                  | 8.7%                  |
| Stationary refrigeration | SAR million | 819.8 | 808.6 | 886.8 | 957.1 | 1,281.7 | 2.0%                  | 7.6%                  |

Source: Euromonitor International estimates based on desk research and business interviews with leading industry players in the Kingdom.

Note: Historical data (2019G–2023G) is presented at current prices, while forecast data (2023G–2028G) is in constant 2023G prices. The exchange rate is assumed to remain fixed.

The Kingdom's focus on food security and self-sufficiency is expected to materialize into large-scale investments through 2028G, with growth contingent on supply chain logistics and stationary refrigeration solutions essential for temperature-controlled industries. The Kingdom is actively mitigating long-term food security risks through a suite of nationwide initiatives and strategies, including the Food Security Strategy, the SAR 37.5 billion (USD 10 billion) Food Security Plan (2022G), the National Program for Reducing Food Loss and Waste, and the Agricultural Development Fund. The Kingdom is well-positioned to capitalize on evolving demand trends, infrastructure development, and technological innovation.

### **CGS's strong market presence since 1976G provides a competitive advantage rooted in brand recognition and deep expertise in the refrigerated transport and stationary refrigeration solutions market**

Established in 1976G, CGS has built a strong position in the Kingdom as a pioneer in refrigerated transport and stationary refrigeration systems, storage solutions, and multi-functional shutters, as well as in the customization of a wide array of service vehicles. The Company operates its head office and engineering and manufacturing facilities in Riyadh, along with two sales branches in Jeddah and Dammam. The Company leverages its agility and deep local engineering expertise to serve a broad client base across key sectors such as food and beverage, pharmaceuticals, petrochemicals, healthcare, and telecommunications, in addition to government ministries and semi-governmental entities, including the Saudi Arabian Oil Company (Saudi Aramco) and the Ministry of Defense (MoD). The Company's commitment to quality is underscored by its ISO 9001 certification. CGS takes pride in being a pioneering provider of temperature-controlled technology solutions specifically tailored to the food and beverage sector, third-party logistics providers, and cold chain networks. Its diversified product and services portfolio in the refrigerated transport segment includes customized refrigeration solutions for light commercial vehicles, trucks, and trailers.

### **The Company's growth strategy is aligned with ongoing national transformation projects across five key sectors**

Saudi Arabia's NIS and broader transformation agenda under Vision 2030 support a wide range of initiatives that fuel growth in the Kingdom's refrigerated transport, stationary refrigeration, and mobile storage solutions segments. CGS is strategically positioned to capitalize on opportunities in key industries deemed vital for Saudi economic diversification and infrastructure development, including food and beverage, healthcare, petrochemicals, telecommunications, defense, and energy. CGS draws upon its robust engineering capabilities and strategic partnerships to maintain a leadership position in the market, supported by a proven track record of meeting the rigorous standards required by modern industrial applications. This enables CGS to deliver high-quality, reliable solutions that contribute to the Kingdom's technological advancement and infrastructure modernization.

<sup>10</sup> Euromonitor International's Passport estimates based on business interviews, published data sources, and official statistical bodies (General Authority for Statistics, GSTAT).

## Summary of Financial Information

The Company's selected financial information and KPIs set forth below should be read in conjunction with the information provided in Section 2 "Risk Factors" and Section 6 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Prospectus, as well as the audited consolidated financial statements of the Company for the financial years ended 31 March 2022G and 2024G, and the restated audited consolidated financial statements of the Company and the Subsidiaries for the financial year ended 31 March 2023G, together with the accompanying notes thereto, which have been prepared in accordance with the IFRS-KSA and other standards and pronouncements approved by SOCPA. Investors should also refer to the unaudited interim condensed consolidated financial statements for the nine-month period ended 31 December 2024G, along with the accompanying notes thereto, which have been prepared in accordance with IAS 34 – Interim Financial Reporting, as endorsed in the Kingdom of Saudi Arabia. All of these financial statements are included in Section 19 "Financial Statements and Auditor's Report" of this Prospectus. Any other financial data presented elsewhere in this Prospectus should also be carefully considered.

**Table (1.7): Summary of Financial Information and KPIs for the Financial Years Ended 31 March 2022G, 2023G and 2024G and the Nine-month Period Ended 31 December 2024G**

| SAR                                                                  | As of the Financial Year Ended 31 March |               |               | As of the Nine-month Period Ended 31 December |               |
|----------------------------------------------------------------------|-----------------------------------------|---------------|---------------|-----------------------------------------------|---------------|
|                                                                      | 2022G<br>(Adjusted)                     | 2023G         | 2024G         | 2023G                                         | 2024G         |
| <b>Statement of Income</b>                                           |                                         |               |               |                                               |               |
| Revenue                                                              | 264,781,576                             | 256,845,261   | 349,147,250   | 244,402,095                                   | 364,016,141   |
| Cost of revenue                                                      | (219,440,364)                           | (201,005,918) | (265,310,966) | (187,581,135)                                 | (277,785,324) |
| Gross profit                                                         | 45,341,212                              | 55,839,343    | 83,836,284    | 56,820,960                                    | 86,230,817    |
| Selling and marketing expenses                                       | (5,343,375)                             | (7,952,542)   | (9,388,519)   | (7,195,882)                                   | (9,311,416)   |
| General and administrative expenses                                  | (11,792,621)                            | (19,153,343)  | (23,789,117)  | (17,170,154)                                  | (23,543,788)  |
| Provision (reversal) for expected credit losses on trade receivables | 1,994,675                               | (984,079)     | (1,722,058)   | (600,000)                                     | 675,254       |
| Operating profit                                                     | 30,199,891                              | 27,749,379    | 48,936,590    | 31,854,924                                    | 54,050,867    |
| Other income                                                         | 4,601,316                               | 2,711,583     | 3,463,038     | 2,254,197                                     | 2,436,564     |
| Finance cost                                                         | (338,942)                               | (729,082)     | (679,457)     | (48,441)                                      | (169,512)     |
| Net income before Zakat and income tax                               | 34,462,265                              | 29,731,880    | 51,720,171    | 34,060,680                                    | 56,317,919    |
| Zakat                                                                | (893,744)                               | (1,258,892)   | (1,543,484)   | (1,058,537)                                   | (1,789,395)   |
| Income tax                                                           | (3,019,134)                             | (3,402,112)   | (5,530,467)   | (3,718,354)                                   | (5,818,460)   |
| Deferred income tax                                                  | (461,017)                               | 290,048       | 402,734       | 270,804                                       | 495,786       |
| Net income                                                           | 30,088,370                              | 25,360,924    | 45,048,954    | 29,554,593                                    | 49,205,850    |
| <b>Statement of Financial Position</b>                               |                                         |               |               |                                               |               |
| Current assets                                                       | 149,088,198                             | 154,302,304   | 228,451,169   | N/A                                           | 270,385,823   |
| Non-current assets                                                   | 28,089,885                              | 31,125,927    | 45,168,300    | N/A                                           | 63,043,310    |
| Total assets                                                         | 177,178,083                             | 185,428,231   | 273,619,469   | N/A                                           | 333,429,133   |
| Current liabilities                                                  | 103,069,476                             | 88,695,291    | 140,213,766   | N/A                                           | 151,251,444   |

| SAR                                                        | As of the Financial Year Ended 31 March |             |              | As of the Nine-month Period Ended 31 December |              |
|------------------------------------------------------------|-----------------------------------------|-------------|--------------|-----------------------------------------------|--------------|
|                                                            | 2022G<br>(Adjusted)                     | 2023G       | 2024G        | 2023G                                         | 2024G        |
| Non-current liabilities                                    | 16,832,722                              | 17,239,713  | 18,671,489   | N/A                                           | 26,644,126   |
| Total liabilities                                          | 119,902,198                             | 105,935,004 | 158,885,255  | N/A                                           | 177,895,570  |
| Equity                                                     | 57,275,885                              | 79,493,227  | 114,734,214  | N/A                                           | 155,533,563  |
| Total liabilities and equity                               | 177,178,083                             | 185,428,231 | 273,619,469  | N/A                                           | 333,429,133  |
| <b>Summary of Statement of Cash Flows</b>                  |                                         |             |              |                                               |              |
| Net cash from operating activities                         | 41,109,398                              | (5,246,439) | 23,510,751   | 4,815,329                                     | 45,758,144   |
| Net cash generated from (utilized in) investing activities | (3,459,852)                             | (6,980,866) | (4,666,403)  | (2,738,738)                                   | (6,584,535)  |
| Net cash generated from (utilized in) financing activities | (17,566,291)                            | (4,100,328) | (22,685,660) | (12,748,333)                                  | (19,633,635) |
| Cash and cash equivalents at end of year                   | 38,921,581                              | 22,593,948  | 18,752,638   | 11,922,206                                    | 40,384,022   |
| <b>KPIs</b>                                                |                                         |             |              |                                               |              |
| Group EBITDA                                               | 34,671,934                              | 32,005,312  | 52,980,520   | 34,880,869                                    | 58,106,403   |
| ROE                                                        | 52.5%                                   | 31.9%       | 39.2%        | N/A                                           | 32.0%        |
| ROA                                                        | 17.0%                                   | 13.7%       | 16.5%        | N/A                                           | 14.8%        |
| Revenue growth rate                                        | N/A                                     | (3.0%)      | 35.9%        | N/A                                           | 48.9%        |
| Gross profit margin                                        | 17.1%                                   | 21.7%       | 24.0%        | 23.2%                                         | 23.7%        |
| Net profit margin                                          | 11.4%                                   | 10.8%       | 14.0%        | 12.1%                                         | 13.5%        |
| Current ratio                                              | 1.45                                    | 1.74        | 1.63         | N/A                                           | 1.79         |
| Liquidity ratio                                            | 0.93                                    | 1.07        | 1.05         | N/A                                           | 1.11         |
| Liabilities-to-equity ratio                                | 2.09                                    | 1.33        | 1.38         | N/A                                           | 1.14         |
| DIO                                                        | 104                                     | 134         | 134          | N/A                                           | 119          |
| Debt-to-asset ratio                                        | 0.68                                    | 0.57        | 0.58         | N/A                                           | 0.53         |
| Debt-to-equity ratio                                       | 3.09                                    | 2.33        | 2.38         | N/A                                           | 2.14         |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G, the Group's restated audited consolidated financial statements for the financial year ended 31 March 2023G, the Group's unaudited interim condensed consolidated financial statements for the nine-month period ended 31 December 2024G, and Company information.



## Summary of Risk Factors

Below is a summary of the risk factors associated with an investment in the Offer Shares. However, this summary does not contain all of the information that may be important to investors. Therefore, persons wishing to subscribe for the Offer Shares must read and review this Prospectus in full. Any decision to invest in the Offer Shares should be based on a consideration of this Prospectus as a whole. In particular, the “**Important Notice**” section on page (i) and Section 2 “**Risk Factors**” of this Prospectus must be carefully considered before deciding to invest in the Offer Shares. Subscribers should not rely solely on this summary.

### Risks Related to the Group’s Business and Operations

- Risks Related to the Group’s Material Agreements
- Risks Related to the Concentration of Revenue in the Refrigerated Transport Solutions Segment
- Risks Related to the Concentration of Revenue from Certain Key Clients
- Risks Related to Reliance on Certain Key Industries
- Risks Related to Dependence on Third Party Service Providers and Suppliers
- Risks Related to the Seasonality of Revenue
- Risks Related to the Group’s Inability to Implement its Growth Strategy Successfully, on Time, or at All
- Risks Related to Receivables
- Risks Related to Inventory
- Risks Related to the Group’s Full Reliance on Leased Properties for its Operations
- Risks Related to Related Party Transactions
- Risks Related to the Group’s Customer Service and Quality of Services Offered
- Risks Related to the Group’s Reputation, Brand and Publicity
- Risks Related to Protection of the Group’s Intellectual Property Rights
- Risks Related to Reliance on Information Technology Infrastructure and Systems
- Risks Related to Processing, Storage, Use and Disclosure of Confidential Information and Personal Data
- Risks Related to Potential Zakat Liabilities and Tax Liabilities
- Risks Related to Inadequacy of Insurance Coverage and Increased Insurance Costs
- Risks Related to Difficulty in Hiring and Retaining Qualified Staff
- Risks Related to Employee Misconduct and Errors
- Risks Related to Financing and Credit Facilities
- Risks Related to Working Capital Management
- Risks Related to Future Capital Expenditures
- Risks Related to Liquidity
- Risks Related to Claims and Litigation
- Risks Related to Reliance on Senior Executives and Key Employees
- Risks Related to Implementation of Robotics and Industry 4.0 Solutions
- Risks Related to Accounting Assumptions and Estimates and Corresponding Errors
- Risks Related to Compliance with the Companies Law and the Corporate Governance Regulations
- Risks Related to Newly Formed Board Committees
- Risks Related to the Absence of an Internal Audit Director and Reliance on a Third Party
- Risks Related to Lack of Experience in Managing a Joint-Stock Company Listed on Tadawul
- Risks Related to Potential Product Defects or Failures in Refrigeration Systems and Insulated Bodies
- Risks Related to Reliance on Carrier Cooling Units and Systems
- Risks Related to Contracts Concluded with Key Suppliers

- Risks Related to Industrial Failures, Accidents and the Disposal of Chemicals
- Risks Related to Technological Developments in the Refrigeration Solutions Industry
- Risks Related to Supply Chain Disruption, including Failure or Delays in Obtaining Necessary Machinery, Equipment and Materials
- Risks Related to the Concentration of the Group's Revenues in Specific Geographic Location(s)/Key Market(s)
- Risks Related to Future Acquisition and Investments
- Risks Related to Backlog
- Risks Related to Projections and Underlying Forward-Looking Statements
- Risks Related to Potential Power Outages or Disruptions in the Supply of Utilities
- Risks Related to Higher Production Costs
- Risks Related to Expansion Outside the Kingdom of Saudi Arabia and Bahrain
- Risks Related to the Impact of the Transfer of the Subsidiaries on Financial Reporting
- Risks Related to the Ability of the Group's Infrastructure and Internal Systems to Adequately Support its Planned Growth and Strategy

## **Risks Related to the Market, Industry and Regulatory Environment**

- Risks Related to the Regulatory Environment and the Changes Thereto
- Risks Related to Licenses, Certificates, Permits and Governmental Approvals
- Risks Related to the General Economic Conditions and the Economies of the Countries in Which the Group Operates or may Operate
- Risks Related to Competition
- Risks Related to the Outbreak of Infectious Diseases
- Risks Related to Compliance with Saudization Requirements
- Risks Related to Adverse Changes in Exchange Rates
- Risks Related to Fluctuation in Interest Rates
- Risks Related to Labor Costs
- Risks Related to the Application of VAT and Electronic Billing
- Risks Related to Changes in the Calculation Mechanism for Zakat and Income Tax
- Risks Related to Weather Conditions, Floods, Earthquakes and Other Natural Disasters or Disruptive Acts
- Risks Related to Compliance with Environmental Laws, Safety Standards and Management of Waste Disposal
- Risks Related to Rising Operational Costs for Refrigeration Systems
- Risks Related to the Competition Law

## **Risks Related to the Offer Shares**

- Risks Related to Effective Control Post-Offering by the Current Shareholders
- Risks Related to Non-Qualified Foreign Investors Not Being Able to Directly Hold Shares
- Risks Related to Volatility in the Market Price of the Shares
- Risks Related to the Lack of a Prior Active and Liquid Market for the Shares
- Risks Related to the Company's Ability to Distribute Dividends
- Risks Related to Selling or Perceived Potential Selling of a Large Number of Shares in the Market Post-Offering
- Risks Related to the Issuance/Sale of Additional Shares in the Market Following the Expiration of the Lock-Up Period
- Risks Related to Research Published about the Group

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# DEFINITIONS AND ABBREVIATIONS



## 1. DEFINITIONS AND ABBREVIATIONS

|                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Advisors</b>                         | The Company's advisors in relation to the Offering, whose names appear on pages (vii) and (viii) of this Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Affiliate</b>                        | Any person who controls another person, is controlled by that other person, or is jointly controlled with that person by a third party. In all cases, control may be direct or indirect.                                                                                                                                                                                                                                                                                                                                                       |
| <b>Auditor</b>                          | Ernst & Young Professional Services (Professional LLC).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Bid Form</b>                         | The bid form to be used by Participating Parties to bid for the Offer Shares during the book building period. This term includes, when applicable, the appended bid form when the price range is changed.                                                                                                                                                                                                                                                                                                                                      |
| <b>Board or Board of Directors</b>      | The Company's Board of Directors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Board Secretary</b>                  | The Secretary of the Company's Board of Directors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Book Building Instructions</b>       | The Instructions for Book Building Process and Allocation of Shares in Initial Public Offerings (IPOs) issued by CMA Board Resolution No. 2-94-2016, dated 15/10/1437H (corresponding to 20/07/2016G), as amended by CMA Board Resolution No. 1-103-2022, dated 02/03/1444H (corresponding to 28/09/2022G), and as may be amended.                                                                                                                                                                                                             |
| <b>Bookrunners</b>                      | Aljazira Capital and Arqaam Capital Financial Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Business Day</b>                     | Any day (excluding Fridays, Saturdays and any official holidays) on which the Receiving Agents are open for business in the Kingdom of Saudi Arabia.                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Bylaws</b>                           | The Company's Bylaws approved by the General Assembly.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Capital Market Institution</b>       | A Capital Market Institution authorized by the CMA to engage in securities business.                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Capital Market Law</b>               | The Capital Market Law promulgated by Royal Decree No. M/30, dated 02/06/1424H (corresponding to 31/07/2003G), as amended.                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Carrier</b>                          | Carrier Transicold Europe.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>CEO</b>                              | The Chief Executive Officer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Chairman or Board Chairman</b>       | The Chairman of the Company's Board of Directors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>CMA</b>                              | The Capital Market Authority in the Kingdom of Saudi Arabia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Commercial Refrigeration</b>         | Commercial refrigeration solutions encompass systems with refrigeration capacities of less than 100 kW, primarily used in the logistics supply chain and for cold storage requirements in hotels, restaurants, and cafés.                                                                                                                                                                                                                                                                                                                      |
| <b>Companies Law</b>                    | The Companies Law issued by the Royal Decree No. M/132, dated 01/12/1443H (corresponding to 30/06/2022G), as amended.                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Company or Issuer</b>                | Consolidated Grünenfelder Saady Holding Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Control</b>                          | As defined in the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority, control shall mean the ability to, directly or indirectly, influence the acts or decisions of another person, individually or collectively with a Relative or Affiliate, through any of the following: (i) holding 30% or more of the voting rights in the Company; and (ii) having the right to appoint 30% or more of the members of the administrative body. The word " <b>controlling</b> " shall be construed accordingly. |
| <b>Corporate Governance Regulations</b> | The Corporate Governance Regulations issued by the CMA Board pursuant to the Companies Law, by virtue of Resolution No. 8-16-2017, dated 16/05/1438H (corresponding to 13/02/2017G), as amended pursuant to CMA Board Resolution No. 8-5-2023, dated 25/06/1444H (corresponding to 18/01/2023G), and as may be amended.                                                                                                                                                                                                                        |
| <b>Directors</b>                        | The members of the Company's Board of Directors.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Dry Body Solutions</b>               | Non-refrigerated truck bodies used for transporting general cargo.                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Extraordinary General Assembly</b>   | An Extraordinary General Assembly of the Shareholders convened in accordance with the Bylaws.                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Financial Advisor</b>                | Aljazira Capital.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

|                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Financial Statements</b>                                     | The Company's audited consolidated financial statements for the period included in this Prospectus, namely the financial years ended 31 March 2022G and 2024G, as well as the restated audited consolidated financial statements for the financial year ended 31 March 2023G, and the unaudited interim condensed consolidated financial statements for the nine-month period ended 31 December 2024G.                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Financial Year</b>                                           | The Company's financial year commences on 1 April and ends on 31 March of the following year. The first financial year following the conversion will be treated as a continuation of the financial year preceding the conversion.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Foreign Investors</b>                                        | Non-GCC individuals residing outside the Kingdom and non-GCC institutions incorporated outside the Kingdom who have the right to invest indirectly to acquire an economic benefit in the Offer Shares by entering into SWAP agreements with a Capital Market Institution in accordance with the Rules for Foreign Investment in Securities.                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Foreign Investors Who May Invest in the Company's Shares</b> | The following categories, in accordance with the Rules for Foreign Investment in Securities:<br>1- Qualified Foreign Investors;<br>2- Foreign Strategic Investors;<br>3- any foreign natural or legal person that is a client of a Capital Market Institution authorized by the CMA to conduct management activities, provided that the Capital Market Institution has been appointed on conditions that enable it to make all investment decisions on the client's behalf without obtaining prior approval from the client; and<br>4- non-resident Foreign Investors who invest indirectly in the shares by acquiring the economic benefits thereof through SWAP agreements entered into with a Capital Market Institution to purchase and trade shares on behalf of Foreign Investors. |
| <b>Foreign Strategic Investors (FSIs)</b>                       | A foreign legal entity that aims to own a direct percentage in a listed company's shares for a period of not less than two years, for the purpose of contributing to promoting the financial or operational performance of that company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>G</b>                                                        | The Gregorian calendar.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>GCC</b>                                                      | The Cooperation Council for the Arab States of the Gulf, whose member states include Saudi Arabia, Bahrain, Kuwait, Oman, Qatar and the United Arab Emirates.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>General Assembly</b>                                         | An Extraordinary General Assembly and/or an Ordinary General Assembly. "General Assembly" means any general assembly of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Glossary of Defined Terms Used in the CMA Regulations</b>    | The Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority issued by CMA Board Resolution No. 4-11-2004, dated 20/08/1425H (corresponding to 04/10/2004G), as amended by CMA Board Resolution No. 1-101-2023, dated 05/07/1445H (corresponding to 17/01/2024G), and any subsequent amendments thereto.                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Government</b>                                               | The government of the Kingdom of Saudi Arabia, and the word "governmental" shall be construed accordingly.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Group</b>                                                    | The Company and its Subsidiaries.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>H</b>                                                        | The Hijri calendar.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>IFRS-KSA</b>                                                 | The International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Implementing Regulation of the Companies Law</b>             | The Implementing Regulation of the Companies Law for Listed Joint Stock Companies issued by CMA Board Resolution No. 8-127-2016, dated 16/01/1438H (corresponding to 17/10/2016G), as amended by CMA Board Resolution No. 2-114-2024, dated 04/04/1446H (corresponding to 07/10/2024G), and any subsequent amendments thereto.                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Individual Subscribers</b>                                   | Saudi Arabian natural persons, including any divorced or widowed Saudi woman with minor children from a marriage to a non-Saudi individual, who can subscribe in their names provided that she proves that she is the mother of her minor children, GCC nationals, any foreign natural person who is resident in the KSA or used to be a resident in the KSA or any of GCC, in each case who have an investment account and an active portfolio with one of the Receiving Agents and are allowed to open an investment account with a Capital Market Institution.                                                                                                                                                                                                                        |
| <b>Industrial Refrigeration</b>                                 | Industrial refrigeration solutions comprise systems with capacities between 100 kW to 300 kW, as well as systems exceeding 300 kW, designed for use in industries requiring high-capacity refrigeration to address production and storage needs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

|                                            |                                                                                                                                                                                                                                                                   |
|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Investment Funds Regulations</b>        | The Investment Funds Regulations issued by CMA Board Resolution No. 1-219-2006, dated 03/12/1427H (corresponding to 24/12/2006G), as amended by CMA Board Resolution No. 1-54-2025, dated 23/11/1446H (corresponding to 21/05/2025G), and as may be amended.      |
| <b>Joint Venture</b>                       | An agreement between two or more companies to establish a new business entity or to cooperate on a specific project, whereby the parties share resources, risks, profits, and losses associated with the venture.                                                 |
| <b>Kingdom or KSA</b>                      | The Kingdom of Saudi Arabia.                                                                                                                                                                                                                                      |
| <b>Labor Law</b>                           | The Labor Law promulgated by Royal Decree No. M/51, dated 23/08/1426H (corresponding to 27/09/2005G), as amended.                                                                                                                                                 |
| <b>Lead Manager</b>                        | Aljazira Capital.                                                                                                                                                                                                                                                 |
| <b>Legal Advisor</b>                       | The Law Firm of Latham & Watkins.                                                                                                                                                                                                                                 |
| <b>Listing</b>                             | Admission to listing of the Company's Shares on the Exchange in accordance with the Listing Rules.                                                                                                                                                                |
| <b>Listing Rules</b>                       | The Listing Rules approved by CMA Board Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), as amended by CMA Board Resolution No. 2-53-2025 dated 21/11/1446H (corresponding to 19/05/2025G), and as may be amended.                    |
| <b>Lock-up Period</b>                      | The period during which Substantial Shareholders are subject to a lock-up of six (6) months from the date on which trading of the Offer Shares commences on the Exchange. The Substantial Shareholders may not dispose of their shares during the Lock-up Period. |
| <b>Market Consultant</b>                   | Euromonitor International PLC.                                                                                                                                                                                                                                    |
| <b>Market Study</b>                        | The market study prepared by Euromonitor International PLC.                                                                                                                                                                                                       |
| <b>Material Subsidiaries</b>               | 1- CGS Riyadh.<br>2- CGS Jeddah.                                                                                                                                                                                                                                  |
| <b>MHRSD</b>                               | The Ministry of Human Resources and Social Development in the Kingdom of Saudi Arabia.                                                                                                                                                                            |
| <b>MoC</b>                                 | The Ministry of Commerce in the Kingdom of Saudi Arabia.                                                                                                                                                                                                          |
| <b>Nine-Month Period Ended 31 December</b> | The financial period extending from April to December of the financial year.                                                                                                                                                                                      |
| <b>Offer Price</b>                         | Ten Saudi Riyals (SAR 10) per share.                                                                                                                                                                                                                              |
| <b>Offer Shares</b>                        | Thirty million (30,000,000) ordinary shares, representing 30% of the share capital of the Company.                                                                                                                                                                |
| <b>Offering</b>                            | The offering of thirty million (30,000,000) ordinary shares, representing 30% of the Company's share capital, for public subscription on the Saudi Exchange.                                                                                                      |
| <b>Offering Period</b>                     | The period which will commence on Wednesday, 05/06/1447H (corresponding to 26/11/2025G), and will remain open for a period of two (2) days, up to and including the closing day on Thursday, 06/06/1447H (corresponding to 27/11/2025G).                          |
| <b>Official Gazette</b>                    | Um Al Qura newspaper, the official gazette of the Kingdom of Saudi Arabia.                                                                                                                                                                                        |
| <b>Ordinary General Assembly</b>           | An Ordinary General Assembly of the Shareholders convened in accordance with the Bylaws.                                                                                                                                                                          |

|                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Participating Parties</b>            | <p>The parties entitled to participate in the book building process, namely:</p> <ol style="list-style-type: none"> <li>1- public and private funds that invest in securities listed on the Saudi Exchange, if permissible according to the terms and conditions of such funds, in compliance with the provisions and restrictions set forth in the Investment Funds Regulations and the Book Building Instructions;</li> <li>2- Capital Market Institutions authorized by the CMA to deal in securities as principals, in compliance with the provisions set forth in the Prudential Rules when submitting Bid Forms;</li> <li>3- clients of a Capital Market Institution authorized by the CMA to conduct management services in accordance with the provisions and restrictions set forth in the Book Building Instructions;</li> <li>4- legal persons who are entitled to open an investment account in the Kingdom and an account with the Depository Center, including foreign legal persons who are allowed to invest on the Exchange where the Company's shares are to be listed, in compliance with the rules on listed companies' investment in securities listed on the Exchange stipulated in CMA Circular No. 6/05158, dated 11/08/1435H (corresponding to 09/06/2014G), based on CMA Board Resolution No. 9-28-2014, dated 20/07/1435H (corresponding to 19/05/2014G);</li> <li>5- Government entities any supranational authority recognized by the CMA or the Exchange or any other exchange recognized by the CMA or the Depository Center;</li> <li>6- companies owned by the Government, directly or through a private portfolio manager; and</li> <li>7- GCC companies and GCC funds, if permissible according to the terms and conditions of such funds.</li> </ol> |
| <b>Prospectus</b>                       | This prospectus, which was prepared by the Company in relation to the Offering.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Public</b>                           | <p>Persons other than the following:</p> <ol style="list-style-type: none"> <li>1- Affiliates of the Issuer;</li> <li>2- Substantial Shareholders of the Issuer;</li> <li>3- Directors and Senior Executives of the Issuer;</li> <li>4- directors and senior executives of the affiliates of the Issuer;</li> <li>5- directors and senior executives of Substantial Shareholders of the Issuer;</li> <li>6- any Relatives of the persons referred to in (1), (2), (3), (4), and (5) above;</li> <li>7- any company controlled by any person referred to in (1), (2), (3), (4), (5) and (6) above; and</li> <li>8- persons acting in concert with a collective shareholding of 5% or more of the class of shares to be listed.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Qualified Foreign Investor (QFI)</b> | A foreign investor that is qualified under the Rules for Foreign Investment in Securities to invest in listed securities. Qualification applications are submitted to a licensed Capital Market Institution to evaluate and approve the application in accordance with the Rules for Foreign Investment in Securities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Receiving Agents</b>                 | The Receiving Agents whose names are mentioned on pages (ix), (x) and (xi) of this Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Refrigerated Trailers</b>            | Truck bodies equipped with a refrigeration unit for transporting temperature-sensitive goods.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Related Party</b>                    | <p>The term "<b>Related Party</b>" or "<b>Related Parties</b>" in this Prospectus and in accordance with the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority includes:</p> <ol style="list-style-type: none"> <li>1- Affiliates of the Issuer;</li> <li>2- Substantial Shareholders of the Issuer;</li> <li>3- Directors and Senior Executives of the Issuer;</li> <li>4- directors and senior executives of the Affiliates of the Issuer;</li> <li>5- directors and senior executives of Substantial Shareholders of the Issuer;</li> <li>6- any Relatives of the persons referred to in (1), (2), (3), (4), and (5) above; and</li> <li>7- any company controlled by any person referred to in (1), (2), (3), (4), (5) and (6) above.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Relatives</b>                        | <p>Husbands, wives and minor children.</p> <p>For the purpose of the Corporate Governance Regulations:</p> <ol style="list-style-type: none"> <li>1- parents, grandparents, and ascendants thereof;</li> <li>2- children, grandchildren and descendants thereof;</li> <li>3- siblings, paternal and maternal half-siblings; and</li> <li>4- husbands and wives.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

|                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Rules for Foreign Investment in Securities</b>                          | The Rules for Foreign Investment in Securities issued by CMA Board Resolution No. 2-26-2023, dated 05/09/1444H (corresponding to 27/03/2023G), as amended.                                                                                                                                                                                                                                                                                          |
| <b>Rules on the Offer of Securities and Continuing Obligations (OSCOs)</b> | The Rules on the Offer of Securities and Continuing Obligations issued by CMA Board Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), as amended by CMA Board Resolution No. 3-114-2024, dated 21/11/1446H (corresponding to 19/05/2025G), and any subsequent amendments thereto.                                                                                                                                        |
| <b>SAR or Saudi Riyal</b>                                                  | The Saudi Riyal, the official currency of the Kingdom of Saudi Arabia.                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Saudi Exchange, Exchange or Tadawul</b>                                 | The Saudi Exchange Company.                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Semi-Trailer Bodies</b>                                                 | The semi-trailer bodies product includes only the body and does not encompass any integrated systems housed within the trailer.                                                                                                                                                                                                                                                                                                                     |
| <b>Semi-Trailers</b>                                                       | The semi-trailer product comprises both the bodies and the integrated systems housed within the trailer.                                                                                                                                                                                                                                                                                                                                            |
| <b>Senior Executives or Executive Management</b>                           | Any natural person assigned, individually or jointly with other persons, by the Company's Board or by a Director to oversight and management tasks and who directly reports to the Board, a Director or the CEO.                                                                                                                                                                                                                                    |
| <b>Shareholders</b>                                                        | Any owner of the Company's shares.                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Shares</b>                                                              | One hundred million (100,000,000) fully paid ordinary shares of the Company with a nominal value of one Saudi Riyal (SAR 1) per share.                                                                                                                                                                                                                                                                                                              |
| <b>SOCPA</b>                                                               | The Saudi Organization for Chartered and Professional Accountants in the Kingdom of Saudi Arabia.                                                                                                                                                                                                                                                                                                                                                   |
| <b>Stationary Refrigeration</b>                                            | The term "stationary refrigeration" refers to refrigeration systems that are permanently installed at a fixed location, as opposed to mobile or refrigerated transport systems. These systems are designed to maintain controlled temperature environments for the storage of perishable goods, chemicals, and other temperature-sensitive materials across various industries. This includes both industrial and commercial refrigeration systems. |
| <b>Subscribers or Investors</b>                                            | The Participating Parties and Individual Subscribers.                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Subscription Application Form</b>                                       | The Subscription Application Form that Individual Subscribers and Participating Parties (as applicable) must fill out to subscribe to the Offer Shares.                                                                                                                                                                                                                                                                                             |
| <b>Subsidiaries</b>                                                        | 1- Cold Stores Group of Saudi Arabia (a single shareholder company) (" <b>CGS Riyadh</b> ")<br>2- Consolidated Grünenfelder Saady (a single shareholder company) (" <b>CGS Jeddah</b> ").<br>3- Al Saadi Refrigeration Air Conditioning W.L.L. (" <b>CGS Bahrain</b> ").                                                                                                                                                                            |
| <b>Substantial Shareholders</b>                                            | The substantial shareholders of the Company, who directly own 5% or more of its shares as of the date of this Prospectus, namely: (i) Darat Esmat Bin Abdul-Samad Al Saady Holding Company, and (ii) GK Grünenfelder International AG.                                                                                                                                                                                                              |
| <b>SWAP Agreements</b>                                                     | Agreements under which non-GCC individual investors residing outside the Kingdom and non-GCC institutions registered outside the Kingdom may indirectly invest in the shares through Capital Market Institutions licensed by the CMA to acquire economic benefits in the shares.                                                                                                                                                                    |
| <b>Underwriter</b>                                                         | Aljazira Capital.                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Underwriting Agreement</b>                                              | The underwriting agreement entered into between the Company, the Selling Shareholders and the Underwriter in connection with the Offering.                                                                                                                                                                                                                                                                                                          |
| <b>ZATCA</b>                                                               | The Zakat, Tax and Customs Authority in the Kingdom of Saudi Arabia.                                                                                                                                                                                                                                                                                                                                                                                |



# RISK FACTORS



## 2. RISK FACTORS

Prospective investors should carefully consider all information provided in this Prospectus, particularly the following risks, prior to deciding to invest in the Offer Shares. The risks described below are those that the Group currently believes could affect the Group and any investment in the Offer Shares. The risks described below do not necessarily comprise all the risks affecting the Group or associated with an investment in the Offer Shares. There may be additional risks and uncertainties that are not currently known to the Group, or that the Directors currently believe to be immaterial. The occurrence of any such risks may materially and adversely affect the Group's business, financial condition, results of operations and prospects, the trading price of the Offer Shares and the Group's ability to pay dividends, which may cause investors to lose all or a portion of their investment in the Offer Shares.

The Directors confirm that, to the best of their knowledge and belief, there are no material risks, other than those mentioned in this section, that may affect investors' decisions to invest in the Offer Shares as of the date of this Prospectus. All prospective investors who wish to subscribe for the Offer Shares should conduct an assessment of the risks and benefits of such investment and the Offer Shares, in general, and the economic and regulatory environment in which the Group operates, in particular.

An investment in the Offer Shares under this Prospectus involves high risks and may be appropriate only for those investors who are able to evaluate the risks of such investment and who have sufficient resources to bear any loss resulting from such investment. Prospective investors who have doubts about which actions to take should refer to a financial advisor licensed by the CMA for advice about investing in the Offer Shares.

The risks described below are not presented in order of priority or based on their importance or expected effect on the Group. There may be additional risks that the Group is currently not aware of, or that it currently believes to be immaterial, which may in the future have the same effects or consequences stated in this Prospectus. Accordingly, the risks described in this section or in any other section of this Prospectus may not: (a) include all risks that may affect the Group or its operations, activities, assets or the markets in which it operates and/or (b) include all of the risks related to an investment in the Offer Shares.

### 2.1 Risks Related to the Group's Business and Operations

#### 2.1.1 Risks Related to the Group's Material Agreements

The Group has entered into several material agreements, such as distribution, supply, and logistics agreements. These agreements are essential to the Group's business activities as they enable the Group to operate its business segments properly (for further details on the Group's material agreements, please refer to Section 12.4 **"Material Agreements"** of this Prospectus). Specifically, the Group has entered into five (5) material distribution and logistics agreements with its suppliers for sourcing materials and services used in the manufacturing of its products and in its business operations. These agreements contributed SAR 110.4 million, SAR 79.9 million, SAR 124.9 million, and SAR 107 million in the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively, representing 59.4%, 48.9%, 56.7% and 44.9% of the Company's total material costs for the same periods, respectively. The calculation of the value of transactions concluded with the Group's suppliers is based on purchase orders, and therefore not all material contracts concluded with suppliers have a specific value. The Group has entered into eight (8) material supply agreements with the Group's top clients in addition to a number of purchase orders. These agreements contributed SAR 87.3 million, SAR 21.9 million, SAR 100.2 million and SAR 92.3 million in the financial years ended 31 March, 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively, representing 33%, 8.5%, 28.7% and 25.4% of the Company's total revenue for the same periods, respectively. The calculation of the value of transactions concluded with the Group's top clients is based on purchase orders, and therefore, not all material contracts concluded with the Group's top clients have a specific value. The Group has also entered into two (2) financing and credit facility agreements with Saudi Awwal Bank and Banque Saudi Fransi, which are used by the Group in its commercial dealings (for further details on financing agreements and associated risks, please refer to Section 2.1.22 and Section 12.4.4 of this Prospectus).

The contracting parties that work with the Group under many of its material agreements are not contractually obligated to renew these agreements, enter into new agreements with the Group or continue to work under these agreements. If those parties decide to terminate any or all of these agreements at any time and for any reason, refuse to renew them on terms favorable to the Group or refuse to renew them at all, the Group may not be able to make up for any losses incurred due to the termination of any of the material agreements or find alternative suppliers on favorable terms, or at all, which may lead to disruption of its business segments and adversely affect the Group's revenue and profitability.



The Group has entered into a number of agreements that generally contain provisions that are preferential to the other party and not to the Group. For example, the terms of the distribution agreement between CGS Jeddah and Carrier dated 17/04/1445H (corresponding to 01/11/2023G) stipulate price adjustment mechanisms that allow Carrier to adjust prices if costs for raw materials, energy, or labor increase by more than 5% after the date of the agreement and give the parties the right to terminate these agreements without cause. In addition, this distribution agreement requires CGS Jeddah to notify Carrier of any proposed change in the share ownership of CGS Jeddah or the financing of CGS Jeddah at least thirty (30) days prior to the effective date of such sale or change. This agreement also contains provisions relating to the confidentiality of its terms, and the Group has obtained Carrier's consent to disclose the terms of the agreement. In addition, many of these material agreements entered into by the Subsidiaries, including the agreement between CGS Jeddah and Carrier dated 17/04/1445H (corresponding to 01/11/2023G), the agreement between CGS Riyadh and one of its suppliers dated 22/05/1446H (corresponding to 24/11/2024G), and the agreement between CGS Riyadh and one of its suppliers dated 23/03/1446H (corresponding to 27/09/2024G), contain provisions that prohibit the relevant Subsidiaries from engaging in certain competing activities. The logistics services agreement between CGS Riyadh and one of its clients dated 07/06/1446H (corresponding to 10/06/2024G) contains provisions that grant the client the right to review and reset fees in case of increased costs or market changes. The termination of any of the material agreements or the Group's inability to renew them would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

The agreement entered into with the Group's top client has not been signed by the other party as of the date of this Prospectus and has only been signed by the Group. This exposes the Group to legal risks concerning the validity and enforceability of the agreement, as the absence of the other party's signature may affect its enforceability and weaken the Group's position in the event of a legal dispute. The absence of the other party's signature may limit the Group's ability to claim its rights under the agreement. In addition, it should be noted that the Group has entered into a distribution agreement with Carrier that contains an obligation preventing it from contracting with any government entity without prior permission, which may limit the Group's ability to enter into new agreements. Each of the aforementioned would have a material adverse effect on the Group's business, financial position, results of operations, and prospects (for further details on this agreement, please refer to Table 12.6 of Section 12.4.1 **"Distribution Agreements"** of this Prospectus). It is worth noting that some of the agreements entered into by the Group include unusual termination clauses or termination without cause in favor of the counterparties. These agreements are: (a) the supply agreement with the main client; (b) the supply agreement with a company in the nutrition and dairy industry (Client 2); and (c) the supply agreement with a company in the logistics sector (Client 3). The existence of such terms in the Group's agreements and transactions may expose it to risks related to its operational continuity, as the termination of any of these agreements could disrupt the Group's operations and business segments. Furthermore, the ability to terminate such agreements without cause may place the Group in a weak negotiating position, as it may find itself forced to accept less favorable terms in the future to maintain its business relationships. The inability to predict the continuity or value of these agreements may also affect the Group's strategic and financial plans, increasing uncertainty and limiting its long-term planning abilities. In the event that any of these agreements are terminated, the Group may face difficulty in finding alternative partners on the same favorable terms, which could lead to increased costs and reduced operational efficiency. The occurrence of any of the aforementioned would have a material adverse effect on the Group's business, financial position, results of operations and prospects (for further details on these agreements, please refer to Table 12.6 of Section 12.4.1 **"Distribution Agreements"** of this Prospectus).

## 2.1.2 Risks Related to the Concentration of Revenue in the Refrigerated Transport Solutions Segment

The Group has historically generated the majority of its revenue from the refrigerated transport solutions segment, which contributed SAR 201.6 million, SAR 155.3 million, SAR 230.8 million and SAR 364 million, respectively, representing 73%, 61%, 67% and 60% of the total revenue of the Group's business segments for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively. The Group has not entered into long-term contracts with clients in this segment and refrigerated transport solutions are produced based on specific purchase orders which are generally completed within 12 months of being received. Demand for this segment is highly dependent on clients' circumstances including their growth plans, age of their fleet, related requirements for replacement or upgrades, and clients' financial position and liquidity. Therefore, there is no assurance that the Group will continue to receive orders from clients for the refrigerated transport solutions segment and that this segment will continue to generate the majority of the Group's revenue. If the Group does not receive orders or if orders are lower compared to previous years, this will result in a decline in the revenue and earnings that the Group generates from such segment, which, in turn, would have an adverse effect on the Group's business, financial condition, results of operations and prospects.

### 2.1.3 Risks Related to the Concentration of Revenue from Certain Key Clients

Revenue generated from ten top clients amounted to SAR 106 million, SAR 42.6 million, SAR 184.4 million and SAR 207 million, respectively, representing 38%, 17%, 53% and 57% of the Group's total revenue for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G. Revenue generated by the Company's top client amounted to SAR 87 million, SAR 21 million, SAR 81 million and SAR 62 million, respectively, representing 31%, 8%, 23% and 17% of the total revenue generated by the Group's business segments for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively. The contribution of the Group's top client averaged 21% of the Group's total revenue during those periods, with the revenue generated by the top client decreasing to approximately SAR 21 million as of the financial year ended 31 March 2023G as a result of a significant order loss. The Group's top client follows a multi-vendor sourcing strategy, which means that the Group's share of orders in any given year will change based on how the client divides the total volume of orders among all vendors. In addition, the Group's top client does not have a fixed and consistent investment policy regarding its acquisition of new equipment, and therefore the volume of orders will not be constant on an annual basis. The average contribution of the top ten clients (excluding the top client) was approximately 30% of total revenue during the financial years ended 31 March, 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G. There is no guarantee that clients, particularly key clients, will not reduce their demand or move their business to other competitors inside or outside the Kingdom. For example, in the financial year 2023G, the Group's revenue declined to SAR 254 million from SAR 277 million in the financial year 2022G due to a significant reduction in orders placed by the Group's top client. Moreover, the concentration of revenue from the top ten clients increased significantly from 32% in the nine-month period ended 31 December 2023G to 57% in the nine-month period ended 31 December 2024G. This increase is mainly attributed to higher revenue from Client 2 and Client 11. It should be noted that, as of the date of this Prospectus, the Group is performing the work assigned thereto under the agreement with its top client without the agreement having been signed by the client. If the client breaches the terms of the agreement, it may be difficult for the Group to file lawsuits against the client to prove its rights under the agreement due to the absence of client's signature. This would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

The Group has also experienced a shift in the type of clients, from end-users to intermediaries such as leasing companies, which have become an increasingly important source of revenue. In the financial year ended 31 March 2023G, leasing companies accounted for approximately 35% of the total client base, and this percentage is expected to increase to approximately 65% by the end of the financial year ended 31 March 2025G. This shift is attributed to the preference of many end-users for leasing trucks, refrigeration units, and refrigerated bodies instead of purchasing them, in order to reduce capital expenditures and avoid operational costs and expenses associated with regular maintenance. The Group has also experienced a shift in clients' approach from owning the Group's products, particularly refrigerated transport products, to leasing them through intermediary financing entities, such as leasing companies, to reduce their own immediate capital outlay. Leasing companies tend to have a shorter ownership cycle, and this can impact the manner in which the leasing companies utilize the Group's after-sales services – a support program designed by the Group to ensure optimal equipment operation and increase its efficiency. The program includes annual maintenance contracts tailored to meet the unique needs of clients, involving periodic visits from experienced technicians to perform preventive maintenance such as thermal and vibration analyses – which represents the highest gross margin segment for the Group. Revenue generated from after-sales services amounted to SAR 37 million, SAR 40 million, SAR 44 million and SAR 34 million, respectively, representing 13%, 16%, 13% and 10% of the total revenue generated by the Group's business segments for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, while gross profit amounted to SAR 17 million, SAR 18 million and SAR 17 million for the financial years ended 31 March 2022G, 2023G and 2024G, reflecting a gross profit margin of 44.9%, 43.8% and 39.0%, respectively. For the nine-month periods ended 31 December 2023G and 2024G, the gross profit amounted to SAR 13 million and SAR 15 million, representing a gross profit margin of 43.2% and 44.8%, respectively (for further details on the after-sales service segment, please refer to Section 4.3.2 **"Products and Services"** of this Prospectus). The market is witnessing a notable shift in the type of clients, a shift that has accelerated significantly in recent years. For example, leasing companies accounted for approximately 35% of the Group's client base in the financial year ended 31 March 2023G, with this figure expected to increase to approximately 65% by the end of the financial year ended 31 March 2025G, which in turn would have a material adverse effect on the Group's business, results of operations, financial position and prospects (for further details on the risks related to the Group's changing client base, please refer to Section 2.1.10 **"Risks Related to a Changing Client Base"** of this Prospectus). The Group may not be able to retain existing clients or attract new clients if it fails to maintain relevance with its client base, particularly with counterparties, or if its brand or reputation is tarnished for any reason. Failure to retain or attract clients would have a material adverse effect on the Group's business, results of operations, financial position and prospects. The Group may incur significant expenditures, affecting its profit rate, to attract clients from competitors, especially when entering new geographical markets, which could have a material adverse effect on the Group's business, results of operations, financial position and prospects. There can be

no assurance that the Group will continue to retain and receive orders from its key clients in the future or that it will not face further changes to its client base. If key clients reduce their demand or choose to place their orders with competitors, then the Group's financial performance will be adversely affected.

## 2.1.4 Risks Related to Reliance on Certain Key Industries

The Group's business is heavily reliant on the performance and demand of key industries, such as agriculture, pharmaceuticals, oil and gas, and food and beverage, where the refrigerated transport solutions segment generated revenue of SAR 201.6 million, SAR 155.3 million and SAR 230.8 million for the financial years ended 31 March 2022G, 2023G and 2024G, representing 73%, 61% and 67% of the total revenue generated from the Group's business segments, respectively. For the nine-month periods ended 31 December 2023G and 2024G, revenue generated from the refrigerated transport solutions segment amounted to SAR 166.9 million and SAR 219.5 million, representing 69% and 60% of the total revenue generated from the Group's business segments, respectively. Meanwhile, the revenue generated from the refrigeration segment amounted to SAR 35.8 million, SAR 55.5 million and SAR 65.1 million for the financial years ended 31 March 2022G, 2023G and 2024G, representing 13%, 22% and 19% of the total revenue generated from the Group's business segments, respectively. For the nine-month periods ended 31 December 2023G and 2024G, revenue from the refrigeration segment amounted to SAR 40.3 million and SAR 77.9 million, representing 17% and 21% of the total revenue generated from the Group's business segments, respectively. The after-sales service segment generated revenue of SAR 37.2 million, SAR 40.4 million and SAR 44.0 million for the financial years ended 31 March 2022G, 2023G and 2024G, representing 13%, 16% and 13% of the total revenue generated by the Group's business segments, respectively. For the nine-month periods ended 31 December 2023G and 2024G, revenue generated by the after-sales service segment amounted to SAR 30.7 million and SAR 34.5 million, representing 13% and 9% of the total revenue generated by the Group's business segments, respectively. The customized solutions segment generated revenue of SAR 3.0 million, SAR 2.8 million and SAR 5.4 million for the financial years ended 31 March 2022G, 2023G and 2024G, representing 1%, 1% and 2% of the total revenue generated by the Group's business segments, respectively. For the nine-month periods ended 31 December 2023G and 2024G, revenue from customized solutions amounted to SAR 4.7 million and SAR 32.1 million, representing 2% and 9% of the total revenue generated from the Group's business segments, respectively. This reliance on these industries exposes the Group to a number of risks that could materially affect the Group's business, financial position, results of operations and prospects.

Any downturn or regulatory changes in these industries could lead to reduced demand for the Group's products and services. For instance, shifts in agricultural practices, changes in pharmaceutical regulations, or fluctuations in consumer preferences in the food and beverage sector could adversely affect the Group's revenue streams. The Group must continuously monitor trends and developments within these industries to adapt its strategies and offerings accordingly. Failure to do so could result in a loss of market share and negatively affect the Group's financial performance.

## 2.1.5 Risks Related to Dependence on Third Party Service Providers and Suppliers

As of the date of this Prospectus, the Group has entered into agreements with third-party service providers to furnish certain facilities and services required for its operations, including the outsourcing of labor. The efficiency, timeliness and quality of contract performance by third-party specialists are often beyond the Group's control, as there are generally no assurances that such specialists and service providers will consistently provide the required services at the sought time and quality. Furthermore, any failure by the third-party specialists to perform to the Group's expectations could have a material adverse effect on its business operations, reputation with clients, brand and operations. In addition, the Group could experience a significant business disruption if it changes suppliers or if an existing provider ceases to be able to provide services to it. Therefore, any deterioration in the relationship between the Group and its third-party service providers may have an adverse effect on some or all of the services provided by the relevant providers, which in turn may have a material adverse effect on the Group's operations, and in particular its ability to continue to provide high-quality and innovative solutions, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects (for further details on the risks related to key suppliers, please refer to Risk Factor 2.1.36 **"Risks Related to Contracts Concluded with Key Suppliers and the Termination Thereof"** of this Prospectus).

### 2.1.6 Risks Related to the Seasonality of Revenue

The Group experiences significant seasonality in its revenue due to increase in demand prior to the months of Ramadan and Hajj. Additionally, each year in the month of March, the Group witnesses an increase in revenue prior to the financial year-end as management intensifies efforts to complete orders and recognize revenue. During the period covered in this Prospectus, there was an overlap between the pre-Ramadan period and the year-end period resulting in significantly higher revenue in the financial year 2022G and the financial year 2023G.

Notably, in the financial year ended 31 March 2022G, revenue in H1 amounted to SAR 126.9 million, while revenue in H2 amounted to SAR 137.8 million, indicating a 9% increase in revenue. In the financial year ended 31 March 2023G, revenue in H1 amounted to SAR 109.2 million, while revenue in H2 amounted to SAR 147.6 million, indicating a 35% increase in revenue. In the financial year ended 31 March 2024G, revenue in H1 amounted to SAR 151.9 million, while revenue in H2 amounted to SAR 197.2 million, indicating a 30% increase in revenue. Accordingly, revenue recorded in H2 is usually higher than that recorded in H1 due to the period prior to the year-end and the pre-Ramadan period.

Furthermore, seasonal variations also affect the demand for refrigeration bodies and solutions as clients prepare for the summer season, leading to higher revenue in the pre-summer period, typically spanning the months from October to December and January to March. As a result, the financial and operational data for the period from 1 April 2024G to 31 December 2024G may not reflect the Group's underlying performance for the financial year 2024G and may not be recurring or sustainable. Moreover, seasonal factors may continue to impact financial periods in the future, which may lead to unusual trends and may make analyzing the Group's year-on-year performance challenging for investors. Seasonal factors may also adversely affect the Group in any given financial period, which, in turn, would have an adverse effect on the Group's business, financial condition, results of operations and prospects.

### 2.1.7 Risks Related to the Group's Inability to Implement its Growth Strategy Successfully, on Time, or at All

The Group intends to expand its customized solutions segment and provide bespoke solutions to the oil and gas, healthcare and defense industries. Successful implementation of its growth strategy is critical to achieving economies of scale and sustaining profitability. It is noteworthy that the CAGR for the financial years ended 31 March 2022G, 2023G and 2024G show significant growth in certain segments. The refrigerated transport segment achieved growth of 7.0%, while the refrigeration segment recorded growth of 34.9%. The after-sales service segment grew by 8.8%, while the customized solutions segment grew by 32.2%. As for the growth rates for the financial periods ended 30 December 2023G and 2024G, the refrigerated transport segment grew by 31%, the refrigeration segment by 93%, the after-sales service segment by 12%, and the customized solutions segment by 589%. In the short term, expanding services and entering new markets may lead to higher operating costs with lower initial revenue.

New market entry may face challenges in client acceptance and increased promotional costs. If the Group fails to manage its growth strategy by accurately assessing demand and capacity, it could significantly increase costs, adversely affecting its business, operations, and financial position. Other challenges include securing new market access, acquiring necessary equipment, obtaining financing, understanding diverse client needs, hiring skilled personnel, navigating political and economic conditions, complying with regulations, maintaining cost efficiency, and preserving brand integrity. There is no assurance that the growth strategy will achieve the expected outcomes, potentially leading to costs not matched by revenue growth. Failure to execute the business plan and manage expansion could materially affect the Group's business, operations, and financial prospects.

### 2.1.8 Risks Related to Receivables

The Group may face risks related to receivables, namely the possibility that the collection of receivables from clients may be delayed or defaulted, which could adversely affect cash flows and the Group's ability to finance its operations and expansion plans. As of 31 December 2024G, the Company's total outstanding receivables amounted to SAR 97.6 million, with credit terms agreed upon with clients ranging from thirty (30) days to one hundred and twenty (120) days. Days Sales Outstanding were approximately sixty-five (65) days, eighty-seven (87) days, one hundred and ten (110) days, and seventy-four (74) days as of 31 March 2022G, 2023G and 2024G and 31 December 2024G, respectively.

**Table (2.1): Receivables as of the Nine-Month Period Ended 31 December 2024G**

| SAR'000                          | Not Due         | Current | 1-90 Days | 91-180 Days | 181-270 Days | 271-360 Days | 361-1085 Days | >1086 Days |
|----------------------------------|-----------------|---------|-----------|-------------|--------------|--------------|---------------|------------|
|                                  | 40,062          | 13,024  | 35,878    | 4,491       | 1,937        | 2,513        | 2,924         | 6,251      |
| <b>Total</b>                     | <b>1,07,080</b> |         |           |             |              |              |               |            |
| <b>Provision for credit loss</b> | <b>-9,437</b>   |         |           |             |              |              |               |            |
| <b>Net receivables</b>           | <b>97,643</b>   |         |           |             |              |              |               |            |

Source: The Company

**Table (2.2): Movement of the Provision Against Receivable Balances as of 31 March 2022G, 2023G and 2024G and 31 December 2024G**

| SAR'000                                      | Financial Year Ended 31 March |              |              | Nine-Month Financial Period Ended 31 December 2024G |
|----------------------------------------------|-------------------------------|--------------|--------------|-----------------------------------------------------|
|                                              | 2022G                         | 2023G        | 2024G        |                                                     |
| As of the beginning of the year              | 6,479                         | 6,479        | 7,802        | 9,433                                               |
| Acquisition through business integration     | 2,436                         | 2,436        | -            | 754                                                 |
| Charge for the year                          | -1,995                        | -1,995       | 1,722        | -675                                                |
| Written off during the year                  | -101                          | -101         | -91          | -75                                                 |
| <b>As of the end of the financial period</b> | <b>6,820</b>                  | <b>6,820</b> | <b>9,433</b> | <b>9,437</b>                                        |

Source: The Company

The increase in the accrual period during the periods ending between the financial years 2022G and 2024G was due to the delayed collection of certain client receivables and a change in the revenue mix, as the proportion of revenue from the refrigeration segment, which is typically associated with longer collection periods, increased. The decrease as of 31 December 2024G was a result of the collection of a number of overdue receivables during that period. The level of receivables still represents approximately 29% of total assets. Any further delay in collection or increase in expected credit loss could have an adverse effect on the Group's liquidity and profitability, which in turn would have a material adverse effect on the Group's business, results of operations, financial position and prospects (for further details on receivables, please refer to Section 6.7.2.5 "Trade Receivables" of this Prospectus).

## 2.1.9 Risks Related to Inventory

The Group's production model is based on expected sales from registered client orders, and inventory primarily consists of inventory held for sale. The net value of the Company's inventory was as follows:

As of 31 March 2022G, the net value of the Company's inventory was fifty-three million Saudi Riyals (SAR 53,000,000), with an average days remaining for inventory of one hundred and four (104) days. As of 31 March 2023G, the net value of the Company's inventory was sixty million Saudi Riyals (SAR 60,000,000), with an average days remaining for inventory of one hundred and thirty-four (134) days. As of 31 March 2024G, the net value of the Company's inventory was eighty-one million Saudi Riyals (SAR 81,000,000), with an average days remaining for inventory of one hundred and thirty-four (134) days. As of 31 December 2024G, the net value of the Company's inventory was one hundred and three million Saudi Riyals (SAR 103,000,000), with an average days remaining for inventory of one hundred and nineteen (119) days.

If the Company is unable to manage its inventory properly and accurately, or if there are material and unexpected changes in demand for its products, this will lead to an accumulation or shortage of inventory, as the case may be. Consequently, this would adversely affect the Company's ability to execute its sales plans and would have an adverse effect on the Company's business, results of operations, financial position and prospects. Should the Company be unable to manage its inventory with high efficiency, this would have a material adverse effect on the Group's business, results of operations, financial position and prospects (for further details on inventory, please refer to Section 6.7.2.4 "Inventories" of this Prospectus).

**Table (2.3): Inventory as of 31 March 2022G, 2023G and 2024G**

| SAR'000                                    | 31 March 2022G | 31 March 2023G | 31 March 2024G | 31 December 2024G<br>Management Information |
|--------------------------------------------|----------------|----------------|----------------|---------------------------------------------|
| Inventory held for sale                    | 18,283         | 23,438         | 43,453         | 35,062                                      |
| Raw materials <sup>(i)</sup>               | 41,480         | 27,881         | 28,748         | 37,237                                      |
| Spare parts and consumables <sup>(i)</sup> | -              | 13,395         | 12,099         | 20,199                                      |
| Work in progress                           | 4,176          | 6,450          | 7,083          | 23,789                                      |
| Inventory in transit                       | -              | 7              | 634            | 48                                          |
| <b>Total</b>                               | <b>63,939</b>  | <b>71,170</b>  | <b>92,016</b>  | <b>116,336</b>                              |
| Less: Provision for slow moving inventory  | (10,942)       | (11,332)       | (11,016)       | (13,133)                                    |
| <b>Grand total</b>                         | <b>52,996</b>  | <b>59,838</b>  | <b>80,999</b>  | <b>103,203</b>                              |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the Group's restated audited consolidated financial statements for the financial year ended 31 March 2023G.

(i) The balances of spare parts and consumables as of 31 March 2022G were merged with the raw materials item. As of 31 March 2023G, the balances were separated due to their different nature.

**Table (2.4): Movement in the Provision for Slow Moving Inventory for the Financial Years Ended 31 March 2022G, 2023G and 2024G**

| SAR'000                                  | 31 March 2022G | 31 March 2023G | 31 March 2024G | 31 December 2024G<br>Management Information |
|------------------------------------------|----------------|----------------|----------------|---------------------------------------------|
| Balance at beginning of the year         | 11,280         | 10,942         | 11,332         | 11,979                                      |
| Acquisition through business integration | 1,853          | -              | -              | -                                           |
| Recognized during the year               | (210)          | 750            | -              | 1,153                                       |
| Written off during the year              | (1,981)        | (360)          | (316)          | -                                           |
| <b>Total</b>                             | <b>10,942</b>  | <b>11,332</b>  | <b>11,016</b>  | <b>13,133</b>                               |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the Group's restated audited consolidated financial statements for the financial year ended 31 March 2023G.

### 2.1.10 Risks Related to a Changing Client Base

The market has witnessed a notable shift in the type of clients, a shift that has accelerated significantly in recent years. For example, leasing companies accounted for approximately 35% of the Group's client base in the financial year ended 31 March 2023G, with this figure expected to increase to approximately 65% by the end of the financial year ended 31 March 2025G. This shift is due to the growing preference of end-users for leasing trucks, refrigeration units, and refrigerated bodies instead of purchasing and maintaining them, in order to reduce immediate capital outlay and avoid ongoing maintenance costs.

This change in market demand affects the Group by increasing sales of new equipment, while service revenues may decline, as clients typically do not prefer to keep refrigeration equipment for long periods. Instead, clients prefer to keep refrigeration equipment for a period ranging from three (3) to four (4) years before replacing it. This behavior would negatively affect the revenue generated from the after-sales service business segment, which amounted to 2.7% of total revenue in the financial year ended 31 March 2022G, and remained constant at this level during the nine-month period ended 31 December 2024G. This segment is the most profitable for the Group, with gross profit of SAR 17 million, SAR 18 million and SAR 17 million for the financial years ended 31 March 2022G, 2023G and 2024G, reflecting a gross profit margin of 44.9%, 43.8% and 39.0%, respectively. This change may lead to reduced demand for maintenance and repair services, putting pressure on profit margins in this segment.

In addition, by aggregating demand from a large number of end-users, leasing companies can gain greater bargaining power to obtain better terms, such as price reductions or improved payment terms. This shift in bargaining power may force the Group to make concessions that affect profitability, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

Furthermore, the Group may face challenges in adapting to this rapid market shift, requiring new marketing and sales strategies, as well as the development of products and services that meet changing client needs. The inability to adapt quickly to these changes could lead to a loss of market share to competitors who are more flexible in dealing with these trends, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 2.1.11 Risks Related to the Group's Full Reliance on Leased Properties for its Operations

As of the date of this Prospectus, all of the Group's facilities have been constructed on leased land plots located in Al-Kharj, Riyadh, Dammam and Jeddah, which are used for multiple purposes such as housing for the Group's employees, warehouses, parking lots and factories (for further details on the lease agreements entered into by the Group, please refer to Section 12.6 "Real Estate" of this Prospectus). The Company has entered into seventeen (17) lease agreements registered on the Ejar platform, excluding leases with MODON, with a total annual rental value of SAR 2.5 million, constituting 1.4% of total liabilities as of 31 December 2024G. These liabilities may have financial implications for the Company, as any changes in lease terms or increases in costs associated with leased properties would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

The leases generally have a term of two (2) to twenty-two (22) years and typically include automatic renewal mechanisms or are renewed pursuant to the conclusion of new agreements. The Group may not be able to renew all its lease agreements, or they may be renewed under different terms, conditions or rental amounts that may be unfavorable to the Group. If the Group decides to vacate any of its leased properties due to the expiration of the lease agreements or fails to renew them in accordance with their terms or due to the renewal terms being unfavorable, the Group will incur additional costs for the purpose of moving to a new property, including increased rental amounts and costs related to the necessary equipment for the new location. The occurrence of any of the above-mentioned risks would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

Furthermore, the Minister of Commerce and the Minister of Municipalities and Housing issued a unified lease contract for the commercial real estate sector on 29/06/1441H (corresponding to 23/02/2020G). This contract became mandatory pursuant to Ministerial Resolution No. 405, dated 22/09/1437H (corresponding to 27/06/2016G), requiring the registration of all residential and commercial lease contracts on the Ejar platform in order to be approved as enforceable instruments. Moreover, in accordance with Council of Ministers Resolution No. 292, dated 16/05/1438H (corresponding to 13/02/2017G), a circular was issued by the Minister of Justice directed to all courts, pursuant to which leases that have not been registered with Ejar are not valid contracts that are judicially and administratively enforceable. The Ministry of Municipalities and Housing intends to link electronically registered lease contract services to the Baladi platform, through which municipal commercial licenses are issued and renewed. If these services are linked, the Group will not be able to obtain municipal licenses or renew the Group's lease agreements that might not be registered electronically, which may lead to disruption of the Group's operations or exposure to penalties and fines as a result of non-compliance with applicable laws. Moreover, the existence of unified lease contracts may not grant the Group the freedom to set all the terms thereof. Therefore, if the Group does not comply with the relevant requirements and regulations, this may result in its exposure to fines or penalties or may affect its ability to implement its lease contracts, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 2.1.12 Risks Related to Related Party Transactions

In its ordinary course of business, the Company enters into agreements with certain Related Parties, including Shareholders and wholly-owned Subsidiaries, with respect to the settlement of certain accounts between Group companies or between the Company and its Shareholders. In particular, the Company has entered into transactions on an arm's length basis with its Subsidiary CGS Bahrain, which mainly involved the sale and purchase of materials, products and equipment produced by the Group, such as trucks and truck tail lifts, for a total amount of SAR 906 thousand for the financial year ended 31 March 2024G. The Company also entered into transactions on an arm's length basis with its Subsidiary CGS Jeddah, which mainly involved the sale and purchase of materials, products and equipment produced by the Group. The value of purchases amounted to SAR 36.4 million while the value of sales amounted to SAR 1.2 million for the financial year ended 31 March 2022G. The Company has not entered into any other transactions with CGS Jeddah since then. In addition, the Company has entered into



certain transactions with its Shareholders on an arm's length basis by incurring certain expenses on their behalf and settling these amounts later. As of the date of this Prospectus, the Company has settled these amounts and has discontinued such transactions with its Shareholders (for further details on Related Party transactions, please refer to Section 12.5 **"Agreements and Transactions with Related Parties"** of this Prospectus). Related Party transactions are recognized and recorded in the consolidated financial statements in accordance with IFRS and standards and pronouncements endorsed by SOCPA (please refer to Section 19 **"Financial Statements and Auditor's Reports"**). The total amounts payable to Related Parties were SAR 13.9 million, SAR 0.6 million, SAR 0.4 million and SAR 0.2 million in the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively, representing 11.9%, 0.6%, 0.3% and 0.1% of the Company's total liabilities in same periods, respectively. The total amount of receivables from Related Parties to the Company were SAR 1.0 million, SAR 0.7 million, SAR 0.9 million and SAR 0.0 million in the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively, representing 0.9%, 0.6%, 0.6% and 0.0% of the Company's total receivables in the same periods, respectively. The total value of revenue from Related Party transactions amounted to SAR 41.2 million, SAR 2.9 million, SAR 3.8 million and SAR 0.0 million for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively, representing 15.6%, 1.1%, 1.1% and 0.0% of the Company's revenue in the same periods, respectively. The total value of Related Party transactions amounted to SAR 66.3 million, SAR 11.3 million, SAR 14.0 million and SAR 9.8 million for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively. The total value of Related Party transactions with Senior Executives amounted to SAR 6.8 million, SAR 7.1 million, SAR 9.2 million and SAR 9.6 million for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively.

Amounts due to the Shareholder Darat Esmat Bin Abdul-Samad Al Saady Holding Company amounted to SAR 5.9 million, SAR 0.2 million, SAR 0.1 million and SAR 0.2 million in the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively, while amounts due to the Shareholder GK Grünenfelder International AG amounted to SAR 8.0 million, SAR 0.4 million, SAR 0.4 million and SAR 8.0 thousand in the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively.

Moreover, Esmat Al Saady (a Shareholder who indirectly owns 45% of the Company's share capital pre-Offering) transferred two plots of land to the Subsidiary CGS Riyadh at no cost during the financial year 2023G. He also transferred another plot of land to it during the nine-month period ended 31 December 2024G, which was used to support the Group's operations by serving as parking areas for cars and trucks. These plots were valued at fair market value of SAR 12.7 million and SAR 4.3 million, respectively, based on a valuation report prepared by an external third party valuer, which used a customary market-based valuation approach. The land was recognized in CGS Riyadh's financial statements as an addition to freehold land and related equity contribution.

The entry into agreements and transactions with Related Parties is governed by the relevant laws and regulations. According to the Companies Law, any transactions involving a direct or indirect interest of the Group's Directors must be submitted to the General Assembly for approval. With regard to the relevant regulatory approvals, the Related Party transactions entered into by the Group do not require any approvals, as they are concluded between the Group companies and the Company and its Shareholders, or between the Group companies. Accordingly, no approvals are required under the Companies Law. Directors with an interest in these transactions are prohibited from voting on them in both the Board of Directors and Shareholders' assemblies. Consequently, the Group may not be able to renew agreements with Related Parties at the end of their term if the Board or General Assembly decides not to approve such transactions. Additionally, if future Related Party transactions are not conducted on an arm's length basis, this could materially and adversely affect the Group's business, operational results, financial position and prospects.

### 2.1.13 Risks Related to the Group's Customer Service and Quality of Services Offered

In its efforts to retain and attract more clients, the Group relies on the provision of after-sales support services – a support program designed by the Group to ensure optimal equipment operation and increase its efficiency. The program includes annual maintenance contracts tailored to meet the unique needs of clients, involving periodic visits from experienced technicians to perform preventive maintenance such as thermal and vibration analyses. These services generated SAR 37 million, SAR 40 million, SAR 44 million and SAR 34 million in the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively, representing 13%, 16%, 13% and 9.5% of total revenue during the same periods. If demand for these services decreases, this may adversely affect the Group's profitability and financial results.

The Group has established four dedicated workshops for after-sales services in Riyadh, Jeddah, Dammam, and Bahrain. The Group's ability to provide after-sales services depends on the availability of specialized staff and professional technicians capable of providing the required services. Nonetheless, the specialized equipment and talent to provide the Group's after-sales services may not be sufficient or available, or the Group may not be able to contract with third parties to undertake service and support tasks efficiently and at an appropriate price. If the Group is unable to respond to clients' issues when using the platforms or provide solutions, or if it loses key employees who provide support services or third-party providers who perform such tasks at an appropriate price, the Group may lose its credibility and clients' trust. This affects the appetite of current and future clients for the Group's services, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects (for further details on the after-sales service segment, please refer to Section 4.3.2 "Products and Services" of this Prospectus).

## 2.1.14 Risks Related to the Group's Reputation, Brand and Publicity

Brand awareness and the reputation of the Group are essential to its continued growth, financial success, and its ability to attract and maintain its large base of partners and clients (for further details on the Group's brands, please refer to Section 12.7.1 "Trademarks" of this Prospectus). Therefore, in maintaining, protecting and improving its reputation and brands, the Group relies on the success of its marketing activities, ability to consistently provide high-quality services, and ability to protect its brands from any violations, in line with applicable laws and regulations from relevant authorities including the MoC and the Ministry of Industry and Mineral Resources. Thus, the Group incurs costs in its marketing efforts. The Group's marketing and advertising expenses amounted to SAR 1 thousand, SAR 552 thousand and SAR 631 thousand in the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively, representing 0.03%, 0.21%, 0.18% and 0.4% of its consolidated revenues in the same periods. However, the Group's current and future marketing activities may not be successful or cost-effective, and the Group's reputation and brands may be affected by client complaints and negative publicity about any of the Group's products or services, even if such negative publicity is based on misinformation or an ordinary event. Additionally, the Group's current or future competitors may be larger and may have greater financial, marketing and other resources, devote greater resources to the marketing and sale of their services, gain international brand recognition, or adopt more aggressive pricing strategies than the Group is able to.

Any negative perception of the Group may affect its reputation and brands, including any negative perception resulting from, among other things:

- Complaints or negative publicity about any of the Group's products, services, policies or procedures.
- Legal errors, negligence, or other inappropriate behavior of any of the Group's employees, management, partners, or other parties with whom the Group deals.
- Failure to offer clients competitive prices or diverse payment options.
- Any disruptions to any of the Group's platforms, leakage of confidential information and data, cyber incidents, or other incidents affecting the reliability of the Group's services, whether actual or perceived.
- Any lawsuits or regulatory investigations by the relevant regulatory authorities that affect the Group's business.
- Failure to comply with any legal, regulatory, or tax requirements issued by the relevant authorities in the Kingdom.
- Failure to apply the Group's policies in a manner that the parties dealing with the Group see as fair or transparent, or their lack of understanding of the adopted policies.
- Inappropriate or unsatisfactory client experiences in relation to the Group's support and pre-sales and after-sales services.
- Failure to provide adequate legal protection for the Group's brands or other intellectual property rights.
- Any perception of mistreatment of employees, partners, or clients, and the way the Group responds to such perceptions.

The occurrence of any of the above factors, their impact on the Group's competitors, and the existence of a general perception that these factors apply to all companies operating in the sector could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 2.1.15 Risks Related to Protection of the Group's Intellectual Property Rights

The Group's business, operations and success depend on its intellectual property rights, including its trademarks and trade secrets. As of the date of this Prospectus, the Group has registered its "CGS" trademark in the Kingdom under the name of its Subsidiary CGS Riyadh. If the Group fails to successfully register and protect its intellectual property rights for any reason, or if any third party misuses the Group's intellectual property or damages its reputation, the value of the Group's trademark may be harmed. Any damage to the Group's reputation could result in lower demand for its services, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects (for further details on the Group's trademarks and property rights, please refer to Section 12.7 "Intangible Assets" of this Prospectus).

As of the date of this Prospectus, the Group conducts its business in the Kingdom and Bahrain. However, if the Group sells certain goods and services in other markets under specific trademarks without having official registrations for these trademarks in the relevant classes of goods and services, such trademarks and their associated activities will not have legal trademark protection.

The lack of registered trademark protection in all markets or classes where the Group markets or sells its goods or services may hinder its ability to operate effectively in those markets. In addition, the Group may face the risk of infringing third-party rights when selling classes of goods or services not covered by trademark registration. Furthermore, the Group may find it difficult to prevent third parties from using its trademarks or similar marks for identical or similar goods.

The inability to secure trademark protection in all relevant markets and classes could have a material adverse effect on the Group's business, operations, financial position and prospects. In addition, any of the Group's intellectual property rights, including patents, copyrights, trademarks, trade secrets or other intellectual property rights, may be challenged, limited, invalidated, held unenforceable or otherwise circumvented by way of litigation or other proceedings. The Group may lose these intellectual property rights due to some of these proceedings or because such rights no longer provide a competitive advantage to the Group's products, services, or systems. As a result of litigation procedures, the Group may incur significant costs and require a long time to process them. In addition, it may be exposed to an increased risk of unauthorized access to its websites and thus its intellectual property may be infringed. The Group may also have to expend significant resources to monitor and protect intellectual property rights and, in some cases, may have to lodge lawsuits against third parties for infringement or other breach of the Group's intellectual property rights. Any such litigation, whether resolved in favor of the Group or not, will result in significant expenditures and divert the efforts of its technical and management staff toward such lawsuits. Attempts to enforce the Group's intellectual property rights against third parties may also cause such parties to assert their property or other rights against any of the Group's entities, or lead to the invalidation or limitation of the Group's rights in whole or in part, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 2.1.16 Risks Related to Reliance on Information Technology Infrastructure and Systems

The Group relies on the secure and reliable performance of its IT systems in its operations and business management, including in its finance and human resources departments. The Group's information technology systems may be subject to damage resulting from computer viruses, natural disasters, hacker attacks, hardware or software failure, power fluctuations, cyberterrorism, and other similar issues. In addition, a breach or failure of the Group's cybersecurity measures could result in the loss, destruction, or theft of confidential or proprietary data, exposing the Group to liability or material losses to clients, suppliers, or dealers of the Group. As of the date of this Prospectus, the Subsidiary CGS Riyadh has an IT policy governing its information technology management. This includes a business continuity plan, system protection, backup, a disaster recovery plan, use of sophisticated software, routine security checks, etc. However, the Company does not have a unified IT policy for all Group entities—as it currently uses the CGS Riyadh policy to manage all Subsidiaries—which poses additional risks. The lack of a unified policy can lead to disparities in the level of protection and security measures among Subsidiaries, increasing the likelihood of some entities being exposed to cyber incidents. This disparity could hinder the Group's ability to respond effectively to security threats and negatively affect its reputation, financial position, results of operations and prospects.

Cyberattacks and other cyber incidents are occurring with greater frequency and are constantly evolving in terms of their nature and ever more complex tools. If the Group is unable to maintain appropriate cybersecurity measures and keep pace with new and evolving threats, this could make its systems vulnerable. Similar risks exist in relation to third parties who may possess the Group's confidential data, such as its IT support service providers or professional consultants, banks, and Capital Market Institutions that the Group deals with. The weakness of the Group's information technology systems and its failure to detect or respond to cyber incidents in a timely manner, or the occurrence of any of the previous damages, would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

### 2.1.17 Risks Related to Processing, Storage, Use and Disclosure of Confidential Information and Personal Data

The Group collects, transfers and processes client and employee data in the normal course of its business through information systems, and such information kept by the Group, or other parties that the Group contracts with to obtain their services, includes data on clients and employees, ID numbers, dates of birth, and other private data. Some of this data is private and may be a target for external parties, such as criminals, whether individuals or organized groups, “electronic hackers”, disgruntled employees, whether current or former, and others. The failure of the Group to maintain the confidentiality and integrity of client and employee data will lead to a change in the behavior of current or potential clients in a way that affects the Group’s ability to retain its current clients and attract new clients, which could have a material adverse effect on the Group’s business, financial position, results of operations and prospects.

Adherence to variable privacy and security laws may also lead to an increase in costs due to necessary changes in laws and the imposition of new restrictions or controls on the Group’s business models and the development of new administrative processes. In addition, these laws, conditions, and regulations may impose further restrictions on the Group’s process of collecting identity data in one or more of the Group’s databases, as well as disclosing and using them. Failure to comply with privacy laws or general requirements of the sector, or any security breach that includes embezzlement, loss, or disclosure of personal, sensitive, or confidential data without authorization, may result in the Group incurring fines, penalties, and lawsuits, and the occurrence of any of the above would have a material adverse effect on the Group’s business, financial position, results of operations and prospects.

### 2.1.18 Risks Related to Potential Zakat Liabilities and Tax Liabilities

The Group files Zakat and income tax returns for the Company and its Subsidiaries on a standalone basis. The Zakat and income tax charge represents the consolidated sum of the Zakat and income tax charge accrued by the Company and its Subsidiaries at the standalone financial statements level. The Company has submitted all its Zakat returns, settled Zakat charges payable and obtained certificates from ZATCA for all years up to 31 March 2024G, and has received the final Zakat certificate up until the financial year 2024G. However, no assessments have been issued for it since the Company’s incorporation. CGS Riyadh has filed its Zakat and income tax returns up to the financial year ended 31 March 2024G. CGS Riyadh has issued Zakat and income returns up to 2017G and has settled the final assessments. The Zakat status for 2018G to 2024G is still under review. In addition, CGS Jeddah has filed its Zakat and tax returns up to 2024G. It obtained final Zakat certificates for the Zakat returns for all years up to the financial year 2015G, which the Company has settled. ZATCA has not issued any assessments for the remaining years. If the final Zakat or tax outcome is different from the amounts recorded by the Company or its Subsidiaries for the years in which the Company or its Subsidiaries did not receive final Zakat assessments from ZATCA, such differences will impact the Zakat and tax provision, which would have an adverse effect on the Group’s net income and retained earnings. Zakat and income tax provisions amounted to SAR 3.2 million, SAR 1.1 million, SAR 4.1 million and SAR 4.0 million for potential Zakat liabilities for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively. Zakat on the Saudi Shareholder’s 50% ownership was calculated at 2.5% of the Zakat base, while income tax on the foreign Shareholder’s 50% ownership was calculated at 20% of the profit subject to income tax. It is worth noting that GK Grünenfelder International AG, as the foreign Selling Shareholder, will bear the full amounts of income tax due, if applicable, on the capital gains resulting from the sale of their respective shares in the Company through the Offering, and the Company will not bear any tax liabilities related to those capital gains. The provision charged for Zakat amounted to SAR 0.8 million, SAR 1.0 million, SAR 1.3 million and SAR 1.5 million for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively. The provision charged for income tax amounted to SAR 2.4 million, SAR 0.1 million, SAR 2.8 million and SAR 2.5 million, respectively, for the same financial periods. However, there is no assurance that such provision will be sufficient to cover any such potential Zakat and income tax liability. Note that Darat Esmat Bin Abdul-Samad Al Saady Holding Company will bear any future additional claims that may be imposed by the Zakat, Tax and Customs Authority on the Company concerning previous years up to Listing.

Moreover, the Group is subject to the application of multiple tax laws and multinational tax conventions, including the relevant laws and regulations in Bahrain. Any adverse change to the rules and tax laws and examinations by various tax authorities, or any increase in the rates of taxes, such as income taxes, excise taxes, withholding taxes, indirect taxes and VAT may adversely affect the Group’s profitability, which, in turn, would have an adverse effect on the Group’s business, results of operations, financial position and prospects.

### 2.1.19 Risks Related to Inadequacy of Insurance Coverage and Increased Insurance Costs

The Group maintains insurance coverage for its operations through several types of insurance policies. As of the date of this Prospectus, the Group has obtained nine (9) insurance policies (for further details on the insurance policies issued to the Group, please refer to Section 12.8 “**Insurance**” of this Prospectus). Insurance policies maintained by the Group may not sufficiently cover all risks to which it is exposed, and the limits of insurance coverage under such policies may be insufficient to cover the losses that the Group may incur in connection with the insured risks. The Group may not be able to substantiate its claims according to the applicable insurance policies due to the existence of exceptions or restrictions on insurance coverage, such as limiting insurance coverage to certain types of accidents, which will cause the Group to compensate for losses caused by any other accidents itself. The Group may also be affected by a number of risks that are not covered by insurance or are covered at unreasonable prices. There may be future accidents not included in the Group’s insurance policies or that may not be covered by insurance at all, which would have a material adverse effect on the Group’s business, results of operations, financial position and prospects.

In the event that any of the Group’s insurance policies expire without renewal, this may leave certain assets and operations without adequate insurance coverage, which could expose the Group to financial risks. If expired insurance policies are not renewed or if favorable renewal terms are not obtained, the Group may have to bear the costs of potential losses, which would have a material adverse effect on its business, results of operations, financial position and prospects.

Additionally, the Group’s claims may exceed the value and extent of the coverage of its insurance policies, or the damage may not be covered by the insurance. Also, claims submitted by the Group may be rejected by the relevant insurance company. Moreover, the Group may be unable to obtain adequate insurance coverage due to an increase in premiums or unavailability of coverage (due to an increase in premiums, discounts, or co-insurance requirements). Any of these factors would have a material adverse effect on the Group’s business, results of operations, financial position and prospects.

### 2.1.20 Risks Related to Difficulty in Hiring and Retaining Qualified Staff

There is intense competition to attract qualified employees with the skills and technical knowledge in the cold chain technology sector in particular, and the capital goods sector in general, that are required by the Group. The Group may need to invest financial and human resources to attract and retain new employees and may not realize returns on these investments. The Group’s failure to attract and retain qualified employees in the future could negatively affect its ability to effectively and efficiently manage its business, which would have an adverse effect on the Group’s business, financial position, results of operations and prospects (for further details on the Company’s employees, please refer to Section 4.10 “**Employees**” of this Prospectus).

### 2.1.21 Risks Related to Employee Misconduct and Errors

Employees of the Group may commit acts or errors which adversely affect the Group’s business, such as engagement in illegal activities, misuse of information, disclosure of confidential information, publication of misleading information, or violation of the Group’s internal controls. These actions and errors may result in a violation of any of the applicable laws or regulations in the Kingdom, which could lead to legal penalties being imposed against the Group by the competent authorities. Such penalties would vary according to the employee’s misconduct or error and would cost the Group financial liability and/or damage its reputation. The Group is not always able to prevent its employees from engaging in misconduct, given the uncertainty of employee compliance with internal policies, which will cause the Group to incur losses, penalties or financial burdens or fall into ill repute. The Group’s internal policies relating to governance and compliance (including sanctions, trade restrictions, anti-bribery and corruption, employee conduct and whistle-blowing policies in this regard) may be insufficient to protect the Group from any errors committed by its employees. Any fines, penalties, or claims may affect the profitability of the Group. In addition, negative publicity regarding employee misconduct may adversely affect the Group’s reputation and revenue. Thus, misconduct and errors committed by the Group’s employees could have a material adverse effect on the Group’s business, results of operations, financial position and prospects.

## 2.1.22 Risks Related to Financing and Credit Facilities

### A- Current Financing and Facilities

As of the date of this Prospectus, CGS Riyadh has entered into two financing and credit facilities agreements, which are letters of guarantee and letters of credit issued by financing banks to CGS Riyadh. These letters of guarantee and credit are intended to provide financial guarantees to the Group in its commercial dealings, whereby the financing banks guarantee the fulfillment of the Company's financial obligations to other parties. Under these agreements, CGS Riyadh has obtained financing from Saudi banks for a total amount of SAR 35.0 million, of which SAR 23.7 million has been utilized (for further details, please refer to Section 12.4.4 "Financing Agreements" of this Prospectus). The relevant facility agreements related to these financing arrangements include certain commitments that the Company is bound by, including not changing the ownership structure of the relevant Subsidiary without obtaining the consent of the financing parties. Although the Company is not a party to these agreements, the initial public offering (IPO) process may be interpreted by some financing parties as constituting a change of control under the contractual terms of those facilities. As of the date of this Prospectus, formal waivers have not been obtained from the relevant financing parties, and they have only been notified of the IPO. Should any of the financing parties interpret the IPO as a change of control, it could trigger a default event under the terms of the facilities, which could result in a demand for immediate repayment, suspension of the facilities, or the imposition of additional financing conditions. This could adversely affect the ability of the Subsidiaries to meet their obligations or implement their operational or investment plans, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

In addition, these agreements contain obligations and covenants that, if breached by the Group, allow the financing parties to demand payments or ultimately to terminate the financing agreements, including if the Company is deemed to have materially misrepresented any information provided, fails to pay, when due, any order note or amount payable, or fails to use the loan disbursements in the agreed manner.

As of the date of this Prospectus, the financing agreement between CGS Riyadh and Saudi Awwal Bank, which expired on 03/06/1446H (corresponding to 05/12/2024G), has not been renewed. An amount of SAR 3 million has been utilized from the total available facilities of SAR 10,000,000. If CGS Riyadh is unable to renew the agreement, the Company will be required to repay the outstanding amount immediately, which could affect its financial liquidity and ability to meet its other financial obligations, which in turn would have a material adverse effect on the Group's business, results of operations, financial position and prospects. It is worth noting that the financing agreement between CGS Riyadh and Saudi Awwal Bank contains the following guarantees provided by the Company and its Shareholders to the bank:

- 1- A corporate guarantee issued by the Company on 07/09/1444H (corresponding to 29/03/2023G) for the amount of seven million, five hundred and thirty-one thousand Saudi Riyals (SAR 7,531,000). In addition, the Company undertakes to pay the bank upon first written demand: (a) any amounts necessary to compensate the bank for proven losses or expenses resulting from CGS Riyadh's failure to pay any amount, and (b) any amounts necessary to compensate the bank for expenses (including legal and other fees) incurred in recovering amounts from CGS Riyadh or the Company.
- 2- A corporate guarantee issued by Darat Esmat Bin Abdul-Samad Al Saady Holding Company (a Substantial Shareholder in the Company) on 07/09/1444H (corresponding to 29/03/2023G) for the amount of fifteen million and sixty-two thousand Saudi Riyals (SAR 15,062,000). In addition, the Company undertakes to pay the bank upon first written demand: (a) any amounts necessary to compensate the bank for proven losses or expenses resulting from CGS Riyadh's failure to pay any amount, and (b) any amounts necessary to compensate the bank for expenses (including legal and other fees) incurred in recovering amounts from CGS Riyadh or the Company.
- 3- A personal guarantee dated 07/09/1444H (corresponding to 29/03/2023G) issued by Esmat Abdul-Samad Naguib Al Saady for the amount of fifteen million and sixty-two thousand Saudi Riyals (SAR 15,062,000). In addition, Esmat Abdul-Samad Naguib Al Saady undertakes and agrees to pay the bank upon first written demand: (a) any amounts necessary to compensate the bank for proven losses or expenses resulting from CGS Riyadh's failure to pay any amount, and (b) any amounts necessary to compensate the bank for expenses (including legal and other fees) incurred in recovering amounts from CGS Riyadh or the Company.
- 4- A promissory note dated 07/09/1444H (corresponding to 29/03/2023G) issued by Esmat Abdul-Samad Naguib Al Saady for the amount of fifteen million and sixty-two thousand Saudi Riyals (SAR 15,062,000).
- 5- The master hedging agreement issued by the International Development Fund and the International Finance Corporation and the schedules thereto, dated 17/04/1445H (corresponding to 01/11/2023G).

In addition, the master financing agreement between CGS Riyadh and Banque Saudi Fransi (BSF) contains the following guarantees to the bank:

- 1- A promissory note for the amount of thirty million Saudi Riyals (SAR 30,000,000).
- 2- A personal guarantee issued by Esmat Abdul-Samad Naguib Al Saady for the amount of thirty million Saudi Riyals (SAR 30,000,000), dated 14/09/1445H (corresponding to 24/03/2024G).
- 3- General assignment of all future contracts and purchase orders to BSF.
- 4- All accounts and assets under the control of BSF.
- 5- BSF has the right to offset any amounts against the accounts and assets under its custody and control.
- 6- BSF has the right to combine and consolidate accounts or assets held for the benefit of CGS Riyadh.
- 7- In addition, the Company has signed a note for the amount of thirty million Saudi Riyals (SAR 30,000,000) payable on sight.

If the Group fails to fulfill any of its obligations under the financing agreements, any assurance provided by the Group in those agreements is found to be incorrect or inaccurate, or the Group takes any steps towards filing for bankruptcy, insolvency, financial organization, or restructuring, this will constitute a default event whereby lenders are entitled to terminate the financing agreements and demand payment of all amounts due, which could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

## **B- Future Financing and Facilities**

As of the date of this Prospectus, the Company and its Subsidiaries do not have any agreements, except for two financing agreements for CGS Riyadh. The Group does not currently plan to obtain any other financing. However, it may need to obtain financing in the future from commercial banks, government lenders and/or other financiers to cover working capital requirements or implement future growth plans. The Company and its Subsidiaries have not previously relied on any loans from third parties, including banks. The Group's ability to obtain loans and facilities from lenders at lower costs or on favorable terms depends on its future financial position, global economic conditions, financial market conditions, interest rates, availability of credit from banks or external lenders and the lenders' confidence in the Group. The Group may not be able to obtain such financing on reasonable terms or at all for any reason, such as restrictions being placed on any current financing, lenders' views on the Group, or the Group's future results of operations, financial position and cash flows. Borrowing at variable interest rates may also cause the Group to be vulnerable to increases in interest and/or commission rates (which may be significantly affected by factors beyond the Group's control, such as monetary and tax policies and global economic and political conditions), and the Group may not be able to obtain such financing at reasonable terms or at all when necessary. Any fixed or variable increase in interest or commission rates applied by banks will lead to higher financing costs incurred by the Group, which will adversely affect its future profits and ability to pay and fulfill its obligations toward lenders. As a result, the Company may not be able to take advantage of business opportunities, such as acquisition opportunities, or react to changes in market or industry conditions. The occurrence of any of the above-mentioned events would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### **2.1.23 Risks Related to Working Capital Management**

The Group recorded working capital of SAR 11 million, SAR 45 million, SAR 74 million and SAR 85 million as of 31 March 2022G, 2023G and 2024G and as of 31 December 2024G, respectively, representing 4.2%, 17.5%, 21.2% and 23.4% of revenue in the same periods. The Group may face difficulties in meeting and managing its working capital requirements properly. The Group's internal cash flow and external financing may not be sufficient to cover those needs to the extent required. Difficulties in managing working capital would have a material adverse effect on the Group's business, results of operations, financial position and prospects.



### 2.1.24 Risks Related to Future Capital Expenditures

The Group uses heavy machinery and equipment in its manufacturing operations. The book value of this heavy machinery and equipment amounted to SAR 8 million as of 31 December 2024G. Heavy machinery and equipment were 80% depreciated as of 30 December 2024G, with no planned capital expenditure for their maintenance or replacement in the short-term. The capital expenditures of the Group amounted to SAR 3.5 million, SAR 6.5 million, SAR 16.8 million and SAR 11.0 million, representing 1.5%, 2.5%, 4.8% and 2.9% of the Group's total revenue for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively. The net book value of the Group's work in progress was SAR 2.3 million, SAR 5.9 million, SAR 1 million and SAR 1 million for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively. It should be noted that the Group expects to partially replace its current machinery after the next two years. The Group's capital expenditures could increase as a result of a number of factors, including, but not limited to, the need to replace heavy machinery and equipment, and further investment requirements to support the Group's planned growth and strategy (for further details on the Group's planned growth and strategy, please refer to Section 4.2.4 "**Company Strategy**" of this Prospectus). The referenced increase in capital expenditure may be substantial compared to historic levels of the Group's capital expenditure, due to the planned growth and strategy in connection with new projects, acquisitions and/or investments. Such increase may limit the Group's resources that could have been used for other purposes, including operating expenses for overhead costs, day-to-day expenses, and research and development. This may also require that the Group obtain additional financing to sufficiently cover any operating expense requirements or commitments (for further details on the Group's planned growth and strategy, please refer to Section 2.1.22 "**Risks Related to Financing and Credit Facilities**" of this Prospectus). In addition, the Group may not achieve the expected, sought or anticipated results and related increases from the invested capital expenditure on time or at all. Any increase in the Group's future capital expenditures may also reduce its profit margin and the funds available for the operation of the Group's existing platforms and increase the Group's operating expenses. The occurrence of any of these events would add additional pressure on the Group's profit margins and result in negative publicity with respect to its financial and operational performance, which could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 2.1.25 Risks Related to Liquidity

The Company may face potential liquidity risks, represented by the possibility of not having sufficient cash available in a timely manner to cover operational obligations or finance the Company's ambitious expansion plans. The Company intends to invest more than SAR 150 million over the next three years in projects that include establishing a new advanced manufacturing facility in Al-Kharj Industrial City, upgrading industrial facilities in Dammam, and purchasing advanced equipment based on Industry 4.0 technologies. It is worth mentioning that the Group's total cash flows amounted to SAR 37.5 million, SAR (12.2) million, SAR 18.9 million and SAR 39.2 million in the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, while liquidity ratios were 0.39x, 1.07x, 1.05x and 1.11x in the same periods (for further details on the Company's expansion plans, please refer to Section 4.2.4 "**Company Strategy**" of this Prospectus.)

The implementation of these expansionary investments may deplete a significant portion of available liquidity or require resorting to new financing sources such as bank financing or debt instruments. If the Company is unable to generate sufficient cash flows or access suitable financing sources on acceptable terms, it may face difficulties in implementing its expansion projects or covering its current expenses.

The Company operates in an industrial sector that requires long operational cycles and upfront investments for execution and revenue generation, which may lead to a temporary gap between capital expenditure and operating returns or in payment terms with clients and suppliers. Any deficiency in liquidity management, delay in collecting receivables from clients, or unexpected increase in costs could adversely affect the financial performance, profitability and ability of the Company to achieve its strategic objectives, which in turn would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 2.1.26 Risks Related to Claims and Litigation

As of the date of this Prospectus, the Company is not a party to any litigation. However, the Subsidiary CGS Jeddah, as plaintiff, has filed one lawsuit in the ordinary course of business involving a potential total financial impact of SAR 1.3 million. In addition, the Subsidiary CGS Riyadh, as plaintiff, is subject to two (2) commercial lawsuits in the ordinary course of its business involving a potential total financial impact of SAR 1.0 million, in addition to one (1) labor lawsuit involving a potential total financial impact of SAR 2,970. The Subsidiary CGS Bahrain is subject to one (1) commercial lawsuit as a plaintiff (for further details, please refer to Section 12.9 **"Litigation and Claims"** of this Prospectus). The Group cannot predict the outcome of such lawsuits, and any unfavorable outcome for the Company would have a material adverse effect on the Group's business, results of operations, financial position and prospects. In addition, the Group anticipates incurring costs in current or future lawsuits filed by or against it, or as a result of lawsuits or judgments, including penalties imposed and damages due therefrom. It is worth noting that no provisions have been made for the Group's lawsuits and legal disputes, and therefore, any judgment against the Group in any current lawsuits would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 2.1.27 Risks Related to Reliance on Senior Executives and Key Employees

The Group's success depends on the continued service and performance of its Senior Executives and other key personnel, including engineering and technical staff, as well as its ability to identify, hire, develop, motivate, and retain qualified personnel. In light of the Group's activities within the cold chain technology sector, the Group relies on some key employees who have extensive experience in engineering, development, and marketing, and who have made significant contributions to the development of its operations. This industry and similar industries within the wider industrial sector generally witness intense competition for management and key personnel, and the Group may not have the ability to retain its existing personnel or recruit new qualified personnel.

In addition, cold chain technology is witnessing an evolving and rapidly changing landscape. To keep pace with developments in the relevant market, the Group needs to recruit new talent, which requires the Group to spend resources and time to train and motivate them to be creative and innovative, and allow them to familiarize themselves with the Group's internal functions and operations (for further details on the Executive Management, please refer to Section 5.5 **"Executive Management"** of this Prospectus). As a result, this may lead to negative outcomes for the Group's operations in the short and long terms, including in connection with carrying out the Group's strategic goals and efficient use of resources due to a lack of experience in the Group's specific industry, limited knowledge of the Group's operations, and/or difficulty in establishing trust among stakeholders and employees. Such outcomes could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

The Group may need to invest large financial and human resources to find, recruit, and retain qualified and new talented employees, and it may not achieve returns on such investments. The loss of the services of any of the Group's Senior Executives or key employees could prevent or delay the implementation and completion of its strategic objectives, divert management's attention to seeking certain qualified replacements, or negatively affect its ability to manage its business effectively. The Group's failure to recruit and retain Senior Executives and key personnel who are highly skilled in the appropriate areas could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 2.1.28 Risks Related to Implementation of Robotics and Industry 4.0 Solutions

The Group has undertaken a significant degree of automation including the use of robotics and Industry 4.0 solutions in its manufacturing processes (please refer to Section 4.3.6 **"Overview of the Group's Manufacturing Facilities and Service Centers"** of this Prospectus). The implementation of these solutions poses the following risks to the Group:

- These solutions require investment in infrastructure, equipment, and training, which could strain financial resources if the returns from such investment are delayed. The rapid pace of technological advancement may pose a risk of technological obsolescence, necessitating frequent upgrades that could inflate costs.
- The interconnected nature of Industry 4.0 exposes the Group to cybersecurity threats, including data breaches and ransomware, which could disrupt operations and harm the Group's reputation. Additionally, integrating these advanced systems with existing processes can be technically complex, posing system integration challenges and potential operational disruptions.

- The implementation of these solutions requires workforce adaptation, as employees may resist technological changes or lack the necessary skills, leading to inefficiencies and morale issues. Dependence on skilled technicians further complicates this, as operating and maintaining robotics systems require expertise that may be hard to recruit or retain.
- The Group's manufacturing facilities may require enhanced maintenance and unplanned downtime, as the complexity of advanced machinery increases the likelihood of operational disruptions. Furthermore, the vast data generated by Industry 4.0 technologies can overwhelm data management systems, creating inefficiencies or compliance risks.
- Over-reliance on automation could also reduce flexibility, making it harder to respond to unique client needs or market changes.
- Legal and regulatory compliance related to safety, data protection, and automation introduces additional layers of complexity and potential liabilities.

The occurrence of any of the above-mentioned events would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### **2.1.29 Risks Related to the Restatement of the 2023G Financial Statements, Accounting Assumptions, Estimates and Judgments, and Corresponding Errors**

In connection with the preparation of its financial statements, the Group uses certain accounting assumptions, estimates and judgments related to complex accounting matters, varying interpretations of which could significantly affect the Group's financial results. Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to the Group's business, including, but not limited to, revenue and cost of sales recognition standards, impairment of long-life assets, leases and related economic transactions, and corporate taxes, are highly complex and involve many subjective assumptions, estimates and judgments by the Group, creating room for accounting errors. Changes in the underlying assumptions, estimates, judgments or the applicable accounting policies, as well as the corresponding errors, could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

Notably, the Company appointed the Auditor, Ernst & Young Professional Services (Professional LLC), to issue an audit report on the restated consolidated financial statements for the financial year ended 31 March 2023G, to correct certain errors identified in some balances related to the consolidated statement of profit or loss and other comprehensive income (with respect to revenue and cost of revenue) and the consolidated statement of financial position (with respect to trade debtors and contract liabilities) as follows:

#### **A- Error in Elimination of Intra-Group Sales**

The Group acquired all of the shares of CGS Jeddah on 20 December 2021G. Accordingly, all sales between CGS Jeddah and CGS Riyadh during the financial year ended 31 March 2022G were eliminated, instead of eliminating only the sales that occurred after the acquisition date of 20 December 2021G. Consequently, this error resulted in an understatement of the Company's total revenue and cost of revenue by SAR 37.5 million each as of the financial year ended 31 March 2022G. This has been corrected by excluding pre-acquisition sales transactions. These adjustments did not affect the Company's gross profit or net profit for the years ended 31 March 2022G and 2023G.

#### **B- Error in Trade Receivables and Contract Liabilities Balances**

Trade receivables balances were offset with respect to invoices submitted to clients and invoices exceeding the value of work performed in the Company's consolidated financial statements as of 31 March 2022G and 31 March 2023G. As a result, the value of both trade receivables and contract liabilities as of 31 March 2022G and 31 March 2023G were adjusted by SAR 3.3 million and SAR 6.9 million, respectively. Consequently, this adjustment resulted in an increase in current assets, leading to an increase in total assets. Additionally, this adjustment resulted in an increase in current liabilities, leading to an increase in total liabilities (for further details on the restated financial statements, please refer to Section 6 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Prospectus).

### C- General Improvements to Enhance the Quality of Disclosures in the Restated Consolidated Financial Statements

The following tables show the impact of the adjustments on the restated consolidated financial statements for the financial year ended 31 March 2023G:

**Table (2.5): Impact of Adjustments on the Restated Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Financial Year Ended 31 March 2022G**

| SAR                                     | 31 March 2022G<br>(Before Restatement) | Adjustments | 31 March 2022G<br>(Adjusted) |
|-----------------------------------------|----------------------------------------|-------------|------------------------------|
| Revenue                                 | 227,236,654                            | 37,544,922  | 264,781,576                  |
| Cost of revenue                         | 181,895,442                            | 37,544,922  | 219,440,364                  |
| Gross profit                            | 45,341,212                             | -           | 45,341,212                   |
| Operating profit                        | 30,199,891                             | -           | 30,199,891                   |
| Profit before Zakat and income tax      | 34,462,265                             | -           | 34,462,265                   |
| Net profit for the year                 | 30,088,370                             | -           | 30,088,370                   |
| Total comprehensive income for the year | 30,541,438                             | -           | 30,541,438                   |

Source: The restated consolidated financial statements for the financial year ended 31 March 2023G.

**Table (2.6): Impact of Adjustments on the Restated Consolidated Statement of Financial Position for the Financial Year Ended 31 March 2023G**

| SAR                  | 31 March 2023G<br>(Before Restatement) | Adjustments | 31 March 2023G<br>(Adjusted) |
|----------------------|----------------------------------------|-------------|------------------------------|
| Trade receivables    | 54,219,017                             | 6,876,183   | 61,095,200                   |
| Contract liabilities | (18,721,949)                           | (6,876,183) | (25,598,132)                 |

Source: The restated consolidated financial statements for the financial year ended 31 March 2023G.

**Table (2.7): Impact of Adjustments on the Restated Consolidated Statement of Financial Position for the Financial Year Ended 31 March 2022G**

| SAR                  | 31 March 2022G<br>(Before Restatement) | Adjustments | 31 March 2022G<br>(Adjusted) |
|----------------------|----------------------------------------|-------------|------------------------------|
| Trade receivables    | 44,206,116                             | 3,296,479   | 47,502,595                   |
| Contract liabilities | (21,989,885)                           | (3,296,479) | (25,286,364)                 |

Source: The restated consolidated financial statements for the financial year ended 31 March 2023G.

Accordingly, the restatement of financial statements may lead to uncertainty regarding the accuracy and reliability of the financial information presented in previous reports. Stakeholders, including investors and creditors, may react negatively to these adjustments, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 2.1.30 Risks Related to Compliance with the Companies Law and the Corporate Governance Regulations

In its management and the conduct of its various operations and activities, the Group is subject to the provisions of the Companies Law and the Corporate Governance Regulations. The Companies Law and the Corporate Governance Regulations impose additional new regulations and corporate governance requirements that the Group must comply with. The Group will have to take certain measures to comply with such new requirements. The Companies Law and the Corporate Governance Regulations also impose stricter penalties for the violation of their mandatory provisions and rules (such as the requirements of the Corporate Governance Regulations in relation to the management of listed companies). Therefore, the Group may be subject to such penalties, including financial fines and/or imprisonment. For example, the Companies Law stipulates that every manager, official, director, auditor or liquidator who records false or misleading data is punishable with imprisonment of no more than three (3) years and a fine of no more than five million Saudi Riyals (SAR 5,000,000). Moreover, it is worth noting that the Companies Law was promulgated by Royal Decree No. M/132 on 01/12/1443H (corresponding to 30/06/2022G) and entered into force following 26/06/1444H (corresponding to 19/01/2023G).

As of the date of this Prospectus, the Company has not been subject to any penalties resulting from violation of the Companies Law. However, the Group has not yet fully assessed the impact of the new Companies Law on its operations and may incur additional costs to take the necessary steps to ensure compliance therewith. It is worth noting that the two Subsidiaries, CGS Riyadh and CGS Jeddah, have not amended their Articles of Association to comply with the provisions of the new Companies Law. In the event that the Group does not comply with such provisions and rules, it will be exposed to penalties and fines by the MoC, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 2.1.31 Risks Related to Newly Formed Board Committees

The Company formed the Audit Committee and the Nomination and Remuneration Committee pursuant to the Board resolution dated 10/06/1446H (corresponding to 11/12/2024G) (for further details on the Group's Board committees, please refer to Section 5.4 "**Company Committees**" of this Prospectus). Failure by members of such committees to perform their duties and adopt a framework that ensures protection of the Group's interests and those of its Shareholders may affect the Group's compliance with corporate governance and continuing disclosure requirements and the Board's ability to monitor the Group's activities through such committees, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

The Company adopted the Internal Corporate Governance Manual, the Audit Committee Charter, and the Nomination and Remuneration Committee Charter under the General Assembly resolution dated 10/06/1446H (corresponding to 11/12/2024G) (for further details on the Corporate Governance Manual, please refer to Section 5.9 "**Corporate Governance**" of this Prospectus). The Internal Corporate Governance Manual includes regulations derived from the Corporate Governance Regulations issued by the CMA. The Group's success in properly implementing the Corporate Governance Regulations and procedures depends on the extent of its comprehension and understanding of these regulations and proper execution of such regulations and procedures by the Board, its Committees and the Senior Executives, especially with regard to Board independence requirements, conflict of interest procedures, and disclosure requirements. Failure to comply with the mandatory provisions of the Corporate Governance Regulations issued by the CMA would result in regulatory penalties being imposed on the Group, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects. In the event that the Group does not comply with such provisions and rules, the Group may be subject to penalties and fines, which could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

It is worth noting that the Director for the Internal Audit Department has been appointed, who will perform his duties on 13/04/1447H (corresponding to 05/10/2025G) (for further details on the risks related to the vacancy of the Internal Audit Director position, please refer to Section 2.1.32 "**Risks Related to the Absence of an Internal Audit Director and Reliance on a Third Party**" of this Prospectus). The failure to appoint an Internal Audit Director during the current period could expose the Company to challenges in implementing efficient internal control systems and communicating effectively with the Audit Committee, which could adversely affect the Group's business, results of operations, financial position and prospects. The failure of the members of this Committee to perform their duties and adopt a work methodology that ensures the protection of the interests of the Company and its Shareholders will affect the Company's compliance with the governance rules and continuous disclosure requirements issued by the CMA and the Board's ability to effectively monitor the Company's business through this Committee, which would have a material adverse effect on the Company's business, financial condition, results of operations

and prospects. Given the recent formation of this Committee, the inability of its members and the independent members to carry out the duties assigned to them and adopt a work methodology that ensures the protection of the interests of the Company and its Shareholders may affect the ability of the Company's Board to effectively monitor its business through this Committee. This may lead to the Company's failure to comply with the continuous disclosure requirements after it is listed on the one hand, and may expose the Company to operational, management, and financial risks on the other hand. Consequently, this would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

Furthermore, the Directors have a fiduciary duty to the Group and its Shareholders to act in their best interests. These fiduciary duties require the Directors to exercise reasonable care and act in the best interest of the Group, rather than their own interest or the interests of other stakeholders, including in events where a Director may be in a position where they have conflicting interests by virtue of a Related Party transaction or engagement in a competing activity (for further details, please refer to Section 5.7 **"Direct and Indirect Interests of the Board of Directors and Executive Management"** of this Prospectus). In the event that Directors fail to observe their fiduciary duties, they may be liable to the Group in connection with their respective acts and/or omissions and may be subject to claims in connection with the same. This, however, will generally result in the resignation or dismissal of the relevant Director, thereby vacating a seat on the Board, which may limit the Board's capabilities in deliberating matters and resolving decisions efficiently, or at all, and divert the Group's resources in identifying a suitable candidate and appointing the same. This as a result would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### **2.1.32 Risks Related to the Absence of an Internal Audit Director and Reliance on a Third Party**

The Company currently lacks an internal audit department or director, and a third party has not yet been appointed to undertake the responsibilities of this department. The absence of an internal audit function, as of the date of this prospectus, is a risk that could affect the efficiency of the Company's internal control system. It may also lead to a weakness in the Company's ability to assess and manage risks and comply with relevant laws and regulations, including the governance requirements issued by the CMA. It is worth noting that the Director for the Internal Audit Department has been appointed, who will perform his duties, as of the date of this prospectus, on 13/04/1447H (corresponding to 05/10/2025G).

As of the date of this Prospectus, the Company is in the process of appointing a specialized consulting firm to manage its internal audit function. This reliance on a third party may introduce several risks, including weak internal oversight, a limited in-depth understanding of the Company's operational activities and regulatory environment, or delays in effectively executing internal audit plans and providing recommendations. Furthermore, the absence of an internal audit director could lead to coordination challenges between the Audit Committee and the third party consultant, potentially affecting the efficiency of the internal control system. If a qualified internal audit director is not appointed in the future, the Company may face difficulties in meeting governance and regulatory compliance requirements. This would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### **2.1.33 Risks Related to Lack of Experience in Managing a Joint-Stock Company Listed on Tadawul**

The Company operated as a limited liability company from the time of its incorporation until it was converted into a closed joint-stock company at the end of 2024G. Most of the Group's Executive Management have limited or no experience managing joint-stock companies listed on Tadawul in the Kingdom and complying with the laws and regulations pertaining to such companies, in particular, the Companies Law and the Implementing Regulations issued pursuant to the Companies Law relating to listed joint-stock companies. In particular, the internal or external training that the Executive Management will require in managing a public joint-stock company listed on Tadawul, coupled with the obligations imposed on such companies, including regulatory oversight and reporting obligations, will require substantial attention from the Senior Executives, which may divert their attention away from the day-to-day management of the Group. If the Group does not comply with the regulations and disclosure requirements imposed on listed companies in a timely manner, it will be exposed to regulatory sanctions and fines. The imposition of fines on the Group will materially and adversely affect the Group's business, results of operations, financial position and prospects.

### 2.1.34 Risks Related to Potential Product Defects or Failures in Refrigeration Systems and Insulated Bodies

The Group's success and ability to achieve specific sales targets are primarily dependent on the quality of its refrigeration systems and insulated bodies. Ensuring product quality requires strict adherence to applicable quality policies and standards, supported by robust control systems and quality control training programs. Any failure to maintain the quality of these products or the effectiveness of quality control systems could impact the competitiveness of the Group's offerings, especially when compared to competing products.

Such a decline in product quality could adversely affect the Group's reputation, leading to a material adverse effect on its business, financial position, results of operations and prospects. Additionally, the occurrence of malfunctions or manufacturing accidents may result in defects, further compromising product quality and reputation.

### 2.1.35 Risks Related to Reliance on Carrier Cooling Units and Systems

The Group's business success is heavily reliant on its role as the exclusive distributor of cooling units and systems produced by Carrier Transicold Europe ("**Carrier**"). The Group uses Carrier-manufactured cooling units in the refrigerated truck bodies it produces, as well as for maintenance and repairs required during after-sales service. Notably, the Group has been the exclusive distributor for Carrier in the Kingdom for over forty (40) years without a formal exclusive agreement. The absence of an exclusive agreement exposes the Group to multiple risks, as Carrier could decide at any time to change the terms of cooperation or appoint other distributors in the market. This could negatively affect the Group's ability to maintain its market share and meet client needs. The Group's transactions with Carrier based on purchase orders amounted to SAR 105.8 million, SAR 76.8 million, SAR 116.5 million and SAR 91.5 million, representing 57%, 47%, 53% and 38% of the Group's total cost of materials for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively. Payables to Carrier amounted to SAR 20.7 million, SAR 27.5 million, SAR 33.8 million and SAR 19.9 million, representing 49.5%, 59.6%, 58.0% and 31.2% of the Group's total payables for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively. This reliance results in exposure to several risks that could materially affect the Group's business, financial position, results of operations and prospects.

Any disruptions in the supply chains, changes in Carrier's product offerings, or shifts in market demand for Carrier cooling units could adversely impact the Group's ability to meet client needs and achieve sales targets. Additionally, any issues related to the performance or quality of Carrier products could reflect negatively on the Group, affecting its reputation and client trust.

The Group's dependence on Carrier also limits its flexibility to diversify its product range. Any adverse developments affecting Carrier's operations or market position could have an adverse effect on the Group's business. Furthermore, changes in the terms of the distribution agreement with Carrier could affect the Group's profitability and strategic objectives.

### 2.1.36 Risks Related to Contracts Concluded with Key Suppliers and the Termination Thereof

The nature of the Group's dealings with its key suppliers varies, as the Group engages with them under purchase orders, short-term contracts, or long-term contracts. The Group relies on local and international sources for key components and materials, such as condensers, foams, steel sheets, aluminum profiles and industrial glue, which are used in the production of refrigerated trucks and other customized solutions, and in the construction of refrigeration solutions.

Excluding the purchases from Carrier referred to in Section 2.1.35 "**Risks Related to Reliance on Carrier Cooling Units and Systems**", the Group's transactions with its top ten (10) key suppliers based on purchase orders amounted to SAR 51.8 million, SAR 45.9 million, SAR 56.2 million and SAR 77.0 million, representing 28%, 28%, 26% and 32% of the Group's total cost of materials in the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively. For short-term contracts, the transactions amounted to SAR 80 million, SAR 86.6 million, SAR 103.9 million and SAR 146.9 million, representing 43%, 53%, 47% and 62% of the total cost of materials in the same periods (for further details on key suppliers, please refer to Section 4.3.5 "**Key Suppliers**" of this Prospectus).

The Group's short-term supply agreements lack provisions that provide key protections, including product quality and inspections, liability provisions for product defects, and indemnification by the supplier. The absence of such provisions may not only be suboptimal in protecting the Group's interests but also a source of uncertainty and disputes between the parties in the future.



Moreover, the absence of a contract or agreement with some key suppliers with whom the Group transacts on a purchase order basis may make it difficult to ensure the continuity of supply. This could affect the Group's ability to meet client requirements and continue selling the products and brands they are accustomed to, potentially adversely affecting the Group's business, client relationships, results of operations, financial position and prospects.

The provisions of several supply agreements entered into by the Subsidiaries grant the counterparty the right to terminate the agreement under unusual termination conditions or without cause, which could adversely affect the Group's business, results of operations, financial position and prospects (for further details on the risks related to material agreements, please refer to Section 2.1.1 **"Risks Related to the Group's Material Agreements"** of this Prospectus).

### **2.1.37 Risks Related to Industrial Failures, Accidents and the Disposal of Chemicals**

The operation of some of the key machinery upon which the Group's manufacturing plants depend may stop due to unexpected technical failures, periodic maintenance, or force majeure events such as fires and natural disasters. The Group may, in the future, encounter risks of manufacturing plant failure or a decline in production capacity for specific periods due to machinery failure or other factors beyond its control. This may lead to the Group's inability to manage the consequent damages or meet its contractual obligations with clients, affecting its ability to manufacture and supply the required quantities, which would adversely impact the Group's business, results of operations, financial position and prospects.

The Group's operations involve the use, storage, transportation, and disposal of various substances, subjecting it to the risk of industrial accidents. Such risks may lead to environmental damage and negatively affect the health and safety of workers and facilities. These incidents could result in production interruptions, loss of essential workers, or damage to the Group's property, potentially endangering workers or individuals near the affected sites. In the event of such industrial accidents, the Group may face civil and criminal penalties, along with lawsuits from affected parties, negatively impacting the Group's business, financial position, results of operations and prospects.

### **2.1.38 Risks Related to Technological Developments in the Refrigeration Solutions Industry**

The Group operates in an industry characterized by rapid technological advancements in refrigeration solutions. Keeping pace with these developments is crucial to maintaining competitiveness and market relevance. Failure to do so could have a material adverse effect on the Group's business, financial position, results of operations and prospects.

Emerging technologies may render existing products obsolete or less competitive, requiring the Group to invest in research and development to innovate and upgrade its offerings. Additionally, competitors adopting advanced technologies may gain a competitive edge, impacting the Group's market share and profitability. Therefore, the Group must continuously monitor industry trends and invest in technological advancements to meet evolving client demands and regulatory requirements. Any inability to adapt to these changes could result in a loss of competitive position and adversely affect the Group's financial performance.

### **2.1.39 Risks Related to Supply Chain Disruption, including Failure or Delays in Obtaining Necessary Machinery, Equipment and Materials**

The Group's operations are heavily reliant on well-functioning supply chains to obtain necessary machinery, equipment, and materials. Disruptions in the supply chains could have a material adverse effect on the Group's business, financial position, results of operations and prospects. For example, in the financial year 2023G, the Group faced significant supply chain challenges stemming from delays in the global chassis supply from a key automotive supplier due to semi-conductor shortages. These delays disrupted shipping schedules and caused major setbacks, including the loss of several client orders. As a result, the Group experienced a decline in revenue for the financial year 2023G compared to the previous year on a like-for-like basis.

Any failure or delay in securing essential components may lead to production stoppages, increased costs, and an inability to meet client demands. Factors such as supplier insolvency, logistical challenges, or geopolitical events could exacerbate these risks.

The Group must effectively manage its supply chains by maintaining strong relationships with suppliers and developing contingency plans to mitigate potential disruptions. Failure to do so could result in operational inefficiencies and negatively impact the Group's market position and financial performance.

### 2.1.40 Risks Related to the Concentration of the Group's Revenues in Specific Geographic Location(s)/Key Market(s)

As of 31 December 2024G, the Group operates four (4) main business segments focused on Transport Refrigeration, Stationary Refrigeration, Customized Solutions, and After-Sales Services, serving clients in the region. Revenue generated from the Group's business in the Kingdom amounted to SAR 251.8 million, SAR 254.0 million and SAR 345.1 million for the financial years ended 31 March 2022G, 2023G and 2024G, representing 95.1%, 98.9% and 98.8% of total revenue in the same periods. Revenue generated from the Group's business in the Kingdom amounted to SAR 239.4 million and SAR 358.5 million for the nine-month periods ended 31 December 2023G and 2024G, representing 97.9% and 98.5% of total revenue in the same periods. Revenue from business outside the Kingdom amounted to SAR 12.9 million, SAR 2.9 million and SAR 4.1 million for the financial years ended 31 March 2022G, 2023G and 2024G, respectively, representing 4.9%, 1.1% and 1.2% of total revenue in the same periods. Revenue from business outside the Kingdom amounted to SAR 5.0 million and SAR 5.5 million for the nine-month periods ended 31 December 2023G and 2024G, representing 2.1% and 1.5% of total revenue in the same periods. The Group and its operations are managed from its head office in Riyadh, supported by the Bahrain branch. Therefore, the Group is particularly vulnerable to risks in the Kingdom and Bahrain compared to competitors with larger and more diversified global operations, particularly in the refrigeration segment. The Group is inherently more exposed to economic, commercial, or geopolitical events, developments, or conditions in these regions, which may include, but are not limited to, natural disasters, epidemics, pandemics, extreme weather conditions, labor market disruptions, government actions, and regulatory changes. Accordingly, the occurrence of any such event that negatively affects or disrupts the Group's operations could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 2.1.41 Risks Related to Future Acquisition and Investments

As part of its growth strategy, the Group may assess new growth opportunities through acquisitions or investments in other businesses, assets or technologies that are complementary to and fit within the Group's strategic goals. Acquisitions or investments may entail various risks, including:

- Facing intense competition for acquisition targets, which may raise prices and affect the Group's ability to complete acquisitions on favorable terms.
- Failure to obtain approvals from the regulatory authorities on acquisitions or mergers, in time or at all.
- Inability to complete the acquisition processes, in time or at all.
- Failure to accurately assess the value, benefits, obligations, challenges, and risks of the acquisitions or investments, in addition to issues relating to impairment of goodwill.
- Incurring unanticipated costs or assuming unexpected liabilities and losses.
- Inability to effectively integrate the acquired businesses, assets, intellectual property, technology, operations, contracts, and/or employees with its current business, in time or at all.
- Failure to retain key employees.
- Being subject to disputes or legal claims in connection with the acquisition or investment, and legal contingencies (such as contractual, financial, regulatory, environmental or other obligations and liabilities).
- Failure to maintain the procedures, controls and quality standards in connection with any business or asset it acquires.
- Failure to achieve the expected synergies or recover the purchase costs of the acquired businesses or assets.
- Leakage or dissemination of business information that is shared within the process preceding the acquisition or investment.
- Negative market reaction to the acquisition or investment.

Such difficulties could impact the Group's ongoing business, distract its management and employees and increase its expenses, which will, in turn, have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 2.1.42 Risks Related to Backlog

As of December 2024G, the Group has a backlog of SAR 222 million, distributed across refrigerated transport solutions (SAR 103.4 million), refrigeration (SAR 90.9 million), and customized solutions (SAR 27.7 million). In aggregate, this backlog comprises major contracts signed with Client 1 (SAR 40.6 million), Client 18 (SAR 21.4 million), and Client 9 (SAR 18.6 million).

The materiality of the backlog cannot be determined due to the terms and conditions of the contracts with the Group's clients, as the contracts with the Group's clients do not include pre-determined amounts, but are based on purchase orders between the Group and its clients.

In light of these factors, the value of existing contracts should not be relied upon solely as an indicator of future revenue and profits, as certain factors can affect the actual revenue realized (such as contract revisions, early termination, or client failure to meet contract terms), and the Group's future revenue growth and profitability depend on its ability to adapt to changes in contract terms and client demands and effectively manage business requirements. Should the Group's revenue from these contracts fall below expectations, it could adversely affect its business, financial position, results of operations and prospects.

### 2.1.43 Risks Related to Projections and Underlying Forward-Looking Statements

The Group's business strategy and financial planning rely on projections and forward-looking statements that are based on assumptions and expectations about future events. These projections involve inherent risks and uncertainties that could materially affect the Group's business, financial position, results of operations and prospects. Factors such as changes in market conditions, economic fluctuations, regulatory developments, and competitive dynamics may cause actual results to differ significantly from those anticipated in forward-looking statements. Additionally, reliance on inaccurate assumptions or incomplete data could lead to misguided strategic decisions and poor financial planning, which in turn could materially affect the Group's business, financial position, results of operations and prospects.

### 2.1.44 Risks Related to Potential Power Outages or Disruptions in the Supply of Utilities

The Group's ability to sustain its business successfully is contingent upon its ability to maintain continuous operations. However, there are various risks that the Group may face, such as power outages and disruptions in the supply of utilities essential for refrigeration systems and insulated bodies. These disruptions could lead to operational disturbances, hinder the Group's ability to fulfill its obligations, and result in additional liabilities. If any of these risks were to occur, they would have an adverse effect on the Group's business, financial position, results of operations and prospects.

### 2.1.45 Risks Related to Higher Production Costs

Production costs can rise in a negative way, affecting the Group's profitability. Currently, major production costs include the cost of raw materials for refrigeration systems and insulated bodies, energy costs for maintaining temperature control, labor costs, repair costs, spare parts and maintenance. The cost of raw materials amounted to SAR 186 million, SAR 163 million, SAR 220 million and SAR 238 million, representing 85%, 81%, 83% and 86% of total cost of revenue and 70.2%, 63.4%, 63% and 65.3% of total revenue for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively. Changes to any of these production costs may occur due to unexpected events beyond the Group's control, such as increased electricity costs or volatility in the prices of consumables and spare parts, influenced by supply and demand. Additionally, energy costs may rise, and labor costs may be affected by changes in minimum wage or additional government fees for employing foreign workers. Any substantial increases in production costs would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

### 2.1.46 Risks Related to Expansion Outside the Kingdom of Saudi Arabia and Bahrain

The Group is currently operating in the Kingdom and Bahrain. If the Group wishes to maintain and expand its services and operations to international markets outside the Kingdom and Bahrain, the Group may face some challenges which it may not be able to overcome or it may not succeed in any future business abroad as required and at an appropriate cost. The challenges that the Group may face when maintaining and expanding its services and operations to international markets outside the Kingdom and Bahrain include, but are not limited to:

- Failure to understand foreign markets and trends in the technology and relevant business sectors in such markets, including the availability of the required broadband and internet infrastructure.
- Failure to understand client preferences and behaviors in international markets.
- Failure to employ the necessary talent.
- An increase in the Group's operating expenses due to the change in the foreign exchange rate which may result in the inability to execute expansion plans in accordance with the anticipated timeline and estimated costs.
- Change in tax policies or their application.
- Restrictions on transferring profits from the Group's business outside the Kingdom to its accounts in the Kingdom.
- Regulatory requirements in markets outside the Kingdom, including licensing and industry requirements.
- Different laws and regulations that may be difficult for the Group to understand and use in the event of litigation.
- Security and stability in countries where the Group may expand, and their exposure to political or civil unrest, terrorism or the outbreak of conditions or circumstances such as epidemics or the like.
- The stability of the Kingdom's international relations with countries to which the Group desires to expand.

If the Group is unable to adequately manage the market and operational risks associated with the Group's operations outside the Kingdom and Bahrain, this will lead to a failure in realizing its money and time invested therein and a reduction in the future growth of the Group's business, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 2.1.47 Risks Related to the Impact of the Transfer of the Subsidiaries on Financial Reporting

During the period covered by this Prospectus, the transfer of three Subsidiaries to the Company has introduced certain risks related to financial reporting and analysis, as follows:

**Riyadh Subsidiary (CGS Riyadh):** The transfer occurred at the beginning of the period in March 2021G, and therefore its results have been fully consolidated with the analyzed Group results.

**Jeddah Subsidiary (CGS Jeddah):** The transfer occurred on 20/12/2021G, and consequently, only the revenue and net income for the fourth quarter of the financial year 2022G were consolidated into the Group's results for the financial year 2022G. This partial inclusion does not accurately reflect the performance trend of the consolidated Subsidiaries for that period, significantly impacting the financial reporting and limiting proper comparative analysis on a consolidated basis. The timing of the transfer has had a significant impact on the financial reporting and analysis of the Group's performance, limiting a sound comparative analysis on a consolidated basis. Therefore, for an accurate analysis of revenue and profitability, the figures for CGS Jeddah should be considered in full for all periods.

**Bahrain Subsidiary (CGS Bahrain):** This acquisition occurred on 22/09/1445H (corresponding to 01/04/2024G). The Bahrain Subsidiary recorded non-material losses compared to the Group's revenue during the period. The net loss amounted to SAR 0.02 million, SAR 0.2 million, SAR 0.5 million and SAR 0.3 million for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively, indicating ongoing operational challenges.

The impact of these changes on the Group's financial reporting and analysis may affect the accuracy of comparative financial assessments. The following table shows the revenue by Subsidiary and the impact of the transfer of Subsidiaries on revenue:

**Table (2.8): Revenue by Subsidiary and Impact of Subsidiary Transfers on Revenue**

| SAR'000                        | As of the Financial Year Ended 31 March |         |         | As of the Nine-Month Period Ended 31 December |
|--------------------------------|-----------------------------------------|---------|---------|-----------------------------------------------|
|                                | 2022G<br>(Adjusted)                     | 2023G   | 2024G   | 2024G                                         |
| <b>Recorded revenue</b>        |                                         |         |         |                                               |
| CGS Riyadh                     | 243,905                                 | 151,945 | 245,488 | 278,729                                       |
| CGS Jeddah                     | 20,877                                  | 104,900 | 103,660 | 80,195                                        |
| CGS Bahrain                    | -                                       | -       | -       | 5,092                                         |
| Total recorded revenue         | 264,782                                 | 256,845 | 349,147 | 364,016                                       |
| <b>Pre-acquisition revenue</b> |                                         |         |         |                                               |
| CGS Riyadh                     | -                                       | -       | -       | -                                             |
| CGS Jeddah                     | 17,593                                  | -       | -       | -                                             |
| CGS Bahrain                    | 2,295                                   | 1,518   | 1,780   | -                                             |
| Total pre-acquisition revenue  | 19,888                                  | 1,518   | 1,780   | -                                             |
| <b>Perceived revenue</b>       |                                         |         |         |                                               |
| CGS Riyadh                     | 243,905                                 | 151,945 | 245,488 | 278,729                                       |
| CGS Jeddah                     | 38,470                                  | 104,900 | 103,660 | 80,195                                        |
| CGS Bahrain                    | 2,295                                   | 1,518   | 1,780   | 5,092                                         |
| Total perceived revenue        | 284,669                                 | 258,363 | 350,927 | 364,016                                       |

Source: The Company

### 2.1.48 Risks Related to the Ability of the Group's Infrastructure and Internal Systems to Adequately Support its Planned Growth and Strategy

The Group's future success is contingent upon its ability to effectively scale its infrastructure and internal systems to support planned growth and strategic objectives. Inadequate infrastructure or internal systems could materially affect the Group's business, financial position, results of operations and prospects. As the Group expands, it may face challenges in upgrading or expanding its existing systems to handle increased operational demands. This includes ensuring that IT systems, production facilities, and logistical operations are capable of supporting growth without compromising efficiency or quality.

Failure to adequately develop and integrate these systems could lead to operational inefficiencies, increased costs, and an inability to meet client demands. Additionally, any delays or disruptions in system upgrades could hinder the Group's strategic initiatives and competitive position.

## 2.2 Risks Related to the Market, Industry and Regulatory Environment

### 2.2.1 Risks Related to the Regulatory Environment and the Changes Thereto

The Group's business is subject to the laws and regulations applicable in the Kingdom and Bahrain. In the Kingdom, the Group is subject to the Competition Law, the VAT Law, the Companies Law, the Customs Law, the Labor Law, municipal regulations, and other laws and regulations imposed by regulatory authorities. The Group's business depends on its ability to comply with the requirements of such laws in managing its operations. Failure of the Group to comply with the regulatory requirements and provisions of the laws applicable to the Group, or to which it is subject, may cause the Group to modify its business practices to comply with these regulations and, accordingly, incur additional costs and fees or even cause the Group to incur fines or penalties. The occurrence of any of the above would result in incurring unexpected or additional expenses, which may be high, and would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

Furthermore, the manufacturing and cooling solutions industry may be subject to regulations and controls issued by various regulatory authorities in each of the countries and jurisdictions in which the Group operates, including regulations governing safety and security standards, licensing of facilities and services, adequacy and quality of equipment and maintenance, devices and services, qualifications of engineers and staff, confidentiality and data protection, maintenance and security, the handling and storing of certain chemicals and the disposal of waste, and regulatory compliance standards. Therefore, such regulations and controls have a significant influence on the way the Group carries out its activities. Moreover, legal requirements are frequently subject to change and may need to be interpreted. New laws and regulations or the Group's lack of understanding of existing laws and regulations may materially affect the Group's business and operations or increase its administrative, legal and operational expenditure, forcing it to alter its commercial practices, legal organization, ownership structure and corporate governance or, more generally, reduce or limit its revenue in the future. The Group may be subject to fines, penalties and/or suspension of its operations if it does not comply with those laws and regulations or if it does not comply with permitting, licensing or accreditation requirements, which may change from time to time. As a result, the Group may be unable to pursue activities or market its services in the relevant jurisdictions, it may face increased costs or harm to its reputation, it could be delayed in or unable to meet client demand, operate new routes, or implement its growth plan, and more generally it may lead to the Group losing its competitive position and/or to a decreased demand for the Group's services. Accordingly, this would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 2.2.2 Risks Related to Licenses, Certificates, Permits and Governmental Approvals

The Group must obtain licenses, permits and regulatory approvals required for its operations and ensure their validity for the duration of its provision of services and engagement in the licensed activities. In particular, the Group is required to obtain certain licenses and certifications to conduct and carry out its activities in the Kingdom, including from the MoC and the Ministry of Municipalities and Housing. However, CGS Jeddah has not obtained five (5) licenses from the Ministry of Industry and Mineral Resources, and CGS Riyadh has not obtained three (3) licenses from the General Authority for Military Industries required to practice certain activities included in the commercial registrations of the aforementioned companies. Such activities are not part of their current business and there is no current plan to obtain these licenses as they are not needed. Additionally, the Group practices some activities that require obtaining certain licenses from the Ministry of Industry and Mineral Resources and the General Authority for Military Industries to be practiced. As of the date of this Prospectus, CGS Riyadh has not obtained thirteen (13) licenses from the Ministry of Industry and Mineral Resources and the General Authority for Military Industries. In addition, certain environmental licenses are required from the National Center for Environmental Compliance to conduct activities related to ozone-depleting substances and hydrofluorocarbons and activities involving air pollutants and environmentally harmful substances, and a license is required from the National Center for Waste Management for the collection, allocation, transportation and disposal of hazardous waste. The Group is still in the process of obtaining these licenses as of the date of this Prospectus (for further details on the Group's licenses and permits, please refer to Section 12.2.4 "Licenses" of this Prospectus).

The Group is generally required to renew its licenses, permits and approvals and amend their scope in some cases, periodically. The Group's licenses are generally susceptible to suspension or revocation if the Group is unable to maintain and comply with the relevant terms and conditions. For example, a business activity license issued to CGS Riyadh by the Ministry of Municipalities and Housing has expired, in addition to the commercial registration certificate for CGS Riyadh. The Group is generally required to renew licenses, permits and approvals periodically and amend their scope when necessary. The competent authorities may not renew such licenses or permits, modify their scope, or grant necessary approvals for any changes. The competent authorities may also impose additional requirements and conditions which may be unfavorable to the Group and may lead to the Group's inability to renew them. Therefore, the Group may not be able to obtain additional licenses, permits and approvals that may be requested in the future, which will have a material adverse effect on the Group's business, results of operations, financial position and prospects.

In the event that the Group is unable to renew or obtain licenses, permits, approvals and certifications on favorable terms, or if the Group is unable to modify the scope of such licenses or transfer their ownership to its name, the Group may be subject to suspensions, interruptions, or discontinuations of some or all of its operations and incur additional costs and penalties, which will have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### **2.2.3 Risks Related to the General Economic Conditions and the Economies of the Countries in Which the Group Operates or May Operate**

The Group's operations are primarily located in the Kingdom, and therefore, its performance, results of operations and growth prospects will be affected by the general economic conditions in the Kingdom as well as economic conditions regionally and globally which in turn affect the Kingdom's economy. Furthermore, negative developments in international relations, or the economic and political conditions arising in other countries, whether hosting the Group's operations or otherwise, may negatively affect the Kingdom's economy, foreign direct investment therein, or financial markets in the Kingdom in general. As a result, this would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

The Kingdom's economy is highly dependent on revenues from oil, which play a significant role in the Kingdom's economic plan and gross domestic product. Any decrease in oil prices will result in an economic slowdown and a slowdown in the government's spending plans, which would affect all segments of the Kingdom's economy and would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

It is worth noting that the economy of the Kingdom, as well as the economies of other countries in which the Group operates, is currently experiencing and/or recovering from disruption as a result of the aftermath of the outbreak of COVID-19. Economic conditions in the Kingdom and countries in which the Group operates may worsen in the future as a result of the spread of infectious disease or otherwise, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### **2.2.4 Risks Related to Competition**

The Group operates in a competitive environment in the Kingdom and faces strong competition with companies in the cold chain technology sector, including those providing refrigerated transport, refrigeration systems, and cold storage solutions. The competitive factors include price, reputation, excellence of services, technical excellence, client satisfaction, and product offerings. In recent years, the competitive landscape in the Kingdom and the wider region has seen advancements in the industrial sectors, including cold chain technology. As a result, the level of competition over clients by refrigeration solutions service providers is expected to continue to grow in line with the changing competitive landscape. The Group may not be able to offer services similar to, or more desirable than, those of its competitors or at prices comparable to those of its competitors. This competition could lead the Group to take steps to ensure retaining its clients, such as decreasing the prices it charges for its products and services, thereby reducing profitability. As result, this would have a material adverse effect on the Group's business, results of operations, financial position and prospects.



Moreover, the competitive landscape could also see new entrants who follow the Group's business model, use data and information on its platforms relating to its product and service offerings, along with other information available in the market, to design and operate similar platforms with additional features to provide an additional competitive edge. Such increased competition would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

In addition, the Group could face additional competition in the future from global companies with developed capabilities or expertise which provide, or intend to provide, services competing with those provided by the Group in the Kingdom. It is possible that potential mergers of the Group's competitors will take place, thereby allowing such competitors to forge alliances in pursuit of a larger share and control of the market on which the Group depends. Moreover, such alliances within the industry or similar potential moves by the Group's competitors could improve their competitive position in the market and thereby weaken the Group's position. Such risks, if materialized, would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 2.2.5 Risks Related to the Outbreak of Infectious Diseases

An outbreak of a contagious disease in the Kingdom or elsewhere, or any other serious public health concern may have a material adverse effect on economies, financial markets and commercial activities around the world, including the Group's business. For example, the COVID-19 global pandemic caused by the SARS-CoV-2 novel strain of coronavirus, as declared by the World Health Organization, led to certain preventative or protective actions by governments, businesses, and individuals that resulted in global business disruptions. The COVID-19 pandemic has adversely affected global economies, financial markets, global demand for oil and oil prices, and the overall environment in which the Group operates due to strict precautionary measures and limits on travel and public transport, requirements for people to remain at home and practice social distancing, and prolonged closures of workplaces and economic activities, which have severely disrupted the Kingdom's economy and the economies of countries in which the Group operates.

Furthermore, any reintroduction of preventative measures or introduction of additional measures due to infectious diseases, whether COVID-19 or otherwise, may result in a prolonged or further decline in oil prices, or a prolonged adverse effect on the Kingdom's economy or the economies of countries in which the Group operates, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 2.2.6 Risks Related to Compliance with Saudization Requirements

Compliance with Saudization requirements is required by law in the Kingdom, whereby all companies operating in the Kingdom, including the Company and its Saudi Subsidiaries, are obligated to employ and maintain a certain percentage of Saudi employees. Such percentage varies based on the activity of each entity as set out under the Nitaqat program. As of the date of this Prospectus, the Group – specifically its Material Subsidiaries, CGS Jeddah and CGS Riyadh – is in compliance with Saudization requirements, with Saudization percentages of 30% and 27%, respectively. They fall within the Medium Green and Low Green categories, respectively, according to the Nitaqat program (for further details on the Group's Saudization percentage, please refer to Section 4.10 "Employees" of this Prospectus). However, the Group may not be able to continue to comply with the Saudization and Nitaqat program requirements. In such case, the Group will face penalties from governmental authorities, such as suspension of work visa requests, suspension of requests for transfer of sponsorship for non-Saudi employees, and exclusion from governmental tenders and governmental loans. The Group may not be able to recruit Saudi employees under favorable conditions or at all, or maintain its current Saudi employees, which in turn would affect its ability to meet the required Saudization percentage. There may be a significant increase in costs of salaries if the Group hires a larger number of Saudi employees. The occurrence of any of the above would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 2.2.7 Risks Related to Adverse Changes in Exchange Rates

The Group is exposed to foreign exchange risks since it engages in operational transactions that are not denominated in Saudi Riyals, including in connection with its operations outside the Kingdom and specifically in its Subsidiary in Bahrain (CGS Bahrain). The Group's total expenditure (including cost of goods sold, general and administrative expenses, and selling and distribution expenses) not denominated in Saudi Riyals amounted to SAR 6.6 million, SAR 5.1 million, SAR 6.1 million and SAR 5.4 million for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively, representing 3.4%, 2.2%, 2.0% and 1.7% of the Group's total expenditure for the same periods, respectively. The Group's total revenue not denominated in Saudi Riyals amounted to SAR 6.6 million, SAR 5.0 million, SAR 5.6 million and SAR 5.1 million for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively, representing 2.9%, 1.9%, 1.6% and 1.4% of the Group's total revenue.

Furthermore, the Saudi Riyal is pegged at a fixed rate to the US dollar as part of the Kingdom's monetary policy, as of the date of this Prospectus. The Kingdom may, in the future, remove or adjust the peg, causing the value of the Group's assets and liabilities denominated in US dollars to fluctuate. Any measures adopted by the Group to hedge against foreign exchange fluctuations may not be sufficient to manage all its risks, and fluctuations in foreign exchange rates and interest rates would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 2.2.8 Risks Related to Fluctuation in Interest Rates

The Group may, in the future, resolve to enter into financing agreements at variable rates of interest to fund its operational costs, invest in new technology, finance its expansion and growth, and manage cash flows. Accordingly, unhedged increases in the reference interest rates underlying its current facilities would increase its finance charges and reduce its cash flows. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, international and domestic economic and political conditions, and other factors beyond the Group's control. In response to the current inflationary environment, central banks in certain jurisdictions have increased interest rates, such as for example SAMA's decisions to increase interest rates during the financial year 2022G. Central banks, including SAMA, may continue revising interest rates in the coming periods in light of the economic environment, further impacting the cost of financing. The Group may elect to hedge interest rate exposure from time to time, but such hedging may be costly and may not fully insulate it against increases in interest rates. Therefore, an increase in interest rates and related financing costs may lead to reductions in the Group's profitability and cash flow, which will have a material adverse effect on the Company's business, results of operations, financial position and prospects.

### 2.2.9 Risks Related to Labor Costs

The Kingdom has implemented a number of reforms aimed at increasing Saudi employee participation in the labor market, including imposing fees on non-Saudi employees employed at Saudi institutions as well as fees on residency permits of family members of non-Saudi employees. The non-Saudi employees' fee became effective on 14/04/1439H (corresponding to 01/01/2018G), while the residency permit fees became effective on 07/10/1438H (corresponding to 01/07/2017G); such fees increased gradually up to SAR 9,600 annually per employee in 2020G. The Company has been granted the industrial enterprises exemption for a period of five years ending 30/06/1446H (corresponding to 31 December 2025G). The lifting of the Company's exemption would increase the Group's financial expenses. In addition, an increase in fees payable by non-Saudi employees for their family members resulted in higher living costs, which may affect the attractiveness of the Kingdom for such employees who may look to relocate to other countries with lower living costs. Consequently, high government fees and difficulty in maintaining non-Saudi employees would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

The MHRSD has officially announced the launch of the **"Improving Contractual Relationships"** initiative, which encompasses a number of policies and controls, including the replacement of the Kafala (sponsorship) system with an employment contract system between the employer and expat worker, which became effective on 01/08/1442H (corresponding to 14/03/2021G). Under this initiative, the Kingdom strives to improve and promote the efficiency of the work environment, enhance the flexibility, effectiveness and competitiveness of the labor market, and raise its attractiveness in line with international best practices, as well as apply a contractual agreement to the relationship between employers and employees based on a documented employment contract between them through the contract documentation program. The job mobility service also allows an expat worker to switch to another job upon the expiration of his/her employment contract without the employer's consent. Furthermore, the initiative also defines the mechanisms of mobility during the term of the contract, provided that the notice period and applicable controls are adhered to. The exit and return service allows expat workers to travel outside the Kingdom upon submitting an application, while notifying their employers electronically. The final exit service enables expat workers to leave immediately upon the expiration of the contract, while notifying their employers electronically, without the employer's consent. There is also the option to leave the Kingdom, in which the worker bears all consequences of the termination of the contract. All these services are already available through the **"Absher"** and MHRSD's **"Qiwa"** platforms. As a result, the Group may be adversely affected if a large number of non-Saudi employees decide to switch to other companies, in which case the Group would not be able to prevent them beyond the extent permitted under their employment contracts. Hence, the Group may face difficulties in contracting with new employees to replace them. Should the Group lose a large number of its employees due to its employees switching to other companies and be unable to hire new employees to replace them, this would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 2.2.10 Risks Related to the Application of VAT and Electronic Billing

The Kingdom imposed a VAT of 5% starting from 14/04/1439H (corresponding to 01/01/2018G). In response to the economic impact of the COVID-19 pandemic, the Kingdom announced an additional increase in VAT to 15% as of 10/11/1441H (corresponding to 07/01/2020G). Typically, VAT is borne by the end consumer and, therefore, the Group witnessed an increase in the selling price of some of its products. Such increase or any future increase in Zakat and tax requirements applicable to the Group may affect client spending, which could lead to a decrease in demand for the products offered under the Group's business segments, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

The VAT Law applies to businesses operating and residing in the Kingdom and with a value of taxable supplies amounting to SAR 375,000 made in a twelve (12) month period or who anticipate that the annual value of products and/or supplies will exceed SAR 375,000. Such business must register with ZATCA, which considers all insurance premiums for insurance policies provided in the Kingdom to be subject to 15% VAT. Institutions subject to the VAT Law are also required to issue VAT invoices when supplying taxable products, including zero rated taxed items to any person subject to VAT, any legal person subject to VAT, or a simplified VAT invoice to the final consumer. Each entity subject to VAT shall, on a monthly or quarterly basis, file VAT declarations to ZATCA and pay its dues within the last day of the month following the end of the taxed term at maximum. In addition, all entities subject to VAT must keep documents related to taxed items generally for six (6) years and fifteen (15) years for capital assets. Such documents include: (i) received and issued VAT invoices; (ii) accounting documents and books; (iii) agreements in relation to large sale and purchase transactions; (iv) financial statements; (v) import, export and shipping documents; and (vi) any other documents in relation to calculating VAT.

In addition, given the relatively recent application of the VAT Law and the announced increase in the VAT rate, it is possible that mistakes in its application could be made by the Group in connection with the abovementioned provisions or any other VAT-related provisions mentioned in the relevant laws. This may lead to penalties imposed by ZATCA in accordance with the VAT Law, which would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 2.2.11 Risks Related to Changes in the Calculation Mechanism for Zakat and Income Tax

ZATCA issued Circular No. 6768/16/1438, dated 05/04/1438H (corresponding to 04/12/2016G), which requires Saudi companies listed on Tadawul to calculate income and Zakat on the basis of the nationality of the Shareholders and the actual ownership between Saudi and GCC citizens and others as stated in the Tadawulaty system at the end of the year. Prior to this circular, companies listed on Tadawul were generally subject to the payment of Zakat or tax on the basis of the ownership of their founders in accordance with their bylaws. The fact that shares were listed was not a consideration in determining the Zakat base. This circular was scheduled to be applied in the year ended 2016G and subsequent years. However, ZATCA issued Letter No. 12097/16/1438, dated 19/04/1438H (corresponding to 17/01/2017G), postponing the implementation of the circular for the financial year ended 2017G and subsequent years.

Under the Income Tax Law issued by Royal Decree No. M/1, dated 15/01/1425H (corresponding to 07/03/2004G), as amended, income tax shall apply to (i) a resident capital company with respect to shares owned either directly or indirectly by non-Saudi or non-GCC persons and persons operating in oil and hydrocarbon production, except for the following (in which case the underlying resident company would be subject to Zakat: (a) shares owned in a resident capital company listed on the Saudi Exchange acquired for the purpose of speculation through trading in the Exchange; and (b) shares owned either directly or indirectly by persons working in the field of oil and hydrocarbon production in a resident capital company listed on the Saudi Exchange, and the shares owned either directly or indirectly by these companies in capital companies); (ii) a resident non-Saudi natural person who carries out activities in the Kingdom; (iii) a non-resident person who carries out activities in the Kingdom through a permanent enterprise; (iv) a non-resident person who has other income subject to tax from sources within the Kingdom without having a permanent enterprise; (v) a person engaged in natural gas investment fields; and (vi) a person engaged in oil and other hydrocarbon production.

Changes by ZATCA to calculation mechanisms for both zakat and income tax cannot be anticipated by the Group. If any future changes apply to the Group, causing the Group to incur additional costs, this would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

## 2.2.12 Risks Related to Weather Conditions, Floods, Earthquakes and Other Natural Disasters or Disruptive Acts

The occurrence of natural disasters or disruptive acts that are beyond the Group's control may adversely affect the Group's facilities, employees or assets. Any damages to the Group's facilities, assets or equipment, including its data storage centers, as a result of floods, earthquakes, storms or other natural disasters, or as a result of disruptive acts such as terrorist attacks, would result in loss of data, failure of systems and/or physical damage to vital hardware and the Group's structures, resulting in suspension of the Group's operations, an increase in costs and a decrease in revenues. The occurrence of any such circumstances would have a material adverse effect on the Group's business, results of operations, financial position and prospects.

## 2.2.13 Risks Related to Compliance with Environmental Laws, Safety Standards and Management of Waste Disposal

The Group's operations are subject to stringent environmental laws, safety standards, and waste disposal regulations. Compliance with these requirements is crucial to maintaining the Group's business operations and reputation. Any failure to adhere to these regulations could materially affect the Group's business, financial position, results of operations and prospects.

Non-compliance with environmental laws and safety standards may result in significant penalties, legal liabilities, and reputational damage. Additionally, improper management of waste disposal could lead to environmental contamination and health risks, further exposing the Group to regulatory actions and financial losses.

## 2.2.14 Risks Related to Rising Operational Costs for Refrigeration Systems

Diesel, electricity, and gasoline are the largest energy sources used by the Group, which is sensitive to increases in diesel prices as it operates all production equipment at the plant. On 24/03/1439H (corresponding to 12/12/2017G), the Ministry of Energy issued a statement under the Fiscal Balance Program Plan to reform energy product prices, leading to an increase in prices of gasoline 91, gasoline 95, diesel for industry and facilities, diesel for transportation, and kerosene on 14/04/1439H (corresponding to 01/01/2018G). Energy product prices are adjusted monthly according to the procedures for adjusting energy and water product prices. Saudi Arabian Oil Group (Saudi Aramco) announced it would adjust diesel and asphalt producer prices from 27/05/1443H (corresponding to 31/12/2021G) in line with these procedures, which will increase the Group's operational costs. Total operational costs associated with the energy product price adjustment amounted to SAR 2.9 million, SAR 3.6 million, SAR 4.5 million, SAR 3.3 million and SAR 3.8 million, representing 1.3%, 1.6%, 1.5%, 1.6% and 1.2% of total costs for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month periods ended 31 December 2023G and 2024G, respectively. Any further diesel price increases could have a material adverse effect on the Group's operations, financial position, results of operations and prospects.

## 2.2.15 Risks Related to the Competition Law

The Competition Law promulgated by Royal Decree No. M/75, dated 29/06/1440H (corresponding to 06/03/2019G), and its Implementing Regulations issued by the General Authority for Competition pursuant to Resolution No. 337, dated 25/01/1441H (corresponding to 24/09/2019G), prohibit practices (including agreements or contracts made between entities, irrespective of whether they are written or oral, express or implied) with anti-competitive objectives or effects, such as fixing prices of goods, service fees, or terms of purchase and sale. Should the GAC decide to investigate the Group, or conclude that the Group is in breach of the applicable Competition Laws, it may impose a fine of up to 10% of the total annual sales value related to the violation or no more than ten million Saudi Riyals (SAR 10,000,000) if it is impossible to estimate such value. Moreover, the GAC may, at its discretion, impose a fine of up to three times the revenue made as a result of the breach and order the (partial or full) suspension of the Group's activities temporarily or permanently in the event of repeated breach. The issuance of a final and binding order by the competent authorities against the Group in connection with a material violation of the Competition Law may lead to significant operational disruptions. The Group is currently not subject to any financial penalties or fines imposed by the General Authority for Competition.

The occurrence of any of the aforementioned risks could have a material adverse effect on the Group's relationships with its suppliers, revenues, financial position, results of operations and prospects.

## 2.3 Risks Related to the Offer Shares

### 2.3.1 Risks Related to Effective Control Post-Offering by the Current Shareholders

Following the completion of the Offering, the Selling Shareholders will collectively own 70% of the Company's share capital. As a result, the Selling Shareholders will be able to control matters requiring the Shareholders' approval and will be able to significantly influence the Group's business, including matters such as the election of Directors, the Group's material transactions, dividend distributions and capital adjustments. If circumstances were to arise where the interests of the Selling Shareholders conflicted with the interests of minority Shareholders (including the Subscribers), the minority Shareholders may be disadvantaged and the Selling Shareholders may otherwise exercise their control over the Group. This, in turn, would have a material adverse effect on the Subscribers' anticipated returns and/or result in the loss of all or a portion of their investment in the Group.

### 2.3.2 Risks Related to Non-Qualified Foreign Investors Not Being Able to Directly Hold Shares

Under applicable laws and regulations, non-Qualified Foreign Investors wishing to participate in the Offering must enter into SWAP arrangements with Capital Market Institutions, pursuant to which they acquire an economic benefit in the Offer Shares. Non-Qualified Foreign Investors are able to trade these interests through Capital Market Institutions, who will hold the legal title to the shares. Accordingly, non-Qualified Foreign Investors will not hold the legal title to the shares, nor will they be able to vote for the shares in which they hold an economic benefit.

### 2.3.3 Risks Related to Volatility in the Market Price of the Shares

The Offer Price may not be indicative of the price at which the shares will be traded following completion of the Offering, and Subscribers may not be able to resell the Offer Shares at or above the Offer Price, or at all. The resale of Offer Shares by Subscribers will also be subject to trading limits imposed by Tadawul, which could limit the ability to sell or purchase the shares below or beyond such limits and therefore limit the overall tradability of the shares and the amount of return that can be obtained. The trading price of the shares may also be volatile and may fluctuate significantly in response to a variety of factors, many of which are beyond the Group's control, including:

- Adverse fluctuations in the Group's operational performance and improvement of its competitors' performance.
- Actual or anticipated fluctuations in the Group's quarterly or annual results of operations.
- Downgrades or changes in research coverage by securities research analysts with respect to the Group, its competitors, or the industry in which the Group operates.
- The public's reaction to the Group's press releases and other public announcements.
- Failure of the Group or its competitors to meet analysts' projections.
- Additions or departures of key personnel.
- Changes in the Group's business strategy.
- Changes in the regulatory environment.
- Changes in the applicable accounting rules and policies.
- Political or military developments or terrorist attacks in the Middle East or elsewhere.
- Political, economic or other developments in or affecting the Kingdom, or political or military developments or terrorist attacks in the Middle East or elsewhere.
- Release or expiration of the Lock-up Period or other transfer restrictions on the shares.
- Natural and other disasters.
- Changes in the general market and economic conditions.

Any of these factors may result in large and sudden changes in the trading volume and market price of the shares, which, in turn, may have a material adverse effect on the Subscribers' anticipated returns and/or result in the loss of all or portion of their investment in the Group.

### 2.3.4 Risks Related to the Lack of a Prior Active and Liquid Market for the Shares

There has been no prior public market for the Company's shares. Consequently, there is currently no market for the Company's shares, and an active trading market for the Company's shares may not develop after the Offering. If a market does develop, it may not be sustained. The absence or discontinuation of an active and highly liquid market could have a material adverse effect on the trading price of the Company's shares or lead to the loss of all or part of the Subscribers' investment in the Company, which would affect the anticipated returns of Subscribers.

### 2.3.5 Risks Related to the Company's Ability to Distribute Dividends

The Company may not be able to pay dividends, or the Board may not recommend and the Shareholders may not approve the payment of dividends for any reason. Future distribution of dividends will depend on several factors, including, among other things, the Company's future earnings, financial position, cash flow, working capital requirements, capital expenditure and distributable reserves (for further details on the Company's dividend distribution policy, please refer to Section 7 "**Dividend Distribution Policy**" of this Prospectus).

In addition, the Company may be subject to the terms of its current or future financing agreements, which may include restrictions on making any dividend payments. The Company may incur expenses or liabilities that would reduce or eliminate the cash available for the distribution of dividends. If the Company does not pay dividends on the shares, Shareholders will not receive any return on the investment in the shares unless they sell the shares at a price higher than the Offer Price. There is no assurance that the Company will be able to distribute dividends to the Shareholders, or that dividend distribution will be recommended by the Board or approved by the Shareholders, which may have a material adverse effect on the Investors' anticipated returns on investment in the Offer Shares.

### 2.3.6 Risks Related to Selling or Perceived Potential Selling of a Large Number of Shares on the Market Post-Offering

The sale of a large number of shares on the market after completion of the Offering, or the perception that such sale will occur, may adversely affect the market price of the shares. Upon completion of the Offering, the Substantial Shareholders will be subject to a Lock-up Period of six (6) months following the Listing of the Company's shares during which they may not dispose of any shares they own. The sale of a substantial number of shares by the Substantial Shareholders following the end of the Lock-up Period, or the perception that such sale may occur, would have a material adverse effect on the market for the shares and may result in a lower market price. Furthermore, if and when the Group decides to raise additional capital by issuing new shares, the newly issued shares may adversely affect the price of the shares in the market and dilute the Shareholders' ownership percentage in the Group if they do not subscribe to new shares at that time. The occurrence of any of the foregoing factors would have a material adverse effect on the Subscribers' anticipated returns or may result in the loss of all or a portion of their investment in the Group.

### 2.3.7 Risks Related to the Issuance/Sale of Additional Shares in the Market Following the Expiration of the Lock-Up Period

The Group currently does not intend to issue additional shares following the Offering. If the Company decides to raise additional capital by issuing new shares, the newly issued shares will adversely affect the share price in the market or will dilute the Shareholders' ownership percentage in the Company if they do not subscribe to such newly issued shares.

### 2.3.8 Risks Related to Research Published about the Group

The trading price and volume of the shares will depend in part on the research that securities or industry analysts publish about the Group and its business. If analysts do not consistently establish adequate research coverage or if one or more of the analysts covering the Group downgrades their recommendations on the shares or publishes inaccurate or unfavorable research about its business, the market price for the shares may decline. In addition, if one or more such analysts who publish research cease to cover the Group at all or fail to publish reports on it regularly, it could lose its position and visibility in the financial markets, which, in turn, would cause the market price for the shares to decline significantly.



# MARKET & INDUSTRY INFORMATION





### 3. MARKET & INDUSTRY INFORMATION

#### 3.1 Economic Overview

##### 3.1.1 Macroeconomic Overview

###### A- Gross Domestic Product and Inflation

#### Saudi Arabia's strong economic performance is due to its non-oil diversification under Vision 2030, unlocking opportunity for service and industrial sectors

Saudi Arabia continues to be the largest economy in the Middle East and North Africa (MENA) region, recording a GDP of SAR4.0 trillion in 2023G. Overall, GDP grew by a 6.2% CAGR over the review period 2019G-2023G, supported by increased private and public spending and the country's national plan for strategic revenue diversification. The Vision 2030 plan emphasizes the economy's transition from reliance on oil output to non-oil sectors including telecommunications, healthcare, infrastructure, logistics, and tourism. Non-oil activities in Saudi Arabia achieved a historic milestone, reaching a 50% share of the country's real GDP in 2023G.

The table below shows key macroeconomic indicators in Saudi Arabia (2019G-2028G).

**Table (3.1): Key Macroeconomic Indicators in Saudi Arabia (2019G-2028G)**

| Category                                                           | Unit   | 2019G   | 2022G   | 2023G   | 2024G   | 2028G   | CAGR 2019G-2023G | CAGR 2023G-2028G |
|--------------------------------------------------------------------|--------|---------|---------|---------|---------|---------|------------------|------------------|
| GDP                                                                | SAR bn | 3,144.6 | 4,157.1 | 4,003.4 | 4,150.4 | 5,216.6 | 6.2%             | 5.4%             |
| Real GDP                                                           | SAR bn | 3,704.4 | 4,033.9 | 4,003.4 | 4,055.5 | 4,703.4 | 2.0%             | 3.3%             |
| Gross Value Added from Transport, Storage, and Communication       | SAR bn | 177.1   | 197.4   | 191.8   | -       | -       | 2.0%             | -                |
| Gross Value Added from Food Products; Beverages and Tobacco        | SAR bn | 285.0   | 359.0   | 357.7   | -       | -       | 5.8%             | -                |
| Gross Value Added from Agriculture, Hunting, Forestry, and Fishing | SAR bn | 80.5    | 100.0   | 102.4   | -       | -       | 6.2%             | -                |
| Real GDP Growth                                                    | %      | 1.1     | 7.5     | -0.8    | 1.3     | 3.6     | -                | -                |
| Inflation                                                          | %      | -2.1    | 2.5     | 2.3     | 1.8     | 2.0     | -                | -                |

Source: Euromonitor International estimates from United Nations, World Bank, GASTAT (historic data), and Euromonitor's Economies and Consumers database (Edition 2024G).

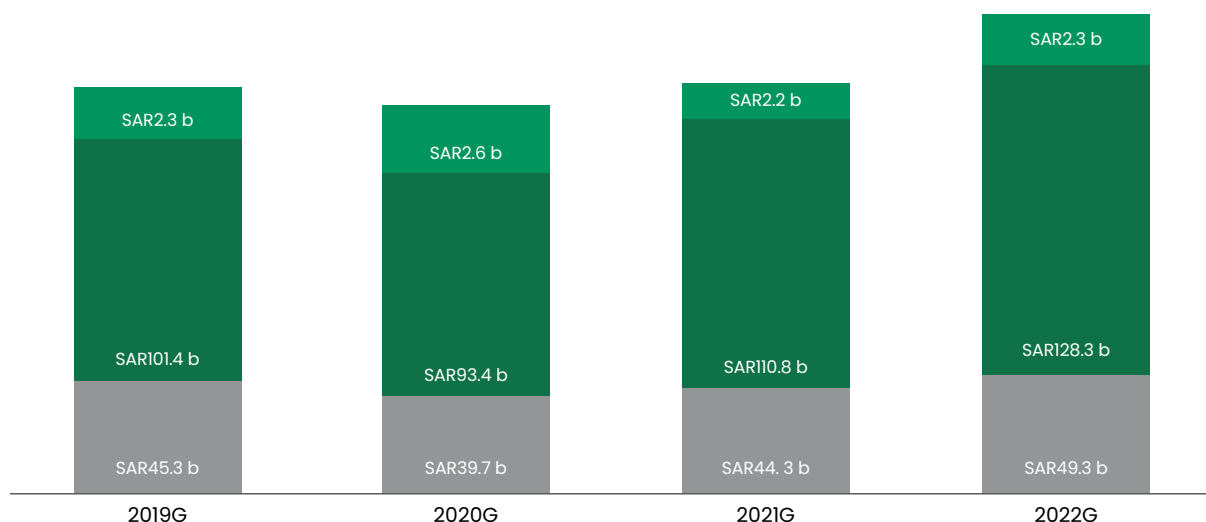
Note: Data for the historic period 2019G-2023G is in current prices, and for the forecast period 2023G-2028G is in constant (2023G) prices. Fixed exchange rate.

In its efforts to achieve economic diversification, Saudi Arabia is working to achieve self-sufficiency in numerous manufacturing sub-sectors. Output from food manufacturing, measured in gross value reached SAR49.3 billion in 2022G, recording an increase of SAR4.0 billion from 2019G's SAR45.3 billion. The government estimates investments in the food industry of up to SAR75 billion by 2035G. Likewise, chemical production is also considered to be an anchor sector as it supports different manufacturing sub-sectors. Chemical manufacturing is one of the largest output contributors to GDP in the Kingdom, recording SAR128.3 billion in 2022G, compared to SAR101.4 billion in 2019G. Pharmaceutical manufacturing is also identified as an essential target for localization in efforts to achieve health security in the Kingdom. Pharmaceutical production sustained a SAR2.3 billion GVA in 2019G and 2022G.

The table below shows gross value added data for manufacturing in Saudi Arabia (2019G–2028G).

**Figure (2): GVA from Key Manufacturing Sectors (2019G–2022G)**

- GVA from manufacture of products and preparations pharmaceutical
- GVA from manufacture of chemicals and chemical products
- GVA from manufacture of food products



Source: GASTAT (historic data)

The country has also accelerated efforts in non-oil economic expansion through different megaprojects in different sectors such as NEOM and the Red Sea Project, private sector involvement, and investment in sectors such as tourism and smart infrastructure, and increased employment via National Industrial Development and Logistics Program (NIDLP), Privatization Program or Tourism Development Fund, and private consumption. The country's total GDP is expected to continue expanding throughout the forecast period 2023G–2028G at a 5.4% CAGR.

### **Despite recent hurdles, real GDP growth and economic diversification supported by private sector involvement is set to positively impact the economy**

In real GDP terms, the economy expanded by 1.1% in 2018G, followed by a sharp COVID-19 pandemic-induced contraction of 3.6% in 2020G; a post-pandemic rebound of 7.5% in 2022G; and a slight contraction of 0.8% in 2023G. As of 2024G, the economy is expected to rebound with an average year-on-year growth rate of 3.6% from 2023G. This growth trend is exposed to global trade and geopolitical instability such as volatility in global oil prices and shifts in energy policy by major economies. However, with the economy moving away from oil, non-oil industrial and service sectors are expected to experience growth.

### **Controlled inflation is expected to sustain diversification efforts and create a stable environment for private and public investment**

The inflation outlook in the country remained controlled during the 2022G–2023G period of high global inflation. In 2023G, inflation in Saudi Arabia reached 2.3%, well below the global average of 7.1% and in line with the GCC average of 2.2%. The Saudi Arabian government has also taken measures to regulate prices of essential goods and services through the Consumer Protection Association to ensure the Saudi Arabian market avoids unwarranted price hikes. Thus, inflation is estimated to remain steady from 2024G onwards and is expected to reach 2.0% in 2028G.

## B- Government Revenue and Policies

### Saudi Arabia is shifting focus toward non-oil revenues as uncertainties arise around global oil trade

The country witnessed a decrease in oil activities from 38.9% of GDP in 2022G to 31.6% of GDP in 2023G. Uncertainties surrounding global oil trade have contributed to the decrease in oil-related activities in Saudi Arabia. In recent years, and due to the volatility of global oil trade, the country has accelerated efforts to stimulate non-oil activities in the economy. Vision 2030, the national plan for strategic economic diversification, sets the goal to increase non-oil exports from 16% to 50% of non-oil GDP. Driven by these diversification efforts, non-oil activities in sectors such as tourism, infrastructure, and logistics have witnessed robust growth from 56.5% of GDP in 2022G to 63% of GDP in 2023G.

The table below shows oil and non-oil revenue data in Saudi Arabia (2019G-2028G).

**Table (3.2): Key Macroeconomic Indicators in Saudi Arabia (2019G/2022G/2023G)**

| Category                                 | Unit   | 2019G     | 2022G     | 2023G     |
|------------------------------------------|--------|-----------|-----------|-----------|
| Oil Revenue                              | SAR mn | 959,108   | 1,617,129 | 1,265,086 |
| Oil Revenue as % Contribution to GDP     | %      | 30.5      | 38.9      | 31.6      |
| Non-Oil Revenue                          | SAR mn | 2,094,315 | 2,348,786 | 2,522,165 |
| Non-Oil Revenue as % Contribution to GDP | %      | 66.6      | 56.5      | 63.0      |

### The Kingdom's Vision 2030 program highlights growth from non-oil sectors

In a bid to move away from oil revenues, key non-oil sectors including telecommunications, healthcare, tourism, hospitality, entertainment, logistics, and agriculture are targeted for expansion. Tourism and entertainment sectors (e.g., NEOM, Red Sea Project) aim to increase GDP through tourism, while logistics enhances trade capacities. Through the Public Investment Fund (PIF), Saudi is promoting investment in non-oil sectors and is involved in the implementation of various grand-scale projects. The country also plans to localize over 50% of military equipment spending by 2030G which includes manufacturing, assembly, and technology transfer.

### Industrial and service-oriented sectors are benefiting from the economic diversification programs in the Kingdom

Sustainable economic growth plans are articulated in 14 Vision Realization Programs, including the National Industrial Development and Logistics Program; the National Transformation Program; the Privatization Program; and the Quality-of-Life Program. The decreasing share of oil activities out of domestic output and the subsequent rise in non-oil GDP signals progress for the Kingdom's consumer-facing sectors, including retail, hospitality, and food production which are driven by population growth, tourism expansion, and consumer spending. Gross value added to the production of food, beverages, and tobacco, grew by a CAGR of 5.8% between 2019G and 2023G, reaching SAR357.7 billion in 2023G from SAR285.0 billion in 2019G.

### The development of the logistics industry is fundamental to the actualization of the Kingdom's industrialization goals

The National Industrial Development and Logistics Program (NIDLP) seeks to establish Saudi Arabia as a global industrial powerhouse and logistics center through major initiatives such as the Jeddah Islamic Port expansion and the Riyadh-Dammam rail link. Logistics is a core area in the NIDLP's strategy, with a strong focus on enhancing integrated supply chains and expanding transport networks through ports, airports, and rail systems to support international trade. The growth in food exports, increasing from SAR6 billion in 2019 to SAR7.9 billion in 2023, reflects positive trends in local food production and agriculture, despite food imports remaining higher at SAR38.3 billion in 2023.

### The Kingdom aims to achieve self-sustainability and food security through expanding the agriculture sector

The Saudi Arabian view on economic diversification also includes strengthening the Kingdom's food security through expanding the agriculture sector. Saudi Arabia has committed a SAR37.5 billion investment to focus on stabilizing the global food supply chain and upgrade local agricultural production. Initiatives such as the Sustainable Agricultural Rural Development Program are supporting over 63,000 agricultural projects (such as organic farming, water-efficient irrigation, or sustainable livestock farming), with the aim of promoting self-sufficiency. The desert climate of Saudi Arabia encourages the use of transport and stationary refrigeration equipment necessary to facilitate supply chain activities in the food processing and agriculture sectors, driving investment in cooling infrastructure such as solar-powered refrigeration systems or localized cold storage hubs.

## 3.1.2 Sociodemographic Overview

### A- Population Dynamics

#### Saudi Arabia's favorable population dynamics hinged on urbanization is driving consumption of goods and services

The Kingdom's population increased from 30.1 million in 2019G to 33.3 million in 2023G, growing at a 2.6% CAGR over that period. Forecasts show that population expansion is set to continue at a 1.8% CAGR from 2023G to 2028G. The demographic composition of the country is relatively young, as 48.7% are under the age of 29, while 2.9% are above the age of 65. The population's median age rose from 29.7 years in 2019G to 30.5 years in 2023G. The median age in the country is expected to increase to 31 years in 2028G, maintaining a young demographic composition. Population growth in the Kingdom is set to be backed by different urbanization projects, including urban areas and smart cities. Total population is estimated to grow at a 1.8% CAGR over 2023G-2028G, to reach 36.4 million by the end of 2028G. The supported growth of the Saudi Arabian population offers opportunities for cold chain logistics companies with the subsequent rise in demand for different sectors and services that require cold storage.

#### Expatriate presence in the Kingdom remains strong and further supports the demand for HORECA, grocery retail, and healthcare services

Expatriates play a pivotal role in the Saudi Arabian economy, as they constituted 41.2% of the total population in 2023G. The foreign citizen base in the Kingdom is projected to grow at a 1.1% CAGR from 2023G to 2028G and is expected to constitute 39.7% of the entire population by 2028G. The integration of expatriates into Saudi society, and their strong presence as part of the economy, increases the demand for food consumption through HORECA and the grocery retail sector. This presence also supports the demand for different healthcare services given that expatriates act as living residents in the country.

The table below shows key demographic indicators in Saudi Arabia (2019G-2028G).

**Table (3.3): Key Demographic Indicators in Saudi Arabia (2019G-2028G)**

| Category                  | Unit | 2019G    | 2022G    | 2023G    | 2024G    | 2028G    | CAGR 2019-2023G | CAGR 2023G-2028G |
|---------------------------|------|----------|----------|----------|----------|----------|-----------------|------------------|
| Total Population          | '000 | 30,063.8 | 32,175.2 | 33,270.6 | 33,973.1 | 36,368.9 | 2.6%            | 1.8%             |
| Female Population         | '000 | 11,719.2 | 12,496.6 | 12,948.9 | 13,263.0 | 14,360.3 | 2.5%            | 2.1%             |
| Male Population           | '000 | 18,344.6 | 19,678.6 | 20,321.7 | 20,710.1 | 22,008.6 | 2.6%            | 1.6%             |
| Foreign Citizens          | '000 | 12,556.6 | 13,383.0 | 13,712.0 | 13,890.7 | 14,455.8 | 2.2%            | 1.1%             |
| National Citizens         | '000 | 17,507.2 | 18,792.2 | 19,558.6 | 20,082.4 | 21,913.1 | 2.8%            | 2.3%             |
| Young Adults (aged 18-29) | '000 | 6,577.7  | 7,026.6  | 6,972.6  | 6,921.4  | 7,470.6  | 1.5%            | 1.4%             |
| Middle Youth (aged 30-44) | '000 | 9,440.1  | 10,206.2 | 10,725.1 | 10,984.8 | 11,242.1 | 3.2%            | 0.9%             |
| Mid-Lifers (aged 45-64)   | '000 | 4,598.9  | 5,016.6  | 5,390.4  | 5,670.0  | 6,472.7  | 4.0%            | 3.7%             |
| Later Lifers (aged 65-79) | '000 | 623.1    | 747.1    | 809.2    | 866.3    | 1,074.4  | 6.8%            | 5.8%             |

Source: Euromonitor International estimates from United Nations, World Bank, GASTAT (historic data), and Euromonitor's Economies and Consumers database (Edition 2024G).

Note: Data for the historic period 2019G-2023G is in current prices, and for the forecast period 2023G-2028G is in constant (2023G) prices. Fixed exchange rate.

## B- Consumer Expenditure and Employment

### Consumption patterns in the Kingdom are on the rise, in line with population and urbanization, stimulating growing demand for consumption items in HORECA and grocery retail

Driven by a growing population and a more urbanized society, overall consumer expenditure in the Kingdom witnessed growth at 5.4% CAGR over 2019G–2023G. Total consumer expenditure in 2023G amounted to SAR1.6 trillion, recording a significant increase from SAR1.3 trillion in 2019G. Consequently, the employment rate increased from 60.6% of the working-age population in 2019G, to 63% in 2023G. Through Vision 2030, Saudi Arabia's workforce is estimated to witness more than 450,000 new jobs in the tourism sector alone by 2030G.

The table below shows key socioeconomic indicators in Saudi Arabia (2019G–2028G).

**Table (3.4): Key Socioeconomic Factors in Saudi Arabia (2019G–2028G)**

| Category                                                 | Unit                                   | 2019G    | 2022G    | 2023G    | 2024G    | 2028G    | CAGR<br>2019G–<br>2023G | CAGR<br>2023G–<br>2028G |
|----------------------------------------------------------|----------------------------------------|----------|----------|----------|----------|----------|-------------------------|-------------------------|
| Consumer Expenditure                                     | SAR bn                                 | 1,327.3  | 1,497.8  | 1,640.0  | 1,734.9  | 2,146.9  | 5.4%                    | 5.5%                    |
| Consumer Expenditure per Capita                          | SAR                                    | 44,150.4 | 46,550.5 | 49,293.2 | 51,068.0 | 59,031.9 | 2.8%                    | 3.7%                    |
| Consumer Expenditure on Food and Non-Alcoholic Beverages | SAR bn                                 | 270.4    | 308.6    | 336.9    | 354.5    | 429.1    | 5.7%                    | 5.0%                    |
| Consumer Expenditure on Hotels and Catering              | SAR bn                                 | 80.7     | 88.2     | 97.5     | 103.8    | 130.6    | 4.8%                    | 6.0%                    |
| Employment Rate                                          | % of working- age<br>15–64 population  | 60.6     | 62.2     | 63.0     | -        | -        | -                       | -                       |
| Employed Male Population                                 | '000                                   | 11,453.8 | 12,241.4 | 12,652.8 | 13,042.8 | 13,973.8 | 2.5%                    | 2.0%                    |
| Employed Female Population                               | '000                                   | 1,877.9  | 2,509.4  | 2,847.7  | 2,956.1  | 3,211.4  | 11.0%                   | 2.4%                    |
| Unemployment Rate                                        | % of economically<br>active population | 5.6      | 4.9      | 4.0      | 3.7      | 4.9      | -                       | -                       |
| Economically Active Population                           | '000                                   | 14,128.1 | 15,507.3 | 16,148.5 | 16,612.3 | 18,067.7 | 3.4%                    | 2.3%                    |
| Disposable Income                                        | SAR bn                                 | 1,414.8  | 1,517.6  | 1,594.7  | 1,648.5  | 1,850.5  | 3.0%                    | 3.0%                    |
| Disposable Income per Capita                             | SAR                                    | 47,059.1 | 47,167.7 | 47,930.2 | 48,523.1 | 50,880.8 | 0.5%                    | 1.2%                    |
| Industrial Production Turnover                           | SAR bn                                 | 4,998.2  | 6,581.0  | 6,363.5  | 6,541.7  | 8,161.6  | 6.2%                    | 5.1%                    |

Source: Euromonitor International estimates from United Nations, World Bank, GASTAT (historic data), and Euromonitor's Economies and Consumers database (Edition 2024G).

Note: Data for the historic period 2019G–2023G is in current prices, and for the forecast period 2023G–2028G is in constant (2023G) prices. Fixed exchange rate.

### In parallel with rising employment in different industries, a more productive economy is emerging alongside higher income levels

Industrial productivity in Saudi Arabia has grown extensively over the 2019G–2023G period. Industrial production turnover rose from SAR5.0 trillion in 2019G, to SAR6.4 trillion in 2023G. In line with the rise in employment, disposable income in Saudi Arabia increased from SAR1.4 trillion in 2019G to SAR1.6 trillion in 2023G, reflecting a 3% CAGR over that period. Disposable income is estimated to maintain a growth trajectory at a 3% CAGR over 2023G–2028G, reaching SAR1.9 trillion by 2028G.

### **Women in the workplace is an integral part of the economic diversification plan, alongside raising the population's purchasing power, supporting growth in consumption sectors**

In terms of workforce development, Vision 2030 demonstrates the country's commitment towards women's participation in the workforce and the overall economy. The employed female population increased during the 2019G-2023G period by an 11% CAGR, compared to 2.5% CAGR for the employed male population during the same period.

## **3.1.3 Business Dynamics**

### **A- Food and Retail**

#### **Saudi Arabia's record domestic agricultural production supports self-sufficiency, and elevates demand for temperature-controlled storage and transport to minimize waste**

The agriculture sector has been a major economic focus in recent years. Saudi Arabia has already managed to achieve self-sustainability in dates, fresh dairy products, and table eggs. In 2022G, domestic agricultural production witnessed its highest contribution in the Kingdom's history, amounting to SAR100 billion, compared to SAR80.5 billion in 2019. The gross value added from agriculture, hunting, forestry, and fishing increased from SAR80.5 billion in 2019G to SAR102.4 billion in 2023G. The agricultural direction in the country showcases a need for increased transport refrigeration from agricultural zones to urban and residential areas for the different types of crops and agricultural products. Stationary refrigeration is also an essential demand factor for the inventory and retail processing of agricultural products with a perishable state requiring certain temperature conditions.

#### **The rise in online retail and e-commerce drives the need for temperature-sensitive inventory solutions**

The Kingdom establishes in its national economic plan the aim to develop more comprehensive technological infrastructure to support operating businesses, especially online grocery retailers and entities operating in foodservice. The driving force behind the push toward e-commerce and online retail is the country's relatively young population, e-commerce penetration increased to 7.8% in 2023G from 3.9% in 2018G. Consequently, the demand for better and larger storage refrigeration (such as smart refrigeration systems and mobile units for last mile delivery) grows to meet the rising online demand of the younger population and ensure sustenance of perishable food items.

### **B- Travel and Tourism**

#### **Rising activity in tourism is driving growth in different aspects of the sector, mainly medical, business, religious, and leisure tourism**

The Kingdom is a major religious destination for many tourists; however, non-religious tourism has experienced a leap in recent years. In 2023G, 58% of arrivals were for non-religious purposes, compared to 44% in 2019G. Inbound travel spending has also increased from SAR98.3 billion in 2022G to SAR117.2 billion in 2023G. The rising inflow of tourist activity and spending adds to the demand in the medical, leisure and entertainment sectors, as well as the HORECA and foodservice sectors. Overall, consumer expenditure on health goods and medical services in the Kingdom rose from SAR19.9 billion in 2019G to SAR23.4 billion in 2023G. Inbound travel spending is estimated to continue growing over 2023G-2028G by a 10.5% CAGR.

### **C- Industry 4.0 and Technology**

#### **Saudi Arabia is transforming its telecommunications sector, creating larger demand for telecom infrastructure and data centers**

Technology is becoming an important cornerstone of all aspects of the Saudi economy, especially in telecommunications. In 2023G, internet penetration recorded a rate of 210.6%, a 41 percentage point increase from 169.6% in 2019G. 5G internet penetration witnessed rapid growth in the Saudi market in just two years, becoming available to 78% of the Saudi population in 2022G, compared to just 43% in 2020G. The growing technological infrastructure alongside the increased penetration of telecommunications into the Saudi Arabian market has underpinned the emergence of data centers that require temperature-controlled maintenance to preserve operational quality, and reduce hardware deterioration and malfunction. Google Cloud has been in discussions with Saudi oil firm Aramco to build data centers since early 2018G.

## The technological transformation of the Kingdom's economy is being driven by the incorporation of Industry 4.0 and other technologies into functional practices

The Kingdom is driving economic diversification through implementing different technologies in its various sectors. In logistics for example, autonomous transport is becoming a major aspect of the technological revolution in the Saudi Arabian economy, with plans to make 25% of goods transport vehicles autonomous by the start of the next decade. In addition, Industry 4.0, IoT, and AI are being actively integrated into different sectors. In 2022G, Saudi Telecom Company (STC) announced a SAR491 million partnership with the Public Investment Fund (PIF) to establish a new joint venture specializing in IoT. The incorporation of these technologies creates a demand for more advanced methods of storing and transporting temperature-sensitive equipment and goods, such as more time-sensitive and accurate temperature sensors in large advanced industrial factories and inventory sites.

### 3.2 Industry Overview

#### 3.2.1 Transport Refrigeration Solutions

##### A- Market Size

#### Saudi Arabia's transport refrigeration solutions market is experiencing robust growth, driven by increasing demand for refrigerated transportation in the food and pharmaceutical sectors

The transport refrigeration solutions market in Saudi Arabia achieved a value of SAR511.3 million in 2023G, growing at a CAGR of 5.1% over 2019G–2023G.

The food and beverage sector drives over 70% of refrigerated transportation needs. Fresh food consumption, measured in retail value terms, posted a strong CAGR of 6.8% between 2019G and 2023G, while frozen food consumption, spanning categories such as meat, vegetables, and frozen baked goods, registered an even higher CAGR of 9.8% over the same period. Consumption is expanding beyond urban centers such as Riyadh, Jeddah, and Dammam, to the Northern and Southern regions, through infrastructure investments.

The table below shows market size data for transport refrigeration solutions in Saudi Arabia (2019G–2028G).

**Table (3.5): Market Size: Transport Refrigeration Solutions (2019G–2028G)**

| Category                | Unit   | 2019G | 2022G | 2023G | 2024G | 2028G | CAGR 2019G–2023G | CAGR 2023G–2028G |
|-------------------------|--------|-------|-------|-------|-------|-------|------------------|------------------|
| Transport Refrigeration | SAR mn | 419.6 | 475.2 | 511.3 | 562.2 | 776.3 | 5.1%             | 8.7%             |

Source: Euromonitor International and Euromonitor estimates from desk research and trade interviews with leading industry players in Saudi Arabia.

Note: Data for the historic period 2019G–2023G is in current prices, and for the forecast period 2023G–2028G is in constant (2023G) prices.

The healthcare and pharmaceutical sector has also emerged as a growing demand source for refrigerated transportation needs for temperature sensitive products such as vaccines, insulin, and certain medications. The outlook remains positive, driven by the Kingdom's economic diversification. Rising incomes, tourism, and government investments in supply chain modernization, especially in cold chain logistics, are expected to accelerate market expansion. The transport refrigeration solutions market is projected to reach SAR776.3 million by 2028G, growing at a CAGR of 8.7% from 2023G.

##### B- Market Overview

The transport refrigeration solutions market in this study includes the supply of temperature-controlled logistics solutions, including reefers used in road transport to control and maintain desired temperatures of perishable goods. Through the NIDLP, the government is focused on improving the internal logistics network, enhancing supply chains, and strengthening city connections and transport network connectivity. With over 73,000 km of roads as of 2024, the Kingdom's road infrastructure ranks globally among G20 countries, and is pivotal to Saudi Arabia's industrialization and self-sufficiency goal in food and pharmaceutical products.

The supply landscape for transport refrigeration solutions has evolved to include a wide range of cooling solutions (table 4). Reefer bodies and semi-reefer trailers, are used in a broad sectoral base, including in food processing and pharmaceuticals, while refrigerated vans and portable reefer units are also seeing greater demand due to the Kingdom's tourism and hospitality expansion.



The table below provides a summary of refrigerated vehicle solutions in Saudi Arabia.

**Table (3.6): Refrigerated Vehicle Solutions in Saudi Arabia**

| Overview              | Brief description                                                                                                         | End-use sectors                                                                                      |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| Reefer body           | Insulated and temperature-controlled bodies mounted on trucks, designed for transporting perishable goods.                | • Food and beverage industry.                                                                        |
| Semi-reefer trailer   | Large refrigerated trailers attached to semi-trucks, used for long-haul transportation of temperature-sensitive products. | • 3PL logistics, including long-haul transportation.                                                 |
| Refrigerated vans     | Smaller, insulated vans equipped with refrigeration units for short-distance and last mile delivery.                      | • Pharmaceutical and other process industries requiring in-transit temperature-controlled solutions. |
| Portable reefer units | Mobile units that can be attached or removed as needed for flexible transport solutions.                                  |                                                                                                      |

Source: Euromonitor International analysis from desk research.

## Policy and Industry Context

### Saudi Arabia's investments in logistics and transport infrastructure support the expansion of the transport refrigeration market

By 2030 the Saudi government plans to have invested SAR552.7 billion in transport and logistics. Under Vision 2030 and NIDLP, over SAR1.2 trillion has already been allocated to logistics infrastructure as of 2023G, including ports, air cargo, and integrated industrial zones such as Oxagon SPARK – significantly boosting land transport capacity. The NIDLP has also established 59 logistic zones and transformed 19 industrial zones into logistics hubs to support the transportation of temperature-sensitive goods. Public-private partnerships (PPPs) and the modernization of cold chain systems drive the sector's expansion, increasing demand for integrated distribution centres and 3PL services. Major cold storage hubs in Riyadh, Jeddah, and Dammam are expanding to other cities, supporting transport refrigeration solutions and ensuring product quality across broader networks.

## C– Demand Drivers

### The Kingdom's regulatory framework plays a crucial role in enabling market growth, ensuring compliance with stringent standards set by the Saudi Food and Drug Authority (SFDA)

Saudi Arabia has established strict regulatory frameworks for both food and pharmaceutical transport, to ensure the safe handling of temperature-sensitive goods. Food transport, regulations specify vehicle design and cooling requirements for perishable goods, while pharmaceutical transport rules enforce precise conditions with electronic temperature and humidity control to ensure product efficacy.

The table below provides a summary of SFDA regulations in Saudi Arabia.

**Table (3.7): SFDA Regulations for Cold Transport in Saudi Arabia**

| SFDA regulation                                                                                   | Contents and provisions                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| General requirements for food transport                                                           | <ul style="list-style-type: none"> <li>• Refrigerated containers to maintain temperatures between 1.5°C and 10°C.</li> <li>• Temperature for frozen food to be maintained below or at -18°C.</li> <li>• Vehicles to be designed for food transportation, adequately insulated, and equipped with appropriate cooling systems.</li> </ul>                                      |
| Guidance for the storage and transport of time- and temperature-sensitive pharmaceutical products | <ul style="list-style-type: none"> <li>• Mandatory monitoring and recording of temperatures during transportation.</li> <li>• Packaging in materials that provide adequate protection against environmental factors and physical damage.</li> <li>• Vehicles to maintain required temperature ranges and protect products from light, humidity, and contamination.</li> </ul> |

Source: Euromonitor International Analysis from desk research and expert interviews (2024G).

### Local food production, especially in poultry and dairy, has significantly boosted the demand for transport refrigeration solutions, particularly reefers

Saudi Arabia's poultry industry, at the center of the Kingdom's food production market, has been a key demand driver for transport refrigeration solutions. Vision 2030 targets 80% poultry self-sufficiency by 2025 and 100% by 2030, through initiatives such as interest-free loans, rebates on equipment, and incentives aimed at increasing the number of poultry farms. The Agricultural Development Fund is offering financial support up to 70% for projects that employ modern technology into poultry production expansion.

The table below shows retail sales for fresh food produce in Saudi Arabia (2019G–2028G).

**Table (3.8): Retail Value Sales at End Price to Consumer: Fresh Food, Poultry, Dairy, and Frozen Processed Poultry in Saudi Arabia (2019G–2028G)**

| Category   | Unit   | 2019G    | 2022G    | 2023G    | 2024G    | 2028G    | CAGR<br>2019G–<br>2023G | CAGR<br>2023G–<br>2028G |
|------------|--------|----------|----------|----------|----------|----------|-------------------------|-------------------------|
| Fresh Food | SAR mn | 57,628.8 | 69,812.9 | 73,526.7 | 75,662.0 | 94,953.0 | 6.3%                    | 5.2%                    |
| Poultry    | SAR mn | 20,294.5 | 23,350.1 | 25,247.1 | 25,862.0 | 32,002.1 | 5.6%                    | 4.9%                    |
| Dairy      | SAR mn | 11,823.9 | 15,041.6 | 15,833.8 | 17,230.9 | 23,481.3 | 7.6%                    | 8.2%                    |

Source: Euromonitor International Passport (2024G) estimates from official statistics and published sources.

In May 2024G, Saudi Arabia's poultry industry reached 70% self-sufficiency, with investments exceeding SAR1 billion. In the first half of 2024G, poultry meat production in Saudi Arabia reached 558,000 metric tons, a record 9% year-on-year increase. Collaborations, such as Tanmiah Food Company's partnership with Ukraine's MHP SE and Brazil's BRF's, have heightened the need for cold chain logistics. Poultry meat accounted for a 13.8% value share of fresh food produce in 2023G, while the dairy sector, with SAR15.8 billion in retail value sales in 2023G grew by a 7.6% CAGR over the 2019G–2023G period, consumption of fresh food directly impacts on the demand for transport refrigeration solutions.

By 2035, Saudi Arabia plans to attract SAR282 billion in investments in its food industry, targeting the dairy and beverage sectors – both of which require temperature-controlled transport solutions. Progress in food security, particularly in the animal protein sector, underscores the need for robust cold chain logistics. Strategic moves, such as SALIC's acquisitions of stakes in Minerva Foods and NAQUA, and Al Marai's SAR1.2 billion investment in hatchery production facilities and seafood diversification further drive demand for refrigerated transport to manage the growing output.

### Driven by greater demand for convenience food, Saudi Arabia's F&B sector has considerably contributed to the expansion of transport refrigeration solutions in the Kingdom

The rising urbanisation and on-the-go lifestyles among Saudi Millennials, particularly among dual-income households, are driving demand for frozen foods and ready meals. In 2023G, the Saudi frozen food generated SAR34.5 billion in revenue and forecast to reach SAR47.6 billion by 2030G. Urban regions such as Riyadh, Jeddah, and Dammam dominate frozen food consumption, but urbanisation is expanding into other regions. The ready-to-eat meals category, part of frozen food, is also experiencing rapid growth, catering to busy, health-conscious consumers.

The table below shows retail sales for frozen food produce in Saudi Arabia (2019G–2028G).

**Table (3.9): Frozen Foods Market in Saudi Arabia (2019G–2028G)**

| Category                              | Unit   | 2019G   | 2022G   | 2023G   | 2024G   | 2028G   | CAGR<br>2019G–<br>2023G | CAGR<br>2023G–<br>2028G |
|---------------------------------------|--------|---------|---------|---------|---------|---------|-------------------------|-------------------------|
| Frozen Processed Fruit and Vegetables | SAR mn | 643.7   | 785.5   | 835.3   | 895.3   | 1,249.0 | 6.7%                    | 8.4%                    |
| Frozen Processed Potatoes             | SAR mn | 268.2   | 323.2   | 346     | 372.5   | 530.2   | 6.6%                    | 8.9%                    |
| Frozen Processed Vegetables           | SAR mn | 362.3   | 447.7   | 474     | 506.5   | 696.9   | 6.9%                    | 8.0%                    |
| Frozen Processed Meat                 | SAR mn | 1,784.0 | 2,505.0 | 2,717.1 | 2,941.3 | 4,050.2 | 11.1%                   | 8.3%                    |
| Frozen Processed Red Meat             | SAR mn | 589.8   | 787     | 845.9   | 909.9   | 1,233.6 | 9.4%                    | 7.8%                    |
| Frozen Processed Poultry              | SAR mn | 1,194.1 | 1,718.0 | 1,871.2 | 2,031.4 | 2,816.6 | 11.9%                   | 8.5%                    |
| Frozen Processed Seafood              | SAR mn | 33.9    | 38.2    | 40.1    | 42.6    | 56.9    | 4.3%                    | 7.2%                    |

Source: Euromonitor International Passport (2024G) estimates from official statistics and published sources.

### **The Kingdom's budding hospitality and tourism sectors promise volume demand for catering services, and in turn, more frequent use of transport refrigeration equipment solutions**

The growth of Saudi Arabia's tourism sector, driven by events such as Hajj, Umrah, sports and entertainment, is positive for the HORECA and foodservice sectors, key users of temperature-controlled transport solutions. In 2023G, the Kingdom registered 19.4 million tourism arrivals and SAR117.2 billion in tourism spending, with both indicators growing at steady rates (CAGRs of 4.8% and 4.6%, respectively) since 2018G. International visitors grew by 73% in the first half of 2024G, emphasising the rising need for large-scale catering and food-related events and logistics. With a national target to attract 150 million visitors annually by 2030G, religious tourism, cultural festivals, and mega-projects such as Qiddiyah and Red Sea are increasing the demand for refrigerated transport solutions. As the government aims to attract 30 million religious visitors by 2030G, the catering needs for events such as Hajj and non-religious events, such as Expo 2030, will further accelerate the need for efficient food distribution solutions.

### **The expansion of modern grocery retail activities in the Kingdom is projected to spur growth in refrigerated vehicle usage.**

The grocery retail market recorded sales of SAR147.4 billion in 2023G, growing at a CAGR of 1.6% from 2019G to 2023G collectively contributing 89.2% to modern grocery value sales. The evolving shift of Saudi Arabia's grocery retail landscape, from traditional retail formats such as baqalahs to modern outlets such as supermarkets and hypermarkets (modern grocery retail value share of 45.4% in 2023G from 41.1% in 2019G) is expected to spur 3PL refrigeration requirements. Larger hypermarkets often require semi-reefer trailers for bulk long-distance transport, while convenience stores rely on refrigerated vans for last mile delivery. The spread of grocery retail outlets across regions necessitates varied refrigeration solutions, including semi-reefer trailers, reefer body units, and insulated containers. While the Central region leads in modern grocery outlets, home to 54.7% of total stores in 2023G, the Eastern and Western regions are experiencing gradual growth in outlets, with projected CAGRs of 1.8% and 1.9%, respectively, over 2023G–2028G, driven by a rising expat population and tourism.

### **Saudi Arabia's healthcare infrastructure and pharmaceutical sector expansion are also driving demand for transport refrigeration solutions**

Saudi Arabia's Vision 2030 healthcare transformation has led to the creation of eight new medical cities, each requiring sophisticated logistics networks to ensure nationwide access to medical supplies and equipment. Between 2023G and 2024G, Saudi Arabia's pharmaceutical sector experienced annual growth of 10%, with projections to reach SAR72 billion by 2030G, driven by increased health insurance penetration and non-communicable diseases. As of 2024G, the Kingdom has 206 pharmaceutical and medical device factories, with SAR10 billion in investments.

SFDA regulations mandate temperature control, monitoring, and insulation for pharmaceutical transport. With the rise in chronic health conditions, such as diabetes, demand for specialized cold chain logistics is growing, making advanced transport refrigeration solutions essential. Additionally, the COVID-19 pandemic fast-tracked the demand for transport refrigeration and storage solutions, particularly to ensure the safe distribution of vaccines and other critical medical supplies. For example, AstraZeneca's COVID-19 vaccine accelerated the need for refrigeration.

## D- Opportunities

### **Content localization in the pharmaceutical sector presents a key future opportunity, particularly for transport refrigerated vehicles in cold chain logistics supporting the vaccine and biomedical sectors**

Under its National Industrial Development and Logistics Program, Saudi Arabia aims to achieve 40% local content in pharmaceutical production. In 2022G, the government announced a SAR12.8 billion investment in the vaccine and biomedical sectors, including MoUs with AstraZeneca and Pfizer for vaccine research and development. These investments are driving the need for reliable refrigerated transport for temperature-sensitive medical products. This demand extends beyond standard vehicles such as reefer bodies and semi-reefer trailers to specialized refrigerated vehicles, such as multi-compartment trucks capable of maintaining different temperature zones. Carrier Transicold's Vector® HE 19 and Supra® 1150 Pa multi-temperature refrigeration units exemplify such solutions.

### **Energy efficiency in transport refrigeration solutions presents a strategic advantage and opportunity, reducing operational costs while aligning with Vision 2030 sustainability goals**

Saudi Arabia aims for a 50-50 mix of natural gas and renewable energy by 2030G for its power generation, primarily through the Public Investment Fund and REPDO. The Kingdom is investing in charging infrastructure and rolling out incentives (such as tax reductions and subsidies) to promote the adoption of electric vehicles (EVs). This has extended to the logistics sector, with companies such as Tamer Logistics partnering with Electromin to electrify its fleet and develop EV charging networks, promoting sustainability in cold chain logistics. The growing use of electric-powered transport refrigeration solutions is creating new market opportunities. Carrier Transicold offers electric refrigeration solutions, such as Pulsar eCool and Syberia eCool for light commercial vehicles and for medium-to-heavy trucks, respectively.

The Kingdom's planned investments in automotive manufacturing, including 160 vehicles factories and 300,000 cars targeted by 2030G, and a focus on EV production - through the Public Investment Fund's investment in Lucid and the establishment of Ceer, Saudi Arabia's first EV brand - will drive economies of scale for sustainable transport refrigeration.

### **Aligning with the sector's sustainability drive, tech innovation geared toward energy and operational efficiency also emerges as a key opportunity for transport refrigeration providers**

The integration of (IoT) technologies, including real-time temperature monitoring and tracking systems, along with data analytics and artificial intelligence (AI), is enhancing the efficiency and reliability of cold chain operations in Saudi Arabia. Global providers have already launched IoT services to monitor and track refrigerated containers, allowing for real-time temperature monitoring.

Saudi Arabia's growing emphasis on food safety and adherence to SFDA-enforced standards such as HACCP (Hazard Analysis and Critical Control Points) and GDP (Good Distribution Practices) unlock greater opportunity for specialized refrigeration solutions. These solutions cater to the Kingdom's specific challenges, including its extreme climate and diverse terrain.

## E- Competitive Landscape Assessment

### **Competitive Structure of the Market**

The market in Saudi Arabia is moderately concentrated, with leading companies such as CGS benefiting from robust OEM partnerships and well-developed in-house capabilities

The transport refrigeration solutions market in Saudi Arabia is moderately concentrated, with the top five providers - CGS, Alshehili Company, Al Mutlaq, TSSC, and International Factory For Refrigeration Industry - dominating market revenue in 2023G. Despite this, a number of small-scale companies exist offering similar transport refrigeration solutions such as reefers and specialized boxes, for temperature-controlled logistics.

The table below shows the market ranking for the top five transport refrigeration companies in Saudi Arabia (2019G–2028G).

**Table (3.10): Market Share Ranking of Transport Refrigeration Solutions Companies by Revenue (2023G)**

| Company                                          | Rank |
|--------------------------------------------------|------|
| CGS                                              | 1    |
| Alshehili Company                                | 2    |
| Al Mutlaq                                        | 3    |
| TSSC                                             | 4    |
| International Factory for Refrigeration Industry | 5    |

Source: Euromonitor International analysis based on Euromonitor Passport Database, expert interviews, and published sources.

Note: Rankings have been assigned based on estimated revenues and products supplied by OEMs in 2023G.

A common characteristic among players in the market is their long-standing presence. CGS was established in 1976G and Alshehili in 1981G. This well-established presence has allowed them to build a comprehensive understanding of the market, particularly in fostering relationships with clients and distributors across the value chain. Strong relationships with OEMs such as Carrier Transicold, Thermo King, Bitzer, and Frigo are key to success in this industry. Service providers such as CGS source refrigeration units from these OEMs, considering factors such as vehicle type, temperature control technology, and use cases (food, pharmaceuticals, or varying temperatures).

### Overview of Key Competitors

Founded in 1976G, Coldstores Group of Saudi Arabia (CGS) ranks first in the market based on estimated revenues and volume of refrigerated units supplied by OEMs in the market. CGS has strong presence in the transport refrigeration solutions market in Saudi Arabia, with an estimated value market share of 41% from its three locations in the Kingdom. Leveraging on its partnership with Carrier Transicold, the company is known for its technical expertise and high-quality refrigerated units, supported by ISO-certified quality management practices. Alshehili Company, founded in 1981G, ranks second and is a leading provider of transport refrigeration solutions specializing in manufacturing and maintaining reefer trucks and trailers. Alshehili sources its refrigeration units and cooling solutions from a different OEMs, including Carrier Transicold, Thermo King, and Hwasung Thermo.

The next three players in the market are Al Mutlaq, TSSC and IFFRI (KM International). Founded in 1995 in Riyadh, Al Mutlaq Trading & Contracting mainly specializes in refrigeration solutions for the food and beverage industries, while TSSC ranking fourth supplies insulated vehicle bodies and refrigeration systems. International Factory For Refrigeration Industry also known as KM Int'l Factory, established in 1998G, has built a strong reputation for manufacturing both short and long refrigerated vehicles.

### Barriers to Entry

The existence of established players is a key consideration for new entrants due to barriers which include securing OEM partnerships, high capital investment, and the need for technical expertise

In Saudi Arabia's transport refrigeration solutions market, smaller companies such as Mohammed Jafar Al Radwan Co and Al-Wadi Refrigeration, which serve regional markets such as Al Jubail and Jeddah, coexist with dominant players. Larger regional companies such as Abu Saeed Trading Company and Al-Futtaim, initially prominent in the UAE, Oman, and India, are also exploring opportunities in Saudi Arabia. Competing with established players is challenging for new entrants due to key barriers such as the need for strong OEM relationships, which provide access to high-quality products and reliable service; high initial capital investment in infrastructure, machinery, and skilled labor already possessed by market leaders such as CGS; and the technical expertise required to deliver customized solutions, particularly for demanding sectors such as food, beverages, and pharmaceuticals.

### 3.2.2 Stationary Refrigeration Solutions

#### A- Market Size

**The stationary refrigeration market in Saudi Arabia is growing steadily, with significant future potential driven by local manufacturing and tourism-related industries**

The stationary refrigeration solutions market in Saudi Arabia reached SAR886.8 million in 2023G, achieving a CAGR of 2.0% from 2019G reflective of the slowdown caused by the global health pandemic in 2020G on the industrial sector. Despite the slowdown experienced, food imports, local food manufacturing, revitalized dining preferences and tourism influx from 2022G boosted demand for stationary refrigeration solutions from end-use sectors.

The table below shows market size data for the stationary refrigeration market in Saudi Arabia (2019G–2028G).

**Table (3.11): Market Size: Stationary Refrigeration Solutions (2019G–2028G)**

| Category                 | Unit   | 2019G | 2022G | 2023G | 2024G | 2028G   | CAGR<br>2019G–<br>2023G | CAGR<br>2023G–<br>2028G |
|--------------------------|--------|-------|-------|-------|-------|---------|-------------------------|-------------------------|
| Stationary Refrigeration | SAR mn | 819.8 | 808.6 | 886.8 | 957.1 | 1,281.7 | 2.0%                    | 7.6%                    |

Source: Euromonitor International and Euromonitor estimates from desk research and trade interviews with leading industry players in Saudi Arabia.

Over the forecast period, the stationary refrigeration solutions market is projected to expand to SAR1,281.7 million by 2028G as industrialization efforts continue to take shape, with local manufacturing and tourism positioned as key growth pillars. The market is forecast to grow at a CAGR of 7.6% between 2023G and 2028G driven by demand for large-scale, energy-efficient refrigeration systems from industries and commercial applications for the expanding HORECA sector.

#### B- Market Overview

**The Saudi stationary refrigeration market is driven by industrial and commercial applications hinged on the creation of large-scale food processing plants, oil and gas facilities, and cold chain infrastructure**

Stationary refrigeration solutions in this market report are segmented into two primary applications, industrial and commercial uses. Industrial refrigeration solutions cater to sectors such as large-scale food manufacturing, oil and gas, pharmaceuticals, and other process industries requiring high-capacity cooling for production and storage needs. On the other hand, commercial refrigeration solutions include refrigerated warehouses and cold storage requirements for HORECA and the logistics supply chain, meeting the requirements for temperature control and food preservation needs.

The table below shows the market classification of stationary refrigeration solutions in Saudi Arabia.

**Table (3.12): Market Classification: Stationary Refrigeration Solutions in Saudi Arabia**

| Classification                     | Applications                                                                                                                                                     | Cooling capacity        | Refrigerant type                                                           |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------------------------------------------------------------------|
| Industrial Refrigeration Solutions | <ul style="list-style-type: none"> <li>Food Manufacturing and Processing</li> <li>Oil and Gas</li> <li>Pharmaceuticals</li> <li>Process Manufacturing</li> </ul> | 100kW – 300kW<br>>300kW | Ammonia<br>Freon: Chlorofluorocarbons (CFCs) and Hydrofluorocarbons (HFCs) |
| Commercial Refrigeration Solutions | <ul style="list-style-type: none"> <li>Consumer Foodservice (HORECA)</li> <li>Refrigerated Warehouses for 3PL</li> </ul>                                         | <100kW                  | Freon: Chlorofluorocarbons (CFCs) and Hydrofluorocarbons (HFCs)            |

Source: Euromonitor International Analysis from desk research (2024G).

Ammonia-based refrigeration systems dominate industrial sectors due to their efficient thermodynamic properties for high-capacity cooling while CFCs and HFCs are the most common types of refrigerants used for commercial refrigeration applications.

### Regulatory guidelines set by the SFDA to ensure food safety, quality control, and public health protection require the adoption of specific refrigeration conditions by end-use sectors

Saudi Arabia's regulatory framework mandates stringent temperature and humidity control measures for the storage and transport of temperature-sensitive goods across various sectors, such as pharmaceuticals, meat, and seafood. The SFDA mandates specific temperature ranges and the use of calibrated monitoring devices and thermostatic controls to prevent fluctuations that could compromise product integrity. For pharmaceuticals, dedicated refrigeration units with continuous temperature recording are required, while perishable foods must undergo immediate mechanical refrigeration post-slaughter or capture to maintain required temperatures.

### Ongoing expansion and investments in Saudi Arabia, underpinned by Vision 2030 programs and the NIDLP have given rise to greater need for commercial and industrial refrigeration solutions

Saudi Arabia is set to introduce over 800 industrial projects in 2023G, valued at SAR1 trillion, and plans to increase the manufacturing sector's contribution to GDP to SAR895 billion by 2030G – up from SAR352.9 billion (excluding petroleum refining) in 2023. The NIDLP is fostering growth in stationary refrigeration, opening opportunities for local manufacturing of refrigeration equipment across food manufacturing, oil and gas, pharmaceuticals, renewable energy, and logistics. The rise in the number of factories from 8,800 in 2019G to 11,000 in 2023G, with a planned increase of 50% over the next five years, highlights the opportunity for cooling solutions in the Kingdom.

The table below highlights investment activities in the industrial sector.

**Table (3.13): Key Industrial Growth Indicators Supporting Expansion of the Saudi Stationary Refrigeration Market**

|                                                                            |                                                           |                                                               |                                                           |
|----------------------------------------------------------------------------|-----------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------|
| <b>410</b>                                                                 | <b>SAR557 bn</b>                                          | <b>11,000</b>                                                 | <b>50%</b>                                                |
| <b>New industrial licenses issued between early 2023G and early 2024G*</b> | <b>Industrial exports targeted by the SIDF for 2023G*</b> | <b>Number of factories in 2023G, up from 8,800 in 2019G**</b> | <b>Planned increase in number of factories by 2028G**</b> |

Source: Euromonitor International Analysis from desk research and expert interviews (2024G).

Notes: \*Arab News (2024G). Saudi Arabia's industrial sector sees \$10bn investment in early 2024; \*\*Arab News (2023G). Saudi Arabia's industrial factory count surges past 11,000 in 2023.

Key highlights of the industrialization efforts in the Kingdom include: 1) Food security initiatives, such as the SAR37.6 billion Food Security Plan, driving demand for advanced cooling systems; 2) SAR1.9 billion by the Agricultural Development Fund in food production and cold storage; 3) Localizing the pharmaceutical industry, aiming for 40% local content, requiring robust refrigeration solutions; 4) Renewable energy goals, with SAR380 billion investments since 2021G.

## C– Demand Drivers

### Saudi Arabia's current food import dependency relies on industrial stationary refrigeration solutions, particularly ammonia refrigeration and large-scale cooling systems

While efforts are in place to promote domestic food production, food and beverage imports in Saudi Arabia reached SAR309.6 billion in 2023G, with perishable items such as fruits, vegetables, and meat forming a significant portion of these imports; live animals and animal products comprised 8.0%, and plant products 12.7%, of the Kingdom's F&B imports in 2023G. The perishability of these products, coupled with religious imports for events such as Eid al-Adha and Hajj, necessitate stationary refrigeration solutions, such as refrigerated warehouses, to preserve product quality. Notable investments include Maersk's new cold storage facility at King Abdulaziz Port and Almarai's poultry expansion.



### The ongoing adoption of renewable energy and petrochemical production presents opportunities for specialized industrial refrigeration solutions

Refrigeration systems are vital in petrochemical and oil and gas production, especially for cooling chemical processes. As of 2023, Saudi Arabia's petrochemical production accounts for 7% of the global supply, estimated at 118 million metric tons. Key projects, such as SABIC's SAR2.6 billion monoethylene glycol plant, Ma'aden's ammonia plant, and the SAR41.2 billion Amiral complex by Saudi Aramco and TotalEnergies, highlight the increasing demand for specialized refrigeration for natural gas processing, equipment cooling, and storage. The NIDLP's goal of a 75% local content share in the oil and gas sector further boosts demand for ammonia-based systems, absorption chillers, and thermal storage solutions.

The table below provides a summary of the oil and gas applications for stationary refrigeration solutions.

**Table (3.14): Stationary Refrigeration in the Saudi Oil and Gas Value Chain**

| Oil and gas activity/sub-sector | Stationary refrigeration solutions                                                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Gas processing                  | Ammonia refrigeration systems for large-scale gas cooling and processing.                                                                                                                                                                                                                                                                                                                              |
| Chemical stabilization          | Specialized chiller units for precise temperature control during chemical stabilization.                                                                                                                                                                                                                                                                                                               |
| Petrochemical facilities        | Refrigeration systems supporting sustainable cooling needs within petrochemical facilities.                                                                                                                                                                                                                                                                                                            |
| Renewable energy operations     | <ul style="list-style-type: none"> <li>Thermal storage systems storing solar-generated power for use during off-peak times, ensuring consistent cooling.</li> <li>Ammonia-based refrigeration units supporting cooling and heat recovery in solar power generation sites.</li> <li>Absorption chillers utilizing solar thermal energy for environmentally-friendly cooling in power plants.</li> </ul> |
| Heat recovery                   | Ammonia-based refrigeration units to facilitate heat recovery processes.                                                                                                                                                                                                                                                                                                                               |

Sources: Euromonitor desk research on global market offerings of stationary refrigeration providers.

### Saudi Arabia's pharmaceutical manufacturing and localization ambitions under the NIDLP unlock strong opportunity for stationary refrigeration solutions

Saudi Arabia's push for pharmaceutical content localization under the National Industrial Development and Logistics Program (NIDLP), aiming for 40% local production, presents key opportunities for the stationary refrigeration sector. These include cooling systems for processes such as fermentation, refrigerated warehouses for active pharmaceutical ingredients (APIs), and lab refrigerators for sample storage. The initiative is supported by investments such as SAR12.8 billion for vaccines and biomedical sectors in 2022, along with partnerships with companies such as AstraZeneca and Pfizer. Notably, the SAR498.8 million vaccine-manufacturing facility in Sadeer City and collaborations such as the MoU between Lifera, Arabio, and Sanofi highlight the growing need for advanced refrigeration solutions.

### The Kingdom's warehousing market expansion has been a key driver of the stationary refrigeration market, particularly for F&B and vaccine cold storage, as well as e-commerce fulfillment centers

Under the NIDLP's ambitious logistics investments and objectives, the Kingdom's transportation and storage market grew by 7% between 2022G and 2023G, from SAR76.0 billion to SAR81.6 billion. The Kingdom's warehousing market, driven by the F&B, e-commerce, and pharmaceutical sectors, has increased demand for modern refrigeration solutions, particularly in commercial application. Notable investments include the launch of the Middle East's largest logistics facility by A.P. Moller - Maersk and Mawani at Jeddah Islamic Port, featuring cold chain storage. Additionally, Saudi Invest is developing a temperature-controlled warehouse complex in Jeddah for various sectors.

### Fuelled by a national economic transformation, Saudi Arabia's booming HORECA sector is fueling diverse demand for stationary refrigeration, with solutions including blast chillers and reach-in refrigerators

Supported by increasingly urbanized lifestyles, higher purchasing power among Saudi working youth and women, and a spate of tourism activities and mega projects, Saudi Arabia's restaurant sales surged by 13.6% to SAR89.3 billion in 2023G, up from SAR78.6 billion in 2022G. The Kingdom is home to an estimated 132,383 restaurants, cafés, and bakeries, with Vision 2030 aiming to raise the number of cafés from 258 to 1,000 per million people. The growing variety of foodservice options, including fine dining and fast food, has fuelled diverse demand for refrigeration solutions based on operational models. Additionally, trends such as food banks and hybrid café-factory models highlight the need for reliable, specialized refrigeration systems in both urban and remote areas.

The table below provides a summary of the foodservice applications for stationary refrigeration solutions.

**Table (3.15): Stationary Refrigeration in the Saudi Foodservice Sector**

| Consumer foodservice category                           | Stationary refrigeration solutions                                                                                                                    |
|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Large scale catering kitchens, including cloud kitchens | Large temperature-controlled cold rooms used for storing perishable goods.                                                                            |
| Fine dining restaurants                                 | Sophisticated refrigeration units such as blast chillers and shock freezers to preserve the quality of premium ingredients.                           |
| Casual dining restaurants                               | Reach-in refrigerators and freezers that balance accessibility and storage, along with refrigerated preparation tables for seamless food preparation. |
| Fast food restaurants                                   | Compact, high-efficiency refrigeration units capable of rapid, frequent access to essentials such as frozen meats, dairy, and beverages.              |

Sources: Euromonitor desk research on global market offerings of stationary refrigeration providers.

### Saudi Arabia's hospitality sector is experiencing notable growth, driven by major Vision 2030-related projects

Saudi Arabia's hospitality sector is set to expand with projects such as Megacity NEOM, the Red Sea Project, AMAALA, and Qiddiyah, contributing to the addition of 320,000 new hotel rooms by 2030G to accommodate 150 million visitors annually. Religious tourism is also expected to grow, with pilgrim numbers reaching 30 million by 2030G. This hotel construction boom, spanning luxury to budget accommodations, drives demand for diverse refrigeration solutions.

### Saudi Arabia's grocery segment and broader e-commerce transformation also requires select stationary refrigeration solutions for warehouse and fulfillment centers

Saudi Arabia's retail e-commerce market stood at SAR32.1 billion in 2023G, having expanded at a 20.7% CAGR since 2019G, when it totaled SAR15.1 billion. Already backed by a strong broadband and logistics infrastructure and notably high internet penetration (at 99.9% of total households in 2023G), the market's expansion was accelerated by the COVID-19 pandemic, which prompted greater investments in digital payments (including Buy Now, Pay Later FinTechs such as Tabby and Tamara), e-commerce platforms, and a long-term consumer behavioral shift toward online shopping. Between 2022G and 2024G, the number of Saudi consumers shopping online daily saw notable 90% growth. In addition, between 2022G and 2023G, the share of electronic payments in the retail sector rose from 62% to 70%. Also, the penetration of online grocery channels has prompted bigger temperature-controlled storage needs by third-party logistics operators to support last mile fulfilment.

## D- Opportunities

### Saudi Arabia's food security and self-sufficiency initiatives under Vision 2030 are expected to unlock significant opportunities for cold chain storage and stationary solutions

Under Vision 2030's goal for food security, Saudi Arabia's local agriculture sector is undergoing rapid expansion, with investments projected to reach USD70 billion by 2030G, up from USD44 billion in 2016G. The Kingdom's goal to be 90% self-sufficient in poultry production by 2030G requires expansion of refrigerated warehouses. Similarly, the rise in aquaculture production, projected to reach more than 600,000 metric tons by 2030G, will require substantial investments in cold storage facilities, with stationary refrigeration solutions including brine refrigeration systems. Halal certification also plays a vital role in Saudi Arabia's cold chain logistics, ensuring compliance with Islamic law throughout the supply chain. As of May 2024G, Category J Halal certification for warehouses and cold storage facilities has become mandatory, reinforcing strict guidelines for handling halal products, especially meat and poultry.

### The sustainability drive in Saudi Arabia's third-party logistics and storage sector is creating significant opportunities for eco-friendly coolants and energy-efficient refrigeration systems

Logistics companies in Saudi Arabia are increasingly investing in sustainable operations, focusing on energy efficiency. For example, Maersk's cold storage facility at King Abdulaziz Port in Dammam features advanced temperature and humidity controls, a 600 kWp solar panel plant generating 15% of its power, an on-site water treatment plant, and electric trucks for internal transport. Similarly, IFFCO committed USD77 million toward sustainability projects in November 2023G, targeting energy efficiency and reduced emissions.

## E- Competitive Landscape Assessment

### Competitive Structure of the Market

Saudi Arabia's stationary refrigeration market is fairly fragmented due to the role of intermediaries such as construction and EPC contractors, which manage diverse purchasing decisions

The stationary refrigeration solutions market in Saudi Arabia is consolidated at the industrial refrigeration sub-segment and fragmented in terms of commercial refrigeration solution companies. The top five players – Johnson Controls, GEA, CGS, Omega Engineering, and Daikin – lead the market, mainly offering industrial refrigeration solutions across different applications for industries. The rest of the market is fragmented driven by the determining role of intermediaries in connecting refrigeration solution providers with clients, the diverse nature of projects, for semi-industries and commercial establishments, and the lower project value threshold.

The table below shows the market ranking for the top five stationary refrigeration companies in Saudi Arabia (2019G-2028G).

**Table (3.16): Market Share Ranking of Stationary Refrigeration Solutions Companies by Revenue (2023G)**

|                               | Rank in 2023G |
|-------------------------------|---------------|
| Johnson Controls Arabia (JCA) | 1             |
| GEA                           | 2             |
| CGS                           | 3             |
| Omega Engineering             | 4             |
| Daikin                        | 5             |

Source: Euromonitor International calculations based on Euromonitor Passport Database, expert interviews, and published sources.

Note: Rankings have been assigned based on estimated revenues and project size executed by companies in 2023G.

The food manufacturing sector drives more than 50% of the industrial refrigeration demand in Saudi Arabia, companies such as NADEC and Almarai work with multiple service providers due to their expanded, geographically spread operations. Since refrigeration projects require both installation and ongoing maintenance, most customers prefer local providers for timely support rather than centralized ones. The involvement of construction and EPC contractors also leads to non-exclusive contracts.

### Overview of Key Competitors

JCA, active in Saudi Arabia since 1991G through its partnership with Al Salem Group as the distributor of YORK, has established a strong foothold in the Kingdom's stationary refrigeration market, ranking first in the market. The company provides advanced turnkey solutions for industries such as food and beverage, logistics, cold storage, and petrochemicals. GEA and CGS hold the second and third positions in the market. GEA provides industrial refrigeration solutions in the market serving industries such as food and beverage, dairy, petrochemicals, and logistics.

Beyond its primary focus on transport refrigeration solutions, CGS holds a significant position in the stationary refrigeration segment, ranking third in 2023G. Known for large-scale industrial and commercial refrigeration solutions, CGS serves critical sectors such as food processing, beverages, dairy, pharmaceuticals, and logistics. The company offers ammonia and freon refrigeration solutions, valued for energy efficiency and environmental benefits, along with comprehensive solutions for industries, hotels, and commercial institutions. CGS is also recognized for its expertise in designing and manufacturing insulated panels in the Kingdom. Omega Engineering and Daikin rank fourth and fifth respectively offering custom-engineered refrigeration plants, cold storage complexes, industrial and commercial installations.

### Barriers to Entry

Saudi Arabia's stationary refrigeration market offers relatively low entry barriers to new entrants, but scaling and meeting maintenance demands make it difficult to become a significant player

The consolidation within Saudi Arabia's stationary refrigeration solutions market is further amplified by the substantial project thresholds characteristic of major undertakings by leading firms such as Johnson Controls, GEA, and CGS. These projects frequently exceed SAR20 million in value, underscoring the high capital investment and strategic significance involved. The high capital investment and technical demands of these industrial projects limit smaller players' participation. While entry barriers remain, they are less pronounced in the commercial refrigeration sub-sector, allowing smaller firms to compete through tailored solutions, regional presence, and competitive pricing. Key barriers include the complex network of intermediaries and decision-makers, where building relationships with construction and EPC contractors is crucial but challenging. Additionally, the demanding performance and maintenance expectations of clients, including requests for project references within the country, the limited talent pool and Saudization policies, pose operational and financial hurdles for new entrants.

## 3.3 Emerging Opportunities for Cgs in the Infrastructure Support Market in Saudi Arabia

With ongoing efforts within the Kingdom to develop local infrastructure across four key sectors, energy, mining, logistics, and industry, to enhance competitiveness, and with growing participation from local and foreign private sector investors as 2030 approaches, considerable opportunities are emerging. These opportunities are particularly apparent for logistics and industrial solutions companies that offer modern, customized, and sophisticated services to support on-site and off-site cooling, mobility, and storage solutions.

### 3.3.1 Oil and Gas Services – Temporary Accommodation Structures

In July 2024G, Saudi Aramco discovered seven oil and gas deposits in the Kingdom's Eastern province and Empty Quarter, indicative of future growth opportunities for industrial service providers. With the Kingdom now heavily investing in its natural gas production through Saudi Aramco – starting with the USD110 billion (SAR413.6 billion) investment in the Jafurah gas field – opportunity emerges for oil field infrastructure services in the Kingdom. Saudi Arabia has several oil-producing fields, including the Abu Safa, Berri, and Dammam fields, and approvals to further develop existing fields, including Dammam oil field, which is Saudi Arabia's oldest producing asset. Newly commissioned oil fields would likely require the establishment of temporary work sites and employee accommodation camps to support production and onsite labour operations as these are critical components of oil field infrastructure.

Onshore oil field camps, often referred to as “**man camps**”, are essential for supporting the workforce involved in oil drilling projects typically in remote locations. Camps are modular and prefabricated structures which include accommodation units, office space, dining and social areas, medical facilities, and storage buildings and can house from 50 to 1,000 oilfield workers. Also, given the capital expenditure goal of up to SAR206.8 billion announced by Saudi Aramco in March 2023G to support strategic vision 2030 goals, including oil production, gas capacity expansion and petrochemicals, domestic demand for oil field infrastructure is expected beyond the forecast period (2028G). While the government is diversifying its revenue from oil and gas sources and seeking ways to explore oil using more environmentally-friendly methods, Saudi Arabia's oil and gas sector remains an opportunity area for cooling and modular structures providers across the petrochemical value chain. Local companies offering specialized technology solutions relating to customised, mobile accommodation structures are expected to benefit from the industry-wide expansion.

### 3.3.2 Military and Defense – Specialized Vehicles

Saudi Arabia's investment in military and defense infrastructure has significantly increased, driven by Vision 2030 objectives to localize 50% of its defense procurement. In 2022G, the Kingdom was the fifth-largest military spender globally. The Saudi Ministry of Finance's 2023G budget projects SAR254 billion in defense spending, accounting for approximately 23% of the total budget. The Saudi Arabian Military Industries (SAMI), under the Public Investment Fund (PIF), is leading the transformation of the Kingdom's defense sector and since its establishment in 2017G, SAMI has expanded through strategic acquisitions of the Aircraft Accessories & Components Company and Advanced Electronics Company. SAMI aims to become a top 25 global defense company by 2030G, aligning with Saudi ambitions for a robust, self-sufficient defense industry contributing at least SAR85.4 billion to the GDP by 2030G.

The defense sector's need for sophisticated mobile solutions aligns with recent partnerships by Saudi Arabian Military Industries (SAMI) to localize defense technology production. Collaborations with global leaders such as Lockheed Martin, BAE Systems, and Thales emphasize technology transfer and in-country production for equipment storage, aircraft maintenance, and electronics position local players with expertise in specialised technology to participate in this growth. Annual military spending for 2023G was SAR254 billion reflecting a 7.1% CAGR over 2019G–2023G from SAR191 billion in 2019G. This increase underscores the government's commitment to modernize military infrastructure, potentially boosting interest in CGS's EMI shelter solutions, and fostering partnerships with international suppliers looking for local collaborators.

### 3.3.3 Electric Power Transmission – Substations

Saudi Arabia is one of the top 10 countries globally in terms of power generation capacity and leads the Middle East with an installed gross power generation capacity of 83.5 gigawatts (GW). In 2023G, per capita energy consumption in Saudi Arabia was estimated as 4.92toe, significantly higher than the MENA region's average of 1.38toe. Currently, electric energy in Saudi Arabia is primarily generated from non-renewable oil and gas sources. However, the Kingdom is actively transitioning toward more renewable energy sources.

Since the launch of the National Transformation Plan in 2016G, investments in different sectors of the economy such as the SAR40 billion across 11 cities and the development of 150,000 housing units in September 2022G have led to greater demand for utility services in the Kingdom. The Saudi Electricity Company expects to add around 398,000 new customers in 2023G, a 4% increase in its customer base.

The high consumption levels have necessitated the ongoing expansion of power networks, substations, and generation infrastructure and the increased use of mobile power infrastructure, such as heavy-duty transformers and prefabricated electrical enclosures on construction sites of various giga projects such as Qiddiya, NEOM, and The Red Sea Project. This trend indicates a growing demand for independent mobile power infrastructure services in the Kingdom to reduce pressure on electricity generated for domestic and commercial purposes. Engineering, procurement, and construction (EPC) contractors such as ABB, Nesma, and L&T involved in the construction of electric power infrastructure in the Kingdom rely on specialized sub-contractors for the provision of prefabricated stationary and mobile enclosures. These enclosures are designed to house critical electrical components, ensuring protection and operational efficiency in various environmental conditions. CGS has expertise in supplying and customizing both mobile and stationary enclosures such as a low bed trailer for heavy-duty transformers, stationary prefabricated electrical enclosures for power substations.

Saudi Arabia aims to nearly double its power generation capacity from 83.5 GW to 160 GW by 2040G. In this context, the government plans to invest approximately SAR18.8 billion (USD5 billion) annually in generation and SAR15.4 billion (USD4 billion) in distribution and transmission. Based on estimates of electric power contracts in the Kingdom as of 2023G, the market for electric power transmission and distribution solutions is expected to see a 15.3% CAGR over 2023G–2028G.

### 3.3.4 Telecommunications – Shelters and Data Centers

The information and telecommunications industry in the Kingdom is undergoing transformation spearheaded by the Saudi Telecommunications Company (STC). The market size was estimated as SAR166 billion in 2023G growing by a CAGR of 7.4% between 2020G and 2023G amid rapid changes driven by technology advancements, telcos expanding non-traditional services, smart city projects, enterprise solutions in the commercial sector, the adoption of cloud computing, and infrastructure support services.

Given the extensive mobile network infrastructure upgrade projects in the Kingdom by major telecom providers such as STC, Mobily, and Zain, telecommunication shelters, which are crucial for housing and protecting equipment used in mobile network, has been on the rise. This increase is driven by the ongoing rollout of 4G and 5G network architecture and the upgrade of existing mobile network infrastructure in response to the ongoing digital transformation in the Kingdom, religious and business tourism activity, along with urbanization.

As of 2023G, Saudi Arabia had made significant strides in establishing over 20 operational data centers, strategically located in key cities such as Riyadh and Jeddah to support domestic demand and the ongoing giga projects in the Kingdom. The penetration of 5G technology, digitization of government to citizen (G2C) services, and smart city development within the Kingdom have amplified data traffic, driving the need for more data centers. In 2023G, DigitalBridge partnered with the Public Investment Fund (PIF) to develop data centers in Saudi Arabia and the Gulf Cooperation Council, while Amazon Web Services (AWS), the cloud division of Amazon, announcing plans in 2024G to invest USD5.3 billion (SAR20 billion) in constructing data centers in Saudi Arabia. In collaboration with KT and Hyundai E&C, STC intends to build digital infrastructure such as internet data centers and smart cities for the next 50 years toward the modernization of telecommunication infrastructure throughout the Kingdom such as upgrading and building new telecommunication shelters and data centers. Data centers require heavy power and cooling requirements and are housed in colocation sites or dedicated modular structures to support.

CGS was the first company to develop GSM Telecommunication Shelters with STC approval in the Kingdom of Saudi Arabia. CGS designs and manufactures Shelters according to customer application needs and specification requirements. As such, CGS is well positioned to benefit from the growing market needs of mobile data centers.

The broader ICT sector is projected to total SAR256 billion by 2028G growing at a 2023G–2028G CAGR of 6.7%, while the international data and colocation market is expected to grow by 18.4% between 2023G and 2024G reflecting potential growth of infrastructure support services such as shelters, mobile telecommunication towers, recovery disaster vehicles, and unit supply.

### 3.3.5 Healthcare – Mobile Clinics and Ambulances

Saudi Arabia's healthcare sector is rapidly expanding its mobile medical services to improve access to healthcare across urban, rural, and remote areas. By 2023G, the Ministry of Health reported a total of 279 mobile health clinics operating nationwide, a significant increase from fewer than 200 in 2019G. This expansion aligns with the Kingdom's Vision 2030 goals to enhance healthcare accessibility, particularly in underserved regions. In addition, major events such as the annual Hajj pilgrimage, as well as entertainment and tourism activities such as the Riyadh Season and the Dakar Rally, World Expo 2030, and FIFA World Cup 2034 have intensified the need for mobile healthcare services. To address the health demands of large gatherings, the Saudi Red Crescent Authority (SRCA) and private ambulance services, including those deployed by international partners, provide essential emergency care, with over 300 ambulances dispatched annually during Hajj alone.

Through the Saudi Red Crescent Society, ambulance networks across Saudi Arabia continue to expand their reach and scale, particularly during Hajj and Umrah. Moreover, the Saudi government is looking to establish regional clusters – each including an integrated network of healthcare providers to serve approximately 200,000 patients. This decentralized model will help increase access to emergency services, driving demand for temperature-controlled vehicles to safely transport pharmaceuticals, vaccines, and other critical medical supplies. With the Kingdom's growing healthcare infrastructure and its commitment to Vision 2030, the demand for mobile clinics and ambulances are expected to rise in line with public health objectives in the Kingdom, and the government's commitment to provide quality care for its ageing population. Additionally, emergency medical responses on construction sites, rural healthcare access, and event-specific healthcare needs.

### 3.4 Company Positioning

#### 3.4.1 Coldstores Group of Saudi Arabia

##### **CGS's established presence since 1976G provides a competitive advantage in brand recognition and market knowledge**

Founded in 1976G, CGS has established its presence in Saudi Arabia as pioneers in transport and stationary refrigeration systems, storage solutions, multi-purpose shelters and conversion of a wide range of utility vehicles. The company operates its headquarters, engineering, and manufacturing units in Riyadh, two sales branches in Jeddah and Dammam, and another in Bahrain. The company's versatility and deep local engineering expertise positions it to serve companies in the food and beverage, pharmaceutical, petrochemical, health, and telecommunication industries as well as ministries and semi-governmental entities. Also, the company's commitment to quality is demonstrated through its ISO 9001 certification, which it first achieved in 1999G and upgraded to ISO 9001:2015. CGS's dedication to eco-friendly manufacturing practices ensures that its production processes are integrated with sustainable technologies, reducing emissions, and adhering to international best practices. By continuously investing in cutting-edge technology and fostering a clean and healthy work environment, CGS aims to become the Middle East's leader in environmentally-conscious solutions.

##### **Local expertise in cold chain management, transport and stationary refrigeration, and customised solutions**

CGS prides itself as a leader in the supply of temperature-controlled technology solutions for food and beverage, third-party logistics, and cold chain industries. CGS's diversified product and services portfolio in the transport refrigeration solutions segment includes cooling solutions for light commercial vehicles, trucks, and trailers. The transport refrigeration segment of the business accounted for more than 60% of the company's revenues in 2023G. Beyond its dominance in transport refrigeration solutions, CGS is a strong contender in the stationary refrigeration market, ranking third in 2023G, with this business segment contributing to approximately 25% of the company's 2023G revenue. CGS's stationary refrigeration solution is most prominent in large-scale industrial refrigeration for applications such as food processing, beverages, dairy, and pharmaceuticals. CGS's stationary refrigeration segment grew significantly in 2023G, recording an annual increase of more than 40% compared to 2022G.

##### **CGS's growth strategy is supported by ongoing transformation projects in the Kingdom across five anchor sectors**

Initiatives in the Kingdom supported by the National Industry Strategy (NIS) and Saudi Arabia's Vision 2030 transformation plan provide backing for the growth of transport, stationary and industrial refrigeration, and mobile storage solutions. Key industries of interest to CGS, and central to the economic diversification plan in the country include food and beverage, health, petrochemicals, telecommunications, defense, and power. By leveraging its strong engineering capabilities and strategic partnerships, CGS is well-positioned to lead in the market, given its track record in complying and meeting the stringent demands of modern industrial applications, ensuring high-quality, reliable solutions that support the Kingdom's technological and infrastructural advancements.



# OVERVIEW OF THE GROUP AND THE NATURE OF ITS BUSINESS



## 4. OVERVIEW OF THE GROUP AND THE NATURE OF ITS BUSINESS

### 4.1 Overview

Consolidated Grünenfelder Saady Holding Company is an unlisted Saudi mixed joint-stock company pursuant to Commercial Registration No. 1010651887 dated 18/01/1442H (corresponding to 06/09/2020G) and holds Services Investment License No. 10211410693597 from the Ministry of Investment dated 11/06/1441H (corresponding to 06/02/2020G), registered in Riyadh. Its registered address is P.O. Box 35800, Postal Code 11383, New Industrial City, Riyadh, Kingdom of Saudi Arabia.

Pursuant to its Bylaws, the Company's activities consist of activities of holding companies (i.e., entities that acquire assets owning controlling levels of equity of a group of subsidiaries, and whose principal activity is the ownership of that group). Pursuant to its main commercial registration, the Company's main activity is the management of subsidiaries of holding companies.

As of the date of this Prospectus, the Company's current share capital is one hundred million Saudi Riyals (SAR 100,000,000), divided into one hundred million (100,000,000) ordinary shares with a nominal value of one Saudi Riyal (SAR 1) per share.

The Company has three (3) Subsidiaries in Riyadh, Jeddah and Bahrain. The Subsidiaries are leading engineering and manufacturing companies specializing in innovative, high-performance solutions tailored to meet the demands of diverse industries across Saudi Arabia and Bahrain. Founded in 1976G by Mr. Esmat Al Saady and Mr. Albert Grünenfelder, the Group has established itself as a pioneer in cold chain solutions and vehicle modifications, with a particular focus on advanced refrigeration, custom refrigerated transport solutions, specialized mobile units and design/manufacturing of complex units. Headquartered in Riyadh, Kingdom of Saudi Arabia, with facilities in Jeddah, Dammam, and Bahrain, the Group offers comprehensive engineering, manufacturing, and after-sales support, serving a wide range of sectors, including food and beverage, healthcare, logistics, telecommunications, defense, oil and gas, and manufacturing.

The Group's commitment to quality and innovation is evident in its cutting-edge manufacturing capabilities and engineering excellence. The Company leverages advanced technologies like Industry 4.0 applications, IoT-enabled smart systems, robotics, and lean manufacturing practices to deliver high-quality, customized products that meet the unique needs of each client. Its industry-leading capabilities include precision design tools, such as 3D printing and virtual reality modeling, allowing the Group to prototype and refine products collaboratively with clients. This focus on innovation is further supported by the Group's robust development efforts and engineering teams, which continually enhance its offerings and explore sustainable solutions.

The Group's product range reflects its versatility and commitment to addressing critical industry needs. In the automotive sector, the Group is renowned for its custom vehicle conversions, including refrigerated trucks, ambulances (recently launched), and rapid deployment units for sectors requiring reliable mobile solutions. Its refrigeration solutions cater to commercial and industrial applications, from cold rooms and process cooling to comprehensive cold chain logistics, using environmentally friendly refrigerants and energy-efficient designs. The Company's long-standing partnership with Carrier also strengthens its capability in refrigerated transport, enabling the Group to deliver highly reliable, temperature-controlled solutions essential for preserving product quality during transport.

Dedicated to client satisfaction, the Group operates an extensive after-sales network across Saudi Arabia and Bahrain, offering maintenance services, operation contracts, and emergency support to ensure the longevity and performance of its products. This comprehensive service infrastructure is a testament to the Group's client-centric approach, which prioritizes strong relationships, responsive support, and tailored service plans.

With a rich history of engineering excellence, continuous investment in technology, and a client-focused philosophy, the Group stands as a trusted partner for businesses throughout Saudi Arabia and Bahrain, delivering industry-leading solutions that support the region's growth and sustainability goals. The Company reported revenue of SAR 349 million in FY 2024G, growing at a CAGR of 14.8% since FY 2022G, and net profit of SAR 45 million, growing at a CAGR of 22% with a return on average equity of 46%.

#### 4.1.1 The Company's Shareholding Structure Pre- and Post-Offering

As of the date of this Prospectus, the Company's share capital is one hundred million Saudi Riyals (SAR 100,000,000), divided into one hundred million (100,000,000) ordinary shares with a nominal value of one Saudi Riyal (SAR 1) per share. The following table shows the Company's shareholding structure pre-and post-Offering:

**Table (4.1): The Company's Shareholding Structure Pre- and Post-Offering**

| #            | Shareholder                                          | Pre-Offering       |                           |               | Post-Offering      |                           |               |
|--------------|------------------------------------------------------|--------------------|---------------------------|---------------|--------------------|---------------------------|---------------|
|              |                                                      | No. of Shares      | Total Nominal Value (SAR) | Ownership (%) | No. of Shares      | Total Nominal Value (SAR) | Ownership (%) |
| 1.           | Darat Esmat Bin Abdul-Samad Al Saady Holding Company | 50,000,000         | 50,000,000                | 50%           | 35,000,000         | 35,000,000                | 35%           |
| 2.           | GK Grünenfelder International AG                     | 50,000,000         | 50,000,000                | 50%           | 35,000,000         | 35,000,000                | 35%           |
| 3.           | Public                                               | -                  | -                         | -             | 30,000,000         | 30,000,000                | 30%           |
| <b>Total</b> |                                                      | <b>100,000,000</b> | <b>100,000,000</b>        | <b>100%</b>   | <b>100,000,000</b> | <b>100,000,000</b>        | <b>100%</b>   |

Source: The Company

#### 4.1.2 Corporate History and Evolution of the Company's Ownership Structure and Share Capital

##### A- Commencement of the Group's Business (1976G)

The Group's operations date back to 1976G, when the Swiss engineer Mr. Albert Grünenfelder collaborated with the Saudi entrepreneur Mr. Esmat Al Saady and the Saudi Establishment for Engineering Equipments (Conato) to establish CGS Conato-Grünenfelder-Saady Company through a joint venture to manufacture refrigerated bodies and carriers in the Kingdom. In accordance with the joint venture agreement dated 03/07/1396H (corresponding to 30/06/1976G), the partners agreed to establish CGS Conato-Grünenfelder-Saady Company with a share capital of one million, five hundred thousand Saudi Riyals (SAR 1,500,000), with the head office and factory of CGS ConatoGrünenfelder-Saady Company to be located in Riyadh.

The following table shows the ownership structure of CGS Conato-Grünenfelder-Saady Company at incorporation:

**Table (4.2): Ownership Structure of CGS Conato-Grünenfelder-Saady Company as of 03/07/1396H (corresponding to 30/06/1976G)**

| #            | Partner                                                 | No. of Shares | Nominal Value per Share (SAR) | Total Nominal Value (SAR) | Shareholding (%) |
|--------------|---------------------------------------------------------|---------------|-------------------------------|---------------------------|------------------|
| 1.           | Esmat Bin Abdul-Samad Al Saady                          | -             | -                             | 500,000                   | 33%              |
| 2.           | Albert Grünenfelder                                     | -             | -                             | 500,000                   | 33%              |
| 3.           | Saudi Establishment for Engineering Equipments (Conato) | -             | -                             | 500,000                   | 33%              |
| <b>Total</b> |                                                         | <b>-</b>      | <b>-</b>                      | <b>1,500,000</b>          | <b>100%</b>      |

Source: The Company

##### B- Incorporation of Consolidated Grünenfelder Saady Limited Liability Company (1977G)

In 1977G, the two partners, Swiss engineer Mr. Albert Grünenfelder and Saudi entrepreneur Mr. Esmat Al Saady, agreed to establish a limited liability company under the name "Consolidated Grünenfelder Saady" as a joint venture, in accordance with the Articles of Association dated 18/07/1397H (corresponding to 04/07/1977G) notarized by the notary public in Riyadh on 27/10/1397H (corresponding to 11/10/1977G), with a share capital of one million, five hundred thousand Saudi Riyals (SAR 1,500,000) divided into one thousand, five hundred (1,500) equal shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share.

The following table shows the ownership structure of Consolidated Grünenfelder Saady Limited Liability Company at incorporation:

**Table (4.3): Ownership Structure of Consolidated Grünenfelder Saady Limited Liability Company as of 18/07/1397H (corresponding to 04/07/1977G)**

| #            | Partner                        | No. of Shares | Nominal Value per Share (SAR) | Total Nominal Value (SAR) | Shareholding (%) |
|--------------|--------------------------------|---------------|-------------------------------|---------------------------|------------------|
| 1.           | Esmat Bin Abdul-Samad Al Saady | 750           | 1,000                         | 750,000                   | 50%              |
| 2.           | Albert Grünenfelder            | 750           | 1,000                         | 750,000                   | 50%              |
| <b>Total</b> |                                | <b>1,500</b>  | <b>-</b>                      | <b>1,500,000</b>          | <b>100%</b>      |

Source: The Company

This served as the foundation for the Group to become one of the leaders in the refrigeration sector in the Kingdom. The Group quickly established a loyal client base by providing innovative and market-oriented solutions in the Kingdom. Through its incorporation, the Group introduced various refrigeration products and solutions, such as versatile refrigerated carriers and multi-purpose bodies, and has continued to develop its products and services over the years.

## C- Incorporation of Subsidiaries

### 1- CGS Jeddah

In 1984G, the two partners, Mr. Albert Grünenfelder and Mr. Esmat Al Saady, established CGS Jeddah, a limited liability company incorporated in the Kingdom under Commercial Registration No. 4030045594, dated 20/01/1405H (corresponding to 15/10/1984G), with a share capital of two million, four hundred thousand Saudi Riyals (SAR 2,400,000) divided into two thousand, four hundred (2,400) equal shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share.

### 2- CGS Riyadh

In 1986G, the two partners, Mr. Albert Grünenfelder and Mr. Esmat Al Saady, established CGS Riyadh, a limited liability company incorporated in the Kingdom under Commercial Registration No. 1010064234, dated 24/03/1407H (corresponding to 27/11/1986G), with a share capital of four million, six hundred thousand Saudi Riyals (SAR 4,600,000) divided into four thousand, six hundred (4,600) equal shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share.

### 3- CGS Bahrain

In 2007G, Mr. Esmat Al Saady established CGS Bahrain, a limited liability company incorporated in the Kingdom of Bahrain under Commercial Registration No. 1-65797, dated 17/06/1428H (corresponding to 03/07/2007G), with a share capital of twenty thousand Bahraini dinars (BHD 20,000) divided into two hundred (200) equal shares with a nominal value of one hundred Bahraini dinars (BHD 100) per share.

(For further details on the Subsidiaries, please refer to Section 4.1.6 "Overview of the Company's Subsidiaries" of this Prospectus).

## D- Incorporation of the Issuer (2020G)

The Company was initially established in 2020G as a mixed limited liability company under the name "شركة اتحاد جرونفلدر سعدي" (Consolidated Grünenfelder Saady Holding Company) registered in Riyadh under Commercial Registration No. 1010651887 dated 18/01/1442H (corresponding to 06/09/2020G) with a share capital of one million Saudi Riyals (SAR 1,000,000) divided into ten thousand (10,000) equal shares of with a nominal value of one hundred Saudi Riyals (SAR 100) per share.

The following table shows the ownership structure at incorporation:

**Table (4.4): The Company's Ownership Structure as of 17/07/1441H (corresponding to 11/03/2020G)<sup>(1)</sup>**

| #            | Partner                                              | No. of Shares | Nominal Value per Share (SAR) | Total Nominal Value (SAR) | Shareholding (%) |
|--------------|------------------------------------------------------|---------------|-------------------------------|---------------------------|------------------|
| 1.           | Darat Esmat Bin Abdul-Samad Al Saady Holding Company | 5,000         | 100                           | 500,000                   | 50%              |
| 2.           | GK Grünenfelder International AG                     | 5,000         | 100                           | 500,000                   | 50%              |
| <b>Total</b> |                                                      | <b>10,000</b> | <b>-</b>                      | <b>1,000,000</b>          | <b>100%</b>      |

(1) The date mentioned is the date of the Company's Articles of Association, which were notarized on 28/11/1441H (corresponding to 19/07/2020G); the commercial registration was issued on 18/01/1442H (corresponding to 06/09/2020G).

Source: The Company

## E- The Company's Acquisition of Subsidiaries

### 1- CGS Jeddah

CGS Jeddah was acquired by the Company on 15/05/1443H (corresponding to 20/12/2021G). The Company acquired 100% of the ownership shares in CGS Jeddah for a consideration of SAR 11.7 million through a share transfer agreement between the joint owners of the two companies.

### 2- CGS Riyadh

CGS Riyadh was acquired by the Company on 03/08/1442H (corresponding to 17/03/2021G). The Company acquired 100% of the ownership shares in CGS Riyadh for a consideration of SAR 30 million through a share transfer agreement between the joint owners of the two companies.

### 3- CGS Bahrain

CGS Bahrain was acquired by the Company on 22/09/1445H (corresponding to 01/04/2024G). The Company acquired 100% of the ownership shares in CGS Bahrain for no consideration, as the owner of CGS Bahrain waived his entire share to the Company.

## F- Capital Increase, Reduction of the Nominal Value, and Conversion of the Company into an Unlisted Joint-Stock Company (2024G).

In 2024G, the partners resolved to convert the Company into an unlisted joint-stock company and to increase its share capital from one million Saudi Riyals (SAR 1,000,000), divided into ten thousand (10,000) equal shares with a nominal value of one hundred Saudi Riyals (SAR 100) per share, to one hundred million Saudi Riyals (SAR 100,000,000), and to set the nominal value at one Saudi Riyal (SAR 1) per share. The Company's share capital was increased through (1) the capitalization of forty-four million, five hundred and sixty thousand, four hundred and sixty-one Saudi Riyals (SAR 44,560,461) from the retained earnings account, and (2) the capitalization of fifty-four million, four hundred and thirty-nine thousand, five hundred and thirty-nine Saudi Riyals (SAR 54,439,539) from the additional capital contribution account.

The following table shows the ownership structure of the Company following the capital increase, reduction of the nominal value of the Company's shares, and its conversion into an unlisted joint-stock company:

**Table (4.5): The Company's Ownership Structure as of 07/06/1446H (corresponding to 08/12/2024G)**

| #            | Shareholder                                          | No. of Shares      | Nominal Value per Share (SAR) | Total Nominal Value (SAR) | Shareholding (%) |
|--------------|------------------------------------------------------|--------------------|-------------------------------|---------------------------|------------------|
| 1.           | Darat Esmat Bin Abdul-Samad Al Saady Holding Company | 50,000,000         | 1                             | 50,000,000                | 50%              |
| 2.           | GK Grünenfelder International AG                     | 50,000,000         | 1                             | 50,000,000                | 50%              |
| <b>Total</b> |                                                      | <b>100,000,000</b> | <b>-</b>                      | <b>100,000,000</b>        | <b>100%</b>      |

Source: The Company

### 4.1.3 Overview of the Company's Substantial Shareholders

As of the date of this Prospectus, the Company has two (2) Substantial Shareholders who each directly own 50% of the Company's share capital, namely (a) Darat Esmat Bin Abdul-Samad Al Saady Holding Company and (b) GK Grünenfelder International AG, and they collectively own 100% of the Company's share capital. Details of the Substantial Shareholders are as follows:

#### A- Darat Esmat Bin Abdul-Samad Al Saady Holding Company

Darat Esmat Bin Abdul-Samad Al Saady Holding Company is a limited liability company registered under Commercial Registration No. 4030289665 dated 23/08/1437H (corresponding to 30/05/2016G). Its current share capital is five hundred thousand Saudi Riyals (SAR 500,000) divided into one thousand (1,000) equal shares with a nominal value of five hundred Saudi Riyals (SAR 500) per share.

The following table shows the ownership structure of Darat Esmat Bin Abdul-Samad Al Saady Holding Company as of the date of this Prospectus:

**Table (4.6): Ownership Structure of Darat Esmat Bin Abdul-Samad Al Saady Holding Company as of the Date of this Prospectus**

| #            | Shareholder                    | No. of Shares | Nominal Value per Share (SAR) | Total Nominal Value (SAR) | Shareholding (%) |
|--------------|--------------------------------|---------------|-------------------------------|---------------------------|------------------|
| 1.           | Esmat Bin Abdul-Samad Al Saady | 900           | 500                           | 450,000                   | 90%              |
| 2.           | Buhur Holding Company          | 100           | 500                           | 50,000                    | 10%              |
| <b>Total</b> |                                | <b>1,000</b>  | <b>-</b>                      | <b>500,000</b>            | <b>100%</b>      |

Source: The Company

The details of Buhur Holding Company are as follows:

#### Buhur Holding Company

Buhur Holding Company is a limited liability company registered in Jeddah under Commercial Registration No. 4030390368 dated 21/01/1442H (corresponding to 09/11/2020G). Its current share capital is fifty thousand Saudi Riyals (SAR 50,000) divided into five thousand (5,000) ordinary shares with an equal nominal value of ten Saudi Riyals (SAR 10) per share.

The following table shows the ownership structure of Buhur Holding Company as of the date of this Prospectus:

**Table (4.7): Ownership Structure of Buhur Holding Company as of the Date of this Prospectus**

| #            | Partner                           | No. of Shares | Nominal Value per Share (SAR) | Total Nominal Value (SAR) | Shareholding (%) |
|--------------|-----------------------------------|---------------|-------------------------------|---------------------------|------------------|
| 1.           | Sinan Esmat Abdul- Samad Al Saady | 3,500         | 10                            | 35,000                    | 70.0%            |
| 2.           | Nafisa Yousef Abdul Latif Jameel  | 750           | 10                            | 7,500                     | 15.0%            |
| 3.           | Marya Sinan Esmat Al Saady        | 250           | 10                            | 2,500                     | 5.0%             |
| 4.           | Serene Sinan Esmat Al Saady       | 250           | 10                            | 2,500                     | 5.0%             |
| 5.           | Alana Sinan Esmat Al Saady        | 250           | 10                            | 2,500                     | 5.0%             |
| <b>Total</b> |                                   | <b>5,000</b>  | <b>-</b>                      | <b>50,000</b>             | <b>100%</b>      |

Source: The Company

#### B- GK Grünenfelder International AG

GK Grünenfelder International AG is a Swiss closed joint-stock company, registered in the Canton of St. Gallen under Commercial Registration No. CHE 446.840.455 dated 20/03/1436H (corresponding to 24/12/2014G). Its current share capital is one hundred and two thousand Swiss francs (CHF 102,000), divided into one hundred and two (102) ordinary shares with an equal nominal value of one thousand Swiss francs (CHF 1,000) per share.

The following table shows the ownership structure of GK Grünenfelder International AG as of the date of this Prospectus:

**Table (4.8): Ownership Structure of GK Grünenfelder International AG as of the Date of this Prospectus**

| #            | Shareholder                            | No. of Shares | Nominal Value per Share (CHF) | Total Nominal Value (CHF) | Shareholding (%) |
|--------------|----------------------------------------|---------------|-------------------------------|---------------------------|------------------|
| 1.           | Familienholding Marcel Grünenfelder AG | 51            | 1,000                         | 51,000                    | 50%              |
| 2.           | Meteira AG                             | 51            | 1,000                         | 51,000                    | 50%              |
| <b>Total</b> |                                        | <b>102</b>    | <b>-</b>                      | <b>102,000</b>            | <b>100%</b>      |

Source: The Company

The details of Familienholding Marcel Grünenfelder AG are as follows:

Familienholding Marcel Grünenfelder AG is a Swiss closed joint-stock company registered under Commercial Registration No. CHE 210.193.545 dated 26/02/1442H (corresponding to 14/10/2020G). Its current share capital is one hundred and two thousand Swiss francs (CHF 102,000), divided into one hundred and two (102) ordinary shares with an equal nominal value of one thousand Swiss francs (CHF 1,000) per share.

The following table shows the ownership structure of Familienholding Marcel Grünenfelder AG as of the date of this Prospectus:

**Table (4.9): Ownership Structure of Familienholding Marcel Grünenfelder AG as of the Date of this Prospectus**

| #            | Shareholder                | No. of Shares | Nominal Value per Share (CHF) | Total Nominal Value (CHF) | Shareholding (%) |
|--------------|----------------------------|---------------|-------------------------------|---------------------------|------------------|
| 1.           | Marcel Albert Grünenfelder | 102           | 1,000                         | 102,000                   | 100%             |
| <b>Total</b> |                            | <b>102</b>    | <b>-</b>                      | <b>102,000</b>            | <b>100%</b>      |

Source: The Company

The details of Meteira AG are as follows:

Meteira AG is a Swiss closed joint-stock company, registered under Commercial Registration No. CHE 205.372.591 dated 29/06/1442H (corresponding to 12/02/2021G). Its current share capital is one hundred and two thousand Swiss francs (CHF 102,000), divided into one hundred and two (102) ordinary shares with an equal nominal value of one thousand Swiss francs (CHF 1,000) per share.

The following table shows the ownership structure of Meteira AG as of the date of this Prospectus:

**Table (4.10): Ownership Structure of Meteira AG as of the Date of this Prospectus**

| #            | Shareholder               | No. of Shares | Nominal Value per Share (CHF) | Total Nominal Value (CHF) | Shareholding (%) |
|--------------|---------------------------|---------------|-------------------------------|---------------------------|------------------|
| 1.           | Albert Peter Grünenfelder | 102           | 1,000                         | 102,000                   | 100%             |
| <b>Total</b> |                           | <b>102</b>    | <b>-</b>                      | <b>102,000</b>            | <b>100%</b>      |

Source: The Company



#### 4.1.4 Overview of the Company's Indirect Substantial Shareholders

The following table shows the details of the Substantial Shareholders who indirectly own 5% or more of the Company's shares:

**Table (4.11): The Company's Substantial Shareholders by Indirect Ownership as of the Date of this Prospectus**

| #            | Shareholder                                      | Pre-Offering       |                                     |               | Post-Offering     |                                     |               |
|--------------|--------------------------------------------------|--------------------|-------------------------------------|---------------|-------------------|-------------------------------------|---------------|
|              |                                                  | No. of Shares      | Total Nominal Value of Shares (SAR) | Ownership (%) | No. of Shares     | Total Nominal Value of Shares (SAR) | Ownership (%) |
| 1.           | Esmat Abdul-Samad Naguib Al Saady <sup>(1)</sup> | 45,000,000         | 45,000,000                          | 45.0%         | 31,500,000        | 31,500,000                          | 31.50%        |
| 2.           | Marcel Albert Grünenfelder <sup>(2)</sup>        | 25,000,000         | 25,000,000                          | 25.0%         | 17,500,000        | 17,500,000                          | 17.50%        |
| 3.           | Albert Peter Grünenfelder <sup>(3)</sup>         | 25,000,000         | 25,000,000                          | 25.0%         | 17,500,000        | 17,500,000                          | 17.50%        |
| 4.           | Buhur Holding Company <sup>(4)(5)</sup>          | 5,000,000          | 5,000,000                           | 5.0%          | 3,500,000         | 3,500,000                           | 3.50%         |
| <b>Total</b> |                                                  | <b>100,000,000</b> | <b>100,000,000</b>                  | <b>100%</b>   | <b>70,000,000</b> | <b>70,000,000</b>                   | <b>70%</b>    |

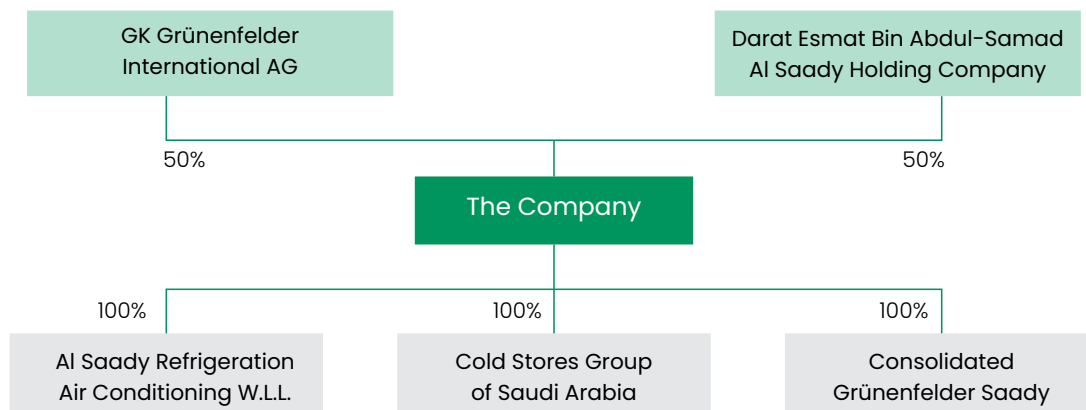
- (1) Esmat Abdul-Samad Al Saady's indirect ownership in the Company is due to his direct ownership of 90% of Darat Esmat Bin Abdul-Samad Al Saady Holding Company, which in turn directly owns 50% of the Company's shares.
- (2) Marcel Albert Grünenfelder's indirect ownership in the Company is due to his direct ownership of 100% of Familienholding Marcel Grünenfelder AG, which owns 50% of GK Grünenfelder International AG, which in turn directly owns 50% of the Company's shares.
- (3) Albert Peter Grünenfelder's indirect ownership in the Company is due to his direct ownership of 100% of Meteira AG, which owns 50% of GK Grünenfelder International AG, which in turn directly owns 50% of the Company's shares.
- (4) Buhur Holding Company's ownership in the Company is due to its direct ownership of 10% of Darat Esmat Bin Abdul-Samad Al Saady Holding Company, which in turn directly owns 50% of the Company's shares.
- (5) Post-Offering, Buhur Holding Company will no longer be an indirect Substantial Shareholder in the Company.

Source: The Company

#### 4.1.5 Group Structure

The following figure shows the Group's structure as of the date of this Prospectus:

**Figure (3): The Group's Structure as of the Date of this Prospectus**



Source: The Company

#### 4.1.6 Overview of the Company's Subsidiaries

The Company owns three (3) Subsidiaries located in the Kingdom and Bahrain. The following table shows details of the Company's Subsidiaries as of the date of this Prospectus:

**Table (4.12): The Company's Subsidiaries as of the Date of this Prospectus**

| #  | Name of Subsidiary                                                            | Nationality | Commercial Registration | Date of Incorporation                         | Share Capital | Direct Ownership of the Company |
|----|-------------------------------------------------------------------------------|-------------|-------------------------|-----------------------------------------------|---------------|---------------------------------|
| 1. | CGS Bahrain (Al Saady Refrigeration Air Conditioning W.L.L.)                  | Bahraini    | 1-65797                 | 17/06/1428H<br>(corresponding to 03/07/2007G) | BHD 20,000    | 100%                            |
| 2. | CGS Jeddah (Consolidated Grünenfelder Saady (a single shareholder company))   | Saudi       | 4030045594              | 20/01/1405H<br>(corresponding to 15/10/1984G) | SAR 2,400,000 | 100%                            |
| 3. | CGS Riyadh (Cold Stores Group of Saudi Arabia (a single shareholder company)) | Saudi       | 1010064234              | 24/03/1407H<br>(corresponding to 27/11/1986G) | SAR 4,600,000 | 100%                            |

Source: The Company

For the purpose of measuring the materiality of the Subsidiaries, the Company and its Financial Advisor took into account their impact on the decision to invest in the Company's securities and their price, including, but not limited to, whether they constitute 5% or more of the Company's total assets, liabilities, revenue, profits or contingent liabilities.

Based on the foregoing, CGS Riyadh and CGS Jeddah are considered material subsidiaries. The details of the material and non-material Subsidiaries are as follows:

##### A- CGS Jeddah

CGS Jeddah is a limited liability company incorporated in the Kingdom under Commercial Registration No. 4030045594 dated 20/01/1405H (corresponding to 15/10/1984G) with a share capital of two million, four hundred thousand Saudi Riyals (SAR 2,400,000) divided into two thousand, four hundred (2,400) equal shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The Company owns 100% of the shares of CGS Jeddah.

According to its commercial registration, CGS Jeddah's main activities are the manufacture of pylons and their parts, the manufacture and installation of prefabricated steel structures of industrial establishments, the manufacture of prefabricated buildings mainly made of metal, the manufacture and installation of windows and doors, and the manufacture and installation of stairs. CGS Jeddah is mainly involved in sales and after-sales services for the Group. CGS Jeddah's actual activity is to assemble refrigeration products from stationary and mobile products, design cold storage solutions, and provide technical support.

CGS Jeddah plays a pivotal role in the Group's nationwide operations, with a strong focus on vehicle body customization, cold storage solutions, and technical services. It is equipped to install refrigeration systems, specialized truck bodies, and insulated panels for a variety of commercial applications. CGS Jeddah assembles and maintains transportation refrigeration systems and provides comprehensive support for cargo cranes and stationary refrigeration infrastructure. With the capability of serving industrial clients, food processors, and logistics operators, CGS Jeddah offers comprehensive support, from design to installation, service, and emergency repairs. CGS Jeddah also features an in-house technical training center, which helps maintain a skilled workforce. Additionally, CGS Jeddah supports continuity of operations through contractual maintenance programs, mobile service fleets, and dedicated spare parts warehouses. By combining engineering expertise with responsive field services, CGS Jeddah ensures the delivery of reliable cold chain and vehicle solutions throughout the Kingdom. The following table shows the ownership structure of CGS Jeddah:

**Table (4.13): Ownership Structure of CGS Jeddah as of the Date of this Prospectus**

| #            | Shareholder | No. of Shares | Nominal Value per Share (SAR) | Total Nominal Value (SAR) | Ownership (%) |
|--------------|-------------|---------------|-------------------------------|---------------------------|---------------|
| 1.           | The Company | 2,400         | 1,000                         | 2,400,000                 | 100%          |
| <b>Total</b> |             | <b>2,400</b>  | <b>1,000</b>                  | <b>2,400,000</b>          | <b>100%</b>   |

Source: The Company

**B- CGS Riyadh**

CGS Riyadh is a limited liability company incorporated in the Kingdom under Commercial Registration No. 1010064234 dated 24/03/1407H (corresponding to 27/11/1986G) with a share capital of four million, six hundred thousand Saudi Riyals (SAR 4,600,000) divided into four thousand, six hundred (4,600) equal shares with a nominal value of one thousand Saudi Riyals (SAR 1,000) per share. The Company owns 100% of the shares of CGS Riyadh.

According to its commercial registration, CGS Riyadh's activities are the manufacture of pylons and their parts, the manufacture and installation of prefabricated steel structures of industrial establishments, the manufacture of prefabricated buildings mainly made of metal, the manufacture and installation of windows and doors, the manufacture and installation of stairs, the manufacture of mobile military shelters, the manufacture of finished and semi-finished products through peening, compression casting and milling, processing and painting metals by refinement and polishing, processing and painting metals by coloring and cleaning, the manufacture of mobile derrick structures, the manufacture of freezing and refrigeration rooms and equipment, the manufacture and assembly of motor car structures, the manufacture of vehicle bodies from metal, the manufacture of trailers installed on motor structures, the manufacture of caravan semi-trailers, the manufacture of trailers for railroad and roads, the manufacture of trailers for carrying furniture and cars, the manufacture of ordinary or chilling containers for carrying goods, the manufacture of parts of trailers and semi-trailers, the manufacture of military land and amphibious vehicles, and the manufacture of parts of military platforms used for military land vehicles. CGS Riyadh is the Group's main operating entity; it houses the manufacturing facility and generates the majority of sales and profitability. CGS Riyadh's actual activity is the manufacture of stationary refrigeration products, as well as the installation of various forms of necessary refrigeration bodies and the provision of technical services.

CGS Riyadh is a key strategic hub for the Group's operations in Riyadh, combining high-capacity manufacturing with specialized vehicle and refrigeration solutions. CGS Riyadh is actively involved in the customization and integration of transport systems, including the installation of refrigeration equipment and insulated or refrigerated bodies on commercial vehicle bodies. It also provides custom engineering services that include body fabrication, refrigeration unit preparation, testing, and maintenance. CGS Riyadh supports vital sectors such as cold chain logistics, food distribution, and medical transport through reliable maintenance services, including 24/7 mobile response units. In addition, CGS Riyadh's factory includes a robust production infrastructure featuring panel pressing, steel fabrication, composite molding, trailer assembly, and refrigeration rack construction. These capabilities are supported by in-house engineering, testing, and quality control functions, ensuring the production of durable, regulation-compliant solutions. Together, the branch and factory provide an integrated platform for innovation, manufacturing, and technical support across the Kingdom.

The following table shows the ownership structure of CGS Riyadh:

**Table (4.14): Ownership Structure of CGS Riyadh as of the Date of this Prospectus**

| #            | Shareholder | No. of Shares | Nominal Value per Share (SAR) | Total Nominal Value (SAR) | Ownership (%) |
|--------------|-------------|---------------|-------------------------------|---------------------------|---------------|
| 1.           | The Company | 4,600         | 1,000                         | 4,600,000                 | 100%          |
| <b>Total</b> |             | <b>4,600</b>  | <b>1,000</b>                  | <b>4,600,000</b>          | <b>100%</b>   |

Source: The Company

## C- CGS Bahrain

CGS Bahrain is a limited liability company incorporated in the Kingdom of Bahrain under Commercial Registration No. 1-65797, dated 17/06/1428H (corresponding to 03/07/2007G), with a share capital of twenty thousand Bahraini dinars (BHD 20,000) divided into two hundred (200) equal shares with a nominal value of one hundred Bahraini dinars (BHD 100) per share. The Company owns 100% of the shares of CGS Bahrain.

According to its commercial registration, CGS Bahrain's activities are the installation and maintenance of heating, air conditioning, and refrigeration systems; a workshop for painting, smithing, and fabrication; the trade/sale of domestic electrical and electronic appliances; the manufacture of superstructures (coachwork) for motor vehicles; and the manufacture of trailers and semi-trailers. CGS Bahrain's actual activity is to distribute the Group's refrigeration products in Bahrain as well as provide installation and technical support services. CGS Bahrain plays an important operational role in the Group's operations, although it is not involved in manufacturing processes. It is responsible for installing the products manufactured by the Group, ensuring they reach clients in Bahrain in optimal condition. Additionally, CGS Bahrain provides maintenance and spare parts services through the Group's workshops located across the Kingdom of Bahrain, ensuring products continue to operate with high efficiency and enhancing client satisfaction.

CGS Bahrain is distinguished by its ability to provide integrated solutions that include installation and maintenance, which contributes to enhancing the Group's reputation for delivering reliable, high-quality services. Its presence in Bahrain also gives the Group access to an important regional market, enhancing its ability to meet client needs in the region effectively and promptly.

The following table shows the ownership structure of CGS Bahrain:

**Table (4.15): Ownership Structure of CGS Bahrain as of the Date of this Prospectus**

| #            | Shareholder | No. of Shares | Nominal Value per Share (BHD) | Total Nominal Value (BHD) | Ownership (%) |
|--------------|-------------|---------------|-------------------------------|---------------------------|---------------|
| 1.           | The Company | 200           | 100                           | 20,000                    | 100%          |
| <b>Total</b> |             | <b>200</b>    | <b>100</b>                    | <b>20,000</b>             | <b>100%</b>   |

Source: The Company

## 4.2 The Group's Vision, Mission, Competitive Advantages and Strategy

### 4.2.1 The Group's Vision

Engineering and innovation, best-in-class comprehensive solutions provider in the MENA region.

### 4.2.2 The Group's Mission

To empower clients to establish quality standards that safeguard and enhance people's health, safety, lifestyle and the environment.

### 4.2.3 The Group's Competitive Advantages

The Group's competitive advantages stem from its unmatched engineering expertise, advanced manufacturing capabilities, and a commitment to delivering highly customized solutions that meet the unique demands of clients across key industries. With nearly five decades of experience, the Group has built a reputation for excellence in providing tailored cold chain solutions, vehicle conversions, and specialized solutions that excel in the challenging climates and operational environments of Saudi Arabia and Bahrain.

## A- Unique Product Capabilities and Market Leadership in Cold Chain Solutions

The Group's unique product capabilities position it as a leader in specialized, high-performance solutions tailored to meet the diverse needs of critical industries. The Group has established a niche in custom vehicle conversions and mobile solutions, enabling it to design and manufacture specialized vehicle bodies that address the specific requirements of sectors like healthcare, logistics, and defense. From ambulances and last-mile delivery vehicles to labor camps, rapid deployment units for mobile defense solutions, and multipurpose units for telecommunications, the Group's tailored designs provide clients with flexible, reliable, and industry-specific solutions, delivering a distinct advantage in demanding environments.

In addition to its vehicle customization expertise, the Group brings advanced refrigeration solutions using a range of refrigerants (Freon, Ammonia, CO<sub>2</sub>), accommodating both transport and stationary cooling needs. This capability is particularly valuable in the Middle East, where the preservation and safe transport of perishable goods, pharmaceuticals, and other temperature-sensitive products are essential. By offering robust cold chain solutions that support various industry requirements, the Group ensures that clients in the food and beverage, healthcare, and pharmaceutical sectors have dependable and efficient cooling systems suited to regional demands.

The Group holds a dominant position as the clear market leader in cold chain transport solutions in Saudi Arabia, with an estimated market share of 41%, according to the Market Study. This market leadership is a result of over 45 years of consistent delivery of high-quality, innovative solutions to clients across multiple sectors, particularly food and pharmaceuticals. The Group's reputation for excellence in providing integrated cold chain systems that ensure the safe transport, storage, and distribution of perishable goods has been key to maintaining its leadership. This expertise in refrigeration and temperature-controlled logistics is particularly valuable in Saudi Arabia, where the extreme climate conditions necessitate reliable cold chain solutions.

The Group's market dominance is further reinforced by its alignment with Saudi Arabia's Vision 2030 initiatives. Vision 2030 emphasizes critical areas like food security and the development of the pharmaceutical sector, both of which rely heavily on efficient cold chain infrastructure. As the Kingdom aims to diversify its economy and expand its non-oil industries, the demand for advanced cold chain systems will only increase, placing the Group in a highly advantageous position. The Company's leadership in this sector allows it to capitalize on these growing markets, ensuring that it remains at the forefront of the Kingdom's economic transformation. Moreover, the Group's long-standing relationships with major sector players position it to continue being the go-to partner for these strategic industries.

## B- Good Reputation and Long-Standing Relationships

The Group has established a reputation for reliability among high-profile clients, including semi-government entities and top-tier private sector clients. This reputation is further reinforced by its extensive client portfolio across the KSA, especially in high-stakes industries like defense, pharmaceuticals, and food logistics. Moreover, the Group has recently been approved by Thales to supply EMI (electromagnetic impulse) units. Thales is a French multinational corporation specialized in the design, development, manufacturing and support of electronic systems as well as devices and equipment for the aerospace, defense, security and transportation sectors. This underscores the Group's exceptional engineering capability and adherence to the highest industry standards. This achievement reflects the Group's expertise in delivering advanced, reliable solutions that meet the stringent requirements of global defense and technology leaders like Thales.

These partnerships, some of which have spanned over 20 years, have been a vital source of recurring business and have contributed to the Group's strong position in the market. The Company's ability to maintain these enduring relationships is reflective of its consistent delivery of high-quality products and services, fostering trust and client loyalty. Such long-term engagements with leading industry players in food production, distribution, and transportation have enabled the Group to establish a solid reputation as a reliable partner for infrastructure, especially in cold chain logistics.

These long-term relationships are a significant competitive advantage for the Group, as they provide stability and predictability with respect to its future revenue, enabling the Company to invest in further innovation and capacity expansion. Additionally, these relationships allow the Group to gain deep insights into the unique needs of its clients, allowing the Company to tailor its solutions effectively and stay ahead of competitors in terms of service offerings and operational efficiency. The Group's ability to nurture and grow these partnerships over decades demonstrates its strong client-centric approach and commitment to quality, which solidifies its leadership in the cold chain and engineering sectors within Saudi Arabia.

The strength and longevity of these commercial ties also enhance the Group's credibility within the industry and provide a robust foundation for further expansion, particularly in line with the Kingdom's Vision 2030 initiatives. As the Group continues to serve these influential clients, it strengthens its position as a trusted partner in the Kingdom's key sectors, such as food security, transportation and logistics.

## C- Engineering Expertise and Innovation

The Group's competitive edge in engineering and innovation is rooted in a sophisticated combination of in-depth expertise, specialized technology, and strategic innovations across several key areas:

### Engineering Expertise

- 1- **Specialized Skills Across Disciplines:** The Group employs a highly skilled development team covering mechanical, structural, electrical, and civil engineering. This multi-disciplinary approach enables the Group to design complex systems, ensuring that structural, mechanical, and electrical components are seamlessly integrated into customized solutions.
- 2- **Advanced Design and Simulation Software:** The Group uses leading engineering software such as AutoCAD, SolidWorks, Ansys, and Staad Pro. These tools allow for precision in modeling, structural simulation, and stress analysis, critical for the development of durable and efficient mobile units, refrigerated transport, and specialized vehicle conversions. For instance, SolidWorks and Ansys support structural simulation and optimization, enhancing durability and efficiency and optimizing the weight of custom-designed components.

### Innovation Through Cutting-edge Technology

- 1- **Prototyping and Virtual Reality:** The Group leverages 3D printing for rapid prototyping, enabling quick adjustments and improvements before full-scale manufacturing. Virtual reality solutions allow the engineering team to visualize and optimize designs in real-time, leading to faster development cycles and reduced production errors.
- 2- **Quality Assurance with Advanced Testing:** The Group integrates state-of-the-art testing equipment to ensure high-quality standards across all products. This commitment to quality control enhances reliability, particularly in applications where safety is critical, such as defense, healthcare, and cold chain logistics.

### Manufacturing Innovation

- 1- **Lean Manufacturing and Continuous Improvement:** The Group employs lean manufacturing practices to enhance efficiency and reduce waste, supporting scalable production of complex solutions like refrigerated trucks, ambulances, and defense-grade mobile units. A continuous improvement mindset drives the Group to refine processes and adapt to emerging client needs.
- 2- **Specialized CNC Machinery:** The Group's manufacturing capabilities include advanced CNC machines for laser cutting, aluminum and wood milling, bending, and water jet cutting. This range allows the Group to work with diverse materials and create robust products that meet stringent industry standards for strength, durability, and flexibility.
- 3- **Open Pouring Plant:** The Company utilizes an open pouring methodology in their sandwich panel production. This technique involves pouring insulating materials into the mold without the use of closed injection systems. It allows for the creation of panels with uniform density and enhanced thermal conductivity, ensuring durability and efficiency in temperature-controlled environments.
- 4- **Surface Treatment Capabilities:** The Company's surface treatment processes include:
  - **Grit Blasting:** This method cleans and prepares metal surfaces by removing impurities, enhancing adhesion for subsequent coatings.
  - **Spray Painting:** The Company employs spray painting techniques to apply protective and aesthetic coatings to their products, ensuring longevity and resistance to environmental factors.

The Group's blend of technical expertise and innovation-driven manufacturing makes it a leader in providing engineering-based solutions across various sectors. This comprehensive approach gives the Group a significant advantage in delivering reliable, high-quality, and customized engineering solutions to its clients.

#### **D- Advanced Digitization and Industry 4.0 Integration**

The Group has a clear digital transformation roadmap, incorporating Industry 4.0 principles such as IoT and collaborative robots. This digitalization allows for real-time monitoring, improving operational efficiency, and reducing waste. The use of IoT in particular supports a digitally controlled shop floor, ensuring precise and consistent production. The Group leverages advanced digitization, Industry 4.0 integration, and robotics to create a competitive edge in precision manufacturing, efficiency, and scalability. By incorporating IoT-enabled smart manufacturing, the Group achieves real-time monitoring and data-driven decision-making, ensuring high product consistency, fast lead times, and operational efficiency. The digitized shop floor control provides seamless management of complex tasks, allowing the Group to optimize resources and maintain quality standards. This approach is highly advantageous for industries requiring strict quality control, such as healthcare, food and beverage, and defense.

In addition, the Group's use of industrial and collaborative robotics enhances both precision and flexibility. The Group has implemented advanced robotics for tasks such as welding, assembly, and material handling. The use of industrial robots ensures high precision and repeatability, which are essential for producing complex components and customized products. Collaborative robots work alongside skilled workers to increase productivity and maintain safety standards.

**Enhanced Flexibility and Scalability:** Robotics integration allows the Group to rapidly scale production to meet fluctuating client demands without compromising quality. This flexibility is particularly valuable in industries with high seasonal variability or sudden surges in demand, such as logistics, cold chain, and emergency vehicle manufacturing.

These combined capabilities allow the Group to efficiently scale and adapt to custom requirements across sectors like logistics, refrigerated transport, and specialized vehicle manufacturing, establishing the Group as a leader in tailored, high-quality engineering solutions in the region.

#### **E- Service Network and Total Protection Plan**

The Group's comprehensive service network, spanning Saudi Arabia and Bahrain, is designed to provide robust after-sales support to clients across diverse industries. This network includes strategically located stationary workshops as well as mobile service units, ensuring that clients receive timely, on-site maintenance and repairs whenever needed. By offering a reliable infrastructure for after-sales support, the Group helps clients minimize downtime, extending the life and performance of their equipment. This service capability is particularly valuable for sectors such as logistics, healthcare, and defense, where equipment uptime is critical to operational success.

Adding to this support is the Group's "Total Protection Plan," a tailored maintenance and repair program that aligns with the specific needs and operating conditions of each client. This plan offers flexible options, allowing clients to choose the level of service that best suits their operational requirements, including preventive maintenance and emergency repair solutions. With factory-trained technicians providing genuine parts and expertise, the Total Protection Plan reinforces client trust and loyalty by ensuring that the Group equipment performs optimally throughout its lifecycle, enhancing reliability, reducing long-term costs for clients and providing the Group with the advantage of high barriers to entry.

### **4.2.4 Company Strategy**

The Group's strategic roadmap focuses on sustained growth through new product development, technological innovation, and a commitment to efficiency. By capitalizing on emerging opportunities in the KSA and advancing its solutions, the Group aims to maintain its market leadership and meet the evolving demands of its clients. The Group's emphasis on customized solutions and personalized client service reflects its long-term vision for operational excellence and market expansion.

#### **A- Maintain Manufacturing Superiority by Investing in Technology and Capacity**

The Group is committed to continuing to maintain its manufacturing edge by investing in upgrading its manufacturing capabilities across key locations to meet growing market demands and improve operational efficiency. With investments planned for facilities in Al Kharj and Dammam, the Company aims to establish advanced production lines, integrate robotic systems, and expand essential infrastructure to support specialized manufacturing needs. Notable investments include the installation of new laser cutting machines, automated welding robots, and CNC bandsaws, which will enhance precision and scalability in production. This focus on automation and high-precision machinery is designed to strengthen the Group's position as a leader in engineered solutions, enabling it to deliver high-quality, customized products at an accelerated pace.



Furthermore, the establishment of dedicated facilities such as an ambulance production flow line, EMI testing chambers, and enhanced surface treatment solutions reflects the Group's strategy to cater to specialized industries like healthcare, defense, and logistics. By expanding its physical and technological infrastructure, the Group is not only optimizing existing processes but also paving the way for future innovation and product diversification. This investment strategy supports the Group's long-term growth objectives, positioning the Company to respond effectively to evolving client needs while reinforcing its commitment to quality and operational excellence.

### **B- New Manufacturing Facility**

The Group is planning to establish a second manufacturing facility in Al Kharj Industrial City. In this respect, it has secured a new plot of land measuring approximately 70,000 m<sup>2</sup>. This facility will be equipped with state-of-the-art Industry 4.0 solutions and will house many critical existing activities as well as facilities for new offerings such as ambulance production and solutions for the defense and oil and gas sectors. The Group intends for this facility to support the expansion of the Group's product portfolio as explained Section 4.2.4 (c) below.

The Group expects to invest more than one hundred and fifty million Saudi Riyals (SAR 150,000,000) over the next three (3) years to expand capacity to meet existing and new product demand.

### **C- Broaden Product Portfolio and Diversify Client Base**

The Group aims to harness its engineering expertise as a core driver for expanding its product offerings and reaching new market segments. By leveraging advanced capabilities in vehicle customization, refrigeration systems, and mobile solutions, the Group will broaden its portfolio to address emerging needs in sectors like oil and gas, healthcare and defense, in addition to its established presence in food and beverage, pharmaceuticals and logistics. This product expansion will include innovations in sustainable refrigeration, refrigerated transport solutions, adaptation of stationary units for modular and rapid deployment that align with evolving industry requirements.

To diversify its client base, the Group will target a mix of private-sector clients and semi-government and government organizations seeking specialized solutions. By adapting products to meet unique industry requirements and offering customizable options, the Group intends to attract clients in untapped sectors that demand high-performance engineering solutions. This strategic expansion will not only increase market reach but also fortify the Group's brand as a versatile engineering leader capable of meeting a wide array of client needs.

### **D- Enhance Operational Efficiency and Sustainability**

The Group is committed to reducing its environmental impact and improving operational efficiency. This includes adopting lean manufacturing practices, implementing energy-efficient technologies, and exploring sustainable materials and processes. By prioritizing sustainability, the Group not only enhances its operational effectiveness but also meets the growing demand for environmentally responsible solutions, positioning itself as a preferred partner for clients who value sustainability and innovation.

### **E- Develop Leadership and Strengthen Human Resources**

The Group recognizes that strong leadership and a skilled workforce are essential to sustaining its growth and meeting evolving market demands. As part of its organizational development strategy, the Group is focused on building a robust management bench, investing in leadership training, and enhancing skill development across all levels of the organization. By fostering a culture of continuous learning and empowering its employees with the latest industry knowledge and technical skills, the Group aims to create a workforce that is agile, adaptable, and aligned with the Company's strategic goals. This commitment to talent development not only enhances individual performance but also ensures the Group remains resilient and competitive in a dynamic market environment.

To support this strategy, the Group is implementing structured succession planning and leadership development programs to cultivate future leaders from within the organization. This approach not only helps to retain top talent but also provides a pipeline of capable leaders who can step into critical roles as the Company expands its operations. By focusing on organizational development and strengthening management capabilities, the Group is building a solid foundation for long-term success, ensuring that it has the leadership strength and skilled workforce necessary to drive innovation, maintain operational excellence, and continue delivering value to clients across diverse industries.

### 4.3 Overview of the Group's Business

The Group, which began operations in 1976G, is a Swiss-Saudi joint venture. It is a pioneer and one of the leading providers of transport refrigeration, stationary refrigeration systems (industrial and commercial), custom solutions (multipurpose sheds, data centers, defense-related units, manpower camps and a range of utility vehicles), after-sales services, and service of vehicles and refrigeration systems. The Group's versatility and engineering expertise enables it to produce a wide range of products and solutions. The Group continuously invests in new technologies to enhance product quality, production excellence and process automation. To achieve this, the Group collaborates with the best partners in its industry. With over forty-eight (48) years of experience, as of 31 December 2024G, the Group operates one manufacturing facility along with four service centers located in the Kingdom and Bahrain (for further details, please refer to Section 4.3.6 "Overview of the Group's Manufacturing Facilities and Service Centers" of this Prospectus).

The following table shows the Group's key performance indicators for the financial years ended 31 March 2022G, 2023G and 2024G and for the nine-month periods ended 31 December 2023G and 2024G:

**Table (4.16): Key Performance Indicators of the Group**

|                  | Financial Year Ended 31 March |         |         | Nine-Month Period Ended 31 December |                      |
|------------------|-------------------------------|---------|---------|-------------------------------------|----------------------|
|                  | 2022G<br>(Adjusted)           | 2023G   | 2024G   | 2023G                               | 2024G <sup>(i)</sup> |
|                  | (SAR'000)                     |         |         |                                     |                      |
| Group revenue    | 264,782                       | 256,845 | 349,147 | 151,918                             | 364,016              |
| Group EBITDA     | 34,672                        | 32,005  | 52,981  | 19,485                              | 58,106               |
| Group net profit | 34,462                        | 29,732  | 51,720  | 15,775                              | 49,206               |
| Return on equity | 53%                           | 32%     | 39%     | -                                   | 31.6%                |

(i) The information for the nine-month period ended 31 December 2024G includes CGS Bahrain, which was converted into a Group company on 9 September 2024G and hence consolidated into the latest financial results.

Source: The Company

#### 4.3.1 Summary of Key Milestones

The following table summarizes the Group's key milestones:

**Table (4.17): Summary of the Group's Key Milestones**

| Date  | Milestones                                                                                                                                                                                           |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1976G | The Company began operations as a single facility in Riyadh.                                                                                                                                         |
| 1978G | The Company joined hands with Carrier France.                                                                                                                                                        |
| 1981G | The Company's operations began in Dammam and Jeddah.                                                                                                                                                 |
| 1983G | The Company's operations expanded to Jeddah with the establishment of Consolidated Grünenfelder Saady.                                                                                               |
| 1987G | CGS Riyadh moved to the New Industrial City.                                                                                                                                                         |
| 1989G | CGS Dammam's branch workshop began its operations.                                                                                                                                                   |
| 1990G | The Group launched a modern production line for sandwich panels in Riyadh to enable in-house manufacturing of refrigerated truck bodies.                                                             |
| 1995G | An in-house sandwich panel production plant was established.                                                                                                                                         |
| 2002G | The region's first open pour technology was launched.                                                                                                                                                |
| 2005G | <ul style="list-style-type: none"> <li>A new production line for manufacturing cold storage sandwich panels was commissioned.</li> <li>A sales office and factory were opened in Bahrain.</li> </ul> |
| 2009G | The Group introduced open-pouring foaming technology – the first of its kind in the Middle East.                                                                                                     |
| 2011G | The Group opened its new sales office and factory in Dammam.                                                                                                                                         |

| Date  | Milestones                                                                                                                                                       |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2019G | The Group continued its expansion given the increase in demand and the Service and Maintenance Center (SMC) was officially opened in Riyadh on Al Kharj Road.    |
| 2020G | <ul style="list-style-type: none"> <li>The business group was restructured, and the Company was established.</li> <li>Expanded into medical vehicles.</li> </ul> |
| 2023G | Initiated development of power, oil and gas manpower camps solutions.                                                                                            |
| 2024G | <ul style="list-style-type: none"> <li>The Company acquired CGS Bahrain.</li> <li>The Company was converted into a joint-stock company.</li> </ul>               |

Source: The Company

### 4.3.2 Products and Services

The Group specializes in providing advanced engineering and manufacturing solutions across its refrigerated transport, refrigeration, and customized solutions business segments as well as an aftersales service network. It serves a diverse clientele, focusing on transport refrigeration, stationary refrigeration systems, multipurpose units, and utility vehicle conversions. Operating in the Kingdom and Bahrain, the Group is committed to delivering innovative and reliable solutions tailored to meet the unique needs of its clients. The Group offers its services through the following business segments:

#### A- Refrigerated Transport

The refrigerated transport business segment specializes in providing standardized and custom mobile refrigeration solutions by designing and manufacturing highly customizable vehicle bodies and mobile solutions, focusing on refrigerated transport and specialized vehicles, that meet the rigorous demands of sectors such as food and beverage, pharmaceuticals, and logistics. Recognizing the extreme climate and terrain challenges in the KSA, the Group engineers its vehicles with durability and insulation as core features. These vehicles, which range in length from 1.5 to 9.5 meters, are built on high-strength steel subframes and can be customized with various skins, including metal, PVC-coated steel, and GRP (glass-reinforced plastic), to optimize insulation, structural integrity, and corrosion resistance.

The Group's vehicles incorporate advanced thermal efficiency standards, focusing on maintaining low transitional temperatures, critical for minimizing fuel consumption and extending the cooling unit's life, as well as keeping the contents at the required temperatures in a consistent manner. Rubber seals ensure moisture resistance and airtightness, while reinforced floors are designed to withstand heavy loads, such as pallet jacks or forklifts, enhancing usability for a range of cargo types. The Group integrates features like kick plates, retractable tail lifts, and partition walls, enabling efficient space utilization and versatility across applications. These vehicles are built using specialized manufacturing methods—closed injection, open pouring, and vacuum pressing—which contribute to the strength, rigidity, and thermal performance of the panels. Additional features such as water-tight rivets, strategically placed lighting, and durable, impact-resistant materials ensure that the Group's reefer bodies meet international standards and regulatory requirements.

The Group generally produces refrigerated transport solutions based on specific client orders (i.e., made-to-order) and does not hold an inventory of finished goods. Revenue from refrigerated transport solutions is recognized upon delivery to the client. The Group delivered 2,707, 2,160, 2,833, and 2,212 customized automotive units in the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G.

#### B- Refrigeration

The Group's refrigeration solutions are grounded in extensive experience and innovation, positioning the Company as a leader in cold chain systems across the KSA. The Group has developed its expertise in refrigeration by integrating advanced engineering with state-of-the-art production technology to provide highly specialized, adaptable solutions for a wide range of industries. The Group serves diverse sectors, from food and beverage to pharmaceuticals, offering systems that ensure precise climate control and cater to the specific regulatory and quality standards in each sector. The Group's dedication to quality is reflected in its tailored designs, which accommodate everything from small, modular walk-in units to expansive industrial refrigeration systems. This flexibility allows the Group to support clients with highly customized solutions that meet the precise demands of temperature-sensitive products. For critical components such as compressors and condensers, the Group works with only top-tier global suppliers recognized in their own right for being industry leaders from a quality and innovation perspective.

The Group's product offerings extend across several types of refrigeration systems, utilizing a variety of refrigerants (such as Ammonia, Freon, and CO<sub>2</sub>) to meet both environmental and efficiency goals. Its solutions include central rack systems, multi-condensing units, and water chillers designed to operate efficiently even in the high ambient temperatures typical of the region. The Group places a strong emphasis on energy efficiency and sustainability, integrating SCADA control systems for real-time monitoring and energy management. This expertise in insulated panel technology and specialized doors for cold storage makes the Group a trusted partner for clients who require robust, sustainable, and highly reliable refrigeration solutions.

Refrigeration solutions are made to specific client orders and each order is treated as a project which may span more than twelve (12) months. Revenue is recognized according to the percentage of completion method.

### C- Customized Solutions

The Group stands out in the refrigeration industry for its ability to create specialized, custom-engineered products that serve a variety of critical sectors. Leveraging advanced engineering and cutting-edge technologies, the Group designs and manufactures solutions tailored for the unique needs of the defense, healthcare, telecommunications, power distribution, oil and gas, and utility industries. Each product combines modularity, durability, and adaptability to meet demanding operational environments. In the defense sector, the Group offers tactical solutions like vehicle conversions and mobile command centers, which are crafted to endure extreme conditions and enhance operational readiness. These solutions include mobile tactical units, VSAT communication stations on vehicles, and ISO containers for surveillance—all designed to exceed rigorous military requirements.

The Group offers vehicle conversions and mobile solutions for emergency services, mobile workshops, kitchens, and medical units. Each conversion is designed to optimize space and functionality while being highly adaptable for industry-specific requirements. The Group's utility solutions cater to the unique needs of sectors like hospitality, healthcare, and defense, providing mobile units equipped with advanced temperature control, hygiene standards, and safety features. For example, for healthcare, the Group develops ambulances and mobile clinics that serve as critical life-saving units, equipped with specialized equipment and designed to operate in diverse environments across the Kingdom. The telecommunications sector benefits from the Group's rapid deployment vehicles and units, providing robust and reliable infrastructure for mobile and stationary applications. In the power distribution sector, the Group supplies mobile electrical centers and prefabricated enclosures that integrate essential components like switch gears and panels, offering weather-resistant, maintenance-free solutions. The oil and gas industry relies on the Group for onshore units that enhance operational efficiency and safety, such as stainless-steel modular kitchens and control units tailored for drilling companies. The Group also supports utility services with mobile workshops, mobile cold rooms, luxury car carriers, and emergency response vehicles for firefighting. Additionally, this sector provides electromagnetic interference (EMI) shielded units that protect sensitive electronic devices, ensuring equipment performance is not affected by external electromagnetic signals.

These utility solutions exemplify the Group's dedication to innovation, durability, and adaptability, ensuring clients have reliable, high-quality solutions for their dynamic and critical operations.

Backed by accreditations from Saudi Aramco, GAMI, SAMI, FORD and ISO certifications, the Group's solutions are recognized for quality and reliability. With a commitment to environmental standards and regulatory compliance, the Group combines its engineering expertise with certifications that reinforce its standing as a trusted provider in the Middle East and beyond. The Company's investment in virtual reality and 3D modeling enables it to refine product designs collaboratively with clients, ensuring each solution is optimized to meet specific needs while maintaining flexibility for future expansion or modification.

### D- After-Sales Services

The Group's after-sales support program is designed to ensure maximum equipment uptime and efficiency across its refrigeration and specialized systems, making it a cornerstone of its commitment to client satisfaction. For refrigeration solutions, the Group offers Annual Maintenance Contracts (AMCs) tailored to the client's unique applications and requirements. These contracts include routine visits from experienced technicians who conduct preventive maintenance, such as thermal and vibration analysis, ensuring that systems operate optimally and minimizing the risk of major breakdowns. The Group also offers power consumption monitoring and real-time remote system control, leveraging SCADA where available to detect and address issues proactively. Additionally, services like Freon charging, oil and Ammonia testing, and expert consultations on energy conservation can be provided, helping clients optimize operational costs and maintain regulatory compliance.

For clients who require more comprehensive operational support, the Group provides operation contracts, where its expert teams manage refrigeration plant operations 24/7. These contracts ensure that facilities maintain peak efficiency, consistent temperature control, and strict safety standards. By handling the complete oversight of refrigeration plants, the Group allows clients to focus on their core operations without the need to manage intricate technical details. Beyond refrigeration, the Group's workshop support offers a robust service model that includes scheduled maintenance, on-site training for client teams, and extensive system assessments. The after-sales workshop services cater to various mechanical and automated systems, ensuring equipment reliability across industries. As the official provider of Carrier parts and service techniques in the Kingdom and Bahrain, the Group's service teams minimize downtime, reinforce energy efficiency, and provide a high level of expertise, solidifying the Group's reputation as a dependable partner in maintenance and operational support.

The following table shows the Group's revenue by product and service category:

**Table (4.18): Revenue by Product and Service Category**

| Category                         | Financial Year Ended 31 March |                |                | Nine-Month Period Ended 31 December |                |
|----------------------------------|-------------------------------|----------------|----------------|-------------------------------------|----------------|
|                                  | 2022G<br>(Adjusted)           | 2023G          | 2024G          | 2023G                               | 2024G          |
| (SAR'000)                        |                               |                |                |                                     |                |
| Refrigerated Transport Solutions | 201,581                       | 155,255        | 230,848        | 166,907                             | 219,477        |
| Refrigeration Solutions          | 35,756                        | 55,487         | 65,110         | 40,287                              | 77,906         |
| After-Sales Services             | 37,191                        | 40,417         | 44,045         | 4,664                               | 32,134         |
| Customized Solutions             | 3,074                         | 2,800          | 5,371          | 30,736                              | 34,499         |
| <b>Total Segmental Revenue</b>   | <b>277,602</b>                | <b>253,959</b> | <b>345,374</b> | <b>242,593</b>                      | <b>364,016</b> |
| Intercompany Sales to Bahrain    | 4,773                         | 2,886          | 3,773          | 1,809                               | -              |
| CGS Jeddah Pre-Acquisition Sales | (17,593)                      | -              | -              | -                                   | -              |
| <b>Total Revenue</b>             | <b>264,782</b>                | <b>256,845</b> | <b>349,147</b> | <b>244,402</b>                      | <b>364,016</b> |

Source: The Company

### 4.3.3 Clients

The Group's client base spans several key industries, such as food and beverage, logistics and transportation, retail and wholesale, industrial manufacturing and engineering, healthcare and pharmaceuticals, and telecommunications and technology, reflecting its diverse capabilities. This wide-ranging industry presence underscores the Group's ability to tailor its solutions to varied and complex operational requirements across sectors.

In the financial year ended 31 March 2024G, the top ten clients contributed significantly to the Group's revenue, accounting for 53% of total revenue, an increase from 17% in the financial year ended 31 March 2023G to 53% in the financial year ended 31 March 2024G. They accounted for 57% of revenue as of the nine-month period ended 31 December 2024G. This highlights the Group's ability to secure large, recurring volumes from key players, contributing to consistent revenue growth while at the same time displaying resilience and diversification. By broadening its client portfolio across various industries, the Group has developed a more balanced revenue stream, safeguarding against potential impacts from changes in top clients' demands.

The Group's ability to maintain high-revenue and demanding clients, along with expanding relationships with clients in logistics and industrial services, emphasizes the Group's reliability and service excellence in the market. This client-centric and deep partnership approach reflects the Group's strong market positioning and commitment to meeting diverse client needs.

#### 4.3.4 Suppliers, Partners and Service Providers

The success of the Group is deeply rooted in its strategic partnerships with globally renowned suppliers. These collaborations enable the Group to integrate advanced technologies and high-quality components into its refrigeration and cold chain solutions. By working with leading industry experts in refrigeration, transport, and industrial cooling systems, the Group ensures the delivery of reliable, efficient, and innovative services to its clients. These partnerships are fundamental to the Group's ability to meet the specialized needs of diverse sectors across the regions. The following are some of the key partnerships of the Group:

- 1- Carrier: With over fifty (50) years of global leadership in the refrigerated transport sector, Carrier is renowned for its innovative, energy-efficient refrigeration technologies. The partnership between the Company and Carrier is a longstanding collaboration that enhances the Group's ability to provide top-quality refrigerated transport solutions in the Kingdom. Carrier, a global leader in transport refrigeration systems, supplies the advanced cooling units that the Group integrates into its refrigerated bodies, enabling precise temperature control for the transportation of perishable goods. This collaboration, established in 1978G, has allowed the Group to combine its robust engineering and manufacturing capabilities with Carrier's cutting-edge refrigeration technology, ensuring that the Group's solutions can withstand the extreme climate conditions typical in the region.

Through this partnership, the Group offers a range of refrigerated transport options suited for various industries, including food and beverage, pharmaceuticals, and logistics. The Carrier units installed in the Group products provide reliable temperature management, ensuring product integrity during transport. Additionally, the Group's position as a distributor for Carrier means it can offer both the product and after-sales support, including maintenance and repairs by trained technicians, providing clients with comprehensive service throughout the product lifecycle. This partnership thus strengthens the Group's market position by enabling it to deliver highly reliable, efficient, and service-backed refrigeration solutions, meeting the growing demands of temperature-sensitive logistics in the KSA (for further details on the Group's distribution agreement with Carrier, please refer to Section 12 "Legal Information" of this Prospectus).

- 2- A truck tail lift manufacturing company: A world-class provider of premium aluminum tail lifts, founded in 1969G. Its strong presence in the Middle East, particularly Saudi Arabia, has been reinforced by a 25-year collaboration with the Group, allowing it to build an exceptional sales and service network in the region. This partnership has enabled the Group to offer high-quality, reliable tail lift solutions tailored to the Middle Eastern market. The Group has developed into this company's largest partner in the overall region today. The Company has an exclusive distribution agreement with it.
- 3- A company producing electronic poultry scales and transport vehicles for day-old chicks: As a specialized global supplier, this company is focused on the sector in which it operates. Its precision-driven production process allows it to fine-tune products to exacting specifications, ensuring optimal performance for poultry transportation and handling. Its collaboration with the Group enhances this company's offerings to the agricultural and poultry sectors. The Group is an authorized dealer for this company in the Kingdom of Saudi Arabia, Bahrain, the United Arab Emirates, Oman, Qatar, Kuwait, Iraq, and Yemen. Even though the Group does not have a direct presence in some of these locations, this company has allowed the Group to distribute in all these locations based on the agreement.
- 4- A global leader in the design and manufacture of evaporative cooling systems and industrial refrigeration products: This company supplies the Group with high-quality evaporative condensers for various large-scale refrigeration projects. Its innovative solutions ensure energy efficiency and long-term reliability, making it a key partner for the Group's industrial refrigeration operations.
- 5- A global leader in industrial refrigeration compressors: Through an extensive international network, this company supplies the Group with advanced compressors for industrial-scale refrigeration projects. This partnership allows the Group to integrate cutting-edge refrigeration technology into its systems, providing robust, energy-efficient solutions for clients across multiple sectors.

### 4.3.5 Key Suppliers

The following tables show the Group's key suppliers for the financial years ended 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G:

**Table (4.19): Key Suppliers of the Company for the Financial Year Ended 31 March 2022G**

| #                                  | Supplier    | Description of Purchases                                   | Independence Status | Relationship Type                      | Value of Purchases (SAR million) | Total Costs (%) |
|------------------------------------|-------------|------------------------------------------------------------|---------------------|----------------------------------------|----------------------------------|-----------------|
| 1.                                 | Carrier     | Automotive cooling/ refrigeration units                    | Independent         | Distribution agreement/ purchase order | 105,841,130                      | 57%             |
| 2.                                 | Supplier 3  | Galvanized steel coils                                     | Independent         | Purchase order                         | 10,259,634                       | 6%              |
| 3.                                 | Supplier 4  | Aluminum profiles for automotive products                  | Independent         | Purchase order                         | 7,716,597                        | 4%              |
| 4.                                 | Supplier 5  | Polyurethane foam for panel insulation                     | Independent         | Purchase order                         | 5,535,604                        | 3%              |
| 5.                                 | Supplier 6  | Axles for automotive products                              | Independent         | Purchase order                         | 4,978,164                        | 3%              |
| 6.                                 | Supplier 7  | Subcooler for some temporary labor required at the factory | Independent         | Purchase order                         | 4,902,207                        | 3%              |
| 7.                                 | Supplier 8  | Axles for automotive products                              | Independent         | Purchase order                         | 4,029,676                        | 2%              |
| 8.                                 | Supplier 9  | Subcooler for some temporary labor required at the factory | Independent         | Purchase order                         | 3,882,814                        | 2%              |
| 9.                                 | Supplier 10 | Spare parts for stationary refrigeration                   | Independent         | Purchase order                         | 3,634,879                        | 2%              |
| 10.                                | Supplier 11 | Axles for automotive products                              | Independent         | Purchase order                         | 3,530,630                        | 2%              |
| <b>Total</b>                       |             | -                                                          | -                   | -                                      | <b>154,311,335</b>               | <b>84%</b>      |
| <b>Total cost of raw materials</b> |             | -                                                          | -                   | -                                      | <b>185,870,327</b>               | -               |

Source: The Company

**Table (4.20): Key Suppliers of the Company for the Financial Year Ended 31 March 2023G**

| #  | Supplier   | Supplier Description                          | Independence Status | Relationship Type | Value of Purchases (SAR million) | Total Costs (%) |
|----|------------|-----------------------------------------------|---------------------|-------------------|----------------------------------|-----------------|
| 1. | Carrier    | Automotive cooling/ refrigeration units       | Independent         |                   | 76,795,555                       | 47%             |
| 2. | Supplier 3 | Polyurethane foam for panel insulation        | Independent         |                   | 7,251,987                        | 4%              |
| 3. | Supplier 4 | Insulated panels for stationary refrigeration | Independent         |                   | 6,961,062                        | 4%              |
| 4. | Supplier 5 | Aluminum profiles for automotive products     | Independent         |                   | 5,743,628                        | 4%              |
| 5. | Supplier 6 | Galvanized steel coils                        | Independent         |                   | 5,470,699                        | 3%              |
| 6. | Supplier 7 | Hinges, locks, etc., for automotive products  | Independent         |                   | 4,211,722                        | 3%              |



| #                                  | Supplier    | Supplier Description                          | Independence Status | Relationship Type | Value of Purchases (SAR million) | Total Costs (%) |
|------------------------------------|-------------|-----------------------------------------------|---------------------|-------------------|----------------------------------|-----------------|
| 7.                                 | Supplier 8  | Cargo shipping for all sectors                | Independent         | 3,788,133         | 3,788,133                        | 2%              |
| 8.                                 | Supplier 9  | Insulated panels for stationary refrigeration | Independent         | 3,335,496         | 3,335,496                        | 2%              |
| 9.                                 | Supplier 10 | Steel products for automotive products        | Independent         | 3,063,305         | 3,063,305                        | 2%              |
| 10.                                | Supplier 11 | Axles for automotive products                 | Independent         | 3,031,354         | 3,031,354                        | 2%              |
| <b>Total</b>                       |             | -                                             | -                   | -                 | <b>119,652,941</b>               | <b>73%</b>      |
| <b>Total cost of raw materials</b> |             | -                                             | -                   | -                 | <b>163,470,398</b>               | -               |

Source: The Company

**Table (4.21): Key Suppliers of the Company for the Financial Year Ended 31 March 2024G**

| #                                  | Supplier    | Supplier Description                                                     | Independence Status | Relationship Type                      | Value of Purchases (SAR million) | Total Costs (%) |
|------------------------------------|-------------|--------------------------------------------------------------------------|---------------------|----------------------------------------|----------------------------------|-----------------|
| 1.                                 | Carrier     | Automotive cooling/ refrigeration units                                  | Independent         | Distribution agreement/ purchase order | 116,488,688                      | 53%             |
| 2.                                 | Supplier 3  | Aluminum profiles for automotive products                                | Independent         | Purchase order                         | 7,423,072                        | 3%              |
| 3.                                 | Supplier 4  | Galvanized steel coils                                                   | Independent         | Purchase order                         | 7,323,219                        | 3%              |
| 4.                                 | Supplier 5  | Civil contractor for factory repairs and upgrades                        | Independent         | Purchase order                         | 7,221,238                        | 3%              |
| 5.                                 | Supplier 6  | Polyurethane foam for panel insulation                                   | Independent         | Purchase order                         | 6,588,251                        | 3%              |
| 6.                                 | Supplier 7  | Control panels and other electronic devices for stationary refrigeration | Independent         | Purchase order                         | 5,511,085                        | 3%              |
| 7.                                 | Supplier 8  | Subcooler for some temporary labor required at the factory               | Independent         | Purchase order                         | 4,781,576                        | 2%              |
| 8.                                 | Supplier 9  | Tail lifts for automotive products                                       | Independent         | Distribution agreement/ purchase order | 4,659,976                        | 2%              |
| 9.                                 | Supplier 10 | Condensers for stationary refrigeration                                  | Independent         | Purchase order                         | 4,365,404                        | 2%              |
| 10.                                | Supplier 11 | Evaporators for stationary refrigeration                                 | Independent         | Purchase order                         | 4,188,269                        | 2%              |
| <b>Total</b>                       |             | -                                                                        | -                   | -                                      | <b>168,550,777</b>               | <b>76%</b>      |
| <b>Total cost of raw materials</b> |             | -                                                                        | -                   | -                                      | <b>220,408,981</b>               | -               |

Source: The Company

**Table (4.22): Suppliers of the Company for the Nine-Month Period Ended 31 December 2024G**

| #                                  | Supplier    | Supplier Description                                                  | Independence Status | Relationship Type                           | Value of Purchases (SAR million) | Total Costs (%) |
|------------------------------------|-------------|-----------------------------------------------------------------------|---------------------|---------------------------------------------|----------------------------------|-----------------|
| 1.                                 | Carrier     | Automotive cooling/refrigeration units                                | Independent         | Distribution agreement/purchase order       | 91,488,370                       | 38%             |
| 2.                                 | Supplier 3  | Compressors for stationary refrigeration                              | Independent         | Preferred supplier agreement/purchase order | 11,856,440                       | 5%              |
| 3.                                 | Supplier 4  | Provision of labor and installation services for customized solutions | Independent         | Purchase order                              | 11,325,819                       | 5%              |
| 4.                                 | Supplier 5  | Axles for automotive products                                         | Independent         | Purchase order                              | 9,719,326                        | 4%              |
| 5.                                 | Supplier 6  | Aluminum profiles for automotive products                             | Independent         | Purchase order                              | 8,400,565                        | 4%              |
| 6.                                 | Supplier 7  | Valves for stationary refrigeration                                   | Independent         | Purchase order                              | 7,739,065                        | 3%              |
| 7.                                 | Supplier 8  | Evaporators and condensers for stationary refrigeration               | Independent         | Purchase order                              | 6,108,820                        | 3%              |
| 8.                                 | Supplier 9  | Subcooler for some temporary labor required at the factory            | Independent         | Purchase order                              | 5,930,761                        | 2%              |
| 9.                                 | Supplier 10 | Polyurethane foam for panel insulation                                | Independent         | Purchase order                              | 5,855,518                        | 2%              |
| 10.                                | Supplier 11 | Galvanized steel coils                                                | Independent         | Purchase order                              | 5,181,577                        | 2%              |
| <b>Total</b>                       |             | -                                                                     | -                   | -                                           | <b>163,606,261</b>               | <b>68%</b>      |
| <b>Total cost of raw materials</b> |             | -                                                                     | -                   | -                                           | <b>238,455,000</b>               | -               |

Source: The Company

### 4.3.6 Overview of the Group's Manufacturing Facilities and Service Centers

#### A- Manufacturing Facilities

##### Riyadh Facility

The Group's factory is located in the Industrial City of Riyadh on a plot measuring 20,000 m<sup>2</sup>. The factory is strategically divided into two units: a main factory of 15,000 m<sup>2</sup> dedicated to steel, insulated panels, fabrication, and assembly, and a secondary factory of 5,000 m<sup>2</sup> focused on customized products and refrigeration packs. This expansive setup supports a wide range of operations and enables the Group to meet complex and varied client requirements efficiently.

The factory's advanced production capabilities are evident in its diverse range of production lines, which include insulated panel pouring and press lines, heavy and light steel fabrication lines, a preparation and painting line, and units dedicated to door manufacturing, carpentry, GRP product forming, and refrigerated box assembly. Additionally, specialized lines for ambulance production and special products assembly underscore the facility's ability to cater to niche and high-demand applications. Cutting-edge technology, such as heavy and light steel welding robots, enhances precision, consistency, and productivity, allowing the Group to maintain its reputation for exceptional engineering standards.

The factory employs a dedicated team of two hundred and sixty-seven (267) professionals, including eight (8) management staff, nine (9) engineers, two (2) quality, safety, health, and environment (QSHE) specialists, and a robust production team of two hundred and forty-eight (248) blue-collar workers. This skilled workforce is instrumental in driving innovation, maintaining strict quality control, and ensuring efficient production processes. The use of open pouring panel technology and advanced light steel production methods demonstrates the Group's commitment to staying at the forefront of manufacturing innovation.

Strategically located in Riyadh, the Group's factory benefits from easy accessibility to key clients due to proximity to significant commercial and industrial centers, allowing for streamlined logistics and faster response times to client demands. Being at the heart of Saudi Arabia's economic activity, the factory is well-connected to critical transportation networks, including highways, airports, and ports, facilitating efficient distribution and supply chain management.

### **Al Kharj Facility**

The Group is planning to establish a second manufacturing facility in Al Kharj Industrial City. In this respect, it has secured a new plot of land measuring approximately 70,000 m<sup>2</sup>. This facility will be equipped with state-of-the-art Industry 4.0 solutions and will house many critical existing activities as well as facilities for new offerings such as ambulance production and solutions for the defense and oil and gas sectors.

### **Service Centers**

The Group's service centers are strategically distributed across key locations to provide unparalleled support and quick response times to clients, ensuring seamless operations and maintenance. The locations of the Group's service centers are carefully selected to provide easy accessibility to clients, minimizing downtime and ensuring operational efficiency.

- The Riyadh service center, situated in the heart of the Kingdom, serves as a central hub for managing nationwide operations.
- The Jeddah center, located near the Red Sea coast, provides essential support to western region clients.
- The Dammam center caters to the growing industrial demands of the Eastern Province.
- The Bahrain center supports clients in the Kingdom of Bahrain.

The Group is well-positioned to cater to clients across Saudi Arabia's and Bahrain's major industrial and commercial regions. Each service center is fully equipped with state-of-the-art diagnostic tools, repair facilities, and a comprehensive inventory of spare parts, enabling prompt and effective service delivery. These centers are staffed by highly skilled technicians and engineers trained to handle a wide range of maintenance and repair needs, from routine servicing to complex troubleshooting.

## **4.3.7 Overview of the Group's Key Departments**

Each department plays a specific role in supporting the Group's overall mission and vision, with close inter-departmental collaboration to deliver high-quality products and exceptional service.

### **A- Engineering and Production Department**

This department drives the Group's operational excellence through streamlined engineering and production processes. Leveraging advanced methodologies like Material Requirements Planning (MRP) and lean manufacturing principles, it optimizes workflows and minimizes waste. The application of the 5S method ensures high standards of efficiency, quality, and safety throughout production.

A strong focus on health, safety, and compliance ensures adherence to local regulations and promotes environmental responsibility. Continuous training programs keep the workforce adept with modern machinery and techniques, while regular equipment maintenance ensures operational reliability. The department's engineering team delivers detailed drawings, cost estimates, and CAD-supported designs that are both innovative and practical.

Through meticulous project management, it ensures tasks are completed within budget and timelines while fostering continuous improvement by staying aligned with industry advancements. Detailed documentation and maintenance support provide a robust framework for product upgrades and troubleshooting, making this department integral to the Group's strategic goals.

## B- Refrigeration Systems Department

The Refrigeration Systems Department specializes in providing advanced, energy-efficient refrigeration solutions for industrial, commercial, and specialized applications. With a strong focus on efficiency, reliability, and total cost of ownership, the department integrates cutting-edge technologies like PLC and SCADA automation into its custom designs. A dedicated team of engineers ensures compliance with regulatory standards while innovating sustainable designs.

Project management is a cornerstone of this department, ensuring timely coordination of resources and adherence to deadlines. During installation and commissioning, the team conducts rigorous testing and provides detailed training to clients, ensuring peak system performance. The department's in-house assembly capabilities allow it to design and integrate electrical panels and refrigeration racks seamlessly, optimizing performance for tailored solutions.

The department's after-sales services include 24/7 technical support, preventive maintenance, and a comprehensive spare parts inventory, ensuring quick and efficient repairs. Ongoing development keeps the Group ahead of the competition, consistently improving system efficiency and sustainability. In collaboration with the sales team, it provides technical expertise that strengthens client engagement and delivers exceptional solutions.

## C- Operations

The Operations Department is the backbone of the Group, combining strategic planning, innovation, and client-centricity to maintain its leadership in Saudi Arabia's refrigeration sector. This department excels in strategic operations management, tailoring solutions to diverse client requirements such as transport refrigeration and complex defense systems. By fostering close collaboration between project managers, workshop managers, and technicians, it ensures a deep understanding of client needs and delivers exceptional outcomes.

With state-of-the-art facilities and modern equipment, the Operations team is equipped to provide world-class service and operational excellence. An experienced leadership team drives forward-thinking initiatives that align with the Group's growth goals. From managing diverse and complex projects to ensuring seamless after-sales support through strategically located workshops and mobile units, the department upholds its promise of 24/7 client service. Its meticulous order fulfillment process ensures every product is delivered to the highest quality standards, exceeding client expectations at every touchpoint.

## D- Sales

The Sales Department is a dedicated team focused on driving growth and expanding market reach across multiple sectors. The Sales Department is responsible for managing relationships with a diverse client base, including key clients. The department plays a critical role in identifying client needs, providing tailored solutions, and ensuring that the Group's products and services align with specific industry requirements.

In addition to handling direct sales, the team works closely with other departments, such as engineering and after-sales support, to deliver comprehensive solutions that exceed client expectations. The Sales Department also oversees key account management, ensuring client satisfaction and fostering long-term partnerships through personalized service and support. This proactive approach, combined with deep market knowledge, enables the Group Sales Department to maintain strong client relationships and capture new opportunities, ultimately contributing to the Company's sustained growth and market leadership in the region. The average tenure in the sales organization is 10.2 years, underscoring the depth of market and industry understanding.

## E- Finance

This department is responsible for all financial planning, reporting, and analysis within the Group. It handles budgeting, investment analysis, cost control, and cash flow management. By carefully managing resources, the Finance Department helps align departmental spending with corporate objectives, ensuring profitability and growth. Additionally, the finance team works closely with other departments to guide financial decision-making, perform risk assessments, and ensure regulatory compliance.

## F- Legal

The legal team provides vital support in handling contracts, negotiations, and regulatory matters to protect the Group's interests and ensure compliance with local and international laws. They oversee intellectual property protection, risk management, and legal disputes, if any arise. Additionally, the Legal Department advises on corporate policies, assisting other departments in navigating complex regulatory environments, particularly relevant in the Group's varied business dealings across multiple regions.

## G- Human Resources (HR)

The HR Department is pivotal in cultivating a motivated, skilled, and compliant workforce. By designing competitive compensation packages, it ensures employee recognition and alignment with Company objectives. Through comprehensive performance management and professional development programs, it fosters continuous growth, enhancing both individual careers and organizational success.

A well-structured talent acquisition and onboarding process ensures that the Group attracts and integrates top talent seamlessly. Core operations like payroll management, regulatory compliance, and administrative services are executed with precision, building trust and operational efficiency. The department also nurtures a vibrant workplace culture through employee engagement initiatives, open communication, and community-building efforts.

Moreover, the HR team actively engages with Saudi government authorities to ensure employees are skilled and engaged. HR works on retention strategies, particularly important for specialized roles in engineering and technical fields, which contribute to maintaining the Group's compliance with local regulations and supports national programs aligned with Saudi Vision 2030, reinforcing the Group's reputation as a responsible corporate entity.

## H- Information Technology (IT)

IT supports the Group's technological infrastructure, overseeing network security, data management, and hardware/software support. IT ensures seamless communication and secure operations across all facilities of the Group. This department also plays a crucial role in implementing digital transformation initiatives, integrating advanced tools for analytics, automation, and efficiency improvements that help the Group stay competitive in the modern industrial landscape.

## I- Quality Department

The Quality Department upholds the Group's reputation by ensuring products meet the highest standards of safety, reliability, and client satisfaction. Through rigorous quality control and assurance, it monitors materials, components, and processes to maintain consistency and compliance.

The department enforces industry regulations, secures certifications, and implements continuous improvement initiatives, enhancing operational efficiency and reducing defects. By collaborating with suppliers and managing client feedback, it drives corrective actions that improve overall quality. Comprehensive training programs ensure employees are well-versed in quality standards, fostering a culture of excellence.

By focusing on stringent quality measures and continuous innovation, the Quality Department plays a vital role in the Group's sustainable growth and client satisfaction.

## J- Marketing Department

The Marketing Department elevates the Group's brand and product visibility through innovative strategies. By conducting market research, it identifies client needs, industry trends, and competitor activities, informing product development and positioning. Lead generation initiatives leverage digital marketing, trade shows, and partnerships to attract qualified prospects.

Consistent brand management across all platforms enhances the Company's reputation, while engaging content development educates and connects with the target audience. Collaboration with product teams ensures effective product marketing and go-to-market strategies for new launches. Through client relationship management, the department maintains loyalty and gathers insights for continuous improvement.

This department bridges the Group's manufacturing capabilities with market demands, driving growth through strategic branding, research, and engagement.

#### 4.4 Health, Safety and Environment

The Group prioritizes Health, Safety, and Environment (HSE) standards as a core part of its operations. The Company is committed to fostering a safe workplace by adhering to stringent safety protocols and implementing robust risk management systems. Environmental sustainability is integral to the Company's practices, as it incorporates eco-friendly materials and energy-efficient processes to minimize its environmental footprint. Through continuous training and adherence to international HSE regulations, the Group ensures the well-being of its employees, clients, and the broader community.

#### 4.5 Accreditation and Quality Management

The Group has obtained several prestigious accreditations and certifications, underscoring its commitment to excellence and industry standards. These include ISO 9001 for quality management, ISO 14001 for environmental management, and ISO 45001 for health and safety management.

**Table (4.23): The Company's Accreditation and Quality Management**

| #  | Awarding Entity                                      | Description of Certification        | Award Year |
|----|------------------------------------------------------|-------------------------------------|------------|
| 1. | International Organization for Standardization (ISO) | Quality management systems          | 2015G      |
| 2. | International Organization for Standardization (ISO) | Environmental management systems    | 2015G      |
| 3. | International Organization for Standardization (ISO) | Health and safety management system | 2018G      |

Source: The Company

#### 4.6 Research and Development

As of the date of this Prospectus, the Company does not have a specific research and development policy.

#### 4.7 The Group's Business and Assets Outside the Kingdom

The Group operates a sales office and service center on well-equipped leased properties in Bahrain, extending its reach and client support capabilities within the region. This facility supports clients with sales consultations, product inquiries, and comprehensive after-sales services, including maintenance, repairs, and spare parts. With a dedicated team and an on-ground presence, the Group is able to cater to the specific needs of the Bahraini market, enhancing client relationships and delivering high-quality support aligned with its standards across the GCC. As of 31 December 2024G, the Group's total assets outside the Kingdom, specifically in Bahrain, amounted to SAR 10.5 million, of which SAR 1.4 million is property and equipment, while the remaining SAR 9.1 million is current assets such as inventory, accounts receivable and cash.

#### 4.8 Corporate Social Responsibility

The Group is committed to corporate and social responsibility, aligning with Saudi Vision 2030 by fostering an inclusive and skilled workforce in the Saudi market, where certain expertise, such as refrigeration solutions, is rare. We focus on developing local talent through specialized training programs and creating a culture of continuous learning and professional development. Through the training programs, we empower individuals with disabilities, fresh graduates, and trainees to excel in their roles and promote professional growth. Beyond workforce development, the Group actively engages in initiatives that contribute to societal well-being, environmental sustainability, and community awareness. These efforts reflect our dedication to empowering individuals, enhancing the local economy, and supporting the broader goals of national and social progress.

#### 4.9 Business Continuity

The Directors declare that there has been no suspension or interruption of the business of the Company (or its Material Subsidiaries) that could have or has had a significant impact on the Company's financial position during the last twelve (12) months. The Directors also declare that, to the best of their knowledge and belief, there is no intention to make any material change to the nature of the Company's business.

## 4.10 Employees

### 4.10.1 The Company and its Material Subsidiaries

#### A- The Company

The following table shows the number of the Group's employees and Saudization rates for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G:

**Table (4.24): The Group's Employees for the Financial Years Ended 31 March 2022G, 2023G and 2024G and the NineMonth Period Ended 31 December 2024G**

| #            | Department                 | Financial Year Ended 31 March |            |            |            |            |            |            |            |            | Nine-Month Period Ended 31 December |            |            |
|--------------|----------------------------|-------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------------------------|------------|------------|
|              |                            | 2022G                         |            |            | 2023G      |            |            | 2024G      |            |            | 2024G                               |            |            |
|              |                            | Saudi                         | Non-Saudi  | Total      | Saudi      | Non-Saudi  | Total      | Saudi      | Non-Saudi  | Total      | Saudi                               | Non-Saudi  | Total      |
| 1.           | Corporate                  | 2                             | 1          | 3          | 2          | 1          | 3          | 2          | 2          | 4          | 1                                   | 1          | 2          |
| 2.           | Engineering and Production | 6                             | 171        | 177        | 5          | 170        | 175        | 8          | 169        | 177        | 9                                   | 176        | 185        |
| 3.           | Operations                 | 20                            | 77         | 97         | 30         | 75         | 105        | 27         | 83         | 110        | 27                                  | 81         | 108        |
| 4.           | Refrigeration Systems      | 2                             | 53         | 55         | 1          | 54         | 55         | 8          | 60         | 68         | 8                                   | 68         | 76         |
| 5.           | HR                         | 59                            | 7          | 66         | 60         | 6          | 66         | 70         | 7          | 77         | 67                                  | 7          | 74         |
| 6.           | Shared Services            | 6                             | 17         | 23         | 4          | 16         | 20         | 6          | 18         | 24         | 7                                   | 18         | 25         |
| 7.           | Sales                      | 0                             | 21         | 21         | 1          | 20         | 21         | 4          | 20         | 24         | 4                                   | 20         | 24         |
| 8.           | Quality                    | 2                             | 1          | 3          | 2          | 1          | 3          | 2          | 1          | 3          | 2                                   | 2          | 4          |
| <b>Total</b> |                            | <b>97</b>                     | <b>348</b> | <b>445</b> | <b>105</b> | <b>343</b> | <b>448</b> | <b>127</b> | <b>360</b> | <b>487</b> | <b>125</b>                          | <b>373</b> | <b>498</b> |

Source: The Company

#### B- CGS Jeddah

The following table shows the number of CGS Jeddah's employees for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, noting that the Saudization rate at CGS Jeddah has reached 30% as of the date of this Prospectus:

**Table (4.25): CGS Jeddah's Employees for the Financial Years Ended 31 March 2022G, 2023G and 2024G and the NineMonth Period Ended 31 December 2024G**

| #  | Department                 | Financial Year Ended 31 March |           |       |       |           |       |       |           |       | Nine-Month Period Ended 31 December |           |       |
|----|----------------------------|-------------------------------|-----------|-------|-------|-----------|-------|-------|-----------|-------|-------------------------------------|-----------|-------|
|    |                            | 2022G                         |           |       | 2023G |           |       | 2024G |           |       | 2024G                               |           |       |
|    |                            | Saudi                         | Non-Saudi | Total | Saudi | Non-Saudi | Total | Saudi | Non-Saudi | Total | Saudi                               | Non-Saudi | Total |
| 1. | Corporate                  | 1                             | 0         | 1     | 1     | 0         | 1     | 1     | 0         | 1     | 1                                   | 0         | 1     |
| 2. | Engineering and Production | 2                             | 14        | 16    | 2     | 17        | 19    | 4     | 22        | 26    | 4                                   | 31        | 35    |
| 3. | Operations                 | 9                             | 37        | 46    | 17    | 45        | 62    | 17    | 57        | 74    | 18                                  | 56        | 74    |



| #            | Department            | Financial Year Ended 31 March |           |            |           |            |            |           |            |            | Nine-Month Period Ended 31 December |            |            |
|--------------|-----------------------|-------------------------------|-----------|------------|-----------|------------|------------|-----------|------------|------------|-------------------------------------|------------|------------|
|              |                       | 2022G                         |           |            | 2023G     |            |            | 2024G     |            |            | 2024G                               |            |            |
|              |                       | Saudi                         | Non-Saudi | Total      | Saudi     | Non-Saudi  | Total      | Saudi     | Non-Saudi  | Total      | Saudi                               | Non-Saudi  | Total      |
| 4.           | Refrigeration Systems | 1                             | 22        | 23         | 1         | 29         | 30         | 7         | 36         | 43         | 5                                   | 47         | 52         |
| 5.           | HR                    | 17                            | 2         | 19         | 19        | 2          | 21         | 25        | 3          | 28         | 25                                  | 3          | 28         |
| 6.           | Shared Services       | 2                             | 5         | 7          | 1         | 5          | 6          | 2         | 7          | 9          | 3                                   | 10         | 13         |
| 7.           | Sales                 | 0                             | 11        | 11         | 0         | 15         | 15         | 2         | 15         | 17         | 2                                   | 15         | 17         |
| 8.           | Quality               | 1                             | 0         | 1          | 1         | 0          | 1          | 1         | 0          | 1          | 1                                   | 0          | 1          |
| <b>Total</b> |                       | <b>33</b>                     | <b>91</b> | <b>124</b> | <b>42</b> | <b>113</b> | <b>155</b> | <b>59</b> | <b>140</b> | <b>199</b> | <b>59</b>                           | <b>162</b> | <b>221</b> |

Source: The Company

### C- CGS Riyadh

The following table shows the number of CGS Riyadh's employees for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, noting that the Saudization rate at CGS Riyadh has reached 27% as of the date of this Prospectus:

**Table (4.26): CGS Riyadh's Employees for the Financial Years Ended 31 March 2022G, 2023G and 2024G and the NineMonth Period Ended 31 December 2024G**

| #            | Department                 | Financial Year Ended 31 March |            |            |           |            |            |           |            |            | Nine-Month Period Ended 31 December |            |            |
|--------------|----------------------------|-------------------------------|------------|------------|-----------|------------|------------|-----------|------------|------------|-------------------------------------|------------|------------|
|              |                            | 2022G                         |            |            | 2023G     |            |            | 2024G     |            |            | 2024G                               |            |            |
|              |                            | Saudi                         | Non-Saudi  | Total      | Saudi     | Non-Saudi  | Total      | Saudi     | Non-Saudi  | Total      | Saudi                               | Non-Saudi  | Total      |
| 1.           | Corporate                  | 1                             | 1          | 2          | 1         | 1          | 2          | 1         | 2          | 3          | 0                                   | 1          | 1          |
| 2.           | Engineering and Production | 4                             | 157        | 161        | 3         | 153        | 156        | 4         | 147        | 151        | 5                                   | 145        | 150        |
| 3.           | Operations                 | 11                            | 40         | 51         | 13        | 30         | 43         | 10        | 26         | 36         | 9                                   | 25         | 34         |
| 4.           | Refrigeration Systems      | 1                             | 31         | 32         | 0         | 25         | 25         | 1         | 24         | 25         | 3                                   | 21         | 24         |
| 5.           | HR                         | 42                            | 5          | 47         | 41        | 4          | 45         | 45        | 4          | 49         | 42                                  | 4          | 46         |
| 6.           | Shared Services            | 4                             | 12         | 16         | 3         | 11         | 14         | 4         | 11         | 15         | 4                                   | 8          | 12         |
| 7.           | Sales                      | 0                             | 10         | 10         | 1         | 5          | 6          | 2         | 5          | 7          | 2                                   | 5          | 7          |
| 8.           | Quality                    | 1                             | 1          | 2          | 1         | 1          | 2          | 1         | 1          | 2          | 1                                   | 2          | 3          |
| <b>Total</b> |                            | <b>64</b>                     | <b>257</b> | <b>321</b> | <b>63</b> | <b>230</b> | <b>293</b> | <b>68</b> | <b>220</b> | <b>288</b> | <b>66</b>                           | <b>211</b> | <b>277</b> |

Source: The Company

#### 4.10.2 Saudization and Nitaqat

The Saudization program was adopted under Minister of Human Resources and Social Development Resolution No. 4040 issued on 12/10/1432H (corresponding to 10/09/2011G) as amended pursuant to Resolution No. 182495 dated 11/10/1442H (corresponding to 23/05/2021G), based on Council of Ministers Resolution No. 50 issued on 21/05/1415H (corresponding to 27/10/1994G). The Nitaqat program was implemented on 12/10/1432H (corresponding to 10/09/2011G) by MHRSD to encourage institutions to employ Saudi citizens. Through the Nitaqat program, a company's performance is evaluated based on specific categories (classifications), namely the platinum, green (subdivided into low, middle and high) and red categories. Companies in the platinum and green categories are deemed to have met Saudization requirements and are therefore entitled to a number of benefits, such as obtaining and renewing work visas or changing the occupations of their foreign workers (except for professions exclusively reserved for Saudi nationals). Companies in the red category (due to their non-compliance with specific requirements) are deemed to be non-compliant with Saudization requirements and may be subject to certain punitive measures, such as limiting their ability to renew foreign employees' work visas or completely prohibiting foreign employees from obtaining or renewing work visas.

The Company and its Material Subsidiaries, CGS Jeddah and CGS Riyadh, are in compliance with Saudization requirements, with Saudization rates of 30% and 27%, respectively, under the Nitaqat program. The Company, CGS Jeddah, and CGS Riyadh have been classified in the "High Green," "Medium Green," and "Low Green" categories of the Nitaqat program, respectively. The Company, CGS Jeddah, and CGS Riyadh have obtained Saudization certificates from MHRSD for their compliance with Saudization requirements, issued on 01/12/1446H (corresponding to 28/05/2025G), 01/12/1446H (corresponding to 28/05/2025G), and 21/05/1445H (corresponding to 05/12/2023G), respectively.

#### 4.10.3 Training and Development

The Group's training and development policies are central to its commitment to excellence, ensuring that its workforce remains skilled, adaptable, and aligned with the Company's strategic goals. The Group invests significantly in the continuous professional development of its employees, fostering a culture of learning that spans all levels of the organization. The Company provides a range of training programs, from technical and industry-specific certifications to leadership and management training, designed to equip employees with the knowledge and skills necessary to thrive in an advanced manufacturing environment.

At the Group, training is tailored to meet the evolving needs of the business, particularly in areas such as engineering, digital transformation, and customer service excellence. Employees undergo regular technical training on the latest equipment and software, including Industry 4.0 technologies, IoT applications, and robotics, ensuring that the workforce is proficient in cutting-edge tools and techniques. Additionally, the Group promotes cross-functional learning opportunities and hands-on workshops, fostering collaboration and problem-solving across departments. Leadership development is also a priority, with structured programs for high-potential employees to ensure strong succession planning and build future leaders from within.

The Group's approach to training extends to client-facing roles, with customer service and after-sales teams receiving specialized training to enhance customer experience and ensure the effective delivery of the Group's solutions. By maintaining these comprehensive training and development policies, the Group not only enhances employee engagement and job satisfaction but also strengthens its operational excellence and market competitiveness.

# ORGANIZATIONAL STRUCTURE OF THE COMPANY



## 5. ORGANIZATIONAL STRUCTURE OF THE COMPANY

### 5.1 Ownership Structure of the Company

The following table sets out the ownership structure of the Company pre-and post-Offering:

**Table (5.1): Ownership Structure of the Company Pre- and Post-Offering**

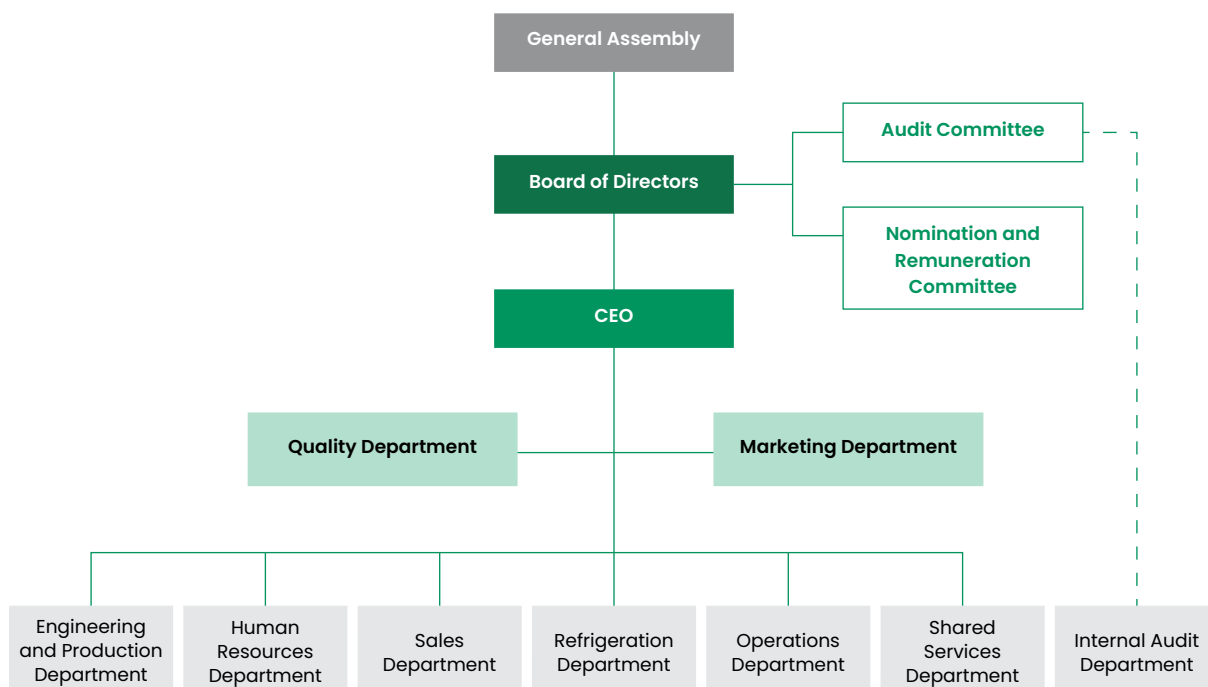
| #            | Shareholder                                          | Pre-Offering       |                           |                           | Post-Offering      |                           |             |
|--------------|------------------------------------------------------|--------------------|---------------------------|---------------------------|--------------------|---------------------------|-------------|
|              |                                                      | No. of Shares      | Total Nominal Value (SAR) | Percentage <sup>(1)</sup> | No. of Shares      | Total Nominal Value (SAR) | Percentage  |
| 1.           | Darat Esmat Bin Abdul-Samad Al Saady Holding Company | 50,000,000         | 50,000,000                | 50%                       | 35,000,000         | 35,000,000                | 35%         |
| 2.           | GK Grünenfelder International AG                     | 50,000,000         | 50,000,000                | 50%                       | 35,000,000         | 35,000,000                | 35%         |
| 3.           | Public                                               | -                  | -                         | -                         | 30,000,000         | 30,000,000                | 30%         |
| <b>Total</b> |                                                      | <b>100,000,000</b> | <b>100,000,000</b>        | <b>100%</b>               | <b>100,000,000</b> | <b>100,000,000</b>        | <b>100%</b> |

Source: The Company

### 5.2 Organizational Structure

The Shareholders of the Company delegate the overall direction, supervision, and control of the Company to the Board of Directors. The Board of Directors delegates the overall day-to-day management of the Company to the Company's Executive Management and, in particular, the CEO. The following figure sets out the organizational structure of the Company, including the Board, supervisory committees, and the functions of Executive Management members:

**Figure (4): Organizational Structure of the Company**



Source: The Company

## 5.3 Board of Directors

### 5.3.1 Formation of the Board

The Company is managed by a Board of Directors comprising of seven (7) Directors appointed by the Ordinary General Assembly of Shareholders. The number of independent directors must not be less than two (2) or one-third of the total number of Directors, whichever is greater. The duties and responsibilities of the Board of Directors are defined in the Company's Bylaws and Internal Corporate Governance Manual. The tenure of Directors, including the Chairman, is a maximum of four (4) years per term, and they may be reappointed multiple times. As an exception, the Company's first Board of Directors was appointed for a three (3)-year term pursuant to the Shareholders' Resolution dated 07/06/1446H (corresponding to 08/12/2024G). The current three (3)-year session of the Board of Directors commenced on 07/06/1446H (corresponding to 08/12/2024G) and will end on 10/07/1449H (corresponding to 08/12/2027G).

The following table shows the Directors as of the date of this Prospectus:

**Table (5.2): The Company's Board of Directors**

| #  | Name                                        | Position      | Nationality | Age      | Status <sup>(1)</sup> | Direct Ownership (%) |               | Indirect Ownership (%)       |               | Date of Appointment <sup>(3)</sup>         |
|----|---------------------------------------------|---------------|-------------|----------|-----------------------|----------------------|---------------|------------------------------|---------------|--------------------------------------------|
|    |                                             |               |             |          |                       | Pre-Of-fering        | Post-Offering | Pre-Of-fering <sup>(2)</sup> | Post-Offering |                                            |
| 1. | Sinan Esmat Abdul-Samad Al Saady            | Chairman      | Saudi       | 43 years | Non-executive         | -                    | -             | 3.50%                        | 2.45%         | 07/06/1446H (corresponding to 08/12/2024G) |
| 2. | Marcel Albert Grünenfelder                  | Vice Chairman | Swiss       | 68 years | Non-executive         | -                    | -             | 25.0%                        | 17.50%        | 07/06/1446H (corresponding to 08/12/2024G) |
| 3. | Eman Fawaz Hamza Al- Sayrafi                | Director      | Saudi       | 40 years | Independent           | -                    | -             | -                            | -             | 07/06/1446H (corresponding to 08/12/2024G) |
| 4. | Raad Abdulaziz Mohammed Al- Abdulkadr       | Director      | Saudi       | 45 years | Independent           | -                    | -             | -                            | -             | 27/08/1446H (corresponding to 26/02/2025G) |
| 5. | Sami Abdulkarim Mohammed Hashem Al- Zohaibi | Director      | Saudi       | 48 years | Independent           | -                    | -             | -                            | -             | 07/06/1446H (corresponding to 08/12/2024G) |
| 6. | Fahd Saleh Ali Al- Hathloul                 | Director      | Saudi       | 52 years | Independent           | -                    | -             | -                            | -             | 07/06/1446H (corresponding to 08/12/2024G) |
| 7. | Albert Peter Grünenfelder                   | Director      | Swiss       | 60 years | Non-executive         | -                    | -             | 25.0%                        | 17.50%        | 07/06/1446H (corresponding to 08/12/2024G) |

- (1) Article 19(c) of the Corporate Governance Regulations provides that the following, among other matters, shall negate the independence requirement for an independent Director:
- If he/she holds 5% or more of the shares of the Company or any other company within its Group or is a relative of someone who owns such percentage.
  - If he/she is a relative of any of the Directors of the Company or of any other company within the Company's Group.
  - If he/she is a relative of any Senior Executive of the Company or of any other company within the Company's Group.
  - If he/she is a director of any company within the Group of the Company for which he/she is nominated to be a Director.
  - If he/she is an employee or used to be an employee, during the preceding two years, of the Company or any company within its Group, or if he/she, during the preceding two years, held a controlling interest in the Company, any party dealing with the Company, or any company within its Group, such as auditors or key suppliers.
  - If he/she has a direct or indirect interest in the business and contracts executed for the Company's account.
  - If a Director receives financial consideration from the Company in addition to the remuneration for his/her membership on the Board or any of its committees exceeding two hundred thousand Saudi Riyals (SAR 200,000) or 50% of his/her remuneration in the prior year for membership on the Board or any of its committees, whichever is less.
  - If he/she engages in a business where he/she competes with the Company or conducts business in any of the Company's activities.
  - If he/she has served more than nine (9) years, consecutive or nonconsecutive, as a Director of the Company.

- (2) The indirect ownership of the Directors is as a result of the following:
- a. The indirect ownership of Sinan Esmat Abdul- Samad Al Saady in the Company arises from his direct ownership of three thousand, five hundred (3,500) shares in Buhur Holding Company, representing 70% of its share capital. Buhur Holding Company, in turn, directly owns one hundred (100) shares in Darat Esmat Bin Abdul-Samad Al Saady Holding Company, representing 10% of its share capital, and Darat Esmat Bin Abdul-Samad Al Saady Holding Company, in turn, directly owns 50% of the Company's shares.
  - b. The indirect ownership of Marcel Albert Grünenfelder in the Company arises from his direct ownership of 100% of Familienholding Marcel Grünenfelder AG, which holds 50% of GK Grünenfelder International AG, which in turn directly owns 50% of the Company's shares.
  - c. The indirect ownership of Albert Peter Grünenfelder in the Company arises from his direct ownership of 100% of Meteira AG, which holds 50% of GK Grünenfelder International AG, which in turn directly owns 50% of the Company's shares.
- (3) The dates listed in this table are the dates of appointment of the Directors to the current term pursuant to the Shareholders' resolution dated 07/06/1446H (corresponding to 08/12/2024G). However, Mr. Raad Abdulaziz Mohammed Al- Abdulkadr was appointed under the Board resolution dated 27/08/1446H (corresponding to 26/02/2025G). The Board term is three (3) years, commencing on 07/06/1446H (corresponding to 08/12/2024G) and ending on 10/07/1449H (corresponding to 08/12/2027G). The respective biographies of the Directors state the dates on which the Directors were appointed to the Board or any other position (for further details, please refer to Section 5.3.6 **"Summary Biographies of the Directors and the Board Secretary"** of this Prospectus).

Source: The Company

As of the date of this Prospectus, the Board Secretary is Mr. Ahmed Mohammed Ahmed Al-Omari, who was appointed to this position pursuant to the Board resolution dated 10/06/1446H (corresponding to 11/12/2024G) (for a summary his biography, please refer to Section 5.3.6 **"Summary Biographies of the Directors and the Board Secretary"** of this Prospectus). As of the date of this Prospectus, Mr. Ahmed Mohammed Ahmed Al-Omari does not hold any shares in the Company.

### 5.3.2 Duties and Responsibilities of the Chairman

The Board represents all Shareholders and shall perform its duties of loyalty and care in managing the Company's affairs and undertake all actions in the general interest of the Company to develop it and maximize its value. The Board is responsible for the Company's business even if it delegates some of its powers to committees, individuals, or other third parties. In all cases, the Board may not issue a general or open-ended delegation.

Without prejudice to the powers conferred on the General Assembly in accordance with the Companies Law, its Implementing Regulation, and the Company's Bylaws, the Board shall be vested with the widest powers to manage the Company's business so as to achieve its objectives. The functions and responsibilities of the Board include the following:

- 1- Establishing the plans, policies, strategies, and main objectives of the Company, supervising their implementation and periodically reviewing them, as well as ensuring the availability of the human and financial resources required to fulfill the same, including:
  - a- Setting, reviewing and directing the Company's comprehensive strategy, key business plans, and risk management policies and mechanisms.
  - b- Determining the most appropriate share capital structure for the Company, its strategies and financial objectives, and approving all kinds of estimated budgets.
  - c- Overseeing the main capital expenditures of the Company and the acquisition or disposal of assets.
  - d- Setting performance indicators and monitoring the implementation thereof and the overall performance of the Company.
  - e- Reviewing and approving the organizational and human resources structures of the Company on a periodic basis and ensuring that the financial and human resources required for achieving the Company's objectives and main plans are available.
- 2- Setting rules and procedures for internal control and generally overseeing them, including:
  - a- Developing a written policy to remedy actual and potential conflict of interest scenarios for each of the Directors, the Executive Management, and the Shareholders. This includes misuse of the Company's assets and facilities and mismanagement resulting from transactions with Related Parties.
  - b- Ensuring the integrity of the financial and accounting rules, including rules relating to the preparation of financial reports.
  - c- Ensuring the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk management at the Company level, as well as disclosing such risks transparently to the Company's stakeholders and Related Parties.



- d- Reviewing the effectiveness of the Company's internal control procedures on an annual basis.
- 3- Drafting specific and explicit policies, standards and procedures for membership on the Board, without prejudice to the Company's Internal Governance Manual, and implementing them following approval by the General Assembly.
- 4- Developing a written policy that regulates the relationship with stakeholders pursuant to the Corporate Governance Regulations.
- 5- Setting policies and procedures to ensure the Company's compliance with the relevant laws and regulations and the Company's obligation to disclose material information to Shareholders and stakeholders and ensuring the compliance of the Executive Management therewith.
- 6- Supervising the management of the Company's finances and its cash flows as well as its financial and credit relationships with third parties.
- 7- Providing recommendations to the Extraordinary General Assembly as to what it deems appropriate regarding the following:
  - a- Increasing or decreasing the share capital of the Company.
  - b- Dissolving the Company before the end of its term as specified in its Bylaws or deciding on the continuation of the Company.
- 8- Providing recommendations to the Ordinary General Assembly as to what it deems appropriate regarding:
  - a- Using the Company's reserves, if they have not been set aside for a specific purpose under the Company's Bylaws.
  - b- Forming additional financial allocations or reserves for the Company.
  - c- The method of distributing the net profits of the Company.
- 9- Preparing the Company's interim and annual financial statements and approving them prior to publication.
- 10- Preparing the Board report and approving it prior to publication.
- 11- Ensuring the accuracy and integrity of the data and information which must be disclosed pursuant to the applicable policies and systems with respect to disclosure and transparency.
- 12- Developing effective communication channels allowing Shareholders to continuously and periodically review the various aspects of the Company's business as well as any material developments.
- 13- Forming specialized Board committees pursuant to resolutions specifying the term, powers and responsibilities of such committees as well as the method used by the Board to monitor such committees. Such resolutions shall also specify the names of the members and their duties, rights and obligations, and shall evaluate the performance and activities of these committees and their members.
- 14- Specifying the types of remuneration granted to the Company's employees, such as fixed remuneration, remuneration linked to performance, and remuneration in the form of shares, without prejudice to the Implementing Regulation of the Companies Law for Listed Joint Stock Companies.
- 15- Setting the values and standards that govern the work at the Company.
- 16- Notifying the Ordinary General Assembly, when it convenes, of the business and contracts in which any Director has a direct or indirect interest, including the information provided by the relevant Director to the Board, accompanied by a special report of the Company's external auditor.

### 5.3.3 Duties of the Vice Chairman

Without prejudice to the competencies of the Board, the Board Chairman shall be responsible for leading the Board and supervising its operations and the effective performance of its duties. The competencies and duties of the Board Chairman shall include the following in particular:

- 1- Ensuring that the Directors obtain complete, clear, accurate and non-misleading information in due course.
- 2- Ensuring that the Board effectively discusses all fundamental issues in due course.
- 3- Representing the Company before third parties in accordance with the Companies Law, its Implementing Regulation, and the Company's Bylaws.
- 4- Encouraging the Directors to effectively perform their duties in order to achieve the interests of the Company.
- 5- Ensuring that there are effective communication channels with Shareholders and conveying their opinions to the Board.



- 6- Encouraging constructive relationships and effective participation between the Board and the Executive Management on the one hand, and the executive, non-executive and independent Directors on the other hand, and fostering a culture that encourages constructive criticism.
- 7- Preparing agendas for Board meetings, taking into consideration any matters raised by Directors or the external auditor, and consulting with the Directors and CEO when preparing the Board's agenda.
- 8- Convening periodic meetings with the non-executive Directors without the presence of any executive officers of the Company.
- 9- Notifying the Ordinary General Assembly, when it convenes, of the businesses and contracts in which any Director has a direct or indirect interest, including the information provided by the Director to the Board in accordance with Article 28(14) of the Corporate Governance Regulations, accompanied by a special report from the Company's external auditor.

### 5.3.4 Duties of the Board Secretary

The responsibilities and competencies of the Board Secretary shall include:

- a- Documenting Board meetings and preparing minutes thereof, which include the discussions and deliberations that occurred during such meetings, as well as the place, date, time such meetings commenced and concluded, recording Board resolutions and voting results and keeping them in a dedicated and organized register, and recording the names of the Directors present and any reservations they expressed (if any). Such minutes shall be signed by the chairman of the meeting, all Directors present and the Board Secretary.
- b- Retaining the reports submitted to the Board and the reports prepared by it.
- c- Providing Directors with the Board's agenda, working papers, documents, and information related thereto, as well as any additional documents or information requested by any of the Directors in relation to the topics included in the meeting agenda.
- d- Ensuring that the Directors comply with the procedures approved by the Board.
- e- Informing Directors of meeting dates sufficiently before the set date.
- f- Presenting draft meeting minutes to the Directors for their views prior to signing.
- g- Ensuring that Directors have complete and prompt access to a copy of the Board meeting minutes and information and documents related to the Company.
- h- Coordinating among the Directors.
- i- Organizing the disclosure register of the Board and Executive Management.
- j- Providing assistance and advice to the Directors.

### 5.3.5 Employment and Service Contracts with the Directors

As of the date of this Prospectus, no employment or service contracts have been entered into between the Company and the Directors.

### 5.3.6 Summary Biographies of the Directors and the Board Secretary

The following is a summary of the biographies of the Directors and the Board Secretary:

**Table (5.3): Summary Biography of Sinan Esmat Abdul- Samad Al Saady**

|                                           |                                            |
|-------------------------------------------|--------------------------------------------|
| <b>Name</b>                               | Sinan Esmat Abdul- Samad Al Saady          |
| <b>Age</b>                                | 43 years                                   |
| <b>Nationality</b>                        | Saudi                                      |
| <b>Position</b>                           | Chairman                                   |
| <b>Date of Appointment (Current Term)</b> | 07/06/1446H (corresponding to 08/12/2024G) |

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Academic Qualifications</b>                      | <ul style="list-style-type: none"> <li>• Corporate Development Program Certificate, Stanford University, USA, 2019G.</li> <li>• Certificate in Real Estate Finance, Design and Leadership Program, Harvard University, USA, 2019G.</li> <li>• Certificate in Real Estate Finance and Development Program, Massachusetts Institute of Technology (MIT), USA, 2016G.</li> <li>• BA in Finance and Economics, Boston College, USA, 2003G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Current Positions</b>                            | <ul style="list-style-type: none"> <li>• Chairman of the Company, from 2024G to date.</li> <li>• Member of the Company's Nomination and Remuneration Committee, from 2024G to date.</li> <li>• Director, General Entertainment Authority (GEA), a Saudi government body operating in the entertainment sector, from 2024G to date.</li> <li>• Director, Khairah Mountain Company (KMC), a Saudi limited liability company operating in the entertainment sector, from 2022G to date.</li> <li>• Director, Cool Inc Catering, a Saudi limited liability company operating in the hospitality and tourism sector, from 2020G to date.</li> <li>• CEO, Cool Inc Catering, a Saudi limited liability company operating in the hospitality and tourism sector, from 2020G to date.</li> <li>• Director, NBK Wealth Management, a Saudi limited liability company operating in the banking and wealth management sector, from 2017G to date.</li> <li>• Director, Darat Esmat Bin Abdul-Samad Al Saady Holding Company, a Saudi limited liability company operating in the investment sector, from 2016G to date.</li> <li>• Vice Chairman, ARSA Executive Contracting Company, a Saudi limited liability company operating in the sports and entertainment sector, from 2009G to date.</li> <li>• Vice Chairman, Cold Stores Group of Saudi Arabia, a Saudi limited liability company operating in the industrial and refrigeration sectors, from 2008G to date.</li> </ul>           |
| <b>Significant Previous Professional Experience</b> | <ul style="list-style-type: none"> <li>• Director at the Company, from 2019G to 2024G.</li> <li>• Director, Al Balad Al Ameen Development and Real Estate Enhancement Company, a Saudi closed joint-stock company operating in the urban development sector, from 2018G to 2024G.</li> <li>• Director, Muheel Facilities Management, a Saudi limited liability company operating in the facilities management sector, from 2016G to 2021G.</li> <li>• Director, Abdul Latif Jameel United Real Estate Finance Company, a Saudi limited liability company operating in the real estate finance sector, from 2014G to 2020G.</li> <li>• Senior Managing Director, Abdul Latif Jameel Properties, a Saudi limited liability company operating in the real estate sector, from 2013G to 2020G.</li> <li>• Director, Wasl Saudia, a Saudi limited liability company operating in the logistics and transportation sector, from 2012G to 2019G.</li> <li>• Partner, Hemaya United Middle East Commercial Investment Company Limited, a Saudi limited liability company operating in the asset management sector, from 2007G to 2019G.</li> <li>• Director, Al Duwaliya Al Mutaaddida Urban Management and Development Company Limited, a Saudi limited liability company operating in the real estate sector, from 2011G to 2013G.</li> <li>• Business Planning and Analysis, SNB, a Saudi listed joint-stock company operating in the banking sector, from 2003G to 2007G.</li> </ul> |

Source: The Company

**Table (5.4): Summary Biography of Marcel Albert Grünenfelder**

|                                           |                                            |
|-------------------------------------------|--------------------------------------------|
| <b>Name</b>                               | Marcel Albert Grünenfelder                 |
| <b>Age</b>                                | 68 years                                   |
| <b>Nationality</b>                        | Swiss                                      |
| <b>Position</b>                           | Vice Chairman                              |
| <b>Date of Appointment (Current Term)</b> | 07/06/1446H (corresponding to 08/12/2024G) |

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Academic Qualifications</b>                      | <ul style="list-style-type: none"> <li>• Diploma in Commercial Vehicle Design and Engineering, Technical College of Engineering, Germany, 1981G.</li> <li>• Federal Diploma in Automotive Mechanics, GK Grünenfelder AG, Switzerland, 1977G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Current Positions</b>                            | <ul style="list-style-type: none"> <li>• Vice Chairman of the Company, from 2024G to date.</li> <li>• Member of the Company's Nomination and Remuneration Committee, from 2024G to date.</li> <li>• Director, Al Saadi Refrigeration Air Conditioning, a Bahraini limited liability company operating in the air conditioning and refrigeration sector, from 2021G to date.</li> <li>• Owner, Familienholding Marcel Grünenfelder, a Swiss public limited company operating in the holding company activities sector, from 2020G to date.</li> <li>• Director, Gasthaus zur Traube AG, a Swiss public limited company operating in the hospitality sector, from 2015G to date.</li> <li>• Chairman, GK Grünenfelder International AG, a Swiss public limited company operating in the holding company activities sector, from 2014G to date.</li> <li>• Chairman, GK Grünenfelder Group AG, a Swiss public limited company operating in the automotive sector, from 2005G to date.</li> <li>• Director, Cold Stores Group of Saudi Arabia, a Saudi limited liability company operating in the industrial and refrigeration sectors, from 1997G to date.</li> <li>• Director, Consolidated Grünenfelder Saady Company, a Saudi limited liability company operating in the industrial and refrigeration sectors, from 1997G to date.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Significant Previous Professional Experience</b> | <ul style="list-style-type: none"> <li>• Director at the Company, from 2020G to 2024G.</li> <li>• Director and CEO, GK Grünenfelder AG, a Swiss public limited company operating in the automotive sector, from 2005G to 2018G.</li> <li>• Director, Owner and CEO, GK Grünenfelder International AG, a Swiss public limited company operating in the holding company activities sector, from 2005G to 2018G.</li> <li>• General Manager of the Company, from 2005G to 2018G.</li> <li>• General Manager, Consolidated Grünenfelder Saady Company, a Saudi single shareholder limited liability company operating in the industrial and refrigeration sectors, from 2005G to 2018G.</li> <li>• General Manager, Cold Stores Group of Saudi Arabia, a Saudi limited liability company operating in the industrial and refrigeration sectors, from 2005G to 2018G.</li> <li>• General Manager, Al Saadi Refrigeration Air Conditioning, a Bahraini limited liability company operating in the air conditioning and refrigeration sector, from 2005G to 2018G.</li> <li>• Deputy Manager, Consolidated Grünenfelder Saady Company, a Saudi single shareholder limited liability company operating in the industrial and refrigeration sectors, from 1997G to 2005G.</li> <li>• Deputy Manager, Cold Stores Group of Saudi Arabia, a Saudi limited liability company operating in the industrial and refrigeration sectors, from 1997G to 2005G.</li> <li>• Deputy Manager, Al Saadi Refrigeration Air Conditioning, a Bahraini limited liability company operating in the air conditioning and refrigeration sector, from 1997G to 2005G.</li> <li>• Chief Compliance Officer, GK Grünenfelder AG, a Swiss public limited company operating in the automotive sector, from 1990G to 2004G.</li> <li>• Assistant and Deputy General Manager, Consolidated Grünenfelder Saady Company, a Saudi single shareholder limited liability company operating in the industrial and refrigeration sectors, from 1984G to 1990G.</li> <li>• Assistant and Deputy General Manager, Cold Stores Group of Saudi Arabia, a Saudi limited liability company operating in the industrial and refrigeration sectors, from 1984G to 1990G.</li> <li>• Assistant and Deputy General Manager, Al Saadi Refrigeration Air Conditioning, a Bahraini limited liability company operating in the air conditioning and refrigeration sector, from 1984G to 1990G.</li> <li>• General Manager, Consolidated Grünenfelder Saady Company, a Saudi single shareholder limited liability company operating in the industrial and refrigeration sectors, from 1983G to 1984G.</li> <li>• Assistant General Manager, Cold Stores Group of Saudi Arabia, a Saudi limited liability company operating in the industrial and refrigeration sectors, from 1981G to 1983G.</li> </ul> |

Source: The Company

**Table (5.5): Summary Biography of Eman Fawaz Hamza Al- Sayrafi**

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                                         | Eman Fawaz Hamza Al- Sayrafi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Age</b>                                          | 40 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Nationality</b>                                  | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Position</b>                                     | Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Date of Appointment (Current Term)</b>           | 07/06/1446H (corresponding to 08/12/2024G)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Academic Qualifications</b>                      | <ul style="list-style-type: none"> <li>BA in English Literature, Umm Al-Qura University, KSA, 2008G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Current Positions</b>                            | <ul style="list-style-type: none"> <li>Chairman of the Company's Nomination and Remuneration Committee, from 2024G to date.</li> <li>Chief Human Resources Officer, Tam Development, a Saudi listed joint-stock company operating in the commercial and professional services sector, from 2024G to date.</li> </ul>                                                                                                                                                                                                                                      |
| <b>Significant Previous Professional Experience</b> | <ul style="list-style-type: none"> <li>Chief Human Resources Officer, Cool Inc Catering, a Saudi limited liability company operating in the hospitality and tourism sector, from 2020G to 2024G.</li> <li>Senior General Manager of Development and Marketing, My Clinic, a Saudi limited liability company operating in the healthcare sector, from 2017G to 2020G.</li> <li>Chief Human Resources Officer, Bupa Arabia for Cooperative Insurance, a Saudi listed joint-stock company operating in the insurance sector, from 2008G to 2017G.</li> </ul> |

Source: The Company

**Table (5.6): Summary Biography of Raad Abdulaziz Mohammed Al- Abdulkadr**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Raad Abdulaziz Mohammed Al- Abdulkadr                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Age</b>                     | 45 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Position</b>                | Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Date of Appointment</b>     | 27/08/1446H (corresponding to 26/02/2025G)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Academic Qualifications</b> | <ul style="list-style-type: none"> <li>BA in Business Administration, Banking Services and Entrepreneurship, Beirut University, Lebanon, 2004G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Current Positions</b>       | <ul style="list-style-type: none"> <li>Director, Infonas, a Bahraini closed joint-stock company operating in the telecommunications sector, from 2021G to date.</li> <li>Managing Director and Partner, Al Abdulkader Furniture Co. Ltd., a Saudi limited liability company operating in the furniture sector, from 2021G to date.</li> <li>Director, Intrepid, a Canadian private equity firm operating in the investment sector, from 2018G to date.</li> <li>Director, Hometown, a UAE limited liability company operating in the hospitality sector, from 2016G to date.</li> <li>Director, ANB Capital, a Saudi closed joint-stock company operating in the securities and investment sector, from 2016G to date.</li> <li>Member of the Audit Committee, ANB Capital, a Saudi closed joint-stock company operating in the securities and investment sector, from 2016G to date.</li> <li>Director, MxCare, a UAE limited liability company operating in the security services sector, from 2014G to date.</li> <li>Director, Al Faraby Medical, a Saudi limited liability company operating in the healthcare sector, from 2012G to date.</li> <li>Director, Knowledge Net, a Saudi listed joint-stock company operating in the technology sector, from 2012G to date.</li> <li>Director, Al-Afaq International Schools, a Saudi limited liability company operating in the education sector, from 2008G to date.</li> <li>CEO, Abdulaziz Al-Abdulkader Contracting Establishment, a Saudi sole proprietorship operating in the contracting sector, from 2002G to date.</li> </ul> |

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Significant Previous Professional Experience</b> | <ul style="list-style-type: none"> <li>Vice Chairman and Partner, Al Abdulkader Furniture Co. Ltd., a limited liability company operating in the furniture sector, from 2002G to 2021G.</li> <li>Director, 2Connect, a Bahraini limited liability company operating in the technology sector, from 2012G to 2016G.</li> <li>Director, Osool &amp; Bakheet Investment Company, a Saudi closed joint-stock company operating in the securities and investment sector, from 2009G to 2012G.</li> </ul> |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Source: The Company

**Table (5.7): Summary Biography of Sami Abdulkarim Mohammed Hashem Al- Zohaibi**

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                                         | Sami Abdulkarim Mohammed Hashem Al- Zohaibi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Age</b>                                          | 48 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Nationality</b>                                  | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Position</b>                                     | Director                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Date of Appointment (Current Term)</b>           | 07/06/1446H (corresponding to 08/12/2024G)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Academic Qualifications</b>                      | <ul style="list-style-type: none"> <li>BSc in Chemical Engineering, King Fahd University of Petroleum and Minerals (KFUPM), KSA, 2000G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Current Positions</b>                            | <ul style="list-style-type: none"> <li>Director at the Company, from 2024G to date.</li> <li>CEO, Alshiaka, a Saudi limited liability company operating in the men's fashion and lifestyle sector, from 2024G to date.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Significant Previous Professional Experience</b> | <ul style="list-style-type: none"> <li>Chairman, Alshiaka, a Saudi limited liability company operating in the men's fashion and lifestyle sector, from 2021G to 2023G.</li> <li>Managing Director of Entertainment and Tourism, Dallah Albaraka Holding Company, a Saudi closed joint-stock company operating in the entertainment and tourism sector, from 2019G to 2021G.</li> <li>Managing Director of Entertainment and Tourism, Fawasel Advanced for Entertainment and Tourism, a Saudi closed joint-stock company operating in the entertainment and tourism sector, from 2021G to 2022G.</li> <li>Partner, Elixir, a Saudi professional firm operating in the consulting services sector, 2017G.</li> <li>Marketing Manager, Procter &amp; Gamble, a Saudi company operating in the manufacturing and marketing sector, from 2000G to 2005G.</li> </ul> |

Source: The Company

**Table (5.8): Summary Biography of Fahd Saleh Ali Al-Hathloul**

|                                           |                                                                                                                                                                                                     |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                               | Fahd Saleh Ali Al-Hathloul                                                                                                                                                                          |
| <b>Age</b>                                | 52 years                                                                                                                                                                                            |
| <b>Nationality</b>                        | Saudi                                                                                                                                                                                               |
| <b>Position</b>                           | Director                                                                                                                                                                                            |
| <b>Date of Appointment (Current Term)</b> | 07/06/1446H (corresponding to 08/12/2024G)                                                                                                                                                          |
| <b>Academic Qualifications</b>            | <ul style="list-style-type: none"> <li>MBA (Majoring in Finance), Colorado State University, USA, 1998G.</li> <li>BSc in Computer Information Systems, King Saud University, KSA, 1995G.</li> </ul> |

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Current Positions</b>                            | <ul style="list-style-type: none"> <li>• Director at the Company, from 2024G to date.</li> <li>• Chairman of the Company's Audit Committee, from 2024G to date.</li> <li>• Director, Ardara Development Company (formerly Al Wadi Development Company), a Saudi closed joint-stock company operating in the real estate development sector, from 2023G to date.</li> <li>• Chairman of the Audit Committee, Ardara Development Company (formerly Al Wadi Development Company), a Saudi closed joint-stock company operating in the real estate development sector, from 2023G to date.</li> <li>• Chairman of the Audit Committee, EEC, a Saudi public joint-stock company operating in the real estate sector, from 2023G to date.</li> <li>• Director, Rua Al Madinah Holding, a Saudi closed joint-stock company operating in the real estate sector, from 2021G to date.</li> <li>• Member of the Executive Committee, Rua Al Madinah Holding, a Saudi closed joint-stock company operating in the real estate sector, from 2021G to date.</li> <li>• Member of the Audit Committee, Rua Al Madinah Holding, a Saudi closed joint-stock company operating in the real estate sector, from 2021G to date.</li> <li>• Member of the Audit Committee, CITC, a Saudi government agency operating in the communications and information technology sector, from 2021G to date.</li> <li>• Member of the Audit Committee, Jeddah Development &amp; Urban Regeneration Co., a Saudi closed joint-stock company operating in the urban development sector, from 2020G to date.</li> <li>• Member of the Audit Committee, Water Transmission and Technologies Company, a Saudi closed joint-stock company operating in the water transmission sector, from 2020G to date.</li> <li>• Director and Partner, Saleh Al-Hathloul Development Co., a Saudi limited liability company operating in the project management and real estate development sector, from 2005G to date.</li> </ul> |
| <b>Significant Previous Professional Experience</b> | <ul style="list-style-type: none"> <li>• Director, Al Balad Al Ameen Development and Real Estate Enhancement Company, a Saudi closed joint-stock company operating in the urban development sector, from 2018G to 2024G.</li> <li>• Chairman of the Audit Committee, Al Balad Al Ameen Development and Real Estate Enhancement Company, a Saudi closed joint-stock company operating in the urban development sector, from 2018G to 2024G.</li> <li>• Director, Makkah Rail Company, a Saudi closed joint-stock company operating in the transportation sector, from 2020G to 2022G.</li> <li>• Director, Makkah Oasis Real Estate Development Company, a Saudi closed joint-stock company operating in the real estate development sector, from 2019G to 2022G.</li> <li>• Director of Internal Audit and Control, Al Safi, a Saudi closed joint-stock company operating in the dairy industry sector, from 2003G to 2005G.</li> <li>• Senior Credit Analyst, Saudi Industrial Development Fund, a Saudi government fund operating in industrial development, from 1999G to 2003G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

Source: The Company

**Table (5.9): Summary Biography of Albert Peter Grünenfelder**

|                                           |                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                               | Albert Peter Grünenfelder                                                                                                                                                                                                                                                                                                                          |
| <b>Age</b>                                | 60 years                                                                                                                                                                                                                                                                                                                                           |
| <b>Nationality</b>                        | Swiss                                                                                                                                                                                                                                                                                                                                              |
| <b>Current Position</b>                   | Director                                                                                                                                                                                                                                                                                                                                           |
| <b>Date of Appointment (Current Term)</b> | 07/06/1446H (corresponding to 08/12/2024G)                                                                                                                                                                                                                                                                                                         |
| <b>Academic Qualifications</b>            | <ul style="list-style-type: none"> <li>• Swiss Federal Diploma as a Certified Vehicle Designer, Zofingen Training Center, Switzerland, 1990G.</li> <li>• Diploma in Business Studies, St. Gallen Business School, Switzerland, 1987G.</li> <li>• Swiss Federal Diploma in Automotive Mechanics, GK Grünenfelder AG, Switzerland, 1985G.</li> </ul> |

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Current Positions</b>                            | <ul style="list-style-type: none"> <li>• Director at the Company, from 2024G to date.</li> <li>• Member of the Company's Audit Committee, from 2024G to date.</li> <li>• Director, Al Saadi Refrigeration Air Conditioning, a Bahraini limited liability company operating in the air conditioning and refrigeration sector, from 2021G to date.</li> <li>• Member of the Commercial Vehicles Committee, Swiss Automotive Association, a Swiss association operating in the automotive sector, from 2021G to date.</li> <li>• Owner, Meteira AG, a Swiss public limited company operating in the holding company activities sector, from 2020G to date.</li> <li>• CEO and CFO, Gasthaus zur Traube AG, a Swiss public limited company operating in the hospitality sector, from 2015G to date.</li> <li>• Director, Cold Stores Group of Saudi Arabia, a Saudi limited liability company operating in the industrial and refrigeration sectors, from 2018G to date.</li> <li>• Director, GK Grünenfelder International AG, a Swiss public limited company operating in the holding company activities sector, from 2014G to date.</li> <li>• Director, GK Grünenfelder Group AG, a Swiss public limited company operating in the automotive sector, from 2005G to date.</li> <li>• CEO and CFO, GK Grünenfelder Group AG, a Swiss public limited company operating in the automotive sector, from 2005G to date.</li> </ul> |
| <b>Significant Previous Professional Experience</b> | <ul style="list-style-type: none"> <li>• Director at the Company, from 2020G to 2024G.</li> <li>• Chief Financial and Technical Officer, GK Grünenfelder AG, a Swiss public limited company operating in the automotive sector, from 1990G to 2004G.</li> <li>• Vehicle Mechanic and Junior Supervisor, GK Grünenfelder AG, a Swiss public limited company operating in the automotive sector, from 1985G to 1989G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

Source: The Company

**Table (5.10): Summary Biography of Ahmed Mohammed Ahmed Al-Omari**

|                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Ahmed Mohammed Ahmed Al-Omari                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Age</b>                     | 39 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Nationality</b>             | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Current Position</b>        | Board Secretary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Date of Appointment</b>     | 10/06/1446H (corresponding to 11/12/2024G)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Academic Qualifications</b> | <ul style="list-style-type: none"> <li>• BSc in Industrial Engineering, King Abdulaziz University, KSA, 2008G.</li> <li>• Corporate Development Program Certificate, Stanford University, USA, 2019G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Current Positions</b>       | <ul style="list-style-type: none"> <li>• Board Secretary at the Company, from 2024G to date.</li> <li>• CEO, ARSA Executive Contracting Company, a Saudi limited liability company operating in the sports and entertainment sector, from 2023G to date.</li> <li>• Member of the Steering Committee, ARSA Executive Contracting Company, a Saudi limited liability company operating in the sports and entertainment sector, from 2023G to date.</li> <li>• Executive Director of the Portfolio Business and Project Management Office, Darat Esmat Bin Abdul-Samad Al Saady Holding Company, a Saudi limited liability company operating in the investment sector, from 2019G to date.</li> </ul> |



**Significant Previous Professional Experience**

- General Manager of the Company's Portfolio Business and Project Management Office, from 2019G to 2024G.
- Executive Director of the Portfolio Business and Project Management Office, Abdul Latif Jameel Land, a Saudi limited liability company operating in the real estate development sector, from 2019G to 2020G.
- Advisor and General Supervisor of Priorities Management, Ministry of Economy and Planning, a Saudi government agency operating in the government sector, from 2015G to 2017G.
- Advisor to the Minister for Support Services, Ministry of Health, a Saudi government agency operating in the government sector, in 2014G.
- Director of Executive Affairs and General Manager of the Chairman's Office, Ministry of Labor and Human Resources Development Fund, a Saudi government agency operating in the government sector, from 2010G to 2015G.
- Director of the Development and Performance Measurement Unit, Ministry of Labor and Human Resources Development Fund, a Saudi government agency operating in the government sector, from 2010G to 2015G.
- Development and Quality Engineer, Jeddah Municipality, a Saudi government agency operating in the government sector, from 2009G to 2010G.
- Project Engineer and Founder, Nahj Al-Alamiya Trading Est., a Saudi sole proprietorship operating in the refrigeration and air conditioning contracting sector, from 2006G to 2009G.

Source: The Company

## 5.4 Company Committees

The Company has a number of committees, which are formed based on the Company's needs, circumstances and conditions to enable it to perform its tasks effectively in addition to fulfilling relevant legal requirements. These committees include the Audit Committee and the Nomination and Remuneration Committee.

The following is a summary of the structure, responsibilities, and members of each committee:

### 5.4.1 Audit Committee

#### A- Formation of the Audit Committee

The Audit Committee consists of three (3) members appointed pursuant to the Board resolutions dated 10/06/1446H (corresponding to 11/12/2024G) and 27/08/1446H (corresponding to 26/02/2025G). The Audit Committee's term commenced on 10/06/1446H (corresponding to 11/12/2024G) and will remain in effect until 10/07/1449H (corresponding to 08/12/2027G). The term of an Audit Committee member who also serves on the Board of Directors may not exceed their term as a Director. The following table lists the members of the Audit Committee:

**Table (5.11): Members of the Audit Committee**

| #  | Name                          | Position                        | Status                     |
|----|-------------------------------|---------------------------------|----------------------------|
| 1. | Fahd Saleh Ali Al-Hathloul    | Chairman of the Audit Committee | Independent Board Member   |
| 2. | Mohammed Noman Mohammed Habis | Member of the Audit Committee   | Non-Board Member           |
| 3. | Albert Peter Grünenfelder     | Member of the Audit Committee   | Non-executive Board Member |

Source: The Company

## B- Responsibilities of the Audit Committee

The Audit Committee shall be competent to monitor the Company's activities and ensure the integrity and effectiveness of its reports, financial statements and internal control systems. The duties of the Audit Committee shall include the following in particular:

### A- Financial Reporting

- 1- Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency.
- 2- Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable and contain information that allows Shareholders and investors to assess the Company's financial position, performance, business model and strategy.
- 3- Analyzing any important or unusual issues contained in the financial reports.
- 4- Accurately investigating any issues raised by the Company's CFO, any person assuming his/her duties, or the Company's compliance officer or Auditor.
- 5- Examining accounting estimates with respect to material matters contained in the financial reports.
- 6- Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.
- 7- Reviewing significant issues related to accounting and financial reporting, including complex or unusual transactions, critical areas of judgment and newly issued professional or regulatory pronouncements, and evaluating their impact on the financial statements.
- 8- Reviewing any material or unusual matters presented in the Company's financial statements and reports, as well as any issues raised by the CFO, any person assuming his/her duties, or the Company's compliance officer or external auditor.
- 9- Discussing the results of the external audit with management and the external auditor, including any challenges encountered.
- 10- Reviewing other sections of the annual report and related regulatory filings prior to issuance and assessing the accuracy and completeness of the information disclosed.
- 11- Reviewing all matters that must be submitted to the Audit Committee in accordance with recognized auditing standards, in cooperation with management and the external auditor.
- 12- Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.
- 13- Understanding how management prepares the interim financial information and the nature and extent of involvement of the Internal Audit Department and the external auditor.
- 14- Providing a technical opinion, at the request of the Board, on whether the Board's report and Company's financial statements are fair, balanced, understandable and contain information that allows Shareholders and investors to assess the Company's financial position, performance, business model and strategy.
- 15- Examining accounting estimates with respect to significant matters contained in the financial statements and reports.

### B- Internal Control

- 1- Examining, reviewing and assessing the effectiveness of the Company's internal and financial control systems and risk management system, including information technology security and control mechanisms.
- 2- Understanding the scope of the internal audit of financial reports conducted by the Internal Audit Department and obtaining reports containing significant findings and recommendations and management feedback and remarks.

**C- Internal Audit**

- 1- Examining and reviewing the Company's internal and financial control systems and risk management system.
- 2- Analyzing internal audit reports and monitoring the implementation of corrective measures with respect to the remarks made in such reports.
- 3- Monitoring and overseeing the performance and activities of the Internal Audit Department to ensure it is adequately resourced, effectively performs the activities and duties assigned thereto, and maintains full independence.
- 4- Recommending to the Board the appointment and remuneration of the Internal Audit Director in accordance with Company policies and evaluating their performance on an annual basis.
- 5- Approving the Company's internal audit regulations.
- 6- Reviewing the performance and activities of the Internal Audit Director, ensuring their activities are free from any unjustified restrictions, and making recommendations to the Board regarding their appointment, dismissal, annual remuneration and salary.
- 7- Monitoring and overseeing the performance and activities of the Company's Internal Audit Department to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties in accordance with applicable professional standards.
- 8- Approving the annual audit plan and all amendments thereto and reviewing the performance and activities of the Internal Audit Department against the set plan.
- 9- Engaging with the Internal Audit Director to review the internal audit budget, resource plan and activities, and as well as the organizational framework governing internal audit functions.
- 10- Approving the Company's internal audit procedures.
- 11- Analyzing internal audit reports and monitoring the implementation of corrective measures with respect to the remarks made in such reports.
- 12- Holding periodic independent meetings with the Internal Audit Director to discuss any matters that the Audit Committee or Internal Audit personnel deem necessary to address in private sessions.

**D- External Audit**

- 1- Reviewing the proposed scope, methodology and plan of the external auditor's audit activities and providing its views thereon, including ensuring coordination between external audit efforts and internal audit functions.
- 2- Providing recommendations to the Board on the nomination, dismissal and remuneration of the external auditor, and reviewing the scope of its work and the terms of its contract, with due consideration given to the external auditor's independence.
- 3- Reviewing the external auditor's reports and comments on the financial statements and following up on the procedures taken in connection therewith.
- 4- Verifying the independence, objectivity, fairness and effectiveness of the external auditor's activities, taking into account the relevant rules and standards and providing recommendations to the Board in this regard.
- 5- Ensuring that the external auditor does not provide any technical or administrative works that are beyond the scope of the audit and submitting related recommendations to the Board.
- 6- Holding periodic independent meetings with the external auditor to discuss any matters that the Audit Committee or external auditor deem necessary to address in private sessions.
- 7- Responding to queries of the external auditor.
- 8- Settling any disputes between management and the external auditor regarding the preparation of financial reports.

**E- Compliance**

- 1- Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
- 2- Ensuring the Company's compliance with the relevant laws, regulations, policies and directives.
- 3- Reviewing proposed contracts and transactions to be entered into with Related Parties and providing its recommendations to the Board in connection therewith.

- 4- Reporting to the Board any issues it deems necessary to take action on and providing recommendations as to the steps that should be taken.
- 5- Verifying the effectiveness of the internal control system and ensuring compliance with applicable laws and regulations, including oversight of management-led investigations, and following-up on any instances of non-compliance (including the implementation of disciplinary measures).
- 6- Examining reports and findings issued by relevant regulatory or supervisory authorities, as well as any observations raised by the external auditor or internal auditors, and ensuring that the Company has taken appropriate actions.
- 7- Reviewing the process for communicating the code of professional conduct to employees and monitoring compliance therewith.
- 8- Ensuring that appropriate mechanisms and procedures are in place and implemented to allow employees to confidentially and anonymously report any concerns or observations regarding financial, accounting, auditing or non-compliance matters.
- 9- Receiving regular updates from management and the Company's legal advisor on compliance-related matters.

#### **F- Reporting to the Board**

- 1- Regularly reporting to the Board on the Audit Committee's activities and findings and making any recommendations to the Board it deems appropriate on any area within its remit.
- 2- Providing open avenues for communication between the Internal Audit Department, the external auditor and the Board.
- 3- Presenting an annual report to the Shareholders describing the composition of the Audit Committee, its responsibilities and its performance of such responsibilities, as well as any additional information required by the applicable regulations, including the approval of non-audit services.
- 4- Reviewing any other reports issued by the Company that fall within the scope of the Audit Committee's responsibilities.
- 5- Preparing an annual written report on its opinion regarding the adequacy and effectiveness of the Company's internal control, financial and risk management systems – including information technology security and control mechanisms – and submitting relevant recommendations in connection therewith. The report shall also include on any other activities performed by the Audit Committee within its competence. Sufficient copies of this report shall be made available at the Company's head office for any Shareholder upon request. The report shall be published on the websites of the Company and the Exchange upon issuance of the invitation to the relevant annual General Assembly meeting, no later than 21 days prior to the scheduled meeting date, and the report shall be read out at the meeting.
- 6- Preparing a written report to the Board on the Company's internal audit procedures and the Audit Committee's recommendations in connection therewith.

#### **G- Other Responsibilities**

- 1- Performing other duties related to this Charter at the request of the Board.
- 2- Initiating and overseeing special investigations, as necessary.
- 3- Annually reviewing and assessing the adequacy and appropriateness of this Charter, submitting related recommendations to the Board thereon, and ensuring required disclosures are made in accordance with the applicable laws and regulations.
- 4- Confirming on an annual basis that all responsibilities set out in this Charter have been carried out.
- 5- Regularly evaluating the performance of the Audit Committee and each member thereof.
- 6- In carrying out its duties, the Audit Committee shall ensure clear segregation of roles and responsibilities among the Audit Committee, the Board, the Company's Executive Management, internal audit personnel, and the external auditor. If a conflict arises between the recommendations of the Audit Committee and the Board resolutions, or if the Board refuses to put the Audit Committee's recommendations into action with regard to appointing or dismissing the Company's external auditor, determining its remuneration, assessing its performance or appointing the Internal Audit Director, the Board's report shall include the Audit Committee's recommendations and justifications and the reasons for not following such recommendations.

### C- Summary Biographies of the Audit Committee Members

The following are summary biographies of the Audit Committee members:

**Table (5.12): Summary Biography of Fahd Saleh Ali Al-Hathloul**

|                                           |                                                                                                                    |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                               | Fahd Saleh Ali Al-Hathloul                                                                                         |
| <b>Current Position</b>                   | Chairman of the Audit Committee                                                                                    |
| <b>Date of Appointment (Current Term)</b> | 10/06/1446H (corresponding to 11/12/2024G)                                                                         |
| <b>Biography</b>                          | Please see Section 5.3.6 <b>"Summary Biographies of the Directors and the Board Secretary"</b> of this Prospectus. |

Source: The Company

**Table (5.13): Summary Biography of Mohammed Noman Mohammed Habis**

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                                         | Mohammed Noman Mohammed Habis                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Age</b>                                          | 45 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Nationality</b>                                  | Saudi                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Current Position</b>                             | Member of the Audit Committee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Date of Appointment</b>                          | 27/08/1446H (corresponding to 26/02/2025G)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Academic Qualifications</b>                      | <ul style="list-style-type: none"> <li>BSc in Architecture, King Abdulaziz University, KSA, 2004G.</li> <li>MSc in Property Management, specializing in International Real Estate, University of Oxford, UK, 2008G.</li> </ul>                                                                                                                                                                                                                                                                                                                                         |
| <b>Current Positions</b>                            | <ul style="list-style-type: none"> <li>CEO, Al-Gharbia Development and Investment Limited, a Saudi limited liability company operating in the real estate development and investment sector, from 2021G to date.</li> <li>Advisor to the Board of Directors, Sanadak, a Saudi unlisted joint-stock company operating in the real estate sector, from 2023G to date.</li> </ul>                                                                                                                                                                                         |
| <b>Significant Previous Professional Experience</b> | <ul style="list-style-type: none"> <li>CEO, Al Balad Al Ameen for Development and Urban Regeneration, a Saudi closed joint-stock company operating in the real estate investment sector, from 2019G to 2021G.</li> <li>Member of the Audit Committee, Al Balad Al Ameen for Development and Urban Regeneration, a Saudi closed joint-stock company operating in the real estate investment sector, from 2021G to 2024G.</li> <li>Member, Chamber of Commerce and Industry, a non-profit organization operating in the commerce sector, from 2019G to 2021G.</li> </ul> |

Source: The Company

**Table (5.14): Summary Biography of Albert Peter Grünenfelder**

|                                           |                                                                                                             |
|-------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                               | Albert Peter Grünenfelder                                                                                   |
| <b>Current Position</b>                   | Member of the Audit Committee                                                                               |
| <b>Date of Appointment (Current Term)</b> | 10/06/1446H (corresponding to 11/12/2024G)                                                                  |
| <b>Biography</b>                          | See Section 5.3.6 <b>"Summary Biographies of the Directors and the Board Secretary"</b> of this Prospectus. |

Source: The Company

## 5.4.2 Nomination and Remuneration Committee

### A- Formation of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of three (3) members appointed pursuant to the Board resolution dated 10/06/1446H (corresponding to 11/12/2024G). The term of the Nomination and Remuneration Committee commenced on 10/06/1446H (corresponding to 11/12/2024G) and will remain in effect until 10/07/1449H (corresponding to 08/12/2027G). The term of a Nomination and Remuneration Committee member who also serves on the Board of Directors may not exceed their term as Director. The following table lists the members of the Nomination and Remuneration Committee:

**Table (5.15): Members of the Nomination and Remuneration Committee**

| #  | Name                              | Position                                              | Status                     |
|----|-----------------------------------|-------------------------------------------------------|----------------------------|
| 1. | Eman Fawaz Hamza Al- Sayrafi      | Chairman of the Nomination and Remuneration Committee | Independent Board Member   |
| 2. | Sinan Esmat Abdul- Samad Al Saady | Member of the Nomination and Remuneration Committee   | Non-executive Board Member |
| 3. | Marcel Albert Grünenfelder        | Member of the Nomination and Remuneration Committee   | Non-executive Board Member |

Source: The Company

### B- Responsibilities of the Nomination and Remuneration Committee

The duties and responsibilities of the Nomination and Remuneration Committee include:

#### A- Nomination

- 1- Suggesting clear policies and standards for membership of the Board and Executive Management (the “**Nomination Policy**”).
- 2- Providing recommendations to the Board on the nomination or renomination of Directors in accordance with approved policies and standards, taking into account that any person convicted of a crime involving moral turpitude or dishonesty may not be nominated.
- 3- Preparing a description of the capabilities and qualifications required for membership on the Board and for Executive Management positions.
- 4- Determining the amount of time Directors should allocate to Board activities.
- 5- Annually reviewing the skills and expertise required of Directors and Executive Management.
- 6- Reviewing the structure of the Board and Executive Management and providing recommendations regarding changes that can be made thereto.
- 7- Annually ensuring the independence of independent Directors and the absence of any conflicts of interest if a Director also acts as a director of another company.
- 8- Providing job descriptions for executive, non-executive, and independent Directors and Senior Executives.
- 9- Setting the procedures to be followed if the position of a Director or Senior Executive becomes vacant.
- 10- Determining the strengths and weaknesses of the Board and recommending solutions to address them in line with the Company's interests.
- 11- Ensuring that the necessary and appropriate inquiries have been made regarding the background and qualifications of Board candidates before recommending their appointment to the Board.
- 12- Periodically reviewing and making recommendations to the Board on succession plans for Senior Executives, taking into account the challenges and opportunities facing the Company, as well as future requirements in terms of skills and expertise.

- 13- Evaluating potential candidates for Executive Management positions within the Company and assisting the Board in selecting, developing and assessing such candidates, including for the position of CEO, and providing relevant recommendations to the Board.
- 14- Setting and periodically reviewing the procedures to be followed if the position of a Director or a member of the Executive Management becomes vacant and providing recommendations to the Board regarding the selection and approval of suitable candidates.

## B- Review and Evaluation

- 1- Periodically reviewing the structure, size, composition, strengths and weaknesses (including the skills, knowledge and experience) of both the Company's Board and Executive Management and submitting appropriate recommendations to the Board in line with the Company's best interests.
- 2- Developing and supervising an induction program for new Directors.
- 3- Developing an annual self-assessment process for the Company's Directors and selected Senior Executives, providing recommendations to the Board regarding such process, and overseeing its implementation.

## C- Remuneration

- 1- Preparing a policy for the remuneration of the Company's Directors, members of Board committees and Executive Management ("**Remuneration Policy**"), and presenting such policy to the Board in preparation for approval by the General Assembly, provided that such policy follows standards linked to performance, and disclosing and ensuring the implementation of such policy.
- 2- Clarifying the relation between the remuneration granted and the applicable Remuneration Policy and highlighting any material deviation from such policy.
- 3- Periodically reviewing the Remuneration Policy and assessing its effectiveness in achieving its objectives.
- 4- Providing recommendations to the Board with respect to the remuneration of the Directors, Board committee members and Senior Executives in accordance with the approved policy.
- 5- Preparing an annual report on the remuneration and other payments (in cash or in kind) granted to Directors, members of Board committees and Executive Management, clarifying the correlation between the remuneration granted and the Remuneration Policy (including disclosure of any material deviations from the policy) (the "**Annual Remuneration Report**") to be submitted to the Board for review.
- 6- Reviewing the Company's compensation, benefits and incentive plans for Directors and employees, and providing relevant recommendations to the Board, including with respect to the adoption, amendment, or termination of such plans.
- 7- Developing and overseeing the implementation of a framework policy for career progression covering all Company employees, including a detailed outline of the general scope of job grades, salary scales, and cash and in-kind benefits and allowances by grade level.
- 8- Preparing the remuneration-related disclosures required under the Company's policies or applicable regulations, including disclosures in relation to the Remuneration Policy and the annual remuneration report, and remuneration-related disclosures within the Board's annual report.

## D- Miscellaneous

- 1- Performing other relevant duties at the request of the Board.
- 2- In carrying out its duties, the Nomination and Remuneration Committee shall ensure a clear segregation of roles and responsibilities between the Nomination and Remuneration Committee, the Board, and the Company's Executive Management.
- 3- The Nomination and Remuneration Committee shall submit a report to the Board on the Committee's activities, decisions, recommendations and findings following each of its meetings.



### C- Summary Biographies of the Nomination and Remuneration Committee Members

The following are summary biographies of the Nomination and Remuneration Committee members:

**Table (5.16): Summary Biography of Eman Fawaz Hamza Al- Sayrafi**

|                                           |                                                                                                               |
|-------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                               | Eman Fawaz Hamza Al- Sayrafi                                                                                  |
| <b>Current Position</b>                   | Chairman of the Nomination and Remuneration Committee                                                         |
| <b>Date of Appointment (Current Term)</b> | 10/06/1446H (corresponding to 11/12/2024G)                                                                    |
| <b>Biography</b>                          | See Section 5.3.6 “ <b>Summary Biographies of the Directors and the Board Secretary</b> ” of this Prospectus. |

Source: The Company

**Table (5.17): Summary Biography of Sinan Esmat Abdul- Samad Al Saady**

|                                           |                                                                                                               |
|-------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                               | Sinan Esmat Abdul- Samad Al Saady                                                                             |
| <b>Current Position</b>                   | Member of the Nomination and Remuneration Committee                                                           |
| <b>Date of Appointment (Current Term)</b> | 10/06/1446H (corresponding to 11/12/2024G)                                                                    |
| <b>Biography</b>                          | See Section 5.3.6 “ <b>Summary Biographies of the Directors and the Board Secretary</b> ” of this Prospectus. |

Source: The Company

**Table (5.18): Summary Biography of Marcel Albert Grünfelder**

|                                           |                                                                                                               |
|-------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                               | Marcel Albert Grünfelder                                                                                      |
| <b>Current Position</b>                   | Member of the Nomination and Remuneration Committee                                                           |
| <b>Date of Appointment (Current Term)</b> | 10/06/1446H (corresponding to 11/12/2024G)                                                                    |
| <b>Biography</b>                          | See Section 5.3.6 “ <b>Summary Biographies of the Directors and the Board Secretary</b> ” of this Prospectus. |

Source: The Company

## 5.5 Executive Management

The Company's Executive Management consists of a team that has the necessary experience and skills to manage the Company. The CEO is responsible for conducting the day-to-day operations of the Company in accordance with the directives and policies of the Board, in order to ensure that the Company's objectives set by the Board are fulfilled.

### 5.5.1 Executive Management Departments

#### A- Finance Department

Below are the duties and responsibilities of the Finance Department:

The Finance Department is responsible for managing the Company's financial position through meticulous budgeting, compliance, and financial reporting. It prepares budgets, forecasts and financial reports and analysis, manages accounts payable and receivable and treasury and cash flows, and supports compliance and accounting activities. The team ensures regulatory compliance while supporting strategic objectives by maintaining robust financial controls.

## B- Engineering and Production Department

Below are the duties and responsibilities of the Engineering and Production Department:

The Engineering and Production Department is responsible for production planning, operations management, health, safety and compliance, training and maintenance, engineering tasks, project management, continuous learning and innovation, as well as documentation and maintenance support. With a strong focus on efficiency, safety and quality, the Department aligns with the Company's strategic goals by delivering reliable production outputs. To streamline engineering and production processes, it ensures high-quality outputs that adhere to safety and regulatory standards and supports the Company's commitment to operational excellence.

## C- Human Resources Department

Below are the duties and responsibilities of the Group's Human Resources Department:

The Human Resources Department is responsible for compensation and benefits, performance management and professional development, talent acquisition and recruitment, core human resources operations and compliance, organizational culture and employee engagement, government relations and regulatory compliance, as well as public affairs and community engagement. The Human Resources Department lays a strong foundation for a motivated, skilled, and compliant workforce, fostering corporate development and reinforcing the Company's dedication to excellence and innovation. By promoting both personal and professional success and ensuring regulatory compliance, it contributes to building a resilient, future-ready organization. The Human Resources Department implements best practices and procedures aligned with market standards and benchmarks to support and enhance the Company's strategy, vision, mission and values. This ensures a highly engaged workforce and an efficient, compliant operating environment aligned with the regulatory framework of the Kingdom of Saudi Arabia.

## D- Sales Department

Below are the duties and responsibilities of the Sales Department:

The Sales Department is responsible for sales strategy and targeting, lead generation and qualification, client relationship management, sales coordination, market research, and performance monitoring. By building tailored client relationships, leveraging strategic planning, and utilizing market insights, the Sales Department drives revenue and client satisfaction, thereby contributing to the Company's market success and growth. It also enhances revenue generation by fostering strong client relationships, achieving corporate targets, and expanding market presence through effective lead generation and superior customer service.

## E- Refrigeration Department

Below are the duties and responsibilities of the Group's Refrigeration Department:

The Refrigeration Department is responsible for design and engineering, project management, installation and commissioning, in-house assembly, after-sales services, research and development, and sales support. The Department delivers high-quality, customized refrigeration solutions across industrial, commercial and specialized sectors, with a strong emphasis on efficiency, reliability and total cost. Through tailored offerings, rigorous quality control and client support, the Department positions the Company as a trusted provider of advanced and efficient refrigeration systems.

## F- Operations Department

Below are the duties and responsibilities of the Operations Department:

The Operations Department is responsible for overseeing strategic operations, client-centric approaches, facilities and equipment, leadership and vision, project management, after-sales solutions and order fulfillment. The Operations Department integrates strategic planning, innovation and client focus to position the Company as a market leader in Saudi's refrigeration sector. It plays a critical role in upholding the Company's high standards and maintaining a strong commitment to quality and client satisfaction. The Department enhances the Company's leadership position by consistently delivering exceptional value and service, driven by a focus on client needs, quality and innovation.

### G- Shared Services Department

Below are the duties and responsibilities of the Shared Services Department:

The Shared Services Department is entrusted with consolidating essential support functions to improve efficiency and streamline daily operations across finance, information technology and supply chain activities in the Company. Each function within this Department provides specialized expertise and resources aligned with the Company's core business objectives. This Department encompasses the following divisions: IT Division and Supply Chain Division. The Shared Services Department serves as a foundational enabler of the Company's operational success, delivering integrated support through financial management, IT services, and supply chain oversight. Each team contributes focused expertise and optimized processes that enhance overall business performance and enable the execution of core activities across the Company.

### H- Quality Department

Below are the duties and responsibilities of the Quality Department:

The Quality Department is responsible for quality control, quality assurance, compliance and certification, continuous improvement, supplier quality management, client feedback and complaint resolution, as well as training and development. This Department ensures that all products meet established standards for safety, reliability and client satisfaction. It safeguards the Company's reputation, minimizes costs associated with defects, and supports regulatory compliance through the implementation of quality controls and ongoing improvement initiatives. The Quality Department is committed to fostering a culture of excellence within the Company. It plays a vital role in ensuring client satisfaction and operational efficiency through rigorous quality monitoring, regulatory compliance, and continuous improvement. The Department's efforts contribute to sustainable development by reducing defects, minimizing waste, and maintaining high standards throughout the supply chain.

### I- Marketing Department

Below are the duties and responsibilities of the Marketing Department:

The Marketing Department is responsible for lead generation, brand management, content development, sales enablement, product marketing, and client relationship management. The Department promotes the Company's products, services and brand to business clients, with the objective of driving demand, supporting sales efforts, enhancing brand reputation, and communicating the Company's unique value proposition to target clients. The Marketing Department acts as a strategic link between the Company's manufacturing capabilities and market needs, positioning the Company's offerings to attract and retain business clients. By generating demand, strengthening client relationships, and supporting sales through research, content and brand strategy, the Department plays a key role in enabling growth in a competitive marketplace.

### J- Internal Audit Department

Below are the duties and responsibilities of the Internal Audit Department:

The Internal Audit Department is responsible for providing independent, objective and risk-based assurance and advisory services designed to add value and improve the Company's operations. Its mission is to enhance and safeguard the Company's values through its services. This is achieved by employing a systematic and disciplined approach to evaluate and improve the effectiveness of governance, risk management, and internal control processes.

### 5.5.2 Members of the Executive Management

The following table sets out the details of the members of the Company's Executive Management:

**Table (5.19): Executive Management of the Company**

| #  | Name                         | Position                         | Nationality | Age      | Date of Appointment                           | Shareholding Pre-Offering | Shareholding Post-Offering |
|----|------------------------------|----------------------------------|-------------|----------|-----------------------------------------------|---------------------------|----------------------------|
| 1. | Peter Faerber                | CEO                              | Swiss       | 63 years | 15/05/1439H<br>(corresponding to 01/02/2018G) | -                         | -                          |
| 2. | Ruban Deep Singh Bilen       | CFO                              | Canadian    | 48 years | 25/11/1445H<br>(corresponding to 02/06/2024G) | -                         | -                          |
| 3. | Helmi Fayad Hussein          | GM of Engineering and Production | Palestinian | 58 years | 19/08/1442H<br>(corresponding to 01/04/2021G) | -                         | -                          |
| 4. | Feras Bassam Hamad Aljumaa   | GM of Human Resources            | Saudi       | 38 years | 24/05/1436H<br>(corresponding to 15/03/2015G) | -                         | -                          |
| 5. | Tomas Gerard Quinn           | GM of Sales                      | Irish       | 47 years | 11/10/1431H<br>(corresponding to 20/09/2010G) | -                         | -                          |
| 6. | Jalal Ali Mahmoud Alfar      | GM of Refrigeration              | Jordanian   | 48 years | 12/05/1441H<br>(corresponding to 07/01/2020G) | -                         | -                          |
| 7. | Andrew Peter Wilson          | Vice President of Operations     | British     | 58 years | 27/11/1443H<br>(corresponding to 26/06/2022G) | -                         | -                          |
| 8. | Muhammad Javed Manzoor Ahmad | Internal Audit Director          | Pakistani   | 40 years | 13/04/1447H<br>(corresponding to 05/10/2025G) | -                         | -                          |

Source: The Company

### 5.5.3 Employment Contracts with the Company's CEO and CFO

The following table sets out a summary of the employment and service contracts between the Company and the CEO and CFO:

**Table (5.20): Summary of Employment and Service Contracts with the Company's CEO and CFO**

| Name                   | Position | Date of Contract                           | Term of Contract |
|------------------------|----------|--------------------------------------------|------------------|
| Peter Faerber          | CEO      | 02/04/1439H (corresponding to 20/12/2017G) | Two years        |
| Ruban Deep Singh Bilen | CFO      | 25/11/1445H (corresponding to 02/06/2024G) | Two years        |

Source: The Company

### 5.5.4 Summary Biographies of the Executive Management Members

The following are summary biographies of Executive Management members:

**Table (5.21): Summary Biography of Peter Faerber**

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                                         | Peter Faerber                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Age</b>                                          | 63 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Nationality</b>                                  | Swiss                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Current Position</b>                             | CEO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Date of Appointment</b>                          | 15/05/1439H (corresponding to 01/02/2018G)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Academic Qualifications</b>                      | <ul style="list-style-type: none"> <li>BSc in Economics and Business Administration, University of Applied Sciences, Switzerland, 1992G.</li> <li>Federal Advanced Diploma of Higher Education in Air Conditioning and Refrigeration Systems Engineering, Higher Vocational College, Switzerland, 1988G.</li> <li>Federal Diploma of Vocational Education and Training in Heating Systems Engineering, Vocational College, Switzerland, 1982G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Current Positions</b>                            | <ul style="list-style-type: none"> <li>CEO of the Company, from 2018G to date.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Significant Previous Professional Experience</b> | <ul style="list-style-type: none"> <li>Regional Director – Middle East and Africa, Mungo Fastening Technology, a UAE-based limited liability company operating in the building materials sector, from 2012G to 2015G.</li> <li>Group General Manager – Door Automation Division, Kaba Door Systems Ltd, a UK public company operating in the control systems sector, from 2004G to 2012G.</li> <li>Transformation Manager, Kaba Holding AG, a Swiss public company operating in the control systems sector, from 2001G to 2004G.</li> <li>Marketing Director – Benelux, Hilti Nederland BV, a Belgian public company operating in the construction tools and materials sector, from 2000G to 2001G.</li> <li>Sales Manager – Arkansas and West Tennessee, Hilti, a US publicly listed company operating in the construction materials and tools sector, from 1998G to 2000G.</li> <li>Sales Representative – Orléans, Hilti, a US publicly listed company operating in the construction materials and tools sector, from 1996G to 1998G.</li> <li>Product Manager, Hilti, a German publicly listed company operating in the construction materials and tools sector, from 1994G to 1996G.</li> <li>Product and International Project Manager, Hilti, a Liechtenstein publicly listed company operating in the construction materials and tools sector, from 1992G to 1994G.</li> <li>Building Automation Project Manager, Robert Aerni Engineering Ltd, a Swiss limited liability company operating in the engineering sector, from 1982G to 1989G.</li> </ul> |

Source: The Company

**Table (5.22): Summary Biography of Ruban Deep Singh Bilen**

|                                |                                                                                                         |
|--------------------------------|---------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Ruban Deep Singh Bilen                                                                                  |
| <b>Age</b>                     | 48 years                                                                                                |
| <b>Nationality</b>             | Canadian                                                                                                |
| <b>Current Position</b>        | CFO                                                                                                     |
| <b>Date of Appointment</b>     | 25/11/1445H (corresponding to 02/06/2024G)                                                              |
| <b>Academic Qualifications</b> | <ul style="list-style-type: none"> <li>BCom in Commerce, McMaster University, Canada, 1999G.</li> </ul> |
| <b>Current Positions</b>       | <ul style="list-style-type: none"> <li>CFO of the Company, from 2024G to date.</li> </ul>               |

|                                                     |                                                                                                                                                                                                                                |
|-----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Significant Previous Professional Experience</b> | <ul style="list-style-type: none"> <li>Regional CFO – Middle East and Africa, KONE, a UAE joint-stock operating in the vertical transportation solutions sector, from 2016G to 2023G.</li> </ul>                               |
|                                                     | <ul style="list-style-type: none"> <li>CFO – Canada, KONE, a Canadian joint-stock operating in the vertical transportation solutions sector, from 2013G to 2016G.</li> </ul>                                                   |
|                                                     | <ul style="list-style-type: none"> <li>Vice President of Operations, AECOM Technology, a Canadian joint-stock company operating in the engineering consulting sector, from 2012G to 2013G.</li> </ul>                          |
|                                                     | <ul style="list-style-type: none"> <li>Senior Finance Manager – Global Business Lines, AECOM Technology, a Canadian joint-stock company operating in the engineering consulting sector, from 2009G to 2012G.</li> </ul>        |
|                                                     | <ul style="list-style-type: none"> <li>Senior Finance Manager – Integration, AECOM Technology, a Canadian joint-stock company operating in the engineering consulting sector, from 2008G to 2009G.</li> </ul>                  |
|                                                     | <ul style="list-style-type: none"> <li>Finance Manager – Global Financial Planning and Analysis, Earthtech Inc, a Canadian joint-stock company operating in the engineering consulting sector, from 2006G to 2008G.</li> </ul> |
|                                                     | <ul style="list-style-type: none"> <li>Senior Finance Manager, Earthtech Inc, a Canadian joint-stock company operating in the engineering consulting sector, from 2004G to 2006G.</li> </ul>                                   |
|                                                     | <ul style="list-style-type: none"> <li>Senior Financial Analyst, Earthtech Inc, a Canadian joint-stock company operating in the engineering consulting sector, from 2003G to 2004G.</li> </ul>                                 |
|                                                     | <ul style="list-style-type: none"> <li>Commercial Finance Manager, General Electric, a Canadian joint-stock company operating in the water treatment sector, from 2001G to 2003G.</li> </ul>                                   |
|                                                     | <ul style="list-style-type: none"> <li>Financial Analyst – Financial Management Program, General Electric, a Canadian joint-stock company operating in the water treatment sector, from 1999G to 2001G.</li> </ul>             |

Source: The Company

**Table (5.23): Summary Biography of Helmi Fayad Hussein**

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                                         | Helmi Fayad Hussein                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Age</b>                                          | 58 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Nationality</b>                                  | Palestinian                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Current Position</b>                             | GM of Engineering and Production                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Date of Appointment</b>                          | 07/01/1422H (corresponding to 01/04/2001G)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Academic Qualifications</b>                      | <ul style="list-style-type: none"> <li>BEng in Electrical Engineering, Department of Communications and Electronics, Beirut Arab University, Lebanon, 1998G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Current Positions</b>                            | <ul style="list-style-type: none"> <li>GM of Engineering and Production at the Company, from 2018G to date.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Significant Previous Professional Experience</b> | <ul style="list-style-type: none"> <li>Production Manager, Cold Stores Group of Saudi Arabia, a Saudi limited liability company operating in the industrial and refrigeration sectors, from 2011G to 2018G.</li> <li>Factory Manager, Cold Stores Group of Saudi Arabia, a Saudi limited liability company operating in the industrial and refrigeration sectors, from 2008G to 2011G.</li> <li>Deputy Factory Manager, Cold Stores Group of Saudi Arabia, a Saudi limited liability company operating in the industrial and refrigeration sectors, from 2004G to 2008G.</li> <li>Design Engineer, Cold Stores Group of Saudi Arabia, a Saudi limited liability company operating in the industrial and refrigeration sectors, from 2001G to 2004G.</li> </ul> |

Source: The Company

**Table (5.24): Summary Biography of Feras Bassam Hamad Aljumaa**

|                            |                                            |
|----------------------------|--------------------------------------------|
| <b>Name</b>                | Feras Bassam Hamad Aljumaa                 |
| <b>Age</b>                 | 38 years                                   |
| <b>Nationality</b>         | Saudi                                      |
| <b>Current Position</b>    | GM of Human Resources                      |
| <b>Date of Appointment</b> | 24/05/1436H (corresponding to 15/03/2015G) |

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Academic Qualifications</b>                      | <ul style="list-style-type: none"> <li>CIPD Level 7 Human Resources Certificate, ICS LEARN, UK, 2023G.</li> <li>BA in Economics and Management, King Abdulaziz University, KSA, 2015G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Current Positions</b>                            | <ul style="list-style-type: none"> <li>GM of Human Resources at the Company, from 2022G to date.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Significant Previous Professional Experience</b> | <ul style="list-style-type: none"> <li>Group Human Resources Manager, Cold Stores Group of Saudi Arabia, a Saudi limited liability company operating in the industrial and refrigeration sectors, from 2016G to 2022G.</li> <li>Human Resources Manager, Cold Stores Group of Saudi Arabia, a Saudi limited liability company operating in the industrial and refrigeration sectors, from 2015G to 2016G.</li> <li>Human Resources Manager, Alkaffary Group, a Saudi limited liability company operating in the retail sector, from 2008G to 2015G.</li> <li>Administrative Officer, Thimar Al Jazirah Company, a Saudi limited liability company operating in the pharmaceutical sector, from 2006G to 2008G.</li> </ul> |

Source: The Company

**Table (5.25): Summary Biography of Tomas Gerard Quinn**

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                                         | Tomas Gerard Quinn                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Age</b>                                          | 47 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Nationality</b>                                  | Irish                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Current Position</b>                             | GM of Sales                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Date of Appointment</b>                          | 11/10/1431H (corresponding to 20/09/2010G)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Academic Qualifications</b>                      | <ul style="list-style-type: none"> <li>Diploma in Heating, Ventilation, Air Conditioning and Refrigeration Engineering, Technological University, Ireland, 1999G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Current Positions</b>                            | <ul style="list-style-type: none"> <li>GM of Sales at the Company, from 2018G to date.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Significant Previous Professional Experience</b> | <ul style="list-style-type: none"> <li>Director – Dammam and Bahrain Branch and Carrier Division, Cold Stores Group of Saudi Arabia, a Saudi limited liability company operating in the industrial and refrigeration sectors, from 2016G to 2018G.</li> <li>Manager – Riyadh Workshop and Carrier Division, Cold Stores Group of Saudi Arabia, a Saudi limited liability company operating in the industrial and refrigeration sectors, from 2010G to 2016G.</li> <li>Owner and Managing Director, I.C. Refrigeration, a Spanish limited liability company operating in the refrigeration sector, from 2005G to 2010G.</li> <li>Sales Manager, Abbar, a Saudi limited liability company operating in the refrigeration sector, from 2002G to 2005G.</li> <li>Workshop Manager, Abar, a Saudi limited liability company operating in the refrigeration sector, from 2000G to 2002G.</li> <li>Refrigeration Engineer, Ballinlough, an Irish limited liability company operating in the refrigeration sector, from 1996G to 2000G.</li> </ul> |

Source: The Company

**Table (5.26): Summary Biography of Jalal Ali Mahmoud Alfara**

|                                |                                                                                                                                        |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                    | Jalal Ali Mahmoud Alfara                                                                                                               |
| <b>Age</b>                     | 48 years                                                                                                                               |
| <b>Nationality</b>             | Jordanian                                                                                                                              |
| <b>Current Position</b>        | GM of Refrigeration                                                                                                                    |
| <b>Date of Appointment</b>     | 12/05/1441H (corresponding to 07/01/2020G)                                                                                             |
| <b>Academic Qualifications</b> | <ul style="list-style-type: none"> <li>BSc in Mechanical Engineering, Mutah University, Hashemite Kingdom of Jordan, 2000G.</li> </ul> |
| <b>Current Positions</b>       | <ul style="list-style-type: none"> <li>GM of Refrigeration at the Company, from 2020G to date.</li> </ul>                              |



|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Significant Previous Professional Experience</b> | <ul style="list-style-type: none"> <li>General Manager, Gia Grid, an Egyptian limited liability company operating in the refrigeration sector, from 2011G to 2020G.</li> <li>Technical Manager, Fresh Fruits Company, a UAE-based limited liability company operating in the fruit supply sector, from 2008G to 2011G.</li> <li>Technical Manager, Sameer Al Jabali &amp; Bros Co., a Jordanian limited liability company operating in the fruit supply sector, from 2006G to 2008G.</li> <li>Technical Manager, International Tobacco Company, a UAE limited liability company incorporated in the UAE free zone and operating in the tobacco sector, from 2004G to 2006G.</li> <li>Maintenance Engineer, International Tobacco Cigarettes Company, a Jordanian public joint-stock company operating in the tobacco sector, from 2000G to 2004G.</li> <li>Marketing Engineer. Almaaden Trading &amp; Marketing Est, a Jordanian sole proprietorship operating in the supply sector, 2000G.</li> </ul> |
|-----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Source: The Company

**Table (5.27): Summary Biography of Andrew Peter Wilson**

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name</b>                                         | Andrew Peter Wilson                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Age</b>                                          | 58 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Nationality</b>                                  | British                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Current Position</b>                             | Vice President of Operations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Date of Appointment</b>                          | 27/11/1443H (corresponding to 26/06/2022G)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Academic Qualifications</b>                      | <ul style="list-style-type: none"> <li>BBA, Bridgewater College, UK, 2008G.</li> <li>BA in Agricultural Engineering and Technology, Somerset College of Agriculture, UK, 1985G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Current Positions</b>                            | <ul style="list-style-type: none"> <li>Vice President of Operations at the Company, from 2024G to date.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Significant Previous Professional Experience</b> | <ul style="list-style-type: none"> <li>General Manager of the Automotive Division, Consolidated Grünenfelder Saady Company, a Saudi single shareholder limited liability company operating in the industrial and refrigeration sectors, from 2022G to 2024G.</li> <li>General Manager, Al Mana Car Rental – Enterprise, a Qatari limited liability company operating in the automotive sector, from 2013G to 2022G.</li> <li>Technical Manager, Mahmood Saleh Abbar Co., a Saudi limited liability company operating in the industrial equipment sector, from 2010G to 2013G.</li> <li>Operations Manager, Aspen Design Services, a UK limited liability company operating in the commercial catering equipment sector, from 2005G to 2010G.</li> <li>Regional Sales and Services Manager, Thermoking, a US-UAE company operating in the industrial equipment sector, from 1997G to 2005G.</li> <li>Service and Training Manager, Carrier, a Saudi-UAE company operating in the industrial equipment sector, from 1990G to 1994G.</li> </ul> |

Source: The Company

**Table (5.28): Muhammad Javed Manzoor Ahmad**

|                            |                                            |
|----------------------------|--------------------------------------------|
| <b>Name</b>                | Muhammad Javed Manzoor Ahmad               |
| <b>Age</b>                 | 40 years                                   |
| <b>Nationality</b>         | Pakistani                                  |
| <b>Current Position</b>    | Internal Audit Director                    |
| <b>Date of Appointment</b> | 13/04/1447H (corresponding to 05/10/2025G) |

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Academic Qualifications</b>                      | <ul style="list-style-type: none"> <li>• CME-I Certificate, Financial Academy, Securities and Investment Institute, 2024G.</li> <li>• Governance, Risk, and Compliance Professional (GRCPA) Certificate, Open Compliance and Ethics Group, 2024G.</li> <li>• Certified Internal Auditor (CIA) Certificate, Institute of Internal Auditors, USA, 2024G.</li> <li>• Membership in the Saudi Organization for Certified Public Accountants, 2014G.</li> <li>• Fellowship of the Institute of Chartered Accountants of Pakistan, 2012G.</li> <li>• Bachelor's degree in Economics, University of Punjab, Pakistan, 2003G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Current Positions</b>                            | <ul style="list-style-type: none"> <li>• Internal Audit Manager at the Company, from 2025G to date.</li> <li>• Head of Governance, Risk, and Compliance at Fourth Milling Company, a listed Saudi joint-stock company, operating in flour and derivatives production and feed, from 2024G to 2025G.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Significant Previous Professional Experience</b> | <ul style="list-style-type: none"> <li>• Chief Audit and Governance Executive at Al Hoshan Limited, a Saudi limited liability company, operating in office solutions, from 2020G to 2024G.</li> <li>• Chief Internal Audit Executive at Leejam Sports Company, a listed Saudi joint-stock company, operating in sports clubs and fitness, from 2018G to 2020G.</li> <li>• Financial Compliance Team Manager at Arabian Paper Manufacturing Company, a closed Saudi joint-stock company, operating in paper and cardboard manufacturing, from 2017G to 2018G.</li> <li>• Internal Audit Manager at Arabian Pipes Company, a listed Saudi joint-stock company, operating in pipe manufacturing, from 2015G to 2017G.</li> <li>• Internal Audit Manager at Mahmood Textile Mills Limited, a listed Pakistani joint-stock company, operating in textile manufacturing, from 2010G to 2015G.</li> <li>• External Auditor at Ernst &amp; Young Professional Services, a Saudi limited liability company, operating in accounting, financial auditing, and financial consulting, from 2006G to 2010G.</li> </ul> |

Source: The Company

## 5.6 Cases of Bankruptcy and Insolvency Involving the Directors and Executive Management

As of the date of this Prospectus, there are no cases of bankruptcy involving the Directors, Executive Management, or the Board Secretary. There has been no declaration within the last five years of any insolvency in any company in which any of the Directors, Executive Management, or the Board Secretary held an administrative or supervisory position.

## 5.7 Direct and Indirect Interests of the Directors and Executive Management

Except as disclosed in Section 5.3 **"Board of Directors"**, and Section 12.5 **"Agreements and Transactions with Related Parties"** of this Prospectus, neither the Directors, the Executive Management, the Board Secretary or any of their relatives have any direct or indirect interest in the shares or debt instruments of the Company or the Subsidiaries (if any) or any interest in any other matter that would impair the Company's business.

Except as disclosed in Section 12.5 **"Agreements and Transactions with Related Parties"** of this Prospectus, the Directors declare that none of the Directors, members of Executive Management, Board Secretary or any of their relatives have any interest in any contract or arrangement currently in effect or to be concluded as of the date of this Prospectus in relation to the business of the Company and the Subsidiaries.

The following table shows the direct and indirect ownership percentages of the Directors and members of the Executive Management in the Company pre-and post-Offering. Except as disclosed below, the Directors declare that, as of the date of this Prospectus, neither they nor any member of the Executive Management directly or indirectly holds any shares in the Company.

**Table (5.29): Direct and Indirect Ownership Percentages of the Directors and Members of the Executive Management in the Company Pre-and Post-Offering**

| #  | Name                              | Position      | Direct Ownership (%) |               | Indirect Ownership (%)* |               |
|----|-----------------------------------|---------------|----------------------|---------------|-------------------------|---------------|
|    |                                   |               | Pre-Offering         | Post-Offering | Pre-Offering            | Post-Offering |
| 1. | Sinan Esmat Abdul- Samad Al Saady | Chairman      | -                    | -             | 3.50%                   | 2.45%         |
| 2. | Marcel Albert Grünenfelder        | Vice Chairman | -                    | -             | 25.0%                   | 17.5%         |
| 3. | Albert Peter Grünenfelder         | Director      | -                    | -             | 25.0%                   | 17.5%         |

\* The Directors' indirect ownership is as a result of the following:

- The indirect ownership of Sinan Esmat Abdul- Samad Al Saady in the Company arises from his direct ownership of three thousand, five hundred (3,500) shares in Buhur Holding Company, representing 70% of its share capital. Buhur Holding Company, in turn, directly owns one hundred (100) shares in Darat Esmat Bin Abdul-Samad Al Saady Holding Company, representing 10% of its share capital, and Darat Esmat Bin Abdul-Samad Al Saady Holding Company, in turn, directly owns 50% of the Company's shares.
- The indirect ownership of Marcel Albert Grünenfelder in the Company arises from his direct ownership of 100% of Familienholding Marcel Grünenfelder AG, which holds 50% of GK Grünenfelder International AG, which in turn directly owns 50% of the Company's shares.
- The indirect ownership of Albert Peter Grünenfelder in the Company arises from his direct ownership of 100% of Meteira AG, which holds 50% of GK Grünenfelder International AG, which in turn directly owns 50% of the Company's shares.

Source: The Company

The following table sets out details of the agreements and transactions with Related Parties in which the Directors and members of the Executive Management of the Company have an interest (for further details on these agreements, please refer to Section 12.5 "Agreements and Transactions with Related Parties" of this Prospectus).

**Table (5.30): Details of the Agreements and Transactions with Related Parties in Which the Directors and Members of Executive Management Have an Interest**

| #  | Agreement/<br>Transaction                                                          | Net Balance at the End of the<br>Period                         |                                                                          | Interested<br>Directors and<br>Executive<br>Management<br>Members    | Nature of<br>Interest | Reason for Interest                                                                                                                                  |
|----|------------------------------------------------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------------|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |                                                                                    | As of the<br>Financial<br>Year Ended 31<br>March 2024G<br>(SAR) | As of the Nine-<br>Month Period<br>Ended 31 De-<br>cember 2024G<br>(SAR) |                                                                      |                       |                                                                                                                                                      |
| 1. | Transactions with<br>Darat Esmat Bin<br>Abdul-Samad Al<br>Saady Holding<br>Company | (119,993)                                                       | (219,556)                                                                | Sinan Esmat<br>Abdul- Samad<br>Al Saady                              | Indirect              | Sinan Esmat Abdul- Samad Al Saady owns 70% of Buhur Holding Company, which is an indirect Shareholder in the Company.                                |
| 2. | Transactions with<br>GK Grünenfelder<br>International AG                           | (341,911)                                                       | (8,257)                                                                  | Marcel Albert<br>Grünenfelder<br>and Albert<br>Peter<br>Grünenfelder | Indirect              | Both Marcel Albert Grünenfelder, the Vice Chairman, and Albert Peter Grünenfelder, a Director, are shareholders in GK Grünenfelder International AG. |

Source: The Company

## 5.8 Remuneration of the Directors and Executive Management

The following table shows the remuneration granted by the Company to the top five members of the Executive Management, including the CEO and CFO, during the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G. No remuneration was granted to the Directors during any of the aforementioned periods.

**Table (5.31): Remuneration of the Directors and Executive Management for the Financial Years Ended 31 March 2022G, 2023G and 2024G and the Nine-Month Period Ended 31 December 2024G**

| SAR                                                        | Financial Year Ended 31 March |           |           | Nine-Month Period Ended 31 December 2024G |
|------------------------------------------------------------|-------------------------------|-----------|-----------|-------------------------------------------|
|                                                            | 2022G                         | 2023G     | 2024G     |                                           |
| Members of Executive Management, including the CEO and CFO | 7,250,168                     | 6,817,457 | 6,978,860 | 7,269,871                                 |

Source: The Company

## 5.9 Corporate Governance

The Company adopted its Internal Corporate Governance Manual under the General Assembly resolution dated 10/06/1446H (corresponding to 11/12/2024G) in accordance with Article 91 of the Corporate Governance Regulations. The Company also adopted the Audit Committee Charter pursuant to the General Assembly resolution dated 10/06/1446H (corresponding to 11/12/2024G), based on the recommendation of the Board of Directors issued on 10/06/1446H (corresponding to 11/12/2024G), and in accordance with Article 51 of the Corporate Governance Regulations. Additionally, the Nomination and Remuneration Committee Charter was adopted by the Company pursuant to the General Assembly resolution dated 10/06/1446H (corresponding to 11/12/2024G), based on the recommendation of the Board of Directors issued on 10/06/1446H (corresponding to 11/12/2024G), and in accordance with Articles 57 and 61 of the Corporate Governance Regulations. The Company's Internal Corporate Governance Manual includes provisions in relation to the following:

- Rights of Shareholders.
- Rights related to General Assemblies.
- The Board of Directors and its formation, competencies and procedures.
- The Executive Management and its competencies and responsibilities.
- The Company's Committees and their membership and meetings.

The Company is compliant with the mandatory governance requirements applicable to joint-stock companies listed on the Exchange, except for certain provisions that the Company is not currently compliant with given that the Company's shares have not been listed yet on the Exchange, as follows:

- Paragraph (a) of Article 8 providing that upon calling a General Assembly, the Company shall announce on the website of the Exchange information on the nominees for membership of the Board.
- Paragraph (b) of Article 8 related to the restriction of voting in the General Assembly to the Board nominees whose information has been announced in accordance with Paragraph (a) of Article (8).
- Paragraph (d) of Article 13 related to the publication of the invitation to the General Assembly on the websites of the Exchange and the Company.
- Paragraph (c) of Article 14 related to the availability of information on the items of the General Assembly through the websites of the Exchange and the Company.
- Paragraph (d) of Article 15 related to the requirement to provide the CMA with a copy of the minutes of General Assembly meetings.
- Paragraph (e) of Article 15 related to disclosing to the public, the CMA and the Exchange the results of General Assembly meetings immediately upon conclusion thereof on the websites of the Exchange and the Company.
- Paragraph (d) of Article 17 providing that the Company shall notify the CMA of the names of Directors, their membership statuses and any changes that may affect their membership.
- Article 65 providing that the Company shall publish the nomination announcement on the websites of the Company and the Exchange to invite persons wishing to be nominated for membership on the Board.
- Article 86, Article 87, Paragraph (b) of Article 88, Article 89 and Article 90 related to disclosure policies and procedures.

## 5.10 Conflicts of Interest and Competition

Neither the Company's Bylaws nor any of its internal regulations or policies grant any powers enabling a Director to vote on a contract or offer in which they have a material direct or indirect interest. This is pursuant to Article 27 of the Companies Law, which stipulates that a Director may not have any direct or indirect interest in the transactions and agreements of the Company except with authorization from the Ordinary General Assembly.

Under the aforementioned Article, a Director shall inform the Board of any personal interests he has in the transactions and contracts made for the Company's account. The Chairman shall disclose to the General Assembly, when it convenes, transactions and contracts in which any of the Directors have a personal interest, provided that such disclosure is accompanied by a special report from the Auditor. This disclosure shall be recorded in the Board's meeting minutes. The interested Director may not participate in voting on the resolution to be adopted in this respect. Based on the above, the Directors declare the following:

- they will comply with Articles 27 and 71 of the Companies Law, and Articles 42, 43 and 44 of the Corporate Governance Regulations;
- they will refrain from voting in General Assembly meetings on any Related Party contracts in which they have a direct or indirect interest; and
- they will refrain from competing with the Company's business, and all Related Party transactions in the future will be conducted on an arm's length basis in accordance with Article 27 of the Companies Law.

## 5.11 Employee Shares

The Company does not have any employee share ownership schemes in place prior to submission of the application for registration and offer of securities subject to this Prospectus. None of the Company's employees hold shares in the Company and there are no other arrangements involving employees in the Company's share capital (for further details on the Company's employees and compliance with Saudization requirements, please refer to Section 4.10 "**Employees**" of this Prospectus).



MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS



## 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### 6.1 Introduction

The Management's Discussion and Analysis of the Group's Financial Position section of this Prospectus provides an analysis of Consolidated Gruenenfelder Saady Holding Company and its subsidiaries (the "**Group**") operating performance and its financial position as of and for the financial years ended 31 March 2022G, 2023G and 2024G and for the nine-month period ending 31 December 2023G and 2024G.

This Section and the accompanying notes have been prepared on the basis of the Group's restated audited consolidated financial statements for the financial year ended 31 March 2023G (that includes the comparative figures for the financial year ended 31 March 2022G) and the Group's audited consolidated financial statements for the financial year ended 31 March 2024G (that includes the comparative figures for the financial year ended 31 March 2023G), and unaudited interim condensed consolidated financials for the nine-month period ending 31 December 2024G (that includes the comparative figures for the nine-month period ended 31 December 2023G) which have been prepared by the Group's management in accordance with the International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) ("**IFRS-KSA**") and International Accounting Standard 34, "**Interim Financial Reporting**", as endorsed in the Kingdom of Saudi Arabia, respectively. The Group's restated audited consolidated financial statements for the financial year ended 31 March 2023G and the Group's audited consolidated financial statements for the financial year ended 2024G have been audited by Ernst & Young Professional Services (Professional LLC) in accordance with International Standards on Auditing as applicable in the Kingdom of Saudi Arabia, and the Group's interim condensed consolidated financials for the nine-month period ending 31 December 2024G have been reviewed by Ernst & Young Professional Services (Professional LLC) in accordance with International Standard on Review Engagements 2410, "**Review of Interim Financial Information Performed by the Independent Auditor of the Entity**" as endorsed in the Kingdom of Saudi Arabia.

Ernst & Young Professional Services (Professional LLC) nor any of their affiliates, employees (forming part of the team serving the Company), and their relatives, own any shares or interests of any kind in the Group that may affect their independence as at the date of the Independent Auditor's report on the Financial Statements for the financial years ended 31 March 2022G, 2023G and 2024G and for the nine-month period ending 31 December 2024G. As at the date of this Prospectus, Ernst & Young Professional Services (Professional LLC) have given and not withdrawn their written consent to refer in this Prospectus to their role as the Company's independent auditor for the financial years ended 31 March 2022G, 2023G and 2024G and nine-month period ending 31 December 2024G.

The above-mentioned consolidated financial statements also form an integral part of this Prospectus, and this must be read along with these financial statements and the accompanying notes, which can be found in Section 19 ("**Financial Statements and Auditor's Report**") of this Prospectus.

All amounts in this Section have been rounded to the nearest thousand SAR unless otherwise noted, and figures and ratios have been rounded to the nearest decimal. Therefore, the sum of these figures may differ from that shown in the tables. All ratios, indicators, annual expenditures and compound annual growth rates are based on rounded figures.

The restated financial information as of and for the year ended 31 March 2022G has been derived from the comparative year financial information presented in the Group's restated audited consolidated financial statements for the year ended 31 March 2023G. Restatement figures can be found in section 6.13 of this Prospectus. The financial information as of and for the years ended 31 March 2023G and 31 March 2024G has been derived from the financial information for the comparative year presented in the Group's audited consolidated financial statements for the year ended 31 March 2024G. The financial information for the nine-month period ended 31 December 2023G and 2024G has been derived from the financial information for the comparative period presented in the Group's unaudited interim condensed consolidated financial statements for the nine-month period ended 31 December 2024G.



## 6.2 Directors' Declaration on the Financial Statements

The members of the Group's Board of Directors, to the best of their knowledge and belief, acknowledge the following:

- 1- The financial information contained in this section has been extracted without material change and is presented in accordance with the Group's audited consolidated financial statements for the financial year ended 31 March 2024G that includes the comparative figures for the financial year ended 31 March 2023G and the restated audited consolidated financial statements for the financial year ended 31 March 2023G that includes the comparative figures for the financial year ended 31 March 2022G and accompanying notes thereto, which have been prepared in accordance with IFRS-KSA, and the unaudited interim condensed consolidated financial statements for the period ending 31 December 2024G that includes the comparative figures for the nine-month period ending 31 December 2023G, which have been prepared in accordance with International Accounting Standard 34, "**Interim Financial Reporting**", as endorsed in the Kingdom of Saudi Arabia.
- 2- The Board members declare that the Group has not undergone restructuring in the three financial years immediately preceding the date of the application for the registration and offer of securities that are subject to this prospectus.
- 3- The Group has sufficient working capital for the 12 months immediately following the date of publication of this prospectus.
- 4- There has been no material adverse change in the financial and commercial position of the Group during the three financial years immediately preceding the date of application for registration and offering of securities to the end of the period covered by the Auditor's Report and up to the date of approval of this Prospectus. The Directors confirm that all material facts relating to the Group and its financial performance have been disclosed in this Prospectus and that there are no other information, documents or facts which, if omitted, would make the statements contained in the Prospectus misleading.
- 5- All material facts related to the Group and its financial performance have been disclosed in this Prospectus, and there is no other information, document, or fact which, if omitted, would render the statements contained in the prospectus misleading.
- 6- There is no intention to make any material changes in the nature of the Group's activities.
- 7- The Group's operations have not ceased in any manner that could significantly affect or has already affected its financial position during the past 12 months.
- 8- The Board members declare that there were no reservations in the Auditor's Report on the financial statements of the Issuer for any of the three (3) financial years immediately preceding the date of filing the application for registration and offering of securities subject of this Prospectus.
- 9- The Board members declare that there has been no material change in the accounting policies of the Issuer during the three (3) financial years immediately preceding the date of submission of the application for registration and offering of securities subject of this Prospectus.
- 10- The Board members declare that there has been no material adverse change made to the audited and published financial statements and trading position for any of the three (3) financial years immediately preceding the date of filing the application for registration and offering of securities subject of this Prospectus.
- 11- The Group does not have any assets including contractual securities or other assets whose value is subject to fluctuations or whose value is difficult to ascertain, which would materially affect the assessment of the financial position.
- 12- The Board members declare that the Group does not have any capital under option.
- 13- That no commissions, discounts, brokerage fees, or non-cash compensation has been given by the Group to any directors, senior executives, officials in charge of the offering, or experts during the three (3) years immediately preceding the date of filing the application for registration and offering of securities subject of this Prospectus in connection with the issuance or offering of any securities. This includes the names of any current or proposed members of the Board, executives, officials in charge of the offering, or experts who have received any such payments or benefits, or submitted a declaration to the contrary.
- 14- Other than as disclosed in this prospectus, section 12 "**Legal Information**" the Board members declare that the Group has not issued debt instruments, borrowings, indebtedness, term loans, secured or unsecured, current or approved but unissued mortgages, and that the Group has no loans or other indebtedness including overdrafts from bank accounts and no guarantee obligations (including personal guarantees, unsecured, collateralized or uncollateralized), subordinated obligations, credit or hire purchase obligations.

- 15- To the best of their knowledge, there are no liens, rights, encumbrances or charges on the properties of the Group as of the date of this Prospectus.
- 16- The Group's capital is not subject to options.
- 17- Other than as disclosed in this prospectus under section 12 "**Legal Information**" the Group has no contingent liabilities, guarantees, guarantee margins or significant fixed assets to be purchased or leased.
- 18- Other than as disclosed in this section of the prospectus, the Group has no planned material fixed assets, including leased properties.
- 19- Other than as disclosed in this section of the prospectus, the Board members declare that the Group has not made any capital adjustments during the three (3) years immediately preceding the date of submission of the application for registration and offering of securities subject of this Prospectus.

## 6.3 Key Factors Affecting the Group's Operations

### 6.3.1 Concentration of Revenue in the Refrigerated Transport Solutions Segment

The Group has historically generated the majority of its revenue from the refrigerated transport solutions segment, which contributed SAR 201.6 million, SAR 155.3 million, SAR 230.8 million and SAR 364 million, respectively, representing 73%, 61%, 67% and 60% of the total revenue of the Group's business segments for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively. The Group has not entered into long-term contracts with clients in this segment and refrigerated transport solutions are produced based on specific purchase orders which are generally completed within 12 months of being received. Demand for this segment is highly dependent on clients' circumstances including their growth plans, age of their fleet, related requirements for replacement or upgrades, and clients' financial position and liquidity. Therefore, there is no assurance that the Group will continue to receive orders from clients for the refrigerated transport solutions segment and that this segment will continue to generate the majority of the Group's revenue. If the Group does not receive orders or if orders are lower compared to previous years, this will result in a decline in the revenue and earnings that the Group generates from such segment, which, in turn, would have an adverse effect on the Group's business, financial condition, results of operations and prospects.

### 6.3.2 Seasonality of Revenue

The Group experiences significant seasonality in its revenue due to increase in demand prior to the months of Ramadan and Hajj. Additionally, each year in the month of March, the Group witnesses an increase in revenue prior to the financial year-end as management intensifies efforts to complete orders and recognize revenue. During the period covered in this Prospectus, there was an overlap between the pre-Ramadan period and the year-end period resulting in significantly higher revenue in the financial year 2022G and the financial year 2023G. Furthermore, seasonal variations also affect the demand for refrigeration bodies and solutions as clients prepare for the summer season, leading to higher revenue in the pre-summer period, typically spanning the months from October to December and January to March. As a result, the financial and operational data for the period from 1 April 2024G to 31 December 2024G may not reflect the Group's underlying performance for the financial year 2024G and may not be recurring or sustainable. Moreover, seasonal factors may continue to impact financial periods in the future, which may lead to unusual trends and may make analyzing the Group's year-on-year performance challenging for investors. Seasonal factors may also adversely affect the Group in any given financial period, which, in turn, would have an adverse effect on the Group's business, financial condition, results of operations and prospects.

### 6.3.3 Concentration of the Group's Revenues in Specific Geographic Location(s)/Key Market(s)

As of 31 December 2024G, the Group operates (4) four main business segments focused on Transport Refrigeration, Stationary Refrigeration, Customized Solutions and After-Sales Services, serving clients in the region. The Group generated all of its revenue from its activities in the Kingdom during the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G. The Group and its operations are managed from its head office in Riyadh, supported by the Bahrain branch. Therefore, the Group is particularly vulnerable to risks in the Kingdom and Bahrain compared to competitors with larger and more diversified global operations, particularly in the stationary refrigeration segment. The Group is inherently more exposed to economic, commercial and geopolitical events, developments and conditions in these regions, which may include, but are not limited to, natural disasters, epidemics, pandemics, extreme weather conditions, labor market disruptions, government actions, and regulatory changes. Accordingly, the occurrence of any such event that negatively affects or disrupts the Group's operations could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

### 6.3.4 Higher Production Costs

Increased production costs may adversely affect the Group's profitability. Currently, major production costs include the cost of raw materials for refrigeration systems and insulated bodies, energy costs for maintaining temperature control, labor costs, repair costs, spare parts and maintenance. The cost of raw materials amounted to SAR 186 million, SAR 163 million, SAR 220 million and SAR 238 million, representing 85%, 81%, 83% and 86% of the total cost of revenue for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively. Changes to any of these production costs may occur due to unexpected events beyond the Group's control, such as increased electricity costs or volatility in the prices of consumables and spare parts, influenced by supply and demand. Additionally, energy costs may rise, and labor costs may be affected by changes in minimum wage or additional government fees for employing foreign workers. Any substantial increases in production costs would have a material adverse effect on the Group's business, financial position, results of operations and prospects.

### 6.3.5 Reliance on Carrier Cooling Units and Systems

The Group's business success is heavily reliant on its role as the exclusive distributor of cooling units and systems produced by Carrier. Notably, the Group has been the exclusive distributor for Carrier in the Kingdom for over forty (40) years without a formal exclusive agreement. The Group's transactions with Carrier based on purchase orders amounted to SAR 105.8 million, SAR 76.8 million, SAR 116.5 million and SAR 91.5 million, representing 57%, 47%, 53% and 38% of the Group's total cost of materials for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively. This reliance results in exposure to several risks that could materially affect the Group's business, financial position, results of operations and prospects.

Any disruptions in the supply chains, changes in Carrier's product offerings, or shifts in market demand for Carrier cooling units could adversely impact the Group's ability to meet client needs and achieve sales targets. Additionally, any issues related to the performance or quality of Carrier products could reflect negatively on the Group, affecting its reputation and client trust.

The Group's dependence on Carrier also limits its flexibility to diversify its product range. Any adverse developments affecting Carrier's operations or market position could have an adverse effect on the Group's business. Furthermore, changes in the terms of the distribution agreement with Carrier could affect the Group's profitability and strategic objectives.

### 6.3.6 Supply Chain Disruption, including Failure or Delays in Obtaining Necessary Machinery, Equipment and Materials

The Group's operations are heavily reliant on well-functioning supply chains to obtain necessary machinery, equipment, and materials. Disruptions in the supply chains could have a material adverse effect on the Group's business, financial position, results of operations and prospects. For example, in the financial year 2023G, the Group faced significant supply chain challenges stemming from delays in the global chassis supply from a key automotive supplier due to semi-conductor shortages. These delays disrupted shipping schedules and caused major setbacks in delivering goods to clients, including the loss of several client orders. As a result, the Group experienced a decline in revenue for the financial year 2023G compared to the previous year on a like-for-like basis.

Any failure or delays in securing essential components may lead to production stoppages, increased costs, and an inability to meet client demands. Factors such as supplier insolvency, logistical challenges, or geopolitical events could exacerbate these risks.

The Group must effectively manage its supply chains by maintaining strong relationships with suppliers and developing contingency plans to mitigate potential disruptions. Failure to do so could result in operational inefficiencies and negatively impact the Group's market position and financial performance.

### 6.3.7 Outstanding Receivables

The Company may face risks related to receivables, namely the possibility that the collection of receivables from clients may be delayed or defaulted, which could adversely affect cash flows and the Group's ability to finance its operations and expansion plans. As of 31 December 2024G, the Company's total outstanding receivables amounted to SAR 97.6 million, with credit terms agreed upon with clients ranging from 30 days to 120 days. Days Sales Outstanding were approximately 65, 87, 110, and 74 days as of 31 March 2022G, 2023G and 2024G and 31 December 2024G, respectively.

The increase in the accrual period during the periods ending between the financial years 2022G and 2024G was due to the delayed collection of certain client receivables and a change in the revenue mix, as the proportion of revenue from the refrigeration segment, which is typically associated with longer collection periods, increased. The decrease as of 31 December 2024G was a result of the collection of a number of overdue receivables during that period. The level of receivables still represents approximately 29% of total assets. Any further delay in collection or increase in expected credit loss could have an adverse effect on the Company's liquidity and profitability (for further details on receivables, please refer to Section 6.7.2.5 "**Trade Receivables**" of this Prospectus).

### 6.3.8 Inventory

The Group's production model is based on expected sales from registered client orders, and inventory primarily consists of inventory held for sale. The net value of the Company's inventory was as follows:

As of 31 March 2022G, the net value of the Company's inventory was SAR 53 million, with an average days remaining for inventory of 104 days. As of 31 March 2023G, the net value of the Company's inventory was SAR 60 million, with an average days remaining for inventory of 134 days. As of 31 March 2024G, the net value of the Company's inventory was SAR 81 million, with an average days remaining for inventory of 134 days. As of 31 December 2024G, the net value of the Company's inventory was SAR 103 million, with an average days remaining for inventory of 119 days.

If the Company is unable to manage its inventory properly and accurately, or if there are material and unexpected changes in demand for its products, this will lead to an accumulation or shortage of inventory, as the case may be. Consequently, this would adversely affect the Company's ability to execute its sales plans and would have an adverse effect on the Company's business, results of operations, financial position and prospects. Should the Company be unable to manage its inventory with high efficiency, this would have a material adverse effect on the Company's results, financial performance and profitability (for further details on inventory, please refer to Section 6.7.2.4 "**Inventories**" of this Prospectus).

### 6.3.9 Product Mix

The product mix of CGS Group is a fundamental driver of its revenue generation, profitability, and market competitiveness. By offering a diverse range of products across multiple categories and segments, the Group ensures it meets the varying demands of its customer base. This diversification not only mitigates risks associated with reliance on a single product line but also allows CGS Group to capitalize on growth opportunities in high-demand or high-margin categories. The Group's ability to strategically balance its product offerings is crucial for maintaining operational performance and achieving sustainable growth.

Each product within CGS Group's portfolio contributes differently to profitability, as profit margins can vary significantly across categories. Premium products or those with high levels of customization may yield higher margins, while lower-margin or volume-driven offerings may play a significant role in maintaining market share and securing long-term customer relationships. Changes in market demand, driven by customer preferences, economic trends, or competitive pressures, can alter the revenue contribution of specific products.

### 6.3.10 Cost of Material

Raw materials and consumables represent a significant component of CGS Group's cost structure, accounting for SAR 185 million, SAR 163 million, SAR 220 million, and SAR 238 million, or approximately 65%, 64%, 63%, and 66% of revenue in the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively. The cost and availability of these materials are critical factors influencing the Group's operational efficiency, production costs, and overall profitability. Given the highly engineered nature of the Group's products and solutions, sourcing high-quality raw materials from reliable suppliers is essential to maintaining product quality, meeting customer expectations, and adhering to industry standards.

Fluctuations in raw material prices, driven by global supply chain disruptions, market volatility, or geopolitical factors, can have a direct impact on production costs and profit margins. Additionally, the Group's reliance on specific materials for its customized and technically advanced products increases its exposure to supply chain risks. Any failure to secure consistent and cost-effective access to raw materials could lead to production delays, higher costs, and reduced profitability. To mitigate these risks, CGS Group actively manages supplier relationships, explores alternative sourcing strategies, and monitors market trends to ensure cost predictability and uninterrupted operations. Effective raw material procurement is vital for sustaining the Group's competitive position and financial performance.

### 6.3.11 Employment Costs

Employment costs are a significant component of the Group's operating expenses, reflecting the critical role that skilled manpower plays in the Group's production and operational activities. With a workforce of over 500 employees across various departments—primarily in its production facilities—and additional outsourced manpower, employment costs consistently rank as the second-largest expense after raw materials. These costs were SAR 36 million, SAR 43 million, SAR 54 million, and SAR 49 million for the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, respectively. Managing these costs effectively is essential for the Group's profitability and operational efficiency.

The availability and cost of qualified manpower directly influence the Group's ability to execute projects on time and maintain operational productivity. Challenges in attracting and retaining skilled employees, compounded by labor market constraints or competition for specialized talent, can disrupt project timelines and increase recruitment or training expenses. The reliance on outsourced manpower also introduces additional cost variability and dependency on third-party service providers. To mitigate these risks, the Group places a strong emphasis on talent acquisition, workforce development, and retention strategies, ensuring access to a steady supply of skilled labor. Additionally, the Group continuously evaluates workforce productivity and optimizes resource allocation to balance operational efficiency with cost containment. Sustained investment in human capital is critical for maintaining the Group's competitiveness and fulfilling client commitments.

### 6.3.12 Working Capital

The nature of the Group's operations requires it to maintain sufficient levels of working capital. Net working capital was SAR 11 million, SAR 45 million, SAR 74 million and SAR 84 million as at 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G. Working capital levels are impacted by:

- The Group maintains significant levels of inventory, which amounted to SAR 53 million, SAR 60 million, SAR 81 million and SAR 103 million as at 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G, with the Group purchasing raw materials in bulk.
- Trade receivables amounted to SAR 48 million, SAR 61 million, SAR 105 million and SAR 98 million at the end of each period, respectively. These figures are impacted by the credit terms granted to customers, depending on order size, transaction history, and competitive circumstances.
- The credit period offered by suppliers to the Group.

### 6.3.13 Capital Expenditure

Capital expenditure is critical for the Group to maintain its competitive edge in manufacturing by ensuring operational efficiency, capacity expansion, and technological innovation. Investments in modern machinery, automation, and advanced production technologies are essential to meet evolving industry standards, improve cost efficiencies, and deliver high-quality products. Without sustained investment, the Group risks falling behind competitors, facing production bottlenecks, or experiencing increased operational costs due to outdated equipment. Aligning capital expenditure with strategic objectives ensures the Group remains responsive to market demands and maintains a leadership position in its sectors.

Additionally, significant investment is required to adopt cutting-edge technologies and sustainable practices, particularly as regulatory and environmental standards tighten globally. Enhancing energy efficiency, reducing waste, and integrating smart manufacturing systems is required for compliance with quality standards and such investments can strain short-term cash flows, which may result in the Group resorting to borrowing to fund its operations.

## 6.4 Group Overview

Consolidated Gruenfelder Saady Holding Company (the "**Company**") is a Mixed Limited Liability Company registered under Commercial Registration No. 1010651887, dated 18/01/1442H (corresponding to 06/09/2020G).

The principal activity of the Company is to own controlling interest in a group of subsidiaries and corporations. The Company's registered office is located at: Consolidated Gruenfelder Saady Holding Company P.O Box 35800, Riyadh 11383, Kingdom of Saudi Arabia.

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

| Subsidiary                              | Country of incorporation | Effective holding |                   |
|-----------------------------------------|--------------------------|-------------------|-------------------|
|                                         |                          | 31 March 2023G    | 31 December 2024G |
| Coldstores Group of Saudi Arabia        | Kingdom of Saudi Arabia  | 100%              | 100%              |
| Consolidated Grunfelder Saady Company   | Kingdom of Saudi Arabia  | 100%              | 100%              |
| Al Saadi Refrigeration Air Conditioning | Kingdom of Bahrain       | Nil               | 100%              |

The subsidiaries are principally engaged in the manufacturing and sale of cooling containers for food transport vehicles, non- refrigerated bodies for the vehicles, unportable cold storage rooms and stationery non-refrigerated bodies as well as servicing and repairs of refrigeration bodies, cooling units and cold stores.

The Group's fiscal year commences from the month of April each year and ends in March each year.

The Company has commenced the process for the initial public offering of its shares in the primary market of Saudi Exchange (Tadawul).

## 6.5 Basis of preparation

The audited consolidated financial statements of the Group have been prepared in accordance International Financial Reporting Standards ("IFRSs") that are endorsed in the Kingdom of Saudi Arabia (KSA) and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs as endorsed in KSA").

The audited consolidated financial statements have been prepared on a historical cost basis on the basis that it will continue to operate as a going concern, except as otherwise disclosed in the material accounting policy information in the section below.

These consolidated financial statements are presented in Saudi Riyals ("SAR") which is the functional and presentation currency of the Company. All amounts have been rounded to the nearest thousand SAR, unless otherwise indicate.

## 6.6 Accounting Policy Summary

### Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Capital work in progress represents all costs relating directly or indirectly to the projects in progress and will be accounted for under relevant category of property and equipment upon completion.

The cost less estimated residual value of other items of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets. Following is the estimated useful lives of class of assets:

|                              | Years   |
|------------------------------|---------|
| Building on leasehold land   | 10 – 20 |
| Building on free hold land   | 20      |
| Plant and machinery          | 8       |
| Tools and computer equipment | 4       |
| Furniture and fixture        | 4 – 10  |
| Motor vehicles               | 5       |

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively.

## Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in the consolidated statement of profit or loss in the period in which the expenditure is incurred.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in the consolidated statement of profit or loss as incurred.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

### Software

Computer software licenses purchased from third parties are initially recorded at cost. Costs directly associated with the production of internally developed software, where it is probable that the software will generate future economic benefits, are recognized as intangible assets. Computer software licenses are amortized over 3 to 4 years.

## Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Group as a lessee

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

#### i) Right-of-use assets

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

#### ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.



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

### iii) Short-term leases and leases of low-value assets

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

## Inventories

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Allowance for obsolescence are maintained for any obsolete inventories.

## Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consists of bank balances, cash on hand and short-term deposits that are readily convertible into known amounts of cash and have maturities of three months or less when purchased.

## Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## Financial assets

### Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. At initial recognition, financial assets are measured at their fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. In the case of financial assets not at fair value through profit or loss, its fair value including transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability is the initial recognition amount.

### Subsequent measurement

- For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

### Financial assets at amortised cost (debt instruments)

The Group measures financial asset at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables and amounts due from a related party.

### Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. Currently, the Group does not have any financial instruments valued at fair value through OCI.

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

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

### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss. The Group currently does not have any financial instruments designated at fair value under this category.

### Derecognition

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

## Offsetting of financial instruments

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

## Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The Group applies IFRS 9 simplified approach for measuring ECL, which uses a lifetime expected loss allowance.

The expected loss rates are based on the payment profiles of receivables at each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified Gross Domestic Product ("GDP") of KSA (the country in which it sells goods and renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment (e.g., unemployment, GDP growth, inflation, profit rates and house prices) and economic forecasts obtained through internal and external sources.

For trade receivables and contract assets relating to government agencies and related parties, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the due balances are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the due balances.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD): the likelihood of a default over a particular time horizon
- Loss given default (LGD): This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.
- Exposure at default (EAD): This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Group considers default when, i) the customer 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 ii) the customer is more than 360 days past due on any material credit obligation to the Group, apart for the receivable from customers relates to Government of KSA or related parties where the probability of default considered insignificant.

## Write-off

The gross 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.

## Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payables, lease liabilities, amounts due to related parties and other payables.

### Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories, i) Financial liabilities at fair value through profit or loss, ii) Financial liabilities at amortised cost (loans and borrowings).

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Group has not designated any financial liability as at fair value through profit or loss.

After initial recognition, interest-bearing loans and borrowings (if any) are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

### Derecognition

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

### Business combination and goodwill

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the consolidated statement of profit or loss.

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

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

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained. When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognised in the consolidated statement of profit or loss.

## Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

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

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

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

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

## Statutory reserve

In accordance with the Parent Company's articles of association, the Company must set aside 10% of its income after zakat and tax in each year until it has built up a reserve equal to 30% of its capital. The reserve is not available for distribution.

The New Companies Law entered into effect on 19 January 2023 corresponding to 26 Jumada Al-Akhirah 1444H removed the minimum statutory reserve requirement and the Parent Company has an option to create such a reserve.

## Dividends

The Group recognises a liability to pay a dividend to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per provisions of Companies' Law, a distribution is authorised when it is approved by the partners. A corresponding amount is recognised directly in consolidated statement of changes in equity.

## Employee benefits liabilities

### Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, child education allowance that are expected to be settled wholly within twelve months after the end of the period 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 amounts expected to be paid when the liabilities are settled.

### Defined benefit plan

The Group operates a defined benefit plan driven by the labour laws of the Kingdom of Saudi Arabia. The defined benefit plan is not funded. Valuation of the obligation under such scheme is carried out by an independent actuary based on the projected unit credit method. The costs relating to such scheme 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 recognised immediately in profit or loss as “**employee costs**” while unwinding of the liability at discount rates used are recorded as finance cost. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit liability resulting from scheme amendments or curtailments are recognised immediately in profit or loss as past service costs.

### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation. The contributions are recognised as employees’ benefits expense in the profit or loss when they are due.

The Group contributes a specific portion of salary of employees towards General Organization of Social Insurance (“**GOSI**”) fund, which is a Kingdom’s agency concerned with social insurance of employees in the Kingdom.

## Provisions

### General

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

### Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

### Warranty provisions

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognised when the product is sold or the service is provided to the customer. The Group does not provide any extended warranties or maintenance contracts to its customers. Initial recognition is based on historical experience. The warranty provision is reviewed periodically and adjusted to reflect current estimates of the future costs of fulfilling warranty obligations.

## Trade payable

Trade payables represent amounts owed by the Group for goods or services purchased from suppliers in the ordinary course of business. These are obligations to pay for goods or services that have been acquired from suppliers in the normal operating cycle. Trade payables are initially recognized when the Group enters into a contract or purchase order with a supplier for the acquisition of goods or services and are measured at the original invoice amount when the goods have been received or services rendered. Following initial recognition, trade payables are subsequently measured at amortized cost using the effective interest method. Given that trade payables are usually paid within a short period, their amortized cost typically approximates their nominal amount.

## Contingent liabilities

A contingent liability is a possible obligation which may arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. If the amount of the obligation cannot be measured with sufficient reliability, then the Group does not recognise the contingent liability but discloses it in the financial statements.

## Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value adjusted for transaction costs that are directly attributable to the issuance of the guarantee. The fair value of financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation.

## Direct and indirect taxes and zakat

### Zakat

Zakat is provided for in accordance with Saudi Arabian fiscal regulations by the respective group entities and charged to the consolidated statement of profit or loss. Additional amounts, if any, that may become due on finalisation of an assessment are accounted for in the year in which assessment is finalised.

### Current income tax

Current income tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax is recognised in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part, of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax is recognised in consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income.



## Withholding tax

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia, as required under Saudi Arabian Income Tax Law and settle to the Zakat, Tax and Customs Authority (ZATCA).

## Value added tax

Sales, expenses and assets are recognised net of the amount of value added tax, except when the value added tax incurred on purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of value added tax receivable from, or payable to, the taxation authority is included as part of receivable or payables in the consolidated statement of financial position.

## Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## Revenue from contract with customers

The Group assembles and sells a range of cold storages and chiller units and provide related repair & maintenance services. In addition, the Group also constructs unmovable cold storage rooms. The Group uses five step model from IFRS 15: Revenue from Contract with Customers, for recognition of revenue, as listed below:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

### a) Sale of goods

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

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

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

## **b) Rendering of services**

The Group provides repair and maintenance services to its customer. These services can be obtained from other providers and do not significantly customise or modify the equipment. The Group recognises revenue from these services at a point in time, generally upon completion of the service or delivery of the equipment.

## **c) Revenue from long-term contracts**

For lump sum fixed-price contracts for unmovable cold storage rooms construction, the Group measures progress and recognises revenue using the full cost method, based on the actual cost of work performed at end of the reporting period as a percentage of total contract costs at completion once the outcome of a contract can be estimated reliably. When the outcome of a contract cannot be estimated reliably, contract revenues are recognised only to the extent of costs incurred that are expected to be recoverable. The services provided under the contract are satisfied over time rather than at a point in time since the customer simultaneously receives and consumes the benefits provided by the Group and the Group has the enforceable rights to receive the consideration.

At contract inception, the Group considers the following factors to determine whether the contract contains a single performance obligation or multiple performance obligations:

- it provides a significant service of integrating the goods or services with other goods or services promised in the contract into a bundle of goods or services that represent the combined output or outputs for which the customer has contracted.
- one or more of the goods or services significantly modifies or customises, or are significantly modified or customised by, one or more of the other goods or services promised in the contract.
- the goods or services are highly interdependent or highly interrelated.

Contract modifications, e.g., variation orders, are accounted for as part of the existing contract, with a cumulative catch up adjustment to revenue. For material contract modifications a separate contract may be recognised, based on management's assessment of the following factors:

- the scope of the contract increases because of the addition of promised goods or services that are distinct; and
- the price of the contract increases by an amount of consideration that reflects the Group's stand-alone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract.

Variable consideration (e.g., variation orders) are assessed/re-assessed using the expected value approach, as appropriate, at each reporting date where it is considered highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. In performing the assessment, the Group considers the likelihood of such settlement being made by reference to the contract, customer communications and other forms of documentary evidence.

An onerous contract provision is recognised for all losses expected to arise on completion of contracts entered into at the reporting date, whether or not work has commenced on these contracts.

Advance payments received from customers for fixed-price contracts are structured primarily for reasons other than the provision of finance to the Group, (e.g., procurement costs), and they do not provide customers with an alternative to pay in arrears. In addition, the length of time between when the customer settles amounts to which the Group has an unconditional right to payment and the Group transfers goods and services to the customer is generally relatively short. Therefore, the Group has concluded that there is not a significant financing component within such contracts.

Currently, the Group does not have any contracts where payments by a customer are over several years after the Group has transferred goods and services to the customer; if such cases arise in future the transaction price for such contracts will be determined by discounting the amount of promised consideration using an appropriate discount rate.

## Contract balances

### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs its obligations to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance, classified as “**contract assets**”.

### Trade receivables

A receivable represents the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due) (refer trade receivable policy).

### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group satisfies the performance obligation, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

Contract liabilities are recognised as revenue when the Group performs its obligations under the contract. Where the amount billed to the customer exceeds the amount of revenue recognised, this gives rise to a contract liability which is classified as “**billings in excess of value of work executed**”.

## Foreign currencies transactions and balances

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

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in consolidated statement of profit or loss).

## Cost and expenses

### Cost of revenue

Cost of revenue represents the cost incurred during the period relates to the revenue activities by the Group and contain principally direct labor, direct material, allocated cost that directly relates to the sale of goods or contract activities, the cost that are explicitly chargeable to the customer under the contract and other cost that are incurred by the Group only because the entity entered into the respective contract and recognize on accrued basis.

### General and administration expenses/selling and distribution expenses

Selling and distribution expenses are those that specifically relate to salesmen, sales department, advertising and promotion, etc. All other operating expenses which are not directly related to the contract executed or goods sold are recognized under general and administration expenses. These also include allocations of general overheads which are not specifically attributed to cost of revenue.

The allocation of overheads between cost of revenue, general & administration expenses and selling & distribution expenses, where required, is made on the factors determined by the management and applied on a consistent basis.

### Other income

The Group recognizes other income when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably. Other income is measured at the fair value of the consideration received or receivable and recognized on accrual basis in accordance with the terms of the agreements. Other income that is incidental to the Group's business model is recognised as income as it is earned or accrued.

### Earnings per share

Basic and diluted earnings per share is calculated by dividing the profit or loss attributable to partners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the year.

### Fair value measurement

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 most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is 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; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the 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. The Group determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. 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.

## New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

### IFRS 17 Insurance Contracts

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Group's financial statements.

### Definition of Accounting Estimates – Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

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

### Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition, or presentation of any items in the Group's financial statements.

### Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

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

### International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and

Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

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

## Standards issued but not yet effective

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

### Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed.

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

### Amendment to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.

### Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed. The amendments are not expected to have a material impact on the Group's financial statements.

## 6.7 Results of Operations for the Financial Years Ended 31 March 2022G, 2023G and 2024G

### 6.7.1 Consolidated Statement of Profit and Loss and Other Comprehensive Income Data

**Table (6.1): Statement of Profit and Loss and Other Comprehensive Income Data for the Financial Years Ended 31 March 2022G, 2023G and 2024G:**

| SAR in 000s                                                                         | FY22G<br>(Restated) | FY23G         | FY24G         | Variance<br>FY22G –<br>FY23G | Variance<br>2023G –<br>2024G | CAGR<br>2022G –<br>2024G |
|-------------------------------------------------------------------------------------|---------------------|---------------|---------------|------------------------------|------------------------------|--------------------------|
| Revenues                                                                            | 264,782             | 256,845       | 349,147       | (3.0%)                       | 35.9%                        | 14.8%                    |
| Cost of Revenue                                                                     | (219,440)           | (201,006)     | (265,311)     | (8.4%)                       | 32.0%                        | 10.0%                    |
| <b>Gross Profit</b>                                                                 | <b>45,342</b>       | <b>55,839</b> | <b>83,836</b> | <b>23.2%</b>                 | <b>50.1%</b>                 | <b>36.0%</b>             |
| General and Administrative Expenses                                                 | (11,793)            | (19,153)      | (23,789)      | 62.4%                        | 24.2%                        | 42.0%                    |
| Selling and distribution expenses                                                   | (5,343)             | (7,953)       | (9,389)       | 48.8%                        | 18.1%                        | 32.6%                    |
| Charge of expected credit losses of trade receivables                               | 1,995               | (984)         | (1,722)       | (149.3%)                     | 75.0%                        | n.a                      |
| <b>Operating Profit</b>                                                             | <b>30,201</b>       | <b>27,749</b> | <b>48,936</b> | <b>(8.1%)</b>                | <b>76.4%</b>                 | <b>27.3%</b>             |
| Financing Costs                                                                     | (339)               | (729)         | (679)         | 115.1%                       | (6.8%)                       | 41.6%                    |
| Other Income                                                                        | 4,601               | 2,712         | 3,463         | (41.1%)                      | 27.7%                        | (13.2%)                  |
| <b>Net Profit for the Year Before Zakat</b>                                         | <b>34,463</b>       | <b>29,732</b> | <b>51,720</b> | <b>(13.7%)</b>               | <b>74.0%</b>                 | <b>22.5%</b>             |
| Zakat Expenses                                                                      | (894)               | (1,259)       | (1,543)       | 40.9%                        | 22.6%                        | 31.4%                    |
| Income Tax                                                                          | (3,019)             | (3,402)       | (5,530)       | 12.7%                        | 62.6%                        | 35.3%                    |
| Deferred Tax income / (expense)                                                     | (461)               | 290           | 403           | (162.9%)                     | 38.9%                        | n.a                      |
| <b>Net Profit for the Year</b>                                                      | <b>30,089</b>       | <b>25,361</b> | <b>45,04</b>  | <b>(15.7%)</b>               | <b>77.6%</b>                 | <b>22.4%</b>             |
| Remeasurement loss on employees' defined benefit liabilities                        | 503                 | (80)          | (713)         | (115.9%)                     | 788.5%                       | n.a                      |
| Deferred tax effect on remeasurement loss on employees' defined benefit liabilities | (50)                | 8             | 71            | (115.9%)                     | 788.6%                       | n.a                      |
| <b>Total Other Comprehensive Income for the Year</b>                                | <b>453</b>          | <b>(72)</b>   | <b>(641)</b>  | <b>(115.9%)</b>              | <b>788.5%</b>                | <b>n.a</b>               |
| <b>Total Comprehensive Income for the Year</b>                                      | <b>30,542</b>       | <b>25,289</b> | <b>44,408</b> | <b>(17.2%)</b>               | <b>75.6%</b>                 | <b>20.6%</b>             |



| SAR in 000s             | FY22G<br>(Restated) | FY23G  | FY24G  | Variance<br>FY22G –<br>FY23G | Variance<br>2023G –<br>2024G | CAGR<br>2022G –<br>2024G |
|-------------------------|---------------------|--------|--------|------------------------------|------------------------------|--------------------------|
| KPIs                    | ppt.                |        |        |                              |                              |                          |
| Gross margin            | 17.1%               | 21.7%  | 24.0%  | 4.6                          | 2.3                          | 6.9                      |
| Operating profit margin | 11.4%               | 10.8%  | 14.0%  | (0.6)                        | 3.2                          | 2.6                      |
| Net margin              | 11.4%               | 9.9%   | 12.9%  | (1.5)                        | 3.0                          | 1.5                      |
| EBITDA*                 | 34,445              | 32,005 | 52,981 | (7.1%)                       | 65.5%                        | 24.0%                    |
| EBITDA margin           | 13.0%               | 12.5%  | 15.2%  | (0.5)                        | 2.7                          | 2.2                      |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

\*EBITDA = Operating profit + Depreciation and amortization

## Revenues

Revenue is generated from the Group's main operations in the Kingdom of Saudi Arabia and Bahrain. The Group provides a range of products and services to its customers categorized as (i) automotive solutions including truck and trailer bodies with cooling units, (ii) refrigeration solutions providing industrial and commercial solutions, (iii) customized solutions such as oil & gas manpower camps and mobile data centre shelters, and (iv) comprehensive after-sales services where workshops, support, parts and services are provided to customers.

Such products and service are provided to customers in several industries ranging from poultry and farming to F&B to pharmaceuticals, oil and gas, logistics and telecommunication amongst others.

The top five customers account for c.43% of total revenue in FY24G, having customer 1 contributing to c.23%, customer 2 to c.6%, and customers 3, 4 and 5 to c.5%, c.4% and c.4% respectively.

Revenues decreased from SAR264.8m in FY22G to SAR256.8m in FY23G. The acquisition of the Jeddah entity was completed on 20 December 2021G. Revenue amounting to SAR17.6m related to the Jeddah entity was treated as pre-acquisition revenues for the period spanning from 1 April 2021G to 19 December 2021G. If such amount was taken into consideration into consolidated figures, the revenue for FY22G would have amounted to SAR282.4m. Therefore, an actual decrease in revenue on a like for like basis from FY22G to FY23G was driven by the automotive solutions segment (-SAR46.3m) mainly due to the decrease in revenues from customer 1 (-SAR65.3m) driven by the significant delay from a car and diesel manufacturing supplier in delivering core mechanical metal frameworks (chassis) to the Saudi market leading to the loss of a major trailer project to a competitor in the United Arab Emirates. This was attributable to the Global shortage of chips during this post-COVID period that disrupted many industries. This decline was partially offset by the increase in refrigeration solutions segment's revenues (+SAR19.7m) in line with new customers.

Revenues subsequently increased to SAR349.2m in FY24G as a result of an increase in revenue in all segments, the biggest drivers being (i) automotive solutions (+SAR75.6m) in line with the recovery of chassis availability in the marketplace coupled with the increase in revenues from customer 1 (+SAR62.8m), customer 5 (+SAR13.9m) and the new additional projects and (ii) refrigeration solutions (+SAR9.6m) with an increase of revenue from a top trading customer and the increase in revenues from customer 3 (+SAR17.8m) and customer 4 (+SAR14.0m).

## Cost of Revenues

Cost of revenues amounted to SAR265.3m in FY24G and mainly comprised of raw materials and others (c.83.1% of total) and employees' related costs (c.12.4% of total), amongst other costs (c.4.5%).

Cost of revenues decreased from SAR219.4m in FY22G to SAR201.0m in FY23G and then increased to SAR265.3m in FY24G in line with the increase in operations and revenues over the same period.

## Gross Profit

Gross profit increased from SAR45.3m in FY22G with a c.17.1% margin to SAR55.8m in FY23G with a c.21.7% margin and subsequently to SAR83.8m in FY24G with a c.24.0% margin in line with the increase in operations of the Group. Gross margin increased due to (i) better product mix with higher margin orders driven by better negotiations with customers, (ii) operating efficiencies from economies of scale, and (iii) a decrease of the costs of raw materials and others as a percentage of total revenue due to the Group's ability to secure savings through larger purchase volumes.

## General and Administrative Expenses ("G&A")

G&A amounting to SAR23.8m in FY24G mainly comprises of employees' related costs (c.62.3% of total), utilities (c.7.6%), allowance against refundable deposits (c.7.6%), legal, professional and consultancy fees (c.6.3%) amongst other costs (c.16.2%).

G&A increased from SAR11.8m in FY22G to SAR19.2m in FY23G mainly driven by the increase in employees' related costs in line with the business volumes and resulting resource needs (+SAR2.9m) along with an increase in the average monthly basic salary (+SAR953k) in light of an external salary study to align compensation with the market, coupled with the increase in legal, professional and consultancy fees as a result of a strategic study conducted by an advisory firm.

G&A further increased to SAR23.8m in FY24G due to (i) the increase in employees' related costs (+SAR1.9m) as employee headcount increased from 85 employees to 119 employees, (ii) the provision taken against delay in receipt of customs refunds (+SAR1.8m) and (iii) the increase in employee training expenses (+SAR0.9m).

## Selling and Distribution Expenses ("S&D")

S&D amounted to SAR9.4m in FY24G and comprises of employees' related costs (c.61.1% of total), sales commissions (c.25.6%), advertisement and promotion (c.6.7%), amongst other costs (c.6.6%).

S&D expenses increased from SAR5.3m in FY22G to SAR8.0m in FY23G mainly driven by (i) the increase in employees' related costs in line with the increase in the average monthly basic salary per employee from SAR1.2k to SAR2.6k in light of an external salary study, (ii) the increase in sales commissions in line with the increase in revenue and (iii) increase in advertisement and promotions due to a shift to a more active advertising and branding approach post FY22G.

S&D increased from SAR8.0m in FY23G to SAR9.4m in FY24G mainly due to the increase in employees' related costs driven by the increase in the number of employees from 23 employees to 28 employees.

## Charge of expected credit losses of trade receivables

ECL charge amounted to SAR1.7m in FY24G and is recorded based on the Group's ECL policy in line with IFRS9 requirements.

A reversal of SAR2.0m in FY22G was recorded driven by winning of several court cases and collecting the respective disputed amounts.

## Earnings before interest, tax, depreciation and amortization ("EBITDA")

EBITDA decreased from SR34.5m in FY22G with a c.13.0% margin to SR32.0m in FY23G with a c.12.5% margin driven by the increase in G&A expenses as a result of the increase in the average monthly basic salary per employee, slightly offset by the increase in gross profit in line with the operational growth of the Group and the full impact of Jeddah entity's acquisition in FY23G.

EBITDA subsequently increased to SR53.0m in FY24G with a c.15.2% margin driven by the significant increase in gross profit (+SR28.0m).

## Operating profit

Decreased from SAR30.2m in FY22G with a c.11.4% margin to SAR27.7m in FY23G with a c.10.8% margin driven by the increase in G&A expenses as a result of the increase in the average monthly basic salary per employee, slightly offset by the increase in gross profit in line with the operational growth of the Group and the inclusion of full Jeddah results in FY23G.

Operating profit subsequently increased to SAR48.9m in FY24G with a c.14.0% margin driven by the significant increase in gross profit (+SAR28.0m) attributable to higher revenues coupled with the increase in the gross profit margin (+c.2.3%).

## Financing Costs

Finance costs pertain to the accretion of finance costs on employees' defined benefit liabilities and on lease liabilities.

Finance costs increased from SAR339k in FY22G to SAR729k in FY23G driven by full year impact of the Jeddah entity, increase in total headcount from 454 employees to 460 employees coupled with the increase in employees who have been with the group for a longer periods resulting in higher accretion of finance costs on EOSB. Subsequent decrease to SAR679k in FY24G was mainly driven by the decrease in the accretion of finance cost on lease liabilities slightly offset by the increase in accretion of finance cost on EOSB.

## Other Income

Other income comprises of disbursements from human resource development fund (c.36.6% of total in FY24G), exchange gains on financial transactions (c.21.4%), gains on sale of scrap materials (c.18.5%), claims received (c.15.2%) amongst others (c.8.3%).

Other income decreased from SAR4.6m in FY22G to SAR2.7m in FY23G driven by the reversal of a previous accrual taken for sales commission as the amount was no longer payable (-SAR2.5m), this was slightly offset by the increase in (i) disbursement of HRDF (+SAR496k) and (ii) the increase in gains on sale of scrap materials (+SAR332k) from scrap metal not utilized in product finalization.

Other income subsequently increased to SAR3.5m in FY24G due to (i) the further increase in disbursement of HRDF (+SAR772k) driven by the increase in Saudi employees by 20 employees, (ii) the increase in exchange gains from financial transactions (+SAR411k) made from the purchase of EUR denominated supplies outside of KSA, and (iii) the claims received from (+SAR528k) from an out of court settlement with a customer partially offset by the decrease to nil in reversal of liabilities no longer payable.

## Zakat Expenses

Zakat is provided in accordance with regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia on an accrual basis at year end. Zakat for the year is payable at 2.5% of the approximate zakat base and adjusted net income attributable to Saudi partners.

## Income Tax

Income tax is provided in accordance with tax regulations enforced in Kingdom of Saudi Arabia and amounts to 20% of profit relating to foreign shareholders (G.K Grunenfelder which owns 50% of Company is a foreign shareholder as it is incorporated and ultimately owned by Swiss nationals).

## Deferred tax (expense)/income

Deferred tax (expense)/income are determined by identifying all temporary differences between the tax bases of assets and liabilities and their corresponding amounts in the financial statements

## Net Profit

Net profit decreased from SAR30.1m in FY22G with a c.11.4% margin to SAR25.4m in FY23G with a c.9.9% margin driven by (i) the decrease in operating profit, (ii) decrease in other income and (iii) increase in zakat expenses.

Net income subsequently increased to SAR45.1m in FY24G with a c.12.9% margin driven by the significant increase in operating profit in line with the operational growth and cost optimization.

### 6.7.1.1 Revenues by Segment

**Table (6.2): Revenues by Segment for the Financial Years Ended 31 March 2022G, 2023G, and 2024G**

| SAR in 000s                        | FY22G<br>MA | FY23G<br>MA | FY24G<br>MA | Variance<br>2022G-2023G | Variance<br>2023G - 2024G | CAGR<br>2022G-2024G |
|------------------------------------|-------------|-------------|-------------|-------------------------|---------------------------|---------------------|
| Automotive Solutions               | 201,581     | 155,255     | 230,848     | (23.0%)                 | 48.7%                     | 7.0%                |
| Refrigeration Solutions            | 35,756      | 55,487      | 65,110      | 55.2%                   | 17.3%                     | 34.9%               |
| After Sales / Services             | 37,191      | 40,417      | 44,045      | 8.7%                    | 9.0%                      | 8.8%                |
| Customized Solutions               | 3,074       | 2,800       | 5,371       | (8.9%)                  | 91.8%                     | 32.2%               |
| Total segmental revenue            | 277,601     | 253,959     | 345,374     | (8.5%)                  | 36.0%                     | 11.5%               |
| Intercompany sales to CGS Bahrain  | 4,773       | 2,886       | 3,773       | (39.5%)                 | 30.7%                     | (11.1%)             |
| CGS Jeddah pre-acquisition         | (17,593)    | -           | -           | (100.0%)                | n.a                       | (100.0%)            |
| <b>As a % of segmental revenue</b> |             |             |             |                         |                           |                     |
| Automotive Solutions               | 72.6%       | 61.1%       | 66.8%       | (11.5)                  | 5.7                       | (5.8)               |
| Refrigeration Solutions            | 12.9%       | 21.8%       | 18.9%       | 9.0                     | (3.0)                     | 6.0                 |
| After Sales / Services             | 13.4%       | 15.9%       | 12.8%       | 2.5                     | (3.2)                     | (0.6)               |
| Customized Solutions               | 1.1%        | 1.1%        | 1.6%        | -                       | 0.5                       | 0.4                 |

Source: Management's accounts for the financial years ended 31 March 2022G, 2023G and 2024G

i) Breakdown for intercompany sales to CGS - Bahrain are not allocated by segment rather as a total amount;

ii) FY22G segmental revenue breakdown includes Jeddah pre-acquisition amounts (pre-acquisition portion not allocated by segment), therefore it was deducted as a total at the end (all subsequent analysis were performed on a total pre-acquisition basis) i.e. based on total segmental revenue above.

### Automotive Solutions

Automotive solutions represent the temperature-controlled logistics solutions for the road transportation sector where the Group provides enhanced transportation, temperature management and refrigeration technologies through insulated vans, reefer bodies and trailers.

The main products provided to customers include semi-trailers, truck and semi-trailer bodies, truck bodies, van conversions, cooling units from Carrier Transicold, and tail lifts. These products cater to a diverse range of industry sectors such as poultry, agriculture, food and beverage, dairy, pharma, amongst others. Revenue is recognized at a point in time.

Amount decreased from SAR201.6m in FY22G to SAR155.3m in FY23G driven by (i) the decrease in revenues generated from customer 1 in line with the supply issue of chassis in the marketplace leading to the loss of a major project and (ii) the decrease in revenues from other customers (-SAR9.9m) driven by the order timing.

The subsequent increase in FY24G to SAR230.8m was driven by (i) the increased revenues from customer 1, (ii) the increase in revenues from several main customers including customers 2 and 5, as a result of new orders and (iii) the recovery of chassis availability in the marketplace.

### Refrigeration Solutions

Refrigeration solutions pertains to the construction of industrial refrigeration and commercial cold stores/warehouses for several food processing and distribution firms. The Group offers full turnkey systems featuring fire-rated insulated sandwich panels, wall and ceiling elements, and insulated doors, ensuring the effectiveness of the cooling system solutions delivered.

The main services provided by CGS includes industrial solutions, semi-industrial solutions, and commercial solutions serving a variety of industries, including catering, restaurants, butchery, medical, bakery, hospitals, farm fresh, supermarkets, florist shops and flower farms, laboratories, chilled and frozen poultry, vegetables, fruits, dairy, red meats, and ice cream. Revenue is recognized over a period of time.

Revenues increased from SAR35.8m in FY22G to SAR55.5m in FY23G driven by increases in revenue from a contracting Company (+SAR8.2m) due to a new refrigeration solutions order under the refrigeration solution segment and another main contracting company (+SAR7.3m), partly offset by the decrease in revenue from a storage company (-SAR11.2m).

Revenues further increased to SAR65.1m FY24G on the back of increases in revenue from a leading trading company (+SAR17.8m) due to timing of a refrigeration solutions contract and due to the start of a new project with the Group (+SAR14.0m).

### After Sales / Services

After-sales services comprises of automotive workshops, mobile services, refrigeration support and service agreements. Revenue is recognized at a point in time.

Revenues in this segment is highly dependent on the volume of customers as revenues per customer are low. Revenues increased over the historical period under review from SAR37.2m in FY22G to SAR44.1m in FY24G driven by an increase in the overall number of customers as well as a significant increase in warranty service on behalf of Carrier Transicold Europe in FY24G (+SAR6.1m).

### Customized Solutions

Customized solutions pertains to the development of individual solutions tailored to specific customer requirements. CGS leverages its engineering and manufacturing expertise to provide solutions for the defense, telecom, power, oil & gas industries amongst others. Revenue is recognized over a period of time.

Revenues decreased from SAR3.1m in FY22G to SAR2.8m in FY23G driven by the decrease in and completion of orders from several companies.

Amount subsequently increased to SAR5.4m in FY24G as a result of the increase in sales focused on development of the pipeline in this growth segment.

### Intercompany sales to CGS Bahrain

Intercompany sales to CGS Bahrain represents the sales made from CGS Riyadh and CGS Jeddah to CGS Bahrain. Such sales are not categorized by segment as they are not for end users.

### CGS Jeddah pre-acquisition

Pertains to the portion of sales under CGS Jeddah from 1-Apr-21G to 20-Dec-21G that are included in the segmental revenue breakdown but are not part of the consolidated figures as the acquisition happened on 20th of December 2021G.

#### 6.7.1.2 Revenues by Customer

**Table (6.3): Revenues by Customer for the Financial Years Ended 31 March 2022G, 2023G, and 2024G**

| SAR in 000s | FY22G<br>MA | FY23G<br>MA | FY24G<br>MA | Variance<br>2022G-<br>2023G | Variance<br>2023G -<br>2024G | CAGR<br>2022G-<br>2024G |
|-------------|-------------|-------------|-------------|-----------------------------|------------------------------|-------------------------|
| Customer 1  | 87,076      | 20,757      | 80,630      | (76.2%)                     | 288.4%                       | (3.8%)                  |
| Customer 2  | 3,185       | 7,528       | 21,342      | 136.4%                      | 183.5%                       | 158.9%                  |
| Customer 3  | 8           | 980         | 18,811      | 12507.3%                    | 1819.5%                      | 4819.3%                 |
| Customer 4  | -           | -           | 13,991      | n.a                         | n.a                          | n.a                     |
| Customer 5  | 2,480       | 3,054       | 13,105      | 23.1%                       | 329.1%                       | 129.9%                  |
| Customer 6  | 2,605       | 3,692       | 9,808       | 41.7%                       | 165.7%                       | 94.0%                   |
| Customer 7  | 6,240       | 1,919       | 7,815       | (69.2%)                     | 307.1%                       | 11.9%                   |
| Customer 8  | 21          | 3,641       | 6,946       | 17098.0%                    | 90.8%                        | 1711.4%                 |
| Customer 9  | 4,528       | 1,023       | 6,645       | (77.4%)                     | 549.5%                       | 21.2%                   |

| SAR in 000s                                          | FY22G<br>MA    | FY23G<br>MA    | FY24G<br>MA    | Variance<br>2022G–<br>2023G | Variance<br>2023G –<br>2024G | CAGR<br>2022G–<br>2024G |
|------------------------------------------------------|----------------|----------------|----------------|-----------------------------|------------------------------|-------------------------|
| Customer 10                                          | –              | –              | 5,344          | n.a                         | n.a                          | n.a                     |
| <b>Top 10 customers</b>                              | <b>106,143</b> | <b>42,594</b>  | <b>184,438</b> | <b>(59.9%)</b>              | <b>333.0%</b>                | <b>31.8%</b>            |
| Others                                               | 171,459        | 211,365        | 160,936        | 23.3%                       | (23.9%)                      | (3.1%)                  |
| <b>Total Revenue</b>                                 | <b>277,601</b> | <b>253,959</b> | <b>345,374</b> | <b>(8.5%)</b>               | <b>36.0%</b>                 | <b>11.5%</b>            |
| <b>As a % of total</b>                               | <b>ppt.</b>    |                |                |                             |                              |                         |
| Customer 1                                           | 31.4%          | 8.2%           | 23.3%          | (23.2)                      | 15.2                         | (8.0)                   |
| Customer 2                                           | 1.1%           | 3.0%           | 6.2%           | 1.8                         | 3.2                          | 5.0                     |
| Customer 3                                           | 0.0%           | 0.4%           | 5.4%           | 0.4                         | 5.1                          | 5.4                     |
| Customer 4                                           | n.a            | n.a            | 4.1%           | n.a                         | 4.1                          | 4.1                     |
| Customer 5                                           | 0.9%           | 1.2%           | 3.8%           | 0.3                         | 2.6                          | 2.9                     |
| Customer 6                                           | 0.9%           | 1.5%           | 2.8%           | 0.5                         | 1.4                          | 1.9                     |
| Customer 7                                           | 2.2%           | 0.8%           | 2.3%           | (1.5)                       | 1.5                          | 0.0                     |
| Customer 8                                           | 0.0%           | 1.4%           | 2.0%           | 1.4                         | 0.6                          | 2.0                     |
| Customer 9                                           | 1.6%           | 0.4%           | 1.9%           | (1.2)                       | 1.5                          | 0.3                     |
| Customer 10                                          | n.a            | n.a            | 1.5%           | n.a                         | 1.5                          | 1.5                     |
| Top 10 customers for each period excl.<br>Customer 1 | 30%            | 29%            | 31%            | (0.0)                       | 0.1                          | 0.0                     |

Source: Management's accounts for the financial years ended 31 March 2022G, 2023G and 2024G

C.53% of total revenues were generated from the top 10 customers in FY24G. This reliance is further compounded by the fact that these customers operate on a purchase order (PO) basis rather than through long-term agreements, making the Group's revenues vulnerable to changes in their demand and timing of their fleet replacement cycles. For more information on the risk of concentration of revenues please refer to section 2.1.3 "Risks Related to the Concentration of Revenue from Certain Key Clients" of this prospectus.

#### 6.7.1.3 Revenues by timing of revenue recognition

**Table (6.4): Net Revenues by timing of revenue recognition for the Financial Years Ended 31 March 2022G, 2023G, and 2024G**

| SAR in 000s                           | FY22G<br>MA    | FY23G          | FY24G          | Variance<br>2022G–<br>2023G | Variance<br>2023G –<br>2024G | CAGR<br>2022G–<br>2024G |
|---------------------------------------|----------------|----------------|----------------|-----------------------------|------------------------------|-------------------------|
| Revenue recognised at a point in time | 226,314        | 196,274        | 279,634        | (13.3%)                     | 42.5%                        | 11.2%                   |
| Revenue recognised over time          | 38,468         | 60,571         | 69,513         | 57.5%                       | 14.8%                        | 34.4%                   |
| <b>Total</b>                          | <b>264,782</b> | <b>256,845</b> | <b>349,147</b> | <b>(3.0%)</b>               | <b>35.9%</b>                 | <b>14.8%</b>            |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

\* Above breakdown is on a total basis including intercompany sales to CGS Bahrain and excludes CGS Jeddah pre-acquisition amounts.

In the financial statements, certain revenues associated with refrigeration services have been grouped under the category of 'revenue recognized over time'. As a result, the revenue recognized over time does not precisely reflect the total revenue from refrigeration solutions.

Revenues generated from refrigeration solutions are the only revenues recognized over a period of time. Refrigeration solutions are generally related to lump sum fixed price contracts from customers which involve the construction of the refrigerated facility over a period of time. Accordingly, the Group recognises revenue at the end of the reporting period as a percentage of total costs. In contrast, revenues from automotive solutions, customized solutions and after-sales services are recognized at a point in time.

#### 6.7.1.4 Revenues by Region and Revenue by Entity

**Table (6.5): Revenues by Region for the Financial Years Ended 31 March 2022G, 2023G, and 2024G**

| SAR in 000s                             | FY22G<br>MA    | FY23G G<br>MA  | FY24G<br>MA    | Variance<br>2022G–<br>2023G | Variance<br>2023G –<br>2024G | CAGR<br>2022G–<br>2024G |
|-----------------------------------------|----------------|----------------|----------------|-----------------------------|------------------------------|-------------------------|
| Riyadh                                  | 172,817        | 116,225        | 185,994        | (32.7%)                     | 60.0%                        | 3.7%                    |
| Jeddah                                  | 74,861         | 104,888        | 103,656        | 40.1%                       | (1.2%)                       | 17.7%                   |
| Dammam                                  | 29,924         | 32,846         | 55,724         | 9.8%                        | 69.7%                        | 36.5%                   |
| Revenues outside of the Kingdom         | 4,773          | 2,886          | 3,773          | (39.5%)                     | 3.07%                        | (11.1%)                 |
| CGS Jeddah pre-acquisition              | (17,593)       | -              | -              | (100.0%)                    | n.a                          | (100.0%)                |
| <b>Total</b>                            | <b>264,782</b> | <b>256,845</b> | <b>349,147</b> | <b>(9.0%)</b>               | <b>35.9%</b>                 | <b>11.2%</b>            |
| <b>As a % of revenues as per region</b> |                |                |                |                             |                              |                         |
| Riyadh                                  | 65.3%          | 45.3%          | 53.3%          | (16.0)                      | 8.0                          | (20.0)                  |
| Jeddah                                  | 21.6%          | 40.8%          | 29.7%          | 14.3                        | (11.1)                       | 19.2                    |
| Dammam                                  | 11.3%          | 12.8%          | 16.0%          | 2.2                         | 3.2                          | 1.5                     |
| Revenues outside of the Kingdom         | 1.8%           | 1.1%           | 1.1%           | (0.6)                       | -                            | (0.7)                   |

Source: Management's accounts for the financial years ended 31 March 2022G, 2023G and 2024G

(i) Above breakdown is on a total basis including intercompany sales to CGS Bahrain and excludes CGS Jeddah pre-acquisition amounts.

(ii) Above breakdown is by region (location of customer) and not by entity.

**Table (6.6): Revenues by Entity for the Financial Years Ended 31 March 2022G, 2023G, and 2024G**

| SAR in 000s                                | FY22G<br>MA    | FY23G G<br>MA  | FY24G<br>MA    | Variance<br>2022G–<br>2023G | Variance<br>2023G –<br>2024G | CAGR<br>2022G–<br>2024G |
|--------------------------------------------|----------------|----------------|----------------|-----------------------------|------------------------------|-------------------------|
| CGS – Riyadh                               | 256,390        | 219,601        | 309,442        | (14.3%)                     | 40.9%                        | 9.9%                    |
| CGS – Jeddah                               | 21,384         | 106,883        | 108,033        | 399.8%                      | 1.1%                         | 124.8%                  |
| <b>Revenues pre-eliminations</b>           | <b>277,774</b> | <b>326,484</b> | <b>417,475</b> | <b>17.5%</b>                | <b>27.9%</b>                 | <b>22.6%</b>            |
| Eliminations <sup>(i)</sup>                | (12,992)       | (69,638)       | (68,328)       | 436.0%                      | (2%)                         | 325.9%                  |
| <b>Total</b>                               | <b>264,782</b> | <b>256,845</b> | <b>349,147</b> | <b>(3.0%)</b>               | <b>35.9%</b>                 | <b>14.8%</b>            |
| <b>As a % of revenues pre-eliminations</b> |                |                |                |                             |                              |                         |
| CGS – Riyadh                               | 92.3%          | 67.3%          | 74.1%          | (25.0)                      | 6.9                          | (18.2)                  |
| CGS – Jeddah                               | 7.7%           | 32.7%          | 25.9%          | 25.0                        | (6.9)                        | 18.2                    |

Source: Management's accounts for the financial years ended 31 March 2022G, 2023G and 2024G

(i) eliminations pertains to the sales between CGS Riyadh and CGS Jeddah (intercompany sales) eliminated on a consolidated level (Financial statements Consolidation).



## 6.7.1.5 Cost of Revenues

**Table (6.7): Cost of Revenue for the Financial Years Ended 31 March 2022G, 2023G, and 2024G**

| SAR in 000s                                                    | FY22G          | FY23G          | FY24G          | Variance<br>2022G–<br>2023G | Variance<br>2023G –<br>2024G | CAGR<br>2022G–<br>2024G |
|----------------------------------------------------------------|----------------|----------------|----------------|-----------------------------|------------------------------|-------------------------|
| Raw materials, consumables, change in finished goods and other | 185,870        | 163,470        | 220,409        | (12.1%)                     | 34.8%                        | 8.9%                    |
| Employees' related costs                                       | 24,862         | 26,329         | 32,987         | 5.9%                        | 25.3%                        | 15.2%                   |
| Utilities                                                      | 1,843          | 1,783          | 2,517          | (3.3%)                      | 41.2%                        | 16.9%                   |
| Repairs and maintenance                                        | 1,318          | 2,234          | 2,199          | 69.5%                       | (1.6%)                       | 29.2%                   |
| Depreciation of property and equipment                         | 2,710          | 2,602          | 2,093          | (4.0%)                      | (19.6%)                      | (12.1%)                 |
| Depreciation of right-of-use assets                            | 643            | 736            | 867            | 14.5%                       | 17.8%                        | 16.1%                   |
| Rent                                                           | 491            | 588            | 834            | 19.7%                       | 41.9%                        | 30.3%                   |
| Warranty expenses                                              | 438            | 347            | 436            | (20.8%)                     | 25.4%                        | (0.3%)                  |
| Amortization                                                   | 27             | 25             | 76             | (5.3%)                      | 203.0%                       | 69.4%                   |
| (Reversal)/ charge of provision for slow moving inventories    | (210)          | 750            | -              | (457.3%)                    | (100.0%)                     | (100.0%)                |
| Others                                                         | 1,448          | 2,142          | 2,892          | 48.0%                       | 35.0%                        | 41.3%                   |
| <b>Total</b>                                                   | <b>219,440</b> | <b>201,006</b> | <b>265,311</b> | <b>(8.4%)</b>               | <b>32.0%</b>                 | <b>10.0%</b>            |
| <b>As a % of revenues</b>                                      |                |                |                |                             |                              |                         |
| Raw materials, consumables, change in finished goods and other | 70.2%          | 63.6%          | 63.1%          | (6.6)                       | (0.5)                        | (7.1)                   |
| Employees' related costs                                       | 9.4%           | 10.3%          | 9.4%           | 0.9                         | (0.8)                        | 0.1                     |
| Utilities                                                      | 0.7%           | 0.7%           | 0.7%           | (0.0)                       | 0.0                          | 0.0                     |
| Repairs and maintenance                                        | 0.5%           | 0.9%           | 0.6%           | 0.4                         | (0.2)                        | 0.1                     |
| Depreciation of property and equipment                         | 1.0%           | 1.0%           | 0.6%           | (0.0)                       | (0.4)                        | (0.4)                   |
| Depreciation of right-of-use assets                            | 0.2%           | 0.3%           | 0.2%           | 0.0                         | (0.0)                        | 0.0                     |
| Rent                                                           | 0.2%           | 0.2%           | 0.2%           | 0.0                         | 0.0                          | 0.1                     |
| Warranty expenses                                              | 0.2%           | 0.1%           | 0.1%           | (0.0)                       | (0.0)                        | (0.0)                   |
| Amortization                                                   | 0.01%          | 0.01%          | 0.02%          | (0.0)                       | 0.0                          | 0.0                     |
| (Reversal)/ charge of provision for slow moving inventories    | (0.1%)         | 0.3%           | 0.0%           | 0.4                         | (0.3)                        | 0.1                     |
| Others                                                         | 0.5%           | 0.8%           | 0.8%           | 0.3                         | (0.0)                        | 0.3                     |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

**Raw materials, consumables, change in finished goods and other**

Raw materials and others represents the manufacturing materials cost, whether prior to value add or in partial or finished form; The balance decreased from SAR185.9m in FY22G to SAR163.4m in FY23G and then increased to SAR220.4m in FY24G driven by increase of the refrigeration and automobiles costs in line with the increase of the sale. In addition, the Group has adopted a bulk buying strategy, leading to the trends of the manufacturing cost reducing systematically to 70.2% in FY22, 63.6% in FY23G, and 63.1% in FY24.

## Employees' related costs

Employees' related costs pertains to the automotives, factory, corporate, customized products, and refrigeration employees related costs. The balance increased from SAR24.8m in FY22G to SAR26.3m in FY23G mainly due to the increase in the employee head counts with 7 new employees in FY23G. The employees' related cost further increased to SAR33.0m in FY24G due to the average incremental annual rate between 3-10% and the addition of 3 employees.

## Utilities

Utilities pertains to water, electricity, subscriptions, internet, and fuel expenses associated with the four branches. The utilities increased from SAR1.8m in FY23G to SAR2.5m in FY24G mainly due to the increase in the subscription and electricity costs in line with higher production.

## Repairs and maintenance

Repairs and maintenance pertains to the operational repairs and preventive scheduled maintenance. Repairs and maintenance that increases the life of the asset are capitalized while the routine maintenance are being expensed. The repairs and maintenance increased from SAR1.3m in FY22G to the SAR2.2m in FY23G and amounted to SAR2.2m in FY24G mainly driven by the increase related to the factory machinery and partly related to the preparation for CGS Expo (internal exhibition for existing and potential customers) event that impacted the increase in the repairs and maintenance of the period.

## Depreciation of property and equipment

Depreciation of P&E comprises of depreciation of buildings, heavy machinery and equipment, tools and other equipment, furniture and fixtures, motor vehicles, and computer equipment. The account decreased from SAR2.7m in FY22G to SAR2.6m in FY23G due to the decrease on the depreciation charge on heavy machinery by SAR228k.

The account further decreased to SAR2.1m in FY24G due to a further decrease of depreciation charge on heavy machinery by SAR238k.

## Depreciation of right-of-use assets

Depreciation of RoU assets pertains to the depreciation on leased buildings in Riyadh and Jeddah. The account has been increasing over the historical period, amounting to SAR643k in FY22, SAR736k in FY23G, and SAR867k in FY24G mainly due to modifications performed during FY24.

## Rent

Rent pertains to car rental expenses. The rent balance increased over the historical period from SAR491k in FY22, SAR588k in FY23G, and 834k in FY24G mainly due to the increased number of customers leading to an increase in car rental expenses.

## Warranty expense

Warranty expenses represents costs that the group incurs to repair or replace products that are under warranty. The warranty expense decreased from SAR438k in FY22G to SAR347k in FY23G then the account slightly increased to SAR436k in FY24G driven by the pattern in sales movement over the corresponding period.

## Amortization

Amortization mainly related to the amortization expenses comprised of Microsoft subscription for supply chain and operational purposes, which remained stable over the historical periods from SAR27k in FY22, to SAR25k in FY23G, to SAR76k in FY24G due to purchasing new software, which increased the amortization expense over the period.

## Charge of provision for slow moving inventories

Charge of provision for slow moving inventories amounted to a reversal of SAR210k in FY22G in relation to the improvement in inventory aging. The account increased to a provision of SAR750k in FY23G in relation to a GSL customer's inventory where the customer didn't approve nor collected the delivery.

## Others

Others comprises of car licenses and registrations expense, uniforms & safety material expenses, miscellaneous expense, amongst others. The others increased from SAR1.4m in FY22G to SAR2.1m in FY23G driven by the expansion of the business in line with the group sale during the period. The balance further increased in FY24G to SAR2.9m mainly due to the increase in costs related to food, employee trainings, uniforms and safety equipment.

### 6.7.1.6 Profitability by segment

**Table (6.8): Profitability by Segment for the Financial Years Ended 31 March 2022G, 2023G, and 2024G**

| SAR in 000s                          | FY22G<br>MA   | FY23G G<br>MA | FY24G<br>MA   | Variance<br>2022G-2023G | Variance<br>2023G – 2024G | CAGR<br>2022G-2024G |
|--------------------------------------|---------------|---------------|---------------|-------------------------|---------------------------|---------------------|
| Automotive Solutions                 | 31,346        | 26,570        | 51,025        | (15.2%)                 | 92.0%                     | 27.6%               |
| Refrigeration Solutions              | 7,670         | 11,344        | 14,128        | 47.9%                   | 24.5%                     | 35.7%               |
| Customized Solutions                 | 1,287         | 956           | 1,495         | (25.8%)                 | 56.5%                     | 7.8%                |
| After Sales / Services               | 16,692        | 17,720        | 17,188        | 6.2%                    | (3.0%)                    | 1.5%                |
| <b>Total segmental profitability</b> | <b>56,995</b> | <b>56,590</b> | <b>83,836</b> | <b>(2.3%)</b>           | <b>50.1%</b>              | <b>21.1%</b>        |
| Inventory provision                  | (39)          | (750)         | -             | 1840.6%                 | (100.0%)                  | (100.0%)            |
| Reversal of inventory provision      | 221           | -             | -             | (100.0%)                | n.a                       | (100.0%)            |
| Jeddah pre-acquisition               | (11,836)      | -             | -             | (100.0%)                | n.a                       | (100.0%)            |
| <b>Total gross profit</b>            | <b>45,341</b> | <b>55,840</b> | <b>83,836</b> | <b>23.2%</b>            | <b>50.1%</b>              | <b>36.0%</b>        |
| <b>Gross margin</b>                  | <b>ppt.</b>   |               |               |                         |                           |                     |
| Automotive Solutions                 | 15.6%         | 17.1%         | 22.1%         | 1.6                     | 5.0                       | 6.6                 |
| Refrigeration Solutions              | 21.5%         | 20.4%         | 21.7%         | (1.0)                   | 1.3                       | 0.2                 |
| Customized Solutions                 | 41.9%         | 34.1%         | 27.8%         | (7.7)                   | (6.3)                     | (14.0)              |
| After Sales / Services               | 44.9%         | 43.8%         | 39.0%         | (1.0)                   | (4.8)                     | (5.9)               |
| <b>Total segmental gross margin</b>  | <b>20.5%</b>  | <b>22.3%</b>  | <b>24.3%</b>  | <b>1.8</b>              | <b>2.0</b>                | <b>3.7</b>          |
| <b>As a % of gross profit</b>        |               |               |               |                         |                           |                     |
| Automotive Solutions                 | 55.0%         | 47.0%         | 60.9%         | (8.0)                   | 13.9                      | 5.9                 |
| Refrigeration Solutions              | 13.5%         | 20.0%         | 16.9%         | 6.5                     | (3.1)                     | 3.4                 |
| Customized Solutions                 | 2.3%          | 1.7%          | 1.8%          | (0.6)                   | 0.1                       | (0.5)               |
| After Sales / Services               | 29.3%         | 31.3%         | 20.5%         | 2.0                     | (10.8)                    | (8.8)               |

Source: Management's accounts for the financial years ended 31 March 2022G, 2023G and 2024G

Gross margin of the products is highly dependent on the order as the products are customized to the customers' specific requirements and the margins change based on customer requirements.

Regardless of fluctuations in gross profit of automotive solutions due to fluctuations in revenue, the segment saw a year-on-year increase in gross margin. Gross margin increased from 15.6% in FY22G to 17.1% in FY23G to 22.1% in FY24.

Automotive solutions gross profit decreased from SAR31.3m in FY22G to SAR26.6m in FY23G due to the decrease in revenues in the segment. Gross margin however increased from 15.6% in FY22G to 17.1% in FY23G due to (i) changes in product mix, as profitability is dependent on the order of customizable products, in the case of FY23G and in FY24G there was a higher concentration on higher margin products including reefer trailers and dry body solutions, (ii) economies of scale, with the Group being more efficient in their manufacturing process, and (iii) savings made on raw materials through bulk purchases.

Refrigeration solutions profitability remained relatively stable across the years averaging c.21.2%.

After sales/services gross margin declined from 44.9% in FY22G to 43.8% in FY23G and further to 39.0% in FY24G due to increase in warranty related work on behalf of Carrier as well as natural pricing pressure from the expanding business.

Customized solutions profit margins decreased from 41.9% in FY22G to 34.1% in FY23G and further to 27.8% in FY24G due to the nature of each specific orders in the recent periods which was on very low volumes.

### 6.7.1.7 General and Administrative Expenses

**Table (6.9): General and Administrative Expenses for the Financial Years Ended 31 March 2022G, 2023G, and 2024G**

| SAR in 000s                              | FY22G         | FY23G         | FY24G         | Variance<br>2022G–<br>2023G | Variance<br>2023G –<br>2024G | CAGR<br>2022G–<br>2024G |
|------------------------------------------|---------------|---------------|---------------|-----------------------------|------------------------------|-------------------------|
| Employees' related costs                 | 8,289         | 12,959        | 14,831        | 56%                         | 14%                          | 34%                     |
| Utilities                                | 1,010         | 1,802         | 1,805         | 78%                         | 0%                           | 34%                     |
| Legal, professional and consultancy fees | 368           | 1,749         | 1,491         | 375%                        | (15%)                        | 101%                    |
| Depreciation of property and equipment   | 501           | 615           | 713           | 23%                         | 16%                          | 19%                     |
| Bank charges                             | 7             | 430           | 459           | 5959%                       | 7%                           | 704%                    |
| Repairs and maintenance                  | 130           | 252           | 138           | 94%                         | (45%)                        | 3%                      |
| Amortization                             | 286           | 136           | 147           | (52%)                       | 9%                           | (28%)                   |
| Depreciation of right-of-use assets      | 7             | 6             | 6             | (16%)                       | 3%                           | (7%)                    |
| Rent                                     | 22            | 6             | 51            | (74%)                       | 784%                         | 51%                     |
| Government fees and subscriptions        | -             | -             | 85            | n.a                         | n.a                          | n.a                     |
| Allowance against refundable deposits    | -             | -             | 1,800         | n.a                         | n.a                          | n.a                     |
| Others                                   | 1,173         | 1,200         | 2,263         | 22%                         | 89%                          | 52%                     |
| <b>Total</b>                             | <b>11,793</b> | <b>19,153</b> | <b>23,789</b> | <b>62%</b>                  | <b>24%</b>                   | <b>42%</b>              |
| <b>As a % of revenue</b>                 | <b>ppt.</b>   |               |               |                             |                              |                         |
| Employees' related costs                 | 3.1%          | 5.0%          | 4.2%          | 1.9                         | (0.8)                        | 1.1                     |
| Utilities                                | 0.4%          | 0.7%          | 0.5%          | 0.3                         | (0.2)                        | 0.1                     |
| Legal, professional and consultancy fees | 0.1%          | 0.7%          | 0.4%          | 0.5                         | (0.3)                        | 0.3                     |
| Depreciation of property and equipment   | 0.2%          | 0.2%          | 0.2%          | 0.0                         | (0.0)                        | (0.0)                   |
| Bank charges                             | 0.0%          | 0.2%          | 0.1%          | 0.2                         | (0.0)                        | 0.1                     |
| Repairs and maintenance                  | 0.0%          | 0.1%          | 0.0%          | 0.0                         | (0.1)                        | (0.0)                   |
| Amortization                             | 0.1%          | 0.1%          | 0.0%          | (0.1)                       | (0.0)                        | (0.1)                   |
| Depreciation of right-of-use assets      | 0.0%          | 0.0%          | 0.0%          | (0.0)                       | (0.0)                        | (0.0)                   |
| Rent                                     | 0.0%          | 0.0%          | 0.0%          | (0.0)                       | 0.0                          | 0.0                     |
| Government fees and subscriptions        | 0.0%          | 0.0%          | 0.0%          | (0.0)                       | 0.0                          | (0.1)                   |
| Allowance against refundable deposits    | 0.0%          | 0.0%          | 0.5%          | -                           | 0.5                          | 0.5                     |
| Others                                   | 0.4%          | 0.5%          | 0.6%          | 0.0                         | 0.2                          | 0.3                     |
| <b>Total</b>                             | <b>4.5%</b>   | <b>7.5%</b>   | <b>6.8%</b>   | <b>3.0</b>                  | <b>(0.6)</b>                 | <b>2.4</b>              |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

## Employees' related costs

Employees' related costs pertains to the administrative employee costs including executive management, finance, HR, and supply chain.

Employees' related costs increased from SAR8.3m in FY22G to SAR13.0m in FY23G driven by an external salaries study which increased the average monthly basic salary per employee from SAR6.5k to SAR7.5k.

The amount further increased to SAR14.8m in FY24G due to the increase in the number of employees from 91 employees to 120 employees.

## Utilities

Utilities represents water, electricity, and stationary expenses. Utilities increased from SAR1.0m in FY22G to SAR1.8m in FY23G and FY24G driven by the increase in subscription costs, telephone expenses and other office supplies.

## Legal, professional and consultancy fees

Legal, professional and consultancy fees comprised of audit, consulting, legal, and accounting fees. Legal, professional and consulting fees increased from SAR368k in FY22G to SAR1.7m in FY23G driven by the impact from a consulting project helping the Company to set a strategic plan for the next five years amounting to SAR1.1m. The amount then slightly decreased to SAR1.5m in FY24G as there was no longer the impact of the strategic study. Additionally, during FY24G the Company incurred higher charges associated with EY as well as fees related to the recruitment of senior employees.

## Depreciation of property and equipment

Depreciation of P&E pertains to the depreciation on the Group's buildings, heavy machinery and equipment, and tools and other equipment, furniture and fixtures, motor vehicles, and computer equipment. The amount increased by CAGR 19.3% from SAR501k in FY22, to SAR615k in FY23G and further to SAR713k in FY24G due to the increase in net book value and the additions during the period leading to the overall increase in property and equipment expenses.

The depreciation method is computed on a straight-line basis over the estimated useful lives of the assets.

## Bank charges

Bank charges primarily represent fees on the transactions related to bank guarantees & letters of credit, with part relating to day to day banking activities. The amount increased by 5,959% from SAR7k in FY22G to SAR430K in FY23G driven by the reclassification of some bank expenses from "**finance costs**" in FY22G to "**Bank charges**" under G&A starting FY23G. Further increase by 7% in FY24G reaching SAR459k was mainly driven by the increase in the volume of the transaction incurred during the period specifically in relation to the increase of use of letter of credit for refrigeration solutions in line with the increase in respective operations.

## Repairs and maintenance

Repairs and maintenance pertain to the direct and indirect maintenance expense for corporate project. Repairs and maintenance that results in the increase in asset's life are capitalized while the routine maintenance are being expensed. Amount increased from SAR130k in FY22G to SAR252k in FY23G and then decreased to SAR138k in FY24G mainly related to corporate office maintenances.

## Amortization

Amortization mainly pertains to the amortization expenses comprised of Microsoft subscription for administrative purposes. The amount decreased from SAR286k in FY22G to SAR136k in FY23G, and subsequently increased to SAR147k in FY24G driven by the purchases of new software.

## Depreciation of right-of-use assets

Depreciation of RoU relates to the depreciation on leased of buildings and vehicles. The amount remained relatively stable over the historical period.

## Rent

Rent mainly pertains to car rental expenses. The balance decreased from SAR22k in FY22G to SAR6k in FY23G and then increased to SAR51k in FY24G based on business needs.

## Government fees and subscriptions

Government fees and subscriptions is mainly related to ministry annual fees subscription mainly for MISA license, SAGIA license and CR renewals.

Government fees and subscriptions amounted to nil in FY22G and FY23G and then increased to SAR85k in FY24G as it was classified under others in previous years.

## Allowance against refundable deposits

Allowance against refundable deposits pertains to expected custom refund. A provision of SAR1.8m was recorded in FY24G due to the delay in receipt of the refund; provision was taken to reflect the collections risk and the amount has not been collected subsequently.

## Others

Others pertains to food expenses, training, miscellaneous expense costs, car licenses, VAT expenses amongst others. Others increased from SAR1.17m in FY22G to SAR1.2m in FY23G mainly due to the increase the permit and registration expenses and safety kits equipment.

The balance further increased to SAR2.2m in FY24G driven by increase in the corporate miscellaneous expense in relation to business travels and employee educational training.

### 6.7.1.8 Selling and Distribution Expenses

**Table (6.10): Selling and Distribution Expenses for the Financial Years Ended 31 March 2022G, 2023G, and 2024G**

| SAR in 000s                            | FY22G        | FY23G        | FY24G        | Variance<br>2022G–<br>2023G | Variance<br>2023G –<br>2024G | CAGR<br>2022G–<br>2024G |
|----------------------------------------|--------------|--------------|--------------|-----------------------------|------------------------------|-------------------------|
| Employees' related costs               | 3,092        | 4,693        | 5,734        | 52%                         | 22%                          | 36%                     |
| Sales commission                       | 1,959        | 2,326        | 2,400        | 19%                         | 3%                           | 11%                     |
| Advertisement and promotion            | 65           | 552          | 631          | 744%                        | 14%                          | 211%                    |
| Utilities                              | 114          | 79           | 135          | (30%)                       | 71%                          | 9%                      |
| Depreciation of property and equipment | 52           | 129          | 136          | 145%                        | 6%                           | 61%                     |
| Depreciation of right-of-use assets    | 5            | 6            | 6            | 14%                         | 3%                           | 8%                      |
| Rent                                   | 20           | 12           | -            | (40%)                       | (100%)                       | (100%)                  |
| Amortization                           | 14           | 2            | -            | (83%)                       | (100%)                       | (100%)                  |
| Others                                 | 22           | 154          | 347          | 586%                        | 125%                         | 293%                    |
| <b>Total</b>                           | <b>5,343</b> | <b>7,953</b> | <b>9,389</b> | <b>49%</b>                  | <b>49%</b>                   | <b>33%</b>              |
| <b>As a % of revenues</b>              | <b>ppt.</b>  |              |              |                             |                              |                         |
| Employees' related costs               | 1.2%         | 1.8%         | 1.6%         | 0.7                         | (0.2)                        | 0.5                     |
| Sales commission                       | 0.7%         | 0.9%         | 0.7%         | 0.2                         | (0.2)                        | (0.1)                   |
| Advertisement and promotion            | 0.0%         | 0.2%         | 0.2%         | 0.2                         | (0.0)                        | 0.2                     |
| Utilities                              | 0.0%         | 0.0%         | 0.0%         | (0.0)                       | 0.0                          | (0.0)                   |
| Depreciation of property and equipment | 0.0%         | 0.1%         | 0.0%         | 0.0                         | (0.0)                        | 0.0                     |

| SAR in 000s                         | FY22G       | FY23G       | FY24G       | Variance<br>2022G–<br>2023G | Variance<br>2023G –<br>2024G | CAGR<br>2022G–<br>2024G |
|-------------------------------------|-------------|-------------|-------------|-----------------------------|------------------------------|-------------------------|
| Depreciation of right-of-use assets | 0.0%        | 0.0%        | 0.0%        | 0.0                         | (0.0)                        | (0.0)                   |
| Rent                                | 0.0%        | 0.0%        | 0.0%        | (0.0)                       | (0.0)                        | (0.0)                   |
| Amortization                        | 0.0%        | 0.0%        | 0.0%        | (0.0)                       | (0.0)                        | (0.0)                   |
| Others                              | 0.0%        | 0.1%        | 0.1%        | 0.1                         | 0.0                          | 0.1                     |
| <b>Total</b>                        | <b>2.0%</b> | <b>3.1%</b> | <b>2.7%</b> | <b>1.1</b>                  | <b>(0.4)</b>                 | <b>0.7</b>              |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts.

### Employees' related costs

Employees' related costs increased from SAR3.1m in FY22G to SAR4.7m in FY23G driven by the increase in average monthly basic salary per employee from SAR1.2k to SAR2.6k. Further increase to SAR5.7m in FY24G was mainly due to the increase in number of employees by 5 FTEs.

### Sales commission

Sales commissions mainly pertains to (i) commission based on revenues, (ii) incentivized commissions, based achievement of targets and (iii) on time payment that are paid once collection is done.

Sales commissions increased from SAR2.0m in FY22G to SAR2.4m in FY24G in line with the increase in Group's revenues and operational growth.

### Advertisement and promotion

Advertisement and promotion consist of the marketing and promotion campaigns and strategies the Group's deploys to increase its brand awareness.

Amount increased significantly from SAR65k in FY22G to SAR552k in FY23G and further to SAR631k in FY24G driven by reflecting a focused and more active branding strategy and participating in trade fairs and events.

### Utilities

Utilities pertains to electricity, water, telephone and internet expenses amongst others. Amount fluctuated over the historical period depending on the usage and needs of such utilities.

### Depreciation of property and equipment

Depreciation of P&E pertains to the portion of property and equipment's depreciation allocated to S&D business unit. Amount increased over the historical period under review from SAR52k in FY22G to SAR136k in FY24G in line with the increase in PPE.

### Depreciation of right-of-use assets

Depreciation of RoU pertains to the portion of depreciation of RoU allocated to S&D. Amount remained relatively stable across the historical period averaging SAR6k.

### Rent

Rent decreased from SAR20k in FY22G to nil in FY24 as the Company used to cover the accommodation rental costs of sales representatives but starting FY24G, sales representatives are now given housing allowance instead.

### Amortization

Amortization pertains to the amortization of intangible assets allocated to S&D.



## Others

Others mainly consists of registration and permit expenses of the Group. Amount increased significantly from SAR22k in FY22G to SAR154k in FY23G and further to SAR347k in FY24G mainly due to increase in the computer supply cost and other miscellaneous expenses in relation to exhibitions, market functions and business travel expenses. Such increases were driven by the participation of CGS in several exhibitions such as Word Defense Show Dubai, Gulf Food Manufacturing Exhibition Dubai and Big 5 HVAC exhibition.

### 6.7.1.9 Financing Costs

**Table (6.11): Financing costs for the for the Financial Years ended 31 March 2022G, 2023G, and 2024G**

| SAR in 000s                                                          | FY22G<br>MA | FY23G      | FY24G      | Variance<br>2022G-<br>2023G | Variance<br>2023G -<br>2024G | CAGR<br>2022G-<br>2024G |
|----------------------------------------------------------------------|-------------|------------|------------|-----------------------------|------------------------------|-------------------------|
| Accretion of finance costs on employees' defined benefit liabilities | 301         | 479        | 600        | n.a                         | 25%                          | n.a                     |
| Accretion of finance costs on lease liabilities                      | 38          | 250        | 80         | n.a                         | (68%)                        | n.a                     |
| <b>Total</b>                                                         | <b>339</b>  | <b>729</b> | <b>679</b> | <b>115%</b>                 | <b>(7%)</b>                  | <b>42%</b>              |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts.

Finance costs increased from SAR339k in FY22G to SAR729k in FY23G driven by the increase in total headcount from 454 employees to 460 employees resulting in higher accretion of finance costs on EOSB. Subsequent decrease to SAR679k in FY24G was mainly driven by the decrease in the accretion of finance cost on lease liabilities slightly offset by the increase in accretion of finance cost on EOSB.

### 6.7.1.10 Other Income

**Table (6.12): Other Income for the Financial Years ended 31 March 2022G, 2023G, and 2024G**

| SAR in 000s                                        | FY22G        | FY23G        | FY24G        | Variance<br>2022G-<br>2023G | Variance<br>2023G -<br>2024G | CAGR<br>2022G-<br>2024G |
|----------------------------------------------------|--------------|--------------|--------------|-----------------------------|------------------------------|-------------------------|
| Disbursements from human resource development fund | -            | 496          | 1,269        | n.a                         | 156%                         | n.a                     |
| Exchange gain on financial transactions            | 384          | 329          | 740          | (14%)                       | (14%)                        | 39%                     |
| Gains on sale of scrap materials                   | 638          | 969          | 640          | 52%                         | 52%                          | 0%                      |
| Claim received                                     | -            | -            | 528          | n.a                         | n.a                          | n.a                     |
| Other miscellaneous income                         | 564          | 431          | 286          | (24%)                       | (24%)                        | (29%)                   |
| Gains from disposal of property and equipment      | 92           | 13           | -            | (86%)                       | (86%)                        | (100%)                  |
| Reversal of liability no longer payable            | 2,924        | 472          | -            | (84%)                       | (84%)                        | (100%)                  |
| <b>Total</b>                                       | <b>4,601</b> | <b>2,712</b> | <b>3,463</b> | <b>(41%)</b>                | <b>(41%)</b>                 | <b>(13%)</b>            |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

Other income decreased from SAR4.6m in FY22G to SAR2.7m in FY23G driven by the reversal of a previous accrual taken for sales commission as the amount was no longer payable (-SAR2.5m), this was slightly offset by the increase in (i) disbursement of HRDF (+SAR496k) and (ii) the increase in gains on sale of scrap materials (+SAR332k) from scrap metal not utilized in product finalization.

Other income subsequently increased to SAR3.5m in FY24G due to (i) the increase in disbursement of HRDF (+SAR772k) driven by the increase in Saudi employees by 20 employees, (ii) the increase in exchange gains from financial transactions (+SAR411k) made from the purchase of EUR denominated supplies outside of KSA, and (iii) the claims received from (+SAR528k) from an out of court settlement with an energy company.

## 6.7.2 Consolidated Statement of Financial Position Data

**Table (6.13): Statement of Financial Position Data as at 31 March 2022G, 2023G and 2024G**

| SAR in 000s                                    | 31-Mar-22G<br>Restated | 31-Mar-23G     | 31-Mar-24G     |
|------------------------------------------------|------------------------|----------------|----------------|
| <b>Assets</b>                                  |                        |                |                |
| <b>Non-current assets</b>                      |                        |                |                |
| Property and equipment                         | 21,239                 | 24,346         | 38,217         |
| Intangible assets                              | 243                    | 621            | 924            |
| Right of use assets                            | 2,688                  | 1,940          | 1,335          |
| Deferred tax assets                            | 3,920                  | 4,218          | 4,692          |
| <b>Total non-current assets</b>                | <b>28,090</b>          | <b>31,126</b>  | <b>45,168</b>  |
| <b>Current assets</b>                          |                        |                |                |
| Inventory                                      | 52,996                 | 59,838         | 80,999         |
| Trade receivables                              | 47,503                 | 61,095         | 105,620        |
| Amounts due from related parties               | 993                    | 654            | 906            |
| Prepayments and other current assets           | 8,674                  | 10,122         | 22,173         |
| Cash and cash equivalents                      | 38,922                 | 22,594         | 18,753         |
| <b>Total current assets</b>                    | <b>149,088</b>         | <b>154,302</b> | <b>228,451</b> |
| <b>Total assets</b>                            | <b>177,178</b>         | <b>185,428</b> | <b>273,619</b> |
| <b>Equity and liabilities</b>                  |                        |                |                |
| <b>Equity</b>                                  |                        |                |                |
| Share Capital                                  | 1,000                  | 1,000          | 1,000          |
| Additional capital contribution                | 41,767                 | 41,767         | 54,440         |
| Statutory reserve                              | 300                    | 300            | 300            |
| Retained earnings                              | 14,209                 | 36,427         | 58,995         |
| <b>Total equity</b>                            | <b>57,276</b>          | <b>79,493</b>  | <b>114,734</b> |
| <b>Non-current liabilities</b>                 |                        |                |                |
| Employees' defined benefit liabilities         | 15,198                 | 16,185         | 17,631         |
| Lease liabilities                              | 1,634                  | 1,054          | 1,040          |
| <b>Total non-current liabilities</b>           | <b>16,833</b>          | <b>17,240</b>  | <b>18,671</b>  |
| <b>Current liabilities</b>                     |                        |                |                |
| Trade payable                                  | 41,885                 | 46,036         | 58,285         |
| Amounts due to related parties                 | 13,858                 | 609            | 462            |
| Accrued expenses and other current liabilities | 18,091                 | 14,780         | 22,130         |
| Contract liabilities                           | 25,286                 | 25,598         | 55,149         |
| Current portion of lease liabilities           | 779                    | 580            | 101            |

| SAR in 000s                         | 31-Mar-22G<br>Restated | 31-Mar-23G     | 31-Mar-24G     |
|-------------------------------------|------------------------|----------------|----------------|
| Provision for zakat and income tax  | 3,171                  | 1,092          | 4,087          |
| <b>Total current liabilities</b>    | <b>103,069</b>         | <b>88,695</b>  | <b>140,214</b> |
| <b>Total liabilities</b>            | <b>119,902</b>         | <b>105,935</b> | <b>158,885</b> |
| <b>Total equity and liabilities</b> | <b>177,178</b>         | <b>185,428</b> | <b>273,619</b> |
| <b>KPIs</b>                         |                        |                |                |
| DSO                                 | 65                     | 87             | 110            |
| DIO                                 | 104                    | 134            | 134            |
| DPO                                 | 82                     | 103            | 97             |
| Return on assets                    | 17.0%                  | 13.7%          | 16.5%          |
| Return on equity                    | 52.5%                  | 31.9%          | 39.3%          |
| Debt to equity ratio                | 2.09                   | 1.33           | 1.38           |
| Current ratio                       | 1.45                   | 1.74           | 1.63           |
| Quick ratio                         | 0.93                   | 1.07           | 1.05           |
| Debt to assets ratio                | 0.68                   | 0.57           | 0.58           |
| Asset to equity ratio               | 3.09                   | 2.33           | 2.38           |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

Return on assets = net profit/total assets

Return on equity = net profit/total equity

Debt to equity ratio = total liabilities/total equity

Current ratio = current assets/current liabilities

Quick ratio = (current assets – inventory)/current liabilities

Debt to assets ratio = total liabilities/total assets

Assets to equity ratio = total assets/total equity

## Assets

### Non-Current Assets

Non-current assets amounted to SAR45.2m as at 31-Mar-24G and comprises of property, plant and equipment (SAR38.2m), right of use assets (SAR1.3m), deferred tax assets (SAR4.7m) and intangible assets (SAR924k).

Non-current assets increased from SAR28.1m as at 31-Mar-22G to SAR45.2m as at 31-Mar-24G driven by (i) the additions of PPE, mainly due to the transfer of land from a partner, (ii) the increase in heavy machinery and (iii) the additional leases in relation to the new land in Kharj and the lease of the new head offices.

### Current Assets

Current assets amounted to SAR228.5m as at 31-Mar-24G and comprises of inventory (SAR81.0m), trade receivables (SAR105.6m), prepayments and other current assets (SAR22.2m), cash and cash equivalents (SAR18.8m) and due from a related party (SAR906k).

The balance increased from SAR149.1m as at 31-Mar-22G to SAR228.5m as at 31-Mar-24G driven by the increase in (i) inventories (+SAR28.0m), as the Group was executing a higher volume of revenue over the period, (ii) trade receivables (+SAR58.1m) in line with the operational growth and (iii) prepayments and other current assets (+SAR13.5m) due to the increase in advances to suppliers driven by the increase in the balance with refrigeration and air conditioning suppliers with the operational growth of the Group.

## Equity

Equity amounted to SAR114.7m as at 31-Mar-24G and consisted of share capital, retained earnings, statutory reserve and additional capital contribution.

Equity increased over the historical period from SAR57.3m as at 31-Mar-22G to SAR114.7m as at 31-Mar-24G driven by (i) the increase in retained earnings (+SAR44.8m) as a result of the increase in net income over the same period slightly offset by dividends distributed and (ii) the increase in additional capital contribution (+SAR12.7m) as a result of the transfer of a plot of land from a partner.

Additional capital contribution as at 31-Mar-22G and 31-Mar-23G are attributed to waivers recognized directly in the consolidated statement of changes in equity. These waivers, made by the shareholders, pertain to the principal amounts of the acquired Jeddah and Riyadh entities.

The shareholders have waived their rights to claim the principal and to charge any interest on these amounts. These waivers were executed in the capacity of shareholders and received approval from the Group's shareholders.

On 17 March 2021, the Parent Company acquired 100% shareholding of Coldstores Group of Saudi Arabia against purchase consideration of SR 30 million, through a share transfer agreement among the joint owners of the two entities. The acquisition was treated as transaction under common control since the Company and Coldstores Group of Saudi Arabia are ultimately controlled by the same shareholders.

On 20 December 2021, the Parent Company acquired 100% shareholding of Consolidated Grunenfelder Saady Company against purchase consideration of SR 11.7 million, through a share transfer agreement among the joint owners of the two entities. The acquisition was treated as transaction under common control since the Company and Consolidated Grunenfelder Saady Company are ultimately controlled by the same shareholders. Post-acquisitions, the shareholders waived their right to claim the principal and further waived their right to charge any interest on the principal amount. The waivers were in the capacity as shareholder and approved by the Company's shareholders. Accordingly, the waivers amounting to SR 41.7 million was recognized directly in the consolidated statement of changes in equity as additional capital contribution by the shareholders.

During FY23G, a partner of the Company has transferred two plots of freehold land to Coldstores Group of Saudi Arabia (a subsidiary) with no consideration. Further, the parent Company resolved to increase the capital of the subsidiary equivalent to the fair value of the land transferred. The fair value of the land has been arrived on the basis of a valuation exercise carried out by MFAZ Arabia Professional Consultancies, an independent valuer not related to the Group, holding license number 1210000011 and registered with Taqueem (Saudi Authority for Accredited Valuers). The fair value has been determined based on the market comparative approach that reflects recent transaction prices for similar properties. Accordingly, the same has been recognized as addition to the freehold land and as additional equity contribution by the partners. The legal formalities with respect of the transfer of ownership of the land were completed during the year.

During the period ending 31 December 2024G, the Group increased its share capital to SAR100m by transferring the additional paid-in capital to share capital along with SAR34.8m from retained earnings. For more information on the capital increase please refer to section 4.1.2 "**Corporate History and Evolution of the Company's Ownership Structure and Share Capital**" of this prospectus.

## Liabilities

### Non-Current Liabilities

Non-current liabilities pertained to employees' defined benefit liabilities and the non-current portion of lease liabilities; it increased from SAR16.8m as at 31-March-22G to SAR18.7m as at 31-Mar-24G driven by the increase in employees defined benefit liabilities (+SAR2.4m), in line with the increase in headcount over the period under review, slightly offset by the decrease in non-current lease liabilities in line with the decrease in RoU with the depreciation charged over the same period.

## Current Liabilities

Current liabilities pertain to trade payables (SAR58.3m), contract liabilities (SAR55.2m), accrued expenses and other current liabilities (SAR22.1m), provision for zakat and income tax (SAR4.1m), current portion of lease liabilities (SAR101k), and due to related party balances (SAR462k).

Balance increased from SAR103.1m as at 31-Mar-22G to SAR140.2m as at 31-Mar-24G driven by the increase in trade payables and contract liabilities in line with the operational growth of the Group coupled with the increase in accrued expenses as a result of the increase in employees' related accruals.

### 6.7.2.1 Property and Equipment

**Table (6.14): Net book value of property and equipment as of 31 March 2022G, 2023G, and 2024G**

| SAR in 000s                   | 31-Mar-22G    | 31-Mar-23G    | 31-Mar-24G    |
|-------------------------------|---------------|---------------|---------------|
| Lands                         | -             | -             | 12,673        |
| Buildings                     | 12,841        | 12,291        | 14,015        |
| Heavy machinery and equipment | 3,285         | 3,847         | 6,616         |
| Tools and other equipment     | 151           | 226           | 373           |
| Furniture and fixtures        | 1,234         | 901           | 2,401         |
| Motor Vehicles                | 534           | 499           | 555           |
| Computer Equipment            | 872           | 669           | 578           |
| Work-in-progress              | 2,322         | 5,914         | 1,007         |
| <b>Total</b>                  | <b>21,239</b> | <b>24,346</b> | <b>38,217</b> |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

**Table (6.15): Additions to property and equipment during the financial year ended 31 March 2022G, 2023G, and 2024G**

| SAR in 000s                   | 31-Mar-22G   | 31-Mar-23G   | 31-Mar-24G    |
|-------------------------------|--------------|--------------|---------------|
| Lands                         | -            | -            | 12,673        |
| Buildings                     | -            | 514          | 428           |
| Heavy machinery and equipment | 297          | 435          | 877           |
| Tools and other equipment     | 49           | 152          | 236           |
| Furniture and fixtures        | 46           | 216          | 422           |
| Motor Vehicles                | 406          | 127          | 245           |
| Computer Equipment            | 404          | 167          | 237           |
| Work-in-progress              | 2,322        | 4,841        | 1,693         |
| <b>Total</b>                  | <b>3,524</b> | <b>6,453</b> | <b>16,812</b> |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

**Table (6.16): Transfers to property and equipment during the financial year ended 31 March 2022G, 2023G, and 2024G**

| SAR in 000s                   | 31-Mar-22G | 31-Mar-23G | 31-Mar-24G |
|-------------------------------|------------|------------|------------|
| Lands                         | -          | -          | -          |
| Buildings                     | -          | -          | 2,349      |
| Heavy machinery and equipment | -          | 1,250      | 2,787      |
| Tools and other equipment     | -          | -          | -          |
| Furniture and fixtures        | -          | -          | 1,464      |
| Motor Vehicles                | -          | -          | -          |
| Computer Equipment            | -          | -          | -          |
| Work-in-progress              | -          | (1,250)    | (6,600)    |
| <b>Total</b>                  | <b>-</b>   | <b>-</b>   | <b>-</b>   |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

**Table (6.17): Accumulated Depreciation of Property and Equipment as of 31 March 2022G, 2023G, and 2024G**

| SAR in 000s                   | 31-Mar-22G    | 31-Mar-23G    | 31-Mar-24G    |
|-------------------------------|---------------|---------------|---------------|
| Lands                         | -             | -             | -             |
| Buildings                     | 25,038        | 25,408        | 26,416        |
| Heavy machinery and equipment | 34,962        | 34,215        | 32,131        |
| Tools and other equipment     | 1,921         | 1,874         | 1,934         |
| Furniture and fixtures        | 3,807         | 4,320         | 4,628         |
| Motor Vehicles                | 5,025         | 5,099         | 5,194         |
| Computer equipment            | 4,104         | 2,802         | 3,130         |
| Work-in-progress              | -             | -             | -             |
| <b>Total</b>                  | <b>74,856</b> | <b>73,717</b> | <b>73,433</b> |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

Property, plant and equipment amounted to SAR38.2m as at 31-Mar-24G and mainly pertains to land (SAR12.7m), buildings (SAR14.0m), heavy machinery and equipment (SAR6.6m) amongst others. PPE increased from SAR21.2m as at 31-Mar-22G to SAR24.3m as at 31-Mar-23G driven by the additions of work in progress projects respective to building and heavy machinery work. Further increase to SAR38.2m as at 31-Mar-24G was driven by the transfer of a land plot from a partner (+SAR12.7m).

PPE are measured at cost less accumulated depreciation. The Group capitalizes all maintenance expenses exceeding SAR1.5k, provided they are not routine maintenance or repairs. The useful lives of these assets are reviewed annually and adjusted as necessary.

As at 31-Mar-24G, PPE amounted to a net book value of SAR38.2m and mainly comprised of the following:

Land amounting to SAR12.7m as at 31-Mar-24G and relates to a plot of land transferred from a partner to the Group at no cost. The land is used for operational purposes and was appraised by MFAZ Arabia Professionals Consultancies.

Buildings amounting to SAR14.0m as at 31-Mar-24G pertains to buildings and operational setup for workshops, factories and storage buildings.

Building balances decreased from SAR12.8m as at 31-Mar-22G to SAR12.3m as at 31-Mar-23G due to the depreciation charge over the period. Balance then increased to SAR14.0m as at 31-Mar-24G mainly driven by the transfer of the modifications on buildings over the 3 phases from work in progress to buildings (+SAR2.3m) coupled with the additions (+SAR428k) in relation to renovations, repairs and other work slightly offset by the depreciation charge over the same period.

Heavy machinery and equipment amounting to SAR6.6m as at 31-Mar-24G mainly pertains to the machinery used for the production of cooling units and the machinery used for after sales services such as industrial welding robot for trailer chassis, overhead cranes, laser welding machines, amongst others.

Balance increased from SAR3.3m as at 31-Mar-22G to SAR3.8m as at 31-Mar-23G due to (i) the transfer of the robotic welding source from work in progress (+SAR1.3m) and (ii) the additions (+SAR435k) in relation to pumps and laser machines. Balance further increased to SAR6.6m as at 31-Mar-24G driven by the transfer of the industrial welding robot for trailer chassis from work in progress (+SAR2.8m) and the additions of lifts, machines and accessories (+SAR877k) slightly offset by the depreciation charge over the period.

It is worth noting that heavy machinery and equipment are c.82.9% depreciated as at 31-Mar-24G.

Furniture and fixtures, computer equipment, motor vehicles and tools & other equipment amounting to SAR3.9m as at 31-Mar-24G contributes to c.10.2% of total property, plant and equipment. Balances fluctuated over the historical period FY22G-FY24G driven by the additions depending on Group needs and the depreciation charges over the same period.

Work in progress amounting to SAR1.0m as at 31-Mar-24G represents modifications to the factory and new machinery under installation. The work at the Riyadh plant includes modifications to steel structures, tasks related to the electrical room of the Saudi Electricity Company, stormwater drainage lines, the construction of the industrial gas building, and various other civil modifications. It is worth noting that these ongoing works were subsequently transferred to heavy machinery and equipment.

### 6.7.2.2 Intangible Assets

**Table (6.18): Intangible Assets as at 31 March 2022G, 2023G and 2024G.**

| SAR in 000s                                        | 31-Mar-22G   | 31-Mar-23G   | 31-Mar-24G   |
|----------------------------------------------------|--------------|--------------|--------------|
| <b>Cost</b>                                        |              |              |              |
| Balance at the beginning of the year               | 1,251        | 1,722        | 2,264        |
| Relating to acquisition of businesses              | 400          | -            | -            |
| Additions                                          | 71           | 541          | 527          |
| <b>Cost at the end of year</b>                     | <b>1,722</b> | <b>2,264</b> | <b>2,791</b> |
| <b>Accumulated amortization</b>                    |              |              |              |
| Balance at the beginning of the year               | 794          | 1,480        | 1,643        |
| Relating to acquisition of businesses              | 360          | -            | -            |
| Charge for the year                                | 326          | 163          | 224          |
| <b>Accumulated amortization at the end of year</b> | <b>1,480</b> | <b>1,643</b> | <b>1,867</b> |
| <b>Net book value</b>                              | <b>243</b>   | <b>621</b>   | <b>924</b>   |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts.

Intangible assets amounted to SAR924k as at 31-Mar-24G and pertains to the software and licenses used by the Group for operational purposes.

Intangible assets increased from SAR243k as at 31-Mar-22G to SAR621k as at 31-Mar-23G driven by the additions (+SAR541k) of the Tulip technologies software and the migration project to Microsoft dynamics 365 (D365). Further increase to SAR924k as at 31-Mar-24G was due to the additions (+SAR527k) of the ANSYS software and the ERP systems. This software is used for operational and financial systems.

### 6.7.2.3 Right-of-Use Assets

**Table (6.19): Right-of-Use Assets as at 31 March 2022G, 2023G and 2024G.**

| SAR in 000s                                      | 31-Mar-22G   | 31-Mar-23G    | 31-Mar-24G   |
|--------------------------------------------------|--------------|---------------|--------------|
| <b>Cost</b>                                      |              |               |              |
| Balance as at the beginning of the year          | 2,336        | 3,711         | 5,458*       |
| Adjustments during the year                      | 445          | -             | 273          |
| Related to acquisition of business               | 929          | -             | -            |
| <b>Cost balance as at the end of year</b>        | <b>3,711</b> | <b>3,711*</b> | <b>5,731</b> |
| <b>Accumulated depreciation</b>                  |              |               |              |
| Balance as at the beginning of the year          | 38           | 1,023         | 3,518*       |
| Depreciation charge                              | 655          | 747           | 879          |
| Acquisition through business combination         | 330          | -             | -            |
| <b>Accumulated balance as at the end of year</b> | <b>1,023</b> | <b>1,770*</b> | <b>4,396</b> |
| <b>Net book value</b>                            | <b>2,688</b> | <b>1,940</b>  | <b>1,335</b> |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

\*As at 31-Mar-24G, the Group began disclosing RoU assets on a gross amount basis, including both cost and accumulated depreciation. This contrasts with the periods ending 31-Mar-23G, and earlier, where RoU assets were disclosed at net book value.

RoU amounted to SAR1.3m as at 31-Mar-24G and pertains to factory premises, offices, warehouses, workshops and labor villa compounds.

Right of use assets decreased from SAR2.7m as at 31-Mar-22G to SAR1.9m as at 31-Mar-23G and subsequently to SAR1.3m as at 31-Mar-24G driven by the depreciation charges for the same periods.

### 6.7.2.4 Inventory

**Table (6.20): Inventory as at 31 March 2022G, 2023G and 2024G.**

| SAR in 000s                                | 31-Mar-22G    | 31-Mar-23G    | 31-Mar-24G    |
|--------------------------------------------|---------------|---------------|---------------|
| Goods held for sale                        | 18,283        | 23,438        | 43,453        |
| Raw materials <sup>(1)</sup>               | 41,480        | 27,881        | 28,748        |
| Spare parts and consumables <sup>(1)</sup> | -             | 13,395        | 12,099        |
| Work in progress                           | 4,176         | 6,450         | 7,083         |
| Goods in transit                           | -             | 7             | 634           |
| <b>Gross total</b>                         | <b>63,939</b> | <b>71,170</b> | <b>92,016</b> |
| Less: Provision for slow-moving inventory  | (10,942)      | (11,332)      | (11,016)      |
| <b>Total</b>                               | <b>52,996</b> | <b>59,838</b> | <b>80,999</b> |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

(1) Spare parts and consumables balances as at 31-Mar-22G were combined with Raw materials caption. Starting 31-Mar-23G onwards, balances were split given different nature.



**Table (6.21): Provision for slow moving items as at 31 March 2022G, 2023G and 2024G:**

| SAR in 000s                              | 31-Mar-22G    | 31-Mar-23G    | 31-Mar-24G    |
|------------------------------------------|---------------|---------------|---------------|
| At the beginning of the year             | 11,280        | 10,942        | 11,332        |
| Acquisition through business combination | 1,853         | -             | -             |
| Charge during the year                   | (210)         | 750           | -             |
| Written off during the year              | (1,981)       | (360)         | (316)         |
| <b>Total</b>                             | <b>10,942</b> | <b>11,332</b> | <b>11,016</b> |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

The Group's production model is based on expected sales based on orders in the pipeline taking into consideration the expected production cycle (10-12 weeks for automotive solutions, and ranges between 12-24 months for refrigeration and customized solutions) and the lead time needed to import cooling units from Carrier spans from 4 to 6 months.

Inventories are stated at lower of cost or net realizable value determined using the weighted average cost method computed on a monthly basis.

DIO averaged c.124 days as at 31-Mar-22G, 31-Mar-23G and 31-Mar-24G.

Goods held for sale amounting to SAR43.5m as at 31-Mar-24G pertains to the finished goods that are held in storage and ready for sale mainly including reefer bodies and cooling units. Balance increased from SAR18.3m as at 31-Mar-22G to SAR43.5m as at 31-Mar-24 driven by the increase in production and expected sales volume.

No specific storage conditions in the warehouses are needed for the finished goods.

Raw Materials consists of materials used in the production and manufacturing of refrigeration and dry bodies such as steel, wood and chemicals. Raw materials are mainly imported/purchased from local suppliers.

Spare parts and consumables consist of operating items used in the manufacturing process and are mainly imported from "Carrier".

Spare parts on hand were classified as at 31-Mar-22G under raw material but reclassified separately as at Mar-23 onwards. Spare parts are imported based on expected pipeline orders and needs.

Work in progress pertains to orders under production in the factory and at project sites.

Balance increased from SAR4.2m as at 31-Mar-22G to SAR6.4m and SAR7.1m as at 31-Mar-23G and 31-Mar-24G respectively driven by the production execution timing of orders.

Goods in transit mainly consist of shipments between CGS branches and amounted to SAR634k as at 31-Mar-24G. Goods in transit consists of cooling boxes that were manufactured at the Group's plant in Riyadh and are currently in the process of being transported to other areas for installation as part of preparations to implement various client projects.

Provision for slow-moving inventory consists of provisions on inventory balances that are assessed by the Group to go obsolete before sale or use. Provision is recorded as per the policy where no provision is taken on inventory aged up to 1 year, 50% provision is applied for inventory aged between 1 and 2 years, and 100% provision is required for any inventory aged more than 3 years. Provision recorded as at 31-Mar-24G amounting to SAR11.0m is in line with the aging and Group's inventory policy.

### 6.7.2.5 Trade Receivables

**Table (6.22): Trade Receivables as at 31 March 2022G, 2023G and 2024G.**

| SAR in 000s             | 31-Mar-22G    | 31-Mar-23G    | 31-Mar-24G     |
|-------------------------|---------------|---------------|----------------|
| Trade receivables       | 54,323        | 68,897        | 115,053        |
| Less: allowance for ECL | (6,820)       | (7,802)       | (9,433)        |
| <b>Total</b>            | <b>47,503</b> | <b>61,095</b> | <b>105,620</b> |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

**Table (6.23): ECL movement as at 31 March 2022G, 2023G and 2024G.**

| SAR in 000s                              | 31-Mar-22G   | 31-Mar-23G   | 31-Mar-24G   |
|------------------------------------------|--------------|--------------|--------------|
| At the beginning of the year             | 6,479        | 6,820        | 7,802        |
| Acquisition through business combination | 2,436        | -            | -            |
| Charge for the year                      | (1,995)      | 984          | 1,722        |
| Written off during the year              | (101)        | (2)          | (91)         |
| <b>At the end of the year</b>            | <b>6,820</b> | <b>7,802</b> | <b>9,433</b> |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

### Trade receivable

Trade receivables pertain to the outstanding balances from customers. Net trade receivables balances increased over the historical period under review from SAR47.5m as at 31-Mar-22G to SAR105.6m as at 31-Mar-24G in line with the growth in operations.

Credit term with customers ranges between 30 to 120 days. The Group had a DSO of c.65, c.87 and c.110 at 31-Mar-22G, 31-Mar-23G and 31-Mar-24G respectively. The increase in DSO over the historical period is driven by timing of customer collection and the mix of segmental concentration with refrigeration having higher contribution with longer collection cycle.

### Allowance for ECL

Allowance for ECL amounted to SAR9.4m as at 31-Mar-24G and it represents the excepted credit loss calculated by management on doubtful outstanding receivable balances as per IFRS9.

A reversal on provision was recorded as at 31-Mar-22G amounting to SAR2.0m in relation to legal cases won for disputed amounts previously provisioned for.

### 6.7.2.6 Prepayments and Other Current Assets

**Table (6.24): Prepayments and Other Receivables as at 31 March 2022G, 2023G and 2024G.**

| SAR in 000s                | 31-Mar-22G   | 31-Mar-23G    | 31-Mar-24G    |
|----------------------------|--------------|---------------|---------------|
| Advances to trade payables | 3,258        | 2,891         | 14,804        |
| Refundable deposits        | 2,046        | 2,767         | 2,574         |
| Advances to employees      | 1,732        | 1,724         | 2,326         |
| Margin deposits with bank  | 982          | 1,988         | 1,468         |
| Prepaid expenses           | 655          | 750           | 1,000         |
| Others                     | 1            | 2             | 1             |
| <b>Total</b>               | <b>8,674</b> | <b>10,122</b> | <b>22,173</b> |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

### Advances to suppliers

Advances to suppliers pertains to capital and operational expenses paid in advance for suppliers. A main supplier in the information and technologies sector, provides the Group with robotic solutions including door assembly, welding source holder, cleaning station amongst other capital expenditure.

The balance decreased from SAR3.3m as at 31-Mar-22G to SAR2.9m as at 31-Mar-23G mainly due to refrigeration & air condition supplier (SAR778k) where the latter has provided all services to the Group. Balance then increased to SAR14.8m as at 31-Mar-24G driven by advance payments in relation to (i) automated welding solutions, (ii) contracting work related to one of the Group's projects and (iii) the supply of materials related to cooling projects.

### Refundable deposits

Refundable deposits pertains to custom duty deposits paid at time of goods clearance that can be subsequently recovered and are provided for easing the operational process. Refundable deposits averaged SAR2.5m over the period FY22G-FY24G.

### Advances to employees

Advances to employees comprises of the housing, salaries, loans, and travel advances to employees.

The advances to employees remained stable as at 31-Mar-22G and 31-Mar-23G averaging SAR1.7m. Balance then increased to SAR2.3m as at 31-Mar-24G driven by the increase in additional loans granted to staff. It is worth noting that no balances are aged from employees.

### Margin deposits with bank

Margin deposits with bank pertains to bank-guarantees required by certain customer contracts and letters of credit with banks to facilitate purchases with foreign suppliers. Margin deposits are issued against bids submitted for RFPs and represent cash margins mainly with Banque Saudi Fransi.

Margin deposits with the bank increased from SAR982k as at 31-Mar-22G to SAR1.5m as at 31-Mar-24G driven by the operational growth and the need for more letters of guarantees securing operational transactions.

### Prepaid expenses

Prepaid expenses mainly relates to prepaid insurance, and prepaid rent amongst others.

The balance increased from SAR655k as at 31-Mar-22G to SAR750k as at 31-Mar-23G driven by the increases in prepayments for subscriptions for operational software. Balance subsequently increased to SAR1.0m as at 31-Mar-24G driven by the increase in prepaid rent for the period as a result of the short-term rental of land to accommodate a new customer for customized solutions.

### Others

Others mainly comprises of miscellaneous prepaid expenses.

## 6.7.2.7 Related Parties

**Table (6.25): Transactions with Related Parties for Financial Years ended 31 March 2022G, 2023G and 2024G.**

| SAR in 000s                              | Nature of Relationship | Nature of Transaction       | 31-Mar-22G | 31-Mar-23G | 31-Mar-24G |
|------------------------------------------|------------------------|-----------------------------|------------|------------|------------|
| Al Saadi Refrigeration Air Conditioning* | Fellow subsidiary      | Sales                       | 4,773      | 2,886      | 3,773      |
|                                          |                        | Purchase                    | 417        | 519        | 74         |
|                                          |                        | Expenses paid on behalf     | 432        | 231        | 411        |
|                                          |                        | Net settlements             | 784        | -          | -          |
| Key management personal                  |                        | Salaries and other benefits | -          | 6,919      | 8,569      |
|                                          |                        | Terminal benefits           | -          | 224        | 635        |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

\* Al Saadi Refrigeration Air Conditioning refers to the CGS - Bahrain, which was under common shareholding in 2022G, 2023G and 2024G, and was subsequently acquired by the Group in the first half of 2025G.

**Table (6.26): Dues from Related Parties as at 31 March 2022G, 2023G and 2024G.**

| SAR in 000s                             | 31-Mar-22G | 31-Mar-23G | 31-Mar-24G |
|-----------------------------------------|------------|------------|------------|
| Al Saadi Refrigeration Air Conditioning | 993        | 654        | 906        |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts.

Due from related parties amounting to SAR906k as at 31-Mar-24 are from Al Saadi Refrigeration Air Conditioning, CGS Bahrain, that was subsequently acquired, and are of operating purposes pertaining to shared services between the Company and CGS Bahrain in relation to shared management employees.

**Table (6.27): Dues to Related Parties as at 31 March 2022G, 2023G and 2024G.**

| SAR in 000s                          | 31-Mar-22G    | 31-Mar-23G | 31-Mar-24G |
|--------------------------------------|---------------|------------|------------|
| GK Grunenfelder International AG     | 7,969         | 384        | 342        |
| Darat Esmat Al Saady Holding Company | 5,889         | 225        | 120        |
| <b>Total</b>                         | <b>13,858</b> | <b>609</b> | <b>462</b> |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts.

Due to related party balances amounting to SAR462k as at 31-Mar-24G pertains to balances from parent companies, GK Grunenfelder International AG and Darat Esmat Al Saady Holding Company for financing purposes.

Balance decreased significantly from SAR13.9m as at 31-Mar-22G to SAR462k as at 31-Mar-24G driven by management's decision to settle their dues. It is worth noting that due to related parties are non-interest-bearing balances and do not have any fixed repayment schedule.

### 6.7.2.8 Cash and Cash Equivalents

**Table (6.28): Cash at Banks as at 31 March 2022G, 2023G and 2024G.**

| SAR in 000s         | 31-Mar-22G    | 31-Mar-23G    | 31-Mar-24G    |
|---------------------|---------------|---------------|---------------|
| Cash at banks       | 28,706        | 22,409        | 18,574        |
| Cash in hand        | 215           | 185           | 178           |
| Short term deposits | 10,000        | -             | -             |
| <b>Total</b>        | <b>38,922</b> | <b>22,594</b> | <b>18,753</b> |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

Cash and cash equivalents amounted to SAR18.8m as at 31-Mar-24G and consists of cash at banks and cash on hand.

Cash balances decreased from SAR38.9m as at 31-Mar-22G to SAR22.6m as at 31-Mar-23G driven by the decrease in cashflow from operating activities primarily as a result of the increase in trade receivables, inventory associated with a growing business and decrease in due to related parties.

Balance further decreased to SAR18.8m as at 31-Mar-24G as a result of the increase in cashflow used in financing activities in line with the increase in dividends paid during the period, as well as continued investment in receivables & inventory associated with business growth. This was partially offset by the increase in cashflow generated from operating activities with the increase in contract liabilities.

### 6.7.2.9 Employees defined benefit liabilities

**Table (6.29): Movement of Employees' End of Service Benefits during the year ended 31 March 2022G, 2023G and 2024G.**

| SAR in 000s                              | 31-Mar-22G    | 31-Mar-23G    | 31-Mar-24G    |
|------------------------------------------|---------------|---------------|---------------|
| Balance at the beginning of the year     | 13,606        | 15,198        | 16,185        |
| Acquisition through business combination | 3,296         | -             | -             |
| Interest cost                            | 301           | 479           | 600           |
| Current service cost                     | 1,705         | 1,814         | 2,042         |
| Financial assumptions                    | -             | 176           | (98)          |
| Experience assumptions                   | -             | (96)          | 811           |
| recognized in other comprehensive income | (503)         | -             | -             |
| Benefits paid during the year            | (3,207)       | (1,386)       | (1,908)       |
| <b>Balance as at end of the year</b>     | <b>15,198</b> | <b>16,185</b> | <b>17,631</b> |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

Employees' defined benefit liabilities represents the estimate gratuity payable to employees upon termination under relevant local regulations and contractual agreements. Balance increased from SAR15.2m as at 31-Mar-22G to SAR17.6m as at 31-Mar-24G in line with the increase in headcount over the period under review.

### 6.7.2.10 Lease Liabilities

**Table (6.30): Lease Agreements Obligations as at 31 March 2022G, 2023G and 2024G.**

| SAR in 000s                           | 31-Mar-22G   | 31-Mar-23G   | 31-Mar-24G   |
|---------------------------------------|--------------|--------------|--------------|
| Balance at beginning of the year      | 2,088        | 2,413        | 1,634        |
| Relating to acquisition of businesses | 684          | -            | -            |
| Modification during the year          | 413          | -            | 273          |
| Accretion of interest                 | 143          | 250          | 80           |
| Payments during the year              | (915)        | (1,029)      | (846)        |
| <b>Balance at end of the year</b>     | <b>2,413</b> | <b>1,634</b> | <b>1,141</b> |
| Current                               | 779          | 580          | 101          |
| Non-current                           | 1,634        | 1,054        | 1,040        |
| <b>Total</b>                          | <b>2,413</b> | <b>1,634</b> | <b>1,141</b> |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts.

Lease liabilities relating to leases of factory premises, offices warehouses, workshops and labour villa compounds, decreased from SAR2.4m as at 31-Mar-22G to SAR1.1m as at 31-Mar-24G in line with the RoU changes.

### 6.7.2.11 Trade payables

**Table (6.31): Trade payables as at 31 March 2022G, 2023G and 2024G.**

| SAR in 000s     | 31-Mar-22G<br>MA | 31-Mar-23G<br>MA | 31-Mar-24G<br>MA |
|-----------------|------------------|------------------|------------------|
| Carrier         | 20,704           | 27,450           | 33,778           |
| Other suppliers | 21,181           | 18,586           | 24,507           |
| <b>Total</b>    | <b>41,885</b>    | <b>46,036</b>    | <b>58,285</b>    |
| <b>KPIs</b>     |                  |                  |                  |
| DPO             | 82               | 103              | 97               |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts.

Trade payables mainly pertains to the Group's payables to suppliers in relation to raw material and services. Balance increased over the historical period from SAR41.9m as at 31-Mar-22G to SAR58.3m as at 31-Mar-24G mainly due to the increase in purchases in line with the increase in customer demands and projects in pipeline.

Payment terms with suppliers range from advance payments to a 120-day term. DPO increase from c.82 days as at 31-Mar-22G to c.103 days at 31-Mar-23G in line with the growth in payables balance but decreased to c.97 days as at 31-Mar-24G driven by the enhanced operational efficiency and streamlined processes resulting in faster invoice processing and payments. As shown from DPO and aging analysis, the Group has a healthy payment cycle within the terms agreed upon with suppliers.

The Group's main supplier is Carrier Transicold Europe, providing cooling units to CGS. The Group relies heavily on foreign suppliers, such as Carrier in France. This dependence on international suppliers increases lead times and necessitates a robust procurement and logistics process to manage the associated challenges effectively.

### 6.7.2.12 Accrued expenses and other liabilities

**Table (6.32): Creditors and Other Credit Balances as at 31 March 2022G, 2023G and 2024G.**

| SAR in 000s                                      | 31-Mar-22G    | 31-Mar-23G    | 31-Mar-24G    |
|--------------------------------------------------|---------------|---------------|---------------|
| Employees related accruals                       | 7,118         | 7,151         | 9,196         |
| VAT payable                                      | 2,462         | 1,323         | 5,290         |
| Accrued expenses                                 | 1,029         | 2,054         | 2,528         |
| Sales commission payable                         | 2,729         | 2,491         | 2,473         |
| Provision for warranties                         | 1,206         | 1,478         | 1,980         |
| Payables against goods received but not invoiced | 3,432         | 120           | 467           |
| Interest accrual on lease liability              | 62            | 62            | -             |
| Others                                           | 53            | 100           | 196           |
| <b>Total</b>                                     | <b>18,091</b> | <b>14,780</b> | <b>22,130</b> |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

#### Employees related accruals

Employees related accruals pertains to accrued salaries and other allowances such as tickets, vacations, bonus and incentive, GOSI payables amongst others.

The balance remained stable as at 31-Mar-22G and 31-Mar-23G averaging SAR7.1m. Balance then increases as at 31-Mar-24G to SAR9.2m driven by the increase in accruals for management bonuses for the year.

#### VAT payables

VAT payables decreased from SAR2.5m as at 31-Mar-22G to SAR1.3m as at 31-Mar-23G driven by the payments made throughout the year. Balance then increased to SAR5.3m as at 31-Mar-24G mainly due to the increase in operational growth.

#### Accrued expenses

Accrued expenses pertains to miscellaneous provisions, credit notes provisions, clearing accounts, accruals for professional services, withholding tax payable amongst others.

Accrued expense increased from SAR1.0m as at 31-Mar-22G to SAR2.1m as at 31-Mar-23G driven by the increase in (i) provisions against credit notes, (ii) clearing invoices and (iii) accruals on salaries and wages. Balance then increased to SAR2.5m as at 31-Mar-24G driven by the increase in professional services accruals.

#### Sales commission payable

Sales commission payables represents the amount of commission earned and owed to sales agents for their services. Sales commissions are accrued for based on the commission policy and based on the orders received by the Group.

Sale commission payable averaged SAR2.6m as at 31-Mar-22G, 31-Mar-23G and 31-Mar-24G.

#### Provision for warranties

The Group offers warranties on their installed products and finished goods sold, covering defects that may have existed at the time of sale, subject to specific terms and conditions. The warranty periods are as follows:

Cooling units and refrigeration boxes: 2 years

Equipment supplied as part of refrigeration projects: Based on supplier warranties, ranging from 3 to 7 years depending on the brand

Materials supplied by CGS: 1 year

The warranty provision is calculated monthly, amounting to 0.10% to 0.20% of sales for refrigeration bodies and cooling units (GSL) products, and 1% of revenue for refrigeration.

Balance increased YoY from SAR1.2m as at 31-Mar-22G to SAR2.0m as at 31-Mar-24G driven by the increase in sales.

### Payables against goods received but not invoiced

Payables against goods received but not yet invoiced represent the purchases received from suppliers but not invoiced by the latter.

Balance was significantly higher as at 31-Mar-22G driven by the fact that suppliers invoiced the Group for their purchases late. Subsequently as at 31-Mar-23G and 31-Mar-24G suppliers were invoicing the Group on time with no delays.

### Interest accrual on lease liability

Interest accrual on lease liabilities decreased from SAR62k as at 31-Mar-22G and 31-Mar-23G to nil as at 31-Mar-24G and pertains to interest on lease liabilities contracts.

### Other

Others pertains to miscellaneous accruals recorded over the historical period under review and averaged SAR116k.

#### 6.7.2.13 Contract liabilities

**Table (6.33): Contract liabilities as at 31 March 2022G, 2023G and 2024G.**

| SAR in 000s                                  | 31-Mar-22G    | 31-Mar-23G    | 31-Mar-24G    |
|----------------------------------------------|---------------|---------------|---------------|
| Advance from the customers                   | 25,286        | 7,544         | 34,673        |
| Billings in excess of value of work executed | -             | 18,054        | 20,476        |
| <b>Total</b>                                 | <b>25,286</b> | <b>25,598</b> | <b>55,149</b> |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

Contract liabilities amounted to SAR55.1m as at 31-Mar-24G and relate to the excess in payments received from the client in comparison to the realized revenues during the period.

Contract liabilities are split between advances from customers (c.62.9% of total) and billing in excess of value of work i.e. unearned revenues (c.37.1%).

Average time process of production ranges as follows:

For automotive solutions: 10-12 weeks;

For refrigeration solutions: 12-24 months;

For customized solutions: 12-18 months.

The balance increased from SAR22.0m as at 31-Mar-22G to SAR55.1m as at 31-Mar-24G in line with the operational growth of the Group. The main increase as at 31-Mar-24G was driven by the start of the new projects won where the customers has paid in advance for the products and services to be rendered.



### 6.7.2.14 Zakat Provision

**Table (6.34): Movement of the Zakat Provision as at 31 March 2022G, 2023G and 2024G.**

| SAR in 000s                              | 31-Mar-22G | 31-Mar-23G | 31-Mar-24G   |
|------------------------------------------|------------|------------|--------------|
| As at the beginning of the year          | 369        | 804        | 996          |
| Acquisition through business combination | 421        | -          | -            |
| Charge for the year                      | 1,049      | 1,259      | 1,543        |
| Paid during the year                     | (438)      | (1,067)    | (1,213)      |
| Amount charged – previous period         | 56         | -          | -            |
| Adjustment with advance tax              | (652)      | -          | -            |
| <b>End of year balance</b>               | <b>804</b> | <b>996</b> | <b>1,327</b> |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts

Zakat and income tax are provided for in accordance with regulations of the Zakat, Tax and Customs Authority ("ZATCA") and tax regulations in the Kingdom of Saudi Arabia.

Amount fluctuated over the historical period under review in line with the net and taxable income of the Group.

### 6.7.3 Consolidated Statement of Cash Flows Data

**Table (6.35): Consolidated Statement of Cash Flows Data for the Financial Years Ended 31 March 2022G, 2023G and 2024G.**

| SAR in 000s                                           | FY22G         | FY23G         | FY24G         |
|-------------------------------------------------------|---------------|---------------|---------------|
| <b>Operating Activities</b>                           |               |               |               |
| Profit before zakat and income tax                    | 34,462        | 29,732        | 51,720        |
| <b>Adjustments for:</b>                               |               |               |               |
| Depreciation of property and equipment                | 3,264         | 3,345         | 2,942         |
| Provision for employees' defined benefit liabilities  | 2,006         | 2,293         | 2,641         |
| Charge of expected credit losses of trade receivables | (1,995)       | 984           | 1,722         |
| Depreciation of right-of-use assets                   | 655           | 747           | 879           |
| Amortization of intangible assets                     | 326           | 163           | 224           |
| Interest on lease liabilities                         | 143           | 250           | 80            |
| Gains from disposal of property and equipment         | (92)          | (13)          | -             |
| Provision for slow moving inventories                 | (210)         | 750           | -             |
|                                                       | <b>38,559</b> | <b>38,252</b> | <b>60,207</b> |
| <b>Working capital adjustments</b>                    |               |               |               |
| Inventories                                           | (2,436)       | (7,591)       | (21,162)      |
| Trade receivables                                     | 3,285         | (17,873)      | (46,247)      |
| Amounts due from a related party                      | (732)         | 340           | (252)         |
| Prepayments and other current assets                  | (634)         | (1,447)       | (12,051)      |

| SAR in 000s                                                   | FY22G           | FY23G          | FY24G           |
|---------------------------------------------------------------|-----------------|----------------|-----------------|
| Trade payable                                                 | (2,895)         | 4,151          | 12,249          |
| Amounts due to related parties                                | (594)           | (13,249)       | (147)           |
| Accrued expenses and other current liabilities                | (82)            | (3,311)        | 7,350           |
| Contract liabilities                                          | 11,680          | 3,608          | 29,551          |
| <b>Cash generated from operations</b>                         | <b>46,152</b>   | <b>2,879</b>   | <b>29,498</b>   |
| Zakat and income tax paid                                     | (1,835)         | (6,740)        | (4,079)         |
| Employees' defined benefit liabilities paid                   | (3,207)         | (1,386)        | (1,908)         |
| <b>Net cash generated from (used in) operating activities</b> | <b>41,109</b>   | <b>(5,246)</b> | <b>23,511</b>   |
| <b>Investing Activities</b>                                   |                 |                |                 |
| Purchase of property and equipment                            | (3,524)         | (6,453)        | (4,139)         |
| Purchase of intangible assets                                 | (71)            | (541)          | (527)           |
| Proceeds from disposal of property and equipment              | 136             | 13             | -               |
| <b>Net cash used in investing activities</b>                  | <b>(3,460)</b>  | <b>(6,981)</b> | <b>(4,666)</b>  |
| <b>Financing Activities</b>                                   |                 |                |                 |
| Payment of lease liabilities                                  | (915)           | (1,029)        | (846)           |
| Dividends paid to equity holders                              | (16,651)        | (3,071)        | (21,840)        |
| <b>Net cash used in financing activities</b>                  | <b>(17,566)</b> | <b>(4,100)</b> | <b>(22,686)</b> |
| Net Decrease in cash and cash equivalents                     | 20,083          | (16,328)       | (3,841)         |
| <b>Cash and cash equivalents at the beginning of the year</b> | <b>18,110</b>   | <b>38,922</b>  | <b>22,594</b>   |
| Acquisition of subsidiary – net of cash acquired              | 728             | -              | -               |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>38,922</b>   | <b>22,594</b>  | <b>18,753</b>   |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G and the reissued consolidated financial statements for the year ended 31 March 2023G and management accounts.

Net cash generated from/ (used) in operating activities decreased from a cash inflow of SAR41.1m in FY22G to a cash outflow of SAR5.2m in FY23G mainly driven by (i) the increase in trade receivables and inventory in line with operational growth and (ii) the decrease in due to related parties.

Cash flow from operating activities then increased to an inflow of SAR23.5m in FY24G mainly driven by the significant increase in profit before zakat and income tax coupled with the increase in contract liabilities, slightly offset by the increase in trade receivables and inventories.

Net cash used in investing activities increased from an outflow of SAR3.6m in FY22G to an outflow of SAR7.0m in FY23G mainly driven by the additional investment in property and equipment.

Net cash flow from investing activities then decreased to an outflow of SAR4.7m in FY24G driven by the lower purchases of property and equipment during the period.

Net cash used in financing activities decreased from an outflow of SAR16.7m in FY22G to an outflow of SAR4.1m in FY23G mainly due to the decrease in dividends paid during the period. Net cash flow used in financing activities then increased to an outflow of SAR22.7m in FY24G in line with the increase in dividends paid.

## 6.8 Results of Operations for the Period Ended 31 December 2023G and 2024G

### 6.8.1 Consolidated Statement of Profit and Loss and Other Comprehensive Income Data

**Table (6.36): Consolidated Statement of Profit and Loss and Other Comprehensive Income Data and KPIs for the Period Ended 31 December 2023G and 2024G:**

| SAR in 000s                                                                         | For the 9-months period ended 31 December 2023G | For the 9 months period ended 31 December 2024G | Var.<br>9 months period ended 31 December 2023G-9 months period ended 31 December 2024G |
|-------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------------------------------------|
| Revenues                                                                            | 244,402                                         | 364,016                                         | 48.9%                                                                                   |
| Cost of Revenue                                                                     | (187,581)                                       | (277,785)                                       | 48.1%                                                                                   |
| <b>Gross Profit</b>                                                                 | <b>56,821</b>                                   | <b>86,231</b>                                   | <b>51.8%</b>                                                                            |
| General and administrative Expenses                                                 | (17,170)                                        | (23,544)                                        | 37.1%                                                                                   |
| Selling and distribution expenses                                                   | (7,196)                                         | (9,311)                                         | 29.4%                                                                                   |
| Charge of expected credit losses of trade receivables                               | (600)                                           | 675                                             | (212.5%)                                                                                |
| <b>Operating profit</b>                                                             | <b>31,855</b>                                   | <b>54,051</b>                                   | <b>69.7%</b>                                                                            |
| Finance cost                                                                        | (48)                                            | (170)                                           | 249.9%                                                                                  |
| Other income                                                                        | 2,254                                           | 2,437                                           | 8.1%                                                                                    |
| Zakat                                                                               | (1,059)                                         | (1,789)                                         | 69.0%                                                                                   |
| Income tax                                                                          | (3,718)                                         | (5,818)                                         | 56.5%                                                                                   |
| Deferred tax credit                                                                 | 271                                             | 496                                             | 83.1%                                                                                   |
| <b>Net Profit for the period</b>                                                    | <b>29,555</b>                                   | <b>49,206</b>                                   | <b>66.5%</b>                                                                            |
| Remeasurement loss on employees' defined benefit liabilities                        | -                                               | -                                               | n.a                                                                                     |
| Deferred tax effect on remeasurement loss on employees' defined benefit liabilities | -                                               | -                                               | n.a                                                                                     |
| <b>Total Comprehensive Income for the period</b>                                    | <b>29,555</b>                                   | <b>49,206</b>                                   | <b>66.5%</b>                                                                            |
| <b>KPIs</b>                                                                         |                                                 |                                                 |                                                                                         |
| Gross margin                                                                        | 23.2%                                           | 23.7%                                           | 0.4                                                                                     |
| Operating profit margin                                                             | 13.0%                                           | 14.8%                                           | 1.8                                                                                     |
| Net margin                                                                          | 12.1%                                           | 13.5%                                           | 1.4                                                                                     |
| EBITDA margin                                                                       | 14.3%                                           | 16.0%                                           | 1.7                                                                                     |

Source: The Group's unaudited interim condensed consolidated financial statements and management accounts for the nine-month period ended 31 December 2024G.

### Revenue

Revenues increased from SAR244.4m for the 9 months period ended 31 December 2023G to SAR364.0m for the 9 months period ended 31 December 2024G due to an increase in revenue from all customer segments, mainly (i) automotive solutions (+SAR50.8m) due to increased revenues from customer I8 (+SAR11.3m), amongst others, and (ii) refrigeration solutions (+SAR37.6m) driven by increases in revenue from several main customers including customer I2 (+SAR20.1m), customer I3 (+SAR12.7m) customer I5 (+SAR14.0m) amongst others. Furthermore, Customized solutions revenue increased by 589.0% due to a large order from customer I1 (+SR30.0m).

## Cost of revenue

Cost of revenues increased from SAR187.6m for the 9 months period ended 31 December 2023G to SAR277.8m for the 9 months period ended 31 December 2024G in line with the increase in revenue over the same period.

## Gross profit

Gross profit increased from SAR56.8m for the 9 months period ended 31 December 2023G with a c.23.2% margin to SAR86.2m for the 9 months period ended 31 December 2024G with a c.23.7% margin driven by better pricing from management and economies of scale from operational efficiencies slightly offset by the increase in revenues from large projects and orders having lower margins.

## General and administrative expenses ("G&A")

G&A increased from SAR17.2m for the 9 months period ended 31 December 2023G to SAR23.5m for the 9 months period ended 31 December 2024G mainly driven by the recruitment of a finance manager as well as the overall increase in the number of employees by 12 FTEs in line with the overall growth.

## Selling and distribution expenses ("S&D")

S&D increased from SAR7.2m for the 9 months period ended 31 December 2023G to SAR9.3m for the 9 months period ended 31 December 2024G mainly driven by the increase in employees' related costs in line with expansion of business and the increase in sales commissions because of higher sales during the period.

## Expected credit losses ("ECL")

ECL amounted to SAR600k for the 9 months period ended 31 December 2023G and a reversal of SAR675k was recorded for the 9 months period ended 31 December 2024G due to the improvement in trade receivables aging.

## Earnings before Interest, tax, depreciation and amortization ("EBITDA")

EBITDA increased from SAR34.9m with a margin of 14.3% for the 9 months period ended 31 December 2023G to SAR58.1m with a margin of 16.0% for the 9 months period ended 31 December 2024G mainly driven by (i) the increase in gross profit due to both increases in revenue and gross margin, and (ii) efficiencies of scale reducing G&A and S&D as a percentage of revenue.

## Operating profit

Operating profit increased from SAR31.9m for the 9 months period ended 31 December 2023G to SAR54.1m for the 9 months period ended 31 December 2024G mainly driven by the increase in gross profit due to both increases in revenue and gross margin, coupled with efficiencies of scale reducing G&A and S&D as a percentage of revenue.

## Finance cost

Finance cost amounted to SAR170k for the 9 months period ended 31 December 2024G and comprises of accretion of finance costs on lease liabilities.

## Other income

Other income averaged SAR2.3m for the 9 months period ended 31 December 2023G and for the 9 months period ended 31 December 2024G mainly pertains to disbursements from HRDF, foreign exchange gains, gains on sale of scrap material amongst others.

## Zakat Expenses

Zakat is provided in accordance with regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia on an accrual basis at year end. Zakat for the year is payable at 2.5% of the approximate zakat base and adjusted net income attributable to Saudi partners.

## Income Tax

Income tax is provided in accordance with tax regulations enforced in Kingdom of Saudi Arabia and amounts to 20% of profit relating to foreign shareholders (G.K Grunenfelder Internation AG which owns 50% and is ultimately owned by Swiss nationals).

## Deferred tax (expense)/income

Deferred tax (expense)/income are determined by identifying all temporary differences between the tax bases of assets and liabilities and their corresponding amounts in the financial statements.

## Net income

Net income increased from SAR29.6m for the 9 months period ended 31 December 2023G with a margin of c.12.1% to SAR49.2m for the 9 months period ended 31 December 2024G with a margin of c.13.5% driven by the significant increase in revenue and gross margin.

### 6.8.1.1 Revenues by Segment

**Table (6.37): Revenues by Segment for the Period Ended 31 December 2023G and 2024G**

| SAR in 000s                         | For the 9-months<br>period ended 31<br>December 2023G<br>MA | For the 9 months<br>period ended 31<br>December 2024G<br>MA | Var.<br>9 months period ended<br>31 December 2023G-9<br>months period ended<br>31 December 2024G |
|-------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| Automotive Solutions                | 166,907                                                     | 219,477                                                     | 31.5%                                                                                            |
| Refrigeration Solutions             | 40,287                                                      | 77,906                                                      | 93.4%                                                                                            |
| Customized Solutions                | 4,664                                                       | 32,134                                                      | 589.0%                                                                                           |
| After Sales / Services              | 30,738                                                      | 34,499                                                      | 12.2%                                                                                            |
| <b>Total segmental revenue</b>      | <b>242,593</b>                                              | <b>364,016</b>                                              | <b>50.1%</b>                                                                                     |
| Intercompany sales to CGS - Bahrain | 1,809                                                       | -                                                           | (100.0%)                                                                                         |
| <b>Total Revenue</b>                | <b>244,402</b>                                              | <b>364,016</b>                                              | <b>48.9%</b>                                                                                     |
| <b>As a % of revenue</b>            |                                                             |                                                             |                                                                                                  |
| Automotive Solutions                | 68.3%                                                       | 60.3%                                                       | (8.0)                                                                                            |
| Refrigeration Solutions             | 16.5%                                                       | 21.4%                                                       | 4.9                                                                                              |
| Customized Solutions                | 1.9%                                                        | 8.8%                                                        | 6.9                                                                                              |
| After Sales / Services              | 12.6%                                                       | 9.5%                                                        | (3.1)                                                                                            |
| Intercompany sales to CGS - Bahrain | 0.7%                                                        | n.a                                                         | (0.7)                                                                                            |

Source: Management accounts for the 9-months period ended 31 December 2023G and 2024G.

## Automotive solutions

Automotive solutions revenues increased by 31.5% from SAR166.9m for the 9 months period ended 31 December 2023G to SAR219.5m for the 9 months period ended 31 December 2024G mainly due to an increase in revenues from a top customer in the automotive industry, customer 18 (+SAR11.3m), another top customer in the food industry, customer 1 (+SAR9.5m), and other main customer, customer 2 (+SAR5.6m). This was partly offset by a decrease in revenues from customer 5 (-SAR10.4m). Revenues per customer are highly dependent on the projects and orders received and won during the period.

## Refrigeration solutions

Refrigeration solutions increased by 93.4% from SAR40.3m for the 9 months period ended 31 December 2023G to SAR77.9m for the 9 months period ended 31 December 2024G on the back of increased revenues from a top customer in the food industry, customer 12 (+SAR21.1m), amongst others (+SAR22.7m). This was partially offset by a decrease in revenues from a top trading company, customer 3 (-SAR15.1m), among others.

## After sales/ services

After sales/services increased from SAR30.7m for the 9 months period ended 31 December 2023G to SAR34.5m for the 9 months period ended 31 December 2024G in line with the overall growth in operations coupled with the increase in revenues from a governmental entity (+SAR2.6m).

## Customized solutions

Customized solutions increased by 589.0% from SAR4.7m for the 9 months period ended 31 December 2023G to SAR32.1m for the 9 months period ended 31 December 2024G due to a large order from an oil and gas company, customer 11, yielding SAR30.0m in revenue for the segment.

## Intercompany sales to CGS – Bahrain

Represents the sales made from CGS – Riyadh and CGS – Jeddah entity to the CGS – Bahrain entity. Such sales are not categorized by segment as they are not for end users.

As CGS – Bahrain entity was acquired by the holding company in Apr-25G, the amounts were eliminated on a consolidated level.

### 6.8.1.2 Revenues by Customer

**Table (6.38): Revenues by Customer Type for the Period Ended 31 December 2023 and 2024**

| SAR in 000s             | For the 9-months period ended 31 December 2023G<br>MA | For the 9 months period ended 31 December 2024G<br>MA | Var.<br>9 months period ended 31 December 2023G–9 months period ended 31 December 2024G |
|-------------------------|-------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Customer 1              | 51,649                                                | 61,627                                                | 19.3%                                                                                   |
| Customer 11             | -                                                     | 30,049                                                | n.a                                                                                     |
| Customer 2              | 19,629                                                | 25,225                                                | 28.5%                                                                                   |
| Customer 12             | 78                                                    | 20,260                                                | 25806.9%                                                                                |
| Customer 15             | -                                                     | 13,994                                                | n.a                                                                                     |
| Customer 9              | 6,637                                                 | 12,903                                                | 94.4%                                                                                   |
| Customer 13             | 116                                                   | 12,677                                                | 10847.6%                                                                                |
| Customer 18             | 131                                                   | 11,410                                                | 8593.9%                                                                                 |
| Customer 16             | -                                                     | 10,316                                                | n.a                                                                                     |
| Customer 14             | -                                                     | 8,715                                                 | n.a                                                                                     |
| <b>Top 10 customers</b> | <b>78,241</b>                                         | <b>207,179</b>                                        | <b>164.8%</b>                                                                           |
| Others                  | 164,351                                               | 156,837                                               | (4.6%)                                                                                  |
| <b>Total Revenue</b>    | <b>242,593</b>                                        | <b>364,016</b>                                        | <b>50.1%</b>                                                                            |

| SAR in 000s             | For the 9-months period ended 31 December 2023G<br>MA | For the 9 months period ended 31 December 2024G<br>MA | Var.<br>9 months period ended 31 December 2023G–9 months period ended 31 December 2024G |
|-------------------------|-------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------------------|
| <b>As a % of total</b>  |                                                       |                                                       |                                                                                         |
| Customer 1              | 21.3%                                                 | 16.9%                                                 | (4.4)                                                                                   |
| Customer 11             | n.a                                                   | 8.3%                                                  | 8.3                                                                                     |
| Customer 2              | 8.1%                                                  | 6.9%                                                  | (1.2)                                                                                   |
| Customer 12             | 0.0%                                                  | 5.6%                                                  | 5.5                                                                                     |
| Customer 15             | n.a                                                   | 3.8%                                                  | 3.8                                                                                     |
| Customer 9              | 2.7%                                                  | 3.5%                                                  | 3.5                                                                                     |
| Customer 13             | 0.0%                                                  | 3.5%                                                  | 3.0                                                                                     |
| Customer 18             | 0.1%                                                  | 3.1%                                                  | 3.0                                                                                     |
| Customer 16             | n.a                                                   | 2.8%                                                  | 2.8                                                                                     |
| Customer 14             | n.a                                                   | 2.4%                                                  | 2.4                                                                                     |
| <b>Top 10 customers</b> | <b>32.3%</b>                                          | <b>56.9%</b>                                          | <b>24.7</b>                                                                             |
| <b>Others</b>           | <b>67.7%</b>                                          | <b>43.1%</b>                                          | <b>(24.7)</b>                                                                           |

Source: Management accounts for the 9 months period ended 31 December 2023G and 2024G.

The Group's revenues continue to demonstrate some concentration risk, with a notable percentage of revenues derived from key customers. However, the risk associated with top 1 customer is reduced for the 9 months period ended 31 December 2024G.

Customer 1's contribution to Automotive Solutions declined significantly during this period, as evidenced by the increase in revenues from new projects/customers. This indicates a reduced dependency on a single customer within the segment, contributing to a more diversified revenue base.

Revenue from the top 10 customers accounted for approximately 57% during the 9 months period ended 31 December 2024G. For more information regarding revenue concentration risks, please refer to section 2.1.3 **"Risks Related to the Concentration of Revenue from Certain Key Clients"** of this prospectus

#### 6.8.1.3 Revenues by timing of revenue recognition

**Table (6.39): Net Revenues by timing of revenue recognition for the Period Ended 31 December 2023G and 2024G**

| SAR in 000s                           | For the 9-months period ended 31 December 2023G | For the 9 months period ended 31 December 2024G | Var.<br>9 months period ended 31 December 2023G–9 months period ended 31 December 2024G |
|---------------------------------------|-------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------------------------------------|
| Revenue recognised at a point in time | 204,115                                         | 286,110                                         | 40.2%                                                                                   |
| Revenue recognised over time          | 40,287                                          | 77,906                                          | 93.4%                                                                                   |
| <b>Total</b>                          | <b>244,402</b>                                  | <b>364,016</b>                                  | <b>48.9%</b>                                                                            |

Source: The Group's unaudited interim condensed consolidated financial statements for the nine-month period ended 31 December 2024G.

## 6.8.1.4 Revenues by Region and Revenue by Entity

**Table (6.40): Revenues by Region for the Period Ended 31 December 2023G and 2024G**

| SAR in 000s                    | For the 9-months period ended 31 December 2023G<br>MA | For the 9 months period ended 31 December 2024G<br>MA | Var.<br>9 months period ended 31 December 2023G–9 months period ended 31 December 2024G |
|--------------------------------|-------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Riyadh                         | 133,413                                               | 207,233                                               | 55.3%                                                                                   |
| Jeddah                         | 78,538                                                | 80,195                                                | 2.1%                                                                                    |
| Dammam                         | 32,451                                                | 71,493                                                | 120.3%                                                                                  |
| Revenue outside of the Kingdom | -                                                     | 5,095                                                 | n.a                                                                                     |
| <b>Total revenue</b>           | <b>244,402</b>                                        | <b>364,016</b>                                        | <b>48.9%</b>                                                                            |
| <b>As a % of revenues</b>      |                                                       |                                                       |                                                                                         |
| Riyadh                         | 54.6%                                                 | 56.9%                                                 | 2.3                                                                                     |
| Jeddah                         | 32.1%                                                 | 22.0%                                                 | (10.1)                                                                                  |
| Dammam                         | 13.3%                                                 | 19.6%                                                 | 6.4                                                                                     |
| Revenue outside of the Kingdom | n.a                                                   | 1.4%                                                  | 1.4                                                                                     |

Source: Management accounts for the 9 months period ended 31 December 2023G and 2024G.

\* Above breakdown is by region (location of customer) and not by entity

**Table (6.41): Revenues by Entity for the Period Ended 31 December 2023G and 2024G**

| SAR in 000s                                | For the 9-months period ended 31 December 2023G<br>MA | For the 9 months pe-<br>riod ended 31 December<br>2024G<br>MA | Var.<br>9 months period ended 31 December 2023G–9 months period ended 31 December 2024G |
|--------------------------------------------|-------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| CGS – Riyadh                               | 216,885                                               | 333,307                                                       | 53.7%                                                                                   |
| CGS – Jeddah                               | 82,024                                                | 83,155                                                        | 1.4%                                                                                    |
| CGS – Bahrain                              | -                                                     | 5,095                                                         | n.a                                                                                     |
| <b>Total revenue pre-eliminations</b>      | <b>298,909</b>                                        | <b>421,557</b>                                                | <b>41.0%</b>                                                                            |
| Eliminations <sup>(i)</sup>                | (54,507)                                              | (57,541)                                                      | 5.6%                                                                                    |
| <b>Total revenue</b>                       | <b>244,402</b>                                        | <b>364,016</b>                                                | <b>48.9%</b>                                                                            |
| <b>As a % of revenues pre-eliminations</b> |                                                       |                                                               |                                                                                         |
| CGS – Riyadh                               | 72.6%                                                 | 79.1%                                                         | 6.5                                                                                     |
| CGS – Jeddah                               | 27.4%                                                 | 19.7%                                                         | (7.7)                                                                                   |
| CGS – Bahrain                              | n.a                                                   | 1.2%                                                          | 1.2                                                                                     |

Source: Management accounts for the 9 months period ended 31 December 2023G and 2024G.

(i) Eliminations pertains to the intercompany sales eliminated on a consolidated level



## 6.8.1.5 Cost of Revenue

**Table (6.42): Cost of Revenue for the Period Ended 31 December 2023G and 2024G**

| SAR in 000s                                                    | For the 9-months period ended 31 December 2023G | For the 9 months period ended 31 December 2024G | Var. 9 months period ended 31 December 2023G-9 months period ended 31 December 2024G |
|----------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------------------------|
| Raw materials, consumables, change in finished goods and other | 154,022                                         | 238,455                                         | 54.8%                                                                                |
| Employees' related costs                                       | 24,969                                          | 28,029                                          | 12.3%                                                                                |
| Depreciation of property and equipment                         | 1,517                                           | 1,911                                           | 26.0%                                                                                |
| Utilities                                                      | 1,864                                           | 1,887                                           | 1.2%                                                                                 |
| Repairs and maintenance                                        | 1,655                                           | 1,531                                           | (7.5%)                                                                               |
| Warranty expense                                               | 222                                             | 754                                             | 240.2%                                                                               |
| Depreciation of right-of-use assets                            | 785                                             | 686                                             | (12.6%)                                                                              |
| Rent                                                           | 560                                             | 630                                             | 12.5%                                                                                |
| Amortization                                                   | 47                                              | 84                                              | 77.7%                                                                                |
| Charge of provision for slow moving inventories                | -                                               | 1,251                                           | NA                                                                                   |
| Others                                                         | 1,939                                           | 2,568                                           | 32.4%                                                                                |
| <b>Total</b>                                                   | <b>187,581</b>                                  | <b>277,785</b>                                  | <b>48.1%</b>                                                                         |

Source: Management accounts for the 9 months period ended 31 December 2023G and 2024G.

Cost of revenue fluctuations are in line with the fluctuations in revenues. Cost of revenue decreased as a percent of total revenue from c.76.8% to c.76.3% due to operational efficiencies from economies of scale coupled with the Groups bulk purchases strategy.

**Raw materials, consumables, change in finished goods and other**

Raw materials and other increased by c.54.8% from SAR154.0m for the 9 months period ended 31 December 2023G to SAR238.5m for the 9 months period ended 31 December 2024G mainly due to the increase in overall revenue.

**Employees' related costs**

Employees' related costs increased by c.12.3% from SAR25.0m for the 9 months period ended 31 December 2023G to SAR28.0m for the 9 months period ended 31 December 2024G due to the increase in overall headcount by 24 FTEs coupled with the increase in the average monthly basic salary per employee by SAR273.

Employee costs as a percentage of revenue decreased during the period, due to the increase in headcount not being proportionate to the increase in revenue, as the Group is currently working on optimizing its workforce.

**Depreciation of property and equipment**

Depreciation of P&E increased by c.26.0% from SAR1.5m for the 9 months period ended 31 December 2023G to SAR1.9m for the 9 months period ended 31 December 2024G due to the increase of the additions during the period.

**Utilities**

Utilities averaged SAR1.9m over the period under review.

## Repairs and maintenance

Repairs and maintenances averaged SAR1.6m over the 9 months period ended 31 December 2023G and 9 months period ended 31 December 2024G driven by the need for PPE maintenances which is not happening in a linear and consistent manner.

## Warranty expense

Warranty expense increased by 240.2% from SAR222k for the 9 months period ended 31 December 2023G to SAR754k for the 9 months period ended 31 December 2024G due to the increase in the overall sales during the period under review.

## Depreciation of right-of-use assets

Depreciation of right-of-use assets decreased by 12.6% from SAR785k for the 9 months period ended 31 December 2023G to SAR686k for the 9 months period ended 31 December 2024G mainly due to the modifications performed during FY23G.

## Rent

Rent decreased by c.12.5% from SAR560k for the 9 months period ended 31 December 2023G to SAR630k for the 9 months period ended 31 December 2024G due to the decrease in car rental expenses.

## Amortization

Amortization increased by 77.7% from SAR47k for the 9 months period ended 31 December 2023G to SAR84k for the 9 months period ended 31 December 2024G due to the purchase of new software.

## Charge of provision for slow moving inventories

Charge of provision for slow moving inventories amounted to SAR1.3m for the 9 months period ended 31 December 2024G as starting FY25G, the inventory provisions have been assessed and recorded on a quarterly basis instead of annual.

## Others

Others increased by c.32.4% from SAR1.9m for the 9 months period ended 31 December 2023G to SAR2.6m for the 9 months period ended 31 December 2024G due to the increase in factory food expenses, safety equipment, uniforms, licenses and registrations.

### 6.8.1.6 Profitability by segment

**Table (6.43): Profitability by Segment for the Period Ended 31 December 2023G and 2024G**

| SAR in 000s                      | For the 9-months period ended 31 December 2023G<br>MA | For the 9 months period ended 31 December 2024G<br>MA | Var.<br>9 months period ended 31 December 2023G–9 months period ended 31 December 2024G |
|----------------------------------|-------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Automotive Solutions             | 29,874                                                | 45,426                                                | 52.1%                                                                                   |
| After Sales / Services           | 13,283                                                | 15,452                                                | 16.3%                                                                                   |
| Refrigeration Solutions          | 10,624                                                | 16,857                                                | 58.7%                                                                                   |
| Customized Solutions             | 1,231                                                 | 8,496                                                 | 590.2%                                                                                  |
| <b>Total gross profit</b>        | <b>55,012</b>                                         | <b>86,231</b>                                         | <b>56.8%</b>                                                                            |
| <b>Gross margin contribution</b> |                                                       |                                                       |                                                                                         |
| Automotive Solutions             | 12.3%                                                 | 12.5%                                                 | (0.17)                                                                                  |
| After Sales / Services           | 5.5%                                                  | 4.2%                                                  | (1.2)                                                                                   |
| Refrigeration Solutions          | 4.4%                                                  | 4.6%                                                  | 0.3                                                                                     |

| SAR in 000s                       | For the 9-months period ended 31 December 2023G<br>MA | For the 9 months period ended 31 December 2024G<br>MA | Var.<br>9 months period ended 31 December 2023G–9 months period ended 31 December 2024G |
|-----------------------------------|-------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Customized Solutions              | 0.5%                                                  | 2.3%                                                  | 1.8                                                                                     |
| <b>Total segment gross margin</b> | <b>22.7%</b>                                          | <b>23.7%</b>                                          | <b>1.01</b>                                                                             |
| <b>As a % of gross profit</b>     |                                                       |                                                       |                                                                                         |
| Automotive Solutions              | 54.3%                                                 | 52.7%                                                 | (1.6)                                                                                   |
| After Sales / Services            | 24.1%                                                 | 17.9%                                                 | (6.2)                                                                                   |
| Refrigeration Solutions           | 19.3%                                                 | 19.5%                                                 | 0.2                                                                                     |
| Customized Solutions              | 2.2%                                                  | 9.9%                                                  | 7.6                                                                                     |

Source: Management accounts for the 9 months period ended 31 December 2023G and 2024G.

Automotive solutions' gross margin continued to increase across the 9 months period ended 31 December 2023G and the 9 months period ended 31 December 2024G from c.17.9% to c.20.7% respectively driven by the sales of higher margin products including reefer trailers and dry bodies as well as savings made through bulk purchases on raw materials. The increase in gross margin coupled with the increase in overall revenue (+SAR52.6m) led to an increase in gross profit from SAR29.9m for the 9 months period ended 31 December 2023G to SAR45.4m for the 9 months period ended 31 December 2024G.

After sales/services gross profit increased by 16.3% from SAR13.3m for the 9 months period ended 31 December 2023G to SAR15.5m for the 9 months period ended 31 December 2024G, in line with the increase in gross margin from 43.2% to 44.8% over the same period.

Refrigeration solutions gross profit increased from SAR10.6m for the 9 months period ended 31 December 2023G to SAR16.9m for the 9 months period ended 31 December 2024G driven by the significant increase in revenue (+SAR37.6m) from lower margin orders from leading customers. This led to the decrease in gross margin from 26.4% for the 9 months period ended 31 December 2023G to 21.6% for the 9 months period ended 31 December 2024G.

Customized solutions' gross profit increased significantly from SAR1.2m for the 9 months period ended 31 December 2023G to SAR8.5m for the 9 months period ended 31 December 2024G driven by the increase in revenue (+SAR27.5m).

#### 6.8.1.7 General and Administrative Expenses

**Table (6.44): General and administrative expenses for the Period Ended 31 December 2023G and 2024G**

| SAR in 000s                              | For the 9-months period ended 31 December 2023G<br>MA | For the 9 months period ended 31 December 2024G<br>MA | Var.<br>9 months period ended 31 December 2023G–9 months period ended 31 December 2024G |
|------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Employees' related costs                 | 11,568                                                | 15,342                                                | 32.6%                                                                                   |
| Utilities                                | 1,379                                                 | 1,798                                                 | 30.4%                                                                                   |
| Legal, professional and consultancy fees | 900                                                   | 1,695                                                 | 88.2%                                                                                   |
| Depreciation of property and equipment   | 470                                                   | 889                                                   | 89.4%                                                                                   |
| Bank charges                             | 38                                                    | 580                                                   | 1418.9%                                                                                 |
| Repairs and maintenances                 | 104                                                   | 190                                                   | 82.6%                                                                                   |
| Amortization                             | 101                                                   | 142                                                   | 39.8%                                                                                   |

| SAR in 000s                              | For the 9-months period<br>ended 31 December<br>2023G<br>MA | For the 9 months period<br>ended 31 December<br>2024G<br>MA | Var.<br>9 months period ended<br>31 December 2023G–9<br>months period ended<br>31 December 2024G |
|------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| Depreciation of right-of-use assets      | 5                                                           | 189                                                         | 3880.1%                                                                                          |
| Rent                                     | 99                                                          | 53                                                          | (46.4%)                                                                                          |
| Others                                   | 2,506                                                       | 2,666                                                       | 6.4%                                                                                             |
| <b>Total</b>                             | <b>17,170</b>                                               | <b>23,544</b>                                               | <b>37.1%</b>                                                                                     |
| <b>As a % of revenues</b>                |                                                             |                                                             |                                                                                                  |
| Employees' related costs                 | 4.7%                                                        | 4.2%                                                        | (0.5)                                                                                            |
| Utilities                                | 0.6%                                                        | 0.5%                                                        | (0.1)                                                                                            |
| Legal, professional and consultancy fees | 0.4%                                                        | 0.5%                                                        | 0.1                                                                                              |
| Depreciation of property and equipment   | 0.2%                                                        | 0.2%                                                        | 0.1                                                                                              |
| Bank charges                             | 0.0%                                                        | 0.2%                                                        | 0.1                                                                                              |
| Repairs and maintenances                 | 0.0%                                                        | 0.1%                                                        | 0.0                                                                                              |
| Amortization                             | 0.0%                                                        | 0.1%                                                        | (0.0)                                                                                            |
| Depreciation of right-of-use assets      | 0.0%                                                        | 0.1%                                                        | 0.0                                                                                              |
| Rent                                     | 0.0%                                                        | 0.0%                                                        | (0.0)                                                                                            |
| Others                                   | 1.0%                                                        | 0.7%                                                        | (0.3)                                                                                            |
| <b>Total</b>                             | <b>7.0%</b>                                                 | <b>6.5%</b>                                                 | <b>(0.6)</b>                                                                                     |

Source: Management accounts for the 9 months period ended 31 December 2023G and 2024G

### Employees' related costs

Employees' related costs increased by c.32.6% from SAR11.6m for the 9 months period ended 31 December 2023G to SAR15.3m for the 9 months period ended 31 December 2024G mainly relates to the recruitment of a C-level employee, coupled with an increase in the number of employees by 12 FTEs in line with the business expansion.

### Utilities

Utilities increased by c.30.4% from SAR1.4m for the 9 months period ended 31 December 2023G to SAR1.8m for the 9 months period ended 31 December 2024G driven by the increase of internet and electricity expenses.

### Legal, professional and consultancy fees

Legal, professional and consultancy fees increased by c.88.2% from SAR900k for the 9 months period ended 31 December 2023G to SAR1.7 for the 9 months period ended 31 December 2024G due the increase in the audit fees from EY coupled with the additions of IPO related fees.

### Depreciation of property and equipment

Depreciation of property and equipment increased by c.89.4% from SAR470k for the 9 months period ended 31 December 2023G to SAR889k for the 9 months period ended 31 December 2024G due to the additions to property and equipment.

## Bank charges

Bank charges represent fees on transactions including BGs & LC's which increased by 1418.9% from SAR38k for the 9 months period ended 31 December 2023G to SAR580k for the 9 months period ended 31 December 2024G driven by LC facility renewals for the 9 months period ended 31 December 2024G coupled with the increase in charges with higher business operations and volumes.

## Repairs and maintenance

Repairs and maintenance is on a requirement basis based on the condition of factory equipment.

## Amortization

Amortization increased by 39.8% from SAR101k for the 9 months period ended 31 December 2023G to SAR142k for the 9 months period ended 31 December 2024G.

## Depreciation of right-of-use assets

Depreciation of right-of-use assets mainly related to factory premises, warehouses, workshops and labour villa compounds. The account increased by 3880.1% from SAR5k for the 9 months period ended 31 December 2023G to SAR189k for the 9 months period ended 31 December 2024G.

## Rent

Rent decreased by c.46.4% from SAR99k for the 9 months period ended 31 December 2023G to SAR53k for the 9 months period ended 31 December 2024G. Prior to FY25G, the Group adjusted for their IFR16 expenses at year-end while starting FY25G adjustments are performed on a quarterly basis. As such, amounts are to be comparative at year-end.

## Others

Others increased by c.6.4% from SAR2.5m for the 9 months period ended 31 December 2023G to SAR2.7m for the 9 months period ended 31 December 2024G driven by the increase of training, permits and other miscellaneous expenses such as office supplies and others.

### 6.8.1.8 Selling and Distribution Expenses

**Table (6.45): Selling and distribution expenses for the Period Ended 31 December 2023G and 2024G**

| SAR in 000s                            | For the 9-months period ended 31 December 2023G<br>MA | For the 9 months period ended 31 December 2024G<br>MA | Var.<br>9 months period ended 31 December 2023G-9 months period ended 31 December 2024G |
|----------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Employees' related costs               | 4,052                                                 | 5,305                                                 | 30.9%                                                                                   |
| Sales commission                       | 2,203                                                 | 3,125                                                 | 41.9%                                                                                   |
| Advertisement and promotion            | 276                                                   | 145                                                   | (47.4%)                                                                                 |
| Utilities                              | 103                                                   | 172                                                   | 66.8%                                                                                   |
| Depreciation of property and equipment | 96                                                    | 149                                                   | 55.1%                                                                                   |
| Depreciation of right-of-use assets    | 5                                                     | 5                                                     | 0.4%                                                                                    |
| Rent                                   | 2                                                     | -                                                     | (100.0%)                                                                                |
| Others                                 | 459                                                   | 411                                                   | (10.6%)                                                                                 |
| <b>Total</b>                           | <b>7,196</b>                                          | <b>9,311</b>                                          | <b>29.4%</b>                                                                            |

| SAR in 000s                            | For the 9-months period<br>ended 31 December<br>2023G<br>MA | For the 9 months period<br>ended 31 December<br>2024G<br>MA | Var.<br>9 months period ended<br>31 December 2023G–9<br>months period ended<br>31 December 2024G |
|----------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| <b>As a % of revenue</b>               |                                                             |                                                             |                                                                                                  |
| Employees' related costs               | 1.7%                                                        | 1.5%                                                        | (0.2)                                                                                            |
| Sales commission                       | 0.9%                                                        | 0.9%                                                        | (0.0)                                                                                            |
| Advertisement and promotion            | 0.1%                                                        | 0.0%                                                        | (0.1)                                                                                            |
| Utilities                              | 0.0%                                                        | 0.0%                                                        | 0.0                                                                                              |
| Depreciation of property and equipment | 0.0%                                                        | 0.0%                                                        | 0.0                                                                                              |
| Depreciation of right-of-use assets    | 0.0%                                                        | 0.0%                                                        | (0.0)                                                                                            |
| Rent                                   | 0.0%                                                        | 0.0%                                                        | (0.0)                                                                                            |
| Others                                 | 0.2%                                                        | 0.1%                                                        | (0.1)                                                                                            |
| <b>Total</b>                           | <b>2.9%</b>                                                 | <b>2.6%</b>                                                 | <b>(0.4)</b>                                                                                     |

Source: Management accounts for the 9 months period ended 31 December 2023G and 2024G

### Employees' related costs

Employees' related costs increased by c.30.9% from SAR4.1m for the 9 months period ended 31 December 2023G to SAR5.3m for the 9 months period ended 31 December 2024G driven by the increase in number of headcounts by 5 FTEs in line with the operational growth coupled with the increase in avg. monthly basic salary per employee by SAR621.

### Sales commission

Sales commission increased by 41.9% from SAR2.2m for the 9 months period ended 31 December 2023G to SAR3.1m for the 9 months period ended 31 December 2024G in line with the increase in sales.

### Advertisement and promotion

Advertisement and promotion decreased by 47.4% from SAR276k for the 9 months period ended 31 December 2023G to SAR145k for the 9 months period ended 31 December 2024G due to the reversal of an accrual taken for an event that didn't occur.

### Utilities

Utilities increased by 66.8% from SAR103k for the 9 months period ended 31 December 2023G to SAR172k for the 9 months period ended 31 December 2024G mainly due to the increase in the production increasing the respective utility costs.

### Depreciation of property and equipment

Depreciation of property and equipment increased by 55.1% from SAR96k for the 9 months period ended 31 December 2023G to SAR149k for the 9 months period ended 31 December 2024G in line with the increase in PPE.

### Depreciation of right-of-use assets

Depreciation of RoU amounted to SAR5k for the 9 months period ended 31 December 2023G and 2024G.

### Others

Others decreased by 10.6% from SAR459k for the 9 months period ended 31 December 2023G to SAR411k for the 9 months period ended 31 December 2024G driven by the decrease in miscellaneous marketing expenses.

## 6.8.1.9 Finance cost

**Table (6.46): Finance cost for the Period Ended 31 December 2023G and 2024G**

| SAR in 000s                                     | For the 9-months period ended 31 December 2023G | For the 9 months period ended 31 December 2024G | Var. 9 months period ended 31 December 2023G-9 months period ended 31 December 2024G |
|-------------------------------------------------|-------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------------------------|
| Accretion of finance costs on lease liabilities | 48                                              | 170                                             | 250%                                                                                 |
| <b>Total</b>                                    | <b>48</b>                                       | <b>170</b>                                      | <b>250%</b>                                                                          |

Source: The Group's unaudited reviewed interim condensed financial statements for the period ended 31 December 2023G and 2024G.

Finance cost amounted to SAR170k for the 9 months period ended 31 December 2024G and comprises of accretion of finance costs on lease liabilities.

## 6.8.1.10 Other Income

**Table (6.47): Other income for the Period Ended 31 December 2023G and 2024G**

| SAR in 000s                                        | For the 9-months period ended 31 December 2023G MA | For the 9 months period ended 31 December 2024G MA | Var. 9 months period ended 31 December 2023G-9 months period ended 31 December 2024G |
|----------------------------------------------------|----------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------------------------------|
| Disbursements from human resource development fund | 999                                                | 918                                                | (8.2%)                                                                               |
| Exchange gain on financial transactions            | 230                                                | 505                                                | 119.8%                                                                               |
| Gains on sale of scrap materials                   | 494                                                | 700                                                | 41.8%                                                                                |
| Other miscellaneous income                         | 532                                                | -                                                  | (100.0%)                                                                             |
| Reversal of liability no longer payable            | -                                                  | 314                                                | n.a                                                                                  |
| <b>Total</b>                                       | <b>2,254</b>                                       | <b>2,437</b>                                       | <b>8.1%</b>                                                                          |

Source: Management accounts for the 9 months period ended 31 December 2023G and 2024G.

Other income averaged SAR2.3m for the 9 months period ended 31 December 2023G and 2024G and mainly pertains to disbursements from HRDF, foreign exchange and scrap sales amongst others.

## 6.8.2 Consolidated Statement of Financial Position Data

**Table (6.48): Consolidated Statement of Financial Position Data as at 31 March 2024G and 31 December 2024G**

| SAR in 000s                     | 31-Mar-24G    | 31-Dec-24 Unaudited |
|---------------------------------|---------------|---------------------|
| <b>Non-current assets</b>       |               |                     |
| Property and equipment          | 38,217        | 47,485              |
| Intangible assets               | 924           | 825                 |
| Right-of-use assets             | 1,335         | 9,545               |
| Deferred tax assets             | 4,692         | 5,188               |
| <b>Total non-current assets</b> | <b>45,168</b> | <b>63,043</b>       |

| SAR in 000s                                    | 31-Mar-24G     | 31-Dec-24<br>Unaudited |
|------------------------------------------------|----------------|------------------------|
| <b>Current assets</b>                          |                |                        |
| Inventories                                    | 80,999         | 103,203                |
| Trade receivables                              | 105,620        | 97,644                 |
| Amounts due from a related party               | 906            | -                      |
| Prepayments and other current assets           | 22,173         | 29,155                 |
| Cash and cash equivalents                      | 18,753         | 40,384                 |
| <b>Total current assets</b>                    | <b>228,451</b> | <b>270,386</b>         |
| <b>Total assets</b>                            | <b>273,619</b> | <b>333,429</b>         |
| <b>Equity</b>                                  |                |                        |
| Share capital                                  | 1,000          | 100,000                |
| Additional capital contribution                | 54,440         | -                      |
| Statutory reserve                              | 300            | 300                    |
| Retained earnings                              | 58,995         | 55,234                 |
| <b>Total Equity</b>                            | <b>114,734</b> | <b>155,534</b>         |
| <b>Non-current liabilities</b>                 |                |                        |
| Employees' defined benefit liabilities         | 17,631         | 19,091                 |
| Lease liabilities                              | 1,040          | 7,554                  |
| <b>Total non-current liabilities</b>           | <b>18,671</b>  | <b>26,644</b>          |
| <b>Current liabilities</b>                     |                |                        |
| Trade payables                                 | 58,285         | 63,739                 |
| Amounts due to related parties                 | 462            | 228                    |
| Accrued expenses and other current liabilities | 22,130         | 22,867                 |
| Contract liabilities                           | 55,149         | 59,025                 |
| Current portion of lease liabilities           | 101            | 1,375                  |
| Provision for zakat and income tax             | 4,087          | 4,018                  |
| <b>Total current liabilities</b>               | <b>140,214</b> | <b>151,251</b>         |
| <b>Total liabilities</b>                       | <b>158,885</b> | <b>177,896</b>         |
| <b>Total equity and liabilities</b>            | <b>273,619</b> | <b>333,429</b>         |



| SAR in 000s           | 31-Mar-24G | 31-Dec-24<br>Unaudited |
|-----------------------|------------|------------------------|
| <b>KPIs</b>           |            |                        |
| DSO                   | 110        | 74                     |
| DIO                   | 134        | 119                    |
| DPO                   | 97         | 74                     |
| Return on assets      | 16.5%      | 14.8%                  |
| Return on equity      | 39.3%      | 31.7%                  |
| Debt to equity ratio  | 1.38       | 1.14                   |
| Current ratio         | 1.63       | 1.79                   |
| Quick ratio           | 1.05       | 1.11                   |
| Debt to assets ratio  | 0.53       | 0.58                   |
| Asset to equity ratio | 2.38       | 2.14                   |

Source: The Group's unaudited interim condensed consolidated financial statements for the nine-month period ended 31 December 2024G.

Return on assets = net profit/total assets

Return on equity = net profit/total equity

Debt to equity ratio = total liabilities/total equity

Current ratio = current assets/current liabilities

Quick ratio = (current assets – Inventory)/current liabilities

Debt to assets ratio = total liabilities/total assets

Assets to equity ratio = total assets/total equity

## Assets

### Non-Current Assets

Non-current assets amounted to SAR63.0m as at 31-Dec-24G and comprises of property, plant and equipment (SAR47.5m), right of use assets (SAR9.5m), deferred tax assets (SAR5.2m) and intangible assets (SAR825k). Non-current assets increased from SAR45.2m as at 31-Mar-24G to SAR63.0m as at 31-Dec-24G driven by (i) the additions of PPE mainly land in relation to the land obtained from partner, and (2) additional leases in relation to new land in Kharj and new head offices.

### Current Assets

Current assets increased from SAR228.5m as at 31-Mar-24G to SAR270.4m as at 31-Dec-24G driven by the increase in inventories in line with the increase in expected orders and the increase in cash and cash equivalents driven by the increase in accrued expenses and trade payables in line with the operational growth.

### Equity

Equity amounted to SAR155.5m as at 31-Dec-24G and pertains to share capital, retained earnings, statutory reserve and additional capital contribution.

Share capital increased from SAR1m as at 31-Mar-24G to SAR100m as at 31-Dec-24G driven by the transfer of SAR99m from additional paid in capital to share capital.

## Liabilities

### Non-Current Liabilities

Non-current liabilities increased from SAR18.7m as at 31-Mar-24G to SAR26.6m as at 31-Dec-24G driven by the increase in employees defined benefit liabilities in line with the increase in headcount over the period under review, coupled with the increase in non-current lease liabilities in line with the increase in RoU with the addition of 2 new leases over the same period.

### Current Liabilities

Current liabilities increased from SAR140.2m as at 31-Mar-24G to SAR151.3m as at 31-Dec-24G driven by the increase in trade payables in line with the operational growth of the Group coupled with the increase in accrued expenses.

#### 6.8.2.1 Property and equipment

**Table (6.49): Net book value as at 31 March 2024G and 31 December 2024G**

| SAR in 000s                   | 31-Mar-24G    | 31-Dec-24<br>Unaudited |
|-------------------------------|---------------|------------------------|
| Land                          | 12,673        | 16,961                 |
| Buildings                     | 14,015        | 15,966                 |
| Heavy machinery and equipment | 6,616         | 8,389                  |
| Tools and other equipment     | 373           | 540                    |
| Furniture and fixtures        | 2,401         | 2,636                  |
| Motor Vehicles                | 555           | 829                    |
| Computer equipment            | 578           | 1,157                  |
| Work-in-progress              | 1,007         | 1,007                  |
| <b>Total</b>                  | <b>38,217</b> | <b>47,485</b>          |

Source: The Group's unaudited interim condensed consolidated financial statements for the nine-month period ended 31 December 2024G.

**Table (6.50): Additions to property and equipment during the year ended 31 March 2024G and during the nine-month period ended 31 December 2024G**

| SAR in 000s                   | 31-Mar-24G    | 31-Dec-24<br>Unaudited |
|-------------------------------|---------------|------------------------|
| Land                          | 12,673        | 4,288                  |
| Buildings                     | 428           | 1,487                  |
| Heavy machinery and equipment | 877           | 2,651                  |
| Tools and other equipment     | 236           | 260                    |
| Furniture and fixtures        | 422           | 746                    |
| Motor Vehicles                | 245           | 457                    |
| Computer equipment            | 237           | 858                    |
| Work-in-progress              | (1,693)       | -                      |
| <b>Total</b>                  | <b>16,812</b> | <b>10,746</b>          |

Source: The Group's unaudited interim condensed consolidated financial statements for the nine-month period ended 31 December 2024G.

**Table (6.51): Acquisitions of property and equipment from CGS - Bahrain during the year ended 31 March 2024G and during the nine-month period ended 31 December 2024G**

| SAR in 000s                   | 31-Mar-24G | 31-Dec-24 Unaudited |
|-------------------------------|------------|---------------------|
| Land                          | -          | -                   |
| Buildings                     | -          | 2,663               |
| Heavy machinery and equipment | -          | 82                  |
| Tools and other equipment     | -          | 87                  |
| Furniture and fixtures        | -          | 66                  |
| Motor Vehicles                | -          | 186                 |
| Computer equipment            | -          | 107                 |
| Work-in-progress              | -          | -                   |
| <b>Total</b>                  | <b>-</b>   | <b>3,191</b>        |

Source: The Group's unaudited interim condensed consolidated financial statements for the nine-month period ended 31 December 2024G.

**Table (6.52): Transfers to property and equipment during the year ended 31 March 2024G and during the nine-month period ended 31 December 2024G**

| SAR in 000s                   | 31-Mar-24G | 31-Dec-24 Unaudited |
|-------------------------------|------------|---------------------|
| Land                          | -          | -                   |
| Buildings                     | 2,349      | -                   |
| Heavy machinery and equipment | 2,787      | -                   |
| Tools and other equipment     | -          | -                   |
| Furniture and fixtures        | 1,464      | -                   |
| Motor Vehicles                | -          | -                   |
| Computer equipment            | -          | -                   |
| Work-in-progress              | (6,600)    | -                   |
| <b>Total</b>                  | <b>-</b>   | <b>-</b>            |

Source: The Group's unaudited interim condensed consolidated financial statements for the nine-month period ended 31 December 2024G.

**Table (6.53): Accumulated Depreciation of Property and Equipment as at 31 March 2024G and December 2024G**

| SAR in 000s                   | 31-Mar-24G    | 31-Dec-24 Unaudited |
|-------------------------------|---------------|---------------------|
| Buildings                     | 26,416        | 28,615              |
| Heavy machinery and equipment | 32,131        | 33,091              |
| Tools and other equipment     | 1,934         | 2,114               |
| Furniture and fixtures        | 4,628         | 5,205               |
| Motor Vehicles                | 5,194         | 5,562               |
| Computer equipment            | 3,130         | 3,515               |
| <b>Total</b>                  | <b>73,433</b> | <b>78,102</b>       |

Source: The Group's unaudited interim condensed consolidated financial statements for the nine-month period ended 31 December 2024G.

Property and equipment pertains to land (c.35.7%), buildings (c.33.6%), heavy machinery and equipment (c.17.7%), furniture and fixture (c.5.6%), computer equipment (c.2.4%), motor vehicles (c.1.7%), tools and other equipment (c.1.1%) and work in progress (c.2.1%). Land amounted to SAR17.0m as at 31-Dec-24G and includes the additions of two plot of lands amounting to SAR12.7m as at 31-Mar-24G and SAR4.3m as at 31-Dec-24G transferred from a partner to the Group at no cost. These lands are used for operational purposes. Building increased to SAR16.0m as at 31-Dec-24G mainly driven by the acquisition of CGS – Bahrain entity partially offset by the respective depreciation.

Heavy machinery and equipment balance increased to SAR8.4m as at 31-Dec-24G driven by additions (+SAR2.7m) in relation to (i) the acquisition of CGS – Bahrain and (ii) the additions of several manufacturing equipment amounting to SAR486k, partially offset by the depreciation charge for the period (-SAR878k).

It is worth noting that heavy machinery and equipment are c.79.8% depreciated as at 31-Dec-24G.

Furniture and fixtures, computer equipment, motor vehicles and tools & other equipment amounting to SAR5.2m as at 31-Dec-24G contributes to c.10.9% of total property and equipment. Balances fluctuated over the historical period under review driven by the additions depending on Group needs and the depreciation charges over the same period.

Work in progress amounting to SAR1.0m as at 31-Dec-24G represents modifications to the factory and new machinery under installation.

### 6.8.2.2 Intangible Assets

**Table (6.54): Intangible assets as at 31 March 2024G and 31 December 2024G**

| SAR in 000s                                          | 31-Mar-24G   | 31-Dec-24<br>MA |
|------------------------------------------------------|--------------|-----------------|
| <b>Cost</b>                                          |              |                 |
| Balance at the beginning of the period               | 2,264        | 2,791           |
| Additions                                            | 527          | 127             |
| <b>Cost at the end of period</b>                     | <b>2,791</b> | <b>2,918</b>    |
| <b>Accumulated amortization</b>                      |              |                 |
| Balance at the beginning of the period               | 1,643        | 1,867           |
| Charge for the period                                | 224          | 226             |
| <b>Accumulated amortization at the end of period</b> | <b>1,867</b> | <b>2,092</b>    |
| <b>Net book value</b>                                | <b>924</b>   | <b>825</b>      |

Source: Management accounts for the 9 months period ended 31 December 2024G

Intangible assets amounted to SAR825k as at 31-Dec-24G, a decrease from SAR924k as at 31-Mar-24G driven by the amortization charge for the period.

### 6.8.2.3 Right of use assets and Lease liabilities

**Table (6.55): RoU as at 31 March 2024G and 31 December 2024G**

| SAR in 000s                                 | 31-Mar-24G   | 31-Dec-24<br>MA |
|---------------------------------------------|--------------|-----------------|
| <b>Cost</b>                                 |              |                 |
| Balance as at the beginning of the period   | 5,458        | 5,731           |
| Adjustments during the period               | 273          | 9,090           |
| <b>Cost balance as at the end of period</b> | <b>5,731</b> | <b>14,821</b>   |

| SAR in 000s                                        | 31-Mar-24G   | 31-Dec-24<br>MA |
|----------------------------------------------------|--------------|-----------------|
| <b>Accumulated depreciation</b>                    |              |                 |
| Balance as at the beginning of the period          | 3,518        | 4,396           |
| Depreciation charge                                | 879          | 879             |
| <b>Accumulated balance as at the end of period</b> | <b>4,396</b> | <b>5,276</b>    |
| <b>Total</b>                                       | <b>1,335</b> | <b>9,545</b>    |

Source: Management accounts for the 9 months period ended 31 December 2024G

**Table (6.56): Lease liabilities as at 31 March 2024G and 31 December 2024G**

| SAR in 000s                                                                  | 31-Mar-24G   | 31-Dec-24<br>MA |
|------------------------------------------------------------------------------|--------------|-----------------|
| At beginning of the period                                                   | 1,634        | 1,141           |
| Modification during the year                                                 | 273          | 9,090           |
| Accretion of interest                                                        | 80           | 170             |
| Payments during the year                                                     | (846)        | (1,472)         |
| <b>Balance at end of period</b>                                              | <b>1,141</b> | <b>8,928</b>    |
| <b>Lease liabilities are presented in the financial position as follows:</b> |              |                 |
| Current                                                                      | 101          | 1,379           |
| Non-current                                                                  | 1,040        | 7,449           |
| <b>Total</b>                                                                 | <b>1,141</b> | <b>8,928</b>    |

Source: Management accounts for the 9 months period ended 31 December 2024G

RoU increased from SAR1.3m as at 31-Mar-24G to SAR9.5m as at 31-Dec-24G as a result of the additional leases in relation to the (i) land in Al Kharj that commenced in Jul-24G and (ii) the new head offices in Eastern Ring Road, Riyadh that commenced in Aug-24G.

Lease liabilities increased from SAR1.1m as at 31-Mar-24G to SAR8.9m as at 31-Dec-24G in line with the increase in RoU

#### 6.8.2.4 Inventories

**Table (6.57): Inventory as at 31 March 2024G and 31 December 2024G**

| SAR in 000s                           | 31-Mar-24G    | 31-Dec-24<br>MA |
|---------------------------------------|---------------|-----------------|
| Goods held for sale                   | 43,453        | 35,062          |
| Raw materials                         | 28,748        | 37,237          |
| Spare parts and consumables           | 12,099        | 20,199          |
| Work in progress                      | 7,083         | 23,789          |
| Goods in transit                      | 634           | 48              |
| <b>Gross total</b>                    | <b>92,016</b> | <b>116,336</b>  |
| Less: provision for slow moving items | (11,016)      | (13,133)        |
| <b>Total</b>                          | <b>80,999</b> | <b>103,203</b>  |

Source: Management accounts for the 9 months period ended 31 December 2024G and Group's audited consolidated financial statements for year ended 31 March 24G.

**Table (6.58): Slow moving inventory provision as at 31 March 2024G and 31 December 2024G**

| SAR in 000s                              | 31-Mar-24G    | 31-Dec-24<br>MA |
|------------------------------------------|---------------|-----------------|
| At the beginning of the period           | 11,332        | 11,979          |
| Acquisition through business combination | -             | -               |
| Charge during the period                 | -             | 1,153           |
| Written off during the period            | (316)         | -               |
| <b>At the end of the period</b>          | <b>11,016</b> | <b>13,133</b>   |

Source: Management accounts for the 9 months period ended 31 December 2024G and Group's audited consolidated financial statements for year ended 31 March 24G.

DIO decreased from c.134 days as at 31-Mar-24G to c.119 days as at 31-Dec-24G mainly driven by the increase in sales.

Goods held for sale decreased from SAR43.5m as at 31-Mar-24G to SAR35.1m as at 31-Dec-24G while Raw materials and spare parts and consumables increased as at 31-Dec-24G driven by the expected pipeline orders and needs.

Work in progress increased from SAR7.1m as at 31-Mar-24G to SAR23.8m as at 31-Dec-24G driven by the production execution timing of orders, mainly impacted by customized solutions business.

Goods in transit mainly consists of shipments between CGS branches and amounted to SAR48k as at 31-Dec-24G.

Provision recorded as at 31-Dec-24G amounting to SAR13.1m, is in line with the aging and Group's policy.

#### 6.8.2.5 Trade Receivables

**Table (6.59): Trade receivables as at 31 March 2024G and 31 December 2024G**

| SAR in 000s             | 31-Mar-24G     | 31-Dec-24     |
|-------------------------|----------------|---------------|
| Trade receivables       | 115,053        | 107,080       |
| Less: allowance for ECL | (9,433)        | (9,437)       |
| <b>Total</b>            | <b>105,620</b> | <b>97,644</b> |

Source: Management accounts for the 9 months period ended 31 December 2024G and Group's audited consolidated financial statement for year ended 31 March 24G.

**Table (6.60): ECL movement as at 31 March 2024G and 31 December 2024G**

| SAR in 000s                     | 31-Mar-24G   | 31-Dec-24    |
|---------------------------------|--------------|--------------|
| At the beginning of the period  | 7,802        | 10,187       |
| Charge for the period           | 1,722        | (675)        |
| Written off during the period   | (91)         | (75)         |
| <b>At the end of the period</b> | <b>9,433</b> | <b>9,437</b> |

Source: Management accounts for the 9 months period ended 31 December 2024G and Group's audited consolidated financial statement for year ended 31 March 24G.

Trade receivables decreased from SAR105.6m as at 31-Mar-24G to SAR97.6 as at 31-Dec-24G driven by the increase in cash collection.

A reversal on provisions of SAR676k was recorded at 31-Dec-24G in line with the improved aging with the increase in collections during Q3.

### 6.8.2.6 Prepayments and other current assets

**Table (6.61): Prepayments and other current assets as at 31 March 2024G and 31 December 2024G**

| SAR in 000s                   | 31-Mar-24G    | 31-Dec-24<br>MA |
|-------------------------------|---------------|-----------------|
| Advances to suppliers         | 14,804        | 20,434          |
| Refundable deposits           | 2,574         | 2,775           |
| Prepaid expenses              | 1,000         | 2,492           |
| Advances to employees         | 2,326         | 1,569           |
| Margin deposits with bank     | 1,468         | 1,534           |
| Receivables from shareholders | -             | 205             |
| Others                        | 1             | 147             |
| <b>Total</b>                  | <b>22,173</b> | <b>29,155</b>   |

Source: Management accounts for the period ended 31 December 2024G and Group's audited consolidated financial statement for year ended 31 March 24G.

#### Advances to suppliers

Advances to suppliers increased from SAR14.8m as at 31-Mar-24G to SAR20.4m as at 31-Dec-24 driven by advance payments made to suppliers for purposes including automated solutions, contractual work, and the purchase of materials related to cooling projects.

#### Refundable deposits

Refundable deposits pertains to customs deposits paid upon the clearance of goods, which can be refunded at a later stage. Refundable deposits averaged SAR2.6m over the period under review.

#### Prepaid expenses

Balance increased from SAR1m as at 31-Mar-24G to SAR2.5m as at 31-Dec-24G mainly driven by the increase in prepaid insurance recorded during the period to be completely recognized at year-end coupled with the increase in prepayments for various subscriptions at period end driven by the additional subscriptions for systems including the Sophos Intercept X Advanced system, Autodesk subscription, and the Commvault Cloud system for backup and recovery.

#### Advances to employees

Advances to employees decreased from SAR2.3 as at 31-Mar-24G to SAR1.6m as at 31-Dec-24G depending on the loans requested by employees and granted to them.

#### Margin deposits with bank

Margin deposits with bank averaged SAR1.5m as at 31-Mar-24G and 31-Dec-24G and fluctuates based on the operations and needs.

#### Receivables from shareholders

Receivables from shareholders amounted to SAR205k as at 31-Dec-24G and mainly pertains to the IPO costs borne by the shareholders.

#### Others

Others mainly comprises of miscellaneous prepaid expenses. Balance increased from SAR1k as at 31-Mar-24G to SAR147k as at 31-Dec-24G in line with the expenses recorded under CGS Bahrain which have not yet been charged to the relevant projects. The balance is expected to decrease later upon the close of the fiscal year.

### 6.8.2.7 Trade payables

**Table (6.62): Trade payables as at 31 March 2024G and 31 December 2024G**

| SAR in 000s     | 31-Mar-24G<br>MA | 31-Dec-24<br>MA |
|-----------------|------------------|-----------------|
| Carrier         | 33,778           | 19,891          |
| Other suppliers | 24,507           | 43,847          |
| <b>Total</b>    | <b>58,285</b>    | <b>63,739</b>   |
| <b>KPIs</b>     |                  |                 |
| DPO             | 97               | 74              |

Source: Management accounts for the 9 months period ended 31 March 2024G and 31 December 2024G

Balance increased from SAR58.3m as at 31-Mar-24G to SAR63.7m as at 31-Dec-24G primarily attributed to higher purchases in line with rising customer demand and ongoing projects.

DPO decreased from 97 days as at 31-Mar-24G to 74 days as at 31-Dec-24G as a result of the improved operational efficiency and more streamlined processes, leading to faster invoice processing and payments.

### 6.8.2.8 Accrued expenses and other current liabilities

**Table (6.63): Accruals and other current liabilities as at 31 March 2024G and 31 December 2024G**

| SAR in 000s                                      | 31-Mar-24G    | 31-Dec-24<br>MA |
|--------------------------------------------------|---------------|-----------------|
| Payables against goods received but not invoiced | 467           | 2,986           |
| Employees related accruals                       | 9,196         | 8,139           |
| VAT payable                                      | 5,290         | 2,940           |
| Sales commission payable                         | 2,473         | 3,166           |
| Accrued expenses                                 | 2,528         | 2,658           |
| Provision for warranties                         | 1,980         | 2,546           |
| Others                                           | 196           | 431             |
| <b>Total</b>                                     | <b>22,130</b> | <b>22,867</b>   |

Source: Management accounts for the period ended 31December 2024G and Group's audited consolidated financial statement for year ended 31 March 24G.

### Payables against goods received but not invoiced

Payables against goods received but not invoiced increased from SAR467k as at 31-Mar-24G to SAR3.0m as at 31-Dec-24G due to an exceptional delay in receiving invoices during the third quarter of the year, and given that the fiscal year has not yet closed, supplier invoices are nevertheless being received regularly and within the appropriate and scheduled timeframes. Invoices related to the FY25G fiscal year were received before Mar-25G.

### Employees related accruals

Employees related accruals decreased from SAR9.2m as at 31-Mar-24G to SAR8.1m as at 31-Dec-24G driven by the payment of accrued bonuses.

### VAT payable

VAT payables decreased from SAR5.3m as at 31-Mar-24G to SAR2.9m as at 31-Dec-24G driven by payments made during the period.



### Sales commission payable

Sales commission payable increased from SAR2.5m as at 31-Mar-24G to SAR3.2m as at 31-Dec-24G due to the increase in the sales and business operations.

### Accrued expenses

Accrued expenses slightly decreased from SAR2.5m as at 31-Mar-24G to SAR2.7m as at 31-Dec-24G driven by the increase in professional services accruals.

### Provision for warranties

Provision for warranties increased from SAR2.0m as at 31-Mar-24G to SAR2.5m as at 31-Dec-24G driven by the increase in sales.

### Others

Others pertains to miscellaneous accruals recorded over the historical period under review and balance increased from SAR196k as at 31-Mar-24G to SAR431k as at 31-Dec-24G due to the overall increase in audit fee provisions recorded under the holding company in relation to the broader scope.

#### 6.8.2.9 Contract liabilities

**Table (6.64): Contract liabilities as at 31 March 2024G and 31 December 2024G**

| SAR in 000s                                  | 31-Mar-24G    | 31-Dec-24<br>MA |
|----------------------------------------------|---------------|-----------------|
| Advance from the customers                   | 34,673        | 24,833          |
| Billings in excess of value of work executed | 20,476        | 34,192          |
| <b>Total</b>                                 | <b>55,149</b> | <b>59,025</b>   |

Source: Management accounts for the period ended 31 December 2024G and Group's audited consolidated financial statement for year ended 31 March 24G.

Contract liabilities increased from SAR55.1m as at 31-Mar-24G to SAR59.0m as at 31-Dec-24G mainly driven by the additions of new projects mainly from a gas and oil customer benefiting from a customized solution product that usually spans over a period of 9-12 months and a customer in the automotive industry. This increase was slightly offset by the decrease in balances as a result of the finalization of the projects and the recognition of revenue.

#### 6.8.2.10 Related parties

**Table (6.65): Due from related parties as at 31 March 2024G and 31 December 2024G**

| SAR in 000s                             | 31-Mar-24G | 31-Dec-24<br>Unaudited |
|-----------------------------------------|------------|------------------------|
| Al Saadi Refrigeration Air Conditioning | 906        | -                      |
| <b>Total</b>                            | <b>906</b> | <b>-</b>               |

Source: The Group's interim condensed consolidated financial statements for the period ended 31 December 2024G.

**Table (6.66): Due to related parties as at 31 March 2024G and 31 December 2024G**

| SAR in 000s                          | 31-Mar-24G | 31-Dec-24<br>Unaudited |
|--------------------------------------|------------|------------------------|
| GK Grunenfelder International AG     | 342        | 220                    |
| Darat Esmat Al Saady Holding Company | 120        | 8                      |
| <b>Total</b>                         | <b>462</b> | <b>228</b>             |

Source: The Group's interim condensed consolidated financial statements for the period ended 31 December 2024G.

As at 31-Mar-24G, due from related parties were solely from Al Saadi Refrigeration Air Conditioning, CGS - Bahrain, and pertains to shared services between the parties mainly in relation to shared management employees.

As CGS - Bahrain was fully transferred to the holding company in Apr-24G, the balances are eliminated on a consolidated level.

Due to related parties amounting to SAR228k as at 31-Dec-24G pertains to balances from parent company, GK Grunenfelder International AG and Darat Esmat Al Saady Holding Company for financing purposes.

#### 6.8.2.11 Employees defined benefit liabilities

**Table (6.67): Employees defined benefit liabilities as at 31 March 2024G and 31 December 2024G**

| SAR in 000s                                                                                                           | 31-Mar-24G    | 31-Dec-24<br>Unaudited |
|-----------------------------------------------------------------------------------------------------------------------|---------------|------------------------|
| Balance as at beginning of the year                                                                                   | 16,185        | 17,631                 |
| Acquisition through business combination                                                                              | -             | 488                    |
| <b>Charges recognised in the consolidated statement of income and other comprehensive income for the year/period:</b> |               |                        |
| Interest cost                                                                                                         | 600           | -                      |
| Current service cost                                                                                                  | 2,042         | 2,526                  |
| <b>Actuarial changes arising due to:</b>                                                                              |               |                        |
| Financial assumptions                                                                                                 | (98)          | -                      |
| Experience assumptions                                                                                                | 811           | -                      |
| Benefits paid during the year                                                                                         | (1,908)       | (1,555)                |
| <b>Balance as at end of the year</b>                                                                                  | <b>17,631</b> | <b>19,091</b>          |

Source: Management accounts for the period ended 31 December 2024G and Group's audited consolidated financial statement for year ended 31 March 24G.

Defined employee benefit obligations represent the estimated end-of-service gratuity due to employees upon termination of their service, in accordance with applicable local regulations and contractual agreements. Employees defined benefit liabilities increased from SAR17.6m as at 31-Mar-24G to SAR19.1m as at 31-Dec-24G in line with the increase in headcount over the period under review.

#### 6.8.2.12 Cash and Cash Equivalents

**Table (6.68): Cash and cash equivalents as at 31 March 2024G and 31 December 2024G**

| SAR in 000s   | 31-Mar-24G    | 31-Dec-24<br>Unaudited |
|---------------|---------------|------------------------|
| Cash at banks | 18,574        | 40,140                 |
| Cash in hand  | 178           | 244                    |
| <b>Total</b>  | <b>18,753</b> | <b>40,384</b>          |

Source: Management accounts for the period ended 31 December 2024G and Group's audited consolidated financial statement for year ended 31 March 24G.

Cash and cash equivalents increased from SAR18.8m as at 31-Mar-24G to SAR40.4m as at 31-Dec-24G driven by the increase in accrued expenses and trade payables in line with operational growth coupled with the decrease in trade receivables in line with the collections during the same period.

### 6.8.3 Consolidated Statement of Cash flow Data

**Table (6.69): Consolidated Statement of cash flow Data for the nine-month periods ended 31 December 2023G and 2024G**

| SAR in 000s                                                                           | For the 9 months period<br>ended 31-Dec-23G<br>Unaudited | For the 9 months period<br>ended 31-Dec-24G<br>Unaudited |
|---------------------------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|
| <b>Operating Activities</b>                                                           |                                                          |                                                          |
| Profit before zakat and income tax                                                    | 34,061                                                   | 56,318                                                   |
| <b>Adjustments to reconcile profit before zakat and income tax to net cash flows:</b> |                                                          |                                                          |
| Depreciation of property and equipment                                                | 2,083                                                    | 2,950                                                    |
| Provision for employees' defined benefit liabilities                                  | 2,440                                                    | 2,526                                                    |
| Charge/(reversal) of expected credit losses of trade receivables                      | 600                                                      | (675)                                                    |
| Depreciation of right-of-use assets                                                   | 794                                                      | 879                                                      |
| Amortization of intangible assets                                                     | 149                                                      | 226                                                      |
| Interest on lease liabilities                                                         | 48                                                       | 170                                                      |
| Provision for slow moving inventories                                                 | -                                                        | 1,153                                                    |
|                                                                                       | <b>40,175</b>                                            | <b>63,547</b>                                            |
| <b>Working capital adjustments:</b>                                                   |                                                          |                                                          |
| Inventories                                                                           | (22,771)                                                 | (20,560)                                                 |
| Trade receivables                                                                     | (31,027)                                                 | 10,075                                                   |
| Amounts due from a related party                                                      | (1,017)                                                  | 959                                                      |
| Prepayments and other current assets                                                  | (7,600)                                                  | (6,838)                                                  |
| Trade payable                                                                         | 20,556                                                   | 5,341                                                    |
| Amounts due to related parties                                                        | (84)                                                     | (1,177)                                                  |
| Accrued expenses and other current liabilities                                        | 4,342                                                    | 89                                                       |
| Contract liabilities                                                                  | 7,244                                                    | 3,554                                                    |
| <b>Cash generated from operating activities</b>                                       | <b>9,818</b>                                             | <b>54,990</b>                                            |
| Zakat and income tax paid                                                             | (3,552)                                                  | (7,677)                                                  |
| Employees' defined benefit liabilities paid                                           | (1,451)                                                  | (1,555)                                                  |
| <b>Net cash generated from (used in) operating activities</b>                         | <b>4,815</b>                                             | <b>45,758</b>                                            |
| <b>Investing activities</b>                                                           |                                                          |                                                          |
| Purchase of property and equipment                                                    | (2,281)                                                  | (6,458)                                                  |
| Purchase of intangible assets                                                         | (458)                                                    | (127)                                                    |
| <b>Net cash used in investing activities</b>                                          | <b>(2,739)</b>                                           | <b>(6,585)</b>                                           |
| Payment of lease liabilities                                                          | (909)                                                    | (1,472)                                                  |
| Dividends paid to equity holders                                                      | (11,840)                                                 | (18,161)                                                 |
| <b>Net cash used in financing activities</b>                                          | <b>(12,748)</b>                                          | <b>(19,634)</b>                                          |
| Net Decrease in cash and cash equivalents                                             | (10,672)                                                 | 19,540                                                   |
| Cash and cash equivalents at the beginning of the period                              | 22,594                                                   | 18,753                                                   |
| Acquisition of subsidiary - net of cash acquired                                      | -                                                        | 2,091                                                    |
| <b>Cash and cash equivalents at the end of the period</b>                             | <b>11,922</b>                                            | <b>40,384</b>                                            |

Source: The Group's unaudited interim condensed consolidated financial statements for the period ended 31 December 2024G.

## Net Cash Flows from Operating Activities

Net cash from operating activities increased from an inflow of SAR4.8m for the 9 months period ended 31 December 2023G to an inflow of SAR45.8m for the 9 months period ended 31 December 2024G driven by the increase in profit coupled with the decrease in receivables as a result of collections slightly offset by the decrease in trade payables in line with the operational growth.

## Net cash used in investing activities

Net cash flow from investing activities increased from an outflow of SAR2.7m for the 9 months period ended 31 December 2023G to an outflow of SAR6.6m for the 9 months period ended 31 December 2024G driven by the transfer of CGS – Bahrain coupled with the property and equipment additions.

## Net cash used in financing activities

Net cash used in financing activities decreased from an outflow of SAR12.7m for the 9 months period ended 31 December 2023G to an outflow of SAR19.6m for the 9 months period ended 31 December 2024G mainly driven by higher dividends distributions coupled by the increase in lease liability payments.

## 6.9 Results of Operations for Material subsidiary – for Riyadh entity – CGS Riyadh – “Coldstores Group of Saudi Arabia” – for the Financial Years Ended 31 March 2022G, 2023G and 2024G

### 6.9.1 Statement of Profit and Loss and Other Comprehensive Income Data

**Table (6.70): Statement of Profit and Loss and Other Comprehensive Income Data for the Financial Years Ended 31 March 2022G, 2023G and 2024G:**

| SAR in 000s                                                           | FY22G         | FY23G         | FY24G         | Variance<br>2022G –<br>2023G | Variance<br>2023G –<br>2024G | CAGR<br>2022G –<br>2024G |
|-----------------------------------------------------------------------|---------------|---------------|---------------|------------------------------|------------------------------|--------------------------|
| Revenue                                                               | 256,390       | 219,601       | 309,442       | (14.3%)                      | 40.9%                        | 9.9%                     |
| Cost of revenue                                                       | (215,639)     | (185,075)     | (246,680)     | (14.2%)                      | 33.3%                        | 7.0%                     |
| <b>Gross profit</b>                                                   | <b>40,751</b> | <b>34,526</b> | <b>62,762</b> | <b>(15.3%)</b>               | <b>81.8%</b>                 | <b>24.1%</b>             |
| General and administrative expenses                                   | (9,550)       | (13,151)      | (16,273)      | 37.7%                        | 23.7%                        | 30.5%                    |
| Selling and distribution expenses                                     | (4,586)       | (4,689)       | (6,050)       | 2.2%                         | 29.0%                        | 14.9%                    |
| Charge of expected credit losses                                      | 1,616         | (700)         | (1,472)       | (143.3%)                     | 110.3%                       | n.a                      |
| <b>Operating profit</b>                                               | <b>28,231</b> | <b>15,987</b> | <b>38,967</b> | <b>(50.7%)</b>               | <b>37.8%</b>                 | <b>(17.6%)</b>           |
| Other income, net                                                     | 4,028         | 1,984         | 2,733         | (50.7%)                      | 37.8%                        | (17.6%)                  |
| Finance costs                                                         | -             | (598)         | (530)         | n.a                          | (11.4%)                      | n.a                      |
| <b>Profit before zakat and tax</b>                                    | <b>32,259</b> | <b>17,372</b> | <b>41,170</b> | <b>(46.1%)</b>               | <b>137.0%</b>                | <b>13.0%</b>             |
| Zakat                                                                 | (802)         | (870)         | (1,126)       | 8.5%                         | 29.5%                        | 18.5%                    |
| Income tax                                                            | (2,835)       | (2,129)       | (4,314)       | (24.9%)                      | 102.6%                       | 23.4%                    |
| Deferred tax income                                                   | (401)         | 385           | 160           | (196.0%)                     | (58.4%)                      | n.a                      |
| <b>Profit for the year</b>                                            | <b>28,220</b> | <b>14,758</b> | <b>35,889</b> | <b>(47.7%)</b>               | <b>143.2%</b>                | <b>12.8%</b>             |
| Remeasurement (loss) / gain on employees' defined benefit liabilities | 469           | 83            | (659)         | (82.4%)                      | (896.8%)                     | n.a                      |

| SAR in 000s                                                                                | FY22G         | FY23G         | FY24G         | Variance<br>2022G -<br>2023G | Variance<br>2023G -<br>2024G | CAGR<br>2022G -<br>2024G |
|--------------------------------------------------------------------------------------------|---------------|---------------|---------------|------------------------------|------------------------------|--------------------------|
| Deferred tax effect on remeasurement loss (gain) of employees' defined benefit liabilities | (47)          | (8)           | 66            | (82.4%)                      | (896.8%)                     | n.a                      |
| <b>Other comprehensive income for the year</b>                                             | <b>423</b>    | <b>74</b>     | <b>(593)</b>  | <b>(82.4%)</b>               | <b>(896.8%)</b>              | <b>n.a</b>               |
| <b>Total comprehensive income for the year</b>                                             | <b>28,642</b> | <b>14,833</b> | <b>35,297</b> | <b>(48.2%)</b>               | <b>138.0%</b>                | <b>11.0%</b>             |
| <b>KPIs</b>                                                                                | <b>ppt.</b>   |               |               |                              |                              |                          |
| Gross margin                                                                               | 15.9%         | 15.7%         | 20.3%         | (0.2)                        | 4.6                          | 4.4                      |
| Operating margin                                                                           | 11.0%         | 7.3%          | 12.6%         | (3.7)                        | 5.3                          | 1.6                      |
| Net margin                                                                                 | 11.0%         | 6.7%          | 11.6%         | (4.3)                        | 4.9                          | 0.6                      |
| EBITDA*                                                                                    | 31,429        | 18,814        | 41,400        | (40.1%)                      | 120.1%                       | 14.8%                    |
| EBITDA margin                                                                              | 12.3%         | 8.6%          | 13.4%         | (3.7)                        | 4.8                          | 1.1                      |

Source: The standalone audited financial statements and management accounts for the financial years ended 31 March 2023G and 2024G

\*EBITDA = Operating profit + Depreciation and amortization

## Revenue

Revenue pertaining to refrigeration and automated bodies and solution, decreased from SAR256.4m in FY22G to SAR219.6m in FY23G driven by the decrease in the revenues generated from customer 1 (-SAR65.8m) as a result of the loss of a major trailer contract for a competitor in the UAE, coupled with the decrease in revenues from several other customers as a result of international chassis supply issues from a car and diesel manufacturing supplier. This was partially offset by the increase in revenues from other major customers in different industries.

Amount subsequently increased to SAR309.4m in FY24G mainly driven by the increase in revenues generated from top customers.

## Cost of revenue

Cost of revenue consisting of manufacturing overhead, employee related costs, warranty expenses, depreciation and other expenses, increased from SAR215.6m in FY22G to SAR264.7m in FY24G mainly due to the increase in the employee related costs and material costs in line with the operational growth and the increase in revenues.

## Gross profit

Gross profit increased from SAR40.8m in FY22G with a c.15.9% margin to SAR62.8m in FY24G with a c.20.9% margin in line with the increase in operations of the company.

## General and administrative expenses

General and administrative expenses mainly pertains to employee costs, professional fees, depreciation, utilities amongst other expenses. Amount increased from SAR9.6m in FY22G to SAR13.2m in FY23G driven by the increase in employees' related costs (+SAR1.9m) in line with the increase in increments provided to employees and the increase in legal & professional fees (+SAR1.2m) as a result of the increase in the advisory fees to a consultant for assistance on development of a strategic plan. Amount further increased to SAR16.3m in FY24G driven by the increase in employee costs (+SAR1.3m) in line with the increase in the number of employees by 19 FTEs coupled with the increase in other expenses (+SAR2.3m) due to the increase in customs deposit provision and the increase in the Saudi program training fees with the addition of 10 new interns for the refrigeration business.

## Selling and distribution expenses

Selling and distribution expenses mainly comprises of employee costs, sales commissions, advertising and promotions amongst other expenses. Amount averaged SAR4.6m in FY22G and FY23G, with an increase in advertising expenses to increase Company's brand awareness offset by the decrease in sales commissions due to decrease in revenues.

## Charge of expected credit losses

Impairment allowance on trade receivables is recorded as per IFRS9. A reversal was recorded in FY22G driven by winning several court cases coupled with a better collection process during the same period. Provisions were recorded in FY23G and FY24G as per the ECL policy and calculation on aged receivables.

## Earnings before Interest, tax, depreciation and amortization (“EBITDA”)

EBITDA decreased from SAR31.4m in FY22G to SAR18.8m in FY23G with a 3.7ppt decrease in respective margin in line with the decrease in revenues and increase in G&A expenses. EBITDA then increased to SAR41.4m in FY24G with a 4.8ppt increase in margin in line with the increase in gross profit.

## Operating profit

Operating profit decreased from SAR28.2m in FY22G to SAR16.0m in FY23G with a decrease in margin by 3.7ppt in line with the decrease in revenues and increase in G&A expenses. Operating profit then increased to SAR39.0m in FY24G with an increase of 5.3ppt in margins as a result of the increase in profitability.

## Other income

Other income comprises of miscellaneous income pertaining to disbursements from human resource development fund, exchange gain on financial transactions and gains on sale of scrap materials.

Amount decreased from SAR4.0m in FY22G to SAR2.0m in FY23G driven by the decrease in reversals of liabilities no longer payable. The exceptional income in FY22G was driven by court orders won in relation to accruals and sales commissions. Amount then increased to SAR2.7m in FY24G driven by the increase in HRDF income in line with the increase in Saudi graduates hired.

## Finance cost

Finance cost pertains to costs related to lease liabilities and to employees defined benefit liabilities. Amount increased from nil in FY22G to an average of SAR564k in FY23G and FY24G mainly due to the increase in finance cost related to employees defined benefit liabilities.

## Zakat

Zakat is provided in accordance with regulations of the Zakat, Tax and Customs Authority (“ZATCA”) in the Kingdom of Saudi Arabia on an accrual basis at year end. Zakat for the year is payable at 2.5% of the approximate zakat base and adjusted net income attributable to Saudi partners.

## Income tax

Income tax is provided in accordance with tax regulations enforced in KSA and amounts to 20% of profit relating to foreign shareholders.

## Deferred tax (expense)/income

Deferred tax (expense)/income mainly comprises of the unabsorbed tax gains/losses that are offset by the difference in tax and accounting depreciation.

## Net income

Net income decreased from SAR28.2m in FY22G with an c.11.0% margin to SAR14.8m in FY23G with a c.6.7% margin driven by (i) the decrease in operating profit coupled with the (ii) decrease in other income.

Net income subsequently increased to SAR35.9m in FY24G with a c.11.5% margin driven by the significant increase in operating profit in line with the operational growth and cost optimization.

## 6.9.1.1 Revenue by customer type

**Table (6.71): Revenues by Customer Type for the Financial Years Ended 31 March 2022G, 2023G, and 2024G**

| SAR in 000s                            | FY22G<br>MA    | FY23G<br>MA    | FY24G<br>MA    | Variance<br>2022G-<br>2023G | Variance<br>2023G -<br>2024G | CAGR<br>2022G-<br>2024G |
|----------------------------------------|----------------|----------------|----------------|-----------------------------|------------------------------|-------------------------|
| Third-party sales (external customers) | 202,740        | 149,071        | 241,717        | (26.5%)                     | 62.1%                        | 9.2%                    |
| Intercompany sales                     | 53,649         | 70,530         | 67,725         | 31.5%                       | (4.0%)                       | 12.4%                   |
| <b>Total</b>                           | <b>256,390</b> | <b>219,601</b> | <b>309,442</b> | <b>(14.3%)</b>              | <b>40.9%</b>                 | <b>9.9%</b>             |

Source: Management accounts for the financial years ended 31 March 2022G, 2023G and 2024G

Third party sales (external customers): These sales represent revenue from independent customers outside the group.

## 6.9.2 Statement of Financial position Data

**Table (6.72): Statement of Financial position data as at 31 March 2022G, 2023G and 2024G:**

| SAR in 000s                          | 31-Mar-22G     | 31-Mar-23G     | 31-Mar-24G     |
|--------------------------------------|----------------|----------------|----------------|
| <b>Non-current assets</b>            |                |                |                |
| Property and equipment               | 17,127         | 20,545         | 34,766         |
| Intangible asset                     | 228            | 621            | 924            |
| Right of use assets                  | 1,680          | 1,061          | 579            |
| Deferred tax asset                   | 3,156          | 3,533          | 3,759          |
| <b>Total non-current assets</b>      | <b>22,190</b>  | <b>25,759</b>  | <b>40,028</b>  |
| <b>Current assets</b>                |                |                |                |
| Inventories                          | 45,679         | 50,833         | 72,202         |
| Accounts receivable                  | 34,365         | 32,943         | 76,915         |
| Due from related parties             | 993            | 5,561          | 941            |
| Advance tax                          | -              | 1,176          | -              |
| Prepayments and other current assets | 7,931          | 9,708          | 21,617         |
| Cash and cash equivalents            | 21,753         | 7,297          | 13,107         |
| <b>Total current assets</b>          | <b>110,721</b> | <b>107,517</b> | <b>184,784</b> |
| <b>Total assets</b>                  | <b>132,911</b> | <b>133,276</b> | <b>224,812</b> |
| <b>Equity</b>                        |                |                |                |
| Share capital                        | 4,600          | 4,600          | 4,600          |
| Additional equity contribution       | -              | -              | 12,673         |
| Statutory reserve                    | 2,300          | 2,300          | 2,300          |
| Retained earnings                    | 35,778         | 48,129         | 67,543         |
| <b>Total shareholders' equity</b>    | <b>42,678</b>  | <b>55,029</b>  | <b>87,116</b>  |
| <b>Non-current liabilities</b>       |                |                |                |
| Employees' end of service benefits   | 12,352         | 13,439         | 14,475         |
| Lease liability                      | 808            | 354            | 295            |
| <b>Total non-current liabilities</b> | <b>13,160</b>  | <b>13,793</b>  | <b>14,770</b>  |

| SAR in 000s                                       | 31-Mar-22G     | 31-Mar-23G     | 31-Mar-24G     |
|---------------------------------------------------|----------------|----------------|----------------|
| <b>Current liabilities</b>                        |                |                |                |
| Current portion of lease liability                | 658            | 454            | 60             |
| Accounts payables                                 | 40,101         | 42,286         | 56,467         |
| Due to related parties                            | 10,030         | 224            | 7,999          |
| Accrued expenses and other current liabilities    | 14,462         | 10,465         | 16,401         |
| Contract liabilities                              | 9,599          | 10,419         | 39,554         |
| Provision for zakat and income tax                | 2,222          | 607            | 2,447          |
| <b>Total current liabilities</b>                  | <b>77,073</b>  | <b>64,455</b>  | <b>122,927</b> |
| <b>Total liabilities</b>                          | <b>90,233</b>  | <b>78,248</b>  | <b>137,696</b> |
| <b>Total liabilities and shareholders' equity</b> | <b>132,911</b> | <b>133,276</b> | <b>224,812</b> |
| <b>KPIs</b>                                       |                |                |                |
| DSO                                               | 49             | 55             | 91             |
| DIO                                               | 77             | 100            | 107            |
| DPO                                               | 68             | 83             | 84             |
| Return on assets                                  | 21.2%          | 11.1%          | 16.0%          |
| Return on equity                                  | 66.1%          | 26.8%          | 41.2%          |
| Debt to equity ratio                              | 2.11           | 1.40           | 1.58           |
| Current ratio                                     | 1.16           | 1.58           | 1.40           |
| Quick ratio                                       | 0.84           | 0.88           | 0.92           |

Source: The standalone audited financial statements and management accounts for the financial years ended 31 March 2023G and 2024G

Return on assets = net profit/total assets

Return on equity = net profit/total equity

Debt to equity ratio = total liabilities/total equity

Current ratio = current assets/current liabilities

Quick ratio = (current assets – Inventory)/current liabilities

## Assets

### Non-current Assets

Non-current assets comprises of property and equipment, RoU, deferred tax assets and intangible assets. Balance increased from SAR22.2m as at 31-Mar-22G to SAR40.0m as at 31-Mar-24G mainly driven by the increase in P&E with the transfer of land and the increase in intangible assets with the additional software.

### Current Assets

Current assets pertains to inventory (SAR72.2m), trade receivables (SAR76.9m), due from related parties (SAR941k), prepayments and others (SAR21.6m) and cash and cash equivalents (SAR13.1m).

Current assets decreased from SAR110.7m as at 31-Mar-22G to SAR107.5m as at 31-Mar-23G driven by the decrease in accounts receivables in line with the decrease in revenues coupled with the decrease in cash and cash equivalents driven by the decrease in cashflow from operating activities as a result of the increase in due from related parties coupled with the increase in inventory in preparation for the orders in the pipeline. Current assets subsequently increased to SAR184.8m as at 31-Mar-24G driven by the increase in inventories and trade receivables in line with the operational growth of the Company coupled with the increase in cash driven by the significant increase in operating cashflow as a result of the increase contract liabilities and EBITDA in line with the operational growth.



## Equity

Equity amounted to SAR87.1m as at 31-Mar-24G and consisted of share capital, retained earnings, statutory reserve and additional capital contribution.

Additional capital contribution as at 31-Mar-24G pertains to the transfer of a plot of land from an ultimate partner valued by an independent third party, MFAZ Arabia Professionals Consultancies for SAR12.7m.

Retained earnings increased from SAR35.8m as at 31-Mar-22G to SAR67.5m as at 31-Mar-24G driven by the net profits over the same periods slightly offset by the dividends distributed.

## Liabilities

### Non-current Liabilities

Non-current liabilities pertaining to employees' defined benefit liabilities (SAR14.5m) and the non-current portion of lease liabilities (SAR295k) increased from SAR13.2m as at 31-March-22G to SAR14.8m as at 31-Mar-24G driven by the increase in employees defined benefit liabilities (+SAR2.1m), in line with the increase in headcount over the period under review, slightly offset by the decrease in non-current lease liabilities in line with the decrease in RoU with the depreciation charged over the same period.

### Current Liabilities

Current liabilities comprise of trade payables (SAR56.5m), contract liabilities (SAR39.6m), accrued expenses and other current liabilities (SAR16.4m), provision for zakat and income tax (SAR2.4m), current portion of lease liabilities (SAR60k), and due to related party balances (SAR8.0m).

Balance increased from SAR77.1m as at 31-Mar-22G to SAR122.9m as at 31-Mar-24G driven by the increase in trade payables and contract liabilities in line with the operational growth of the Company coupled with the increase in accrued expenses as a result of the increase in (i) payable to employees in relation to holiday accruals in line with the increase in headcount and (ii) warranty provisions in line with the overall increase in sales.

## 6.9.3 Statement of Cash Flow Data

**Table (6.73): Statement of Cashflow Data for the Financial Years Ended 31 March 2022G, 2023G and 2024G:**

| SAR 000s                                                                              | FY22G         | FY23G         | FY24G         |
|---------------------------------------------------------------------------------------|---------------|---------------|---------------|
| <b>Operating activities</b>                                                           |               |               |               |
| Profit before zakat and income tax                                                    | 32,259        | 17,372        | 41,170        |
| <b>Adjustments to reconcile profit before zakat and income tax to net cash flows:</b> |               |               |               |
| Depreciation of property and equipment                                                | 3,095         | 2,827         | 2,433         |
| Amortization of intangible assets                                                     | 301           | 148           | 224           |
| Depreciation of right-of-use assets                                                   | 619           | 619           | 755           |
| Interest on lease liabilities                                                         | 128           | 202           | 39            |
| Gains from disposal of property, plant and equipment                                  | (64)          | -             | -             |
| Allowance for slow moving inventories                                                 | (221)         | 500           | -             |
| Charge of expected credit losses                                                      | (1,616)       | 700           | 1,472         |
| Provision for employees' defined benefit liabilities                                  | 1,848         | 1,854         | 2,091         |
|                                                                                       | <b>36,350</b> | <b>24,222</b> | <b>48,184</b> |
| <b>Working capital adjustments:</b>                                                   |               |               |               |
| Inventories                                                                           | (3,049)       | (5,654)       | (21,369)      |
| Trade receivables                                                                     | (4,955)       | 722           | (45,445)      |

| SAR 000s                                                                | FY22G           | FY23G          | FY24G           |
|-------------------------------------------------------------------------|-----------------|----------------|-----------------|
| Amounts due from related parties                                        | (703)           | (4,572)        | 4,619           |
| Prepayments and other current assets                                    | 266             | (1,777)        | (11,910)        |
| Trade payable                                                           | (3,112)         | 2,185          | 14,181          |
| Amounts due to related parties                                          | (90)            | (9,806)        | 7,775           |
| Accrued expenses and other current liabilities                          | 982             | (3,997)        | 5,936           |
| Contract liabilities                                                    | -               | 820            | 29,135          |
| Advances from customers                                                 | 2,483           | -              | -               |
| <b>Cash generated from operations</b>                                   | <b>28,173</b>   | <b>2,143</b>   | <b>31,106</b>   |
| Zakat paid                                                              | -               | (774)          | (843)           |
| Income tax paid                                                         | -               | (5,016)        | (1,582)         |
| Employees' defined benefit liabilities paid                             | (2,567)         | (680)          | (1,714)         |
| <b>Net cash generated from (used in) operating activities</b>           | <b>25,606</b>   | <b>(4,327)</b> | <b>26,967</b>   |
| <b>Investing activities</b>                                             |                 |                |                 |
| Purchase of property and equipment                                      | (3,457)         | (6,246)        | (3,981)         |
| Purchase of intangible assets                                           | (71)            | (541)          | (527)           |
| Proceeds from disposal of property, plant and equipment                 | 65              | -              | -               |
| <b>Net cash used in investing activities</b>                            | <b>(3,463)</b>  | <b>(6,787)</b> | <b>(4,508)</b>  |
| <b>Financing activities</b>                                             |                 |                |                 |
| Payment of lease liabilities                                            | (750)           | (860)          | (766)           |
| Dividends paid to equity holder                                         | (16,651)        | (2,482)        | (15,883)        |
| <b>Net cash used in financing activities</b>                            | <b>(17,401)</b> | <b>(3,342)</b> | <b>(16,648)</b> |
| Net increase (Decrease) in cash and cash equivalents                    | 4,741           | (14,456)       | 5,811           |
| Cash and cash equivalents at the beginning of the year                  | 17,011          | 21,753         | 7,297           |
| <b>Cash and cash Equivalents at the end of the year</b>                 | <b>21,753</b>   | <b>7,297</b>   | <b>13,107</b>   |
| <b>Non-cash transactions:</b>                                           |                 |                |                 |
| In-kind contribution of land with corresponding recognized under equity | -               | -              | 12,673          |
| Modification of right-of-use asset and lease liabilities                | -               | -              | 273             |

Source: Management accounts for the financial years ended 31 March 2022G, 2023G and 2024G

Net cash generated from/ (used) in operating activities decreased from a cash inflow of SAR25.6m in FY22G to a cash outflow of SAR4.3m in FY23G mainly driven by (i) the decrease in net profit before tax, (ii) the decrease in due to related parties and (iii) the decrease in accrued expenses driven by the decrease in payables against goods received but not invoices. Such exceptional high balance as at Mar-22G was driven by the delay in suppliers' invoices that was resolved subsequently.

Cash flow from operating activities then increased to an inflow of SAR27.0m in FY24G mainly driven by the significant increase in profit before zakat and income tax coupled with the increase in contract liabilities, slightly offset by the increase in trade receivables and inventories in line with operational growth.

Net cash used in investing activities increased from an outflow of SAR3.5m in FY22G to an outflow of SAR6.8m in FY23G mainly driven by the additional purchases of property and equipment.

Net cash flow from investing activities then decreased to an outflow of SAR4.5m in FY24G driven by the lower purchases of property and equipment during the period.

Net cash used in financing activities decreased from an outflow of SAR17.4m in FY22G to an outflow of SAR3.3m in FY23G mainly due to the decrease in dividends paid during the period. Net cash flow used in financing activities then increased to an outflow of SAR16.6m in FY24G in line with the increase in dividends paid.

## 6.10 Results of Operations for Material subsidiary – for Jeddah entity – CGS Jeddah – “Consolidated Grunenfelder Saady Company” – for the Financial Years Ended 31 March 2022G, 2023G and 2024G

### 6.10.1 Statement of Profit and Loss and Other Comprehensive Income Data

**Table (6.74): Statement of Profit and Loss and Other Comprehensive Income Data for the Financial Years Ended 31 March 2022G, 2023G and 2024G:**

| SAR in 000s                                                                         | FY22G         | FY23G         | FY24G         | Variance<br>2022G –<br>2023G | Variance<br>2023G –<br>2024G | CAGR<br>2022G –<br>2024G |
|-------------------------------------------------------------------------------------|---------------|---------------|---------------|------------------------------|------------------------------|--------------------------|
| Revenues                                                                            | 76,522        | 106,883       | 108,033       | 39.7%                        | 1.1%                         | 18.8%                    |
| Cost of revenues                                                                    | (60,097)      | (85,570)      | (86,959)      | 42.4%                        | 1.6%                         | 20.3%                    |
| <b>Gross profit</b>                                                                 | <b>16,426</b> | <b>21,313</b> | <b>21,074</b> | <b>29.8%</b>                 | <b>(1.1%)</b>                | <b>13.3%</b>             |
| General and administrative expenses                                                 | (7,240)       | (5,945)       | (7,262)       | (17.9%)                      | 22.2%                        | 0.1%                     |
| Selling and distribution expenses                                                   | (2,712)       | (3,264)       | (3,338)       | 20.4%                        | 2.3%                         | 10.9%                    |
| Charge of expected credit losses of trade receivables                               | 1,356         | (284)         | (250)         | (121.0%)                     | (12.0%)                      | n.a                      |
| <b>Operating profit</b>                                                             | <b>7,829</b>  | <b>11,863</b> | <b>10,225</b> | <b>51.5%</b>                 | <b>(13.8%)</b>               | <b>14.3%</b>             |
| Other income, net                                                                   | 954           | 728           | 730           | (23.7%)                      | 0.3%                         | (12.5%)                  |
| Finance cost                                                                        | (86)          | (131)         | (150)         | 52.0%                        | 14.5%                        | 32.1%                    |
| <b>Profit before zakat and tax</b>                                                  | <b>8,697</b>  | <b>12,417</b> | <b>10,805</b> | <b>42.8%</b>                 | <b>(13.0%)</b>               | <b>11.5%</b>             |
| Zakat                                                                               | (293)         | (379)         | (410)         | 29.3%                        | 8.4%                         | 18.4%                    |
| Income tax                                                                          | (657)         | (1,273)       | (1,216)       | 93.7%                        | (4.4%)                       | 36.0%                    |
| Deferred tax income                                                                 | (213)         | (79)          | 214           | (61.7%)                      | (369.5%)                     | n.a                      |
| <b>Profit for the year</b>                                                          | <b>7,534</b>  | <b>10,686</b> | <b>9,393</b>  | <b>41.8%</b>                 | <b>(12.1%)</b>               | <b>11.7%</b>             |
| Remeasurement loss on employees' defined benefit liabilities                        | 121           | (163)         | (54)          | (234.7%)                     | (66.9%)                      | n.a                      |
| Deferred tax effect on remeasurement loss on employees' defined benefit liabilities | (12)          | 16            | 5             | (233.3%)                     | (68.8%)                      | n.a                      |
| <b>Other comprehensive loss for the year</b>                                        | <b>109</b>    | <b>(147)</b>  | <b>(49)</b>   | <b>(234.9%)</b>              | <b>(66.7%)</b>               | <b>n.a</b>               |
| <b>Total comprehensive income for the year</b>                                      | <b>7,643</b>  | <b>10,539</b> | <b>9,344</b>  | <b>37.9%</b>                 | <b>(11.3%)</b>               | <b>10.6%</b>             |
| <b>KPIs</b>                                                                         | <b>ppt.</b>   |               |               |                              |                              |                          |
| Gross margin                                                                        | 21.5%         | 19.9%         | 19.5%         | (1.5)                        | (0.4)                        | (2.0)                    |
| Operating margin                                                                    | 10.2%         | 11.1%         | 9.5%          | 0.9                          | (1.6)                        | (0.8)                    |
| Net margin                                                                          | 9.8%          | 10.0%         | 8.7%          | 0.2                          | (1.3)                        | (1.2)                    |
| EBITDA                                                                              | 8,650         | 12,482        | 10,857        | 44.3%                        | (13.0%)                      | 12.0%                    |
| EBITDA margin                                                                       | 11.3%         | 11.7%         | 10.0%         | 0.4                          | (1.6)                        | (1.3)                    |

Source: The standalone audited financial statements and management accounts for the financial years ended 31 March 2023G and 2024G

\* EBITDA = Operating profit + Depreciation and amortization

## Revenues

Revenue is generated from the refrigeration and automated bodies and solution. Amount increased from SAR76.5m in FY22G to SAR106.9m in FY23G driven by the increase in the revenues generated from a constructing company (SAR7.3m) and a food company (SAR5.7m).

Amount further increased to SAR108.0m in FY24G mainly due to the increase in the revenues generated from customer 3 (SAR17.8m) and customer 7 (+SAR5.9m) amongst the increase in revenues driven by winning the bid for several projects with other customers.

## Cost of revenues

Cost of revenue consisting of manufacturing overhead, employee related costs, warranty expenses, depreciation and other expenses, increased from SAR60.0m in FY22G to SAR87.0m in FY24G mainly driven by the increase in raw material costs in line with the operational growth and the increase in revenues.

## Gross profit

Gross profit increased from SAR16.4m in FY22G to SAR21.3m in FY23G with a 1.5ppt drop in margin to c.19.9% mainly driven by the product mix of orders with lower profitability margins affecting the overall profitability. Gross profit slightly decreased in FY24G to SAR21.1m despite the increase in revenues with a further 0.4ppt drop in margins driven by the higher employee costs in line with hiring additional employees with the ramping up of refrigeration business.

## General and administrative expenses

General and administrative expenses mainly pertains to employee costs, professional fees, depreciation, utilities amongst other expenses. Amount decreased from SAR7.2m in FY22G to SAR5.9m in FY23G mainly driven by the decrease in employees' related costs. (-SAR1.4m) in line with the decrease in shared services with the budgeted volumes. Amount then increased to SAR7.3m in FY24G driven by the increase in employee costs (+SAR638k) in line with the increase in the shared services costs coupled with the increase in training expenses (+SAR555k).

## Selling and distribution expenses

Selling and distribution expenses mainly comprises of employee costs, sales commissions, advertising and promotions amongst other expenses.

Amount increased from SAR2.7m in FY22G to an average of SAR3.3m in FY23G and FY24G mainly due to the increase in the employees' related costs and sales commission in line with the change in the Company's marketing approach to a more active one, participating in events and campaigns.

## Charge of expected credit losses of trade receivables

Impairment allowance on trade receivables is recorded as per IFRS9. Amount decreased from a reversal of SAR1.4m to a provision of SAR284k in FY23G driven by a better collection process during FY22G coupled with winning several legal cases for provisioned doubtful debts. Further provisions of SAR250k were recorded in FY24G as per the ECL policy and aged receivables computations.

## Earnings before Interest, tax, depreciation and amortization

EBITDA increased from SAR8.7m in FY22G to SAR12.6m in FY23G with a 0.4ppt increase in margins in line with the increase in revenues and efficiency in expenses specifically G&A expenses.

EBITDA then decreased to SAR10.9m in FY24G with a 1.6ppt decrease in margins driven by the relatively stable gross profit and increase in G&A expenses with the higher salaries paid.

## Operating profit

Operating profit increased from SAR7.8m in FY22G to SAR11.9m in FY23G with a 0.9ppt increase in margins in line with the increase in revenues and efficiency in expenses specifically G&A expenses.

Operating profit then decreased to SAR10.2m in FY24G with a 1.6ppt decrease in margins driven by the relatively stable gross profit and increase in G&A expenses with the higher salaries paid.

## Other income

Other income comprises of miscellaneous income pertaining to disbursements from human resource development fund, and exchange gain on financial transactions.

Amount decreased from SAR954k in FY22G to SAR728k in FY23G mainly due to the decrease in reversals of liabilities no longer payable (-SAR328k) as the Company has won few court cases in relation to accruals no longer payables such as sales commissions, partially offset by the increase in other miscellaneous income (+SAR168k) driven by the HRDF reimbursement collected in FY23.

Amount remained relatively stable in FY24G amounting to SAR730k. The stability was driven by the decrease in reversals of liabilities no longer payable to nil offset by the increase other miscellaneous income (+SAR508k) driven by the incremental impact of HRDF reimbursement.

## Finance cost

Finance cost pertains to costs related to lease liabilities and to employees defined benefit liabilities.

Amount increased from SAR86k in FY22G to an average of SAR162k in FY23G and FY24G due to the increase in finance cost related to the lease liabilities and employees defined benefit liabilities in line with the increase in headcount.

## Zakat

Zakat is provided in accordance with regulations of the Zakat, Tax and Customs Authority ("**ZATCA**") in the Kingdom of Saudi Arabia on an accrual basis at year end. Zakat for the year is payable at 2.5% of the approximate zakat base and adjusted net income attributable to Saudi partners.

## Income tax

Income tax is provided in accordance with tax regulations enforced in KSA and amounts to 20% of profit relating to foreign shareholders.

## Deferred tax income

Deferred tax (expense)/income mainly comprises of the unabsorbed tax gains/losses that are offset by the difference in tax and accounting depreciation.

## Net income

Net income increased from SAR7.5m in FY22G with an c.9.8% margin to SAR10.7m in FY23G with a c.10.0% margin driven by the increase in operating profit and cost effectiveness slightly offset by the increase in income tax.

Net income subsequently decreased to SAR9.4m in FY24G with a 1.3ppt drop in margins as a result of the decrease in operating profit in line with increase in G&A expenses and stability in gross profit.

## 6.10.1.1 Revenue by customer type

**Table (6.75): Revenues by Customer Type for the Financial Years Ended 31 March 2022G, 2023G, and 2024G**

| SAR in 000s        | FY22G<br>MA   | FY23G<br>MA    | FY24G<br>MA    | Variance<br>2022G-2023G | Variance<br>2023G - 2024G | CAGR<br>2022G-2024G |
|--------------------|---------------|----------------|----------------|-------------------------|---------------------------|---------------------|
| Third-party sales  | 74,861        | 104,888        | 103,656        | 40.1%                   | (1.2%)                    | 17.7%               |
| Intercompany sales | 1,661         | 1,995          | 4,377          | 20.1%                   | 119.4%                    | 62.3%               |
| <b>Total</b>       | <b>76,522</b> | <b>106,883</b> | <b>108,033</b> | <b>39.7%</b>            | <b>1.1%</b>               | <b>18.8%</b>        |

Source: Management accounts for the financial years ended 31 March 2022G, 2023G and 2024G

Third party sales (external customers): These sales represent revenue from independent customers outside the group.

## 6.10.2 Statement of Financial position Data

**Table (6.76): Statement of Financial position Data as at 31 March 2022G, 2023G and 2024G:**

| SAR in 000s                            | 31-Mar-22G    | 31-Mar-23G    | 31-Mar-24G    |
|----------------------------------------|---------------|---------------|---------------|
| <b>Non-current assets</b>              |               |               |               |
| Property, plant and equipment          | 4,113         | 3,801         | 3,451         |
| Intangible asset                       | 15            | -             | -             |
| Right of use assets                    | 1,008         | 879           | 756           |
| Deferred tax asset                     | 765           | 701           | 921           |
| <b>Total Non-current assets</b>        | <b>5,900</b>  | <b>5,382</b>  | <b>5,128</b>  |
| <b>Current assets</b>                  |               |               |               |
| Inventories                            | 7,317         | 9,005         | 8,797         |
| Trade receivables                      | 9,841         | 28,152        | 28,705        |
| Due from related parties               | 762           | -             | 7,921         |
| Prepayments and other current assets   | 743           | 407           | 538           |
| Cash and cash equivalents              | 16,093        | 14,286        | 4,848         |
| <b>Total current assets</b>            | <b>34,756</b> | <b>51,850</b> | <b>50,809</b> |
| <b>Total assets</b>                    | <b>40,657</b> | <b>57,232</b> | <b>55,936</b> |
| <b>Equity</b>                          |               |               |               |
| Share capital                          | 2,400         | 2,400         | 2,400         |
| Statutory reserve                      | 1,200         | 1,200         | 1,200         |
| Retained earnings                      | 10,271        | 20,221        | 23,608        |
| <b>Total shareholders' equity</b>      | <b>13,871</b> | <b>23,821</b> | <b>27,208</b> |
| <b>Non-current liabilities</b>         |               |               |               |
| Employees' defined benefit liabilities | 2,846         | 2,747         | 3,156         |
| Lease liability                        | 826           | 700           | 746           |
| <b>Total non-current liabilities</b>   | <b>3,672</b>  | <b>3,447</b>  | <b>3,902</b>  |
| <b>Current liabilities</b>             |               |               |               |
| Trade payable                          | 1,783         | 3,750         | 1,818         |
| Amounts due to related parties         | 4,251         | 4,954         | 81            |

| SAR in 000s                                       | 31-Mar-22G    | 31-Mar-23G    | 31-Mar-24G    |
|---------------------------------------------------|---------------|---------------|---------------|
| Accrued expenses and other current liabilities    | 3,628         | 4,305         | 5,658         |
| Contract liabilities                              | 158           | 15,179        | 15,595        |
| Current portion of lease liabilities              | 120           | 126           | 41            |
| Advances from customers                           | 12,233        | -             | -             |
| Provision for zakat and income tax                | 939           | 1,651         | 1,634         |
| <b>Total current liabilities</b>                  | <b>23,113</b> | <b>29,965</b> | <b>24,827</b> |
| <b>Total liabilities</b>                          | <b>26,785</b> | <b>33,412</b> | <b>28,729</b> |
| <b>Total liabilities and shareholders' equity</b> | <b>40,657</b> | <b>57,232</b> | <b>55,936</b> |
| <b>KPIs</b>                                       |               |               |               |
| DSO                                               | 47            | 96            | 97            |
| DIO                                               | 44            | 38            | 37            |
| DPO                                               | 11            | 16            | 8             |
| Return on assets                                  | 18.5%         | 18.7%         | 16.8%         |
| Return on equity                                  | 54.3%         | 44.9%         | 34.5%         |
| Debt to equity ratio                              | 1.93          | 1.40          | 1.06          |
| Current ratio                                     | 1.50          | 1.73          | 2.05          |
| Quick ratio                                       | 1.19          | 1.43          | 1.69          |

Source: The standalone audited financial statements and management accounts for the financial years ended 31 March 2023G and 2024G

Return on assets = net profit/total assets

Return on equity = net profit/total equity

Debt to equity ratio = total liabilities/total equity

Current ratio = current assets/current liabilities

Quick ratio = (current assets – Inventory)/current liabilities

## Assets

### Non-Current Assets

Non-current assets comprises of P&E, intangible assets, RoU, and deferred tax assets. The balance decreased from SAR5.9m as at 31-Mar-22G to SAR5.1m as at 31-Mar-24G mainly driven by the decrease in P&E and RoU assets in line with the depreciation and amortization charges over the same period.

### Current Assets

Current assets increased from SAR34.8m as at 31-Mar-22G to SAR50.8m as at 31-Mar-24G driven by the increase in trade receivables in line with the increase in revenues and the increase in DSO driven by the timing impact of customers collections. This is coupled with the increase in due from related parties slightly offset by the decrease in cash and cash equivalents due to the increase in dividends paid.

### Equity

Equity amounted to SAR27.2m as at 31-Mar-24G and consisted of share capital, retained earnings and statutory reserve.

Equity increased from SAR13.9m as at 31-Mar-22G to SAR27.2m as at 31-Mar-24G driven by the increase in retained earnings in line with the increase in net profit over the period under review.

## Liabilities

### Non-Current Liabilities

Non-current liabilities increased from SAR3.7m as at 31-Mar-22G to SAR3.9m as at 31-Mar-24G driven by the increase in employees defined benefit liabilities in line with the increase in headcount over the period under review, slightly offset with the decrease in non-current lease liabilities in line with the amortization charges for the year.

### Current Liabilities

Current liabilities increased from SAR23.1m as at 31-Mar-22G to SAR30.0m as at 31-Mar-23G driven by the increase in trade payables and contract liabilities in line with the operational growth of the Company. Subsequently current liabilities decreased to SAR24.8m as at 31-Mar-24G driven by the decrease in trade payables with a decrease in DPO to 8 days and due to related parties driven by the settlement of dues during the same period.

## 6.10.3 Statement of Cash Flow Data

**Table (6.77): Statement of Cashflow Data for the Financial Years Ended 31 March 2022G, 2023G and 2024G:**

| SAR in 000s                                                                           | FY22G        | FY23G         | FY24G         |
|---------------------------------------------------------------------------------------|--------------|---------------|---------------|
| <b>Operating activities</b>                                                           |              |               |               |
| Profit before zakat and income tax                                                    | 8,697        | 12,417        | 10,805        |
| <b>Adjustments to reconcile profit before zakat and income tax to net cash flows:</b> |              |               |               |
| Depreciation of property and equipment                                                | 603          | 518           | 509           |
| Amortization of intangible assets                                                     | 89           | 15            | -             |
| Depreciation of right-of-use assets                                                   | 129          | 129           | 124           |
| Interest on lease liabilities                                                         | 52           | 49            | 41            |
| Gains from disposal of property, plant and equipment                                  | (100)        | (13)          | -             |
| Provision for slow moving inventories                                                 | 39           | 250           | -             |
| Provision for slow moving inventories written off                                     | (268)        | (154)         | (172)         |
| Charge of expected credit losses of trade receivables                                 | (1,356)      | 284           | 250           |
| Provision for employees' defined benefit liabilities                                  | 404          | 439           | 550           |
|                                                                                       | <b>8,290</b> | <b>13,933</b> | <b>12,106</b> |
| <b>Working capital adjustments:</b>                                                   |              |               |               |
| Inventories                                                                           | 533          | (1,784)       | 380           |
| Trade receivables                                                                     | 8,668        | (15,792)      | (802)         |
| Amounts due from related parties                                                      | (696)        | 766           | (7,921)       |
| Prepayments and other current assets                                                  | (175)        | 337           | (132)         |
| Trade payable                                                                         | (336)        | 1,967         | (1,932)       |
| Contract liabilities                                                                  | 7,839        | (16)          | 416           |
| Accrued expenses and other current liabilities                                        | (1,237)      | 676           | 1,353         |



| SAR in 000s                                                                          | FY22G           | FY23G          | FY24G          |
|--------------------------------------------------------------------------------------|-----------------|----------------|----------------|
| Amounts due to related parties                                                       | (1,444)         | 703            | (4,873)        |
| <b>Cash generated from operations</b>                                                | <b>21,442</b>   | <b>791</b>     | <b>(1,405)</b> |
| Zakat and Income tax paid                                                            | (1,828)         | (940)          | (1,644)        |
| Employees' defined benefit liabilities paid                                          | (639)           | (706)          | (195)          |
| <b>Net cash generated from (used in) operating activities</b>                        | <b>18,974</b>   | <b>(855)</b>   | <b>(3,243)</b> |
| <b>Investing activities</b>                                                          |                 |                |                |
| Purchase of property, plant and equipment                                            | (68)            | (207)          | (158)          |
| Proceeds from disposal of property, plant and equipment                              | 143             | 13             | -              |
| <b>Net cash used in investing activities</b>                                         | <b>75</b>       | <b>(194)</b>   | <b>(158)</b>   |
| <b>Financing activities</b>                                                          |                 |                |                |
| Payment of lease liabilities                                                         | (165)           | (169)          | (80)           |
| Dividends paid to equity holder                                                      | (16,149)        | (590)          | (5,957)        |
| <b>Net cash used in financing activities</b>                                         | <b>(16,314)</b> | <b>(758)</b>   | <b>(6,037)</b> |
| <b>Net decrease in cash and cash equivalents</b>                                     | <b>2,735</b>    | <b>(1,807)</b> | <b>(9,438)</b> |
| Cash and cash equivalents at the beginning of the year                               | 13,358          | 16,039         | 14,286         |
| <b>Cash and cash equivalents at the end of the year</b>                              | <b>16,093</b>   | <b>14,286</b>  | <b>4,848</b>   |
| <b>Non-cash transactions:</b>                                                        |                 |                |                |
| Right of use assets                                                                  | 445             | -              | -              |
| Lease liability                                                                      | 412             | -              | -              |
| Actuarial gain on remeasurement of defined benefit obligation                        | 121             | (162)          | -              |
| Deferred tax effect on actuarial loss on remeasurement of defined benefit obligation | (12)            | 16             | -              |

Source: The standalone audited financial statements and management accounts for the financial years ended 31 March 2023G and 2024G

Net cash generated from/ (used) in operating activities decreased from a cash inflow of SAR19.0m in FY22G to a cash outflow of SAR855k in FY23G mainly driven by the increase in trade receivables in line with the increase in revenues slightly offset by the increase in net profit in line with the operational growth of the Company.

Cash flow from operating activities then decreased further to an outflow of SAR3.2m in FY24G mainly driven by the decrease in profit before zakat and income tax coupled with the increase in trade payables and due to related parties.

Net cash used in investing activities decreased from an inflow of SAR75k in FY22G to an outflow of SAR194k in FY23G mainly driven by the additional purchases of property and equipment.

Net cash flow from investing activities then slightly increased to an outflow of SAR158k in FY24G driven by the lower purchases of property and equipment during the period.

Net cash used in financing activities decreased from an outflow of SAR16.3m in FY22G to an outflow of SAR758k in FY23G mainly due to the decrease in dividends paid during the period, as management decided to settle related party balances instead of distributing dividends. Net cash flow used in financing activities then increased to an outflow of SAR6.0m in FY24G in line with the increase in dividends paid.

## 6.11 Results of Operations for Material subsidiary – for Riyadh entity – CGS Riyadh – “Coldstores Group of Saudi Arabia” – for the Period Ended 30 September 2023G and 2024G

### 6.11.1 Statement of Profit and Loss and Other Comprehensive Income Data

**Table (6.78): Statement of Profit and Loss and Other Comprehensive Income Data for the Period Ended 31 December 2023G and 2024G:**

| SAR in 000s                                                                                | For the 9-months period ended 31 December 2023G<br>MA | For the 9 months period ended 31 December 2024G<br>MA | Var.<br>9 months period ended 31 December 2023G–9 months period ended 31 December 2024G |
|--------------------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Revenues                                                                                   | 216,885                                               | 333,308                                               | 53.7%                                                                                   |
| Cost of revenues                                                                           | (175,997)                                             | (264,850)                                             | 50.5%                                                                                   |
| <b>Gross profit</b>                                                                        | <b>40,887</b>                                         | <b>68,458</b>                                         | <b>67.4%</b>                                                                            |
| General and administrative expenses                                                        | (11,670)                                              | (18,263)                                              | 56.5%                                                                                   |
| Selling and distribution expenses                                                          | (4,702)                                               | (6,698)                                               | 42.4%                                                                                   |
| Charge of allowance on trade receivables                                                   | (600)                                                 | 713                                                   | (218.8%)                                                                                |
| <b>Operating profit</b>                                                                    | <b>23,915</b>                                         | <b>44,209</b>                                         | <b>84.9%</b>                                                                            |
| Finance cost                                                                               | (29)                                                  | (141)                                                 | 383.0%                                                                                  |
| Other income/(expense)                                                                     | 1,683                                                 | 1,681                                                 | (0.1%)                                                                                  |
| Zakat                                                                                      | (732)                                                 | (1,235)                                               | 68.6%                                                                                   |
| Income tax                                                                                 | (2,804)                                               | (4,662)                                               | 66.2%                                                                                   |
| Deferred tax income (expense)                                                              | 104                                                   | 428                                                   | 311.5%                                                                                  |
| <b>Net income</b>                                                                          | <b>22,137</b>                                         | <b>40,281</b>                                         | <b>82.0%</b>                                                                            |
| Remeasurement (loss) / gain on employees' defined benefit liabilities                      | -                                                     | -                                                     | -                                                                                       |
| Deferred tax effect on remeasurement loss (gain) of employees' defined benefit liabilities | -                                                     | -                                                     | -                                                                                       |
| <b>Total comprehensive income</b>                                                          | <b>22,137</b>                                         | <b>40,281</b>                                         | <b>82.0%</b>                                                                            |
| Gross margin                                                                               | 18.9%                                                 | 20.5%                                                 | 1.7                                                                                     |
| Operating margin                                                                           | 11.0%                                                 | 13.3%                                                 | 2.2                                                                                     |
| Net margin                                                                                 | 10.2%                                                 | 12.1%                                                 | 1.9                                                                                     |
| EBITDA                                                                                     | 26,522                                                | 47,722                                                | 79.9%                                                                                   |
| EBITDA margin                                                                              | 12.2%                                                 | 14.3%                                                 | 2.1                                                                                     |

Source: Management accounts for the period ended 31 December 2023G and 2024G

### Revenues

Revenue increased from SAR216.9m for the 9 months period ended 31 December 2023G to SAR333.3m for the 9 months period ended 31 December 2024G mainly driven by the increase in revenues generated from newly acquired customers (+SR30.0m).

## Cost of revenues

Cost of revenue increased from SAR176.0m for the 9 months period ended 31 December 2023G to SAR264.9m for the 9 months period ended 31 December 2024G driven by the increase in manufacturing overhead cost in line with the increase in production.

## Gross profit

Gross profit increased from SAR40.9m for the 9 months period ended 31 December 2023G to SAR68.5m for the 9 months period ended 31 December 2024G and a +1.7ppt increase in margin in line with the increase in average blended price of automotive solutions and economies of scale.

## General and administrative expenses

General and administrative expenses increased from SAR11.7m for the 9 months period ended 31 December 2023G to SAR18.3m for the 9 months period ended 31 December 2024G mainly driven by (i) the increase in employees' costs due to the recruitment of the COO coupled with the overall increase in the number of employees and (ii) the increase in bank charges in line with increase in operations.

## Selling and distribution expenses

Selling and distribution expenses increased from SAR4.7m for the 9 months period ended 31 December 2023G to SAR6.7m for the 9 months period ended 31 December 2024G due to the increase in employees' related costs driven by the increase in the average monthly basic salary per employee coupled with the increase in sales commission in line with the increase in revenue.

## Charge of expected credit losses of trade receivables

Impairment allowance on trade receivables decreased from a provision of SAR600k for the 9 months period ended 31 December 2023G to a reversal of SAR713k for the 9 months period ended 31 December 2024G. Such reversal was recorded due to the improvement in trade receivables aging and collection process.

## Earnings before interest, tax, depreciation and amortization

EBITDA increased from SAR26.5m for the 9 months period ended 31 December 2023G to SAR47.7m for the 9 months period ended 31 December 2024G with the increase in gross profit.

## Operating profit

Operating profit increased from SAR23.9m for the 9 months period ended 31 December 2023G to SAR44.2m for the 9 months period ended 31 December 2024G with a 2.2ppt increase in margins in line with the increase in gross profit.

## Other income

Other income averaged SAR1.7m over the 9 months period ended 31 December 2023G and 2024G and pertains to exchange gains on revaluation, gain on sale of scrap materials amongst others.

## Finance cost

Finance cost increased from SAR29k for the 9 months period ended 31 December 2023G to SAR141k for the 9 months period ended 31 December 2024G mainly due to the increase in finance cost related to employees defined benefit.

## Zakat

Zakat increased from SAR732k for the 9 months period ended 31 December 2023G to SAR1.2m for the 9 months period ended 31 December 2024G.

## Income tax

Income tax increased from SAR2.8m for the 9 months period ended 31 December 2023G to SAR4.7m for the 9 months period ended 31 December 2024G.

## Deferred tax income

Deferred tax income increased from SAR104k for the 9 months period ended 31 December 2023G to SAR428k for the 9 months period ended 31 December 2024G.

## Net income

Net income increased from SAR22.1m for the 9 months period ended 31 December 2023G with an c.10.2% margin to SAR40.3m for the 9 months period ended 31 December 2024G with a c.12.1% margin driven by the increase in profit before tax

### 6.11.1.1 Revenue by customer type

**Table (6.79): Revenues by Customer Type for the Period Ended 31 December 2023G and 2024G:**

| SAR in 000s        | For the 9-months period ended 31 December 2023G MA | For the 9 months period ended 31 December 2024G MA | Var. 9 months period ended 31 December 2023G–9 months period ended 31 December 2024G |
|--------------------|----------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------------------------------|
| Third-party sales  | 164,057                                            | 278,734                                            | 69.9%                                                                                |
| Intercompany sales | 52,828                                             | 54,574                                             | 3.3%                                                                                 |
| <b>Total</b>       | <b>216,885</b>                                     | <b>333,308</b>                                     | <b>53.7%</b>                                                                         |

Source: Management accounts for the for the period ended 31 December 2023G and 2024G.

### 6.11.2 Statement of Financial position Data

**Table (6.80): Statement of Financial position Data as at 31 December 2023G and 2024G:**

| SAR in 000s                          | 31-Mar-24G     | 31-Dec-24 MA   |
|--------------------------------------|----------------|----------------|
| <b>Non-current assets</b>            |                |                |
| Property and equipment               | 34,766         | 42,681         |
| Deferred tax asset                   | 3,759          | 4,187          |
| Right of use assets                  | 579            | 8,829          |
| Intangible assets                    | 924            | 825            |
| <b>Total non-current assets</b>      | <b>40,028</b>  | <b>56,522</b>  |
| <b>Current assets</b>                |                |                |
| Inventories                          | 72,202         | 90,638         |
| Trade receivables                    | 76,915         | 75,776         |
| Due from a related party             | 941            | 3,282          |
| Prepayments and other current assets | 21,617         | 29,444         |
| Cash and cash equivalents            | 13,107         | 34,832         |
| <b>Total current assets</b>          | <b>184,782</b> | <b>233,972</b> |
| <b>Total assets</b>                  | <b>224,810</b> | <b>290,494</b> |
| Share capital                        | 4,600          | 17,273         |
| Additional capital contribution      | 12,673         | 4,288          |
| Statutory reserve                    | 2,300          | 2,300          |
| Retained earnings                    | 67,543         | 89,862         |
| <b>Total Equity</b>                  | <b>87,116</b>  | <b>113,723</b> |

| SAR in 000s                                    | 31-Mar-24G     | 31-Dec-24<br>MA |
|------------------------------------------------|----------------|-----------------|
| <b>Non-current liabilities</b>                 |                |                 |
| Employees' defined benefit liabilities         | 14,475         | 15,051          |
| Lease liabilities                              | 295            | 6,752           |
| <b>Total non-current liabilities</b>           | <b>14,770</b>  | <b>21,803</b>   |
| <b>Current liabilities</b>                     |                |                 |
| Contract liabilities                           | 39,554         | 46,296          |
| Due to related parties                         | 7,999          | 23,524          |
| Trade payable                                  | 56,467         | 61,877          |
| Lease liabilities – current portion            | 60             | 1,350           |
| Provision for zakat and income tax             | 2,447          | 4,459           |
| Accrued expenses and other current liabilities | 16,401         | 17,393          |
| <b>Total current liabilities</b>               | <b>122,927</b> | <b>154,898</b>  |
| <b>Total liabilities</b>                       | <b>137,696</b> | <b>176,701</b>  |
| <b>Total equity and liabilities</b>            | <b>224,810</b> | <b>290,424</b>  |
| <b>KPIs</b>                                    |                |                 |
| DSO                                            | 91             | 63              |
| DIO                                            | 107            | 94              |
| DPO                                            | 84             | 64              |
| Return on assets                               | 16.0%          | 13.9%           |
| Return on equity                               | 41.2%          | 35.4%           |
| Debt to equity ratio                           | 1.58           | 1.55            |
| Current ratio                                  | 1.50           | 1.51            |
| Quick ratio                                    | 0.92           | 0.93            |

Source: Management accounts for the period ended 31 December 2024G; standalone audited financial statements for the year ended 31 March 24G

Return on assets = net profit/total assets

Return on equity = net profit/total equity

Debt to equity ratio = total liabilities/total equity

Current ratio = current assets/current liabilities

Quick ratio = (current assets – Inventory)/current liabilities

## Assets

### Non-Current Assets

Non-current assets amounted to SAR56.5m as at 31-Dec-24G and comprises of P&E, RoU, deferred tax assets and intangible assets. Balance increased from SAR40.0m as at 31-Mar-24G to SAR56.5m as at 31-Dec-24G mainly driven by (i) the increase in P&E with the transfer of land from shareholders and (ii) the increase in RoU assets with the additional leases for land in Kharj and offices.

### Current Assets

Current assets increased from SAR184.8m as at 31-Mar-24G to SAR234.0m as at 31-Dec-24G driven by (i) the increase in inventories in line with the increase in expected orders and (ii) the increase in cash and cash equivalents due to the increase in due to related party balances.

### Equity

Equity amounted to SAR113.7m as at 31-Dec-24G and consisted of share capital, retained earnings, statutory reserve and additional capital contribution.

Share capital increased from SAR4.6m at 31-Mar-24G to SAR17.3m as at 31-Dec-24G driven by the transfer of the land from additional share capital.

## Liabilities

### Non-Current Liabilities

Non-current liabilities increased from SAR14.8m as at 31-Mar-24G to SAR21.8m as at 31-Dec-24G driven by the increase in employees defined benefit liabilities in line with the increase in headcount over the period under review, coupled with the increase in non-current lease liabilities in line with the increase in RoU with the addition of 2 new leases over the same period.

### Current Liabilities

Current liabilities increased from SAR122.9m as at 31-Mar-24G to SAR154.9m as at 31-Dec-24G driven by (i) the increase in trade payables in line with the operational growth of the Company coupled with (ii) the increase in due to related parties and (iii) increase in accrued expenses due to the increase in payables against goods received but not invoices due to the interim period cutoff.

## 6.11.3 Statement of Cash Flow Data

**Table (6.81): Statement of Cashflow Data for the Period Ended 31 December 2023G and 2024G**

| SAR 000s                                                                              | For the 9-months period<br>ended 31 December 2023G<br>MA | For the 9 months period<br>ended 31 December 2024G<br>MA |
|---------------------------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|
| <b>Operating activities</b>                                                           |                                                          |                                                          |
| Profit before zakat and income tax                                                    | 25,569                                                   | 45,749                                                   |
| <b>Adjustments to reconcile profit before zakat and income tax to net cash flows:</b> |                                                          |                                                          |
| Depreciation of property and equipment                                                | 1,703                                                    | 2,447                                                    |
| Amortization of intangible assets                                                     | 1,392                                                    | 1,693                                                    |
| Depreciation of right-of-use assets                                                   | 3,778                                                    | 4,618                                                    |
| Allowance for slow moving inventories                                                 | 9,639                                                    | 10,773                                                   |
| Charge of expected credit losses                                                      | 5,988                                                    | 6,054                                                    |
| <b>Total adjustments</b>                                                              | <b>48,069</b>                                            | <b>71,333</b>                                            |
| <b>Working capital adjustments:</b>                                                   |                                                          |                                                          |
| Inventories                                                                           | (30,503)                                                 | (29,209)                                                 |
| Trade receivables                                                                     | (29,568)                                                 | 1,140                                                    |
| Amounts due from related parties                                                      | (1,857)                                                  | (8,394)                                                  |

| SAR 000s                                                      | For the 9–months period<br>ended 31 December 2023G<br>MA | For the 9 months period<br>ended 31 December 2024G<br>MA |
|---------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|
| Prepayments and other current assets                          | (7,371)                                                  | (5,675)                                                  |
| Trade payable                                                 | 21,100                                                   | 5,410                                                    |
| Amounts due to related parties                                | 10,099                                                   | 15,525                                                   |
| Accrued expenses and other current liabilities                | 3,558                                                    | 992                                                      |
| Contract liabilities                                          | 9,185                                                    | 6,742                                                    |
| Cash generated from operations                                | 22,713                                                   | 57,864                                                   |
| Zakat and Income tax paid                                     | (1,898)                                                  | (6,036)                                                  |
| Employees' defined benefit liabilities paid                   | 697                                                      | 576                                                      |
| <b>Net cash generated from (used in) operating activities</b> | <b>21,512</b>                                            | <b>52,404</b>                                            |
| <b>Investing activities</b>                                   |                                                          |                                                          |
| Purchase of property and equipment                            | (14,804)                                                 | (10,362)                                                 |
| Purchase of intangible assets                                 | (1,701)                                                  | (1,593)                                                  |
| <b>Net cash used in investing activities</b>                  | <b>(16,505)</b>                                          | <b>(11,956)</b>                                          |
| <b>Financing activities</b>                                   |                                                          |                                                          |
| Additional capital paid-in                                    | 12,673                                                   | 4,288                                                    |
| Payment of lease liabilities                                  | (3,854)                                                  | (5,050)                                                  |
| Dividends paid to equity holder                               | (10,883)                                                 | (17,962)                                                 |
| <b>Net cash used in financing activities</b>                  | <b>(2,063)</b>                                           | <b>(18,724)</b>                                          |
| Net increase (Decrease) in cash and cash equivalents          | 2,944                                                    | 21,724                                                   |
| Cash and cash equivalents at the beginning of the period      | 7,297                                                    | 13,107                                                   |
| <b>Cash and cash equivalents at the end of the period</b>     | <b>10,241</b>                                            | <b>34,832</b>                                            |

Source: Management accounts for the period ended 31 December 2023G and 2024G

Net cash generated from operating activities increased from a cash inflow of SAR21.5m for the 9 months period ended 31 December 2023G to a cash inflow of SAR52.4m for the 9 months period ended 31 December 2024G mainly driven by the increase in profit before zakat and income tax in line with the operational growth of the Company. The increase in the cash outflow from inventory in line with the growth and project pipeline, was offset by the cash inflows from trade receivables during the 9–months period ended 31 December 2024G compared to the 9–months period ended 31 December 2023G.

Net cash used in investing activities decreased from an outflow of SAR16.5m for the 9 months period ended 31 December 2023G to an outflow of SAR12.0m for the 9 months period ended 31 December 2024G mainly driven by lower purchases of property and equipment.

Net cash used in financing activities increased from an outflow of SAR2.1m for the 9 months period ended 31 December 2023G to an outflow of SAR18.7m for the 9 months period ended 31 December 2024G mainly due to additional dividends paid to equity holder.

## 6.12 Results of Operations for Material subsidiary – for Jeddah entity – CGS Jeddah – “Consolidated Grunenfelder Saady Company” – for the Period Ended 31 December 2023G and 2024G

### 6.12.1 Statement of Profit and Loss and Other Comprehensive Income Data

**Table (6.82): Statement of Profit and loss and other comprehensive income data for the Period Ended 31 December 2023G and 2024G**

| SAR in 000s                              | For the 9-months period ended 31 December 2023G<br>MA | For the 9 months period ended 31 December 2024G<br>MA | Var.<br>9 months period ended 31 December 2023G–9 months period ended 31 December 2024G |
|------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Revenues                                 | 82,024                                                | 83,155                                                | 1.4%                                                                                    |
| Cost of revenues                         | (66,091)                                              | (65,610)                                              | (0.7%)                                                                                  |
| <b>Gross profit</b>                      | <b>15,934</b>                                         | <b>17,545</b>                                         | <b>10.1%</b>                                                                            |
| General and administrative expenses      | (5,320)                                               | (4,561)                                               | (14.3%)                                                                                 |
| Selling and distribution expenses        | (2,494)                                               | (2,613)                                               | 4.8%                                                                                    |
| Charge of allowance on trade receivables | -                                                     | (37)                                                  | n.a                                                                                     |
| <b>Operating profit</b>                  | <b>8,120</b>                                          | <b>10,334</b>                                         | <b>27.3%</b>                                                                            |
| Finance cost                             | (19)                                                  | (28)                                                  | 47.2%                                                                                   |
| Other income/(expense)                   | 571                                                   | 752                                                   | 31.7%                                                                                   |
| Zakat                                    | (326)                                                 | (547)                                                 | 67.7%                                                                                   |
| Income tax                               | (914)                                                 | (1,157)                                               | 26.5%                                                                                   |
| Deferred tax income (expense)            | 167                                                   | 40                                                    | (75.9%)                                                                                 |
| <b>Net income</b>                        | <b>7,598</b>                                          | <b>9,393</b>                                          | <b>23.6%</b>                                                                            |
| Gross margin                             | 19.4%                                                 | 21.1%                                                 | 1.7                                                                                     |
| Operating margin                         | 9.9%                                                  | 12.4%                                                 | 2.5                                                                                     |
| Net margin                               | 9.3%                                                  | 11.3%                                                 | 2.0                                                                                     |
| EBITDA                                   | 7,700                                                 | 9,893                                                 | 27.5%                                                                                   |
| EBITDA margin                            | 9.4%                                                  | 11.9%                                                 | 2.5                                                                                     |

Source: Management accounts for the period ended 31 December 2023G and 2024G

#### Revenues

Revenue increased from SAR82.0m for the 9 months period ended 31 December 2023G to SAR83.2m for the 9 months period ended 31 December 2024G mainly due to the increase in revenues from customer 16 (+SAR10.3m) amongst others with the winning of new project contracts.

#### Cost of revenues

Cost of revenue decreased from SAR66.1m for the 9 months period ended 31 December 2023G to SAR65.6m for the 9 months period ended 31 December 2024G due to a slight decrease in miscellaneous costs

#### Gross profit

Gross profit increased from SAR15.9m for the 9 months period ended 31 December 2023G to SAR17.5m for the 9 months period ended 31 December 2024G with a +1.7ppt increase in margin in line with the increase in operations of the company. The Company achieved better profitability efficiency driven by (i) bulk purchases of raw materials and (ii) sales product mix.



## General and administrative expenses

General and administrative expenses slightly decreased from SAR5.3m for the 9 months period ended 31 December 2023G to SAR4.6m for the 9 months period ended 31 December 2024G mainly due to the decrease in the employees related cost driven by the lower Group cost allocation for CGS - Jeddah in line with the decrease in its respective revenue contribution to the Group.

## Selling and distribution expenses

Selling and marketing expenses remained relatively stable averaging SAR2.6m during the periods YTD'24 and YTD'25.

## Charge of expected credit losses of trade receivables

Impairment allowance on trade receivables increased from nil for the 9 months period ended 31 December 2023G to a reversal of SAR37k for the 9 months period ended 31 December 2024G.

## Earnings before interest, tax, depreciation and amortization

EBITDA increased from SAR7.7m for the 9 months period ended 31 December 2023G to SAR9.9m for the 9 months period ended 31 December 2024G with a 2.5ppt increase in margins driven by the overall increase in profitability coupled with a relative stability in expenses.

## Operating income

Operating income increased from SAR8.1m for the 9 months period ended 31 December 2023G to SAR10.3m for the 9 months period ended 31 December 2024G with a 2.5ppt increase in margins driven by the overall increase in profitability coupled with a relative stability in expenses.

## Finance cost

Finance cost increased from SAR19k for the 9 months period ended 31 December 2023G to SAR28k for the 9 months period ended 31 December 2024G and pertains to the unwinding of finance costs in relation to employee benefit liabilities.

## Other income

Other income increased from SAR571k for the 9 months period ended 31 December 2023G to SAR752k for the 9 months period ended 31 December 2024G driven by the increase in fund received from by the HRDF in line with the increase in Saudi employees hired and the reversal of accruals recorded under other income in relation to marketing expenses.

## Zakat

Zakat increased from SAR326k for the 9 months period ended 31 December 2023G to SAR547k for the 9 months period ended 31 December 2024G.

## Income tax

Income tax increased from SAR914k for the 9 months period ended 31 December 2023G to SAR1.2m for the 9 months period ended 31 December 2024G.

## Deferred tax income

Deferred tax expense decreased from SAR167k for the 9 months period ended 31 December 2023G to SAR40k for the 9 months period ended 31 December 2024G.

## Net income

Net income increased from SAR7.6m for the 9 months period ended 31 December 2023G to SAR9.4m for the 9 months period ended 31 December 2024G with a 2.0ppt increase in margin in line with the increase in EBITDA as a result of operational growth coupled with cost efficiency and optimization.

## 6.12.1.1 Revenue by customer type

**Table (6.83): Revenue by customer type for the Period Ended 31 December 2023G and 2024G**

| SAR in 000s                            | For the 9-months period ended 31 December 2023G<br>MA | For the 9 months period ended 31 December 2024G<br>MA | Var.<br>9 months period ended 31 December 2023G–9 months period ended 31 December 2024G |
|----------------------------------------|-------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Third-party sales (external customers) | 78,536                                                | 80,195                                                | 2.1%                                                                                    |
| Intercompany sales                     | 3,488                                                 | 2,961                                                 | (15.1%)                                                                                 |
| <b>Total</b>                           | <b>82,024</b>                                         | <b>83,155</b>                                         | <b>1.4%</b>                                                                             |

Source: Management accounts for the period ended 31 December 2023G and 2024G

Third party sales (external customers): These sales represent revenue from independent customers outside the group.

## 6.12.2 Statement of Financial Position Data

**Table (6.84): Statement of Financial position data as at 31 March 2024G and 31 December 2024G**

| SAR in 000s                                    | 31-Mar-24G    | 31-Dec-24G<br>MA |
|------------------------------------------------|---------------|------------------|
| <b>Non-current assets</b>                      |               |                  |
| Property, plant and equipment                  | 3,451         | 3,414            |
| Deferred tax assets                            | 921           | 961              |
| Right of use assets                            | 756           | 716              |
| <b>Total non-current assets</b>                | <b>5,128</b>  | <b>5,091</b>     |
| <b>Current assets</b>                          |               |                  |
| Inventories                                    | 8,797         | 8,217            |
| Trade receivables                              | 28,705        | 18,824           |
| Prepayments and other current assets           | 538           | 969              |
| Cash and cash equivalents                      | 4,848         | 3,722            |
| Due from a related party                       | 7,921         | 23,474           |
| <b>Total current assets</b>                    | <b>50,809</b> | <b>55,206</b>    |
| <b>Total assets</b>                            | <b>55,936</b> | <b>60,297</b>    |
| <b>Equity</b>                                  |               |                  |
| Share capital                                  | 2,400         | 2,400            |
| Statutory reserve                              | 1,200         | 1,200            |
| Retained earnings                              | 23,608        | 32,415           |
| <b>Total Equity</b>                            | <b>27,208</b> | <b>36,015</b>    |
| <b>Non-current assets</b>                      |               |                  |
| Employees' defined benefit liabilities         | 3,156         | 3,495            |
| Lease liabilities                              | 746           | 735              |
| <b>Total non-current assets</b>                | <b>3,902</b>  | <b>4,230</b>     |
| Due to related parties                         | 81            | 115              |
| Trade payable                                  | 1,818         | 1,479            |
| Lease liabilities – current portion            | 41            | 21               |
| Accrued expenses and other current liabilities | 5,658         | 5,004            |
| Contract liabilities                           | 15,595        | 11,729           |

| SAR in 000s                         | 31-Mar-24G    | 31-Dec-24G<br>MA |
|-------------------------------------|---------------|------------------|
| Provision for zakat and income tax  | 1,634         | 1,704            |
| <b>Total current liabilities</b>    | <b>24,827</b> | <b>20,053</b>    |
| <b>Total liabilities</b>            | <b>28,729</b> | <b>24,283</b>    |
| <b>Total equity and liabilities</b> | <b>55,936</b> | <b>60,297</b>    |
| <b>KPIs</b>                         |               |                  |
| DSO                                 | 97            | 62               |
| DIO                                 | 37            | 34               |
| DPO                                 | 8             | 6                |
| Return on assets                    | 16.8%         | 15.6%            |
| Return on equity                    | 34.5%         | 26.1%            |
| Debt to equity ratio                | 1.06          | 0.67             |
| Current ratio                       | 2.05          | 2.75             |
| Quick ratio                         | 1.69          | 2.34             |

Source: Management accounts for the period ended 31 December 2024G; audited financial statements for the year ended 31 March 24G

Return on assets = net profit/total assets

Return on equity = net profit/total equity

Debt to equity ratio = total liabilities/total equity

Current ratio = current assets/current liabilities

Quick ratio = (current assets – inventory)/current liabilities

## Assets

### Non-Current Assets

Non-current assets averaged SAR5.1m as at 31-Mar-24G and as at 31-Dec-24G and comprises of P&E, intangible assets, RoU, and deferred tax assets. The decrease is mainly driven by the decrease in P&E and RoU assets with the depreciation and amortization charges over the same period.

### Current Assets

Current assets increased from SAR50.8m as at 31-Mar-24G to SAR55.2m as at 31-Dec-24G driven by the increase in due from related party balances slightly offset by the decrease in trade receivables and cash.

## Equity

Equity amounted to SAR36.0m as at 31-Dec-24G and consisted of share capital, retained earnings and statutory reserve.

Equity increased from SAR27.2m as at 31-Mar-24G to SAR36.0m as at 31-Dec-24G driven by the increase in retained earnings in line with the increase in net profit.

## Liabilities

### Non-Current Liabilities

Non-current liabilities increased from SAR3.9m as at 31-Mar-24G to SAR4.2m as at 31-Dec-24G driven by the increase in employees defined benefit liabilities in line with the increase in headcount over the period under review.

### Current Liabilities

Current liabilities decreased from SAR24.8m as at 31-Mar-24G to SAR20.1m as at 31-Dec-24G driven by the decrease in contract liabilities as the balance is highly dependent on the delivery of projects and the start of others.

### 6.12.3 Statement of Cash Flow Data

**Table (6.85): Statement of Cashflow Data for the Period Ended 31 December 2023G and 2024G**

| SAR in 000s                                                                           | For the 9-months period<br>ended 31 December 2023G<br>MA | For the 9 months period<br>ended 31 December 2024G<br>MA |
|---------------------------------------------------------------------------------------|----------------------------------------------------------|----------------------------------------------------------|
| <b>Operating activities</b>                                                           |                                                          |                                                          |
| Profit before zakat and income tax                                                    | 8,671                                                    | 11,057                                                   |
| <b>Adjustments to reconcile profit before zakat and income tax to net cash flows:</b> |                                                          |                                                          |
| Depreciation of property and equipment                                                | 380                                                      | 401                                                      |
| Depreciation of right-of-use assets                                                   | 39                                                       | 39                                                       |
| Allowance for slow moving inventories                                                 | -                                                        | (25)                                                     |
| Interest on lease liabilities                                                         | 19                                                       | 28                                                       |
| Charge of expected credit losses                                                      | -                                                        | 37                                                       |
| Provision for defined benefit obligation – employees' benefit                         | 471                                                      | 462                                                      |
| <b>Total adjustments</b>                                                              | <b>9,581</b>                                             | <b>12,000</b>                                            |
| <b>Working capital adjustments:</b>                                                   |                                                          |                                                          |
| Inventories                                                                           | (1,908)                                                  | 606                                                      |
| Trade receivables                                                                     | (3,663)                                                  | 9,843                                                    |
| Amounts due from related parties                                                      | (10,604)                                                 | (15,553)                                                 |
| Prepayments and other current assets                                                  | (215)                                                    | (431)                                                    |
| Trade payable                                                                         | (545)                                                    | (339)                                                    |
| Amounts due to related parties                                                        | (4,730)                                                  | 34                                                       |
| Accrued expenses and other current liabilities                                        | 761                                                      | (654)                                                    |
| Contract liabilities                                                                  | 863                                                      | (3,866)                                                  |
| <b>Cash generated from operations</b>                                                 | <b>(10,458)</b>                                          | <b>1,640</b>                                             |
| Zakat and Income tax paid                                                             | (1,644)                                                  | (1,634)                                                  |
| Employees' defined benefit liabilities paid                                           | (179)                                                    | (123)                                                    |
| <b>Net cash generated from (used in) operating activities</b>                         | <b>(12,281)</b>                                          | <b>(116)</b>                                             |
| <b>Investing activities</b>                                                           |                                                          |                                                          |
| Purchase of property and equipment                                                    | (150)                                                    | (364)                                                    |
| <b>Net cash used in investing activities</b>                                          | <b>(150)</b>                                             | <b>(364)</b>                                             |
| <b>Financing activities</b>                                                           |                                                          |                                                          |
| Payment of lease liabilities                                                          | (49)                                                     | (59)                                                     |
| Dividends paid to equity holder                                                       | (957)                                                    | (586)                                                    |
| <b>Net cash used in financing activities</b>                                          | <b>(1,006)</b>                                           | <b>(645)</b>                                             |
| Net increase (Decrease) in cash and cash equivalents                                  | (13,437)                                                 | (1,126)                                                  |
| Cash and cash equivalents at the beginning of the year                                | 14,286                                                   | 4,848                                                    |
| <b>Cash and cash Equivalents at the end of the year</b>                               | <b>849</b>                                               | <b>3,722</b>                                             |

Source: Management accounts for the period ended 31 December 2023G and 2024G

Net cash generated from operating activities decreased from a cash outflow of SAR12.3m for the 9 months period ended 31 December 2023G to a cash outflow of SAR116k for the 9 months period ended 31 December 2024G mainly driven by the increase in profit before zakat and income tax in line with the operational growth of the Company.

Net cash used in investing activities increased from an outflow of SAR150k for the 9 months period ended 31 December 2023G to an outflow of SAR364k for the 9 months period ended 31 December 2024G mainly driven by the additional purchases of property and equipment.

Net cash used in financing activities decreased from an outflow of SAR1.0m for the 9 months period ended 31 December 2023G to an outflow of SAR645k for the 9 months period ended 31 December 2024G mainly due to dividends paid amounting to SAR586k for the 9 months period ended 31 December 2024G.

### 6.13 Restatement of Financial Information

The Consolidated financial statements of the Company for the year ended 31 March 2023G have been reissued to replace the consolidated financial statements approved by the Company's Board of Directors on 5 Muharram 1445H, corresponding to 23 July 2023G. The adjustments made in these reissued consolidated financial statements do not have any impact on the equity or the statement of financial position as of 1 April 2021G and therefore the statement of financial position as of 1 April 2021G has not been presented. The below adjustments in the reissued consolidated financial statements pertain to the year ended 31 March 2023G and for the comparative financial information presented for the year ended and as of 31 March 2022G as follows:

**Table (6.86): Reissued consolidated statement of financial position impact of restatement:**

| SAR in 000s              | 31 March 2022G<br>Before reissuance | Adjustments | 31 March 2022G<br>Restated |
|--------------------------|-------------------------------------|-------------|----------------------------|
| Trade receivables (b)    | 44,206                              | 3,296       | 47,503                     |
| Contract liabilities (b) | (21,990)                            | (3,296)     | (25,286)                   |

Source: Reissued consolidated financial statements for the year ended 31 March 2023G

**Table (6.87): Reissued consolidated statement of profit or loss and other comprehensive income impact of restatement:**

| SAR in 000s                             | 31 March 2022G<br>Before reissuance | Adjustments | 31 March 2022G<br>Restated |
|-----------------------------------------|-------------------------------------|-------------|----------------------------|
| Revenue (a)                             | 227,237                             | 37,545      | 264,782                    |
| Cost of revenue (a)                     | 181,895                             | 37,545      | 219,440                    |
| Gross profit                            | 45,341                              | -           | 45,341                     |
| Operating profit                        | 30,200                              | -           | 30,200                     |
| Profit before zakat and income tax      | 34,462                              | -           | 34,462                     |
| Net profit for the year                 | 30,088                              | -           | 30,088                     |
| Total comprehensive income for the year | 30,541                              | -           | 30,541                     |

Source: Reissued consolidated financial statements for the year ended 31 March 2023G

Certain financial information as of and for the fiscal year ended 31 March 2023G, has been reclassified to conform to the classification and presentation used in the Group's audited consolidated financial statements for the fiscal year ended 31 March 2024G. Below is a summary of the key items that have been reclassified:

**Table (6.88): Reissued consolidated statement of financial position impact of reissuance:**

| SAR in 000s              | 31 March 2023G<br>Before reissuance | Adjustments | 31 March 2023G<br>Reissued |
|--------------------------|-------------------------------------|-------------|----------------------------|
| Trade receivables (b)    | 54,219                              | 6,876       | 61,095                     |
| Contract liabilities (b) | (18,722)                            | (6,876)     | (25,598)                   |

Source: Reissued consolidated financial statements for the year ended 31 March 2023G

(a) The Company acquired 100% controlling interest in a subsidiary, Consolidated Grunenfelder Saady Company effective from 20 December 2021G. However, while eliminating the intercompany sales between the two subsidiaries of the Company, the entire year intercompany sales transactions were incorrectly eliminated instead of from the date of acquisition. The impact of this erroneous elimination resulted in understatement of revenue and the cost of revenue by SAR37.5m for the year ended 31 March 2022G. This has been corrected by excluding the sales transactions prior to acquisition in the eliminations.

(b) The accounts receivable balance with respect of advance billings made to the customers and billings in excess of the value of work executed as of 31 March 2022G and 31 March 2023G were offset in the consolidated financial statements of the Company. As a result, both the trade receivables and contract liabilities as of 31 March 2022G and 31 March 2023G were understated by SAR3.3m and SAR6.9m, respectively. This has been corrected by adjusting the trade receivable and contract liabilities by same amount.

# DIVIDEND DISTRIBUTION POLICY



## 7. DIVIDEND DISTRIBUTION POLICY

Pursuant to Article 107 of the Companies Law, each Shareholder is equally entitled to the rights and obligations attached to the shares, including the right to receive a portion of the dividends declared. Payment of any dividends will be recommended by the Board as part of its annual report before being approved by the Shareholders at a General Assembly meeting. However, there are no guarantees of actual dividends. Any decision to pay dividends will depend on, amongst other things, the Company's historic and anticipated earnings and cash flows, financing and capital requirements, market and general economic conditions, Zakat, and other factors as the Board deems relevant, in addition to legal and regulatory considerations. The Company's expectations regarding these factors are dependent on many assumptions, risks and uncertainties that may be beyond the Company's control. For a discussion of the risks related to dividend distributions, please refer to Section 2.3.5 "Risks Related to the Company's Ability to Distribute Dividends" of this Prospectus.

The Company intends to distribute annual profits to its Shareholders to enhance the value of their investments commensurate with the Company's profits, financial condition, capital expenditures, investment requirements, restrictions on dividend distributions under financing and debt agreements, the results of the Company's activities, the Company's current and future financing needs, expansion plans, and other factors, including market conditions, investment opportunity analysis, reinvestment requirements, cash and capital needs, business forecasts and the impact of any distributions of such kind on any legal or statutory considerations.

In addition, investors who wish to invest in Offer Shares should be aware that the Dividend Distribution Policy may change from time to time.

Although the Company intends to distribute dividends to its Shareholders on annual basis, the Company does not guarantee the distribution of such dividends or the amounts to be distributed in any given year.

Pursuant to the Company's Bylaws, the Company's net profits, after deducting all general expenses and other costs, shall be allocated as follows:

- 1- The General Assembly may deduct specific amounts from the net profit to serve social objectives for the Company's employees.
- 2- The General Assembly may utilize retained earnings, after deducting amounts allocated for debt repayment in accordance with the agreed schedules, and distributable reserves to pay the remaining value of shares or part thereof, without prejudice to Shareholders' rights in accordance with the provisions of the Companies Law.

Shareholders shall be entitled to their share of dividends, whether in cash or in the form of shares, in accordance with the resolution of the General Assembly issued in this regard. The General Assembly resolution shall indicate the record date and the distribution date. Shareholders registered in the Shareholders' Register by the end of the day on the record date shall be entitled to dividends.

The following table summarizes the dividends distributed by the Company during the financial years ended 31 March 2022G, 2023G and 2024G and the nine-month period ended 31 December 2024G:

**Table (7.1): Cash Dividends Distributed During the Financial Years Ended 31 March 2022G, 2023G and 2024G and the Nine-Month Period Ended 31 December 2024G<sup>(1)</sup>**

| SAR                             | Financial Year Ended 31 March |                      |                         | Nine-Month Period Ended 31 December |
|---------------------------------|-------------------------------|----------------------|-------------------------|-------------------------------------|
|                                 | 2022G <sup>(2)</sup>          | 2023G <sup>(3)</sup> | 2024G <sup>(4)(5)</sup> | 2024G <sup>(6)(7)</sup>             |
| Net income                      | 30,088,370                    | 25,360,924           | 45,048,954              | 49,205,850                          |
| Issuer's declared dividends     | -                             | -                    | -                       | 3,161,220                           |
| CGS Jeddah's declared dividends | -                             | 589,566              | 5,957,056               | -                                   |
| CGS Riyadh's declared dividends | 16,651,159                    | 2,481,836            | 15,882,620              | 15,000,000                          |



| SAR                                               | Financial Year Ended 31 March |                      |                         | Nine-Month Period<br>Ended 31 December |
|---------------------------------------------------|-------------------------------|----------------------|-------------------------|----------------------------------------|
|                                                   | 2022G <sup>(2)</sup>          | 2023G <sup>(3)</sup> | 2024G <sup>(4)(5)</sup> | 2024G <sup>(6)(7)</sup>                |
| <b>Total dividends declared for the period</b>    | <b>16,651,159</b>             | <b>3,071,402</b>     | <b>21,839,676</b>       | <b>18,161,220</b>                      |
| <b>Total dividends distributed for the period</b> | <b>16,651,159</b>             | <b>3,071,402</b>     | <b>21,839,676</b>       | <b>18,161,220</b>                      |

|                                                           |    |    |    |    |
|-----------------------------------------------------------|----|----|----|----|
| Issuer's declared dividends as a percentage of net income | 0% | 0% | 0% | 6% |
|-----------------------------------------------------------|----|----|----|----|

- (1) The below data includes the total amounts of the Company and its Subsidiaries.
- (2) The partners of the Subsidiary CGS Riyadh (as the ultimate owners of the Company and Subsidiary) approved dividend distributions as follows: (i) one million, six hundred and fifty-one thousand, one hundred and fifty-nine Saudi Riyals (SAR 1,651,159) on 19/11/1442H (corresponding to 29/06/2021G) to settle outstanding partner balances; (ii) five million Saudi Riyals (SAR 5,000,000) on 13/04/1443H (corresponding to 19/11/2021G); and (iii) ten million Saudi Riyals (SAR 10,000,000) on 27/07/1443H (corresponding to 01/03/2022G), all relating to the financial year ended 2022G.
- (3) The partners of the Subsidiary CGS Riyadh (as the ultimate owners of the Company and Subsidiary) approved the distribution of dividends in the amount of two million, four hundred and eighty-one thousand, eight hundred and thirty-six Saudi Riyals (SAR 2,481,836) on 10/04/1444H (corresponding to 08/08/2022G) to settle outstanding partner balances. The partners of the Subsidiary CGS Jeddah (as the ultimate owners of the Company and Subsidiary) approved the distribution of dividends in the amount of five hundred and eighty-nine thousand, five hundred and sixty-six Saudi Riyals (SAR 589,566) on 10/04/1444H (corresponding to 08/08/2022G) to settle outstanding partner balances, relating to the financial year ended 2023G.
- (4) The partners of the Subsidiary CGS Riyadh (as the ultimate owners of the Company and Subsidiary) approved interim dividend distributions as follows: (i) five million Saudi Riyals (SAR 5,000,000) on 02/12/1444H (corresponding to 21/06/2023G); (ii) five million Saudi Riyals (SAR 5,000,000) on 02/12/1444H (corresponding to 21/06/2023G); and (iii) five million Saudi Riyals (SAR 5,000,000) on 18/09/1445H (corresponding to 28/03/2024G), all relating to the financial years ended 2023G and 2024G. Moreover, the partners approved the settlement of an outstanding balance in the amount of eight hundred and eighty-two thousand, six hundred and twenty Saudi Riyals (SAR 882,620) on 10/02/1444H (corresponding to 27/08/2023G).
- (5) The partners of the Subsidiary CGS Jeddah (as the ultimate owners of the Company and Subsidiary) approved interim dividend distributions as follows: (i) nine hundred and fifty-seven thousand and fifty-six Saudi Riyals (SAR 957,056) on 10/02/1445H (corresponding to 27/08/2023G); and (ii) five million Saudi Riyals (SAR 5,000,000) on 08/09/1445H (corresponding to 18/03/2024G), all relating to the financial years ended 2023G and 2024G.
- (6) The partners of the Subsidiary CGS Riyadh (as the ultimate owners of the Company and Subsidiary) approved interim dividend distributions as follows: (i) five million Saudi Riyals (SAR 5,000,000) on 20/03/1446H (corresponding to 24/09/2024G); (ii) five million Saudi Riyals (SAR 5,000,000) on 16/04/1446H (corresponding to 20/10/2024G); and (iii) five million Saudi Riyals (SAR 5,000,000) on 24/05/1446H (corresponding to 26/11/2024G), all relating to the financial years ended 2024G and 2025G.
- (7) The partners of the Issuer approved the distribution of dividends in the amount of three million, one hundred and sixty-one thousand, two hundred and twenty Saudi Riyals (SAR 3,161,220) on 29/03/1446H (corresponding to 03/10/2024G), for the purpose of settling outstanding partner balances.

Source: The Company

The shares entitle their holders to the right to receive dividends declared by the Company from the date of this Prospectus and for subsequent financial years. Holders of Offer Shares are not entitled to any dividends declared prior to the date of this Prospectus. The first entitlement of Offer Shares to dividends shall be for those declared by the Company from the date of this Prospectus and for subsequent financial years.

# USE OF OFFERING PROCEEDS



## 8. USE OF OFFERING PROCEEDS

The total proceeds from the Offering are estimated at three hundred million Saudi Riyals (SAR 300,000,000), of which approximately twenty-two million Saudi Riyals (SAR 22,000,000) will be used to settle the Offering expenses, including the fees of the Financial Advisor, Lead Manager, Bookrunners, Underwriter, Legal Advisor, Auditor, Receiving Agents, Market Consultant and Financial Due Diligence Advisor, in addition to marketing, printing, distribution, translation and other Offering-related expenses.

The Net Offering Proceeds, estimated at approximately two hundred seventy-eight million Saudi Riyals (SAR 278,000,000), will be distributed to the Selling Shareholders pro-rata to the number of Offer Shares that will be sold by each of them in the Offering. The Company will not receive any part of the proceeds from the Offering. The Selling Shareholders will bear all fees, expenses and costs related to the Offering.



# CAPITALIZATION AND INDEBTEDNESS OF THE COMPANY



## 9. CAPITALIZATION AND INDEBTEDNESS OF THE COMPANY

Prior to the Offering, the Substantial Shareholders own the entire share capital of the Company. Following the completion of the Offering, the Substantial Shareholders will collectively own 70% of the Company's share capital.

The following table sets out the capitalization of the Company as derived from the Company's audited consolidated financial statements for the financial years ended 31 March 2022G and 2024G, the Company's restated audited consolidated financial statements for the financial year ended 31 March 2023G, and the unaudited interim condensed consolidated financial statements for the nine-month period ended 31 December 2024G. The following table should be read in conjunction with the relevant financial statements, including the notes thereto, as set out in Section 19 "Financial Statements and Auditor's Reports" of this Prospectus.

**Table (9.1): Capitalization and Indebtedness of the Company as of 31 March 2022G, 2023G and 2024G and 31 December 2024G**

| (SAR)                                                           | As of 31 March |            |             | As of 31 December |
|-----------------------------------------------------------------|----------------|------------|-------------|-------------------|
|                                                                 | 2022G          | 2023G      | 2024G       | 2024G             |
| Total loans                                                     | -              | -          | -           | -                 |
| <b>Equity</b>                                                   |                |            |             |                   |
| Share capital                                                   | 1,000,000      | 1,000,000  | 1,000,000   | 100,000,000       |
| Additional contribution to share capital                        | 41,766,539     | 41,766,539 | 54,439,539  | -                 |
| Statutory reserve                                               | 300,000        | 300,000    | 300,000     | 300,000           |
| Retained earnings                                               | 14,209,346     | 36,426,688 | 58,994,675  | 55,233,563        |
| Non-controlling equity                                          | -              | -          | -           | -                 |
| Total Shareholders' equity                                      | 57,275,885     | 79,493,227 | 114,734,214 | 155,533,563       |
| Total capitalization (total loans + total Shareholders' equity) | 57,275,885     | 79,493,227 | 114,734,214 | 155,533,563       |
| Total capitalization / total loans                              | -              | -          | -           | -                 |

Source: The Group's audited consolidated financial statements for the financial year ended 31 March 2024G, the Group's restated audited consolidated financial statements for the financial year ended 31 March 2023G, the unaudited interim condensed consolidated financial statements for the nine-month period ended 31 December 2024G, and Company information.

The Directors declare the following:

- 1- none of the shares of the Company or its Subsidiaries are under option;
- 2- the Company does not have any debt instruments as of the date of this Prospectus; and
- 3- the Company's balance and cash flows are sufficient to meet its expected cash needs for working capital and capital expenditure for at least twelve (12) months after the date of publication of this Prospectus, taking into account any adverse and material change to the Company's business.



# EXPERT STATEMENTS



## 10. EXPERT STATEMENTS

All of the Advisors and the Auditor, whose names are listed on pages (vii) and (viii) hereof, have given and, as of the date of this Prospectus, have not withdrawn their written consent to the reference to their names and logos and to the publication of their statements and reports, as applicable, within this Prospectus. Neither the Advisors, the Auditor, nor any of their employees forming part of the team serving the Company, or any of their relatives have any shareholding or interest of any kind in the Company or its Subsidiaries as of the date of this Prospectus that would impair their independence.



# DECLARATIONS





## 11. DECLARATIONS

The Directors declare the following:

- 1- There has been no interruption in the business of the Company or its Subsidiaries that may influence or has had a significant impact on the Company's financial position during the previous twelve (12) months.
- 2- No commissions, discounts, brokerage fees or any non-monetary compensation were granted by the Company or its Subsidiaries during the three (3) years immediately preceding the date of application for registration and offer of the securities subject to this Prospectus with respect to the issuance or offering of any securities.
- 3- Except as disclosed in Section 6 **"Management's Discussion and Analysis of Financial Condition and Results of Operations"** of this Prospectus, there has been no material adverse change in the financial or trading position of the Company or its Subsidiaries during the three years immediately preceding the date of the application for registration and offer of the securities subject to this Prospectus, in addition to the period covered by the Auditor's report until the date of approval of this Prospectus.
- 4- Except as disclosed in Section 5.3 **"Board of Directors"** of this Prospectus, none of Directors or any of their relatives have any shares or interest of any kind in the Company or its Subsidiaries.
- 5- The Company, severally or jointly with the Subsidiaries, has working capital sufficient for at least twelve (12) months immediately following the date of publication of this Prospectus.
- 6- The Offering does not violate the applicable laws and regulations of the Kingdom.
- 7- The Offering does not prejudice any of the contracts or agreements to which the Company is a party.
- 8- All material legal information relating to the Company has been disclosed in the Prospectus.
- 9- Neither the Company nor its Material Subsidiaries are subject to any legal proceedings or actions that may, individually or collectively, have a material effect on their business or financial position.
- 10- The Directors are not subject to any legal proceedings or actions that may, individually or collectively, have a material effect on the business or financial position of the Company or its Subsidiaries.
- 11- The financial information contained in Section 6 **"Management's Discussion and Analysis of Financial Condition and Results of Operations"** has been derived without material change and is presented in a manner consistent with the audited consolidated financial statements for the financial years ended 31 March 2022G, 2023G and 2024G, together with the accompanying notes thereto, which have been prepared in accordance with the IFRS-KSA, as well as the Group's unaudited interim condensed consolidated financial statements for the nine-month period ended 31 December 2024G, together with the accompanying notes thereto, which have been prepared by the Group.
- 12- There have been no adverse material changes to the Group's financial or business position in the three financial years directly preceding the date of the Prospectus, in addition to the end of period covered in the Auditor's report until the date of the Prospectus. Moreover, the Directors declare that all material facts related to the Group and its financial performance have been disclosed in this Prospectus and there is no other information, documents or facts whose omission would make any statement herein misleading.
- 13- The Group does not have any property, including contractual financial securities or other assets, whose value is subject to fluctuation or is difficult to ascertain which significantly affects the evaluation of its financial position, except for financial instruments measured at fair value through profit or loss and those measured at fair value through other comprehensive income, as disclosed in Section 6.7.2 **"Consolidated Statement of Financial Position Data"** of this Prospectus.
- 14- Except as disclosed in Section 6.3 **"Key Factors Affecting the Group's Operations"** and Section 2 **"Risk Factors"** of this Prospectus, the Directors declare that, to the best of their knowledge, the Group is not aware of any governmental, economic, financial, monetary or political policies or any other factors that have materially affected or may materially affect (whether directly or indirectly) the Group's operations.
- 15- The Group has no intention of making any material change to its activity.
- 16- The Group's operations have not been discontinued in a manner that affects or has significantly affected its financial position in the previous 12 months.
- 17- The Group's share capital is not subject to any option contract.
- 18- None of the Directors, Senior Executives or the Board Secretary have been declared bankrupt or insolvent.

- 19- The Group has provided comprehensive details in Section 6 **"Management's Discussion and Analysis of Financial Condition and Results of Operations"** of this Prospectus regarding any contingent liabilities and has calculated and recorded a provision for the liabilities disclosed therein.
- 20- The property of the Group is not subject to any mortgages, rights or encumbrances as of the date of this Prospectus.
- 21- The Group has presented comprehensive details in Section 6 **"Management's Discussion and Analysis of Financial Condition and Results of Operations"** of this Prospectus regarding all fixed assets and investments, including contractual securities and other assets whose value is volatile or difficult to estimate.
- 22- Except as disclosed in Section 6 **"Management's Discussion and Analysis of Financial Condition and Results of Operations"** of this Prospectus, the Group has not issued debt instruments, term loans, or secured, unsecured, current or approved but unissued mortgages.
- 23- The statistical information presented in Section 3 **"Market and Industry Information"** of this Prospectus represents the most recent information available from its respective source.
- 24- There have been no reservations in the Auditor's report on the financial statements of the Company or its Subsidiaries for any of the three financial years immediately preceding the date of this Prospectus.
- 25- There have been no material changes in the significant accounting policies of the Company or its Subsidiaries during the three financial years immediately preceding the date of this Prospectus.
- 26- There have been no material changes in the financial statements issued by the Company or its Subsidiaries during the three financial years immediately preceding the date of this Prospectus.
- 27- There have been no material structural changes within the Group during the three financial years immediately preceding the date of this Prospectus.
- 28- Except as disclosed in Section 5.3 **"Board of Directors"**, Section 5.5.2 **"Members of the Executive Management"** and Section 12.5 **"Agreements and Transactions with Related Parties"** of this Prospectus, none of the Directors, members of Executive Management, the Board Secretary, or any of their relatives or affiliates have a direct or indirect interest in the shares of the Company or any interest in any other matter which would affect the Company's business.
- 29- Except as disclosed in Section 12.5 **"Agreements and Transactions with Related Parties"** of this Prospectus, as of the date of this Prospectus, none of the Directors, members of Executive Management, the Board Secretary, or any of their relatives or affiliates have any interest in any contract or arrangement in effect, whether written or oral, or in any contract or arrangement currently under consideration or to be concluded in relation to the business of the Company and its Subsidiaries.
- 30- None of the shares of the Company its Subsidiaries are under option.
- 31- The Company and Subsidiaries do not have any debt instruments as of the date of this Prospectus.
- 32- The balance and cash flows of the Company and Subsidiaries are sufficient to meet its expected cash needs for working capital and capital expenditure for at least twelve (12) months after the date of publication of this Prospectus, taking into account any adverse material change to the Company's business.
- 33- All agreements with Related Parties described in Section 12.5 **"Agreements and Transactions with Related Parties"** of this Prospectus, including pricing terms, do not involve any preferential conditions and have been executed in a legal and regular manner and on an arm's-length basis. Furthermore, except as disclosed in Section 12.5 **"Agreements and Transactions with Related Parties"** of this Prospectus, the Company and its Subsidiaries are not bound by any transactions, agreements, commercial relations or real estate transactions with another Related Party.
- 34- The Directors acknowledge their intention to comply with Articles 27 and 71 of the Companies Law and Articles 42 and 44 of the Corporate Governance Regulations issued by the CMA in relation to contracts with Related Parties.
- 35- They will not compete with the business of the Company and the Subsidiaries, and all Related Party transactions in the future will be conducted on an arm's length basis in accordance with Article 27 of the Companies Law.
- 36- They will refrain from voting in General Assembly meetings on Related Party contracts in which they have a direct or indirect interest.
- 37- The insurance policies of the Company and its Subsidiaries sufficiently cover the Company's business, and the Company and its Subsidiaries periodically renew insurance policies and contracts to ensure continuous insurance coverage.

- 38- To the best of their knowledge and belief, there are no other material risks as of the date of this Prospectus, other than those disclosed in Section 2 "**Risk Factors**", that may affect investors' decisions to invest in the Offer Shares. All prospective investors who wish to subscribe for the Offer Shares should assess the risks and benefits associated with this investment and the Offer Shares in general, as well as the economic and regulatory environment in which the Group operates in particular.
- 39- As of the date of this Prospectus, there is no intention to make any material change in the nature of the activities of the Company and its Subsidiaries.
- 40- The Company is capable of preparing the required reports in a timely manner in accordance with the implementing regulations issued by the CMA.
- 41- The Directors will not vote on resolutions related to contracts or transactions in which they have a direct or indirect interest.
- 42- As of the date of this Prospectus, there are no employee share schemes involving employees in the Company's share capital, nor are there any other similar arrangements in place.
- 43- The Company does not have any securities (contractual or otherwise) or any assets whose value is subject to fluctuation which would adversely and materially affect its financial position.
- 44- The Company's insurance policies sufficiently cover the Company's business, and the Company periodically renews its insurance policies and contracts to ensure continuous insurance coverage.
- 45- The Company undertakes to submit its most recent annual or interim financial statements, as applicable, to be included in the preliminary Prospectus prior to the commencement of the Company's Offering, or in the final Prospectus, or to be disclosed prior to the Listing of the Company's shares, as applicable, in accordance with the periods set forth under the relevant continuing obligations applicable to listed companies.

# LEGAL INFORMATION





## 12. LEGAL INFORMATION

### 12.1 Legal Declarations

The Directors declare the following:

- 1- the Offering does not violate the applicable laws and regulations of the Kingdom;
- 2- the Offering does not prejudice any of the contracts or agreements to which the Company is a party;
- 3- all material legal information relating to the Company has been disclosed in the Prospectus;
- 4- except as disclosed in Section 12.9 **"Litigation and Claims"** of this Prospectus, the Company and its Subsidiaries are not involved in any lawsuits or proceedings that may, individually or collectively, have a material impact on their business or financial position; and
- 5- the Directors are not subject to any legal proceedings or actions that may individually or collectively have a material effect on the business or financial position of the Company or its Subsidiaries.

### 12.2 The Company

Consolidated Grünenfelder Saady Holding Company is an unlisted Saudi mixed joint-stock company with Commercial Registration No. 1010651887, dated 18/01/1442H (corresponding to 06/09/2020G). The Company's registered address is P.O. Box 35800, Postal Code 11383, Riyadh, Kingdom of Saudi Arabia.

The Company's current share capital is one hundred million Saudi Riyals (SAR 100,000,000), divided into one hundred million (100,000,000) ordinary shares with a nominal value of one Saudi Riyal (SAR 1) per share (for further details on the Company's history, please refer to Section 4.1.2 **"Corporate History and Evolution of the Company's Ownership Structure and Share Capital"** of this Prospectus).

#### 12.2.1 Shareholding Structure

As of the date of this Prospectus, the Company's current share capital is one hundred million Saudi Riyals (SAR 100,000,000), divided into one hundred million (100,000,000) fully paid ordinary cash shares with a nominal value of one Saudi Riyal (SAR 1) per share. The following table sets out the ownership structure of the Company pre-and post Offering:

**Table (12.1): Ownership Structure of the Company Pre- and Post-Offering**

| #            | Shareholder                                          | Pre-Offering       |                           |               | Post-Offering      |                           |               |
|--------------|------------------------------------------------------|--------------------|---------------------------|---------------|--------------------|---------------------------|---------------|
|              |                                                      | No. of Shares      | Total Nominal Value (SAR) | Ownership (%) | No. of Shares      | Total Nominal Value (SAR) | Ownership (%) |
| 1.           | Darat Esmat Bin Abdul-Samad Al Saady Holding Company | 50,000,000         | 50,000,000                | 50%           | 35,000,000         | 35,000,000                | 35.0%         |
| 2.           | GK Grünenfelder International AG                     | 50,000,000         | 50,000,000                | 50%           | 35,000,000         | 35,000,000                | 35.0%         |
| 3.           | Public                                               | -                  | -                         | -             | 30,000,000         | 30,000,000                | 30.0%         |
| <b>Total</b> |                                                      | <b>100,000,000</b> | <b>100,000,000</b>        | <b>100%</b>   | <b>100,000,000</b> | <b>100,000,000</b>        | <b>100%</b>   |

Source: The Company

### 12.2.2 Company Branches

The Directors confirm that, as of the date of this Prospectus, the Company and CGS Jeddah have no branches. However, CGS Riyadh has four (4) branches (for further details, please refer to Section 2.2.2 “**Risks Related to Licenses, Certificates, Permits and Governmental Approvals**” of this Prospectus). The following table sets out the details of the registered branches of CGS Riyadh as of the date of this Prospectus:

**Table (12.2): Branches of CGS Riyadh as of the Date of this Prospectus**

| #  | Branch Location | Business Activity                                                                                                                                | Commercial Registration No. | Date of Commercial Registration Certificate   | Expiration Date of Commercial Registration Certificate |
|----|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------------------------|--------------------------------------------------------|
| 1. | Riyadh          | Advertising for the Company                                                                                                                      | 1010064294                  | 02/04/1407H<br>(corresponding to 05/12/1986G) | 02/06/1447H<br>(corresponding to 23/11/2025G)          |
| 2. | Riyadh          | Construction, management, support, transport, warehousing, manufacturing, wholesale and retail sales, and vehicle and motorcycle repair services | 1009134994                  | 11/05/1446H<br>(corresponding to 13/11/2024G) | 11/05/1447H<br>(corresponding to 02/11/2025G)          |
| 3. | Dammam          | Advertising services                                                                                                                             | 2050021821                  | 04/04/1412H<br>(corresponding to 13/10/1991G) | 05/07/1449H<br>(corresponding to 04/12/2027G)          |
| 4. | Al Kharj        | Steel and industrial equipment manufacturing                                                                                                     | 1011157522                  | 03/01/1446H<br>(corresponding to 09/07/2024G) | 03/01/1446H<br>(corresponding to 28/06/2025G)          |

Source: The Company

### 12.2.3 Subsidiaries

The Company has three (3) Subsidiaries. The table below sets out the Company’s Subsidiaries and the percentage of ownership held by the Company in each as of the date of this Prospectus.

**Table (12.3): Subsidiaries as of the Date of this Prospectus**

| #  | Subsidiary  | Country of Incorporation | Commercial Registration No. | Date of Commercial Registration Certificate   | Expiration Date of Commercial Registration Certificate | Company’s Ownership Percentage | Other Partners (if any) |
|----|-------------|--------------------------|-----------------------------|-----------------------------------------------|--------------------------------------------------------|--------------------------------|-------------------------|
| 1. | CGS Riyadh  | Kingdom of Saudi Arabia  | 1010064234                  | 24/03/1407H<br>(corresponding to 27/11/1986G) | 02/06/1447H<br>(corresponding to 23/12/2025G)          | 100%                           | -                       |
| 2. | CGS Jeddah  | Kingdom of Saudi Arabia  | 4030045594                  | 20/01/1405H<br>(corresponding to 16/10/1984G) | 14/02/1449H<br>(corresponding to 18/07/2027G)          | 100%                           | -                       |
| 3. | CGS Bahrain | Kingdom of Bahrain       | 65797                       | 18/06/1428H<br>(corresponding to 03/07/2007G) | 08/01/1447H<br>(corresponding to 03/07/2025G)          | 100%                           | -                       |

Source: The Company

## 12.2.4 Licenses

### A- The Company

As of the date of this Prospectus, the Company has obtained all of the necessary licenses from the relevant authorities that enable it to carry out its business. A summary of the licenses issued to the Company in the Kingdom of Saudi Arabia is provided below:

**Table (12.4): Material Licenses Issued to the Company in the Kingdom as of the Date of this Prospectus:**

| #                  | License Type                | Issuing Authority      | Purpose                                 | License No.    | Issue Date                                    | Expiration Date                               |
|--------------------|-----------------------------|------------------------|-----------------------------------------|----------------|-----------------------------------------------|-----------------------------------------------|
| <b>The Company</b> |                             |                        |                                         |                |                                               |                                               |
| 1.                 | Services investment license | Ministry of Investment | Carrying out holding company activities | 10211410693597 | 11/06/1441H<br>(corresponding to 06/02/2020G) | 03/06/1447H<br>(corresponding to 24/11/2025G) |

Source: The Company

### B- Subsidiaries

As of the date of this Prospectus, the Material Subsidiaries have not obtained all of the necessary licenses from the relevant authorities that enable them to operate (for further details, please refer to Section 2.2.2 **"Risks Related to Licenses, Certificates, Permits and Governmental Approvals"** of this Prospectus). The following is a summary of the licenses issued to the Subsidiaries in the Kingdom:

**Table (12.5): Material Licenses Issued to the Subsidiaries in the Kingdom as of the Date of this Prospectus:**

| #                 | License Type                   | Issuing Authority                                                  | Purpose                                          | License No.        | Issue Date                                    | Expiration Date                               |
|-------------------|--------------------------------|--------------------------------------------------------------------|--------------------------------------------------|--------------------|-----------------------------------------------|-----------------------------------------------|
| <b>CGS Riyadh</b> |                                |                                                                    |                                                  |                    |                                               |                                               |
| 1.                | Industrial investment license  | Ministry of Investment                                             | Manufacturing civil and military infrastructure  | 01-10030083070     | 24/03/1407H<br>(corresponding to 27/11/1986G) | 24/04/1447H<br>(corresponding to 15/11/2025G) |
| 2.                | Operating license              | Saudi Authority for Industrial Cities and Technology Zones (MODON) | Operating an industrial facility                 | 10004284-12-24-OLC | 09/06/1446H<br>(corresponding to 10/12/2024G) | 13/12/1446H<br>(corresponding to 10/06/2025G) |
| 3.                | Operating license              | Saudi Authority for Industrial Cities and Technology Zones (MODON) | Operating an industrial facility                 | 12003749-11-24-OLC | 10/01/1445H<br>(corresponding to 12/11/2024G) | 26/01/1446H<br>(corresponding to 12/11/2025G) |
| 4.                | Business license               | Ministry of Municipal and Rural Affairs and Housing                | Operating a vehicle service center               | 41012559616        | N/A                                           | 11/01/1449H<br>(corresponding to 16/06/2027G) |
| 5.                | Business license               | Ministry of Municipal and Rural Affairs and Housing                | Storing various products                         | 40102438637        | N/A                                           | 16/10/1451H<br>(corresponding to 20/02/2030G) |
| 6.                | Environmental operating permit | National Center for Environmental Compliance                       | Complying with environmental operating standards | 24182              | 27/11/1443H<br>(corresponding to 26/06/2022G) | 19/11/1446H<br>(corresponding to 17/05/2025G) |
| 7.                | Industrial facility license    | Ministry of Industry and Mineral Resources                         | Establishing an industrial facility              | 1406100188862      | 25/01/1406H<br>(corresponding to 10/10/1985G) | 22/02/1447H<br>(corresponding to 16/08/2025G) |

| #                 | License Type                  | Issuing Authority                                                  | Purpose                                                        | License No.        | Issue Date                                    | Expiration Date                               |
|-------------------|-------------------------------|--------------------------------------------------------------------|----------------------------------------------------------------|--------------------|-----------------------------------------------|-----------------------------------------------|
| <b>CGS Jeddah</b> |                               |                                                                    |                                                                |                    |                                               |                                               |
| 8.                | Industrial investment license | Ministry of Investment                                             | Manufacturing vehicles and industrial infrastructure equipment | 01-11103001130     | 24/03/1407H<br>(corresponding to 27/11/1986G) | 04/01/1447H<br>(corresponding to 30/06/2025G) |
| 9.                | Operating license             | Saudi Authority for Industrial Cities and Technology Zones (MODON) | Operating an industrial facility                               | 05001458-06-24-OLC | 28/11/1445H<br>(corresponding to 05/06/2024G) | 09/12/1446H<br>(corresponding to 05/06/2025G) |
| 10.               | Operating license             | Saudi Authority for Industrial Cities and Technology Zones (MODON) | Operating an industrial facility                               | 05001457-06-24-OLC | 28/11/1445H<br>(corresponding to 05/06/2024G) | 09/12/1446H<br>(corresponding to 05/06/2025G) |
| 11.               | Industrial facility license   | Ministry of Industry and Mineral Resources                         | Establishing an industrial facility                            | 1397100189809      | 28/02/1397H<br>(corresponding to 17/02/1977G) | 23/01/1451H<br>(corresponding to 05/06/2029G) |
| 12.               | Environmental permit          | Ministry of Environment, Water and Agriculture                     | Environmental approval for vehicle manufacturing               | 9925               | 29/04/1443H<br>(corresponding to 04/12/2021G) | 06/07/1449H<br>(corresponding to 04/12/2027G) |
| 13.               | Environmental permit          | Ministry of Environment, Water and Agriculture                     | Approval to conduct environmental business activities          | N/A                | 29/04/1442H<br>(corresponding to 15/12/2020G) | 17/06/1449H<br>(corresponding to 15/12/2026G) |

Source: The Company

## 12.3 Summary of the Company's Bylaws

### 12.3.1 Company Objectives, Duration and Head Office

#### A- Objectives of the Company

The Company operates as a holding company (i.e., entities that acquire assets owning controlling levels of equity of a group of subsidiaries, and whose principal activity is the ownership of that group). The Company conducts its activities in accordance with the applicable laws and with the necessary licenses issued by the competent authorities, if any.

#### B- Duration of the Company

The Company has an indefinite duration commencing from the date of its registration in the Commercial Register.

#### C- Head Office of the Company

The Company's head office is located in Riyadh, Kingdom of Saudi Arabia. It may establish branches, offices, or agencies inside or outside the Kingdom under a Board resolution.



## 12.3.2 The Company's Administrative and Oversight Affairs and Supervisory Committees

### A- Management of the Company

The Company is managed by a Board of Directors consisting of seven (7) natural persons elected by the Shareholders' Ordinary General Assembly for a term not exceeding four (4) years. Directors may be reappointed for subsequent terms. As an exception, the founders appointed the first Board of Directors for a period of three (3) years.

### B- Termination or Expiration of Board Membership

Membership of the Board of Directors shall expire at the end of its term or if a Director is disqualified in accordance with the laws and regulations applicable in the Kingdom. However, the General Assembly may, at the recommendation of the Board, terminate the membership of any Director who is absent from three (3) consecutive or five (5) non-consecutive meetings during their term of office without a valid excuse acceptable to the Board.

### C- Expiration of Board Term, Resignation of Directors and Board Vacancies

- 1- Prior to the end of its term, the Board of Directors must call the Ordinary General Assembly to convene to elect a Board of Directors for a new term. If the election cannot be held and the term of the current Board of Directors expires, the current members shall continue performing their duties until a Board of Directors is elected for a new term, provided that they do not continue to carry out their duties beyond the period specified in the Implementing Regulation of the Companies Law.
- 2- If the Chairman and Directors resign, they shall call the Ordinary General Assembly to convene in order to elect a new Board. The resignation shall only become valid once a new Board is elected, provided that the resigning board does not continue to carry out its duties beyond the period specified in the Implementing Regulation of the Companies Law.
- 3- A Director may resign pursuant to a written notice submitted to the Chairman. If the Chairman resigns, the notice shall be submitted to the remaining Directors and the Board Secretary. In both cases, the resignation shall take effect from the date specified in the notice.
- 4- If the position of a Director becomes vacant due to their death or resignation, and if such vacancy does not cause the number of Directors to fall below the minimum quorum, the Board may appoint a qualified person with relevant expertise to provisionally fill the vacancy. The appointment shall be reported to the Commercial Register, and to the CMA if the company is listed on the Exchange, within 15 days from the date of such appointment. Such appointment shall also be submitted to the Ordinary General Assembly in its first meeting. The appointed member shall complete the term of their predecessor.
- 5- If the number of Directors falls below the minimum quorum stipulated by the Companies Law or the Company's Bylaws, the remaining Directors shall call the Ordinary General Assembly to convene within sixty (60) days to elect the required number of Directors.

### D- Powers of the Board of Directors

- 1- Without prejudice to the powers conferred on the General Assembly, the Board shall be vested with full powers to manage the Company in a manner that serves its objectives both within and outside the Kingdom. Such powers shall include, but are not limited to, the following:
  - a- Participating in tenders and signing all types of contracts, agreements and documents on behalf of the Company, including, without limitation, the articles of association of companies in which the Company is a shareholder and any amendments thereto, and signing resolutions amending such agreements and articles of association, as well as deeds before notaries public and official authorities.
  - b- Executing loan agreements, waiving priority rights for repayment of the Company's debts, guaranteeing obligations of third parties, providing all forms of securities and indemnities, and issuing powers of attorney on behalf of the Company.
  - c- Undertaking sales and purchases, executing and accepting conveyances, receiving and delivering, and renting and leasing for the benefit of the Company.

- d- Opening, managing, operating and closing bank accounts, issuing letters of credit, receiving and making payments, withdrawing and depositing funds in banks, issuing bank guarantees, and executing all banking documents, instruments, checks and related financial transactions.
- e- Appointing and dismissing employees, recruiting labor from outside the Kingdom, entering into employment contracts with such employees, and determining their responsibilities and remuneration.
- f- Adopting the Company's business plan and approving its operational plans and annual budget.
- g- Appointing and removing the CEO/Managing Director and other executives of the Company.
- h- Establishing Board committees and appointing their members, including the Nomination and Remuneration Committee, as well as any other specialized committees, and issuing the charters governing the work of such committees, including their powers and procedures.
- i- Determining the authorities and remuneration of the CEO/Managing Director and other executives of the Company.
- j- Approving the Company's internal control system and policies, including policies related to procurement, human resources, legal services, compensation, investments, and information systems.
- k- Preparing the Company's balance sheet, financial statements and annual budget in accordance with the provisions of the Company's Bylaws.
- l- Undertaking any actions deemed appropriate to promote the interests of companies wholly or partially owned, directly or indirectly, by the Company or its Subsidiaries. This includes, without limitation, making financial investments in such companies, providing loans and credit facilities to them, transferring assets to them, and guaranteeing their obligations.

The Board of Directors may, within its competence, authorize one or more Directors, employees, or third parties to carry out specific assignment(s).

- 2- The Board of Directors must obtain the approval of the General Assembly before selling any assets whose value exceeds 50% of the total value of the Company's assets, whether through a single transaction or a series of transactions. In such case, the transaction that causes the asset sale value to exceed 50% is deemed the transaction requiring General Assembly approval. This percentage shall be calculated based on the date of the first transaction executed within the preceding twelve (12) months. The Board of Directors may, within its competence, authorize one or more Directors or third parties to carry out specific assignment(s).

#### **E- Powers of the Chairman, Vice Chairman, CEO and Board Secretary**

- 1- The Board of Directors shall, at its first meeting, appoint from among its members a Chairman and a Vice Chairman. The Board may also appoint a Managing Director from among the Directors or a CEO from outside the Board.
- 2- The Chairman shall have the following powers:
  - a- The Chairman shall have the authority to represent the Company in its dealings with third parties, as well as before governmental and private entities.
  - b- The Chairman shall have the authority to convene meetings of the Board and preside over Board and General Assembly meetings. The Chairman shall have the right to represent the Company in legal proceedings. This includes representation before courts, arbitration tribunals, judicial and quasi-judicial bodies, including, but not limited to, administrative courts, commercial courts, labor courts, committees for the resolution of tax violations and disputes, and appellate committees for tax violations and disputes. The Chairman shall also have the right to collect funds, make payments, make acknowledgments, initiate claims, defend, plead, litigate, reach settlements, accept or appeal judgments on behalf of the Company, pursue enforcement of judgments, and receive any proceeds resulting from such enforcement.
  - c- The Chairman shall have the authority to represent the Company before the Committee for the Resolution of Securities Disputes, the Committee for the Settlement of Banking Disputes, and the Committee for the Resolution of Insurance Disputes and Violations at the Saudi Central Bank. This includes representation before civil rights authorities, police departments, chambers of commerce and industry, private entities, companies and institutions of all types, finance companies, all government funds and finance institutions of all designations and competence, and financial institutions of all kinds.
  - d- The Chairman shall have the right to delegate any of their powers, within the limits of their authority, to third parties to carry out specific function(s), and may cancel such delegation in whole or in part.

- 3- The Vice Chairman shall have the following powers:  
In the absence of the Chairman, the Vice Chairman shall assume all powers of the Chairman.
- 4- The Board of Directors shall also appoint a Board Secretary, to be selected from among the Directors or from outside the Board, and shall define the duties and remuneration thereof.
- 5- The term of the Chairman, Vice Chairman, Board Secretary and the Directors shall not exceed their term of membership on the Board. The Board may remove the Chairman, Vice Chairman, Managing Director, Board Secretary, or any of them from their respective positions without affecting their membership on the Board.
- 6- The Managing Director or CEO, if appointed, shall be responsible for implementing Board resolutions, managing the Company's day-to-day operations and overseeing the Company's personnel under the supervision and control of the Board. The Board shall define the scope of authorities of the Managing Director or CEO unless otherwise stipulated in the Company's Bylaws.
- 7- The Managing Director, if appointed, or the CEO shall have the following powers:
  - a- Representing the Company and signing on its behalf before third parties, notaries public within and outside the Kingdom, courts, ministries, government agencies, public and private institutions, individuals, companies, and all government and private funds and finance entities, banks and financial institutions within and outside the Kingdom.
  - b- Registering agencies and trademarks; obtaining, amending, or canceling commercial registrations and licenses; obtaining membership with the chamber of commerce, and handling all transactions and procedures related to the Company with all relevant governmental, public and private entities within and outside the Kingdom.
  - c- Entering into or terminating partnerships, joint ventures or affiliated projects; establishing, acquiring, disposing of, restructuring or merging any of the Company's Subsidiaries; managing the assets, property and real estate of Subsidiaries by any means, and establishing or closing branches, offices or agencies.
  - d- Signing, approving, terminating or amending all agreements, contracts, tenders, bids, resolutions, minutes and registers, as well as commercial, financial and administrative transactions and other documents — including agency, distribution and franchise agreements — in the name and on behalf of the Company, and collecting the Company's receivables and settling the Company's obligations.
  - e- Signing, in the name and on behalf of the Company, the articles of association of companies in which the Company is a shareholder, as well as any resolutions to amend such articles, including, but not limited to, resolutions to increase or decrease share capital, amend Company objectives, effect exit of a partner, transfer shares and accept price, or amend any provisions of the articles of association of such companies. This also includes the authority to open branches, appoint branch managers, dissolve companies, deregister their commercial registrations, and dispose of their assets, properties and real estate before the MoC, the Saudi Arabia General Investment Authority, notaries public, the Ministry of Interior, any other relevant authorities, and third parties.
  - f- Opening and managing bank accounts, making deposits and withdrawals, closing accounts, opening and settling letters of credit, issuing all types of bank guarantees, and signing all banking documents, instruments and checks, as well as banking transactions of all kinds.
  - g- Entering into loan and financing agreements of all types and durations in the name of the Company with public and private financing entities, including government and private funds and finance entities, banks, financial institutions and credit companies, whether within or outside the Kingdom.
  - h- Purchasing, leasing or renting land and real estate; buying, selling, pledging or redeeming pledges on assets and movables in the Company's name; signing deeds of title transfer and relevant contracts; receiving or paying the price; merging sorting, or modifying properties and deeds; issuing replacement deeds for lost or damaged originals, and receiving and delivering of deeds.
  - i- Investing the Company's funds, including, but not limited to, opening, managing, activating, and closing investment portfolios, funds and accounts; buying and selling securities, and signing all related contracts and documentation.
  - j- Applying for visas, recruiting staff and labor from abroad, obtaining residency permits and work permits, transferring services, appointing and terminating employees and determining their salaries.
  - k- The Board of Directors may, by a separate resolution, grant the CEO or Managing Director any additional powers, regardless of their nature.
- 8- The CEO or Managing Director shall have the right to delegate to any person(s) any or all of the powers conferred under these Bylaws, as deemed appropriate, and may revoke such delegation at any time.

**F- Remuneration of Directors**

- 1- The remuneration of the Board of Directors comprises a percentage of net profits, in-kind benefits, meeting attendance allowance, a fixed amount, or any other form as determined by the Ordinary General Assembly. The Board of Directors shall propose the amount of remuneration at the annual meeting of the General Assembly.
- 2- The Board's report to the Ordinary General Assembly in its annual meeting shall contain a comprehensive statement of all remuneration, meeting attendance allowances, expense allowances and other benefits that each Director received or was entitled to receive during the financial year.
- 3- Such report shall also include a statement of the earnings of the Directors in their capacities as employees or executives of the Company and their earnings for any technical, administrative or advisory work provided for the Company. The report shall also include a statement of the number of meetings of the Board and the number of meetings attended by each Director.

**G- Board Meetings**

- 1- The Board of Directors shall meet at least four (4) times a year, at the invitation of the Chairman, or, in the Chairman's absence, the Vice Chairman. Meeting invitations shall be delivered personally or by mail, fax, or email at least ten (10) days prior to the scheduled meeting date, unless otherwise agreed by all Directors. However,
- 2- the Chairman or their representative must call a Board meeting if requested by any two (2) Directors.
- 3- Board meetings may be conducted via telephone or other electronic communication means, provided such methods allow all Directors to participate and be heard by the other attending Directors.
- 4- Unless otherwise notified, the Chairman may assume, for quorum purposes, that any Director participating via telephone or electronic means is considered present throughout the entire meeting.

**H- Quorum of the Board Meeting**

- 1- Board meetings shall only be valid if at least half of the Directors are present, with a minimum of four (4) Directors attending in person. Participation via telephone or other electronic means of communication is permitted.
- 2- A Director may authorize another Director to attend meetings on their behalf, subject to the following conditions:
  - a- a Director may not represent more than one other Director (in addition to themselves) at the same meeting;
  - b- the proxy must be in writing or sent via email and must pertain to a specific meeting; and
  - c- a Director acting by proxy may not vote on resolutions on which their principal is prohibited from voting.
- 3- Board resolutions shall be adopted by a majority of votes of the Directors present or represented at the meeting. In case of a tie (or lack of consensus), the Chairman (or their delegate in the event of their absence) shall have the casting vote.
- 4- The Board resolution shall enter into effect from the date of its issuance, unless it states it will become effective at a later time or upon the fulfillment of specific conditions.
- 5- In urgent matters, the Board may adopt its resolutions by circulating them separately to the Directors, unless a Director submits a written request to convene a meeting for deliberation. Such resolutions must be approved by a majority of the Directors and shall be presented to the Board at its next subsequent meeting.

**I- Deliberations of the Board**

- 1- Deliberations and resolutions of the Board shall be recorded in minutes prepared by the Board Secretary and signed by the chairman of the meeting, the Directors present and the Board Secretary.
- 2- The minutes shall be entered in a dedicated register signed by the Chairman and the Board Secretary.
- 3- Modern technology may be used to sign, record deliberations and resolutions, and document minutes.

### 12.3.3 Rights and Restrictions Related to Securities

#### A- Share Capital of the Company

The Company's share capital is one hundred million Saudi Riyals (SAR 100,000,000), divided into one hundred million (100,000,000) fully paid ordinary cash shares with a nominal value of one Saudi Riyal (SAR 1) per share.

#### B- Subscription to the Shares

The Shareholders have subscribed in full to the issued share capital amounting to one hundred million Saudi Riyals (SAR 100,000,000), divided into one hundred million (100,000,000) shares. The full amount was paid upon conversion.

#### C- Sale of Non-Paid-up Shares

- 1- A Shareholder must pay the remaining value of the shares by the designated due dates. If the Shareholder fails to do so, the Board of Directors may, after notifying the Shareholder via registered mail or any other electronic means, sell the shares either through public auction or on the Exchange, as applicable. Other Shareholders shall have priority in purchasing the defaulting Shareholder's shares.
- 2- The Company shall deduct the outstanding amounts from the sale proceeds and refund any surplus to the Shareholder. If the proceeds are insufficient to cover the outstanding amounts, the Company may recover the remaining balance from all of the Shareholder's assets.
- 3- All rights associated with shares for which payment has not been made by the due date shall be suspended until such shares are sold or paid for in accordance with Paragraph (1) of this Article. These rights include entitlement to a share of the distributable net profits, the right to vote, and the right to attend General Assemblies. However, the defaulting Shareholder may, on the day of the sale, settle the outstanding amount in addition to any expenses incurred by the Company in this regard. In such case, the Shareholder shall be entitled to claim any dividends declared for distribution.
- 4- The Company shall cancel the share certificate of the sold shares in accordance with the provisions of this Article and issue a new share certificate to the purchaser reflecting the same number of shares. The Company shall also update the Shareholders' Register to indicate that the shares have been sold by recording the relevant details of the new owner.

#### D- Issuance of Shares

The Company's shares shall be nominal and indivisible in relation to the Company. If a share is owned by several persons, they must elect one person from among themselves to represent them in the use of the rights related thereto. Said persons shall be jointly liable for obligations arising from the ownership of such share. Shares may not be issued for less than their nominal value. However, they may be issued for more than their nominal value. In such case, the difference in value shall be added in a separate item as part of Shareholders' equity.

#### E- Trading of Shares

The Company's shares shall be traded upon registration in the Shareholders' Register. Transfer of ownership of shares shall only be deemed valid vis-a-vis the Company or third parties from the date of registration.

#### F- Shareholders' Register

- 1- The Company shall prepare a dedicated register which includes the names, nationalities, details, places of residence and occupations of Shareholders as well as the number of shares owned by each of them, the serial numbers of such shares, and the amount paid thereof. The Company may outsource the preparation of the register, and said register must be maintained in the Kingdom.
- 2- The Company shall provide the Commercial Register with the information referred to in Paragraph (1) of this Article along with any amendment thereto within fifteen (15) days from the date of the Company's registration with the Commercial Register or from the date of the amendment, as the case may be.

**G- Increase of Share Capital**

- 1- The Extraordinary General Assembly may decide to increase the Company's issued share capital, provided that the issued share capital has been paid in full. The full payment of the share capital shall not be required if the unpaid portion of said share capital relates to shares issued against the conversion of debt instruments or financing deeds into shares and the period set for conversion has not yet ended.
- 2- The Extraordinary General Assembly may suspend the preemptive rights of Shareholders to subscribe to the share capital increase for cash contributions or may grant such rights to non-Shareholders in cases it deems beneficial to the Company.

**H- Decrease of Share Capital**

- 1- The Extraordinary General Assembly may resolve to decrease the share capital if it exceeds the Company's needs or if the Company incurs losses. In the latter case only, the share capital may be decreased below the limit specified in Article 59 of the Companies Law. However, such a resolution may not be passed unless a report is presented at the General Assembly meeting outlining the reasons for the decrease, the Company's obligations, and the impact of the decrease on those obligations. This report must be prepared by the Board of Directors and accompanied by a report from the Company's Auditor.
- 2- If the resolution to decrease the share capital is due to it exceeding the Company's needs, the creditors must be invited to submit their objections to the decrease, if any, at least 45 days prior to the date set for the Extraordinary General Assembly Meeting to decide on the decrease. The invitation must include a statement indicating the amount of share capital before and after the decrease, the date of the meeting, and the date the decrease will enter into effect. If a creditor objects to the decrease and submits supporting documents to the Company within the specified period, the Company shall pay the debt owed to them if it is due or provide them with a sufficient guarantee if it is not due.
- 3- Equality among holders of shares of the same type and class shall be observed upon the decrease of share capital.

**I- Conversion of Shares**

- 1- The Company may convert one type or class of shares into another.
- 2- To convert a type or class of shares into another type or class, the approval of the Extraordinary General Assembly must be obtained, except for cases in which the resolution to issue shares stipulates that they are automatically converted into another type or class upon satisfying certain conditions.
- 3- The provisions provided in Article 110 of the Companies Law shall apply to cases in which the conversion of shares requires the amendment or cancellation of the rights or obligations associated with a type or class of shares.
- 4- Common and preferred shares and their classes may not be converted into redeemable shares or any classes thereof except with the approval of all Shareholders of the Company.

**J- Preferred Shares**

The Company may issue preferred shares or redeemable shares, or resolve to repurchase such shares, subject to the following conditions: (i) approval must be obtained from the Extraordinary General Assembly; (ii) approval must also be obtained from the Shareholders affected by the issuance in a special meeting, in accordance with Article 110 of the Companies Law; (iii) preferred shares may not exceed 10% of the Company's share capital; (iv) the Company's share capital must be fully paid up; and (v) the issuance must comply with all applicable laws and regulations.

**K- Repurchase, Sale and Pledge of Shares**

The Company may repurchase or sell its own shares, and may also accept them as a pledge, in accordance with the relevant regulations and requirements issued by the competent authority. Shares repurchased by the Company shall not carry any voting rights in the Shareholders' General Assembly.

In addition, the Company may purchase its own shares for the purpose of allocating them to its employees as part of an employee share ownership scheme, in accordance with the applicable regulations and requirements issued by the competent authority.

**L- Sale of Treasury Shares**

The Company may sell treasury shares in one or several stages in accordance with controls and procedures set forth by the competent authority.

**M- Issuance of Debt Instruments and Financing Deeds**

- 1- The Company may issue debt instruments or financing deeds in accordance with the Capital Market Law.
- 2- In order for the Company to issue debt instruments or financing deeds that are convertible into shares in accordance with the Capital Market Law, the Extraordinary General Assembly must issue a resolution to determine the maximum number of shares that may be issued against such instruments or deeds, whether they are issued at the same time, consecutively, or under one or more issuing schemes. In addition, the Board of Directors shall, without the need for a new approval from the Assembly, issue new shares against such instruments or deeds upon the satisfaction of the conditions for their conversion into shares or the lapse of the period set for such conversion, or, in case of instruments or deeds the conversion of which requires the submission of a conversion request by their holders, upon the lapse of the period specified for such conversion. The Board shall take the necessary measures to amend the Company's Bylaws with regard to the number of issued shares and the Company's share capital.
- 3- The Board must register the completion of the procedures of each share capital increase with the Commercial Register.
- 4- The Company may convert debt instruments or financing deeds into shares in accordance with the Capital Market Law upon the approval of their holders, whether such approval has been obtained in advance and included as part of the issuance terms or secured later through mutual agreement.

**12.3.4 General Assemblies****A- General Assembly Meetings of Shareholders**

- 1- General Assembly meetings of Shareholders shall be presided over by the Chairman, the Vice Chairman in case of the Chairman's absence, or any Director designated by the Board in the absence of both the Chairman and Vice Chairman. If none of the above is possible, the Shareholders shall vote to designate a Director or any other person to chair the General Assembly meeting.
- 2- Shareholders have the right to attend General Assembly meetings and may delegate a person other than a Director to attend such meetings on their behalf.
- 3- Modern means of technology may be used to hold General Assembly meetings and enable Shareholders to engage in deliberations and vote on resolutions.

**B- Convening General Assemblies**

- 1- General and special assemblies shall convene upon the invitation of the Board of Directors. The Board shall call an Ordinary General Assembly meeting within 30 days if requested by the Auditor or by one or more Shareholders representing at least 10% of the Company's voting shares. If the Board fails to call a General Assembly meeting within 30 days from the date of the Auditor's request, the Auditor may call such meeting.
- 2- The request referred to in Paragraph (1) of this Article shall indicate the items on which Shareholders are required to vote.
- 3- The invitation to the assembly meeting shall be sent at least 21 days prior to the date set for the meeting in accordance with the rules specified in the Companies Law, provided that:
  - a- Shareholders are notified of the meeting by registered mail sent to their addresses registered in the Shareholders' Register, or by an announcement using modern means of technology; and
  - b- a copy of the invitation and the meeting agenda are sent to the Commercial Register, and to the CMA if the company is listed on the Exchange at the time of the announcement.
- 4- The invitation to the assembly meeting must include the following as a minimum:
  - a- a statement of the person with the right to attend the meeting and their right to designate someone other than a Director to act as their proxy; a statement of the Shareholder's right to discuss items on the meeting agenda and ask questions as well as the manner of exercising voting rights.
  - b- the meeting venue, date and time;
  - c- the type of assembly, whether general or special; and
  - d- the meeting agenda, including the items on which Shareholders are required to vote.

**C- Quorum of Ordinary General Assembly Meetings**

- 1- An Ordinary General Assembly meeting shall be deemed valid only if attended by Shareholders representing at least a quarter of the Company's voting shares.
- 2- If the quorum required for an Ordinary General Assembly meeting is not met as stipulated in Paragraph (1) of this Article, an invitation shall be sent for a second meeting to be held under the same conditions stipulated in Article 91 of the Companies Law within 30 days following the date set for the first meeting. The second meeting may be held one hour after the end of the period set for the first meeting, provided this is permitted by the Company's Articles of Association and the invitation to the first meeting states the possibility of a second meeting being held. In all cases, the second meeting shall be deemed valid regardless of the number of voting shares represented therein.

**D- Quorum of Extraordinary General Assembly Meetings**

- 1- An Extraordinary General Assembly meeting shall be deemed valid only if attended by Shareholders representing at least half of the Company's voting shares.
- 2- If the quorum required for an Extraordinary General Assembly meeting is not met as stipulated in Paragraph (1) of this Article, an invitation shall be sent for a second meeting to be held under the same conditions stipulated in Article 91 of the Companies Law. The second meeting may be held one hour after the end of the period set for the first meeting, provided that the invitation for the first meeting states the possibility of a second meeting being held. In all cases, the second meeting shall be deemed valid if attended by Shareholders representing at least a quarter of the Company's voting shares.
- 3- If the quorum required for the second meeting is not met, an invitation shall be sent for a third meeting to be held under the same conditions stipulated in Article 91 of the Companies Law. The third meeting shall be deemed valid regardless of the number of voting shares represented therein.

**E- Voting at Assemblies**

- 1- Directors shall be elected by cumulative voting.
- 2- Directors may not vote on assembly resolutions relating to transactions and contracts in which they have direct or indirect interest, or which involve a conflict of interest.
- 3- Ordinary and Extraordinary General Assemblies may be held, and Shareholders may participate in their deliberations and vote on their resolutions through modern means of technology, in accordance with the controls set by the competent authority.

**F- Assembly Resolutions**

- 1- Resolutions of an Ordinary General Assembly meeting shall be passed by a majority of the voting rights represented therein.
- 2- Resolutions of the Extraordinary General Assembly shall be passed by two-thirds of the voting shares represented therein. Decisions relating to the increase or decrease of share capital, extension of the Company's term, dissolution of the Company prior to the end of the term specified in its Bylaws, merger of the Company with another company, or division of the Company into two or more companies shall be deemed valid only if passed by three-quarters of the voting shares represented in the meeting.

**G- Assembly Deliberations**

Any Shareholder may discuss the items included on the agenda of the General Assembly and direct related questions to the Directors and the Auditor. The Directors or the Auditor shall answer the questions of Shareholders to the extent that such does not undermine the Company's interests. If a Shareholder is not satisfied with the response to their question, they may request that the General Assembly decide thereon, and its decision shall be final in this regard.

**H- Preparation of Assembly Meeting Minutes**

Minutes of assembly meetings shall indicate the number of Shareholders in attendance, whether in person or by proxy, the number of shares held by each attendee, whether personally or by proxy, the number of votes designated thereto, the resolutions adopted, the number of consenting and dissenting votes, and a summary of meeting discussions. The minutes shall be recorded after every meeting in a dedicated register and signed by the Assembly's chairman, the Board Secretary and the vote counters.



### 12.3.5 External Auditor

#### A- Appointment, Removal and Resignation of the Company's Auditor

- 1- The Company shall have one (1) or more auditors licensed to practice in the Kingdom. Their appointment, fees, term and scope of work shall be determined by the Ordinary General Assembly. The Company's Auditor may be re-appointed, provided that its term does not exceed the period stipulated in the Companies Law
- 2- The General Assembly may, by resolution, dismiss the Auditor. The chairman shall notify the competent authority of the removal decision and the grounds therefor within a period not exceeding five (5) days from the decision date.
- 3- The Auditor may resign pursuant to a written notice submitted to the Company. Their assignment shall terminate from the date of submitting the resignation notice or at a later date as specified therein. The resigning auditor shall provide the Company and the competent authority with the reasons for their resignation. The Board of Directors must call a General Assembly to review said reasons, appoint another auditor, and determine the new auditor's fees, term and scope of work.

#### B- Powers of the Auditor

The Auditor may, at any time, access the Company's files, accounting records and other documents, and it may request any information and clarifications it deems necessary to verify the Company's assets and liabilities as well as any other matters falling within its scope of work. The Board of Directors shall enable the Auditor to carry out their assignment. If the Auditor encounters any difficulty in carrying out their assignment, they shall submit a report to this effect to the Board of Directors. If the Board of Directors fails to facilitate the Auditor's work, the Auditor shall submit a request thereto to call a meeting of the General Assembly to review the matter. If the Board of Directors fails to call a meeting within 30 days from the date of the Auditor's request, the Auditor themselves may call a meeting.

### 12.3.6 Company Finances and Distribution of Dividends

#### A- Financial Year

The Company's financial year shall commence on 1 April and shall end on 31 March of the following year. The first financial year following the conversion shall be treated as a continuation of the financial year preceding the conversion.

#### B- Financial Documents

- 1- The Board of Directors shall, at the end of the Company's financial year, prepare the Company's financial statements as well as a report on its activities and financial position for the ending financial year. Said report shall include a proposal on the manner of distributing dividends. The Board shall make such documents available to the Auditor, if any, at least 45 days prior to the date set for the annual Ordinary General Assembly meeting
- 2- The documents referred to in Paragraph (1) of this Article shall be signed by the Chairman, the CEO and the CFO. Copies of such documents shall be kept at the Company's head office and made available to Shareholders.
- 3- The Chairman shall provide Shareholders with the Company's financial statements and the Board report after signing the same, as well as the Auditor's report, if any, unless they are published using any modern means of technology, at least 21 days prior to the date set for the annual Ordinary General Assembly meeting. The Chairman shall also deposit such documents in accordance with the Implementing Regulation of the Companies Law.

#### C- Entitlement to Dividends

Shareholders shall be entitled to dividends pursuant to a resolution issued by the General Assembly. The resolution shall indicate the record date and the distribution date. Shareholders registered in the Shareholders' Register by the end of the day on the record date shall be entitled to dividends. The Board must implement the General Assembly's decision regarding the distribution of dividends to Shareholders.

**D- Formation of Reserves**

- 1- The Ordinary General Assembly may, when determining the Company's net profit, decide to form a statutory reserve in accordance with the Companies Law to serve the Company's interest or ensure the distribution of fixed dividends, as much as possible, to the Shareholders. Said assembly may allocate amounts from the net profit for social objectives that benefit the Company's staff.
- 2- The Ordinary General Assembly may use retained earnings, after deducting amounts allocated for debt repayment in accordance with the agreed schedules, and distributable reserves to pay the remaining value of shares or part thereof, without prejudice to Shareholders' rights in accordance with the provisions of the Companies Law.

**12.3.7 Termination and Liquidation of the Company****A- Termination of the Company**

- 1- The Company shall be terminated for any of the reasons stipulated in Article 243 of the Companies Law. Upon termination, the Company shall enter into liquidation in accordance with the provisions of Chapter 12 of the Companies Law.
- 2- If the Company is terminated and its assets are not sufficient to pay its debts, or if it is distressed under the Saudi Bankruptcy Law, it shall petition the competent judicial authority to initiate any liquidation proceedings under the Bankruptcy Law.

**12.4 Material Agreements**

The Company and its Subsidiaries have entered into a number of material agreements and contracts with a number of parties. This section provides a summary of the agreements and contracts that the Directors believe are material in relation to the Company's business or that may affect investors' decision to subscribe to the Offer Shares. The summary of agreements and contracts below does not cover all terms and conditions and cannot be considered a substitute for the terms and conditions of such agreements.

**12.4.1 Distribution Agreements**

As of the date of this Prospectus, the Company has not entered into any distribution agreements. However, the Subsidiaries have executed distribution agreements pursuant to which they have entered into arrangements with manufacturers or suppliers for the purchase and resale of equipment, spare parts, and related services. A summary of the distribution agreements entered into by the Subsidiaries is set out below:

**Table (12.6): Distribution Agreements with Carrier**

|                       |                                                                                                                                                                                                                                                                        |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Parties</b>        | CGS Jeddah; and<br>Carrier.                                                                                                                                                                                                                                            |
| <b>Effective Date</b> | 17/04/1445H (corresponding to 01/11/2023G).                                                                                                                                                                                                                            |
| <b>Purpose</b>        | To purchase Carrier products for resale and servicing in the designated region. The products include Carrier equipment, spare parts, and related services.                                                                                                             |
| <b>Term</b>           | Five (5) years, commencing from 17/04/1445H (01/11/2023G), automatically renewable for an additional five (5) years unless either party notifies the other in writing of its intention not to renew at least one (1) year prior to the expiration of the current term. |

|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Value and Payment Terms</b>                   | <p>Orders and invoicing of products are conducted on a Free Carrier (FCA) basis (i.e., Carrier is responsible for delivering the goods to a designated location, typically Carrier's warehouse), which is applicable to all shipments except those dispatched from Carrier's warehouse in China. For such shipments, the Ex Works (EXW) basis remains in effect (i.e., Carrier must make the goods available at its premises, with CGS Jeddah handling all subsequent transportation and export procedures). This includes the transportation cost of Carrier's products. Accordingly, the responsibility for transportation costs and associated risks transfers from Carrier to CGS Jeddah once the goods are made available for pickup at the designated location specified by Carrier. Carrier must issue product prices and payment terms in writing and review them periodically, ensuring that CGS Jeddah is notified of any changes to the financial terms related to the purchase of Carrier products.</p> <p>Carrier products are invoiced in USD. Prices and payment terms are issued and periodically updated by Carrier in writing. CGS Jeddah may not withhold payment for products delivered in accordance with the agreed orders.</p> <p>Orders for products are placed in USD, and Carrier must issue and periodically update the prices and payment terms in writing. CGS Jeddah must also pay for the products, transportation costs and labor fees related to warranty and contract work, in accordance with the prices and fees determined by Carrier at the time of sale or service.</p> <p>Carrier reserves the right to adjust these prices if the cost of raw materials, energy or labor increases by more than 5% after the execution of this agreement. Any such adjustment shall become effective two weeks after CGS Jeddah is notified.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Confidentiality Obligations<sup>(1)</sup></b> | <p>Both parties undertake to maintain the confidentiality of the terms of this agreement.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Transfer of Ownership<sup>(2)</sup></b>       | <p>CGS Jeddah shall notify Carrier of any proposed sale of all or part of its assets to any third party, including any person or entity affiliated with CGS Jeddah. Should CGS Jeddah notify Carrier at least 30 days prior to the effective date of any proposed change in its ownership or financing, Carrier shall have the right, at its discretion, to terminate the agreement if it deems the change to negatively impact the sales or service representation of Carrier's products in the designated region, or if such notice is not provided in accordance with this agreement.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Termination and Default Events</b>            | <p>This agreement may be terminated at any time by the mutual written consent of the parties.</p> <p>It may also be terminated immediately by written notice from either party if the other party or any of its representatives engages in activities that violate or conflict with the applicable laws or regulations of the European Union, the United States, France, the designated region, or any other region relevant to the transaction.</p> <p>Carrier shall have the right to immediately terminate the agreement by written notice upon the occurrence of any of the following events:</p> <ul style="list-style-type: none"> <li>• CGS Jeddah becomes insolvent or bankrupt, is placed under receivership, is unable to pay its debts as they fall due, assigns its assets to creditors, becomes subject to any bankruptcy filing (whether filed by or against it), suffers an adverse change in its financial, operational or legal status, or experiences any other event that impairs its ability to meet its obligations.</li> <li>• CGS Jeddah or any of its directors, officers or employees becomes a person with whom Carrier is precluded from dealing pursuant to applicable export controls or sanctions laws and regulations, for any reason in the designated territory or to any government, government official or customer or is accused of wrongdoing or is debarred or suspended by a government or government official and CGS Jeddah has not proven to Carrier that there is an identity mistake.</li> <li>• CGS Jeddah breaches any of its representations or warranties set forth in this agreement or in any questionnaire or certificate provided to Carrier, and such representations or warranties become invalid or inaccurate without prompt written notice to Carrier and correction by CGS Jeddah.</li> <li>• A change in the management or ownership of CGS Jeddah occurs which, in Carrier's reasonable judgment, either (i) materially and adversely affects the agreement, or (ii) gives rise to a conflict of interest for CGS Jeddah or any Carrier employee, particularly with respect to changes involving a ten percent (10%) or greater ownership interest.</li> <li>• The parties, in their reasonable discretion, determine that any of the provisions of the Carrier distributor agreement violate or contravene any applicable laws or regulations of either the European Union, the United States of America, France or the Territory, or any other region applicable to a transaction. A party may terminate the agreement effective immediately in the event of any of the following: <ul style="list-style-type: none"> <li>a- another party becomes a denied party;</li> <li>b- another party violates trade controls with respect to any of the activities subject to the Carrier distributor agreement; or</li> <li>c- a party reasonably determines that its trade control laws compliance obligations prohibit the distributor agreement's performance.</li> </ul> </li> </ul> |

|                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Governing Law</b>         | This agreement shall be governed by and construed in accordance with the laws of France. Any dispute arising out of this agreement shall be resolved through arbitration before the International Chamber of Commerce in Paris.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Additional Provisions</b> | CGS Jeddah and its directors shall not engage, during the term of this agreement, in any competing business activities, including, but not limited to, acting as a manufacturer, distributor, agent, or sales representative of any competing products or services.<br><br>CGS Jeddah agrees that, during the term of this agreement, it shall not assume the capacity of a government official or act as an agent or contractor for any government or public official. In the event that CGS Jeddah intends to enter into any contractual relationship with a government entity at any level, or with any government officials, where such relationship involves Carrier's products, CGS Jeddah shall notify Carrier prior to entering into any negotiations. |

- (1) CGS Jeddah has obtained Carrier's consent to disclose the terms of this agreement.
- (2) CGS Jeddah has notified Carrier of the Company's intention to proceed with an initial public offering. A signed acknowledgment has been received from Carrier, confirming its receipt of said notification.

Source: The Company

**Table (12.7): Distribution Agreements with a Company Operating in the Refrigeration Industry (Supplier 1)**

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Parties</b>                        | CGS Riyadh; and<br>Supplier 1.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Effective Date</b>                 | 23/03/1446H (corresponding to 27/09/2024G).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Purpose</b>                        | To sell, install and distribute the products of Supplier 1 across the Gulf region and Yemen, with the objective of supporting further expansion.                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Term</b>                           | Sixty (60) months, commencing from 27/03/1446H (corresponding to 01/10/2024G), automatically renewable unless either party notifies the other in writing of its intention not to renew at least six (6) months prior to the expiration of the agreement term.                                                                                                                                                                                                                                                                               |
| <b>Value and Payment Terms</b>        | Payments to Supplier 1 shall be made in accordance with a price list that is annually updated by Supplier 1 and sent to CGS Riyadh on 1st January each year. Pricing for large transactions is subject to separate negotiation. Payments are made as follows: 30% upon order placement, and 70% prior to the goods departing Supplier 1's premises. For spare parts, payment is due 30 days from the invoice date. Additionally, the terms are subject to review within a period of 180 days with the aim of agreeing on open credit terms. |
| <b>Confidentiality Obligations</b>    | N/A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Transfer of Ownership</b>          | N/A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Termination and Default Events</b> | N/A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Governing Law</b>                  | This agreement shall be governed by the laws of the Czech Republic. Any dispute arising out of this agreement that cannot be resolved amicably shall be referred to the competent court or to arbitrators designated in accordance with the applicable regulations.                                                                                                                                                                                                                                                                         |
| <b>Additional Provisions</b>          | CGS Riyadh shall not sell or distribute the products of any competitor of Supplier 1 for the purposes of resale or marketing them directly or indirectly in the Gulf region and Yemen, except for those products currently manufactured by Supplier 1 and already available in the market.                                                                                                                                                                                                                                                  |

Source: The Company

**Table (12.8): Distribution Agreements with a Company Operating in the Refrigeration Industry (Supplier 2)**

|                       |                                                                                                                                                                                                                                                                                                                          |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Parties</b>        | CGS Riyadh; and<br>Supplier 2.                                                                                                                                                                                                                                                                                           |
| <b>Effective Date</b> | 22/05/1446H (corresponding to 24/11/2024G).                                                                                                                                                                                                                                                                              |
| <b>Purpose</b>        | To distribute truck tail lifts, related accessories and spare parts in accordance with the agreement. Additionally, CGS Riyadh is not permitted to sell truck tail lifts in the United Arab Emirates, Kuwait, Qatar or Oman unless such tail lifts are installed on fully assembled vehicles and supplied by CGS Riyadh. |

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Term</b>                           | 01/07/1446H (corresponding to 01/01/2025G) to 02/08/1449H (corresponding to 31/12/2027G).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Value and Payment Terms</b>        | <p>Payments to Supplier 2 shall be made based on the price list in effect at the time of the order, subject to the prior approval of Supplier 2.</p> <p>CGS Riyadh shall settle the invoice amount within 60 days from the invoice date via bank transfer. Supplier 2 shall provide CGS Riyadh with a written notice at least three months in advance of any price changes.</p> <p>Supplier 2 may request a bank guarantee from CGS Riyadh, depending on CGS Riyadh's financial position and its assessed payment capacity. In the event of any payment delay exceeding 15 days, Supplier 2 reserves the right to charge interest at prevailing market rates, in addition to any banking fees incurred during the delay period.</p> <p>CGS Riyadh retains the right to determine its resale prices in line with sound commercial practices.</p>                                                                                                                                                                                                                                                                                                                                                      |
| <b>Confidentiality Obligations</b>    | N/A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Transfer of Ownership</b>          | N/A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Termination and Default Events</b> | <p>This agreement may be terminated with immediate effect in any of the following cases:</p> <ul style="list-style-type: none"> <li>• If either party is proven to have committed serious violations related to any provision of this agreement.</li> <li>• If either party enters into liquidation, is subject to pre-bankruptcy composition, is declared bankrupt, or experiences any similar event.</li> <li>• If there is a change in ownership of either party.</li> <li>• If CGS Riyadh fails to comply with the payment terms and/or related bank guarantee requirements.</li> <li>• If CGS Riyadh commits material violations in relation to any of the following: <ul style="list-style-type: none"> <li>1- selling truck tail lift products or accessories manufactured by other companies that directly compete with the products covered under the agreement; and/or</li> <li>2- using or disclosing to any third party any trade secrets obtained through performance activities carried out on behalf of Supplier 2, including after the termination of the agreement.</li> </ul> </li> <li>• Failing to meet the minimum purchase quantity stipulated under the agreement.</li> </ul> |
| <b>Governing Law</b>                  | This agreement shall be governed by the laws of Italy. Any dispute arising out of or relating to this agreement shall be subject to the jurisdiction of the competent court in Molinella, Italy.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Additional Provisions</b>          | CGS Riyadh may not sell any truck tail lift products or accessories manufactured by other companies that directly compete with the products covered under the agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

Source: The Company

**Table (12.9): Distribution Agreements with a Company Operating in the Refrigeration Industry (Supplier 3)**

|                                       |                                                                                                                                                                                                                                                                                     |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Parties</b>                        | CGS Riyadh; and<br>Supplier 3.                                                                                                                                                                                                                                                      |
| <b>Effective Date</b>                 | 21/06/1446H (corresponding to 23/12/2024G).                                                                                                                                                                                                                                         |
| <b>Purpose</b>                        | To enable CGS Riyadh to procure and distribute the products supplied by Supplier 3.                                                                                                                                                                                                 |
| <b>Term</b>                           | The distribution agreements shall remain in force for an initial two-year term from the effective date. The agreements may be renewed upon the mutual agreement of the parties, subject to good-faith negotiations occurring at least 60 days prior to the end of the initial term. |
| <b>Value and Payment Terms</b>        | N/A.                                                                                                                                                                                                                                                                                |
| <b>Confidentiality Obligations</b>    | N/A.                                                                                                                                                                                                                                                                                |
| <b>Transfer of Ownership</b>          | N/A.                                                                                                                                                                                                                                                                                |
| <b>Termination and Default Events</b> | N/A.                                                                                                                                                                                                                                                                                |
| <b>Governing Law</b>                  | N/A.                                                                                                                                                                                                                                                                                |

**Additional Provisions**

CGS Riyadh shall have the right to offer and sell Supplier 3's products (compressors and related equipment) to end-users in the Kingdom and Bahrain (products originally sold by Supplier 3 to CGS Jeddah). Pursuant to the Agency Agreement, CGS Riyadh and Supplier 3 acknowledge that the end user of CGS Riyadh may also be the end user of Supplier 3. The end-user retains the right to procure the products from another supplier/contractor through a valid procurement process (such as international bidding), even in instances where CGS Riyadh offers the same products at competitive prices provided by Supplier 3. In such cases, if required, CGS Riyadh and Supplier 3 shall engage in mutual consultations and exert reasonable efforts to resolve any issues that may arise between them.

Source: The Company

## 12.4.2 Supply Agreements with the Group's Clients

### 12.4.2.1 Standardized Purchase Order Agreements

The Company and its Subsidiaries have entered into 22 standardized purchase order agreements with the top ten suppliers across various business transactions. The standardized agreements include the following key terms and conditions:

- Deliveries must align with purchase orders and are subject to verification by the Quality Control Department to ensure that the items have undergone quality inspection and meet the required quality standards. Any non-conforming items are to be rejected and immediately replaced at no additional cost. The supplier shall compensate for any delays attributable thereto.
- Delivery personnel must record their entry in the designated logbook upon entering the Company's premises, and wear appropriate personal protective equipment, including, but not limited to, safety footwear, high-visibility vests, and hard hats. They shall strictly comply with HSE regulations, including the obligation to remain within the designated unloading zone specific to each type of material.
- Any materials subject to expiration must, at the time of delivery, have around 75% of their shelf life remaining.

A summary of the supply agreements with the Group's clients is set out below:

**Table (12.10): Purchase Orders Executed by the Company and its Subsidiaries**

| #   | Parties                        | Effective Date                             | Value                               |
|-----|--------------------------------|--------------------------------------------|-------------------------------------|
| 1.  | CGS Riyadh and a legal entity  | 22/09/1445H (corresponding to 01/04/2024G) | SAR 2,046,712.50                    |
| 2.  | CGS Riyadh and a legal entity  | 22/09/1445H (corresponding to 01/04/2024G) | SAR 6,399,750.00                    |
| 3.  | CGS Riyadh and a legal entity  | 22/09/1445H (corresponding to 01/04/2024G) | SAR 3,079,815.00                    |
| 4.  | CGS Riyadh and a legal entity  | 22/09/1445H (corresponding to 01/04/2024G) | SAR 9,630,100.00                    |
| 5.  | CGS Riyadh and a legal entity  | 22/09/1445H (corresponding to 01/04/2024G) | SAR 1,695,847.50                    |
| 6.  | CGS Riyadh and a legal entity  | 22/09/1445H (corresponding to 01/04/2024G) | SAR 5,302,650.00                    |
| 7.  | CGS Jeddah and a legal entity  | 22/06/1445H (corresponding to 11/01/2024G) | SAR 3,420,000.00 exclusive of taxes |
| 8.  | The Company and a legal entity | 06/10/1445H (corresponding to 15/04/2024G) | SAR 5,186,500.00                    |
| 9.  | The Company and a legal entity | 01/11/1445H (corresponding to 09/05/2024G) | SAR 1,916,475.00                    |
| 10. | CGS Jeddah and a legal entity  | 11/03/1445H (corresponding to 26/09/2023G) | SAR 5,157,750.00                    |
| 11. | CGS Riyadh and a legal entity  | 21/12/1445H (corresponding to 09/07/2023G) | SAR 2,291,950.00                    |
| 12. | CGS Riyadh and a legal entity  | 08/11/1445H (corresponding to 16/05/2024G) | SAR 1,104,265.65                    |
| 13. | CGS Riyadh and a legal entity  | 29/01/1445H (corresponding to 16/08/2023G) | SAR 18,227,500.00                   |
| 14. | CGS Riyadh and a legal entity  | 15/01/1445H (corresponding to 02/08/2023G) | SAR 39,312,000.00                   |
| 15. | CGS Jeddah and a legal entity  | 07/07/1445H (corresponding to 21/11/2023G) | SAR 8,629,945.00                    |
| 16. | CGS Riyadh and a legal entity  | 08/06/1445H (corresponding to 21/12/2023G) | SAR 12,500,000.00                   |

| #   | Parties                       | Effective Date                             | Value             |
|-----|-------------------------------|--------------------------------------------|-------------------|
| 17. | CGS Riyadh and a legal entity | 08/05/1445H (corresponding to 22/11/2023G) | SAR 16,841,300.00 |
| 18. | CGS Riyadh and a legal entity | 08/05/1445H (corresponding to 22/11/2023G) | SAR 16,841,300.00 |
| 19. | CGS Riyadh and a legal entity | 16/02/1446H (corresponding to 20/08/2024G) | SAR 16,591,443.11 |
| 20. | CGS Riyadh and a legal entity | 22/06/1446H (corresponding to 23/12/2024G) | SAR 11,115,900.00 |
| 21. | CGS Riyadh and a legal entity | 24/05/1446H (corresponding to 26/11/2024G) | SAR 3,162,500.00  |
| 22. | CGS Riyadh and a legal entity | 10/08/1446H (corresponding to 09/02/2025G) | SAR 1,859,550.00  |

Source: The Company

#### 12.4.2.2 Supply Agreement with the Main Client

CGS Riyadh has entered into a supply agreement with the main client. It is worth noting that, as of the date of this Prospectus, the agreement has not been signed by the main client (for further information on the risks associated with this agreement, please refer to Section 2.1.1 “**Risks Related to the Group’s Material Agreements**” of this Prospectus). Below is a summary of this agreement:

**Table (12.11): Supply Agreement with the Main Client**

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Parties</b>                        | CGS Riyadh; and<br>the Main Client.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Purpose</b>                        | To sell, supply, install, test and operate equipment, spare parts and related items for clients.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Term</b>                           | This agreement is open-ended, and its term shall be determined in the project schedules to be prepared by CGS Riyadh and subsequently approved by the Main Client.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Value and Payment Terms</b>        | CGS Riyadh shall receive payments from the Main Client based on the amounts set forth in the purchase orders issued by the Main Client.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Confidentiality Obligations</b>    | Both parties undertake to maintain the confidentiality of the terms of this agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Termination and Default Events</b> | <p>This agreement may be terminated by providing written notice upon the occurrence of any of the following events:</p> <ul style="list-style-type: none"> <li>• Either party commits a continuing or material breach of any provision of this agreement and (a) fails to remedy such breach within 14 days following receipt of written notice detailing the breach and requesting remedy thereof (if the breach is remediable), or (b) fails to remedy the breach immediately upon receipt of written notice detailing the breach and requesting immediate cessation of the breach.</li> <li>• A liquidator or receiver is appointed over any of the other party’s property or assets.</li> <li>• Either party enters into a voluntary arrangement with its creditors or is subject to an administrative order.</li> <li>• Either party enters into liquidation (except for the purposes of a merger, reorganization, or financial restructuring).</li> <li>• Either party ceases, or threatens to cease, carrying on its business.</li> </ul> <p>The termination rights outlined above shall be exercised without prejudice to any other rights or remedies available to either party in connection with such breach, if applicable.</p> |
| <b>Governing Law</b>                  | This agreement shall be governed by the applicable laws of the Kingdom of Saudi Arabia. Any disputes arising out of this agreement shall be subject to the jurisdiction of the competent courts in Riyadh.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Additional Provisions</b>          | <p>The agreement includes warranties ensuring that the equipment will operate in accordance with the specifications and will be free from defects in design, materials or workmanship for a specified period.</p> <p>In addition, CGS Riyadh shall, pursuant to this agreement, indemnify the main client for any defects in the equipment or services provided, as well as for any negligence or failure in the performance of its obligations.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

Source: The Company

Below is a summary of the purchase orders executed between CGS Riyadh and the main client under this agreement:

**Table (12.12): Purchase Orders Executed with the Main Client**

| #   | Parties                        | Effective Date                             | Value             |
|-----|--------------------------------|--------------------------------------------|-------------------|
| 1.  | CGS Riyadh and the Main Client | 20/11/1445H (corresponding to 28/05/2024G) | SAR 792,400.00    |
| 2.  | CGS Riyadh and the Main Client | 20/11/1445H (corresponding to 28/05/2024G) | SAR 792,400.00    |
| 3.  | CGS Riyadh and the Main Client | 18/12/1445H (corresponding to 24/06/2024G) | SAR 50,288,750    |
| 4.  | CGS Riyadh and the Main Client | 04/12/1445H (corresponding to 10/06/2024G) | SAR 2,030,000     |
| 5.  | CGS Riyadh and the Main Client | 25/12/1445H (corresponding to 01/07/2024G) | SAR 134,000       |
| 6.  | CGS Riyadh and the Main Client | 20/11/1445H (corresponding to 28/05/2024G) | SAR 5,789,200     |
| 7.  | CGS Riyadh and the Main Client | 25/12/1445H (corresponding to 01/07/2024G) | SAR 402,000       |
| 8.  | CGS Riyadh and the Main Client | 25/12/1445H (corresponding to 01/07/2024G) | SAR 402,000       |
| 9.  | CGS Riyadh and the Main Client | 25/12/1445H (corresponding to 01/07/2024G) | SAR 402,000       |
| 10. | CGS Riyadh and the Main Client | 25/12/1445H (corresponding to 01/07/2024G) | SAR 938,000       |
| 11. | CGS Riyadh and the Main Client | 25/12/1445H (corresponding to 01/07/2024G) | SAR 5,226,000     |
| 12. | CGS Riyadh and the Main Client | 25/12/1445H (corresponding to 01/07/2024G) | SAR 1,072,000,200 |
| 13. | CGS Riyadh and the Main Client | 25/12/1445H (corresponding to 01/07/2024G) | SAR 1,794,000     |
| 14. | CGS Riyadh and the Main Client | 02/01/1445H (corresponding to 08/07/2024G) | SAR 59,000.00     |
| 15. | CGS Riyadh and the Main Client | 05/01/1445H (corresponding to 11/07/2024G) | SAR 4,567,000.00  |
| 16. | CGS Riyadh and the Main Client | 05/01/1446H (corresponding to 28/05/2024G) | SAR 5,540,000.00  |
| 17. | CGS Riyadh and the Main Client | 21/12/1445H (corresponding to 27/06/2024G) | SAR 444,700.00    |
| 18. | CGS Riyadh and the Main Client | 18/02/1445H (corresponding to 03/09/2023G) | SAR 439,050.00    |
| 19. | CGS Riyadh and the Main Client | 02/09/1445H (corresponding to 12/03/2024G) | SAR 783,000.00    |

Source: The Company

#### 12.4.2.3 Supply Agreement with a Company Operating in the Food and Dairy Industry (Client 2)

CGS Riyadh entered into a supply agreement with (Client 2). Below is a summary of this agreement:

**Table (12.13): Supply Agreement with Client 2**

|                       |                                                                                                                                                                                                          |
|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Parties</b>        | CGS Riyadh; and Client 2.                                                                                                                                                                                |
| <b>Effective Date</b> | 14/01/1446H (corresponding to 21/07/2024G).                                                                                                                                                              |
| <b>Purpose</b>        | To design, supply, install and commission the refrigeration system.                                                                                                                                      |
| <b>Term</b>           | The term of the agreement is 38 business weeks, commencing on 14/01/1446H (corresponding to 21/07/2024G), and may be extended in the event of delays in obtaining approvals or if the site is not ready. |



|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Value and Payment Terms</b>        | <p>Client 2 shall pay CGS Riyadh an initial amount of SAR 10,250,000 (exclusive of VAT). Payments shall be made as follows:</p> <ul style="list-style-type: none"> <li>• 25% as an advance payment upon issuance of the purchase order, to cover initial project mobilization and procurement of materials.</li> <li>• 55% upon presentation of shipping documents for the main equipment, ensuring delivery of the core components required for system installation.</li> <li>• 15% upon completion of installation and prior to commissioning, subject to the successful installation of the system at the site.</li> <li>• 5% upon commissioning and successful testing, following verification of the system's operational performance.</li> </ul> |
| <b>Confidentiality Obligations</b>    | CGS Riyadh undertakes to maintain the confidentiality of the terms of the agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Termination and Default Events</b> | Client 2 may impose a delay penalty of 1% per week, capped at a maximum of 10% of the total value of the agreement. If delays exceed 10% of the total value of the agreement, Client 2 shall have the right to terminate the agreement or engage an alternative service provider at the expense of CGS Riyadh. The agreement may also be terminated if CGS Riyadh fails to remedy the delay within two weeks from the date of notification. In such event, Client 2 shall be entitled to complete the remaining work at the expense of CGS Riyadh.                                                                                                                                                                                                     |
| <b>Governing Law</b>                  | This agreement shall be governed by the applicable laws of the Kingdom of Saudi Arabia. Any disputes arising out of this agreement shall be subject to the jurisdiction of the competent courts in Riyadh.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Additional Provisions</b>          | This agreement includes a warranty period of 24 calendar months from the project delivery date, during which CGS shall be responsible for repairing or replacing any defects in materials or workmanship.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

Source: The Company

Below is a summary of the purchase orders executed between CGS Riyadh and Client 2 under this agreement:

**Table (12.14): Purchase Orders with Client 2**

| #  | Parties                 | Effective Date                             | Value             |
|----|-------------------------|--------------------------------------------|-------------------|
| 1. | CGS Riyadh and Client 2 | 22/11/1445H (corresponding to 30/05/2024G) | SAR 11,787,500.00 |

Source: The Company

#### 12.4.2.4 Supply Agreement with a Company Operating in the Logistics Sector (Client 3)

CGS Riyadh entered into a supply agreement with Client 3. Below is a summary of this agreement:

**Table (12.15): Supply Agreement with Client 3**

|                                       |                                                                                                                                                                                                                 |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Parties</b>                        | CGS Riyadh; and Client 3.                                                                                                                                                                                       |
| <b>Effective Date</b>                 | 14/01/1446H (corresponding to 31/12/2023G).                                                                                                                                                                     |
| <b>Purpose</b>                        | To import, assemble and operate refrigeration systems.                                                                                                                                                          |
| <b>Term</b>                           | 245 days, commencing on 31 December 2023G. This duration is contingent upon the completion of the works.                                                                                                        |
| <b>Value and Payment Terms</b>        | The total value of the agreement amounts to SAR 18,110,510, inclusive of all works.                                                                                                                             |
| <b>Confidentiality Obligations</b>    | CGS Riyadh undertakes to maintain the confidentiality of the terms of the agreement, including, but not limited to, any secrets, non-public information, or intellectual property rights.                       |
| <b>Termination and Default Events</b> | Client 3 may terminate this agreement in the event of a two-week delay, provided that prior notice is given. If the issue remains unresolved by the fourth week, the agreement shall be terminated immediately. |

|                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Governing Law</b>         | This agreement shall be governed by the applicable laws of the Kingdom of Saudi Arabia. Any disputes arising out of this agreement shall be subject to the jurisdiction of the competent courts in Riyadh.                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Additional Provisions</b> | Final delivery shall occur only after commissioning and testing have been completed to ensure that temperatures of cold rooms meet the specified requirements. A notice must be submitted at least three days prior to the final delivery date. In the event the cold rooms are deemed unfit for use, a weekly penalty of SAR 6,014 per room shall apply for up to six weeks (limited to a maximum of three cold rooms). Following this period, repair expenses will be deducted from the bank guarantee issued by CGS Riyadh to Client 3, which represents 10% of the total value of the agreement. |

Source: The Company

Below is a summary of the purchase orders executed between CGS Riyadh and Client 3 under this agreement:

**Table (12.16): Purchase Orders with Client 3**

| #  | Parties                 | Effective Date                             | Value             |
|----|-------------------------|--------------------------------------------|-------------------|
| 1. | CGS Riyadh and Client 3 | 08/06/1445H (corresponding to 21/12/2023G) | SAR 18,110,520.00 |

Source: The Company

#### 12.4.2.5 Supply Agreement with Client 4

CGS Jeddah entered into a supply agreement with Client 4. Below is a summary of this agreement:

**Table (12.17): Supply Agreement with Client 4**

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Parties</b>                        | CGS Jeddah; and<br>Client 4.                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Effective Date</b>                 | This agreement shall be effective as of July 2024G.                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Purpose</b>                        | To establish an ammonia refrigeration plant.                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Term</b>                           | The term of this agreement shall commence in July 2024G, with a schedule spanning 44 weeks and a total duration of 16 months, which includes equipment mobilization to the site and site preparation.                                                                                                                                                                                                                                                                      |
| <b>Value and Payment Terms</b>        | SAR 19,200,000.00, exclusive of taxes.                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Termination and Default Events</b> | The agreement may be terminated in the event of circumstances such as bankruptcy, breach of contractual obligations, non-compliance with the agreement documents, unauthorized modifications, delays without prior written approval, failure to provide the required performance guarantees, or violation of any legal or regulatory obligation. In the event of a delay, a penalty of SAR 25,000 per day shall be imposed, up to a maximum of 10% of the agreement value. |
| <b>Governing Law</b>                  | This agreement shall be governed by the applicable laws of the Kingdom of Saudi Arabia. Any disputes arising out of this agreement shall be subject to the jurisdiction of the competent courts in Riyadh.                                                                                                                                                                                                                                                                 |
| <b>Additional Provisions</b>          | Delay penalties are applicable if the contractor fails to complete the project within the timeline specified in the agreement.                                                                                                                                                                                                                                                                                                                                             |

Source: The Company

Below is a summary of the purchase orders executed between CGS Jeddah and Client 4 under this agreement:

**Table (12.18): Purchase Orders with Client 4**

| #  | Parties                 | Effective Date                             | Value             |
|----|-------------------------|--------------------------------------------|-------------------|
| 1. | CGS Jeddah and Client 4 | 20/03/1444H (corresponding to 16/10/2024G) | SAR 19,200,000.00 |

Source: The Company

#### 12.4.2.6 Supply Agreement with a Company Operating in the Agriculture Sector (Client 5)

CGS Riyadh entered into a supply agreement with Client 5. Below is a summary of this agreement:

**Table (12.19): Supply Agreement with Client 5**

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Parties</b>                        | CGS Riyadh; and<br>Client 5.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Effective Date</b>                 | The agreement shall be effective as of 21/04/1445H (corresponding to 01/02/2024G).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Purpose</b>                        | To sell, supply, install, test and operate equipment, spare parts and related items for clients.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Term</b>                           | The term of the agreement is ten months, commencing on 21/04/1445H (corresponding to 01/02/2024G) and ending on the date of issuance of the certificate of receipt, which is issued within ten months from the effective date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Value and Payment Terms</b>        | Client 5 shall pay CGS Riyadh a fixed total amount of SAR 15,300,000, unless otherwise agreed in writing by the parties.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Confidentiality Obligations</b>    | CGS Riyadh undertakes to maintain the confidentiality of the terms of the agreement. Information may be disclosed only in limited circumstances, including where disclosure is required in accordance with the applicable laws and regulations, or pursuant to an order or directive from a court or judicial authority, or for the purpose of pursuing legal or arbitration proceedings.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Termination and Default Events</b> | <p>The agreement may be terminated upon the occurrence of any of the following default events:</p> <ul style="list-style-type: none"> <li>CGS Riyadh breaches its agreed-upon obligations.</li> <li>CGS Riyadh fails to obtain the licenses and permits required under the applicable laws and regulations.</li> <li>CGS Riyadh fails to perform its material supply-related obligations for a period of 15 days and does not resume performance within 15 days following receipt of notice from Client 5.</li> <li>CGS Riyadh is liquidated, declared bankrupt, enters into a debt settlement arrangement with its creditors, continues to operate under the administration of a receiver, trustee, or manager for the benefit of its creditors, or takes any steps towards liquidation or dissolution.</li> <li>CGS Riyadh transfers or assigns this agreement.</li> <li>CGS Riyadh fails to remedy the default or breach specified in the default suspension order within 120 days from the date of such order.</li> <li>CGS Riyadh breaches any of its material obligations or conditions under this agreement and does not remedy such breach within ten days of receipt of notice from Client 5.</li> </ul> |
| <b>Governing Law</b>                  | This agreement shall be governed by the applicable laws of the Kingdom of Saudi Arabia. Any disputes arising out of this agreement shall be subject to the jurisdiction of the competent courts in Riyadh.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Additional Provisions</b>          | <p>Pursuant to the agreement, all performance obligations are clearly stipulated, including the quantity of equipment and the associated delivery schedule, as detailed in the agreement.</p> <p>The parties expressly acknowledge the following key terms and conditions: (i) the certificate of receipt shall be issued within a period not exceeding ten months as of 21/04/1445H (corresponding to 01/02/2024G); and (ii) the defect liability period shall be extended to 12 months from the issuance of the certificate of receipt or 20 months from the date of equipment delivery, whichever is earlier.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

Source: The Company

Below is a summary of the purchase orders executed between CGS Riyadh and Client 5 under this agreement:

**Table (12.20): Purchase Orders with Client 5**

| #  | Parties                 | Effective Date                             | Value             |
|----|-------------------------|--------------------------------------------|-------------------|
| 1. | CGS Riyadh and Client 5 | 09/08/1445H (corresponding to 19/02/2024G) | SAR 17,595,000.00 |

Source: The Company

#### 12.4.2.7 Supply Agreement with Client 6

CGS Jeddah entered into a supply agreement with Client 6. Below is a summary of this agreement:

**Table (12.21): Purchase Orders with Client 6**

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Parties</b>                        | CGS Jeddah; and<br>Client 6,                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Effective Date</b>                 | The agreement shall be effective as of 03/03/1446H (corresponding to 04/03/2025G).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Purpose</b>                        | To design, supply, install, test and commission the ammonia refrigeration system for the client in the cold storage area in Jeddah.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Term</b>                           | The term of the agreement is 40 weeks, commencing from the date of receipt of the letter of award, dated 07/08/1446H (corresponding to 06/02/2025G).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Value and Payment Terms</b>        | The total value of the prospective project is thirteen million, five hundred thousand Saudi Riyals (SAR 13,500,000), exclusive of VAT, and encompasses all related works. In addition, the project includes an optional operation and maintenance component valued at one million, one hundred thousand Saudi Riyals (SAR 1,100,000), exclusive of VAT.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Confidentiality Obligations</b>    | CGS Jeddah may not assign or transfer the agreement, in whole or in part, without the prior written consent of the client.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Termination and Default Events</b> | <p>The prospective project may be terminated upon the occurrence of a two-week delay, provided that prior notice is given. If the issue remains unresolved by the fourth week, the prospective project shall be terminated immediately.</p> <p>The client may terminate the agreement in the event of any of the following defaults by CGS Jeddah:</p> <ul style="list-style-type: none"> <li>• If CGS Jeddah abandons the agreement or any part thereof.</li> <li>• If CGS Jeddah breaches any term or condition of the agreement.</li> <li>• If CGS Jeddah or any of its Subsidiaries commit an act of fraud.</li> <li>• If CGS Jeddah offers or attempts to offer a bribe, whether directly or indirectly, to any employee or worker of the first party.</li> <li>• If CGS Jeddah becomes insolvent or files for bankruptcy.</li> <li>• If CGS Jeddah ceases work execution or if the first party determines that the second party will be unable, directly or indirectly, to continue or complete execution within the agreed timeframe.</li> <li>• If CGS Jeddah fails to remove any materials from the site or to replace any non-compliant work within seven days, or within such other period as may be appropriate based on the nature of the work, following receipt of a written notice from the first party or its designated representative.</li> </ul> |
| <b>Governing Law</b>                  | The agreement shall be governed by the laws of the Kingdom of Saudi Arabia. Should a dispute arise between the parties at any time in connection with the terms of the agreement, either party may issue a written notice to the other party identifying the nature of the dispute and suggesting a resolution method. If the dispute is not resolved amicably within 45 days of such notice, it shall be referred to the commercial circuits of the general courts in Riyadh for adjudication.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Additional Provisions</b>          | According to the agreement, final delivery shall take place following system commissioning and testing to ensure that the system functions in line with the specified requirements. A notice must be submitted at least three days prior to the final delivery date. If three (3) subsystems are found to be non-operational within the system, a daily penalty of SAR 15,000 per system will apply, capped at 10% of the total value of the agreement. Thereafter, the repair costs shall be deducted from the bank guarantee issued by CGS Jeddah to Client 6, which represents 10% of the project's total value.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

Source: The Company

#### 12.4.2.8 Supply Agreement with Client 7

CGS Jeddah entered into a supply agreement with Client 7. Below is a summary of this agreement:

**Table (12.22): Purchase Orders with Client 7**

|                                    |                                                                                                                                                                                                                                                                |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Parties</b>                     | CGS Jeddah; and<br>Client 7.                                                                                                                                                                                                                                   |
| <b>Effective Date</b>              | The agreement shall be effective as of 25/05/1446H (corresponding to 27/11/2024G).                                                                                                                                                                             |
| <b>Purpose</b>                     | To design, supply, install, test and commission the refrigeration systems for the client at the warehouse located in Jeddah, Saudi Arabia.                                                                                                                     |
| <b>Term</b>                        | The term of the agreement is 48 business weeks, commencing from the date of receipt of the first payment, subject to the approval of the shop drawings and the readiness of the site.                                                                          |
| <b>Value and Payment Terms</b>     | The total value of the agreement is five million, one hundred and fifty thousand Saudi Riyals (SAR 5,150,000) exclusive of VAT, and inclusive of all works.                                                                                                    |
| <b>Confidentiality Obligations</b> | The parties, including all of their employees and subcontractors, undertake not to disclose or misuse any confidential or non-public information, including data, drawings or documents related to the agreement, whether such information is written or oral. |
| <b>Governing Law</b>               | The agreement shall be governed by the laws of the Kingdom of Saudi Arabia. In the event of any dispute arising between the parties, such dispute shall be resolved by the competent courts in Jeddah.                                                         |

Source: The Company

#### 12.4.2.9 Supply Agreement with Client 8

CGS Jeddah entered into a supply agreement with Client 8. Below is a summary of this agreement:

**Table (12.23): Purchase Orders with Client 8**

|                                |                                                                                                                                                               |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Parties</b>                 | CGS Jeddah; and<br>Client 8.                                                                                                                                  |
| <b>Effective Date</b>          | The agreement shall be effective as of 10/06/1446H (corresponding to 11/12/2024G).                                                                            |
| <b>Purpose</b>                 | To design, supply, install, test and commission the refrigeration systems for the client at the warehouse located in Jeddah.                                  |
| <b>Value and Payment Terms</b> | The value of the agreement is six million, six hundred Saudi Riyals (SAR 6,600,000), exclusive of VAT.                                                        |
| <b>Additional Provisions</b>   | The scope of work includes the provision of Freon-based refrigeration stations utilizing a central rack system equipped with semi-hermetic screw compressors. |

Source: The Company

### 12.4.3 Logistics Services Agreement

Below is a summary of the logistics services agreement concluded by CGS Riyadh:

#### A- Logistics Services Agreement with a Company Operating in the Transportation Sector (Client 9)

**Table (12.24): Logistic Services Agreement with Client 9**

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Parties</b>                        | CGS Riyadh; and Client 9.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Effective Date</b>                 | The agreement shall be effective as of 07/06/1446H (corresponding to 10/06/2024G).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Purpose</b>                        | For Client 9 to provide logistic and cargo transportation services.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Term</b>                           | The term of the agreement shall commence on the effective date and shall continue until the period specified in the individual statement of work or until terminated in accordance with the provisions of the agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Value and Payment Terms</b>        | CGS Riyadh shall pay the fees in accordance with the pricing schedule, exclusive of VAT, unless otherwise agreed by the parties. Client 9 reserves the right to propose a review and redefinition of the fees in the event of cost increases or market changes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Confidentiality Obligations</b>    | Both parties undertake to maintain the confidentiality of the terms of this agreement. Information may be disclosed only in limited circumstances, including where disclosure is required in accordance with the applicable laws and regulations, or pursuant to an order or directive from a court or judicial authority.                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Termination and Default Events</b> | <p>The agreement may be terminated upon the occurrence of any of the following default events:</p> <ul style="list-style-type: none"> <li>• Either party materially breaches any of its obligations under this agreement and fails to remedy such breach within 30 days of receiving notice thereof.</li> <li>• Either party becomes insolvent or legally incapacitated.</li> <li>• A government action causes a material modification to the terms of this agreement.</li> <li>• CGS Riyadh is liquidated, declared bankrupt, enters into a debt settlement arrangement with its creditors, continues to operate under the administration of a receiver, trustee or manager for the benefit of its creditors, or takes any steps towards liquidation or dissolution.</li> </ul> |
| <b>Governing Law</b>                  | The laws of the Kingdom of Saudi Arabia. Any dispute arising out of this agreement that cannot be resolved amicably shall be referred to the competent courts.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Additional Provisions</b>          | The agreement sets forth the performance obligations, including the scope of services and the pricing schedule, as detailed in the statement of work.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

Source: The Company

### 12.4.4 Financing Agreements

As of the date of this Prospectus, neither the Company nor CGS Jeddah has entered into any financing agreements. CGS Riyadh, however, has executed two financing agreements with two commercial banks. Below is a summary of the financing agreements executed by CGS Riyadh:

#### A- Financing Agreement with Saudi Awwal Bank (SAB)

**Table (12.25): Financing Agreement with Saudi Awwal Bank (SAB)**

|                          |                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Parties</b>           | CGS Riyadh; and SAB.                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Date</b>              | 17/04/1445H (corresponding to 01/11/2023G).                                                                                                                                                                                                                                                                                                                                             |
| <b>Type of Financing</b> | <p>The facilities amount to a total of SAR 15,062,000 and comprise the following sub-facilities:</p> <ul style="list-style-type: none"> <li>• Letters of credit facility with a maximum total value of SAR 10,000,000.</li> <li>• A hedging facility with a maximum total value of SAR 2,437,000.</li> <li>• A hedging facility with a maximum total value of SAR 2,625,000.</li> </ul> |

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Term</b>                           | The facilities were provided by SAB for a period of one year, commencing on 17/04/1445H (corresponding to 01/11/2023G), and the agreement expired on 03/06/1446H (corresponding to 05/12/2024G). Efforts are currently underway to renew the financing agreement with SAB (for further details on the risks associated with the non-renewal of this agreement, please refer to Section 2.1.22 of this Prospectus).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Purpose</b>                        | The purpose of the facilities is to: (i) import goods or procure them locally; (ii) finance the payment obligations of CGS Riyadh in connection with the letter of credit issued by SAB; and (iii) serve as an import supplier for import-related invoices.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Guarantees</b>                     | <p>The guarantee package under the facility agreement with SAB includes the following:</p> <ul style="list-style-type: none"> <li>• A corporate guarantee in the amount of SAR 7,531,000, issued by the Company to SAB on 07/09/1444H (corresponding to 29/03/2023G). In addition, the Company undertakes to pay SAB, upon its first written request, the following: (i) any amounts arising from losses or expenses incurred as a result of non-payment to SAB; and (ii) any amounts required to reimburse SAB for expenses incurred (including legal fees and other related costs) in connection with the recovery of amounts from CGS Riyadh or the Company.</li> <li>• A corporate guarantee in the amount of SAR 15,062,000, issued by Darat Esmat Bin Abdul-Samad Al Saady Holding Company on 07/09/1444H (corresponding to 29/03/2023G). In addition, the company undertakes to pay SAB, upon its first written request, the following: (i) any amounts arising from losses or expenses incurred as a result of non-payment to SAB; and (ii) any amounts required to reimburse SAB for expenses incurred (including legal fees and other related costs) in connection with the recovery of amounts from CGS Riyadh or the Company.</li> <li>• A personal guarantee in the amount of SAR 15,062,000, issued by Mr. Esmat Abdul-Samad Naguib Al Saady on 07/09/1444H (corresponding to 29/03/2023G). In addition, Mr. Esmat Abdul-Samad Naguib Al Saady undertakes to pay SAB, upon its first written request, the following: (i) any amounts arising from losses or expenses incurred as a result of non-payment to SAB; and (ii) any amounts required to reimburse SAB for expenses incurred (including legal fees and other related costs) in connection with the recovery of amounts from CGS Riyadh or the Company.</li> <li>• A promissory note in the amount of SAR 15,062,000 issued by Mr. Esmat Abdul-Samad Naguib Al Saady.</li> <li>• The master hedging agreement issued by the International Development Fund and the International Finance Corporation and the schedules thereto, dated 17/04/1445H (corresponding to 01/11/2023G).</li> </ul>                                    |
| <b>Termination and Default Events</b> | <p>SAB shall have the right to terminate the facility agreement in any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• CGS Riyadh fails to pay any amount due under a financing document.</li> <li>• CGS Riyadh breaches any of its obligations under any financing document.</li> <li>• Any statement, undertaking or guarantee made by the Company in any finance document proves to be untrue.</li> <li>• Any member of the Group becomes indebted with respect to any amount payable to any person which has not been settled when due or within any applicable grace period.</li> <li>• Any creditor of a Group member declares any indebtedness to be due and payable prior to its scheduled maturity date.</li> <li>• If any of the Group's assets are pledged, or any creditor gains possession of such assets, and the situation is not resolved within 21 business days.</li> <li>• Any member of the Group initiates bankruptcy proceedings, seeks debt rescheduling, or enters into related negotiations or arrangements with creditors due to financial difficulties.</li> <li>• Legal proceedings are initiated under the Bankruptcy Law, including insolvency or bankruptcy filings, creditor protection applications, or the appointment of an administrator over a Group member or its assets, unless resolved within 21 business days.</li> <li>• Any event occurs which, in the opinion of SAB, is reasonably expected to have a material adverse effect.</li> <li>• Any default occurs in relation to invoice and receivables financing, including CGS Riyadh failing to fulfill, or violating, its obligations, receivables being incomplete or non-transferable to SAB, or receivables becoming subject to dispute, litigation, or pledge.</li> </ul> <p>In the event of default, SAB shall have the right to request CGS Riyadh to settle all or part of the obligations or any amounts due under any finance documents, through notice to CGS Riyadh. Default events include: (a) inability to make payments due, (b) failure to provide the offer as required, or (c) initiation of insolvency proceedings, unless resolved within 15 days.</p> |
| <b>Material Restrictions</b>          | Changes to the Company's legal status or ownership structure may only be made with the prior written consent of SAB.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

Source: The Company

## B- Master Financing Agreement with Banque Saudi Fransi (BSF)

**Table (12.26): Financing Agreement with BSF**

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Parties</b>                        | CGS Riyadh; and<br>BSF.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Date</b>                           | 25/10/1438H (corresponding to 19/07/2017G), renewed on 01/07/1444H (corresponding to 23/01/2023G). In addition, a master guarantee agreement was concluded with BSF on 14/09/1445H (corresponding to 24/03/2024G).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Type of Financing</b>              | The facilities amount to a total of SAR 30,000,000 and comprise the following sub-facilities: <ul style="list-style-type: none"> <li>• Tawarruq facilities with a maximum total value of SAR 5,000,000.</li> <li>• A multi-purpose facility comprising (i) Islamic finance for multiple imports, Islamic performance bonds, Islamic advance payment bonds and Islamic retention bonds, and (ii) Islamic bid bonds, with a maximum aggregate amount of SAR 25,000,000.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Term</b>                           | The facilities are provided by BSF to CGS Riyadh for a period of one year, commencing on 14/09/1445H (corresponding to 24/03/2024G) and ending on 01/10/1446H (corresponding to 31/03/2025G). The agreement may be extended beyond its expiry date; however, any such extension has not yet been determined.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Purpose</b>                        | The purpose of the facilities is to provide various banking services, including credit card overdrafts, overdraft facilities, short-term loans, and other financial products, as detailed in the agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Guarantees</b>                     | The guarantee package under the facility agreement with BSF includes the following: <ul style="list-style-type: none"> <li>• A promissory note in the amount of SAR 30,000,000.</li> <li>• A personal guarantee in the amount of SAR 30,000,000, issued by Mr. Esmat Abdul-Samad Al Saady on 14/09/1445H (corresponding to 24/03/2024G).</li> <li>• General assignment of all future contracts and purchase orders to BSF.</li> <li>• All accounts and assets under the control of BSF.</li> <li>• BSF has the right to offset any amounts against the accounts and assets under its custody and control.</li> <li>• BSF has the right to combine and consolidate accounts or assets held for the benefit of CGS Riyadh.</li> <li>• Additionally, the Company has executed a financial instrument in the amount of SAR 30,000,000, payable on sight.</li> </ul> |
| <b>Termination and Default Events</b> | N/A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Material Restrictions</b>          | Pursuant to the agreement, CGS Riyadh may not affect any change in its ownership structure without the prior written consent of BSF. This includes any change in the parties (including any legal or natural person) capable of exercising effective control over CGS Riyadh.<br>For the purposes of the agreement, “ <b>control</b> ” is defined as follows: <ul style="list-style-type: none"> <li>• Control over more than half of the voting power of CGS Riyadh.</li> <li>• Control over more than half of the share capital of CGS Riyadh.</li> </ul>                                                                                                                                                                                                                                                                                                     |

Source: The Company

## 12.5 Agreements and Transactions with Related Parties

This section provides a summary of the material agreements and transactions with Related Parties that the Directors believe are material in relation to the Company’s business or that may affect investors’ decision to subscribe for the Offer Shares. The summary of agreements and contracts referred to below does not cover all of the terms and conditions thereof and it cannot be considered a substitute for the terms and conditions of such agreements.

The Directors declare their intention to comply with Articles 27 and 71 of the Companies Law and Articles 42 and 44 of the Corporate Governance Regulations issued by the CMA in relation to contracts with Related Parties.

The following is a summary of the agreements executed between the Company and Related Parties in accordance with Articles 27 and 71 of the Companies Law and the OSCOs.



### 12.5.1 Transactions with CGS Bahrain

The Company has engaged in Related Party transactions with CGS Bahrain, which primarily involved the sale and purchase of materials, products and equipment manufactured by the Group, such as trucks and truck tail lifts, as detailed below:

#### A- Sales

The Company sold products and equipment manufactured by the Group, such as trucks and truck tail lifts, to CGS Bahrain for SAR 3,773,333 during the financial year ended 31 March 2024G.

#### B- Procurement

The Company purchased materials from CGS Bahrain in the amount of SAR 73,949 during the financial year ended 31 March 2024G.

#### C- Settlements:

- From CGS Bahrain to CGS Riyadh: Funds were transferred from CGS Bahrain to CGS Riyadh to settle outstanding balances related to purchases and other expenses.
- From CGS Jeddah to CGS Bahrain: Funds were transferred from CGS Jeddah to CGS Bahrain to settle outstanding balances related to purchases and other expenses.

Furthermore, the transactions with CGS Bahrain are considered Related Party transactions since they involve a Subsidiary of the Company, in accordance with the definition of a Related Party under the OSCOs. As such, these transactions must be disclosed within the Prospectus. However, such transactions do not require the approval of the General Assembly pursuant to Article 27 of the Companies Law.

The Company confirms that the transactions between the Company and its wholly owned Subsidiary were executed on an arm's length basis. These transactions also included the settlement of balances through fund transfers between CGS Bahrain and the Group.

### 12.5.2 Transactions with the Shareholders of the Company

As of 31/12/2024G, the Company has incurred expenses of SAR 336,481 on behalf of its Shareholders, namely, Darat Esmat Bin Abdul-Samad Al Saady Holding Company and GK Grünenfelder International AG. The Company has since ceased engaging in such transactions with its Shareholders and has recently adopted the necessary corporate governance policies and internal controls. All outstanding balances related to these transactions have been settled by the Shareholders. Specifically, the Company engaged in transactions with Darat Esmat Bin Abdul-Samad Al Saady Holding Company relating to the payment of shared employee expenses, with an outstanding balance amounting to SAR 22,709 as of the date of this Prospectus. In addition, the Company conducted transactions with GK Grünenfelder International AG relating to the payment of medical insurance and professional service expenses, with an outstanding balance of SAR 313,772 as of the date of this Prospectus.

These transactions are considered Related Party transactions, since they involve Substantial Shareholders of the Company, in accordance with the definition of a Related Party in the relevant regulations. However, such transactions do not require the approval of the General Assembly pursuant to Article 27 of the Companies Law.

## 12.6 Real Estate

### 12.6.1 Real Estate Owned by the Company

The Directors confirm that the Company does not own any real estate as of the date of this Prospectus.

### 12.6.2 Real Estate Leased by the Company

The Directors confirm that the Company does not lease any real estate as of the date of this Prospectus.

### 12.6.3 Real Estate Owned by Material Subsidiaries

#### A- CGS Riyadh

As of the date of this Prospectus, CGS Riyadh owns three real estate properties in the Kingdom. The following table sets out the details of the real estate owned by CGS Riyadh:

**Table (12.27): Real Estate Owned by CGS Riyadh**

| #  | Deed No.                                                      | Property Owner | Property Location                                                     | Purpose                       | Area (m <sup>2</sup> ) | Book Value as of 31 December 2024G (SAR) | Mortgage Status |
|----|---------------------------------------------------------------|----------------|-----------------------------------------------------------------------|-------------------------------|------------------------|------------------------------------------|-----------------|
| 1. | 330107041965 dated 22/04/1445H (corresponding to 06/12/2023G) | CGS Riyadh     | Plot No. 191, Al Khalidiyah Ash Shamaliyah, Dammam                    | A CGS Riyadh plant            | 2,987.6                | 4.3 million                              | Non-mortgaged   |
| 2. | 914001005149 dated 24/12/1444H (corresponding to 12/07/2023G) | CGS Riyadh     | Plot No. 144, Al Misfat, Riyadh                                       | A CGS Riyadh plant            | 7,895.52               | 12.7 million                             | Non-mortgaged   |
| 3. | 860001449098 dated 02/03/1446H (corresponding to 06/09/2024G) | CGS Riyadh     | Plots No. 198, 199, 200 and 202, Al Khalidiyah Ash Shamaliyah, Dammam | An area of a CGS Riyadh plant | 2,329.43               | 4.3 million                              | Non-mortgaged   |

Source: The Company

The Directors confirm that the Company does not own any other real estate as of the date of this Prospectus.

#### B- CGS Jeddah

The Directors confirm that CGS Jeddah does not own any real estate as of the date of this Prospectus.

### 12.6.4 Real Estate Leased by the Material Subsidiaries

#### A- CGS Riyadh

As of the date of this Prospectus, CGS Riyadh has entered into 14 lease agreements with a number of lessors. The following table sets out the details of the real estate leased by CGS Riyadh:

**Table (12.28): Real Estate Leased by CGS Riyadh**

| #  | Lessee     | Lessor           | Location                                      | Purpose                | Description                                                      | Effective Date of Lease                                                                  | Annual Rent (SAR) | Lease Term   |
|----|------------|------------------|-----------------------------------------------|------------------------|------------------------------------------------------------------|------------------------------------------------------------------------------------------|-------------------|--------------|
| 1. | CGS Riyadh | A natural person | Al Tufail Bin Malik Street, Al Khalij, Dammam | Employee accommodation | Two residential units with a total area of 209 m <sup>2</sup>    | 15/12/1446H (corresponding to 01/06/2025G) to 14/12/1447H (corresponding to 31/05/2026G) | 32,000            | One (1) year |
| 2. | CGS Riyadh | A natural person | New Industrial City, Riyadh                   | Employee accommodation | One residential building with a total area of 600 m <sup>2</sup> | 28/02/1446H (corresponding to 01/09/2024G) to 08/03/1447H (corresponding to 31/09/2025G) | 280,000           | One (1) year |

| #   | Lessee     | Lessor                                                             | Location                                                     | Purpose                                | Description                                                                                    | Effective Date of Lease                                                                  | Annual Rent (SAR) | Lease Term                         |
|-----|------------|--------------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|-------------------|------------------------------------|
| 3.  | CGS Riyadh | A natural person                                                   | Al-Kharj Road, Al Misfat, Riyadh                             | Warehouse                              | One warehouse unit with a total area of 1,800 m <sup>2</sup>                                   | 26/01/1446H (corresponding to 01/08/2024G) to 06/02/1447H (corresponding to 31/08/2025G) | 287,500           | One (1) year                       |
| 4.  | CGS Riyadh | A natural person                                                   | Ibn Al-Zahrawi Street, Al Amajiyah, Riyadh                   | Workshop to support plant operations   | Plot with a total area of 11,472.5 m <sup>2</sup>                                              | 02/06/1446H (corresponding to 03/12/2024G) to 22/06/1448H (corresponding to 02/12/2026G) | 368,000           | One (1) year                       |
| 5.  | CGS Riyadh | A natural person                                                   | Al Iskan, Riyadh                                             | Employee accommodation                 | One residential unit with a total area of 150 m <sup>2</sup>                                   | 12/10/1446H (corresponding to 10/04/2025G) to 21/10/1447H (corresponding to 09/04/2026G) | 56,000            | One (1) year                       |
| 6.  | CGS Riyadh | A natural person                                                   | Al Iskan, Riyadh                                             | Employee accommodation                 | One residential unit with a total area of 130 m <sup>2</sup>                                   | 12/10/1446H (corresponding to 10/04/2025G) to 21/10/1447H (corresponding to 09/04/2026G) | 56,000            | One (1) year                       |
| 7.  | CGS Riyadh | A natural person                                                   | Ibrahim Bin Abi Al-Yaman Al-Tabari Street, Al Misfat, Riyadh | Parking area                           | Plot with a total area of 5,000 m <sup>2</sup>                                                 | 25/12/1445H (corresponding to 01/07/2024G) to 05/01/1447H (corresponding to 30/06/2025G) | 287,500           | One (1) year                       |
| 8.  | CGS Riyadh | A natural person                                                   | Ibrahim Bin Abi Al-Yaman Al-Tabari Street, Al Misfat, Riyadh | Parking area                           | Plot with a total area of 5,000 m <sup>2</sup>                                                 | 25/12/1445H (corresponding to 01/07/2024G) to 05/01/1447H (corresponding to 30/06/2025G) | 345,000           | One (1) year                       |
| 9.  | CGS Riyadh | A legal person                                                     | Exit 16, Southeast Road, Al-Farouq, Riyadh                   | Parking area                           | Six office spaces with a total area of 929.44 m <sup>2</sup>                                   | 22/09/1445H (corresponding to 01/04/2024G) to 19/03/1451H (corresponding to 31/07/2029G) | 523,747.5         | Five (5) years and four (4) months |
| 10. | CGS Riyadh | Saudi Authority for Industrial Cities and Technology Zones (MODON) | New Industrial City, Al Kharj                                | The Group's headquarters (head office) | Industrial plot with a total area of 70,000 m <sup>2</sup>                                     | 17/01/1446H (corresponding to 23/07/2024G) to 16/01/1466H (corresponding to 18/12/2043G) | 140,001.78        | Twenty (20) years                  |
| 11. | CGS Riyadh | Saudi Authority for Industrial Cities and Technology Zones (MODON) | Riyadh 2nd Industrial City                                   | Plant <sup>(i)</sup>                   | Industrial plot for machinery manufacturing purposes with a total area of 4,965 m <sup>2</sup> | 22/09/1439H (corresponding to 06/06/2018G) to 21/09/1451H (corresponding to 25/01/2030G) | 19,860            | Twenty-two (22) years              |

| #   | Lessee     | Lessor                                                             | Location                   | Purpose                                                                                     | Description                                                                                    | Effective Date of Lease                                                                  | Annual Rent (SAR) | Lease Term                          |
|-----|------------|--------------------------------------------------------------------|----------------------------|---------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|-------------------|-------------------------------------|
| 12. | CGS Riyadh | Saudi Authority for Industrial Cities and Technology Zones (MODON) | Riyadh 2nd Industrial City | Plant                                                                                       | Industrial plot for machinery manufacturing purposes with a total area of 4,965 m <sup>2</sup> | 07/05/1440H (corresponding to 13/01/2019G) to 06/06/1451H (corresponding to 15/09/2029G) | 60,172            | Ten (10) years and eight (8) months |
| 13. | CGS Riyadh | A natural person                                                   | Riyadh                     | Space belonging to the Group's head office, leased due to the Group's advertising billboard | Billboard with a total area of 9.5 m <sup>2</sup>                                              | 02/08/1446H (corresponding to 01/02/2025G) to 19/03/1451H (corresponding to 31/07/2029G) | 149,555           | Four (4) years and five (5) months  |
| 14. | CGS Riyadh | A natural person                                                   | Dammam                     | Parking area                                                                                | Commercial plot with a total area of 3,141 m <sup>2</sup>                                      | 01/07/1446H (corresponding to 01/01/2025G) to 01/07/1447H (corresponding to 31/12/2025G) | 287,500           | One (1) year                        |

(1) This plant is still under construction as of the date of this Prospectus.

Source: The Company

## B- CGS Jeddah

As of the date of this Prospectus, CGS Jeddah has entered into three lease agreements with Saudi Authority for Industrial Cities and Technology Zones (MODON). The following table sets out the details of the real estate leased by CGS Jeddah:

**Table (12.29): Real Estate Leased by CGS Jeddah**

| #  | Lessee     | Lessor                                                             | Location                   | Purpose                | Description                                                                                                     | Effective Date of Lease                                                                  | Annual Rent (SAR) | Lease Term          |
|----|------------|--------------------------------------------------------------------|----------------------------|------------------------|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|-------------------|---------------------|
| 1. | CGS Jeddah | Saudi Authority for Industrial Cities and Technology Zones (MODON) | Jeddah 1st Industrial City | Plant                  | Industrial plot with a total area of 6,264 m <sup>2</sup>                                                       | 21/06/1440H (corresponding to 26/02/2019G) to 20/06/1460H (corresponding to 23/07/2038G) | 31,320            | Twenty (20) years   |
| 2. | CGS Jeddah | Saudi Authority for Industrial Cities and Technology Zones (MODON) | Jeddah 1st Industrial City | Plant                  | Industrial plot designated for the procurement of chemical materials, with a total area of 2,826 m <sup>2</sup> | 21/06/1440H (corresponding to 26/02/2019G) to 20/06/1460H (corresponding to 23/07/2038G) | 14,130            | Twenty (20) years   |
| 3. | CGS Jeddah | Saudi Authority for Industrial Cities and Technology Zones (MODON) | Jeddah 1st Industrial City | Employee accommodation | Residential plot with a total area of 816 m <sup>2</sup>                                                        | 25/05/1443H (corresponding to 29/12/2021G) to 24/05/1463H (corresponding to 25/05/2041G) | 32,640            | Eighteen (18) years |

Source: The Company

## 12.7 Intangible Assets

### 12.7.1 Trademarks

#### A- The Company

As of the date of this Prospectus, the Directors confirm that there are no trademarks registered in the Company's name.

#### B- CGS Riyadh

CGS Riyadh has registered one trademark in the Kingdom. To operate and market their services, the Company and its Subsidiaries rely on the Company's trademarks. Therefore, if the Company fails to protect these trademarks or is forced to take the necessary legal action to protect them, this could have a material adverse effect on its ability to use them, which would affect its business and results of operations (for further details regarding the relevant risks, please refer to Section 2.1.15 **"Risks Related to Protection of the Group's Intellectual Property Rights"** of this Prospectus). The following table sets out the key particulars of CGS Riyadh's registered trademark:

**Table (12.30): Key Particulars of CGS Riyadh's Registered Trademark:**

| #  | Trademark                                                                          | Country of Registration | Registration No. | Protection Commencement Date                  | Protection Expiration Date                    | Category |
|----|------------------------------------------------------------------------------------|-------------------------|------------------|-----------------------------------------------|-----------------------------------------------|----------|
| 1. |  | Kingdom of Saudi Arabia | 1436000637       | 11/01/1446H<br>(corresponding to 17/07/2024G) | 11/01/1456H<br>(corresponding to 01/04/2034G) | 11       |

Source: The Company

#### C- CGS Jeddah

As of the date of this Prospectus, the Directors confirm that there are no trademarks registered in CGS Jeddah's name.

### 12.7.2 Website Domain Names

The Group has registered a single website domain name which it utilizes in the conduct of its business activities. The following table sets out the particulars of this domain name:

**Table (12.31): Key Particulars of Domain Names Registered by the Group**

| #  | Domain Name | Owner      | Status    | Expiration Date                            |
|----|-------------|------------|-----------|--------------------------------------------|
| 1. | cgs.com.sa  | CGS Jeddah | Effective | 09/07/1447H (corresponding to 29/12/2025G) |

Source: The Company

## 12.8 Insurance

### 12.8.1 The Company

As of the date of this Prospectus, the Directors confirm that there are no insurance policies registered in the Company's name.

### 12.8.2 CGS Riyadh

CGS Riyadh maintains insurance policies covering the various types of risks associated with its activities. The following table sets out the key particulars of the insurance policies maintained by CGS Riyadh:

**Table (12.32): Insurance Policies Maintained by CGS Riyadh**

| #  | Type of Coverage             | Insurer                         | Policy No.             | Coverage Expiration Date                   | Value of the Insured/Maximum Insurance Coverage                                                                                                                                                                                                              |
|----|------------------------------|---------------------------------|------------------------|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | General Liability            | Walaa Cooperative Insurance Co. | P-C 10-24-50010-010089 | 12/10/1447H (corresponding to 31/03/2026G) | General liability with respect to the insured's statutory liability to third parties for death, bodily injury and loss or damage to its property, including statutory costs and expenses arising from or related to the insured's operations and profession. |
| 2. | Fidelity Guarantee Insurance | Walaa Cooperative Insurance Co. | P-C 10-24-602-010084   | 12/10/1447H (corresponding to 31/03/2026G) | SAR 3,800,000                                                                                                                                                                                                                                                |
| 3. | Group Life Insurance         | Walaa Cooperative Insurance Co. | P-C 10-25-608-203964   | 12/10/1447H (corresponding to 31/03/2026G) | SAR 2,000,000 (up to 65 years)                                                                                                                                                                                                                               |
| 4. | Marine Cargo Insurance       | Walaa Cooperative Insurance Co. | P-C 10-24-101-002650   | 12/10/1447H (corresponding to 31/03/2026G) | The foundational clauses related to cargo, land transit and shipment terms, as well as risks arising from war and strikes.                                                                                                                                   |
| 5. | Financial Insurance          | Walaa Cooperative Insurance Co. | P-C 10-24-601-010113   | 12/10/1447H (corresponding to 31/03/2026G) | SAR 3,000,000 per vessel                                                                                                                                                                                                                                     |
| 6. | General Motor Insurance      | Walaa Cooperative Insurance Co. | P-C 10-25-310-212626   | 12/10/1447H (corresponding to 31/03/2026G) | Total amount of SAR 10,000,000                                                                                                                                                                                                                               |
| 7. | General Motor Insurance      | Walaa Cooperative Insurance Co. | P-C 10-25-310-002626   | 02/10/1446H (corresponding to 31/03/2026G) | General and limited liability relating to third-party liability                                                                                                                                                                                              |
| 8. | Workers' Compensation        | Walaa Cooperative Insurance Co. | P-C 10-24-60710-010087 | 12/10/1447H (corresponding to 31/03/2026G) | Workers' compensation – full coverage and employer's liability                                                                                                                                                                                               |
| 9. | Group Medical Insurance      | Tawuniya                        | 44552216               | 12/10/1447H (corresponding to 31/03/2026G) | Inpatient and outpatient medical coverage                                                                                                                                                                                                                    |

Source: The Company

### 12.8.3 CGS Jeddah

CGS Jeddah maintains insurance policies covering the different types of risks associated with its activities. The following table sets out the key particulars of the insurance policies maintained by CGS Jeddah:

**Table (12.33): Insurance Policies Maintained by CGS Jeddah**

| #  | Type of Coverage        | Insurer  | Policy No. | Coverage Expiration Date                   | Value of the Insured/Maximum Insurance Coverage |
|----|-------------------------|----------|------------|--------------------------------------------|-------------------------------------------------|
| 1. | Group Medical Insurance | Tawuniya | 44552216   | 12/10/1447H (corresponding to 31/03/2026G) | Inpatient and outpatient medical coverage       |

Source: The Company

## 12.9 Litigation and Claims

Except as disclosed in this section, the Directors confirm that, as of the date of this Prospectus, the Company is not party to any judicial dispute, arbitration or administrative proceeding that may individually or collectively have an adverse impact on its financial position and results of operations. Moreover, the Directors confirm that they are not aware of any lawsuits or claims threatened to be filed.

### 12.9.1 Commercial Litigation and Claims

#### A- The Company

As of the date of this Prospectus, the Directors confirm that no commercial litigation and claims have been initiated by or against the Company.

#### B- CGS Riyadh

As of the date of this Prospectus, no claims have been initiated against CGS Riyadh. The following table provides a summary of the commercial litigation and claims initiated by CGS Riyadh that are pending before the Execution Court:

**Table (12.34): Summary of Commercial Litigation and Claims Initiated by CGS Riyadh Pending Before the Execution Court as of the Date of this Prospectus**

| #  | Plaintiff  | Defendant      | Dispute Summary                                                                                                                                | Status                                                                                                          | Value of Claim (SAR) |
|----|------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|----------------------|
| 1. | CGS Riyadh | A legal person | A claim filed by the Company against the defendant to recover the costs incurred in connection with the procurement and purchase of equipment. | Executive decision issued by the Execution Court in favor of the plaintiff, which is currently under execution. | 572,430              |
| 2. | CGS Riyadh | A legal person | A claim filed by the Company against the defendant to recover the costs incurred in connection with the procurement and purchase of equipment. | Executive decision issued by the Execution Court in favor of the plaintiff, which is currently under execution. | 379,104              |

Source: The Company

#### C- CGS Jeddah

As of the date of this Prospectus, no claims have been initiated against CGS Jeddah. The following table provides a summary of the commercial litigation and claims initiated by CGS Jeddah that are pending before the Execution Court:

**Table (12.35): Summary of Commercial Litigation and Claims Initiated by CGS Jeddah Pending Before the Execution Court as of the Date of this Prospectus**

| #  | Plaintiff  | Defendant        | Dispute Summary                                                                                                                      | Status                                                                          | Value of Claim (SAR) |
|----|------------|------------------|--------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|----------------------|
| 1. | CGS Jeddah | A natural person | A claim filed by the plaintiff seeking payment of SAR 1,297,252.91 from the defendant due to a breach of supply service obligations. | A judgment was issued in favor of the Company and is currently under execution. | 1,297,252.91         |

Source: The Company

**D- CGS Bahrain**

As of the date of this Prospectus, no claims have been initiated by CGS Bahrain. The following table provides a summary of the commercial litigation and claims initiated against CGS Bahrain that are pending before the Execution Court:

**Table (12.36): Summary of Commercial Litigation and Claims Initiated by CGS Bahrain Pending Before the Execution Court as of the Date of this Prospectus**

| #  | Plaintiff   | Defendant      | Dispute Summary                                                                                                                                        | Status                                                                                                                                                            | Value of Claim             |
|----|-------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| 1. | CGS Bahrain | A legal person | A claim filed by the plaintiff seeking payment of BHD 127,766 (in addition to costs) from the defendant due to a breach of supply service obligations. | The Supreme Court of Appeal issued a judgment favor of the defendant. The plaintiff subsequently filed an appeal before the Court of Cassation in December 2024G. | BHD 127,766 <sup>(i)</sup> |

(i) Equivalent to SAR 1,270,927.99.

Source: The Company

## 12.9.2 Labor Litigation and Claims

**A- The Company**

As of the date of this Prospectus, the Directors confirm that no labor litigation and claims have been initiated by or against the Company.

**B- CGS Riyadh**

As of the date of this Prospectus, no claims have been initiated by CGS Riyadh. The following table provides a summary of the labor litigation and claims initiated against CGS Riyadh that are pending before the Execution Court:

**Table (12.37): Summary of Labor Litigation and Claims Initiated Against CGS Riyadh Pending Before the Execution Court as of the Date of this Prospectus**

| #  | Plaintiff        | Defendant  | Dispute Summary                                                                                 | Status                                                                                                                       | Value of Claim (SAR) |
|----|------------------|------------|-------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|----------------------|
| 1. | A natural person | CGS Riyadh | A claim filed by the plaintiff against the defendant, seeking payment of 22 days' unpaid wages. | The court rendered a preliminary judgment in favor of the plaintiff, obligating the defendant to settle the full amount due. | 2,970                |

Source: The Company

**C- CGS Jeddah**

As of the date of this Prospectus, the Directors confirms that no labor litigation and claims have been initiated by or against CGS Jeddah.



## 12.10 Description of the Rights of Shareholders

### 12.10.1 Voting Rights

Each Shareholder shall have a vote for every share they represent in the General Assemblies. Cumulative voting shall be used to elect the Board of Directors.

### 12.10.2 Entitlement to Dividends

Shareholders shall be entitled to dividends pursuant to a resolution issued by the General Assembly. The resolution shall indicate the record date and the distribution date. Shareholders registered in the Shareholders' Register by the end of the day on the record date shall be entitled to dividends. The Board shall implement the General Assembly's resolution regarding the distribution of dividends to Shareholders.

### 12.10.3 Redemption or Share Buy-back

Pursuant to Article 114 of the Companies Law, the Company may purchase or sell its ordinary, preferred or redeemable shares and may also accept them as a pledge, in accordance with the relevant regulations issued by the competent authority. Shares purchased by the Company shall not carry any voting rights in Shareholders' Assemblies. The Company may purchase its shares for the purpose of allocating them to its employees as part of an employee share ownership scheme in accordance with the controls issued by the competent authority.

### 12.10.4 Rights to Surplus Assets upon Liquidation or Dissolution

Pursuant to Article 255 of the Companies Law, the surplus shall be distributed among the Shareholders in proportion to their shares in the share capital, unless the Company's Bylaws provide otherwise.

### 12.10.5 Approvals Necessary for the Amendment of Voting Rights

The Company's Bylaws should be amended in order to effect changes to voting rights and the voting mechanism in General Assemblies. In accordance with Article 85 of the Companies Law, the Bylaws may be amended by the Extraordinary General Assembly. Meetings of the Extraordinary General Assembly shall not be valid unless attended by Shareholders representing at least 50% of the Company's share capital. If this quorum is not met, a second meeting shall be held one hour after the end of the period set for the first meeting, provided that the invitation for the first meeting states the possibility of holding a second meeting. If the invitation does not refer to the second meeting, an invitation shall be sent for a second meeting to be held under the same conditions stipulated in Article 30 of the Company's Bylaws. In all cases, the second meeting shall be deemed valid if attended by Shareholders representing at least a quarter of the Company's voting shares.

# UNDERWRITING



## 13. UNDERWRITING

The Selling Shareholders, the Company and the Underwriter (Aljazira Capital) entered into an underwriting agreement on 25/05/1447H (corresponding to 16/11/2025G) (the “**Underwriting Agreement**”), pursuant to which the Underwriter has agreed, subject to certain conditions contained in the Underwriting Agreement, to fully underwrite the Offering of thirty million (30,000,000) ordinary shares. The name and address of the Underwriter are set out below:

### 13.1 Name and Address of the Underwriter

**Aljazira Capital**

King Fahd Road

P.O. Box 20438, Riyadh 11455

Kingdom of Saudi Arabia

Tel: +966 11 225 6000

Fax: +966 22 560 6811

Website: [www.aljaziracapital.com.sa](http://www.aljaziracapital.com.sa)

Email: [IPO@aljaziracapital.com.sa](mailto:IPO@aljaziracapital.com.sa)



### 13.2 Summary of the Underwriting Agreement

Under the terms and subject to the conditions contained in the Underwriting Agreement:

- a- The Selling Shareholders undertake to the Underwriter that, on the first business day after allocation of the Offer Shares following the end of the Offering Period, they shall:
  - 1- sell and allocate the Offer Shares to the Individual Investors or Participating Parties whose application for Offer Shares was accepted by the Receiving Agents, in line with the final allocation; and
  - 2- sell and allocate to the Underwriter the Offer Shares that were not subscribed for by Individual Investors or Participating Parties pursuant to the Offering.
- b- The Underwriter undertakes to the Selling Shareholders that it will purchase any Offer Shares that are not subscribed for by Individual Investors or Participating Parties, as set out below.

**Table (13.1): Underwritten Shares**

| Underwriter      | Number of Offer Shares Underwritten | Percentage of Offer Shares Underwritten |
|------------------|-------------------------------------|-----------------------------------------|
| Aljazira Capital | 30,000,000                          | 100%                                    |

Source: The Company

The Company and Selling Shareholders have committed to satisfy all provisions of the Underwriting Agreement.

### 13.3 Underwriting Costs

The Selling Shareholders will pay to the Underwriter an underwriting fee based on the total value of the Offering, along with all Offering-related expenses and costs.



# OFFERING EXPENSES



## 14. OFFERING EXPENSES

The Selling Shareholders shall bear all expenses and costs associated with the Offering, which are estimated at approximately twenty-two million Saudi Riyals (SAR 22,000,000). This figure includes the fees of each of the Financial Advisor, Lead Manager, Underwriter, Bookrunners, Legal Advisor, Auditor, Market Consultant, Financial Due Diligence Advisor and Receiving Agents, in addition to marketing, printing, distribution, translation and other Offering-related expenses. The expenses will be deducted from the proceeds of the Offering, and the Company will not bear any costs associated with the Offering.



# THE COMPANY'S POST-LISTING UNDERTAKINGS



## 15. THE COMPANY'S POST-LISTING UNDERTAKINGS

Following Listing, the Company undertakes to:

- Notify the CMA of the date on which the first General Assembly will be held following Listing so a representative thereof may attend.
- Submit transactions and contracts in which a Director has a direct or indirect interest for authorization by the General Assembly (in accordance with the Companies Law, the Corporate Governance Regulations, and the Implementing Regulation of the Companies Law), provided that the interested Director is prohibited from voting on the relevant resolution whether at the level of the Board or the General Assembly.
- Immediately after Listing, comply with all mandatory provisions set out in the Corporate Governance Regulations.
- Fill out Form 8 (regarding the observance of the Corporate Governance Regulations) and provide the relevant justifications if it fails to meet any of the requirements set out in the Corporate Governance Regulations.
- Immediately after Listing, comply with all the articles of the Listing Rules in relation to the Company's continuing obligations.

Accordingly, following admission to Listing, the Directors undertake to:

- Record all resolutions and deliberations in written meeting minutes signed by the Chairman and Secretary.
- Disclose the details of any Related Party transactions in accordance with the Companies Law and the Corporate Governance Regulations and notify the Board of any direct or indirect interest they may have in the transactions and contracts entered into by the Company, provided that this notification is be recorded in the minutes of the Board meeting.
- Call an Extraordinary General Assembly meeting to update the Company's Bylaws within three months following the Listing, including the updates necessary to align the Bylaws with the Companies Law, the Corporate Governance Regulations issued by the CMA, and all other applicable laws and regulations within the prescribed statutory period.

# WAIVERS





## 16. WAIVERS

The Company has not applied to the CMA for any waivers from any regulatory requirements.

# SUBSCRIPTION TERMS AND CONDITIONS



## 17. SUBSCRIPTION TERMS AND CONDITIONS

The Company has submitted an application to the CMA for the registration and offer of the securities and an application for the listing of the shares on the Exchange in accordance with the OSCOs and the Listing Rules. All Subscribers must carefully read the Subscription Terms and Conditions before completing the Subscription Application Form. Signing the Subscription Application Form and delivering it to a Receiving Agent or the Bookrunners or submitting the Subscription Application electronically through the websites or digital channels of the Receiving Agents is deemed to be acceptance and approval of the Subscription Terms and Conditions.

### 17.1 Subscription to the Offer Shares

The Offering consists of thirty million (30,000,000) ordinary shares, with a fully-paid up nominal value of one Saudi Riyal (SAR 1) per share, at an Offer Price of ten Saudi Riyals (SAR 10). The Offer Shares represent 30% of the Company's share capital, with the total value of the Offering amounting to three hundred million Saudi Riyals (SAR 300,000,000). Note that the Offering to Individual Investors and Listing of the Company's shares thereafter is subject to the successful subscription by Participating Parties for all Offer Shares. The Offering shall be canceled if the Offering is not fully subscribed during this period. The CMA also has the right to suspend the Offering if, after its approval of this Prospectus and before registration and admission to listing of the shares on the Exchange, a material adverse change occurs impacting the Company's operations.

The Offering is restricted to the following two tranches of investors as follows:

**Tranche (A): Participating Parties:** This tranche comprises the parties entitled to participate in the book building process as specified under the Book Building Instructions (for further details, please refer to Section 1 "**Definitions and Abbreviations**" of this Prospectus). The number of Offer Shares to be initially allocated to Participating Parties is thirty million (30,000,000) Offer Shares, representing 100% of the total Offer Shares. In the event that Individual Subscribers (as defined in Tranche (B) below) subscribe for all of the Offer Shares allocated thereto, the Financial Advisor, in coordination with the Company, shall have the right to reduce the number of shares allocated to Participating Parties to a minimum of twenty-four million (24,000,000) Offer Shares, representing 80% of the total Offer Shares. The number and percentage of the Offer Shares to be allocated to Participating Parties will be determined by the Financial Advisor in coordination with the Company, using the discretionary allocation mechanism. It is possible that certain Participating Parties will not be allocated any Offer Shares, as deemed appropriate by the Company and the Financial Advisor.

**Tranche (B): Individual Subscribers:** This tranche comprises Saudi Arabian natural persons, including any divorced or widowed Saudi woman with minor children from a marriage to a non-Saudi individual, who can subscribe for her benefit in their names provided that she proves that she is divorced or widowed and the mother of her minor children, GCC nationals, any foreign natural person who is resident in the KSA or used to be a resident in the KSA or any of GCC, in each case who have an investment account and active portfolio with one of the Receiving Agents and are allowed to open an investment account with a Capital Market Institution. Subscription by a person in the name of his divorcee shall be deemed invalid, and if it is established that a transaction of this nature has occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. A maximum of six million (6,000,000) Offer Shares, representing 20% of the total Offer Shares, will be allocated to Individual Subscribers. If Individual Subscribers do not subscribe for all of the Offer Shares allocated thereto, the Financial Advisor, in coordination with the Company, may reduce the number of shares allocated to them in proportion to the number of shares for which they subscribed.

### 17.2 Offering Period

Two (2) days, commencing on Wednesday, 05/06/1447H (corresponding to 26/11/2025G) and ending on Thursday, 06/06/1447H (corresponding to 27/11/2025G).

## 17.3 Subscription Terms and Method for Each Category of Target Investors

### 17.3.1 Book Building for Participating Parties

- a- The Financial Advisor, in coordination with the Company, shall determine the price range for the purposes of book building, which will be made available to all Participating Parties, using the discretionary allocation mechanism. It is possible that certain Participating Parties will not be allocated any Offer Shares, as deemed appropriate by the Financial Advisor, in coordination with the Company.
- b- Participating Parties must submit applications to participate in the book building process by filling out Bid Forms, which can be obtained from the Bookrunners. Participating Parties may amend or cancel their requests at any time during the book building period, provided that said requests are amended by submitting a modified Bid Form or an appended Bid Form (where applicable) prior to the determination of the Offer Price, which will take place prior to the commencement of the Offering Period. The number of Offer Shares subscribed for by each of the Participating Parties shall not be less than one hundred thousand (100,000) shares, and no more than four million, nine hundred and ninety-nine thousand, nine hundred and ninety-nine (4,999,999) shares. With respect to public funds only, the number of Offer Shares subscribed for shall not exceed the maximum limit for each participating public fund determined in accordance with the Book Building Instructions. The number of shares applied for must be allocatable. No fictitious or exaggerated applications may be submitted for the purpose of obtaining a larger allocation. Participating Parties must also possess the financial capacity to cover the full value of the shares applied for. The Bookrunners shall notify Participating Parties of the Offer Price and the number of Offer Shares initially allocated thereto. Subscriptions by Participating Parties shall commence during the Offering Period, which also includes Individual Subscribers, in accordance with the Subscription Terms and Conditions as detailed in the Subscription Application Forms.
- c- Upon completion of the book building process for Participating Parties, the Financial Advisor will announce the subscription rate by Participating Parties.
- d- The Financial Advisor and the Company shall have the power to determine the Offer Price based on the forces of supply and demand, provided that it does not exceed the price set out in the Underwriting Agreement and is in accordance with the tick size applied by the Exchange.

### 17.3.2 Subscription by Individual Subscribers

Every Individual Subscriber must subscribe for a minimum number of ten (10) and a maximum of two hundred and fifty thousand (250,000) Offer Shares. Subscription Application Forms may not be amended or withdrawn upon submission.

Individual Subscribers who wish to subscribe for the Offer Shares must submit their subscription applications electronically through the websites or digital platforms of the Receiving Agents that provide this service, or through any other method made available by the Receiving Agents, through which Individual Subscribers can subscribe for the Company's shares during the Offering Period.

Subscription Application Forms will be available through the Receiving Agents during the Offering Period. Subscription Application Forms must be completed in accordance with the instructions mentioned below. Individual Subscribers can also subscribe through the internet, telephone banking or ATMs of any of the Receiving Agents' branches that offer any or all such services to its clients, provided that the following requirements are satisfied:

- the Individual Subscriber, including non-Saudis or GCC nationals, has an investment account and an active portfolio with a Receiving Agent that provides such services; and
- there have been no changes in the personal information or data of the Individual Subscriber (removal or addition of a family member) since he/she last participated in a recent initial public offering.

Individual Subscribers may obtain a copy of this Prospectus through the websites of the following Receiving Agents (copies of the Prospectus are also available on the websites of the CMA, the Financial Advisor and the Company):

## Receiving Agents

**Aljazira Capital**

King Fahd Branch Road, Al Rahmaniya District  
P.O. Box 20438, Riyadh 11455  
Kingdom of Saudi Arabia  
Tel: +966 11 225 6000  
Fax: +966 11 225 6182  
Email: [contactus@aljaziracapital.com.sa](mailto:contactus@aljaziracapital.com.sa)  
Website: [www.aljaziracapital.com.sa](http://www.aljaziracapital.com.sa)

**BSF Capital**

King Saud Road - Al Maather  
P.O. Box 56006  
Riyadh 11554  
Kingdom of Saudi Arabia  
Tel: +966 11 289 9999  
Fax: +966 11 282 6823  
Website: [www.alfransi.com.sa](http://www.alfransi.com.sa)  
Email: [Communications@AlFransi.com.sa](mailto:Communications@AlFransi.com.sa)

**Al Rajhi Capital**

Head Office, King Fahd Road, Al Muruj District  
P.O. Box 5561, Riyadh 12263  
Kingdom of Saudi Arabia  
Tel: +966 92 000 5856  
Fax: +966 11 460 0625  
Email: [InvestmentBankingTeam@alrajhi-capital.com](mailto:InvestmentBankingTeam@alrajhi-capital.com)  
Website: [www.alrajhi-capital.com](http://www.alrajhi-capital.com)

**SNB Capital**

Building No. 7347, King Saud Street, Al Murabba District  
P.O. Box 2575, Riyadh 12624  
Kingdom of Saudi Arabia  
Tel: +966 11 92 000 0232  
International Call Center: +966 11 4060052  
Email: [snbcm@alahlicapital.com.sa](mailto:snbcm@alahlicapital.com.sa)  
Website: [www.alahlicapital.com](http://www.alahlicapital.com)

**Riyad Capital**

Unit No. 69, 2414 Al Shohda Dist.  
P.O. Box 13241, Riyadh 7279  
Kingdom of Saudi Arabia  
Tel: +966 11 4865649  
Fax: +966 11 4865908  
Email: [ask@riyadcapital.com](mailto:ask@riyadcapital.com)  
Website: [www.riyadcapital.com](http://www.riyadcapital.com)

**Albilad Investment Company**

King Fahd Road, Al Olaya, Riyadh 12313-3701  
Kingdom of Saudi Arabia  
Tel: +966 11 92 000 3636  
Fax: +966 11 290 6299  
Email: [investmentbanking@albilad-capital.com](mailto:investmentbanking@albilad-capital.com)  
Website: [www.albilad-capital.com](http://www.albilad-capital.com)



## Receiving Agents

**Alistithmar for Financial Securities and Brokerage Company**

King Fahd Road, Riyadh  
 Kingdom of Saudi Arabia  
 P.O. Box 6888, Postal Code 11452  
 Tel: +966 11 254 7666  
 Fax: +966 11 489 6253  
 Email: WebEcare@icap.com.sa  
 Website: www.alistithmarcapital.com

الاستثمار كابيتال  
 Alistithmar Capital

**Derayah Financial**

Third Floor, Prestige Center, Al Takhassousi Street, Riyadh  
 Kingdom of Saudi Arabia  
 Tel: +966 11 299 8000  
 Fax: +966 11 419 5498  
 Email: support@derayah.com  
 Website: www.derayah.com

**Alinma Capital**

Al Anoud Tower 2, King Fahd Road  
 P.O. Box 55560, Riyadh 11544  
 Kingdom of Saudi Arabia  
 Tel: +966 11 218 5999  
 Fax: +966 11 218 5970  
 Email: info@alinmainvest.com  
 Website: www.alinmainvestment.com

الإنماء المالية  
 alinma capital

**ANB Capital**

ANB Capital Building, King Faisal Street  
 Kingdom of Saudi Arabia  
 P.O. Box 220009, Riyadh 11311  
 Tel: +966 11 406 2500  
 Fax: +966 11 406 2548  
 Email: investment.banking@anbcapital.com.sa  
 Website: www.anbcapital.com.sa

anbcapital

**Yaqeen Capital**

Al Worood District, Al Olaya Street  
 P.O. Box 884, Riyadh 11421  
 Kingdom of Saudi Arabia  
 Tel: +966 800 429 8888  
 Fax: +966 11 205 4827  
 Email: addingvalue@yaqeen.sa  
 Website: www.yaqeen.sa

يقين  
 Yaqeen

**Alkhabeer Capital**

Madinah Road, Jeddah  
 P.O. Box 128289, Jeddah 21362  
 Kingdom of Saudi Arabia  
 Tel: +966 12 612 9345  
 Fax: +966 12 685 6663  
 Email: info@alkhabeer.com  
 Website: www.alkhabeer.com

الخبير المالية  
 Alkhabeer Capital



## Receiving Agents

**SAB Invest**

Olaya Main Street  
P.O. Box 1467, Riyadh 11431  
Kingdom of Saudi Arabia  
Tel: 800 124 2442  
Fax: +966 12 216 9102  
Email: [customer@sabinvest.com](mailto:customer@sabinvest.com)  
Website: [www.sabinvest.com](http://www.sabinvest.com)

**Sahm Capital**

Building 305, King Abdullah Financial District  
Riyadh 13519  
Kingdom of Saudi Arabia  
Tel: +966 11 414 5260  
Email: [Info@sahmcapital.com](mailto:Info@sahmcapital.com)  
Website: [www.sahmcapital.com](http://www.sahmcapital.com)

**GIB Capital**

Building No. B1, Granada Business and Residential Park  
Eastern Ring Road  
P.O. Box 89589, Riyadh 11692  
Kingdom of Saudi Arabia  
Tel: +966 800 124 0121  
Fax: +966 11 834 8400  
Email: [www.gibcapital.com](http://www.gibcapital.com)  
Website: [customer@gibcapital.com](mailto:customer@gibcapital.com)

**Musharaka Capital**

Prince Turkey Street, Alkurnaish,  
Al Khobar 34413,  
Kingdom of Saudi Arabia,  
Tel: +966 92000 6811  
Fax: +966 13 881 8412  
Email: [receiving-entity@musharaka.sa](mailto:receiving-entity@musharaka.sa)  
Website: [www.musharaka.sa](http://www.musharaka.sa)

**EFG Hermes KSA**

Third Floor, Northern Tower, Sky Towers,  
King Fahd Road, Al Olaya, Riyadh  
P.O. Box 300189, Riyadh 11372  
Kingdom of Saudi Arabia  
Tel: +966 11 2938048  
Fax: +966 11 2938032  
Email: [ksareipo@efg-hermes.com](mailto:ksareipo@efg-hermes.com)  
Website: [www.efghermesksa.com](http://www.efghermesksa.com)

**Awaed Alosool Capital**

AlUrubah Road 2163, AlMathar Ash Shamali 12334,  
Home Offices, Riyadh,  
Saudi Arabia  
Tel: 8001111870  
Email: [ipo\\_awaed@awaed.co](mailto:ipo_awaed@awaed.co)  
Website: [www.awaed.capital](http://www.awaed.capital)





The Receiving Agents will commence receiving Subscription Application Forms on Wednesday, 05/06/1447H (corresponding to 26/11/2025G) until Thursday, 06/06/1447H (corresponding to 27/11/2025G).

Individual Subscribers who wish to subscribe for the Offer Shares must submit subscription applications electronically through the websites or digital channels of the Receiving Agents that provide this service, or through any other method made available by the Receiving Agents through which Individual Subscribers can subscribe for the Company's shares during the Offering Period. Each Subscriber is required to specify the number of Offer Shares applied for, and the total subscription amount will be equal to the number of Offer Shares applied for multiplied by the Offer Price of ten Saudi Riyals (SAR 10) per share.

Subscriptions for less than ten (10) Offer Shares or fractional shares will not be accepted. Increments are to be made in multiples of said number, while the maximum number of Offer Shares that can be applied for is two hundred and fifty thousand (250,000) Offer Shares.

Each Subscriber must fulfill and complete all subscription requirements set forth in this Prospectus and agree to all related terms and conditions. The Company and the Lead Manager reserve the right to reject any subscription application, in whole or in part, if any of the Subscription Terms and Conditions are not met or if the relevant instructions are not followed. The Subscription Application Form may not be amended or withdrawn once submitted, except with the approval of the Lead Manager. Such form, once completed, shall represent a legally binding agreement between the Company, the Selling Shareholders and the relevant Subscriber.

## 17.4 Allocation of Offer Shares and Refund of Excess Subscription Monies

The Bookrunners, Lead Manager and Receiving Agents shall open and operate an escrow account for the purpose of depositing and holding subscription monies collected from Participating Parties and Receiving Agents (on behalf of Individual Subscribers). Receiving Agents shall deposit all amounts received from the Individual Subscribers into the aforementioned escrow account.

The Lead Manager and Receiving Agents, as applicable, will notify the Subscribers of the final number of Offer Shares allocated thereto together with the amounts to be refunded. Excess subscription monies, if any, will be refunded to the Subscribers in whole without any deductions or fees and will be deposited in the Subscribers' accounts specified in the Subscription Application Forms. Announcement of the final allocation and refund of subscription monies will be made no later than Thursday, 13/06/1447H (corresponding to 04/12/2025G). Subscribers should communicate with the Lead Manager or the branch of the Receiving Agent where they submitted their Subscription Application Form, as applicable, for any further information.

### 17.4.1 Allocation of Offer Shares to Participating Parties

The Financial Advisor shall allocate the Offer Shares to Participating Parties as it deems appropriate, in coordination with the Company, using the discretionary allocation mechanism, following the allocation of the Offer Shares to Individual Subscribers. The number of Offer Shares that will initially be allocated to Participating Parties shall not be less than thirty million (30,000,000) ordinary shares, representing 100% of the Offer Shares, and the final allocation to Participating Parties shall not be less than twenty-four million (24,000,000) ordinary shares, representing 80% of the Offer Shares.

### 17.4.2 Allocation of Offer Shares to Individual Subscribers

A maximum of six million (6,000,000) ordinary shares, representing 20% of the total Offer Shares, will be allocated to Individual Subscribers. The minimum allocation per Individual Subscriber is ten (10) shares, while the maximum allocation per Individual Subscriber is two hundred and fifty thousand (250,000) Offer Shares. The balance of the Offer Shares (if any) will be allocated pro-rata based on the number of Offer Shares applied for by each Individual Subscriber to the total Offer Shares applied for. If the number of Individual Subscribers exceeds six hundred thousand (600,000), the Company will not guarantee the minimum allocation. In such case, the Offer Shares will be allocated as the Financial Advisor deems appropriate, in coordination with the Company, using the discretionary allocation mechanism. Excess subscription monies, if any, will be refunded to Individual Subscribers without any commissions or deductions being withheld by the Receiving Agents.



## 17.5 Circumstances Where the Listing May Be Suspended or Canceled

### 17.5.1 Power to Suspend or Cancel the Listing

- a- The CMA may suspend share trading or cancel the Listing at any time as it deems fit, in any of the following circumstances:
  - 1- The CMA considers it necessary to protect investors or to maintain an orderly market.
  - 2- The Company fails, in a manner which the CMA considers material, to comply with Capital Market Law, its Implementing Regulations, or the Exchange Rules.
  - 3- The Company fails to pay any fees due to the CMA or the Exchange or any fines due to the CMA on time.
  - 4- The CMA deems that the Company or its business, level of operations or assets are no longer suitable for the continued listing of the shares on the Exchange.
  - 5- When a reverse takeover announcement does not contain sufficient information about the proposed transaction. If the Company announces sufficient information regarding the target and the CMA is satisfied, following the Company's announcement that there will be sufficient information available to the public regarding the proposed reverse takeover, the CMA may decide not to suspend trading at this stage.
  - 6- When information regarding a proposed reverse takeover is leaked and the Company cannot accurately assess its financial position and the Exchange cannot be informed accordingly.
  - 7- When an application for the financial restructuring of the Company is registered with the court under the Bankruptcy Law, if its accumulated losses reach 50% or more of its share capital.
  - 8- When a request for liquidation proceedings or the administrative liquidation of the Company is registered with the court under the Bankruptcy Law.
  - 9- Upon the issuance of a final court judgment terminating the financial restructuring and initiating the administrative liquidation of the Company under the Bankruptcy Law.
  - 10- Upon the issuance of a final court judgment initiating the liquidation or the administrative liquidation of the Company before the court under the Bankruptcy Law.
- b- The Exchange shall suspend the trading of the Company's securities in any of the following cases:
  - 1- When the Company does not comply with the deadlines for the disclosure of its periodic financial information within the periods specified in the OSCOs.
  - 2- When the Auditor's report on the Company's financial statements contains an adverse opinion or a disclaimer of opinion, until the adverse opinion or disclaimer of opinion is resolved.
  - 3- If the liquidity requirements in Parts 2 and 8 of the Listing Rules are not satisfied within the time limit set by the Exchange for the Company to rectify its status, unless the CMA agrees otherwise.
  - 4- Upon the issuance of a resolution by the Company's Extraordinary General Assembly to reduce its share capital, for the two trading days following the issuance of such resolution.
- c- The Exchange shall lift the suspension referred to in Sub-paragraphs (1) and (2) above after the lapse of one trading session following the resolution of the matter that caused the suspension. In the event that over-the-counter trading of the Company's shares is permitted, the Exchange shall lift the suspension within a period not exceeding five (5) trading sessions following the removal of the reason for the suspension.
- d- The Exchange may, at any time, propose that the CMA suspends the trading of any listed security or cancels the listing thereof if it believes that any of the cases mentioned in Paragraph (a) above is likely to occur.
- e- If the Company's securities are subject to a trading suspension, it must continue to abide by the Capital Market Law, its Implementing Regulations, and the Exchange Rules.
- f- In the event that the listing suspension continues for six (6) months with no appropriate procedure taken by the Company to correct such suspension, the CMA may cancel the Company's listing.
- g- Upon the Company's completion of a reverse takeover, the Company's shares shall be de-listed. If the Company wishes to re-list its shares, it shall submit a new application for registration and admission to listing in accordance with the requirements stipulated in the OSCOs.
- h- This paragraph does not prejudice the suspension of trading or cancellation of listing resulting from the Company's losses based on the relevant implementing regulations and the Exchange Rules.

### 17.5.2 Voluntary Cancellation of Listing

- a- Once its securities have been listed on the Exchange, the Company may not cancel the listing of its securities without the prior approval of the CMA. To obtain CMA approval, the Company must submit a cancellation request to the CMA along with a simultaneous notice to the Exchange. The request must include the following:
  - 1- the specific reasons for the cancellation request;
  - 2- a copy of the disclosure referred to in Paragraph (d) below;
  - 3- a copy of the relevant documentation and a copy of each related communication to Shareholders if the cancellation is to take place as a result of a takeover or other corporate action by the Company; and
  - 4- the names and contact information of the financial and legal advisors appointed according to the OSCOs.
- b- The CMA may, at its discretion, approve or reject the cancellation request.
- c- The Company must obtain the consent of the Extraordinary General Assembly for the cancellation of the Listing after obtaining the CMA's approval.
- d- Where listing cancellation is made at the Company's request, the Company must disclose the same to the public as soon as possible. The disclosure must include, at a minimum, the reason for the cancellation, the nature of the event resulting in the cancellation, and the extent to which it affects the Company's activities.

### 17.5.3 Temporary Trading Suspension

- a- The Company may request a temporary trading suspension from the Exchange if an event occurs during trading hours that requires immediate disclosure under the Capital Market Law, its Implementing Regulations or the Exchange Rules, and the Company cannot maintain the confidentiality of this information until the end of the trading period. The Exchange will suspend trading of the Company's securities immediately upon receipt of such request.
- b- When trading is temporarily suspended at the Company's request, the Company must disclose to the public as soon as possible the reason for the suspension, its anticipated period, the nature of the event that caused it, and the extent to which it affects the Company's activities.
- c- The CMA may impose a temporary trading suspension without a request from the Company if the CMA becomes aware of information or circumstances affecting the Company's activities that the CMA considers likely to interrupt the operation of the Exchange or jeopardize the protection of investors. If its securities are subject to a temporary trading suspension, the Company must continue to comply with the Capital Market Law, its Implementing Regulations and the Exchange Rules.
- d- A temporary trading suspension will be lifted following the lapse of the period referred to in the disclosure specified in Paragraph (b) above, unless the CMA or the Exchange decides otherwise.
- e- The Exchange may propose that the CMA exercise its authorities under Paragraph (c) above if it finds that there are information or circumstances that may affect the Issuer's activities and that are likely to interrupt the operation of the Exchange or jeopardize the protection of investors.

### 17.5.4 Lifting of Suspension

A trading suspension imposed under Paragraph (a) of Section 17.5.1 **"Power to Suspend or Cancel the Listing"** of this Prospectus may be lifted based on the following:

- a- Adequate addressal of the conditions that led to the suspension and the lack of the need to continue the suspension to protect investors.
- b- The lifting of suspension being unlikely to affect the normal activity of the Exchange.
- c- The Company's compliance with any other conditions that the CMA may require.

In the event that the listing suspension continues for six (6) months with no appropriate procedure taken by the Company to correct such suspension, the CMA may cancel the Company's listing.

## 17.6 Resolutions and Approvals for the Offering

The approvals and resolutions for the Offering of the Offer Shares are as follows:

- a- The Company's Board of Directors' resolution recommending to the General Assembly approval of the Offering, dated 10/06/1446H (corresponding to 11/12/2024G).
- b- The General Assembly's approval of the Offering, dated 10/06/1446H (corresponding to 11/12/2024G).
- c- The CMA's approval of the application for the registration and offer of the shares for public subscription, dated 29/12/1446H (corresponding to 25/06/2025G).
- d- The conditional approval of Saudi Tadawul Group for the listing, dated 08/12/1446H (corresponding to 04/06/2025G).

## 17.7 Lock-up Period

The Substantial Shareholders may not dispose of their shares for a period of six (6) months from the date on which trading of the Offer Shares commences on the Exchange. Following the Lock-up Period, the Substantial Shareholders may dispose of their shares without the prior approval of the CMA.

## 17.8 Subscription Undertakings

By completing and submitting the Subscription Application Form, each Subscriber:

- a- Agrees to subscribe to the number of Offer Shares specified in the Subscription Application Form.
- b- Warrants that he/she has read and carefully examined this Prospectus and understood all its content.
- c- Accepts the Company's Bylaws and all Offering instructions and terms mentioned in this Prospectus and the Subscription Application Form and subscribes for the Offer Shares accordingly.
- d- Declares that neither himself/herself nor any of his/her family members included in the Subscription Application Form have previously subscribed for any shares and that the Company has the right to reject any or all duplicate applications.
- e- Accepts the number of Offer Shares allocated to him/her (to the maximum of the amount subscribed for) under the Subscription Application Form.
- f- Warrants not to cancel or amend the application after submitting it to the Lead Manager or Receiving Agent.

## 17.9 Share Register and Trading Arrangements

The Depository Center shall keep a Shareholders' Register containing their names, nationalities, addresses, professions, the shares held by each of them and the amounts paid for these shares.

## 17.10 Saudi Exchange (Tadawul)

In 1990G, full electronic trading of equities in the Kingdom was introduced. Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. Trading in shares occurs on the Tadawul system through a fully integrated trading system covering the entire trading process, from execution of the trade transaction through settlement thereof. Trading occurs on each business day of the week between 10:00 a.m. and 3:00 p.m. from Sunday to Thursday, during which orders are executed. Outside these times, orders can be entered, amended or canceled from 9:30 a.m. to 10:00 a.m. These times change during the month of Ramadan as announced by Tadawul. Transactions take place through the automatic matching of orders. Each valid order is generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders placed at a price limit), provided that, if several orders are generated at the same price, they are executed according to the time of entry. Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website and Tadawul Information Link, which supplies trading data in real time to information providers such as Reuters. Exchange transactions are settled on a T+2 basis, i.e., share ownership transfer takes place two working days after the trade transaction is executed.

Listed companies are required to disclose all material decisions and information of importance to investors via Tadawul. Surveillance and monitoring is the responsibility of the Exchange as the operator of the market to ensure fair-trading and an orderly market.

## 17.11 Securities Depository Center Company (Edaa)

The Securities Depository Center Company (Edaa) was established in 2016G as a closed joint-stock company with a share capital of four hundred million Saudi Riyals (SAR 400,000,000) divided into forty million (40,000,000) shares with a nominal value of ten Saudi Riyals (SAR 10) per share and is fully owned by the Saudi Exchange Group (Tadawul). Edaa was incorporated based on the CMA Board's approval of the request of Tadawul Board to convert the Securities Depository Center into a joint-stock company in accordance with the Capital Market Law. The principal activities of Edaa are to conduct businesses related to depositing, registering, transferring, settling and clearing securities, as well as recording any ownership restrictions on deposited securities. Further, Edaa deposits and manages the records of the issuers of securities and organizes issuers' general assemblies, including remote voting services (e-Voting), reporting, notifications, and information, as well as providing other related services that Edaa may decide to provide in accordance with the Capital Market Law and its Implementing Regulations.

## 17.12 Trading of the Company's Shares

Trading of the shares is expected to commence after finalization of the allocation process and the announcement of the commencement date of trading of the Company's shares. Saudi nationals, non-Saudi nationals holding valid residency permits in the Kingdom, GCC nationals, and Saudi and GCC companies, banks and investment funds will be permitted to trade in the shares once they are traded on the Exchange. Moreover, QFIs will be permitted to trade the shares in accordance with the Rules for Foreign Investment in Securities. Foreign Investors will also have the right to invest indirectly to acquire economic benefits in the shares by entering into SWAP agreements with a Capital Market Institution licensed by the CMA, subject to the relevant applicable laws and instructions, and to purchase and trade in the shares listed on the Exchange on behalf of non-GCC Foreign Investors. It should be noted that under the SWAP agreements, the authorized persons shall be deemed the legal owners of the shares.

The Offer Shares can only be traded after the allocated shares have been credited to Subscribers' accounts at Tadawul, the Company has been registered and its shares listed on the Exchange. Pre-trading in shares is strictly prohibited and Subscribers entering into any pre-trading activities will be acting at their own risk. The Company and the Substantial Shareholders shall bear no legal responsibility in connection with pre-trading activities.

## 17.13 Miscellaneous

The Subscription Application Form and all related terms, conditions and covenants shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs. Neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto may be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions and terms and the receipt of any Subscription Application Forms or related contracts shall be governed, construed and enforced in accordance with the laws of the Kingdom of Saudi Arabia.

This Prospectus has been released in both the Arabic and English. The Arabic version is the only one approved by the CMA. In the event of a discrepancy between the English and the Arabic text, the Arabic text of this Prospectus shall prevail.

The distribution of this Prospectus and the sale of the Offer Shares in any jurisdiction other than the Kingdom are expressly prohibited, except for foreign financial institutions, subject to the applicable laws and directives. This Offering does not constitute an offer to sell or solicitation of an offer to purchase securities in any jurisdiction where such act would be unlawful. Recipients of this Prospectus are required to inform themselves of all regulatory restrictions relevant to the Offer Shares and the sale of the Offer Shares and to observe all such restrictions.

Subject to the requirements of the OSCOs, the Company must submit a supplementary prospectus to the CMA if, at any time after the publication of this Prospectus and before the end of the Offering, the Company becomes aware that: (i) there has been a significant change in material matters mentioned in this Prospectus or any document required under the OSCOs or Listing Rules; or (ii) any significant issues have arisen that should have been included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events, or otherwise. As a result of the above and other risks, assumptions and uncertainties, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Prospective investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

# DOCUMENTS AVAILABLE FOR INSPECTION



## 18. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at New Industrial City, P.O. Box 35800, Postal Code 11383, Riyadh, between 9:00 a.m. and 5:00 p.m. from Wednesday, 07/05/1447H (corresponding to 29/10/2025G) until Thursday, 06/06/1447H (corresponding to 27/11/2025G), for a period of no less than twenty (20) days prior to the end of the Offering Period:

- a- The CMA's approval of the application for the registration and Offering, dated 29/12/1446H (corresponding to 25/06/2025G).
- b- Saudi Tadawul Group's conditional approval of the Listing, dated 08/12/1446H (corresponding to 04/06/2025G).
- c- The Company's Board resolution recommending that the General Assembly approve the Offering, dated 10/06/1446H (corresponding to 11/12/2024G).
- d- The Company's General Assembly resolution approving the Offering, dated 10/06/1446H (corresponding to 11/12/2024G).
- e- The Company's Bylaws.
- f- The Company's Articles of Association, along with any amendments thereto.
- g- The Company's commercial registration certificate issued by the MoC.
- h- The audited consolidated financial statements of the Company for the financial years ended 31 March 2022G, 2024G, and 2025G, and the Company's restated audited consolidated financial statements for the year ended 31 March 2023G, together with the accompanying notes on each.
- i- The unaudited interim condensed consolidated financial statements for the nine-month period ended 31 December 2024G, together with the accompanying notes thereto.
- j- The unaudited consolidated financial statements of the Company for the three-month period ended 30 June 2025G, together with the accompanying notes thereto.
- k- The Market Study prepared by the Market Consultant.
- l- All other reports, letters, documents, estimates of value and statements prepared by any expert wholly or partly included or referred to in the Prospectus.
- m- The contracts and agreements disclosed in Section 12.4 "**Material Agreements**" and Section 12.5 "**Agreements and Transactions with Related Parties**" of this Prospectus.
- n- Letters of consent from:
  - 1- the Financial Advisor, Lead Manager, Bookrunners and Underwriter, Aljazira Capital, for the inclusion of its name and logo within this Prospectus;
  - 2- the Bookrunner, Arqam Capital Financial Company for the inclusion of its name and logo within this Prospectus;
  - 3- the Legal Advisor, the Law Firm of Latham & Watkins, for the inclusion of its name, logo and statement within this Prospectus;
  - 4- the Financial Due Diligence Advisor, PricewaterhouseCoopers (Public Accountants), for the inclusion of its name, logo and statement within this Prospectus;
  - 5- the Auditor (Ernst & Young Professional Services (Professional LLC)) to the inclusion of its name, logo and reports within this Prospectus; and
  - 6- the Market Consultant (Euromonitor International PLC) for the inclusion of its name, logo and statements within this Prospectus.
- o- The Underwriting Agreement.



# FINANCIAL STATEMENTS AND AUDITOR'S REPORTS



## 19. FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

This section contains the audited consolidated financial statements for the financial years ended 31 March 2022G, 2024G and 2025G, the restated audited consolidated financial statements for the financial year ended 31 March 2023G, along with the accompanying notes thereto, as well as the unaudited interim condensed consolidated financial statements for the nine-month period ended 31 December 2024G, the three-month period ended 30 June 2025G and the six-month period ended 30 September 2025G, together with the accompanying notes thereto.



**CONSOLIDATED GRUENENFELDER  
SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**31 MARCH 2022**



Ernst & Young Professional Services (Professional LLC)  
Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)  
Head Office  
Al Faisaliah Office Tower, 14<sup>th</sup> Floor  
King Fahad Road  
P.O. Box 2732  
Riyadh 11461  
Kingdom of Saudi Arabia

C.R. No. 1010383821  
Tel: +966 11 215 9898  
+966 11 273 4740  
Fax: +966 11 273 4730  
[ey.ksa@sa.ey.com](mailto:ey.ksa@sa.ey.com)  
[ey.com](http://ey.com)

**INDEPENDENT AUDITOR'S REPORT  
TO THE PARTNERS OF CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)**

**Opinion**

We have audited the consolidated financial statements of Consolidated Gruenfelder Saady Holding Company - A Mixed Limited Liability Company (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 March 2022, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and the fair presentation of the consolidated financial statements in accordance with IFRSs that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by SOCPA and the provisions of the Companies law and the Company's Articles of Association and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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



**INDEPENDENT AUDITOR'S REPORT  
TO THE PARTNERS OF CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY) (CONTINUED)**

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

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of these consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



**INDEPENDENT AUDITOR'S REPORT  
TO THE PARTNERS OF CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY) (CONTINUED)**

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

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

for Ernst & Young Professional Services

Saud A. Altamimi  
Certified Public Accountant  
License No. 650

Riyadh: 3 Rabi I 1444H  
(29 September 2022)



CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

|                                                |              | <b>31 March<br/>2022<br/>SR</b> | <b>31 March<br/>2021<br/>SR</b> |
|------------------------------------------------|--------------|---------------------------------|---------------------------------|
|                                                | <i>Notes</i> |                                 |                                 |
| <b>ASSETS</b>                                  |              |                                 |                                 |
| <b>NON-CURRENT ASSETS</b>                      |              |                                 |                                 |
| Property plant & equipment                     | 5            | <b>21,239,197</b>               | 16,766,253                      |
| Intangible asset                               | 6            | <b>242,602</b>                  | 457,448                         |
| Right of use asset                             | 16           | <b>2,687,756</b>                | 2,298,406                       |
| Deferred tax asset                             | 15           | <b>3,920,330</b>                | 3,604,041                       |
| <b>TOTAL NON-CURRENT ASSETS</b>                |              | <b>28,089,885</b>               | 23,126,148                      |
| <b>CURRENT ASSETS</b>                          |              |                                 |                                 |
| Inventories                                    | 7            | <b>52,996,346</b>               | 42,409,818                      |
| Advance tax                                    | 15           | <b>-</b>                        | 1,777,260                       |
| Prepayments and other current assets           | 9            | <b>8,674,356</b>                | 7,434,984                       |
| Trade receivables                              | 8            | <b>44,206,116</b>               | 27,793,843                      |
| Amounts due from related parties               | 12           | <b>993,320</b>                  | 261,023                         |
| Cash and cash equivalents                      | 10           | <b>38,921,581</b>               | 18,110,461                      |
| <b>TOTAL CURRENT ASSETS</b>                    |              | <b>145,791,719</b>              | 97,787,389                      |
| <b>TOTAL ASSETS</b>                            |              | <b>173,881,604</b>              | 120,913,537                     |
| <b>EQUITY AND LIABILITIES</b>                  |              |                                 |                                 |
| <b>EQUITY</b>                                  |              |                                 |                                 |
| Share capital                                  | 1            | <b>1,000,000</b>                | 1,000,000                       |
| Additional capital contribution                | 23           | <b>41,766,539</b>               | 30,031,155                      |
| Statutory reserve                              |              | <b>300,000</b>                  | 61,907                          |
| Retained earnings                              |              | <b>14,209,346</b>               | 557,160                         |
| <b>TOTAL EQUITY</b>                            |              | <b>57,275,885</b>               | 31,650,222                      |
| <b>LIABILITIES</b>                             |              |                                 |                                 |
| <b>NON-CURRENT LIABILITIES</b>                 |              |                                 |                                 |
| Employees' defined benefit liabilities         | 11           | <b>15,198,316</b>               | 13,605,833                      |
| Lease liabilities                              | 16           | <b>1,634,406</b>                | 1,466,825                       |
| <b>TOTAL NON-CURRENT LIABILITIES</b>           |              | <b>16,832,722</b>               | 15,072,658                      |
| <b>CURRENT LIABILITIES</b>                     |              |                                 |                                 |
| Lease liability – current portion              | 16           | <b>778,524</b>                  | 621,663                         |
| Trade payable                                  |              | <b>41,884,512</b>               | 43,213,038                      |
| Amounts due to related parties                 | 12           | <b>13,858,075</b>               | 10,153,635                      |
| Accrued expenses and other current liabilities | 13           | <b>18,090,790</b>               | 12,718,424                      |
| Contract liabilities                           | 14           | <b>21,989,885</b>               | 7,115,297                       |
| Provision for zakat and income tax             | 15           | <b>3,171,211</b>                | 368,600                         |
| <b>TOTAL CURRENT LIABILITIES</b>               |              | <b>99,772,997</b>               | 74,190,657                      |
| <b>TOTAL LIABILITIES</b>                       |              | <b>116,605,719</b>              | 89,263,315                      |
| <b>TOTAL EQUITY AND LIABILITIES</b>            |              | <b>173,881,604</b>              | 120,913,537                     |

The accompanying notes 1 to 28 form integral part of these consolidated financial statements.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES

(A MIXED LIMITED LIABILITY COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER

COMPREHENSIVE INCOME

For the year ended 31 March 2022

|                                                                                             |              | <i>For the year<br/>ended 31<br/>March 2022</i> | <i>For the<br/>period from 6<br/>September<br/>2020 to 31<br/>March 2021</i> |
|---------------------------------------------------------------------------------------------|--------------|-------------------------------------------------|------------------------------------------------------------------------------|
|                                                                                             | <i>Notes</i> | <i>SR</i>                                       | <i>SR</i>                                                                    |
| Revenue                                                                                     | 17           | 227,236,654                                     | 9,092,724                                                                    |
| Cost of revenue                                                                             | 18           | (181,895,442)                                   | (7,793,602)                                                                  |
| <b>GROSS PROFIT</b>                                                                         |              | <b>45,341,212</b>                               | <b>1,299,122</b>                                                             |
| General and administrative expenses                                                         | 19           | (11,792,621)                                    | (526,108)                                                                    |
| Selling and distribution expenses                                                           | 20           | (5,343,375)                                     | (216,730)                                                                    |
| Reversal of impairment allowance on trade receivables                                       | 8            | 1,994,675                                       | 181,633                                                                      |
| <b>OPERATING PROFIT</b>                                                                     |              | <b>30,199,891</b>                               | <b>737,917</b>                                                               |
| Finance cost                                                                                |              | (338,942)                                       | (18,025)                                                                     |
| Other income                                                                                | 21           | 4,601,316                                       | 30,243                                                                       |
| <b>PROFIT BEFORE ZAKAT AND INCOME TAX</b>                                                   |              | <b>34,462,265</b>                               | <b>750,135</b>                                                               |
| Zakat                                                                                       | 15           | (893,744)                                       | (31,589)                                                                     |
| Income tax                                                                                  | 15           | (3,019,134)                                     | (80,708)                                                                     |
| Deferred tax                                                                                | 15           | (461,017)                                       | (12,770)                                                                     |
| <b>PROFIT FOR THE YEAR</b>                                                                  |              | <b>30,088,370</b>                               | <b>625,068</b>                                                               |
| <b>OTHER COMPREHENSIVE INCOME</b>                                                           |              |                                                 |                                                                              |
| <b>Items that will not be reclassified to profit or loss</b>                                |              |                                                 |                                                                              |
| Remeasurement gains (losses) on employees' end-of-service benefits                          | 11           | 503,409                                         | (6,668)                                                                      |
| Deferred tax effect on actuarial gain (loss) on remeasurement of defined benefit obligation | 15           | (50,341)                                        | 667                                                                          |
| <b>TOTAL OTHER COMPREHENSIVE INCOME / (LOSS)</b>                                            |              | <b>453,068</b>                                  | <b>(6,001)</b>                                                               |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                                              |              | <b>30,541,438</b>                               | <b>619,067</b>                                                               |

The accompanying notes 1 to 28 form integral part of these consolidated financial statements.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

|                                                                  |              | <i>For the year<br/>ended 31<br/>March 2022</i> | <i>For the<br/>period from<br/>6 September<br/>2020 to 31<br/>March 2021</i> |
|------------------------------------------------------------------|--------------|-------------------------------------------------|------------------------------------------------------------------------------|
|                                                                  | <i>Notes</i> | <i>SR</i>                                       | <i>SR</i>                                                                    |
| <b>OPERATING ACTIVITIES</b>                                      |              |                                                 |                                                                              |
| Profit before zakat and income tax                               |              | 34,462,265                                      | 750,135                                                                      |
| Adjustments for:                                                 |              |                                                 |                                                                              |
| Depreciation of property plant and equipment                     | 5            | 3,263,973                                       | 135,932                                                                      |
| Amortization of intangible assets                                | 6            | 325,964                                         | 12,263                                                                       |
| Depreciation of right of use assets                              | 16           | 654,685                                         | 38,513                                                                       |
| Interest on lease liabilities                                    | 16           | 142,980                                         | 6,714                                                                        |
| Gains from disposal of property, plant and equipment             |              | (92,278)                                        | -                                                                            |
| (Reversal) / Provision for slow moving inventories               | 7            | (209,882)                                       | 169,268                                                                      |
| Reversal of impairment allowance on trade receivables            | 8            | (1,994,675)                                     | (181,633)                                                                    |
| Provision for defined benefit obligation – employees' benefit    | 11           | 2,006,130                                       | 76,792                                                                       |
|                                                                  |              | <u>38,559,162</u>                               | <u>1,007,984</u>                                                             |
| Changes in operating assets and liabilities:                     |              |                                                 |                                                                              |
| Trade receivables                                                |              | 6,581,453                                       | 356,389                                                                      |
| Inventories                                                      |              | (2,436,292)                                     | 5,488                                                                        |
| Prepayments and other current assets                             |              | (634,075)                                       | 174,756                                                                      |
| Contract liabilities                                             |              | 8,383,933                                       | 174,756                                                                      |
| Trade payables                                                   |              | (2,894,976)                                     | 174,757                                                                      |
| Accrued expenses and other current liabilities                   |              | (81,809)                                        | 174,757                                                                      |
| Amounts due from related parties                                 |              | (732,297)                                       | 204,399                                                                      |
| Amounts due to related parties                                   |              | (593,598)                                       | 273,796                                                                      |
| Net cash generated from operations                               |              | <u>46,151,501</u>                               | <u>2,547,082</u>                                                             |
| Zakat and income tax paid                                        | 15           | (1,835,409)                                     | -                                                                            |
| Defined benefit obligation – employees' benefit paid             | 11           | (3,206,694)                                     | -                                                                            |
| <b>Net cash generated from operating activities</b>              |              | <u>41,109,398</u>                               | <u>2,547,082</u>                                                             |
| <b>INVESTING ACTIVITIES</b>                                      |              |                                                 |                                                                              |
| Acquisition of subsidiary - net of cash acquired                 |              | 727,865                                         | 14,563,379                                                                   |
| Lease liability payment                                          |              | (915,132)                                       | -                                                                            |
| Purchase of property and equipment                               | 5            | (3,524,426)                                     | -                                                                            |
| Purchase of intangible assets                                    | 6            | (71,290)                                        | -                                                                            |
| Proceeds from disposal of property and equipment                 |              | 135,864                                         | -                                                                            |
| <b>Net cash generated from investing activities</b>              |              | <u>(3,647,119)</u>                              | <u>14,563,379</u>                                                            |
| <b>FINANCING ACTIVITIES</b>                                      |              |                                                 |                                                                              |
| Issue of share capital                                           |              | -                                               | 1,000,000                                                                    |
| Dividend paid                                                    |              | (16,651,159)                                    | -                                                                            |
| <b>Net cash (used in) generated from financing activities</b>    |              | <u>(16,651,159)</u>                             | <u>1,000,000</u>                                                             |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                 |              | <u>20,811,120</u>                               | <u>18,110,461</u>                                                            |
| Cash and cash equivalents at the beginning of the year / period  |              | <u>18,110,461</u>                               | <u>-</u>                                                                     |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR / PERIOD</b> |              | <u>38,921,581</u>                               | <u>18,110,461</u>                                                            |
| <b>Non-cash transactions:</b>                                    |              |                                                 |                                                                              |
| Net assets acquired in a business combination                    | 23           | 11,735,384                                      | 30,031,155                                                                   |

The accompanying notes 1 to 28 form integral part of these consolidated financial statements.



**CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March 2022

|                                           | <i>Share capital<br/>SR</i> | <i>Additional capital<br/>contribution<br/>SR</i> | <i>Statutory reserve<br/>SR</i> | <i>Retained<br/>earnings<br/>SR</i> | <i>Total equity<br/>SR</i> |
|-------------------------------------------|-----------------------------|---------------------------------------------------|---------------------------------|-------------------------------------|----------------------------|
| Issuance of share capital                 | 1,000,000                   |                                                   |                                 |                                     | 1,000,000                  |
| Additional capital contribution (note 23) | -                           | 30,031,155                                        | -                               | -                                   | 30,031,155                 |
| Profit for the period                     | -                           | -                                                 | -                               | 625,068                             | 625,068                    |
| Other comprehensive loss for the period   | -                           | -                                                 | -                               | (6,001)                             | (6,001)                    |
| Total comprehensive income for the period | -                           | -                                                 | -                               | 619,067                             | 619,067                    |
| Transfer to statutory reserve             | -                           | -                                                 | 61,907                          | (61,907)                            | -                          |
| Balance at 31 March 2021                  | 1,000,000                   | 30,031,155                                        | 61,907                          | 557,160                             | 31,650,222                 |
| Additional capital contribution (note 23) | -                           | 11,735,384                                        | -                               | -                                   | 11,735,384                 |
| Profit for the year                       | -                           | -                                                 | -                               | 30,088,370                          | 30,088,370                 |
| Other comprehensive income for the year   | -                           | -                                                 | -                               | 453,068                             | 453,068                    |
| Total comprehensive income for the year   | -                           | -                                                 | -                               | 30,541,438                          | 30,541,438                 |
| Dividends (note 24)                       | -                           | -                                                 | -                               | (16,651,159)                        | (16,651,159)               |
| Transfer to statutory reserve             | -                           | -                                                 | 238,093                         | (238,093)                           | -                          |
| <b>Balance at 31 March 2022</b>           | <b>1,000,000</b>            | <b>41,766,539</b>                                 | <b>300,000</b>                  | <b>14,209,346</b>                   | <b>57,275,885</b>          |

The accompanying notes 1 to 28 form integral part of these consolidated financial statements.

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES (A MIXED LIMITED LIABILITY COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2022

### 1 CORPORATE INFORMATION AND ACTIVITIES

Consolidated Gruenfelder Saady Holding Company and its subsidiaries (the "Company") is a Mixed Limited Liability Company formed under the Regulations for Companies in the Kingdom of Saudi Arabia under Commercial Registration Number 1010651887 on 18 Muharram 1442H, corresponding to 06 September 2020.

The principal activity of the Company is to own controlling interest in a group of subsidiaries and corporations.

The Company's registered office is located at:  
Consolidated Gruenfelder Saady Holding Company P.O Box 358  
Riyadh 11383  
Kingdom of Saudi Arabia

The Company's fiscal year commences from the month of April each year and ends in March each year.

On 17 March 2021, the Company acquired 100% shareholding of Coldstores Group of Saudi Arabia against purchase consideration of SR 30 million, through a share transfer agreement among the joint owners of the two entities. The acquisition is treated as transaction under common control since the Company and Coldstores Group of Saudi Arabia are ultimately controlled by the same shareholders.

On 20 December 2021, the Company acquired 100% shareholding of Consolidated Gruenfelder Saady Company against purchase consideration of SR 11.7 million, through a share transfer agreement among the joint owners of the two entities. The acquisition is treated as transaction under common control since the Company and Consolidated Gruenfelder Saady Company are ultimately controlled by the same shareholders.

The share capital of the Company at 31 March 2022 is SAR 1 million divided into 10,000 shares of SAR 100 each. The shareholding structure of the Company as at 31 March 2022 and 31 March 2021 is as follows:

#### 31 March 2022 and 31 March 2021

| Name of the shareholder                              | No. of shares | Percentage | Total capital SR |
|------------------------------------------------------|---------------|------------|------------------|
| GK Gruenfelder International AG                      | 5,000         | 50%        | 500,000          |
| Darat Esmat Bin Abdul-Samad Al Saady Holding Company | 5,000         | 50%        | 500,000          |
|                                                      | 10,000        | 100%       | 1,000,000        |

These consolidated financial statements include the financial position and performance of the Company and its following subsidiaries ('collectively referred to as Group'):

| Subsidiary                             | Country of incorporation | Principal activities                           | Date of acquisition | Effective holding |      |
|----------------------------------------|--------------------------|------------------------------------------------|---------------------|-------------------|------|
|                                        |                          |                                                |                     | 2022              | 2021 |
| Coldstores Group of Saudi Arabia       | Kingdom of Saudi Arabia  | Sale of refrigeration bodies and cooling units | 17 March 2021       | 100%              | 100% |
| Consolidated Gruenfelder Saady Company | Kingdom of Saudi Arabia  | Sale of refrigeration bodies and cooling units | 20 December 2021    | 100%              | -    |

### 2 BASIS OF PREPARATION AND CONSOLIDATION

#### Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"); as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements as endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"), (collectively referred as "IFRS as endorsed in KSA"). The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES (A MIXED LIMITED LIABILITY COMPANY)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 March 2022

## 2 BASIS OF PREPARATION AND CONSOLIDATION (CONTINUED)

### 2.1 BASIS OF PREPARATION

#### Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for defined benefit obligation – employees' benefit that are measured at present value using projected unit credit method.

#### Functional and presentation currency

These consolidated financial statements are presented in Saudi Riyals ("SR") which is the functional and presentation currency of the Group. All amounts have been rounded to the nearest SR, unless otherwise indicate.

### 2.2 BASIS OF CONSOLIDATION

These consolidated financial statements comprise the assets, liabilities and the results of operations of the Group. Subsidiaries are entities that are controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- the contractual arrangement with other vote holders of the investee;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the equity holders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES (A MIXED LIMITED LIABILITY COMPANY)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 March 2022

## 2 BASIS OF PREPARATION AND CONSOLIDATION (CONTINUED)

### 2.2 BASIS OF CONSOLIDATION (CONTINUED)

#### *Changes in ownership interest in subsidiaries*

Changes in Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). In such circumstances the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the shareholder of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. Retained investment is recorded at fair value.

## 3 SIGNIFICANT ACCOUNTING POLICIES

### (a) Significant accounting policies

#### 3.1. *Property, plant and equipment*

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Capital work in progress represents all costs relating directly or indirectly to the projects in progress and will be accounted for under relevant category of property and equipment upon completion.

The cost less estimated residual value of other items of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets. Following is the estimated useful lives of class of assets.

|                              | <u>Years</u> |
|------------------------------|--------------|
| Building on leasehold land   | 10 – 20      |
| Building on free hold land   | 20           |
| Plant and machinery          | 8            |
| Tools and computer equipment | 4            |
| Furniture and fixture        | 4 -10        |
| Motor vehicles               | 5            |

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 March 2022

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(a) Significant accounting policies (continued)**

**3.2. Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognized in the consolidated statement of profit or loss in the period in which the expenditure is incurred.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in the consolidated statement of profit or loss as incurred.

**Software**

Computer software licenses purchased from third parties are initially recorded at cost. Costs directly associated with the production of internally developed software, where it is probable that the software will generate future economic benefits, are recognized as intangible assets. Computer software licenses are amortized over 3 to 4 years.

**3.3. Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Group as a lessee**

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

**i) Right-of-use assets**

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

**ii) Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
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(A MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 March 2022

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(a) Significant accounting policies (continued)**

**3.3. Leases (continued)**

*iii) Short-term leases and leases of low-value assets*

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

**3.4. Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Allowance for obsolescence are maintained for any obsolete inventories.

**3.5. Cash and cash equivalents**

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consists of bank balances, cash on hand and short-term deposits that are readily convertible into known amounts of cash and have maturities of three months or less when purchased.

**3.6. Financial instruments**

*Initial recognition*

The Group records financial asset or a financial liability in its consolidated statement of financial position when, and only when, it becomes party to the contractual provisions of the instrument.

At initial recognition, financial assets or financial liabilities are measured at their fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. In the case of financial assets or financial liabilities not at fair value through profit or loss, its fair value including transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability is the initial recognition amount.

*Classification*

The Group classifies its financial assets under the following categories:

- Fair value through profit or loss (FVTPL);
- Fair value through other comprehensive income (FVTOCI); and
- Amortised cost.

These classifications are on the basis of business model of the Group for managing the financial assets, and contractual cash flow characteristics.

The Group measures financial asset at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 March 2022

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (a) Significant accounting policies (continued)

##### 3.6. Financial instruments (Continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group classifies all non-derivative financial liabilities as subsequently measured at amortised cost using the effective interest rate method except for financial liabilities at fair value through profit or loss.

The Group designates a non-derivative financial liability at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistency or where a group of financial liabilities is managed and its performance is evaluated on a fair value basis.

##### *Derecognition*

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

##### *Offsetting of financial instruments*

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

##### **Impairment**

###### *Financial assets*

The Group recognizes loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at fair value through profit or loss (FVPL):

- financial assets that are debt instruments;
- trade receivables and contract assets;
- lease receivables;
- financial guarantee contracts issued; and
- loan commitments issued.



CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 March 2022

**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(a) Significant accounting policies (Continued)**

**3.6. Financial instruments (Continued)**

***Impairment (continued)***

***Financial assets (continued)***

No impairment loss is recognised on equity investments. The Group measures impairment allowances either using the general or simplified approach as considered appropriate.

Under the general approach, the Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Under the simplified approach, impairment allowances are always measured at an amount equal to lifetime ECL. The Group applies the simplified approach to measure the ECL on trade receivables. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD)
- Loss given default (LGD)
- Exposure at default (EAD)

The Group categorizes its financial assets into following three stages:

- Stage 1 – financial assets that are not significantly deteriorated in credit quality since origination. The impairment allowance is recorded based on 12 months ECL.
- Stage 2 – financial assets that has significantly deteriorated in credit quality since origination. The impairment allowance is recorded based on lifetime ECL. The impairment allowance is recorded based on lifetime PD.
- Stage 3 – for financial assets that are impaired, the Group recognizes the impairment allowance based on lifetime ECL.

The Group also considers the forward-looking information in its assessment of significant deterioration in credit risk since origination as well as the measurement of ECLs.

The forward-looking information will include the elements such as macroeconomic factors (e.g., unemployment, GDP growth, inflation, profit rates and house prices) and economic forecasts obtained through internal and external sources.

ECL represent probability-weighted estimates of credit losses. These are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the net carrying amount and the present value of estimated future cash flows, which includes amounts recoverable from guarantees and collateral;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive; and

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(a) Significant accounting policies (Continued)**

**3.6. Financial instruments (Continued)**

***Impairment (continued)***

***Financial assets (continued)***

- financial guarantee contracts: the expected payments to reimburse the holder less cash flows that the Group expects to receive any.

Expected credit losses are discounted to the reporting date at the effective interest rate (EIR) determined at initial recognition or an approximation thereof and consistent with income recognition.

***Non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (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. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs 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 entities 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 CGUs to which the individual assets are allocated.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. Except for goodwill, 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 recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. Impairment loss recorded against the carrying value of goodwill is not reversed in subsequent periods.

***Financial liabilities***

***Recognition and measurement***

Financial liabilities are classified, at initial recognition, as measured at amortized cost or financial liabilities at fair value through profit or loss. All financial liabilities other than financial liabilities at fair value through profit or loss are recognized initially at fair value net of directly attributable transaction costs. Financial liabilities at fair value through profit or loss are measured initially and subsequently at fair value, and any related transaction costs are recognised in consolidated statement of profit or loss as incurred.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(a) Significant accounting policies (Continued)**

**3.6. Financial instruments (Continued)**

**Financial liabilities (continued)**

**Derecognition**

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**3.7. Share capital**

Ordinary shares are classified as equity which is residual interest in the assets of an entity after deducting all its liabilities.

**3.8. Statutory reserve**

In accordance with the Group's article of association and Saudi Arabian Companies' Law, the Group must set aside 10% of its income after zakat and tax in each year until it has built up a reserve equal to 30% of its capital. The reserve is not available for distribution.

**3.9. Dividends**

The Group recognizes the obligations for paying the cash dividends to the Group's owners when approving the distribution and when the distribution is not required for any additional estimates by the Group. According to the Saudi Arabian Regulations for Companies, dividends are approved upon approval by the owners. The corresponding amount is directly recognized in equity.

**3.10. Employees' end of service benefits liabilities**

**Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**Post-employment obligation**

The Group operates a post-employment benefit scheme driven by the labour laws of the Kingdom of Saudi Arabia. The post-employment benefits scheme is not funded. Valuation of the obligation under such scheme is carried out by an independent actuary based on the projected unit credit method. The costs relating to such scheme 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 recognised immediately in profit or loss as "employee costs" while unwinding of the liability at discount rates used are recorded as finance cost. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit obligation resulting from scheme amendments or curtailments are recognised immediately in profit or loss as past service costs.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(a) Significant accounting policies (Continued)**

**3.11. Provisions**

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and can be measured reliably. If the effect of time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to passage of time is recognised as finance costs.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured.

**Warranty provisions**

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognised when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

**3.12. Contingent liabilities**

A contingent liability is a possible obligation which may arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. If the amount of the obligation cannot be measured with sufficient reliability, then the Group does not recognize the contingent liability but discloses it in the consolidated financial statements.

**3.13. Zakat and income tax**

The Group is subject to the regulations of the Zakat, Tax, and Customs Authority ("ZATCA") in the Kingdom of Saudi Arabia. Zakat and income tax are provided on an accruals basis. The zakat charge is computed on the zakat base. Income tax is computed on adjusted net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate in the Kingdom of Saudi Arabia adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (a) Significant accounting policies (Continued)

##### 3.13. Zakat and income tax (Continued)

offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis to realise the asset and settle the liability simultaneously.

Zakat, current and deferred tax is recognised in consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income.

##### 3.14. Revenue from contract with customers

The Group assembles and sells a range of cold storages and chiller units and provide related repair & maintenance services. The Group uses five step model from IFRS 15: Revenue from Contract with Customers for recognition of revenue, as listed below:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the product, and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Delivery occurs when the products have been made available and the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the product in accordance with the sales arrangement, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. However, when a product sale arrangement does not meet all of the criteria mentioned in IFRS 15 for identification of contract with the customer, the Group recognises the revenue upon receipt of consideration when either of the following events have occurred:

- (a) the Group has no remaining obligations to transfer goods or services to the customer and all, or substantially all, of the consideration promised by the customer has been received by the entity and is non-refundable; or
- (b) the contract has been terminated and the consideration received from the customer is non-refundable.

#### *Contract balances*

##### **Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

##### **Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group performs under the contract.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(a) Significant accounting policies (Continued)**

**3.15. Current versus non-current classification**

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**3.16. Foreign currency transactions**

Transactions in foreign currencies are recorded in Saudi Riyals at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated in Saudi Riyals at the rate of exchange ruling at the reporting date. All differences are taken to profit or loss. The gains or losses on foreign currency transactions are included in profit or loss during the year.

**3.17. Fair value measurement**

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 most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

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

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

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(a) Significant accounting policies (Continued)**

**3.17. Fair value measurement (Continued)**

- 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; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are 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. The Group determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. 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.

**3.18. Business combination**

Business combinations, excluding business combination involving entities under common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administration 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, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability are recognised in consolidated statement of profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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



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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(a) Significant accounting policies (Continued)**

**3.18. Business combination (continued)**

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 disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

For business combinations involving entities under common control, the assets and liabilities of the combining entities are reflected at their carrying amounts. Adjustments are made to the carrying amounts in order to incorporate any differences arising due to differences in accounting policies used by the combining entities. No goodwill or gain is recognised as a result of the combination and any difference between the consideration paid/transferred and the equity acquired is reflected within the equity of the Group. The consolidated statement of profit or loss and other comprehensive income reflects the results of the combining entities from the date when the combination took place.

**(b) New standards, amendments and interpretations adopted by the Group**

The Group applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

***Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16***

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

***Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16***

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) New standards, amendments and interpretations adopted by the Group (Continued)**

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

***Amendments to IAS 16: Property plant and equipment, proceeds before intended use***

In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The Group early applied the requirements effective from 1 July 2021, however, the amendments did not have impact on the Group.

**(c) New standards, amendments and interpretations issued but not yet effective and not early adopted**

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

***IFRS 17 Insurance Contracts***

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

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

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (c) New standards, amendments and interpretations issued but not yet effective and not early adopted (continued)

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

##### *Reference to the Conceptual Framework – Amendments to IFRS 3*

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of consolidated financial statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The IASB also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the IASB decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of CONSOLIDATED FINANCIAL STATEMENTS.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

##### *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administration costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

##### *IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities*

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

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**3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) New standards, amendments and interpretations issued but not yet effective and not early adopted (continued)**

***IAS 41 Agriculture – Taxation in fair value measurements***

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted. This standard is not applicable to the Group.

**4 SIGNIFICANT ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

The preparation of the consolidated financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, may differ from the related actual results.

Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

- (i) *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 to sell and its value in use. The fair value less costs to sell 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 for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the projects' useful lives and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.
- (ii) *Impairment of accounts receivable*  
An estimate of the collectible amount of accounts receivable is made using expected credit loss model which involves evaluation of credit rating and days past due information. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively.
- (iii) *Useful lives of property, plant and equipment*  
The Group's management determines the estimated useful lives of property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear.  
Management reviews the useful lives annually and future depreciation charges would be adjusted where the management believes the useful lives differ from previous estimates.
- (iv) *Revenue from contracts*  
*Satisfaction of performance obligations*  
The Group is required to assess each of its sale arrangements with the customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognizing these revenues. The Group has assessed that based on the delivery arrangements entered into with the customer and the provisions of relevant laws and regulations, the Group creates an asset with an alternative use to the Group and usually does not have an enforceable right to payment for performance completed to date. Based on this, the Group recognises revenue at point in time i.e. on the delivery of goods to customer. Where this is not the case, revenue is recognised over time.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

At 31 March 2022

**4 SIGNIFICANT ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)**

*Determination of transaction prices*

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgment the Group assess the impact of any variable consideration in the contract, due to discount or penalties, the existence of any significant financing component in the contract and any non-cash consideration in the contract.

*Transfer of control in contracts with customers*

The Group is required to recognize revenue when the control over the assets is transferred to the customer, in both the situation where the Group determines that performance obligations are satisfied at a point in time or over the period of time.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

At 31 March 2022

**5 PROPERTY, PLANT AND EQUIPMENT**

|                                       | <i>Building<br/>on<br/>leasehold<br/>land</i><br>SR | <i>Building<br/>on free<br/>hold land</i><br>SR | <i>Plant and<br/>machinery</i><br>SR | <i>Tools and<br/>other<br/>equipment</i><br>SR | <i>Furniture<br/>and<br/>fixtures</i><br>SR | <i>Motor<br/>Vehicles</i><br>SR | <i>Computer<br/>equipment</i><br>SR | <i>Work-in-<br/>progress*</i><br>SR | <i>Total</i><br><i>SR</i> |
|---------------------------------------|-----------------------------------------------------|-------------------------------------------------|--------------------------------------|------------------------------------------------|---------------------------------------------|---------------------------------|-------------------------------------|-------------------------------------|---------------------------|
| <b>Cost</b>                           |                                                     |                                                 |                                      |                                                |                                             |                                 |                                     |                                     |                           |
| Relating to acquisition of businesses | 8,318,698                                           | 20,893,070                                      | 35,590,214                           | 1,129,800                                      | 3,349,808                                   | 4,712,073                       | 4,580,231                           | -                                   | 78,573,894                |
| Balance at 31 March 2021              | 8,318,698                                           | 20,893,070                                      | 35,590,214                           | 1,129,800                                      | 3,349,808                                   | 4,712,073                       | 4,580,231                           | -                                   | 78,573,894                |
| Relating to acquisition of businesses | 8,667,445                                           | -                                               | 2,360,522                            | 892,893                                        | 1,645,180                                   | 1,407,775                       | -                                   | -                                   | 14,973,815                |
| Additions during year                 | -                                                   | -                                               | 296,676                              | 49,310                                         | 46,160                                      | 406,300                         | 403,676                             | 2,322,304                           | 3,524,426                 |
| Disposal during the year              | -                                                   | -                                               | -                                    | -                                              | -                                           | (967,935)                       | (8,750)                             | -                                   | (976,685)                 |
| <b>Balance at 31 March 2022</b>       | <b>16,986,143</b>                                   | <b>20,893,070</b>                               | <b>38,247,412</b>                    | <b>2,072,003</b>                               | <b>5,041,148</b>                            | <b>5,558,213</b>                | <b>4,975,157</b>                    | <b>2,322,304</b>                    | <b>96,095,450</b>         |
| <b>Accumulated depreciation</b>       |                                                     |                                                 |                                      |                                                |                                             |                                 |                                     |                                     |                           |
| Relating to acquisition of businesses | 4,281,784                                           | 14,220,301                                      | 31,507,428                           | 1,043,938                                      | 2,331,681                                   | 4,475,972                       | 3,810,605                           | -                                   | 61,671,709                |
| Charge for the period                 | 14,491                                              | 22,802                                          | 55,892                               | 4,213                                          | 19,574                                      | 3,407                           | 15,553                              | -                                   | 135,932                   |
| Balance at 31 March 2021              | 4,296,275                                           | 14,243,103                                      | 31,563,320                           | 1,048,151                                      | 2,351,255                                   | 4,479,379                       | 3,826,158                           | -                                   | 61,807,641                |
| Relating to acquisition of businesses | 5,598,952                                           | -                                               | 2,036,806                            | 797,101                                        | 891,500                                     | 1,393,379                       | -                                   | -                                   | 10,717,738                |
| Charge for the year                   | 347,895                                             | 551,669                                         | 1,361,824                            | 75,981                                         | 564,301                                     | 77,062                          | 285,241                             | -                                   | 3,263,973                 |
| Disposal during the year              | -                                                   | -                                               | -                                    | -                                              | -                                           | (925,260)                       | (7,839)                             | -                                   | (933,099)                 |
| <b>Balance at 31 March 2022</b>       | <b>10,243,122</b>                                   | <b>14,794,772</b>                               | <b>34,961,950</b>                    | <b>1,921,233</b>                               | <b>3,807,056</b>                            | <b>5,024,560</b>                | <b>4,103,560</b>                    | <b>-</b>                            | <b>74,856,253</b>         |
| <b>Net book value</b>                 |                                                     |                                                 |                                      |                                                |                                             |                                 |                                     |                                     |                           |
| <b>31 March 2022</b>                  | <b>6,743,021</b>                                    | <b>6,098,298</b>                                | <b>3,285,462</b>                     | <b>150,770</b>                                 | <b>1,234,091</b>                            | <b>533,653</b>                  | <b>871,597</b>                      | <b>2,322,304</b>                    | <b>21,239,197</b>         |
| 31 March 2021                         | 4,022,423                                           | 6,649,967                                       | 4,026,894                            | 81,649                                         | 998,553                                     | 232,694                         | 754,073                             | -                                   | 16,766,253                |

\* Work-in-progress represent improvement costs on leased production areas and are transferred to property, plant and equipment upon completion.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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#### 5 PROPERTY PLANT AND EQUIPMENT (continued)

The depreciation charge for the year has been allocated as follows:

|                                     | <i>Note</i> | <b>2022<br/>SR</b> | <b>2021<br/>SR</b> |
|-------------------------------------|-------------|--------------------|--------------------|
| Cost of sales                       | 18          | <b>2,710,482</b>   | 113,087            |
| General and administrative expenses | 19          | <b>501,121</b>     | 21,246             |
| Selling and distribution expenses   | 20          | <b>52,370</b>      | 1,599              |
|                                     |             | <b>3,263,973</b>   | <b>135,932</b>     |

#### 6 INTANGIBLE ASSETS

|                                        | <b>Software<br/>SR</b> |
|----------------------------------------|------------------------|
| <b>Cost</b>                            |                        |
| Relating to acquisition of businesses  | 1,251,160              |
| Balance at 31 March 2021               | 1,251,160              |
| Relating to acquisition of businesses  | 399,799                |
| Additions during year                  | 71,290                 |
| <b>Balance at 31 March 2022</b>        | <b>1,722,249</b>       |
| <b>Accumulated Amortization</b>        |                        |
| Relating to acquisition of businesses  | 781,449                |
| Charge for the period                  | 12,263                 |
| Balance at 31 March 2021               | 793,712                |
| Relating to acquisition of businesses  | 359,971                |
| Charge for the year                    | 325,964                |
| <b>Balance at 31 March 2022</b>        | <b>1,479,647</b>       |
| <b>Net book value at 31 March 2022</b> | <b>242,602</b>         |
| <b>Net book value at 31 March 2021</b> | <b>457,448</b>         |

#### 7 INVENTORIES

|                                       | <b>2022<br/>SR</b>  | <b>2021<br/>SR</b> |
|---------------------------------------|---------------------|--------------------|
| Raw materials and spare parts         | <b>41,480,350</b>   | 36,040,157         |
| Finished goods                        | <b>18,282,620</b>   | 15,813,885         |
| Work in progress                      | <b>4,175,656</b>    | 1,818,000          |
| Goods in transit                      | -                   | 17,921             |
|                                       | <b>63,938,626</b>   | 53,689,963         |
| Less: provision for slow moving items | <b>(10,942,280)</b> | (11,280,145)       |
|                                       | <b>52,996,346</b>   | <b>42,409,818</b>  |



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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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#### 7 INVENTORIES (CONTINUED)

The summary of movement in provision for slow moving inventories for the year ended 31 March are as follows:

|                                              | <i>2022</i> | <i>2021</i> |
|----------------------------------------------|-------------|-------------|
|                                              | <i>SR</i>   | <i>SR</i>   |
| Balance at beginning of the year / period    | 11,280,145  | -           |
| Acquisition through business combination     | 1,853,348   | 11,110,877  |
| (Reversal) / charge during the year / period | (209,882)   | 169,268     |
| Written off during the year / period         | (1,981,331) | -           |
| Balance at the end of year / period          | 10,942,280  | 11,280,145  |

#### 8 TRADE RECEIVABLES

|                                            | <i>2022</i> | <i>2021</i> |
|--------------------------------------------|-------------|-------------|
|                                            | <i>SR</i>   | <i>SR</i>   |
| Trade receivables                          | 51,026,027  | 34,272,927  |
| Less: Provision for expected credit losses | (6,819,911) | (6,479,084) |
|                                            | 44,206,116  | 27,793,843  |

The summary of movement for Provision for expected credit losses is as follows:

|                                           | <i>2022</i> | <i>2021</i> |
|-------------------------------------------|-------------|-------------|
|                                           | <i>SR</i>   | <i>SR</i>   |
| Balance at beginning of the year / period | 6,479,084   | -           |
| Acquisition through business combination  | 2,436,160   | 6,660,717   |
| Reversal during the year / period         | (1,994,675) | (181,633)   |
| Written-off during the year / period      | (100,658)   | -           |
| Balance at the end of year / period       | 6,819,911   | 6,479,084   |

Note 22(a) includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

#### 9 PREPAYMENTS AND OTHER CURRENT ASSETS

|                           | <i>2022</i> | <i>2021</i> |
|---------------------------|-------------|-------------|
|                           | <i>SR</i>   | <i>SR</i>   |
| Advances to suppliers     | 3,257,572   | 3,344,561   |
| Refundable deposits       | 2,046,303   | -           |
| Advances to employees     | 1,732,044   | 2,023,705   |
| Margin deposits with bank | 982,075     | 872,400     |
| Prepaid expenses          | 655,312     | 337,061     |
| Others                    | 1,050       | 857,257     |
|                           | 8,674,356   | 7,434,984   |

#### 10 CASH AND CASH EQUIVALENTS

|                                  | <i>2022</i> | <i>2021</i> |
|----------------------------------|-------------|-------------|
|                                  | <i>SR</i>   | <i>SR</i>   |
| Cash at banks – current accounts | 28,706,447  | 7,992,908   |
| Cash in hand                     | 215,134     | 117,553     |
| Short term deposits              | 10,000,000  | 10,000,000  |
|                                  | 38,921,581  | 18,110,461  |

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**11 EMPLOYEES' DEFINED BENEFIT LIABILITIES**

The Group has a post-employment defined benefit plan. The benefits are required by Saudi Labour and Workman Law. These benefits are based on employees' final salaries and allowances and their cumulative years of service, as stated in the laws of Saudi Arabia. The following table summarizes the components of the net benefit expense recognized in the consolidated statement of profit or loss and other comprehensive income and amounts recognized in the consolidated statement of financial position.

**11.1. Changes in the present value of defined benefit obligation**

|                                                                                                                     | 2022<br>SR  | 2021<br>SR |
|---------------------------------------------------------------------------------------------------------------------|-------------|------------|
| Balance as at beginning of the year / period                                                                        | 13,605,833  | -          |
| Acquisition through business combination                                                                            | 3,296,456   | 13,522,373 |
| Interest cost                                                                                                       | 301,359     | 11,577     |
| Current service cost                                                                                                | 1,704,771   | 65,215     |
| Amount recognized in the consolidated statement of profit or loss                                                   | 2,006,130   | 76,792     |
| Actuarial (gain) / loss on remeasurement of defined benefit obligations<br>recognized in other comprehensive income | (503,409)   | 6,668      |
| Benefits paid during the year / period                                                                              | (3,206,694) | -          |
| Balance as at end of the year / period                                                                              | 15,198,316  | 13,605,833 |

**11.2. Sensitivity analysis**

The principal assumptions used in determining the post-employment defined benefit obligation includes the following:

|                         | 2022  | 2021  |
|-------------------------|-------|-------|
| Discount rate           | 3.30% | 2.30% |
| Future salary increases | 2.00% | 2.00% |

A quantitative sensitivity analysis for significant assumptions as at 31 March 2022 and 31 March 2021 are shown below:

| Change in:                                            | Discount rate        |                  |
|-------------------------------------------------------|----------------------|------------------|
|                                                       | 1% Increase          | 1% Decrease      |
| <b>Defined benefit obligation as at 31 March 2022</b> | <b>(638,682)</b>     | <b>704,585</b>   |
| Defined benefit obligation as at 31 March 2021        | (609,782)            | 675,701          |
| Change in:                                            | Salary increase rate |                  |
|                                                       | 1% Increase          | 1% Decrease      |
| <b>Defined benefit obligation as at 31 March 2022</b> | <b>707,032</b>       | <b>(652,732)</b> |
| Defined benefit obligation as at 31 March 2021        | 670,864              | (617,241)        |

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

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12 RELATED PARTIES BALANCES AND TRANSACTIONS

Related parties of the Group comprise of shareholders, key management personnel and affiliates where shareholders have control or significant influence. The transactions with related parties are made on mutually agreed terms or on the terms approved by the Group's management. The Group and its related parties transact with each other in the ordinary course of business.

Significant transactions with related parties during the year and significant year-end balances are as follows:

| <i>Related parties</i>                  | <i>Relationship</i> | <i>Nature of transactions</i>  | <i>2022<br/>SR</i> | <i>2021<br/>SR</i> |
|-----------------------------------------|---------------------|--------------------------------|--------------------|--------------------|
| Consolidated Gruenfelder Saady Company  | Other related party | Sales                          | -                  | 2,297,098          |
|                                         |                     | Purchases                      | -                  | 122,483            |
|                                         |                     | Expenses paid on behalf        | -                  | 357,466            |
| Darat Esmat Al Saady Holding Company    | Partner             | Waiver of intercompany balance | -                  | 15,015,578         |
|                                         |                     | Issuance of share capital      | -                  | 500,000            |
|                                         |                     | Expenses paid on behalf        | 105,172            | -                  |
|                                         |                     | Settlements, net               | 341,387            | -                  |
|                                         |                     | Dividend                       | (9,151,159)        | -                  |
| GK Gruenfelder International AG         | Partner             | Waiver of intercompany balance | -                  | 15,015,577         |
|                                         |                     | Issuance of share capital      | -                  | 500,000            |
|                                         |                     | Expenses paid on behalf        | 105,171            | -                  |
|                                         |                     | Settlements, net               | 204,724            | -                  |
|                                         |                     | Dividend                       | (7,500,000)        | -                  |
| Al Saadi Refrigeration Air Conditioning | Other related party | Sales                          | 4,773,160          | 141,889            |
|                                         |                     | Purchases                      | (417,198)          | 2,778              |
|                                         |                     | Settlements, net               | 783,519            | -                  |
|                                         |                     | Expenses paid on behalf        | 431,921            | 6,294              |
| <i>Related parties balances</i>         |                     |                                | <i>2022<br/>SR</i> | <i>2021<br/>SR</i> |
| <i>Amounts due from related parties</i> |                     |                                |                    |                    |
| Al Saadi Refrigeration Air Conditioning |                     |                                | 993,320            | 146,655            |
| Consolidated Gruenfelder Saady Company  |                     |                                | -                  | 114,368            |
|                                         |                     |                                | <u>993,320</u>     | <u>261,023</u>     |
|                                         |                     |                                | <i>2022<br/>SR</i> | <i>2021<br/>SR</i> |
| <i>Amounts due to related parties</i>   |                     |                                |                    |                    |
| Darat Esmat Al Saady Holding Company    |                     |                                | 5,888,935          | 2,801,733          |
| GK Gruenfelder International AG         |                     |                                | 7,969,140          | 7,351,902          |
|                                         |                     |                                | <u>13,858,075</u>  | <u>10,153,635</u>  |

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**13 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

|                                                  | 2022<br>SR        | 2021<br>SR        |
|--------------------------------------------------|-------------------|-------------------|
| Accrued expenses                                 | 1,028,624         | 1,461,574         |
| Payable to employees                             | 7,118,106         | 6,297,642         |
| Payables against goods received but not invoices | 3,432,376         | -                 |
| Interest accrual on lease liability              | 62,260            | -                 |
| Sales commission payable                         | 2,728,967         | 4,161,551         |
| VAT                                              | 2,461,831         | -                 |
| Warranty provision                               | 1,205,729         | 797,657           |
| Others                                           | 52,897            | -                 |
|                                                  | <u>18,090,790</u> | <u>12,718,424</u> |

**14 CONTRACT LIABILITIES**

Advances received from customers by billing in excess of revenue are presented as contract liabilities at 31 March 2022 and 31 March 2021. These have been recognized as revenue from the customers on fulfilment of performance obligation subsequently.

**15 ZAKAT AND INCOME TAX**

**15.1. Status of assessments of zakat and income tax**

The Group files Zakat and Income Tax return of the Company and its subsidiaries on a standalone basis. The zakat and income tax charge represents the consolidated sum of zakat and income tax charge accrued by the Company and its subsidiaries at standalone financial statements level.

The Company has filed its first zakat return for the year ended March 31, 2022 with the Zakat, Tax and Customs Authority ("ZATCA"). The assessments have not yet been raised.

Zakat and income tax assessment declarations for Coldstores Group of Saudi Arabia ("the Subsidiary") up to and including the year ended 31 March 2021 have been submitted to the ZATCA. The ZATCA has raised an assessment for the year ended 31 March 2017 with an additional zakat liability of SAR 336,229. The ZATCA has adjusted the excess tax paid by the Subsidiary amounting to SAR 402,969 against the additional zakat liabilities and a net overpayment balance of SAR 66,740 is receivable. The Subsidiary does not agree with adjustment made by the authority and the additional zakat liability raised by the authority and is in the process of filing an objection with ZATCA. The management believes they have reasonable basis to defend their case and hence no further provision has been taken in this respect. The assessment for the years ended 31 March 2018 to 2021 is awaited.

Zakat and income tax assessment declaration for Consolidated Gruenfelder Saady Company ("the Subsidiary") up to the year ended 31 March 2021 have been submitted to the ZATCA. The ZATCA has issued assessment up to 2015 and the Subsidiary settled and finalised. No assessments issued by ZATCA for remaining years.

Zakat and income tax have been computed based on the Group's understanding and interpretation of zakat and income tax regulations enforced in the Kingdom of Saudi Arabia. The ZATCA continues to issue circulars to clarify certain zakat and tax regulations which are usually enforced on all open years. The zakatable and taxable income and zakat/tax liability as computed by the Group could be different from zakatable/taxable income and zakat/tax liability as assessed by the ZATCA for years for which assessments have not yet been raised by the ZATCA.

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15 ZAKAT AND INCOME TAX (CONTINUED)

15.2. Zakat and income tax charges for the year

|                                                       | <i>Note</i> | 2022<br>SR       | 2021<br>SR     |
|-------------------------------------------------------|-------------|------------------|----------------|
| Zakat charge for the year / period                    | 15.2.1      | 845,196          | 31,589         |
| Zakat charge for prior year / period                  |             | 48,548           | -              |
| Tax charge for prior year / period                    | 15.2.2      | (26,841)         | -              |
| Income tax expense for the year / period              | 15.2.2      | 3,045,975        | 80,708         |
| Deferred tax recognized in profit or loss             | 15.5        | 461,017          | 12,770         |
|                                                       |             | <u>4,373,895</u> | <u>125,067</u> |
| Deferred tax recognized in other comprehensive income | 15.5        | <u>50,341</u>    | <u>(667)</u>   |

15.2.1. Zakat charge for the year

Zakat for the year is payable at 2.5% of the higher of the approximate zakat base and adjusted net income attributable to Saudi shareholders. Zakat charged for the year is as follows:

|                                    | 2022<br>SR | 2021<br>SR |
|------------------------------------|------------|------------|
| Zakat charge for the year / period | 845,196    | 31,589     |

15.2.2. Income tax expense for the year

The income tax charge for the year is calculated at a rate of 20% of the adjustable taxable income. The principal adjustments to the financial results for the year related to employees' end of service benefits, accelerated tax depreciation, provisions for impairment of doubtful receivables and inventories and brought forward losses, if any.

|                                         | 2022<br>SR        | 2021<br>SR       |
|-----------------------------------------|-------------------|------------------|
| Income before tax subject to income tax | 15,527,803        | 8,898,788        |
| Adjustments                             | (297,926)         | (1,814,167)      |
| Adjusted net taxable income             | <u>15,229,877</u> | <u>7,084,621</u> |
| Income tax expense @ 20%                | <u>3,045,975</u>  | <u>1,416,924</u> |
| Pre-acquisition income tax charge       | -                 | (1,336,216)      |
| Income tax charge for the year / period | <u>3,045,975</u>  | <u>80,708</u>    |

15.3. Movement in zakat provision is as follows:

|                                           | 2022<br>SR     | 2021<br>SR     |
|-------------------------------------------|----------------|----------------|
| Balance at beginning of the year / period | 368,600        | -              |
| Acquisition through business combination  | 420,623        | 337,011        |
| Charge for the year / period              | 1,049,095      | 31,589         |
| Charge for prior year / period            | 55,782         | -              |
| Adjustment with advance tax*              | (652,127)      | -              |
| Payments during the year / period         | (437,602)      | -              |
| Balance at the end of the year / period   | <u>804,371</u> | <u>368,600</u> |

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**15 ZAKAT AND INCOME TAX (CONTINUED)**

**15.4. Movement in income tax provision / (advance tax) is as follows:**

|                                           | 2022<br>SR       | 2021<br>SR         |
|-------------------------------------------|------------------|--------------------|
| Balance at beginning of the year / period | (1,777,260)      | -                  |
| Acquisition through business combination  | 1,397,093        | (1,857,968)        |
| Charge for the year / period              | 3,519,014        | 80,708             |
| Charge for prior year / period            | (26,327)         | -                  |
| Zakat adjustment with advance tax*        | 652,127          | -                  |
| Payments during the year / period         | (1,397,807)      | -                  |
| Balance at the end of the year / period   | <u>2,366,840</u> | <u>(1,777,260)</u> |

**15.5. Deferred taxation**

Deferred income taxes are calculated on all temporary differences under liability method using the effective tax rate. Deferred tax assets of the Group are attributable to the following:

|                                                  | 2022<br>SR        | 2021<br>SR        |
|--------------------------------------------------|-------------------|-------------------|
| Trade receivables                                | 2,175,564         | 3,239,542         |
| Inventories                                      | 4,513,233         | 5,830,433         |
| Property, plant and equipment                    | 1,743,441         | 1,748,484         |
| Provision for warranties                         | 408,936           | 398,828           |
| Defined benefit obligations – employees' benefit | 5,891,353         | 6,802,916         |
|                                                  | <u>14,732,527</u> | <u>18,020,203</u> |

Movement in deferred tax balances is as follows:

|                                                               | 2022<br>SR       | 2021<br>SR       |
|---------------------------------------------------------------|------------------|------------------|
| Balance at beginning of the year / period                     | 3,604,041        | -                |
| Acquisition through business combination                      | 990,037          | 3,616,144        |
| Reversal / (charge) in profit or loss (note 15.2)             | (614,653)        | (12,770)         |
| Reversal / (charge) in other comprehensive income (note 15.2) | (59,095)         | 667              |
| Balance at the end of the year / period                       | <u>3,920,330</u> | <u>3,604,041</u> |

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**16 RIGHT OF USE ASSETS AND LEASE LIABILITIES**

The Group leases land, buildings and staff accommodation facilities.

**a. Right-of-use assets**

The carrying amount of the right-of-use assets and movement during the year is as follows:

|                                          | <i>Land and<br/>Buildings<br/>SR</i> |
|------------------------------------------|--------------------------------------|
| <b>Cost</b>                              |                                      |
| Relating to acquisition of businesses    | 2,336,919                            |
| As at 31 March 2021                      | 2,336,919                            |
| Acquisition through business combination | 928,766                              |
| Additions during the year                | 445,357                              |
| <b>As at 31 March 2022</b>               | <b>3,711,042</b>                     |
| <b>Accumulated depreciation</b>          |                                      |
| Depreciation charge during the period    | 38,513                               |
| As at 31 March 2021                      | 38,513                               |
| Acquisition through business combination | 330,088                              |
| Depreciation charge during the year      | 654,685                              |
| <b>As at 31 March 2022</b>               | <b>1,023,286</b>                     |
| <b>Net book value</b>                    |                                      |
| <b>As at 31 March 2022</b>               | <b>2,687,756</b>                     |
| As at 31 March 2021                      | 2,298,406                            |

The depreciation charge has been allocated as follows:

|                                               | <i>2022<br/>SR</i> | <i>2021<br/>SR</i> |
|-----------------------------------------------|--------------------|--------------------|
| General and administration expenses (note 19) | 6,683              | -                  |
| Selling and distribution expenses (note 20)   | 4,916              | -                  |
| Cost of revenue (note 18)                     | 643,086            | 38,513             |
|                                               | <b>654,685</b>     | <b>38,513</b>      |

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16 RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)

b. Lease liability

|                                       | <i>Land and Buildings</i> |                     |
|---------------------------------------|---------------------------|---------------------|
|                                       | <i>SR</i>                 |                     |
| Relating to acquisition of businesses |                           | 2,081,774           |
| Accretion of interest                 |                           | 6,714               |
| Payments                              |                           | -                   |
| As at 31 March 2021                   |                           | 2,088,488           |
| Relating to acquisition of businesses |                           | 683,877             |
| Additions during the year             |                           | 412,717             |
| Accretion of interest                 |                           | 142,980             |
| Payments                              |                           | (915,132)           |
| As at 31 March 2022                   |                           | 2,412,930           |
|                                       | As at 31 March 2022       | As at 31 March 2021 |
| Current                               | 778,524                   | 621,663             |
| Non-current                           | 1,634,406                 | 1,466,825           |
|                                       | 2,412,930                 | 2,088,488           |

17 REVENUE

*Disaggregated revenue information*

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

|                                                                    | 2022        | 2021      |
|--------------------------------------------------------------------|-------------|-----------|
|                                                                    | <i>SR</i>   | <i>SR</i> |
| Type of goods or services                                          |             |           |
| Sales of refrigeration/non-refrigeration bodies with cooling units | 168,191,571 | 6,282,890 |
| Installation and commissioning of cold stores                      | 32,768,466  | 1,595,034 |
| Servicing and repairs                                              | 26,276,617  | 1,214,800 |
|                                                                    | 227,236,654 | 9,092,724 |

18 COST OF REVENUE

|                                                                       | 2022        | 2021      |
|-----------------------------------------------------------------------|-------------|-----------|
|                                                                       | <i>SR</i>   | <i>SR</i> |
| Manufacturing overheads                                               | 148,325,405 | 6,307,035 |
| Employees related costs                                               | 24,861,579  | 937,259   |
| Depreciation                                                          | 2,710,482   | 113,087   |
| Utilities                                                             | 1,842,540   | 81,940    |
| Repairs & maintenance                                                 | 1,318,162   | 53,211    |
| Depreciation on right of use assets                                   | 643,086     | 38,513    |
| Rent                                                                  | 491,335     | 12,127    |
| Warranty expense                                                      | 438,397     | 32,651    |
| Amortization                                                          | 26,593      | 1,054     |
| (Reversal) / charge of provision for slow moving inventories (note 7) | (209,882)   | 169,268   |
| Others                                                                | 1,447,745   | 47,457    |
|                                                                       | 181,895,442 | 7,793,602 |



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**19 GENERAL AND ADMINISTRATIVE EXPENSES**

|                                                 | <i>2022</i><br><i>SR</i> | <i>2021</i><br><i>SR</i> |
|-------------------------------------------------|--------------------------|--------------------------|
| Employees' costs                                | 8,289,027                | 382,577                  |
| Utilities                                       | 1,009,899                | 33,886                   |
| Depreciation of property and equipment (note 5) | 501,121                  | 21,246                   |
| Legal & Professional fees                       | 367,830                  | 54,596                   |
| Amortization                                    | 285,636                  | 10,643                   |
| Government fees and subscriptions               | 193,400                  | -                        |
| Repairs & maintenance                           | 129,807                  | 3,047                    |
| Rent                                            | 22,394                   | 1,321                    |
| Bank charges                                    | 7,104                    | -                        |
| Depreciation of right-of-use assets (note 16)   | 6,683                    | -                        |
| Others                                          | 979,720                  | 18,792                   |
|                                                 | <u>11,792,621</u>        | <u>526,108</u>           |

**20 SELLING AND DISTRIBUTION EXPENSES**

|                                               | <i>2022</i><br><i>SR</i> | <i>2021</i><br><i>SR</i> |
|-----------------------------------------------|--------------------------|--------------------------|
| Employees' costs                              | 3,091,890                | 121,434                  |
| Sales commission                              | 1,959,327                | 86,000                   |
| Utilities                                     | 113,708                  | 5,517                    |
| Depreciation                                  | 52,370                   | 1,599                    |
| Rent                                          | 19,562                   | -                        |
| Advertisement and promotion                   | 65,399                   | 424                      |
| Amortization                                  | 13,735                   | 566                      |
| Depreciation on Right of use assets (note 16) | 4,916                    | -                        |
| Others                                        | 22,468                   | 1,190                    |
|                                               | <u>5,343,375</u>         | <u>216,730</u>           |

**21 OTHER INCOME**

|                                                      | <i>2022</i><br><i>SR</i> | <i>2021</i><br><i>SR</i> |
|------------------------------------------------------|--------------------------|--------------------------|
| Reversal of liability no longer payable              | 2,923,562                | -                        |
| Gains on sale of scrap materials                     | 637,721                  | 7,241                    |
| Other miscellaneous income                           | 563,806                  | 5,508                    |
| Gains from disposal of property, plant and equipment | 92,277                   | -                        |
| Exchange gain on financial transactions              | 383,950                  | 17,494                   |
|                                                      | <u>4,601,316</u>         | <u>30,243</u>            |

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**22 RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by senior management. The most important types of risk are summarised below.

**Capital risk management**

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. Capital of the Group comprise of shareholders' equity. There are no externally imposed capital requirements.

**a) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. At the reporting date, no significant concentrations of credit risk were identified by the management. With respect to credit risk arising from financial assets of the Group, including cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Key areas where the Group is exposed to credit risk are:

- Cash and cash equivalents
- Trade receivables
- Due from related parties

**Cash and cash equivalents**

The Group's bank balances are placed with reputable local banks having sound credit ratings. The Group believes that it would be able to realise its balances from these banks without any loss to the Group.

**Trade receivables**

The Group's exposure to credit risk is mainly affected by the individual characteristics of each individual customers. Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

The ageing analysis of trade receivables as at the reporting date are as follows:

|               | 2022              | 2021              |
|---------------|-------------------|-------------------|
|               | SR                | SR                |
| Not yet due   | 32,242,896        | 22,823,198        |
| 60-90 days    | 6,742,878         | 1,843,006         |
| 91-180 days   | 2,003,482         | 722,823           |
| 181-270 days  | 279,740           | 1,801,466         |
| Over 365 days | 9,757,031         | 7,082,434         |
|               | <u>51,026,027</u> | <u>34,272,927</u> |

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22 RISK MANAGEMENT (CONTINUED)

a) Credit risk (Continued)

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited consolidated financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

Exposure within each credit risk grade are segmented by industry classification and an ECL rate is calculated based on delinquency status and actual credit loss experience over the past years. These rates are multiplied by scalar factors to reflect difference between economic conditions during the period over which historical data has been collected, current conditions and the Group views of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables for customers as at 31 March 2022 and 31 March 2021:

| 31 March 2022      | Credit<br>loss rate<br>% | Gross<br>carrying<br>amount<br>SR | Loss<br>allowance<br>SR | Total trade<br>receivables<br>SR |
|--------------------|--------------------------|-----------------------------------|-------------------------|----------------------------------|
| Not due            | 0.3%                     | 33,495,289                        | (88,504)                | 33,406,785                       |
| 0-90 days          | 0.6%                     | 7,534,455                         | (47,131)                | 7,487,324                        |
| 90-180 days        | 2.5%                     | 2,020,747                         | (63,861)                | 1,956,886                        |
| 180-270 days       | 6.1%                     | 29,154                            | (1,926)                 | 27,228                           |
| 270-360 days       | 11.0%                    | 279,721                           | (40,638)                | 239,083                          |
| 361-450 days       | 17.7%                    | 146,968                           | (26,567)                | 120,401                          |
| 451-540 days       | 26.4%                    | 74,066                            | (21,121)                | 52,945                           |
| 541-630 days       | 46.8%                    | 30,548                            | (4,659)                 | 25,889                           |
| 631-720 days       | 55.9%                    | 125,021                           | (66,488)                | 58,533                           |
| More than 720 days | 100.0%                   | 7,290,058                         | (6,459,016)             | 831,042                          |
|                    |                          | <u>51,026,027</u>                 | <u>(6,819,911)</u>      | <u>44,206,116</u>                |

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22 RISK MANAGEMENT (CONTINUED)

a) Credit risk (Continued)

Trade receivables (Continued)

| 31 March 2021      | Credit<br>loss rate<br>% | Gross<br>carrying<br>amount<br>SR | Loss<br>allowance<br>SR | Total trade<br>receivables<br>SR |
|--------------------|--------------------------|-----------------------------------|-------------------------|----------------------------------|
| Not due            | 0.9%                     | 22,823,200                        | (190,251)               | 22,632,949                       |
| 0-90 days          | 1.3%                     | 1,843,006                         | (20,037)                | 1,822,969                        |
| 90-180 days        | 5.4%                     | 722,823                           | (37,770)                | 685,053                          |
| 180-270 days       | 11.5%                    | 1,434,537                         | (159,388)               | 1,275,149                        |
| 270-360 days       | 19.1%                    | 366,929                           | (68,063)                | 298,866                          |
| 361-450 days       | 33.6%                    | 32,521                            | (10,682)                | 21,839                           |
| 451-540 days       | 42.4%                    | 63,454                            | (18,092)                | 45,362                           |
| 541-630 days       | 56.2%                    | 169,213                           | (93,810)                | 75,403                           |
| 631-720 days       | 65.3%                    | 18,080                            | (11,666)                | 6,414                            |
| More than 720 days | 100%                     | 6,799,164                         | (5,869,325)             | 929,839                          |
|                    |                          | <u>34,272,927</u>                 | <u>(6,479,084)</u>      | <u>27,793,843</u>                |

Amount due from related parties

The Group believes that related parties balances would be able to realise its balances without any loss to the Group.

b) Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates, will affect the Group's profit or loss. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

Interest rate risk

Interest rate risk arises from the possibility that the changes in interest rates will affect either the fair values or the future cash flows of the financial instruments. Management believes that the interest rate risk to the Group is not significant.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency). The Group is subject to fluctuations in foreign exchange rates for GBP and EUR. The risk of fluctuation in the USD is low as a result of the USD being pegged to the Saudi Riyal. The currency risk is monitored at the Group level. The Group monitors the fluctuations in exchange rates and manages its foreign currency risk by entering into hedging transactions using forward exchange contracts.

c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on regular basis that sufficient funds are available to meet any future commitments as well as obtaining continued financial support from shareholders, if required.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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#### 23 FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group's financial assets consist of cash and cash equivalents, amounts due from related parties, trade and other receivables. Its financial liabilities consist of amounts due to related parties, payables, lease liabilities, accruals and other liabilities. The fair values of other financial assets and liabilities except for non-special commission bearing non-current receivable from and payable to related parties which are valued at original transaction value, are not expected to be materially different from their carrying values.

Financial assets and liabilities are offset and net amounts reported in the consolidated financial statements, when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis to realise the asset and liability simultaneously

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

Options are valued using the Group's internal models wherein fair values are determined through valuation techniques based on discounted cash flows and include a discount for lack of marketability and project specific factors representing the amounts that the Group has determined that market participants would take into account when pricing these instruments.

#### 24 ACQUISITIONS OF SUBSIDIARIES

On 17 March 2021, Consolidated Gruenfelder Saady Holding Company acquired 100% of the shares and voting interest in Coldstores Group of Saudi Arabia ("the acquiree") against a purchase consideration of SR 30 million equal to share capital of acquiree. Prior to acquisition, the acquiree was ultimately owned by following shareholders who also have a controlling interest in Consolidated Gruenfelder Saady Holding Company:

- GK Gruenfelder International AG
- Darat Esmat Bin Abdul-Samad Al Saady Holding Company

Accordingly, the acquisition of the controlling interest is considered as a business combination between entities under common control as both the companies are ultimately controlled by similar shareholders as mentioned above.

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**24 ACQUISITIONS OF SUBSIDIARIES (Continued)**

The management has opted to apply predecessor method accounting to account for this transaction in these consolidated financial statements. Under this method, consolidated net assets of the acquiree are included in the consolidated financial statements at the same carrying values at which they were recorded in acquiree own financial statements at date of acquisition on 17 March 2021. The acquisition has resulted in a group restructuring with an aim to bring cost efficiencies. The consolidated results and consolidated statement of financial position of acquiree are consolidated prospectively from the date of acquisition. The difference between the purchase consideration and the net assets acquired is recognized in equity as an adjustment to retained earnings.

***Identifiable assets acquired and liabilities assumed***

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

|                                                | SR                |
|------------------------------------------------|-------------------|
| Property, plant and equipment                  | 16,902,185        |
| Intangible assets                              | 469,711           |
| Right of use assets                            | 2,336,919         |
| Trade receivables                              | 27,968,599        |
| Amounts due from related parties               | 465,422           |
| Inventories                                    | 42,584,574        |
| Deferred tax asset                             | 3,616,144         |
| Advance tax                                    | 1,857,968         |
| Prepayments and other current assets           | 7,609,740         |
| Cash and cash equivalents                      | 14,563,379        |
| Lease liabilities                              | (2,081,775)       |
| Employees' defined benefit liabilities         | (13,522,373)      |
| Trade payables                                 | (43,038,282)      |
| Accrued expenses and other current liabilities | (12,543,668)      |
| Contract liabilities                           | (6,940,541)       |
| Provision for zakat and income tax             | (337,011)         |
| Amounts due to related parties*                | (9,879,836)       |
| Net assets assumed                             | <u>30,031,155</u> |

\*Post-acquisition, the shareholders have waived off their right to SR 30 million receivable from the Company against transfer of shares of subsidiary. The waiver is in the capacity of shareholder and approved by the Company's shareholders. Accordingly, the waiver is recognized directly in the consolidated statement of changes in equity of the Company.

***Adjustment to retained earnings***

Adjustment to retained earnings arising from the acquisition has been recognized as follows:

|                                   | SR                  |
|-----------------------------------|---------------------|
| Identifiable net assets assumed   | 30,031,155          |
| Consideration for the acquisition | <u>(30,031,155)</u> |
| Adjustment to retained earnings   | <u>-</u>            |

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**24 ACQUISITIONS OF SUBSIDIARIES (Continued)**

On 20 December 2021, Consolidated Gruenfelder Saady Holding Company acquired 100% of the shares and voting interest in Consolidated Gruenfelder Saady Company ("the acquiree") against a purchase consideration of SR 11.7 million equal to share capital of acquiree. Prior to acquisition, the acquiree was ultimately owned by following shareholders who also have a controlling interest in Consolidated Gruenfelder Saady Holding Company:

- GK Gruenfelder International AG
- Darat Esmat Bin Abdul-Samad Al Saady Holding Company

Accordingly, the acquisition of the controlling interest is considered as a business combination between entities under common control as both the companies are ultimately controlled by similar shareholders as mentioned above.

The management has opted to apply predecessor method accounting to account for this transaction in these consolidated financial statements. Under this method, consolidated net assets of the acquiree are included in the consolidated financial statements at the same carrying values at which they were recorded in acquiree own financial statements at date of assignment on 20 December 2021. The acquisition has resulted in a group restructuring with an aim to bring cost efficiencies. The consolidated results and consolidated statement of financial position of acquiree are consolidated prospectively from the date of assignment. The difference between the purchase consideration and the net assets acquired is recognized in equity as an adjustment to retained earnings.

***Identifiable assets acquired and liabilities assumed***

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

|                                                | SR                |
|------------------------------------------------|-------------------|
| Property, plant and equipment                  | 4,256,079         |
| Intangible assets                              | 39,828            |
| Right of use assets                            | 598,678           |
| Trade receivables                              | 20,999,051        |
| Inventories                                    | 7,940,355         |
| Deferred tax asset                             | 827,647           |
| Prepayments and other current assets           | 605,297           |
| Cash and cash equivalents                      | 727,865           |
| Lease liabilities                              | (683,877)         |
| Employees' defined benefit liabilities         | (3,296,456)       |
| Trade payable                                  | (1,566,450)       |
| Accrued expenses and other current liabilities | (5,454,175)       |
| Contract liabilities                           | (7,142,704)       |
| Provision for zakat and income tax             | (1,817,716)       |
| Amounts due to related parties*                | (4,298,038)       |
| Net assets assumed                             | <b>11,735,384</b> |

\*Post-acquisition, the shareholders have waived off their right to SR 11.7 million receivable from the Company against transfer of shares of subsidiary. The waiver is in the capacity of shareholder and approved by the Company's shareholders. Accordingly, the waiver is recognized directly in the consolidated statement of changes in equity of the Company.

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**24 ACQUISITIONS OF SUBSIDIARIES (Continued)**

*Adjustment to retained earnings*

Adjustment to retained earnings arising from the acquisition has been recognized as follows:

|                                   | SR           |
|-----------------------------------|--------------|
| Identifiable net assets assumed   | 11,735,384   |
| Consideration for the acquisition | (11,735,384) |
| Adjustment to retained earnings   | <u>-</u>     |

**25 DIVIDENDS DISTRIBUTION**

During the year, the shareholders resolved to distribute dividends amounting to SR 16,651,159 (2021: Null).

**26 COVID-19 IMPACT ON THE FINANCIAL STATEMENTS**

The spread of the COVID-19 was confirmed across many geographical areas in early 2020, causing fundamental uncertainty about macroeconomics, disrupting business and economic activities. During March 2020, the Government of Saudi Arabia took several initiatives until beyond March 2020 to contain the spread of the virus, which included restrictions on travel, gatherings and curfews.

The Group has considered potential impacts of the current economic uncertainties and volatility in determination of the reported amounts of the Group's financial and non-financial assets and these are considered to represent management's best assessment based on observable information on the period end date. However, markets remain volatile.

It is currently expected that disruptions to a broad range of economic activities will slow economic growth in many countries, particularly in the coming few months and later the situation will improve. However, if COVID-19 outbreak will be prolonged then it could have effect on the future business performance and impairment assessments of the Group's non-current assets. Management continues to monitor the situation closely.

**27 SUBSEQUENT EVENTS**

No matter has occurred up to and including the date of the approval of the consolidated financial statements by the management of the Group which could materially affect the consolidated financial statements and the related disclosures for the year ended 31 March 2022.

**28 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements have been approved by the Board of Directors on 29 Safar 1444H, corresponding to 25 September 2022.



**CONSOLIDATED GRUENENFELDER  
SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)**

**REISSUED CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 MARCH 2023**

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY  
AND ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)  
REISSUED CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
As at 31 March 2023

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Ernst & Young Professional Services (Professional LLC)  
 Paid-Up Capital (SR 5,500,000 - Five Million Five Hundred Thousand Saudi Riyal)  
 Adeer Tower, 15<sup>th</sup> Floor  
 Prince Turki Bin Abdulaziz Street, Al Khobar Corniche  
 P.O. Box 3795, Al Khobar 31952  
 Kingdom of Saudi Arabia  
 Head Office - Riyadh

C.R. No. 2051058792  
 Tel: +966 13 840 4600  
 Fax: +966 13 882 0087

[ey.ksa@sa.ey.com](mailto:ey.ksa@sa.ey.com)  
[ey.com](http://ey.com)

(1 of 3)

**INDEPENDENT AUDITOR'S REPORT  
 TO THE PARTNERS OF CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS  
 SUBSIDIARIES  
 (A MIXED LIMITED LIABILITY COMPANY)**

**Opinion**

We have audited the reissued consolidated financial statements of Consolidated Gruenfelder Saady Holding Company, a Mixed Limited Liability Company (the "Company") and its subsidiaries (the "Group"), which comprise the reissued consolidated statement of financial position as at 31 March 2023, and reissued consolidated statement of profit or loss and other comprehensive income, reissued consolidated statement of changes in equity and reissued consolidated statement of cash flows for the year then ended, and notes to the reissued consolidated financial statements, including summary of significant accounting policies.

In our opinion, the accompanying reissued consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA") (collectively referred to as "IFRSs as endorsed in KSA").

**Basis for opinion**

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

**Emphasis of Matter:**

We draw attention to the note 27 to the reissued consolidated financial statements which explains the reason for reissuance. Our audit report on these consolidated financial statements supersedes our audit report dated 5 Muharram 1445H (corresponding to 23 July 2023). Our opinion is not modified in respect of this matter.



(2 of 3)

**INDEPENDENT AUDITOR'S REPORT  
TO THE PARTNERS OF CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY) (CONTINUED)**

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

Management is responsible for the preparation and the fair presentation of the reissued consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of reissued consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

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

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of these reissued consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



(3 of 3)

**INDEPENDENT AUDITOR'S REPORT  
TO THE PARTNERS OF CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY) (CONTINUED)**

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these reissued consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the reissued consolidated financial statements, including the disclosures, and whether the reissued consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the reissued consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

for Ernst & Young Professional Services

Marwan S. AlAfaliq  
Certified Public Accountant  
License No. 422

Al Khobar: 17 Rajab 1446H  
17 January 2025



CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)

REISSUED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2023

|                                                | Notes | 2023<br>SR         | 2022<br>SR<br>(Restated) |
|------------------------------------------------|-------|--------------------|--------------------------|
| <b>ASSETS</b>                                  |       |                    |                          |
| <b>NON-CURRENT ASSETS</b>                      |       |                    |                          |
| Property and equipment                         | 4     | 24,346,421         | 21,239,197               |
| Intangible assets                              | 5     | 620,709            | 242,602                  |
| Right-of-use assets                            | 15    | 1,940,400          | 2,687,756                |
| Deferred tax assets                            | 14    | 4,218,397          | 3,920,330                |
| <b>TOTAL NON-CURRENT ASSETS</b>                |       | <b>31,125,927</b>  | <b>28,089,885</b>        |
| <b>CURRENT ASSETS</b>                          |       |                    |                          |
| Inventories                                    | 6     | 59,837,832         | 52,996,346               |
| Trade receivables                              | 7     | 61,095,200         | 47,502,595               |
| Amounts due from a related party               | 11    | 653,663            | 993,320                  |
| Prepayments and other current assets           | 8     | 10,121,661         | 8,674,356                |
| Cash and cash equivalents                      | 9     | 22,593,948         | 38,921,581               |
| <b>TOTAL CURRENT ASSETS</b>                    |       | <b>154,302,304</b> | <b>149,088,198</b>       |
| <b>TOTAL ASSETS</b>                            |       | <b>185,428,231</b> | <b>177,178,083</b>       |
| <b>EQUITY AND LIABILITIES</b>                  |       |                    |                          |
| <b>EQUITY</b>                                  |       |                    |                          |
| Share capital                                  | 21    | 1,000,000          | 1,000,000                |
| Additional capital contribution                | 22    | 41,766,539         | 41,766,539               |
| Statutory reserve                              |       | 300,000            | 300,000                  |
| Retained earnings                              |       | 36,426,688         | 14,209,346               |
| <b>TOTAL EQUITY</b>                            |       | <b>79,493,227</b>  | <b>57,275,885</b>        |
| <b>LIABILITIES</b>                             |       |                    |                          |
| <b>NON-CURRENT LIABILITIES</b>                 |       |                    |                          |
| Employees' defined benefit liabilities         | 10    | 16,185,491         | 15,198,316               |
| Lease liabilities                              | 15    | 1,054,222          | 1,634,406                |
| <b>TOTAL NON-CURRENT LIABILITIES</b>           |       | <b>17,239,713</b>  | <b>16,832,722</b>        |
| <b>CURRENT LIABILITIES</b>                     |       |                    |                          |
| Trade payable                                  |       | 46,035,906         | 41,884,512               |
| Amounts due to related parties                 | 11    | 609,217            | 13,858,075               |
| Accrued expenses and other current liabilities | 12    | 14,779,677         | 18,090,790               |
| Contract liabilities                           | 13    | 25,598,132         | 25,286,364               |
| Current portion of lease liabilities           | 15    | 580,184            | 778,524                  |
| Provision for zakat and income tax             | 14    | 1,092,175          | 3,171,211                |
| <b>TOTAL CURRENT LIABILITIES</b>               |       | <b>88,695,291</b>  | <b>103,069,476</b>       |
| <b>TOTAL LIABILITIES</b>                       |       | <b>105,935,004</b> | <b>119,902,198</b>       |
| <b>TOTAL EQUITY AND LIABILITIES</b>            |       | <b>185,428,231</b> | <b>177,178,083</b>       |

The accompanying notes 1 to 31 form integral part of these reissued consolidated financial statements.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME

For the year ended 31 March 2023

|                                                                                                                  | Notes | 2023<br>SR        | 2022<br>SR<br>(Restated) |
|------------------------------------------------------------------------------------------------------------------|-------|-------------------|--------------------------|
| Revenue                                                                                                          | 16    | 256,845,261       | 264,781,576              |
| Cost of revenue                                                                                                  | 17    | (201,005,918)     | (219,440,364)            |
| <b>GROSS PROFIT</b>                                                                                              |       | <b>55,839,343</b> | 45,341,212               |
| General and administration expenses                                                                              | 18    | (19,211,544)      | (11,792,621)             |
| Selling and distribution expenses                                                                                | 19    | (7,952,542)       | (5,343,375)              |
| (Charge)/reversal of expected credit losses of trade receivables                                                 | 7     | (984,079)         | 1,994,675                |
| <b>OPERATING PROFIT</b>                                                                                          |       | <b>27,691,178</b> | 30,199,891               |
| Other income                                                                                                     | 20    | 2,711,583         | 4,601,316                |
| Finance cost                                                                                                     |       | (670,881)         | (338,942)                |
| <b>PROFIT BEFORE ZAKAT AND INCOME TAX</b>                                                                        |       | <b>29,731,880</b> | 34,462,265               |
| Zakat                                                                                                            | 14    | (1,258,892)       | (893,744)                |
| Income tax                                                                                                       | 14    | (3,402,112)       | (3,019,134)              |
| Deferred tax credit/ (charge)                                                                                    | 14    | 290,048           | (461,017)                |
| <b>PROFIT FOR THE YEAR</b>                                                                                       |       | <b>25,360,924</b> | 30,088,370               |
| <b>OTHER COMPREHENSIVE (LOSS)/ INCOME</b>                                                                        |       |                   |                          |
| <i>Other comprehensive (loss)/ income that will not be reclassified to profit or loss in subsequent periods:</i> |       |                   |                          |
| Remeasurement (loss)/ gain on employees' defined benefit liabilities                                             | 10    | (80,199)          | 503,409                  |
| Deferred tax effect on remeasurement loss on employees' defined benefit liabilities                              | 14    | 8,019             | (50,341)                 |
| <b>TOTAL OTHER COMPREHENSIVE (LOSS)/ INCOME</b>                                                                  |       | <b>(72,180)</b>   | 453,068                  |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                                                                   |       | <b>25,288,744</b> | 30,541,438               |
| <b>EARNINGS PER SHARE:</b>                                                                                       |       |                   |                          |
| Basic and diluted earnings per share (profit for the year) attributable to the partners of the Company           | 28    | 2,536.09          | 3,008.84                 |
| Basic and diluted earnings per share (total comprehensive income) attributable to the partners of the Company    |       | 2,528.87          | 3,054.14                 |

The accompanying notes 1 to 31 form integral part of these reissued consolidated financial statements.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES

(A MIXED LIMITED LIABILITY COMPANY)

REISSUED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

|                                             | <i>Share<br/>capital<br/>SR</i> | <i>Additional<br/>capital<br/>contribution<br/>SR</i> | <i>Statutory<br/>reserve<br/>SR</i> | <i>Retained<br/>earnings<br/>SR</i> | <i>Total equity<br/>SR</i> |
|---------------------------------------------|---------------------------------|-------------------------------------------------------|-------------------------------------|-------------------------------------|----------------------------|
| Balance at 1 April 2021                     | 1,000,000                       | 30,031,155                                            | 61,907                              | 557,160                             | 31,650,222                 |
| Profit for the year                         | -                               | -                                                     | -                                   | 30,088,370                          | 30,088,370                 |
| Other comprehensive income                  | -                               | -                                                     | -                                   | 453,068                             | 453,068                    |
| Total comprehensive income                  | -                               | -                                                     | -                                   | 30,541,438                          | 30,541,438                 |
| Additional capital contribution<br>(note 1) | -                               | 11,735,384                                            | -                                   | -                                   | 11,735,384                 |
| Dividends (note 25)                         | -                               | -                                                     | -                                   | (16,651,159)                        | (16,651,159)               |
| Transfer to statutory reserve               | -                               | -                                                     | 238,093                             | (238,093)                           | -                          |
| Balance at 31 March 2022                    | 1,000,000                       | 41,766,539                                            | 300,000                             | 14,209,346                          | 57,275,885                 |
| Profit for the year                         | -                               | -                                                     | -                                   | 25,360,924                          | 25,360,924                 |
| Other comprehensive loss                    | -                               | -                                                     | -                                   | (72,180)                            | (72,180)                   |
| Total comprehensive income                  | -                               | -                                                     | -                                   | 25,288,744                          | 25,288,744                 |
| Dividends (note 25)                         | -                               | -                                                     | -                                   | (3,071,402)                         | (3,071,402)                |
| <b>Balance at 31 March 2023</b>             | <b>1,000,000</b>                | <b>41,766,539</b>                                     | <b>300,000</b>                      | <b>36,426,688</b>                   | <b>79,493,227</b>          |

The accompanying notes 1 to 31 form integral part of these reissued consolidated financial statements.



CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES

(A MIXED LIMITED LIABILITY COMPANY)

REISSUED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

|                                                                                | Notes | 2023<br>SR          | 2022<br>SR          |
|--------------------------------------------------------------------------------|-------|---------------------|---------------------|
| <b>OPERATING ACTIVITIES</b>                                                    |       |                     |                     |
| Profit before zakat and income tax                                             |       | 29,731,880          | 34,462,265          |
| Adjustments to reconcile profit before zakat and income tax to net cash flows: |       |                     |                     |
| Depreciation of property and equipment                                         | 4     | 3,345,284           | 3,263,973           |
| Provision for employees' defined benefit liabilities                           | 10    | 2,292,678           | 2,006,130           |
| Charge/(reversal) of expected credit losses of trade receivables               | 7     | 984,079             | (1,994,675)         |
| Depreciation of right-of-use assets                                            | 15    | 747,356             | 654,685             |
| Amortization of intangible assets                                              | 5     | 163,293             | 325,964             |
| Interest on lease liabilities                                                  | 15    | 250,402             | 142,980             |
| Gains from disposal of property and equipment                                  |       | (13,042)            | (92,278)            |
| Provision for / (reversal of) slow moving inventories                          | 6     | 750,000             | (209,882)           |
|                                                                                |       | <b>38,251,930</b>   | <b>38,559,162</b>   |
| <i>Working capital adjustments:</i>                                            |       |                     |                     |
| Inventories                                                                    |       | (7,591,486)         | (2,436,292)         |
| Trade receivables                                                              |       | (14,576,684)        | 3,284,974           |
| Amounts due from a related party                                               |       | 339,657             | (732,297)           |
| Prepayments and other current assets                                           |       | (1,447,305)         | (634,075)           |
| Trade payable                                                                  |       | 4,151,394           | (2,894,976)         |
| Amounts due to related parties                                                 |       | (13,248,858)        | (593,598)           |
| Accrued expenses and other current liabilities                                 |       | (3,311,113)         | (81,809)            |
| Contract liabilities                                                           |       | 311,768             | 11,680,412          |
| Cash generated from operations                                                 |       | <b>2,879,303</b>    | <b>46,151,501</b>   |
| Zakat and income tax paid                                                      | 14    | (6,740,040)         | (1,835,409)         |
| Employees' defined benefit liabilities paid                                    | 10    | (1,385,702)         | (3,206,694)         |
| <b>Net cash (used in) generated from operating activities</b>                  |       | <b>(5,246,439)</b>  | <b>41,109,398</b>   |
| <b>INVESTING ACTIVITIES</b>                                                    |       |                     |                     |
| Purchase of property and equipment                                             | 4     | (6,452,508)         | (3,524,426)         |
| Purchase of intangible assets                                                  | 5     | (541,400)           | (71,290)            |
| Proceeds from disposal of property and equipment                               |       | 13,042              | 135,864             |
| <b>Net cash used in investing activities</b>                                   |       | <b>(6,980,866)</b>  | <b>(3,459,852)</b>  |
| <b>FINANCING ACTIVITIES</b>                                                    |       |                     |                     |
| Payment of lease liabilities                                                   |       | (1,028,926)         | (915,132)           |
| Dividends paid to equity holders                                               | 25    | (3,071,402)         | (16,651,159)        |
| <b>Net cash used in financing activities</b>                                   |       | <b>(4,100,328)</b>  | <b>(17,566,291)</b> |
| <b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>                   |       | <b>(16,327,633)</b> | <b>20,083,255</b>   |
| Cash and cash equivalents at the beginning of the year                         |       | 38,921,581          | 18,110,461          |
| Cash and cash equivalents of an entity acquired                                | 1     | -                   | 727,865             |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>                        |       | <b>22,593,948</b>   | <b>38,921,581</b>   |

**Non-cash transactions:**

|                                               |   |   |            |
|-----------------------------------------------|---|---|------------|
| Net assets acquired in a business combination | 1 | - | 11,735,384 |
|-----------------------------------------------|---|---|------------|

The accompanying notes 1 to 31 form integral part of these reissued consolidated financial statements.

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES (A MIXED LIMITED LIABILITY COMPANY)

### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2023

#### 1 CORPORATE INFORMATION AND ACTIVITIES

Consolidated Gruenfelder Saady Holding Company (the “Company” or the “Parent Company”) is a Mixed Limited Liability Company formed under the Regulations for Companies in the Kingdom of Saudi Arabia under commercial registration number 1010651887 on 18 Muharram 1442H (corresponding to 06 September 2020).

The principal activity of the Company is to own controlling interest in group of subsidiaries and corporations.

The Company's registered office is located at:  
P.O Box 358  
Riyadh 11383  
Kingdom of Saudi Arabia

The Company's fiscal year commences from the month of April each year and ends in March each year.

On 17 March 2021, the Company acquired 100% shareholding of Coldstores Group of Saudi Arabia against purchase consideration of SR 30 million, through a share transfer agreement among the joint owners of the two entities. The acquisition is treated as transaction under common control since the Company and Coldstores Group of Saudi Arabia are ultimately controlled by the same shareholders.

On 20 December 2021, the Company acquired 100% shareholding of Consolidated Gruenfelder Saady Company against purchase consideration of SR 11.7 million, through a share transfer agreement among the joint owners of the two entities. The acquisition is treated as transaction under common control since the Company and Consolidated Gruenfelder Saady Company are ultimately controlled by the same shareholders.

These reissued consolidated financial statements include the financial position and performance of the Company and its following subsidiaries (collectively referred to as “Group”):

| <i>Subsidiary</i>                                    | <i>Country of incorporation</i> | <i>Effective holding</i> |             |
|------------------------------------------------------|---------------------------------|--------------------------|-------------|
|                                                      |                                 | <i>2023</i>              | <i>2022</i> |
| Coldstores Group of Saudi Arabia                     | Kingdom of Saudi Arabia         | <b>100%</b>              | 100%        |
| Consolidated Gruenfelder Saady Company (refer above) | Kingdom of Saudi Arabia         | <b>100%</b>              | 100%        |

The subsidiaries are principally engaged in the manufacturing and sale of cooling containers for food transport vehicles, non-refrigerated bodies for the vehicles and unportable cold storage rooms as well as servicing and repairs of refrigeration bodies, cooling units and cold stores.

#### 2 SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 Basis of preparation

These reissued consolidated financial statements of the Group have been prepared in accordance International Financial Reporting Standards (“IFRSs”) that are endorsed in the Kingdom of Saudi Arabia (KSA) and other standards and pronouncements that are endorsed by Saudi Organization for Chartered and Professional Accountants (“SOCPA”) (collectively referred to as “IFRSs as endorsed in KSA”).

These reissued consolidated financial statements have been prepared on a historical cost basis on the basis that it will continue to operate as a going concern, except as otherwise disclosed in the significant accounting policies under note 2.3 below.

These reissued consolidated financial statements are presented in Saudi Riyals (“SR”) which is the functional and presentation currency of the Company. All amounts have been rounded to the nearest SR, unless otherwise indicate.

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 Basis of consolidation

These reissued consolidated financial statements comprise the assets, liabilities and the results of operations of the Company and its subsidiaries as at 31 March 2023 and for the year then ended. Subsidiaries are entities that are controlled by Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

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

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

Profit or loss and each component of other comprehensive income ("other comprehensive income") are attributed to the equity holders of the parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

#### ***Changes in ownership interest in subsidiaries***

Changes in Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). In such circumstances the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the shareholder of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. Retained investment is recorded at fair value.

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant accounting policies

The material accounting policies adopted by the Group in preparing these reissued consolidated financial statements are applied consistently as following:

#### Property and equipment

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the reissued consolidated profit or loss as incurred.

Capital work in progress represents all costs relating directly or indirectly to the projects in progress and will be accounted for under relevant category of property and equipment upon completion.

The cost less estimated residual value of other items of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets. Following is the estimated useful lives of class of assets.

|                               | <u>Years</u> |
|-------------------------------|--------------|
| Building                      | 10 – 20      |
| Heavy machinery and equipment | 8            |
| Tools and other equipment     | 4            |
| Computer equipment            | 4            |
| Furniture and fixtures        | 4 -10        |
| Motor vehicles                | 5            |

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the reissued consolidated profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively.

#### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognised in the reissued consolidated statement of profit or loss in the period in which the expenditure is incurred.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the reissued consolidated statement of profit or loss as incurred.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the reissued consolidated statement of profit or loss.

#### Software

Computer software licenses purchased from third parties are initially recorded at cost. Costs directly associated with the production of internally developed software, where it is probable that the software will generate future economic benefits, are recognised as intangible assets. Computer software licenses are amortized over 3 to 4 years.

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant accounting policies (continued)

#### Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *Group as a lessee*

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

#### *i) Right-of-use assets*

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

#### *ii) Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

#### *iii) Short-term leases and leases of low-value assets*

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

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant accounting policies (continued)

#### Inventories

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Allowance for obsolescence are maintained for any obsolete inventories.

#### Cash and cash equivalents

For the purposes of the reissued consolidated statement of cash flows, cash and cash equivalents consists of bank balances, cash on hand and short-term deposits that are readily convertible into known amounts of cash and have maturities of three months or less when purchased.

#### Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial assets

##### Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. At initial recognition, financial assets are measured at their fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. In the case of financial assets not at fair value through profit or loss, its fair value including transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability is the initial recognition amount.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

##### Financial assets at amortised cost (debt instruments)

The Group measures financial asset at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables and amounts due from a related party.

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant accounting policies (continued)

#### Financial instruments (continued)

##### *Financial assets (continued)*

##### *Subsequent measurement (continued)*

##### *Financial assets at fair value through OCI (debt instruments)*

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the reissued consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. Currently, the Group does not have any financial instruments valued at fair value through OCI.

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

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

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the reissued consolidated statement of financial position at fair value with net changes in fair value recognised in the reissued consolidated statement of profit or loss. The Group currently does not have any financial instruments designated at fair value under this category.

##### *Derecognition*

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

##### *Offsetting of financial instruments*

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

##### *Impairment*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The Group applies IFRS 9 simplified approach for measuring ECL, which uses a lifetime expected loss allowance.

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant accounting policies (continued)

#### Financial instruments (continued)

##### Financial assets (continued)

##### Impairment (continued)

The expected loss rates are based on the payment profiles of receivables at each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified Gross Domestic Product ("GDP") of KSA (the country in which it sells goods and renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment (e.g., unemployment, GDP growth, inflation, profit rates and house prices) and economic forecasts obtained through internal and external sources.

For trade receivables and contract assets relating to government agencies and related parties, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the due balances are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the due balances.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD): the likelihood of a default over a particular time horizon
- Loss given default (LGD): This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.
- Exposure at default (EAD): This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Group considers default when, i) the customer 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 ii) the customer is more than 360 days past due on any material credit obligation to the Group, apart for the receivable from customers relates to Government of KSA or related parties where the probability of default considered insignificant.

##### Write-off

The gross 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.

#### Financial liabilities

##### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payables, lease liabilities, amounts due to related parties and other payables.



## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant accounting policies (continued)

#### Financial instruments (continued)

##### *Financial liabilities (continued)*

##### *Subsequent measurement*

For purposes of subsequent measurement, financial liabilities are classified in two categories, i) Financial liabilities at fair value through profit or loss, ii) Financial liabilities at amortised cost (loans and borrowings).

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Group has not designated any financial liability as at fair value through profit or loss.

After initial recognition, interest-bearing loans and borrowings (if any) are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

##### *Derecognition*

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

#### **Business combination and goodwill**

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the reissued consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the reissued consolidated statement of profit or loss.

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

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant accounting policies (continued)

#### Business combination and goodwill (continued)

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, from the acquisition date is allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained. When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognised in the reissued consolidated statement of profit or loss.

For business combinations involving entities under common control, the assets and liabilities of the combining entities are reflected at their carrying amounts. Adjustments are made to the carrying amounts in order to incorporate any differences arising due to differences in accounting policies used by the combining entities. No goodwill or gain is recognised as a result of the combination and any difference between the consideration paid/transferred and the equity acquired is reflected within the equity of the Group. The reissued consolidated statement of profit or loss and other comprehensive income reflects the results of the combining entities from the date when the combination took place.

#### Impairment of non-financial assets

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

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

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

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

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

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

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

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant accounting policies (continued)

#### Statutory reserve

In accordance with the Parent Company's articles of association, the Company must set aside 10% of its income after zakat and tax in each year until it has built up a reserve equal to 30% of its capital. The reserve is not available for distribution.

The New Companies Law entered into effect on 19 January 2023 corresponding to 26 Jumada Al-Alkhirah 1444H removed the minimum statutory reserve requirement and the Parent Company has an option to create such a reserve.

#### Dividends

The Group recognises a liability to pay a dividend to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per provisions of Companies' Law, a distribution is authorised when it is approved by the partners. A corresponding amount is recognised directly in reissued consolidated statement of changes in equity.

#### Employee benefits liabilities

##### *Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, child education allowance that are expected to be settled wholly within twelve months after the end of the period 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 amounts expected to be paid when the liabilities are settled.

##### *Defined benefit plan*

The Group operates a defined benefit plan driven by the labour laws of the Kingdom of Saudi Arabia. The defined benefit plan is not funded. Valuation of the obligation under such scheme is carried out by an independent actuary based on the projected unit credit method. The costs relating to such scheme 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 recognised immediately in profit or loss as "employee costs" while unwinding of the liability at discount rates used are recorded as finance cost. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit liability resulting from scheme amendments or curtailments are recognised immediately in profit or loss as past service costs.

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation. The contributions are recognised as employees' benefits expense in the profit or loss when they are due.

The Group contributes a specific portion of salary of employees towards General Organization of Social Insurance ("GOSI") fund, which is a Kingdom's agency concerned with social insurance of employees in the Kingdom.

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant accounting policies (continued)

#### Provisions

##### *General*

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 reissued consolidated statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

##### *Onerous contracts*

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

##### *Warranty provisions*

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognised when the product is sold or the service is provided to the customer. The Group does not provide any extended warranties or maintenance contracts to its customers. Initial recognition is based on historical experience. The warranty provision is reviewed periodically and adjusted to reflect current estimates of the future costs of fulfilling warranty obligations.

#### Trade payable

Trade payables represent amounts owed by the Group for goods or services purchased from suppliers in the ordinary course of business. These are obligations to pay for goods or services that have been acquired from suppliers in the normal operating cycle. Trade payables are initially recognized when the Group enters into a contract or purchase order with a supplier for the acquisition of goods or services and are measured at the original invoice amount when the goods have been received or services rendered. Following initial recognition, trade payables are subsequently measured at amortized cost using the effective interest method. Given that trade payables are usually paid within a short period, their amortized cost typically approximates their nominal amount.

#### Contingent liabilities

A contingent liability is a possible obligation which may arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. If the amount of the obligation cannot be measured with sufficient reliability, then the Group does not recognise the contingent liability but discloses it in the financial statements.

#### Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value adjusted for transaction costs that are directly attributable to the issuance of the guarantee. The fair value of financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation.

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant accounting policies (continued)

#### Direct and indirect taxes and zakat

##### *Zakat*

Zakat is provided for in accordance with Saudi Arabian fiscal regulations by the respective group entities and charged to the reissued consolidated statement of profit or loss. Additional amounts, if any, that may become due on finalisation of an assessment are accounted for in the year in which assessment is finalised.

##### *Current income tax*

Current income tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax is recognised in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part, of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax is recognised in reissued consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income.

##### *Withholding tax*

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia, as required under Saudi Arabian Income Tax Law and settle to the Zakat, Tax and Customs Authority (ZATCA).

##### *Value added tax*

Sales, expenses and assets are recognised net of the amount of value added tax, except when the value added tax incurred on purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of value added tax receivable from, or payable to, the taxation authority is included as part of receivable or payables in the reissued consolidated statement of financial position.

#### Current versus non-current classification

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

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

All other assets are classified as non-current.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**2.3 Significant accounting policies (continued)**

**Current versus non-current classification (continued)**

A liability is current when:

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

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**Revenue from contract with customers**

The Group assembles and sells a range of cold storages and chiller units and provide related repair & maintenance services. In addition, the Group also constructs unmovable cold storage rooms. The Group uses five step model from *IFRS 15: Revenue from Contract with Customers*, for recognition of revenue, as listed below:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

**a) Sale of goods**

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

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

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

**b) Rendering of services**

The Group provides repair and maintenance services to its customer. These services can be obtained from other providers and do not significantly customise or modify the equipment. The Group recognises revenue from these services at a point in time, generally upon completion of the service or delivery of the equipment.

**c) Revenue from long-term contracts**

For lump sum fixed-price contracts for unmovable cold storage rooms construction, the Group measures progress and recognises revenue using the full cost method, based on the actual cost of work performed at end of the reporting period as a percentage of total contract costs at completion once the outcome of a contract can be estimated reliably. When the outcome of a contract cannot be estimated reliably, contract revenues are recognised only to the extent of costs incurred that are expected to be recoverable. The services provided under the contract are satisfied over time rather than at a point in time since the customer simultaneously receives and consumes the benefits provided by the Group and the Group has the enforceable rights to receive the consideration.

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant accounting policies (continued)

#### *c) Revenue from long-term contracts (continued)*

At contract inception, the Group considers the following factors to determine whether the contract contains a single performance obligation or multiple performance obligations:

- it provides a significant service of integrating the goods or services with other goods or services promised in the contract into a bundle of goods or services that represent the combined output or outputs for which the customer has contracted.
- one or more of the goods or services significantly modifies or customises, or are significantly modified or customised by, one or more of the other goods or services promised in the contract.
- the goods or services are highly interdependent or highly interrelated.

Contract modifications, e.g., variation orders, are accounted for as part of the existing contract, with a cumulative catch up adjustment to revenue. For material contract modifications a separate contract may be recognised, based on management's assessment of the following factors:

- the scope of the contract increases because of the addition of promised goods or services that are distinct; and
- the price of the contract increases by an amount of consideration that reflects the Group's stand-alone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract.

Variable consideration (e.g., variation orders) are assessed/re-assessed using the expected value approach, as appropriate, at each reporting date where it is considered highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. In performing the assessment, the Group considers the likelihood of such settlement being made by reference to the contract, customer communications and other forms of documentary evidence.

An onerous contract provision is recognised for all losses expected to arise on completion of contracts entered into at the reporting date, whether or not work has commenced on these contracts.

Advance payments received from customers for fixed-price contracts are structured primarily for reasons other than the provision of finance to the Group, (e.g., procurement costs), and they do not provide customers with an alternative to pay in arrears. In addition, the length of time between when the customer settles amounts to which the Group has an unconditional right to payment and the Group transfers goods and services to the customer is generally relatively short. Therefore, the Group has concluded that there is not a significant financing component within such contracts.

Currently, the Group does not have any contracts where payments by a customer are over several years after the Group has transferred goods and services to the customer; if such cases arise in future the transaction price for such contracts will be determined by discounting the amount of promised consideration using an appropriate discount rate.

#### **Contract balances**

##### *Contract assets*

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs its obligations to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance, classified as "contract assets".

##### *Trade receivables*

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due) (refer trade receivable policy).



## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

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#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant accounting policies (continued)

#### *Contract balances (continued)*

##### *Contract liabilities*

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group satisfies the performance obligation, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

Contract liabilities are recognised as revenue when the Group performs its obligations under the contract. Where the amount billed to the customer exceeds the amount of revenue recognised, this gives rise to a contract liability which is classified as "billings in excess of value of work executed".

#### **Foreign currencies transactions and balances**

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

Differences arising on settlement or translation of monetary items are recognised in the reissued consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in reissued consolidated statement of profit or loss).

#### **Cost and expenses**

##### *Cost of revenue*

Cost of revenue represents the cost incurred during the period relates to the revenue activities by the Group and contain principally direct labor, direct material, allocated cost that directly relates to the sale of goods or contract activities, the cost that are explicitly chargeable to the customer under the contract and other cost that are incurred by the Group only because the entity entered into the respective contract and recognize on accrued basis.

##### *General and administration expenses/selling and distribution expenses*

Selling and distribution expenses are those that specifically relate to salesmen, sales department, advertising and promotion, etc. All other operating expenses which are not directly related to the contract executed or goods sold are recognized under general and administration expenses. These also include allocations of general overheads which are not specifically attributed to cost of revenue.

The allocation of overheads between cost of revenue, general & administration expenses and selling & distribution expenses, where required, is made on the factors determined by the management and applied on a consistent basis.

#### **Other income**

The Group recognizes other income when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably. Other income is measured at the fair value of the consideration received or receivable and recognized on accrual basis in accordance with the terms of the agreements. Other income that is incidental to the Group's business model is recognised as income as it is earned or accrued.



## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant accounting policies (continued)

#### Earnings per share

Basic and diluted earnings per share is calculated by dividing the profit or loss attributable to partners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the period.

#### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM").

The board of directors of the Group has appointed a Group Chief Executive Officer, who assesses the financial performance and position of the Group and makes strategic decisions. Group Chief Executive Officer has been identified as being the Group CODM.

A operating segment is group of assets, operations or entity:

- engaged in revenue producing activities;
- results of operations of which are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- financial information is separately available

#### Fair value measurement

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 most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is 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; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the 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. The Group determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Significant accounting policies (continued)

#### Fair value measurement (continued)

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. 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.

### 2.4 New and amended standards and interpretations

The Group applied for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2022 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### *Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37*

An onerous contract is a contract under which the unavoidable cost of meeting the obligations under the contract (i.e., the costs that the Group cannot avoid because it has the contract) exceeds the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labor and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

These amendments had no impact on the reissued consolidated financial statements of the Group.

#### *Reference to the Conceptual Framework – Amendments to IFRS 3*

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Group applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

These amendments had no impact on the financial statements of the Group as there were no contingent assets, liabilities or contingent liabilities within the scope of these amendments that arose during the period.

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.4 New and amended standards and interpretations (continued)

#### *Property, Plant and Equipment: Proceed before Intended Use – Amendments to IAS 16 Leases*

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

These amendments had no impact on the financial statements of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

#### *IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the financial statements of the Group as it is not a first-time adopter.

This standard is not applicable to the Group.

#### *IFRS 9 Financial Instruments – Fees in '10 per cent' test for derecognition of financial liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

#### *IAS 41 Agriculture – Taxation in fair value measurements*

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the financial statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

### 2.5 Standards issued but not yet effective

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

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.5 Standards issued but not yet effective (continued)

#### *IFRS 17 Insurance Contracts*

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

#### *Amendment to IAS 1: Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms

of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

#### *Definition of Accounting Estimates – Amendments to IAS 8*

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of ‘accounting estimates.

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

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

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.5 Standards issued but not yet effective (continued)

#### *Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2*

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments are not necessary.

The Group is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

#### *Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12*

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognized for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

#### *International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12*

The amendments to IAS 12 have been introduced in response to the OECD’s BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity’s exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

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

#### *Amendments to IFRS 16: Lease Liability in a Sale and Leaseback*

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed.

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

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.5 Standards issued but not yet effective (continued)

#### *Amendment to IAS 1: Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.

#### *Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7*

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed. The amendments are not expected to have a material impact on the Group's financial statements.

#### *Lack of exchangeability – Amendments to IAS 21*

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

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

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

#### *IFRS 18 Presentation and Disclosure in Financial Statements*

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

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

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

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2023

## 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.5 Standards issued but not yet effective (continued)

#### IFRS 18 Presentation and Disclosure in Financial Statements (continued)

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

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

#### IFRS 19 Subsidiaries without Public Accountability: Disclosures

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

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

In addition to above, following are the new IFRS sustainability disclosure standards effective for the annual periods beginning on or after 1 January 2024 subject to endorsement of the standards by SOCPA:

- IFRS S1 General requirements for disclosure of sustainability-related financial information - This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- IFRS S2 Climate-related disclosures - This is the first thematic standard issued that set out requirements for entities to disclose information about climate related risks and opportunities.

## 3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

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

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

|                                                                   |                 |
|-------------------------------------------------------------------|-----------------|
| Capital management                                                | Note 26         |
| Financial instruments and risk management objectives and policies | Note 23         |
| Sensitivity analyses disclosures                                  | Notes 23 and 10 |

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.



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#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its estimates and assumptions on parameters available when the reissued consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### *Satisfaction of performance obligations*

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the agreements entered with the customers and the provisions of relevant laws and regulations, where contracts are entered into to undertake long term contracts with the customers (for the construction of unmovable cold storage rooms), the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. Further, the services provided under these contracts are satisfied over time rather than at a point in time since the customer simultaneously receives and consumes the benefits provided by the Group. Based on this, the Group recognises revenue over time.

For the revenue on sale of goods and maintenance services, the Group has assessed that based on the delivery arrangements entered into with the customer and the provisions of relevant laws and regulations, the Group creates an asset with an alternative use to the Group and usually does not have an enforceable right to payment for performance completed to date. Based on this, the Group recognises revenue at point in time i.e. on the delivery of goods or services to customer.

#### *Cost to complete the contracts*

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include, amongst other items, the manpower costs, material and parts, other overhead, variation orders and the cost of meeting other contractual obligations to the customers. Such estimates are reviewed at regular intervals. Any subsequent changes in the estimated cost to complete may affect the results of the subsequent periods.

#### *Provision for expected credit losses*

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

#### *Defined benefit plans*

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers Saudi Government bond/sukuk yield. Future salary increases are based on expected future inflation rates and historical data.



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### 3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)

#### Estimates and assumptions (continued)

##### *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 to sell and its value in use. The fair value less costs to sell 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 for disposing of the asset. The value in use calculation is based on a discounted cash flow 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 asset's performance of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

##### *Leases - Estimating the incremental borrowing rate*

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

##### *Taxes*

Deferred tax assets are recognised for temporary differences to the extent that it is probable that taxable profit will be available in the future against which the assets can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

##### *Useful lives of property and equipment*

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

##### *Impairment of inventories*

Inventory is stated at the lower of cost and net realizable value. When inventory becomes old or obsolete, an estimate is made for the net realizable value. For individually significant amounts, this estimate is made 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 aging, obsolescence, physical deterioration and change in demand and goods pricing.

##### *Provisions*

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

##### *Judgements*

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

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NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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**3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (continued)**

**Estimates and assumptions (continued)**

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

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has certain lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

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**NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS (continued)**

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**4 PROPERTY AND EQUIPMENT**

| <i>Cost</i>                              | <i>Buildings</i><br>SR | <i>Heavy<br/>machinery<br/>and<br/>equipment</i><br>SR | <i>Tools and<br/>other<br/>equipment</i><br>SR | <i>Furniture<br/>and fixtures</i><br>SR | <i>Motor<br/>vehicles</i><br>SR | <i>Computer<br/>equipment</i><br>SR | <i>Work-in-<br/>progress*</i><br>SR | <i>Total</i><br>SR |
|------------------------------------------|------------------------|--------------------------------------------------------|------------------------------------------------|-----------------------------------------|---------------------------------|-------------------------------------|-------------------------------------|--------------------|
| At 1 April 2021                          | 29,211,768             | 35,590,214                                             | 1,129,800                                      | 3,349,808                               | 4,712,073                       | 4,580,231                           | -                                   | 78,573,894         |
| Relating to acquisition of<br>businesses | 8,667,445              | 2,360,522                                              | 892,893                                        | 1,645,180                               | 1,407,775                       | -                                   | -                                   | 14,973,815         |
| Additions                                | -                      | 296,676                                                | 49,310                                         | 46,160                                  | 406,300                         | 403,676                             | 2,322,304                           | 3,524,426          |
| Disposal                                 | -                      | -                                                      | -                                              | -                                       | (967,935)                       | (8,750)                             | -                                   | (976,685)          |
| At 31 March 2022                         | 37,879,213             | 38,247,412                                             | 2,072,003                                      | 5,041,148                               | 5,558,213                       | 4,975,157                           | 2,322,304                           | 96,095,450         |
| Additions                                | 514,394                | 435,316                                                | 152,165                                        | 215,886                                 | 126,600                         | 166,852                             | 4,841,295                           | 6,452,508          |
| Disposal                                 | -                      | -                                                      | (124,932)                                      | (36,386)                                | (87,400)                        | -                                   | -                                   | (87,400)           |
| Write-off                                | (694,525)              | (1,869,910)                                            | -                                              | -                                       | -                               | (1,671,271)                         | -                                   | (4,397,024)        |
| Transfer                                 | -                      | 1,250,000                                              | -                                              | -                                       | -                               | -                                   | (1,250,000)                         | -                  |
| At 31 March 2023                         | <b>37,699,082</b>      | <b>38,062,818</b>                                      | <b>2,099,236</b>                               | <b>5,220,648</b>                        | <b>5,597,413</b>                | <b>3,470,738</b>                    | <b>5,913,599</b>                    | <b>98,063,534</b>  |
| <i>Accumulated depreciation</i>          |                        |                                                        |                                                |                                         |                                 |                                     |                                     |                    |
| At 1 April 2021                          | 18,539,378             | 31,563,320                                             | 1,048,151                                      | 2,351,255                               | 4,479,379                       | 3,826,158                           | -                                   | 61,807,641         |
| Relating to acquisition of<br>businesses | 5,598,952              | 2,036,806                                              | 797,101                                        | 891,500                                 | 1,393,379                       | -                                   | -                                   | 10,717,738         |
| Charge for the year                      | 899,564                | 1,361,824                                              | 75,981                                         | 564,301                                 | 77,062                          | 285,241                             | -                                   | 3,263,973          |
| Disposal                                 | -                      | -                                                      | -                                              | -                                       | (925,260)                       | (7,839)                             | -                                   | (933,099)          |
| At 31 March 2022                         | 25,037,894             | 34,961,950                                             | 1,921,233                                      | 3,807,056                               | 5,024,560                       | 4,103,560                           | -                                   | 74,856,253         |
| Charge for the year                      | 1,064,502              | 1,123,332                                              | 77,260                                         | 549,264                                 | 161,622                         | 369,304                             | -                                   | 3,345,284          |
| Disposal                                 | -                      | -                                                      | -                                              | -                                       | (87,400)                        | -                                   | -                                   | (87,400)           |
| Write-off                                | (694,525)              | (1,869,910)                                            | (124,932)                                      | (36,386)                                | -                               | (1,671,271)                         | -                                   | (4,397,024)        |
| At 31 March 2023                         | <b>25,407,871</b>      | <b>34,215,372</b>                                      | <b>1,873,561</b>                               | <b>4,319,934</b>                        | <b>5,098,782</b>                | <b>2,801,593</b>                    | <b>-</b>                            | <b>73,717,113</b>  |
| <i>Net book value</i>                    |                        |                                                        |                                                |                                         |                                 |                                     |                                     |                    |
| 31 March 2023                            | <b>12,291,211</b>      | <b>3,847,446</b>                                       | <b>225,675</b>                                 | <b>900,714</b>                          | <b>498,631</b>                  | <b>669,145</b>                      | <b>5,913,599</b>                    | <b>24,346,421</b>  |
| 31 March 2022                            | 12,841,319             | 3,285,462                                              | 150,770                                        | 1,234,092                               | 533,653                         | 871,597                             | 2,322,304                           | 21,239,197         |

\* Work-in-progress represents improvement costs on production facilities and machineries under installations.

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**4 PROPERTY AND EQUIPMENT (continued)**

The depreciation charge for the year has been allocated as follows:

|                                     | Notes | 2023<br>SR       | 2022<br>SR       |
|-------------------------------------|-------|------------------|------------------|
| Cost of revenue                     | 17    | 2,601,858        | 2,710,482        |
| General and administration expenses | 18    | 614,894          | 501,121          |
| Selling and distribution expenses   | 19    | 128,532          | 52,370           |
|                                     |       | <u>3,345,284</u> | <u>3,263,973</u> |

**5 INTANGIBLE ASSETS**

|                                       | 2023<br>SR       | 2022<br>SR       |
|---------------------------------------|------------------|------------------|
| <b>Software</b>                       |                  |                  |
| <b>Cost</b>                           |                  |                  |
| Balance at the beginning of the year  | 1,722,249        | 1,251,160        |
| Relating to acquisition of businesses | -                | 399,799          |
| Additions                             | 541,400          | 71,290           |
| Balance at the end of year            | <u>2,263,649</u> | <u>1,722,249</u> |
| <b>Accumulated amortization</b>       |                  |                  |
| Balance at the beginning of the year  | 1,479,647        | 793,712          |
| Relating to acquisition of businesses | -                | 359,971          |
| Charge for the year                   | 163,293          | 325,964          |
| Balance at the end of year            | <u>1,642,940</u> | <u>1,479,647</u> |
| <b>Net book value</b>                 | <u>620,709</u>   | <u>242,602</u>   |

**6 INVENTORIES**

|                                       | 2023<br>SR          | 2022<br>SR          |
|---------------------------------------|---------------------|---------------------|
| Goods held for sale                   | 23,437,660          | 18,282,620          |
| Raw materials                         | 27,880,515          | 23,033,824          |
| Spare parts and consumables           | 13,394,814          | 18,446,526          |
| Work in progress                      | 6,450,158           | 4,175,656           |
| Goods in transit                      | 6,771               | -                   |
|                                       | <u>71,169,918</u>   | <u>63,938,626</u>   |
| Less: provision for slow moving items | <u>(11,332,086)</u> | <u>(10,942,280)</u> |
|                                       | <u>59,837,832</u>   | <u>52,996,346</u>   |

The summary of movement in provision for slow moving inventories are as follows:

|                                          | 2023<br>SR        | 2022<br>SR        |
|------------------------------------------|-------------------|-------------------|
| At the beginning of the year             | 10,942,280        | 11,280,145        |
| Acquisition through business combination | -                 | 1,853,348         |
| Charge/(reversal) during the year        | 750,000           | (209,882)         |
| Written off during the year              | (360,194)         | (1,981,331)       |
| At the end of the year                   | <u>11,332,086</u> | <u>10,942,280</u> |

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**7 TRADE RECEIVABLES**

|                                            | 2023<br>SR         | 2022<br>SR<br>(Restated) |
|--------------------------------------------|--------------------|--------------------------|
| Trade receivables                          | 68,897,090         | 54,322,506               |
| Less: allowance for expected credit losses | <u>(7,801,890)</u> | <u>(6,819,911)</u>       |
|                                            | <u>61,095,200</u>  | <u>47,502,595</u>        |

The movement in the allowance for expected credit losses is as follows:

|                                          | 2023<br>SR       | 2022<br>SR       |
|------------------------------------------|------------------|------------------|
| At the beginning of the year             | 6,819,911        | 6,479,084        |
| Acquisition through business combination | -                | 2,436,160        |
| Charge/(reversal) for the year           | 984,079          | (1,994,675)      |
| Written off during the year              | <u>(2,100)</u>   | <u>(100,658)</u> |
| At the end of the year                   | <u>7,801,890</u> | <u>6,819,911</u> |

Trade receivables are interest free and the normal credit terms of the Group is 30 to 90 days.

Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and vast majority are, therefore, unsecured.

Note 23 (a) includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

**8 PREPAYMENTS AND OTHER CURRENT ASSETS**

|                           | 2023<br>SR        | 2022<br>SR       |
|---------------------------|-------------------|------------------|
| Advances to suppliers     | 2,890,621         | 3,257,572        |
| Refundable deposits       | 2,766,868         | 2,046,303        |
| Margin deposits with bank | 1,987,600         | 982,075          |
| Advances to employees     | 1,724,471         | 1,732,044        |
| Prepaid expenses          | 749,892           | 655,312          |
| Others                    | <u>2,209</u>      | <u>1,050</u>     |
|                           | <u>10,121,661</u> | <u>8,674,356</u> |

**9 CASH AND CASH EQUIVALENTS**

|                     | 2023<br>SR        | 2022<br>SR        |
|---------------------|-------------------|-------------------|
| Cash at banks       | 22,408,964        | 28,706,447        |
| Cash in hand        | 184,984           | 215,134           |
| Short term deposits | <u>-</u>          | <u>10,000,000</u> |
|                     | <u>22,593,948</u> | <u>38,921,581</u> |

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**9 CASH AND CASH EQUIVALENTS (continued)**

Reconciliation of liabilities arising from financing activities:

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|                            | <i>At 1 April<br/>2022</i> | <i>Cashflows</i> | <i>Others</i> | <i>At 31 March<br/>2023</i> |
|----------------------------|----------------------------|------------------|---------------|-----------------------------|
|                            | <i>SR</i>                  | <i>SR</i>        | <i>SR</i>     | <i>SR</i>                   |
| Lease liabilities          | 2,412,930                  | (1,028,926)      | 250,402       | 1,634,406                   |
| Dividends payable          | -                          | (3,071,402)      | 3,071,402     | -                           |
| Total financing activities | 2,412,930                  | (4,100,328)      | 3,321,804     | 1,634,406                   |

**31 March 2022**

|                            | <i>At 1 April<br/>2021</i> | <i>Cashflows</i> | <i>Others</i> | <i>At 31 March<br/>2022</i> |
|----------------------------|----------------------------|------------------|---------------|-----------------------------|
|                            | <i>SR</i>                  | <i>SR</i>        | <i>SR</i>     | <i>SR</i>                   |
| Lease liabilities          | 2,088,488                  | (915,132)        | 1,239,574     | 2,412,930                   |
| Dividends payable          | -                          | (16,651,159)     | 16,651,159    | -                           |
| Total financing activities | 2,088,488                  | (17,566,291)     | 17,890,733    | 2,412,930                   |

**10 EMPLOYEES' DEFINED BENEFIT LIABILITIES**

The Group operates a non-funded employees' terminal benefit plan, which is classified as defined benefit liabilities under IAS 19 'Employee Benefits'. The benefit is mandatory for all Saudi Arabian based employees under the Saudi Arabian labour law and also under the Group's policies applicable to employees' accumulated period of service and payable upon termination, resignation or retirement. The Group's net obligation in respect of employees' defined benefits is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior years. This amount is then discounted using an appropriate discount rate to determine the present value of the Group's net obligation.

**10.1 Changes in the present value of defined benefit liability**

|                                                                                                                        | <i>2023<br/>SR</i> | <i>2022<br/>SR</i> |
|------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Balance as at beginning of the year                                                                                    | 15,198,316         | 13,605,833         |
| Acquisition through business combination                                                                               | -                  | 3,296,456          |
| <i>Charges recognised in the consolidated statement of profit or loss and other comprehensive income for the year:</i> |                    |                    |
| Interest cost                                                                                                          | 478,680            | 301,359            |
| Current service cost                                                                                                   | 1,813,998          | 1,704,771          |
| <i>Actuarial changes arising due to:</i>                                                                               |                    |                    |
| Financial assumptions                                                                                                  | 175,985            | (547,651)          |
| Experience assumptions                                                                                                 | (95,786)           | 44,242             |
| Benefits paid during the year                                                                                          | (1,385,702)        | (3,206,694)        |
| Balance as at end of the year                                                                                          | 16,185,491         | 15,198,316         |

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**10 EMPLOYEES' DEFINED BENEFIT LIABILITIES (continued)**

**10.1 Changes in the present value of defined benefit liability (continued)**

**a. Sensitivity analysis**

The principal assumptions used in determining the post-employment defined benefit liability includes the following:

|                                  | 2023           | 2022           |
|----------------------------------|----------------|----------------|
| Discount rate                    | 3.90% to 4.11% | 2.30% to 3.30% |
| Expected rate of salary increase | 3.00%          | 2.00%          |
| Rates of employee turnover       | 15%            | 15%            |
| Mortality rates                  | A1949-52       | A1949-52       |
| Retirement assumption            | 60             | 60             |

A quantitative sensitivity analysis for significant assumptions as at 31 March 2023 and 31 March 2022 are shown below:

|                                | 2023<br>SR | 2022<br>SR |
|--------------------------------|------------|------------|
| <i>Discount rate:</i>          |            |            |
| 1% increase                    | (671,763)  | (638,682)  |
| 1% decrease                    | 740,184    | 704,585    |
| <i>Future salary increases</i> |            |            |
| 1% increase                    | 679,787    | 707,032    |
| 1% decrease                    | (628,445)  | (652,732)  |

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

The following payments are expected against the defined benefit liability in future years:

|                           | 2023<br>SR        | 2022<br>SR        |
|---------------------------|-------------------|-------------------|
| Within the next 12 months | 4,027,195         | 3,804,181         |
| Between 2 and 5 years     | 9,652,875         | 10,841,127        |
| Beyond 5 years            | 20,732,498        | 16,392,202        |
|                           | <b>34,412,568</b> | <b>31,037,510</b> |

The average duration of the defined benefit plan liability at the end of the reporting period is 4.3 to 4.9 years (31 March 2022: 4.5 years).

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**11 RELATED PARTIES BALANCES AND TRANSACTIONS**

Related parties represent partners, directors and key management personnel and entities controlled or significantly influenced by such parties.

(a) Significant transactions with related parties during the year and significant year-end balances are as follows:

| <i>Related parties</i>                  | <i>Relationship</i> | <i>Nature of transactions</i> | <b>2023</b><br><b>SR</b> | <b>2022</b><br><b>SR</b> |
|-----------------------------------------|---------------------|-------------------------------|--------------------------|--------------------------|
| Consolidated Gruenfelder Saady Company  | Fellow subsidiary   | Sales                         | -                        | 36,391,260               |
|                                         |                     | Purchases                     | -                        | 1,152,253                |
| Al Saadi Refrigeration Air Conditioning | Fellow subsidiary   | Sales                         | <b>2,886,310</b>         | 4,773,160                |
|                                         |                     | Purchases                     | <b>518,850</b>           | (417,198)                |
|                                         |                     | Expenses paid on behalf       | <b>230,506</b>           | 431,921                  |
| Key management Personnel                |                     | Salaries and other benefits   | <b>6,919,092</b>         | 6,374,658                |
|                                         |                     | Terminal benefits             | <b>224,116</b>           | 457,357                  |

The Company incurred certain expenses on behalf of the partners as well as the partners incurred certain expenses on behalf of the Company and charge back at cost.

(b) The breakdown of amounts disclosed in the consolidated statement of financial position is as follows:

*Amounts due from a related party presented under current assets:*

|                                         | <b>2023</b><br><b>SR</b> | <b>2022</b><br><b>SR</b> |
|-----------------------------------------|--------------------------|--------------------------|
| Al Saadi Refrigeration Air Conditioning | <b>653,663</b>           | 993,320                  |

*Amounts due to related parties presented under current liabilities:*

|                                      | <b>2023</b><br><b>SR</b> | <b>2022</b><br><b>SR</b> |
|--------------------------------------|--------------------------|--------------------------|
| GK Gruenfelder International AG      | <b>384,263</b>           | 7,969,140                |
| Darat Esmat Al Saady Holding Company | <b>224,954</b>           | 5,888,935                |
|                                      | <b>609,217</b>           | 13,858,075               |

*Terms and conditions of transactions with related parties*

Pricing policies and terms of payment for the transactions with the related parties are approved by the Group's management. There have been no guarantees provided or received for any related party receivables or payables and the outstanding balances are interest free. As of 31 March 2023, the Group has not recorded any impairment loss relating to amounts owed by related parties (31 March 2022: same). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.



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12 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

|                                                  | 2023<br>SR        | 2022<br>SR        |
|--------------------------------------------------|-------------------|-------------------|
| Employees related accruals                       | 7,150,835         | 7,118,106         |
| Sales commission payable                         | 2,491,278         | 2,728,967         |
| Accrued expenses                                 | 2,053,647         | 1,028,624         |
| Provision for warranties                         | 1,478,420         | 1,205,729         |
| VAT payable                                      | 1,323,212         | 2,461,831         |
| Payables against goods received but not invoiced | 120,457           | 3,432,376         |
| Interest accrual on lease liability              | 62,260            | 62,260            |
| Others                                           | 99,568            | 52,897            |
|                                                  | <u>14,779,677</u> | <u>18,090,790</u> |

13 CONTRACT LIABILITIES

|                                              | 2023<br>SR        | 2022<br>SR<br>(Restated) |
|----------------------------------------------|-------------------|--------------------------|
| Advance from the customers                   | 7,543,774         | 14,120,015               |
| Billings in excess of value of work executed | <u>18,054,358</u> | <u>11,166,349</u>        |
|                                              | <u>25,598,132</u> | <u>25,286,364</u>        |

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

|                                                   | 2023<br>SR          | 2022<br>SR          |
|---------------------------------------------------|---------------------|---------------------|
| Progress billings received and receivable to date | 50,795,481          | 35,949,129          |
| Less: value of work executed to date              | <u>(32,741,123)</u> | <u>(24,782,780)</u> |
|                                                   | <u>18,054,358</u>   | <u>11,166,349</u>   |

14 ZAKAT AND INCOME TAX

14.1. Status of assessments of zakat and income tax

The Group files Zakat and Income Tax return of the Company and its subsidiaries on a standalone basis. The zakat and income tax charge represents the consolidated sum of zakat and income tax charge accrued by the Company and its subsidiaries at standalone financial statements level.

**Consolidated Gruenfelder Saady Holding Company:** The Company has filed its tax/zakat returns till year ended 31 March 2023 with the Zakat, Tax and Customs Authority ("ZATCA"). However, the assessments have not yet been raised.

**Coldstores Group of Saudi Arabia:** Zakat and income tax assessment declarations up to and including the year ended 31 March 2023 have been submitted to the ZATCA. The ZATCA has issued assessment up to 2017 and the Company settled and finalised the assessment. The assessments for the years ended 31 March 2018 to 2023 are awaited.

**Consolidated Gruenfelder Saady Company:** Zakat and income tax assessment declarations up to the year ended 31 March 2023 have been submitted to the ZATCA. The ZATCA has issued assessment up to 2015 and the Company settled and finalised. No assessments issued by ZATCA for remaining years.

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**14 ZAKAT AND INCOME TAX (continued)**

**14.1 Status of assessments of zakat and income tax (continued)**

Zakat and income tax have been computed based on the Group's understanding and interpretation of zakat and income tax regulations enforced in the Kingdom of Saudi Arabia for respective entities. The ZATCA continues to issue circulars to clarify certain zakat and tax regulations which are usually enforced on all open years. The zakatable and taxable income and zakat/tax liability as computed by the Group could be different from zakatable/taxable income and zakat/tax liability as assessed by the ZATCA for years for which assessments have not yet been raised by the ZATCA.

**14.2 Zakat**

**Charge for the year**

Zakat for the year is payable at 2.5% of the approximate zakat base and adjusted net income attributable to Saudi partners. The zakat charge relating to the ultimate Saudi partner consists of:

|                                    | 2023<br>SR       | 2022<br>SR     |
|------------------------------------|------------------|----------------|
| Provision for the year             | 1,240,875        | 845,196        |
| Adjustment relating to prior years | 18,017           | 48,548         |
| Charge for the year                | <u>1,258,892</u> | <u>893,744</u> |

**14.3 Income tax**

**Charge for the year**

|                                    | 2023<br>SR       | 2022<br>SR       |
|------------------------------------|------------------|------------------|
| Provision for the year             | 3,397,881        | 3,045,975        |
| Adjustment relating to prior years | 4,231            | (26,841)         |
| Charge for the year                | <u>3,402,112</u> | <u>3,019,134</u> |

Reconciliation of tax expense and the accounting profit is presented below:

|                                                                            | 2023<br>SR        | 2022<br>SR        |
|----------------------------------------------------------------------------|-------------------|-------------------|
| Profit before zakat and income tax                                         | 29,731,880        | 34,462,265        |
| Adjustment for:                                                            |                   |                   |
| Add:                                                                       |                   |                   |
| Accounting depreciation                                                    | 3,508,577         | 3,589,937         |
| Allowance for expected credit losses                                       | 984,079           | -                 |
| Provision for slow moving inventories                                      | 750,000           | -                 |
| Employee defined benefits liabilities                                      | 2,292,678         | 2,006,130         |
| Provision for warranties                                                   | 533,776           | 438,397           |
| Others                                                                     | 1,819,009         | 1,010,860         |
| Less:                                                                      |                   |                   |
| Tax depreciation                                                           | (3,884,259)       | (3,524,271)       |
| Write-off of inventories/reversal of provision                             | (360,194)         | (2,191,213)       |
| Payment of employees' defined benefit liabilities                          | (1,385,702)       | (3,206,694)       |
| Write-off of trade receivables/reversal of provision                       | -                 | (2,095,333)       |
| Others                                                                     | (11,032)          | (30,325)          |
| Adjusted profit for tax calculation                                        | <u>33,978,812</u> | <u>30,459,753</u> |
| Adjusted profit relating to foreign shareholding for tax computation (50%) | <u>16,989,406</u> | <u>15,229,877</u> |
| Income tax charge for the year @ 20% (2022: 20%)                           | <u>3,397,881</u>  | <u>3,045,975</u>  |

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**14 ZAKAT AND INCOME TAX (continued)**

**14.4 Effective income tax reconciliation is as follows:**

|                                                                                                               | 2023<br>SR        | 2023<br>%  | 2022<br>SR        | 2022<br>%  |
|---------------------------------------------------------------------------------------------------------------|-------------------|------------|-------------------|------------|
| Accounting profit before zakat and income tax                                                                 | <b>29,731,880</b> |            | <b>34,462,265</b> |            |
| Profit subject to income tax as per foreign shareholding @50%                                                 | <b>14,865,940</b> |            | <b>17,271,133</b> |            |
| Tax at applicable rates                                                                                       | <b>2,973,188</b>  | <b>20%</b> | <b>3,446,227</b>  | <b>20%</b> |
| Tax effect on taxable expenses to the accounting profit and non-deductible claims from accounting profit, net | <b>428,924</b>    |            | <b>(427,093)</b>  |            |
| Relating to origination and reversal of temporary differences                                                 | <b>(290,048)</b>  |            | <b>461,017</b>    |            |
| Tax charged during the year                                                                                   | <b>3,112,064</b>  | <b>21%</b> | <b>3,480,151</b>  | <b>20%</b> |

**14.5 Movement in zakat and income tax provision is as follows:**

|                                          | 2023<br>SR         |                    |                    | 2022<br>SR |             |             |
|------------------------------------------|--------------------|--------------------|--------------------|------------|-------------|-------------|
|                                          | Zakat              | Income Tax         | Total              | Zakat      | Income tax  | Total       |
| At the beginning of the year             | <b>804,371</b>     | <b>2,366,840</b>   | <b>3,171,211</b>   | 368,600    | (1,777,260) | (1,408,660) |
| Acquisition through business combination | -                  | -                  | -                  | 420,623    | 1,397,093   | 1,817,716   |
| Charge for the year                      | <b>1,258,892</b>   | <b>3,402,112</b>   | <b>4,661,004</b>   | 1,104,877  | 3,492,687   | 4,597,564   |
| Advance income tax adjusted              | -                  | -                  | -                  | (652,127)  | 652,127     | -           |
| Payments during the year                 | <b>(1,067,110)</b> | <b>(5,672,930)</b> | <b>(6,740,040)</b> | (437,602)  | (1,397,807) | (1,835,409) |
| At the end of the year                   | <b>996,153</b>     | <b>96,022</b>      | <b>1,092,175</b>   | 804,371    | 2,366,840   | 3,171,211   |

**14.6 Deferred taxation**

Deferred income taxes are calculated on all temporary differences under liability method using the effective tax rate. Deferred tax assets of the Group are attributable to the following:

|                                       | 2023<br>SR       | 2022<br>SR       |
|---------------------------------------|------------------|------------------|
| Provision for expected credit losses  | <b>670,189</b>   | 681,991          |
| Provision for slow moving inventories | <b>1,133,209</b> | 1,094,229        |
| Property and equipment                | <b>664,288</b>   | 503,705          |
| Provision for warranties              | <b>147,842</b>   | 120,573          |
| Employees' defined benefit liability  | <b>1,618,549</b> | 1,519,832        |
| Others                                | <b>(15,680)</b>  | -                |
|                                       | <b>4,218,397</b> | <b>3,920,330</b> |

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**14 ZAKAT AND INCOME TAX (continued)**

**14.6 Deferred taxation (continued)**

Movement in deferred tax balances is as follows;

|                                                 | 2023<br>SR       | 2022<br>SR       |
|-------------------------------------------------|------------------|------------------|
| At the beginning of the year                    | 3,920,330        | 3,604,041        |
| Acquisition through business combination        | -                | 827,647          |
| Reversal/(charge) in profit or loss             | 290,048          | (461,017)        |
| Reversal/(charge) in other comprehensive income | 8,019            | (50,341)         |
| At the end of the year                          | <u>4,218,397</u> | <u>3,920,330</u> |

**15 RIGHT OF USE ASSETS AND LEASE LIABILITIES**

The Group leases land, buildings and staff accommodation facilities. The leases typically run for a period of 5 to 20 years, with an option to renew the lease after that date.

**a. Right-of-use assets**

The carrying amount of the right-of-use assets and movement during the year is as follows:

|                                          | <i>Land and buildings</i><br>SR |
|------------------------------------------|---------------------------------|
| <b>Cost</b>                              |                                 |
| As at 1 April 2021                       | 4,083,870                       |
| Additions during the year                | 445,357                         |
| Acquisition through business combination | 928,766                         |
| As at 31 March 2022                      | <u>5,457,993</u>                |
| <b>As at 31 March 2023</b>               | <u><b>5,457,993</b></u>         |
| <b>Accumulated depreciation</b>          |                                 |
| As at 31 March 2021                      | 1,785,464                       |
| Acquisition through business combination | 330,088                         |
| Depreciation charge                      | 654,685                         |
| As at 31 March 2022                      | <u>2,770,237</u>                |
| Depreciation charge                      | 747,357                         |
| <b>As at 31 March 2023</b>               | <u><b>3,517,594</b></u>         |
| <b>Net book value</b>                    |                                 |
| <b>As at 31 March 2023</b>               | <u><b>1,940,400</b></u>         |
| As at 31 March 2022                      | <u>2,687,756</u>                |

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**15 RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)**

The depreciation charge has been allocated as follows:

|                                               | 2023<br>SR     | 2022<br>SR     |
|-----------------------------------------------|----------------|----------------|
| Cost of revenue (note 17)                     | 736,145        | 643,086        |
| General and administration expenses (note 18) | 5,606          | 6,683          |
| Selling and distribution expenses (note 19)   | 5,606          | 4,916          |
|                                               | <u>747,357</u> | <u>654,685</u> |

**b. Lease liabilities**

|                                       | 2023<br>SR       | 2022<br>SR       |
|---------------------------------------|------------------|------------------|
| As at 1 April                         | 2,412,930        | 2,088,488        |
| Relating to acquisition of businesses | -                | 683,877          |
| Additions during year                 | -                | 412,717          |
| Accretion of interest                 | 250,402          | 142,980          |
| Payments during the year              | (1,028,926)      | (915,132)        |
| Balance at 31 March                   | <u>1,634,406</u> | <u>2,412,930</u> |

Lease liabilities are presented in the financial position as follows:

|             | 2023<br>SR       | 2022<br>SR       |
|-------------|------------------|------------------|
| Current     | 580,184          | 778,524          |
| Non-current | <u>1,054,222</u> | <u>1,634,406</u> |
|             | <u>1,634,406</u> | <u>2,412,930</u> |

Lease liabilities are payable as follows:

**31 March 2023**

|                            | Future minimum<br>lease payments<br>SR | Interest<br>SR | Present value<br>of minimum<br>lease payments<br>SR |
|----------------------------|----------------------------------------|----------------|-----------------------------------------------------|
| Less than one year         | 654,371                                | 74,187         | 580,184                                             |
| Between one and five years | 632,488                                | 180,297        | 452,191                                             |
| More than five years       | 880,792                                | 278,761        | 602,031                                             |
|                            | <u>2,167,651</u>                       | <u>533,245</u> | <u>1,634,406</u>                                    |

**31 March 2022**

|                            | Future minimum<br>lease payments<br>SR | Interest<br>SR | Present value<br>of minimum<br>lease payments<br>SR |
|----------------------------|----------------------------------------|----------------|-----------------------------------------------------|
| Less than one year         | 893,957                                | 115,433        | 778,524                                             |
| Between one and five years | 1,066,259                              | 237,688        | 828,571                                             |
| More than five years       | 1,019,054                              | 213,219        | 805,835                                             |
|                            | <u>2,979,270</u>                       | <u>566,340</u> | <u>2,412,930</u>                                    |

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**15 RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)**

**c. Amounts recognised in profit or loss**

|                                             | 2023<br>SR       | 2022<br>SR       |
|---------------------------------------------|------------------|------------------|
| Depreciation expense of right-of-use assets | 747,357          | 654,685          |
| Interest expense on lease liabilities       | 250,402          | 142,980          |
| Expenses related to short term leases       | 370,495          | 406,703          |
|                                             | <u>1,368,254</u> | <u>1,204,368</u> |

**d. Amounts recognised in the statement of cash flows**

The Group had total cash outflows for leases of SR 1,028,926 (2022: SR 915,132).

**16 REVENUE FROM CONTRACT WITH CUSTOMERS**

|                                                                    | 2023<br>SR         | 2022<br>SR<br>(Restated) |
|--------------------------------------------------------------------|--------------------|--------------------------|
| <b>Type of goods or services</b>                                   |                    |                          |
| Sales of refrigeration/non-refrigeration bodies with cooling units | 159,758,143        | 198,346,116              |
| Installation and commissioning of cold stores                      | 60,571,131         | 38,467,771               |
| Servicing and repairs                                              | 36,515,987         | 27,967,689               |
| <b>Total revenue</b>                                               | <u>256,845,261</u> | <u>264,781,576</u>       |
|                                                                    | 2023<br>SR         | 2022<br>SR<br>(Restated) |
| <b>Timing of revenue recognition</b>                               |                    |                          |
| Revenue recognised at a point in time                              | 196,274,130        | 226,313,805              |
| Revenue recognised over time                                       | 60,571,131         | 38,467,771               |
|                                                                    | <u>256,845,261</u> | <u>264,781,576</u>       |
|                                                                    | 2023<br>SR         | 2022<br>SR<br>(Restated) |
| <b>Customer wise revenue recognition</b>                           |                    |                          |
| External customers                                                 | 253,958,951        | 223,617,156              |
| Related parties                                                    | 2,886,310          | 41,164,420               |
|                                                                    | <u>256,845,261</u> | <u>264,781,576</u>       |
|                                                                    | 2023<br>SR         | 2022<br>SR<br>(Restated) |
| <b>Geographical markets</b>                                        |                    |                          |
| Kingdom of Saudi Arabia                                            | 253,958,951        | 251,873,137              |
| Out of Kingdom of Saudi Arabia                                     | 2,886,310          | 12,908,439               |
|                                                                    | <u>256,845,261</u> | <u>264,781,576</u>       |

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**16 REVENUE FROM CONTRACT WITH CUSTOMERS (continued)**

**Contract balances**

|                                | 2023<br>SR | 2022<br>SR<br>(Restated) |
|--------------------------------|------------|--------------------------|
| Trade receivables (note 7)     | 61,095,200 | 47,502,595               |
| Contract liabilities (note 13) | 25,598,132 | 25,286,364               |

Contract liabilities represent billing in excess of value of work executed for ongoing cold storage projects and advances received from customers with respect of the sale of goods.

**17 COST OF REVENUE**

|                                                                         | 2023<br>SR         | 2022<br>SR<br>(Restated) |
|-------------------------------------------------------------------------|--------------------|--------------------------|
| Raw materials, consumables, change in finished goods and other          | 163,470,398        | 185,870,327              |
| Employees' related costs                                                | 26,328,596         | 24,861,579               |
| Depreciation of property and equipment (note 4)                         | 2,601,858          | 2,710,482                |
| Repairs and maintenance                                                 | 2,233,905          | 1,318,162                |
| Utilities                                                               | 1,782,629          | 1,842,540                |
| Depreciation of right-of-use assets (note 15)                           | 736,145            | 643,086                  |
| Rent                                                                    | 587,887            | 491,335                  |
| Warranty expense                                                        | 347,281            | 438,397                  |
| Amortization of intangible assets (note 5)                              | 25,188             | 26,593                   |
| Charge of provision for/ (reversal of) slow moving inventories (note 6) | 750,000            | (209,882)                |
| Others                                                                  | 2,142,031          | 1,447,745                |
|                                                                         | <b>201,005,918</b> | <b>219,440,364</b>       |

**18 GENERAL AND ADMINISTRATION EXPENSES**

|                                                 | 2023<br>SR        | 2022<br>SR        |
|-------------------------------------------------|-------------------|-------------------|
| Employees' related costs                        | 13,437,251        | 8,289,027         |
| Utilities                                       | 1,801,962         | 1,009,899         |
| Legal, professional and consultancy fees        | 1,749,018         | 367,830           |
| Depreciation of property and equipment (note 4) | 614,894           | 501,121           |
| Repairs and maintenance                         | 251,748           | 129,807           |
| Amortization of intangible assets (note 5)      | 135,816           | 285,636           |
| Bank charges                                    | 9,936             | 7,104             |
| Rent                                            | 5,796             | 22,394            |
| Depreciation of right-of-use assets (note 15)   | 5,606             | 6,683             |
| Others                                          | 1,199,517         | 1,173,120         |
|                                                 | <b>19,211,544</b> | <b>11,792,621</b> |

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**19 SELLING AND DISTRIBUTION EXPENSES**

|                                                 | <i>2023</i>             | <i>2022</i>             |
|-------------------------------------------------|-------------------------|-------------------------|
|                                                 | <i>SR</i>               | <i>SR</i>               |
| Employees' related costs                        | <b>4,692,634</b>        | 3,091,890               |
| Sales commission                                | <b>2,326,420</b>        | 1,959,327               |
| Advertisement and promotion                     | <b>552,068</b>          | 65,399                  |
| Depreciation of property and equipment (note 4) | <b>128,532</b>          | 52,370                  |
| Utilities                                       | <b>79,116</b>           | 113,708                 |
| Rent                                            | <b>11,667</b>           | 19,562                  |
| Depreciation of right-of-use assets (note 15)   | <b>5,606</b>            | 4,916                   |
| Amortization of intangible assets (note 5)      | <b>2,289</b>            | 13,735                  |
| Others                                          | <b>154,210</b>          | 22,468                  |
|                                                 | <b><u>7,952,542</u></b> | <b><u>5,343,375</u></b> |

**20 OTHER INCOME**

|                                                    | <i>2023</i>             | <i>2022</i>             |
|----------------------------------------------------|-------------------------|-------------------------|
|                                                    | <i>SR</i>               | <i>SR</i>               |
| Gains on sale of scrap materials                   | <b>969,416</b>          | 637,721                 |
| Disbursements from human resource development fund | <b>496,393</b>          | -                       |
| Reversal of liability no longer payable            | <b>472,464</b>          | 2,923,562               |
| Exchange gain on financial transactions            | <b>329,161</b>          | 383,950                 |
| Gains from disposal of property and equipment      | <b>13,042</b>           | 92,277                  |
| Other miscellaneous income                         | <b>431,107</b>          | 563,806                 |
|                                                    | <b><u>2,711,583</u></b> | <b><u>4,601,316</u></b> |

**21 SHARE CAPITAL**

The share capital is divided into authorized, issued and fully paid 10,000 shares of SR 100 each as follows:

| <i>Name of the owner</i>                             | <i>No. of shares</i> | <i>Percentage</i> | <i>31 March 2023</i>    | <i>31 March 2022</i> |
|------------------------------------------------------|----------------------|-------------------|-------------------------|----------------------|
| GK Gruenenfelder International AG                    | 5,000                | 50%               | <b>500,000</b>          | 500,000              |
| Darat Esmat Bin Abdul-Samad Al Saady Holding Company | 5,000                | 50%               | <b>500,000</b>          | 500,000              |
|                                                      | <u>10,000</u>        | <u>100%</u>       | <b><u>1,000,000</u></b> | <u>1,000,000</u>     |

Subsequently to the year end, the partners of the Company resolved to increase the Company's capital from SR 1 million to SR 100 million by utilizing SR 34.8 million retained earnings and SR 64.2 million of additional equity contribution of the Company. The legal formalities in this respect were completed subsequently



## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

#### 22 ADDITIONAL CAPITAL CONTRIBUTION

On 17 March 2021, the Parent Company acquired 100% shareholding of Coldstores Group of Saudi Arabia against purchase consideration of SR 30 million, through a share transfer agreement among the joint owners of the two entities. The acquisition was treated as transaction under common control since the Company and Coldstores Group of Saudi Arabia are ultimately controlled by the same partners.

On 20 December 2021, the Parent Company acquired 100% shareholding of Consolidated Gruenfelder Saady Company against purchase consideration of SR 11.7 million, through a share transfer agreement among the joint owners of the two entities. The acquisition is treated as transaction under common control since the Company and Consolidated Gruenfelder Saady Company are ultimately controlled by the same partners.

Post-acquisition, the shareholders have waived their right to claim the principal and further waived their right to charge any interest on the principal amount. The waivers were in the capacity of shareholder and approved by the Company's shareholders. Accordingly, the waivers were recognized directly in the consolidated statement of changes in equity as additional capital contribution by the shareholders.

#### 23 RISK MANAGEMENT

The Group may expose to certain risks from its use of financial instruments. The Group's management reviews and agrees policies for managing each of these risks which are summarised below;

- a) Credit risk
- b) Market risk, and
- c) Liquidity risk

The Group's management oversees the management of these risks. The Group's management regularly review the policies and procedures to ensure that all the financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The Group'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 react to changes in market conditions and the Group's activities.

##### **a) Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. At the reporting date, no significant concentrations of credit risk were identified by the management. With respect to credit risk arising from financial assets of the Group, including cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Key areas where the Group is exposed to credit risk are:

- Cash and cash equivalents
- Trade receivables
- Due from related parties

##### **Cash and cash equivalents**

The Group's bank balances are placed with reputable local banks having sound credit ratings. The Group believes that it would be able to realise its balances from these banks without any loss to the Group.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

**23 RISK MANAGEMENT (continued)**

**a) Credit risk (continued)**

**Trade receivables**

The Group's exposure to credit risk is mainly affected by the individual characteristics of each individual customers. Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

Exposure within each credit risk grade are segmented by industry classification and an ECL rate is calculated based on delinquency status and actual credit loss experience over the past years. These rates are multiplied by scalar factors to reflect difference between economic conditions during the period over which historical data has been collected, current conditions and the Group views of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables for customers as at 31 March 2023 and 31 March 2022:

| <b>31 March 2023</b> | <i>Credit<br/>loss rate<br/>%</i> | <i>Gross carrying<br/>amount<br/>SR</i> | <i>Loss<br/>allowance<br/>SR</i> | <i>Net trade<br/>receivables<br/>SR</i> |
|----------------------|-----------------------------------|-----------------------------------------|----------------------------------|-----------------------------------------|
| Not due              | <b>0.32%</b>                      | <b>31,563,721</b>                       | <b>(102,251)</b>                 | <b>31,461,470</b>                       |
| 0-90 days            | <b>0.92%</b>                      | <b>19,223,152</b>                       | <b>(176,052)</b>                 | <b>19,047,100</b>                       |
| 90-180 days          | <b>2.89%</b>                      | <b>6,592,120</b>                        | <b>(190,769)</b>                 | <b>6,401,351</b>                        |
| 180-270 days         | <b>8.42%</b>                      | <b>3,847,856</b>                        | <b>(323,988)</b>                 | <b>3,523,868</b>                        |
| 270-360 days         | <b>26.72%</b>                     | <b>38,100</b>                           | <b>(10,183)</b>                  | <b>27,917</b>                           |
| More than 360 days   | <b>91.70%</b>                     | <b>7,632,141</b>                        | <b>(6,998,647)</b>               | <b>633,494</b>                          |
|                      |                                   | <b>68,897,090</b>                       | <b>(7,801,890)</b>               | <b>61,095,200</b>                       |
| <b>31 March 2022</b> | <i>Credit<br/>loss rate<br/>%</i> | <i>Gross carrying<br/>amount<br/>SR</i> | <i>Loss<br/>allowance<br/>SR</i> | <i>Net trade<br/>receivables<br/>SR</i> |
| Not due              | 0.24%                             | 36,791,768                              | (88,504)                         | 36,703,264                              |
| 0-90 days            | 0.63%                             | 7,534,455                               | (47,131)                         | 7,487,324                               |
| 90-180 days          | 3.16%                             | 2,020,747                               | (63,861)                         | 1,956,886                               |
| 180-270 days         | 6.61%                             | 29,154                                  | (1,926)                          | 27,228                                  |
| 270-360 days         | 14.53%                            | 279,721                                 | (40,638)                         | 239,083                                 |
| More than 360 days   | 85.80%                            | 7,666,661                               | (6,577,851)                      | 1,088,810                               |
|                      |                                   | <b>54,322,506</b>                       | <b>(6,819,911)</b>               | <b>47,502,595</b>                       |

**Due from related parties**

The Group's substantial sales are made to external customers and certain revenue transactions are carried out with related parties. The Group manages its credit risk with respect to balances due from related parties and the outstanding balances are reviewed by the Group's Board of Directors on regular basis to minimise the concentration of risks and therefore mitigate financial loss through a related party's potential failure to make payments. Based on the management assessment, the related party balances are expecting to be realized without any loss to the Group.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

**23 RISK MANAGEMENT (continued)**

**b) Market risk**

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates, will affect the Group's profit or loss. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

**Interest rate risk**

Interest rate risk arises from the possibility that the changes in interest rates will affect either the fair values or the future cash flows of the financial instruments. In the absence of any material interest carrying assets or liabilities, the Management believes that the interest rate risk to the Group is not significant.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency). The Group is subject to fluctuations in foreign exchange rates for GBP and EUR.

The risk of fluctuation in the USD is low as historically USD does not fluctuate against Saudi Riyal significantly. The currency risk is monitored at the Group level. As the amounts of transactions and outstanding balances relates to Euro and GBP are very minimal, there is no significant currency risk exposure to the Group in relation to the balances and transactions in these currencies.

At the period end, the Group has exposure to the following foreign currencies:

| <b>Foreign currencies</b>  | <b>2023<br/>SR</b>  | <b>2022<br/>SR</b> |
|----------------------------|---------------------|--------------------|
| United States Dollar (USD) | <b>(28,908,977)</b> | (20,594,933)       |
| Euro                       | <b>156,949</b>      | (519,590)          |

**Sensitivity Analysis:**

A reasonably possible strengthening / weakening of the SAR against US dollar and Euro at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and profit or loss by the amounts shown below.

| <b>Foreign currencies</b>  | <b>2023</b>        |                    | <b>2022</b>        |                    |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
|                            | <b>1% increase</b> | <b>1% decrease</b> | <b>1% increase</b> | <b>1% decrease</b> |
| United States Dollar (USD) | <b>(289,090)</b>   | <b>289,090</b>     | (205,949)          | 205,949            |
| Euro                       | <b>15,695</b>      | <b>(15,695)</b>    | (5,196)            | 5,196              |

**c) 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 is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

**23 RISK MANAGEMENT (continued)**

**c) Liquidity risk (continued)**

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

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

The table below summarises the maturity profile of the Group's financial liabilities (other than lease liabilities) based on contractual undiscounted payments. Trade payables are non-interest bearing and are normally settled on 30 to 90 days terms. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For the maturity profile on the lease liabilities, please refer to note 15.

*As at 31 March 2023*

|                        | <i>Up to 3<br/>months<br/>SR</i> | <i>More than 3<br/>months to 1<br/>year<br/>SR</i> | <i>Total<br/>SR</i> |
|------------------------|----------------------------------|----------------------------------------------------|---------------------|
| Trade payables         | 43,923,277                       | 2,112,629                                          | 46,035,906          |
| Other payables         | 1,261,141                        | 10,716,904                                         | 11,978,045          |
| Due to related parties | 223,727                          | 385,490                                            | 609,217             |
|                        | <u>45,408,145</u>                | <u>13,215,023</u>                                  | <u>58,623,168</u>   |

*As at 31 March 2022*

|                        | <i>Up to 3<br/>months<br/>SR</i> | <i>More than 3<br/>months to 1<br/>year<br/>SR</i> | <i>Total<br/>SR</i> |
|------------------------|----------------------------------|----------------------------------------------------|---------------------|
| Trade payables         | 40,895,345                       | 989,167                                            | 41,884,512          |
| Other payables         | 6,771,077                        | 7,652,153                                          | 14,423,230          |
| Due to related parties | 9,607,521                        | 4,250,554                                          | 13,858,075          |
|                        | <u>57,273,943</u>                | <u>12,891,874</u>                                  | <u>70,165,817</u>   |

**24 FAIR VALUES OF FINANCIAL INSTRUMENTS**

The Group's financial assets consist of cash and cash equivalents, due from related parties, trade and other receivables. Its financial liabilities consist of due to related parties, payables, lease liabilities, and other liabilities. The fair values of financial assets and liabilities which are valued at original transaction value, are not expected to be materially different from their carrying values.

Financial assets and liabilities are offset and net amounts reported in the financial statements, when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and liability simultaneously.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities by category of financial instruments. It does not include fair value information for financial assets and financial liabilities since the carrying amount of financial assets and liabilities held by the Group approximates fair value.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
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(A MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

**24 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)**

**Financial assets and liabilities**

|                                           | Notes | 2023<br>SR        | 2022<br>SR        |
|-------------------------------------------|-------|-------------------|-------------------|
| <i>Financial assets</i>                   |       |                   |                   |
| <i>Financial assets at amortized cost</i> |       |                   |                   |
| Trade receivables                         | 7     | 61,095,200        | 47,502,595        |
| Amounts due from a related party          | 11    | 653,663           | 993,320           |
| Cash and cash equivalents                 | 9     | 22,593,948        | 38,921,581        |
|                                           |       | <b>84,342,811</b> | <b>87,417,496</b> |
| <i>Financial liabilities</i>              |       |                   |                   |
| Trade payable                             |       | 46,035,906        | 41,884,512        |
| Amounts due to related parties            | 11    | 609,217           | 13,858,075        |
| Accruals and other payables               | 12    | 11,978,045        | 14,423,230        |
| Lease liabilities                         | 15    | 1,634,406         | 2,412,930         |
|                                           |       | <b>60,257,574</b> | <b>72,578,747</b> |

**25 DIVIDENDS DISTRIBUTION**

During the year, the partners resolved to distribute dividends of SR 614.28 per share totaling to SR 3,071,402 to Saudi partner (2022: the partners of the Company resolved to distribute cash dividends of SR 500 per share totaling to SR 5,000,000 and SR 1,000 per share totaling to SR 10,000,000 for both partners and SR 330.2 per share totaling to SR 1,651,159 for Saudi partner). The dividends were fully settled during the year.

**26 CAPITAL MANAGEMENT**

For the purpose of the Group's capital management, capital includes capital, addition equity contribution, statutory reserve and retained earnings attributable to the partners of the Group. The primary objective of the Group's capital management is to maximise the shareholders' value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the owner. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 2022. The Group's debt to adjusted capital ratio at the end of the reporting year as follows:

|                                          | 2023<br>SR   | 2022<br>SR   |
|------------------------------------------|--------------|--------------|
| Total liabilities                        | 105,935,004  | 119,902,198  |
| Less: cash and cash equivalents          | (22,593,948) | (38,921,581) |
| Net debt                                 | 83,341,056   | 80,980,617   |
| Total equity                             | 79,493,227   | 57,275,885   |
| Net debt to capital ratio as of 31 March | 1.05         | 1.41         |

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES

(A MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

**27 REISSUED CONSOLIDATED FINANCIAL STATEMENT ADJUSTMENTS**

The Consolidated financial statements of the Company for the year ended 31 March 2023 have been reissued to replace the consolidated financial statements approved by the Company's Board of Directors on 5 Muharram 1445H, corresponding to 23 July 2023. The adjustments made in these reissued consolidated financial statements do not have any impact on the equity or the statement of financial position as of 1 April 2021 and therefore the statement of financial position as of 1 April 2021 has not been presented. The below adjustments in the reissued consolidated financial statements pertain to the year ended 31 March 2023 and for the comparative financial information presented for the year ended and as of 31 March 2022 as follows:

**Reissued consolidated statement of profit or loss and other comprehensive income**  
**for the year ended 31 March 2022 (Impact of restatements):**

|                                         | 31 March<br>2022<br>SR<br>(Before<br>reissuance) | Adjustments<br>SR | 31 March<br>2022<br>SR<br>(Restated) |
|-----------------------------------------|--------------------------------------------------|-------------------|--------------------------------------|
| Revenue (a)                             | 227,236,654                                      | 37,544,922        | 264,781,576                          |
| Cost of revenue (a)                     | 181,895,442                                      | 37,544,922        | 219,440,364                          |
| Gross profit                            | 45,341,212                                       | -                 | 45,341,212                           |
| Operating profit                        | 30,199,891                                       | -                 | 30,199,891                           |
| Profit before Zakat and Income tax      | 34,462,265                                       | -                 | 34,462,265                           |
| Net profit for the year                 | 30,088,370                                       | -                 | 30,088,370                           |
| Total comprehensive income for the year | 30,541,438                                       | -                 | 30,541,438                           |

**Reissued consolidated statement of financial position**  
**At 31 March 2023 (Impact of reissuance)**

|                          | 31 March<br>2023<br>SR<br>(Before<br>reissuance) | Adjustment<br>SR | 31 March<br>2023<br>SR<br>(Reissued) |
|--------------------------|--------------------------------------------------|------------------|--------------------------------------|
| Trade receivables (b)    | 54,219,017                                       | 6,876,183        | 61,095,200                           |
| Contract liabilities (b) | (18,721,949)                                     | (6,876,183)      | (25,598,132)                         |

**Reissued consolidated statement of financial position**  
**At 31 March 2022 (Impact of restatements)**

|                          | 31 March<br>2022<br>SR<br>(Before<br>reissuance) | Adjustments<br>SR | 31 March<br>2022<br>SR<br>(Restated) |
|--------------------------|--------------------------------------------------|-------------------|--------------------------------------|
| Trade receivables (b)    | 44,206,116                                       | 3,296,479         | 47,502,595                           |
| Contract liabilities (b) | (21,989,885)                                     | (3,296,479)       | (25,286,364)                         |

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

#### 27 REISSUED CONSOLIDATED FINANCIAL STATEMENT ADJUSTMENTS (continued)

- (a) As explained in the note 1, the Company acquired 100% controlling interest in a subsidiary, Consolidated Gruenfelder Saady Company effective from 20 December 2021. However, while eliminating the intercompany sales between the two subsidiaries of the Company, the entire year intercompany sales transactions were incorrectly eliminated instead of from the date of acquisition. The impact of this erroneous elimination resulted in understatement of revenue and the cost of revenue by SR 37.5 million for the year ended 31 March 2022. This has been corrected by excluding the sales transactions prior to acquisition in the eliminations.
- (b) The accounts receivable balance with respect of advance billings made to the customers and billings in excess of the value of work executed as of 31 March 2022 and 31 March 2023 were offset in the consolidated financial statements of the Company. As a result, both the trade receivables and contract liabilities as of 31 March 2022 and 31 March 2023 were understated by SR 3.3 million and SR 6.9 million, respectively. This has been corrected by adjusting the trade receivable and contract liabilities by same amount.
- (c) General improvements to enhance the quality of the disclosures in the reissued consolidated financial statements.

#### 28 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to the partners of the Company by the weighted average number of outstanding shares during the year as follows:

|                                                                                  | 2023<br>SR | 2022<br>SR |
|----------------------------------------------------------------------------------|------------|------------|
| Profit for the year attributable to the partners of the Company                  | 25,360,924 | 30,088,370 |
| Number of outstanding shares during the year                                     | 10,000     | 10,000     |
| Basic and diluted earnings per share attributable to the partners of the Company | 2,536.09   | 3,008.84   |

#### 29 SEGMENT INFORMATION

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

- Sales of refrigeration/non-refrigeration bodies with cooling units relates to the automotive and special products segment (sale of goods).
- Installation and commissioning of temperature control storage units and facilities (contract activities).
- Servicing and repairs and maintenance related work (service activities).

Based on a management decision and in line with management reporting, the income and expenses relating to the Corporate segment, have been allocated to the segments using activity-based costing. The Assets and liabilities are not included in the measures used by the Chief Operating Decision Maker ("CODM"), hence segment assets and liabilities are not reported in the below segment disclosure. All operating assets of the Group are located in the Kingdom of Saudi Arabia.

The following tables present revenue and profit information for the Group's operating segments for the year ended 31 March 2023 and 2022, respectively.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

(A MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS

(continued)

At 31 March 2023

**29 SEGMENT INFORMATION (continued)**

**Business segments**

*For the year ended 31 March 2023*

|                                            | <i>Sale of goods</i> | <i>Contract activities</i> | <i>Service activities</i> | <i>Total</i> |
|--------------------------------------------|----------------------|----------------------------|---------------------------|--------------|
|                                            | <i>SR</i>            | <i>SR</i>                  | <i>SR</i>                 | <i>SR</i>    |
| Revenue                                    | 159,758,143          | 60,571,131                 | 36,515,987                | 256,845,261  |
| Segment profit before zakat and income tax | 13,509,218           | 6,290,034                  | 9,932,628                 | 29,731,880   |

*For the year ended 31 March 2022*

|                                            | <i>Sale of goods</i> | <i>Contract activities</i> | <i>Service activities</i> | <i>Total</i> |
|--------------------------------------------|----------------------|----------------------------|---------------------------|--------------|
|                                            | <i>SR</i>            | <i>SR</i>                  | <i>SR</i>                 | <i>SR</i>    |
| Revenue ( <i>restated</i> )                | 198,346,116          | 38,467,771                 | 27,967,689                | 264,781,576  |
| Segment profit before zakat and income tax | 24,756,428           | 829,821                    | 8,876,016                 | 34,462,265   |

**30 SUBSEQUENT EVENTS**

In the opinion of management apart for the matters disclosed below, there have been no significant subsequent events since the year ended 31 March 2023 that would have a material impact on the financial position of the Group as reflected in these reissued consolidated financial statements.

- The partners of the Company resolve to convert the Company from a Mixed Limited Liability Company to a Closed Joint Stock Company and commenced the legal formalities in this respect.
- The Company commence the process for initial public offering of its shares in the primary market of Saudi Exchange (Tadawul).
- The partners of the Company resolve to transfer three plots of freehold land with the fair value of SR 17 million to the Company for no consideration.
- The Company acquires 100% shareholding of Al Saadi Refrigeration Air Conditioning W.L.L, a limited liability Company registered in the Kingdom of Bahrain owned by the same partners of the Company, at net book value. Further, the partners resolve that no consideration is payable to the partners with respect of the net book value of SR 5.5 million of the new company acquired.
- The partners resolve to increase the Company's capital from SR 1 million to SR 100 million.

**31 APPROVAL OF THE REISSUED CONSOLIDATED FINANCIAL STATEMENTS**

These reissued consolidated financial statements have been approved by the Board of Directors on 13 Rajab 1446H, corresponding to 13 January 2025.



**CONSOLIDATED GRUENENFELDER  
SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 MARCH 2024**

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY  
AND ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)

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CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITOR'S REPORT

As at 31 March 2024

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Ernst & Young Professional Services (Professional LLC)  
 Paid-Up Capital (SR 5,500,000 - Five Million Five Hundred Thousand Saudi Riyal)  
 Adeer Tower, 15<sup>th</sup> Floor  
 Prince Turki Bin Abdulaziz Street, Al Khobar Corniche  
 P.O. Box 3795, Al Khobar 31952  
 Kingdom of Saudi Arabia  
 Head Office - Riyadh

C.R. No. 2051058792  
 Tel: +966 13 840 4600  
 Fax: +966 13 882 0087  
[ey.ksa@sa.ey.com](mailto:ey.ksa@sa.ey.com)  
[ey.com](http://ey.com)

(1 of 3)

**INDEPENDENT AUDITOR'S REPORT  
 TO THE PARTNERS OF CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS  
 SUBSIDIARIES  
 (A MIXED LIMITED LIABILITY COMPANY)**

**Opinion**

We have audited the consolidated financial statements of Consolidated Gruenfelder Saady Holding Company, a Mixed Limited Liability Company (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 March 2024, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

**Basis for opinion**

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

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

Management is responsible for the preparation and the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and the Company's Articles of Association, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.



(2 of 3)

**INDEPENDENT AUDITOR'S REPORT  
TO THE PARTNERS OF CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY) (CONTINUED)**

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

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of these consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



(3 of 3)

**INDEPENDENT AUDITOR'S REPORT  
TO THE PARTNERS OF CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY) (CONTINUED)**

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

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

for Ernst & Young Professional Services

**Marwan S. AlAfaliq**  
Certified Public Accountant  
License No. 422



Al Khobar: 23 Rabi Al-Awwal 1446H  
26 September 2024

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

|                                                | Notes | 2024<br>SR         | 2023<br>SR         |
|------------------------------------------------|-------|--------------------|--------------------|
| <b>ASSETS</b>                                  |       |                    |                    |
| <b>NON-CURRENT ASSETS</b>                      |       |                    |                    |
| Property and equipment                         | 4     | 38,216,808         | 24,346,421         |
| Intangible assets                              | 5     | 924,393            | 620,709            |
| Right-of-use assets                            | 15    | 1,334,713          | 1,940,400          |
| Deferred tax assets                            | 14    | 4,692,386          | 4,218,397          |
| <b>TOTAL NON-CURRENT ASSETS</b>                |       | <b>45,168,300</b>  | <b>31,125,927</b>  |
| <b>CURRENT ASSETS</b>                          |       |                    |                    |
| Inventories                                    | 6     | 80,999,339         | 59,837,832         |
| Trade receivables                              | 7     | 105,619,955        | 61,095,200         |
| Amounts due from a related party               | 11    | 906,142            | 653,663            |
| Prepayments and other current assets           | 8     | 22,173,095         | 10,121,661         |
| Cash and cash equivalents                      | 9     | 18,752,638         | 22,593,948         |
| <b>TOTAL CURRENT ASSETS</b>                    |       | <b>228,451,169</b> | <b>154,302,304</b> |
| <b>TOTAL ASSETS</b>                            |       | <b>273,619,469</b> | <b>185,428,231</b> |
| <b>EQUITY AND LIABILITIES</b>                  |       |                    |                    |
| <b>EQUITY</b>                                  |       |                    |                    |
| Share capital                                  | 22    | 1,000,000          | 1,000,000          |
| Additional capital contribution                | 23    | 54,439,539         | 41,766,539         |
| Statutory reserve                              |       | 300,000            | 300,000            |
| Retained earnings                              |       | 58,994,675         | 36,426,688         |
| <b>TOTAL EQUITY</b>                            |       | <b>114,734,214</b> | <b>79,493,227</b>  |
| <b>LIABILITIES</b>                             |       |                    |                    |
| <b>NON-CURRENT LIABILITIES</b>                 |       |                    |                    |
| Employees' defined benefit liabilities         | 10    | 17,631,045         | 16,185,491         |
| Lease liabilities                              | 15    | 1,040,444          | 1,054,222          |
| <b>TOTAL NON-CURRENT LIABILITIES</b>           |       | <b>18,671,489</b>  | <b>17,239,713</b>  |
| <b>CURRENT LIABILITIES</b>                     |       |                    |                    |
| Trade payable                                  |       | 58,284,897         | 46,035,906         |
| Amounts due to related parties                 | 11    | 461,904            | 609,217            |
| Accrued expenses and other current liabilities | 12    | 22,130,100         | 14,779,677         |
| Contract liabilities                           | 13    | 55,148,851         | 25,598,132         |
| Current portion of lease liabilities           | 15    | 100,758            | 580,184            |
| Provision for zakat and income tax             | 14    | 4,087,256          | 1,092,175          |
| <b>TOTAL CURRENT LIABILITIES</b>               |       | <b>140,213,766</b> | <b>88,695,291</b>  |
| <b>TOTAL LIABILITIES</b>                       |       | <b>158,885,255</b> | <b>105,935,004</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>            |       | <b>273,619,469</b> | <b>185,428,231</b> |

The accompanying notes 1 to 31 form integral part of these consolidated financial statements.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME

For the year ended 31 March 2024

|                                                                                                                 | Notes | 2024<br>SR        | 2023<br>SR    |
|-----------------------------------------------------------------------------------------------------------------|-------|-------------------|---------------|
| Revenue                                                                                                         | 16    | 349,147,250       | 256,845,261   |
| Cost of revenue                                                                                                 | 17    | (265,310,966)     | (201,005,918) |
| <b>GROSS PROFIT</b>                                                                                             |       | <b>83,836,284</b> | 55,839,343    |
| General and administration expenses                                                                             | 18    | (23,789,117)      | (19,153,343)  |
| Selling and distribution expenses                                                                               | 19    | (9,388,519)       | (7,952,542)   |
| Charge of expected credit losses of trade receivables                                                           | 7     | (1,722,058)       | (984,079)     |
| <b>OPERATING PROFIT</b>                                                                                         |       | <b>48,936,590</b> | 27,749,379    |
| Other income                                                                                                    | 20    | 3,463,038         | 2,711,583     |
| Finance cost                                                                                                    | 21    | (679,457)         | (729,082)     |
| <b>PROFIT BEFORE ZAKAT AND INCOME TAX</b>                                                                       |       | <b>51,720,171</b> | 29,731,880    |
| Zakat                                                                                                           | 14    | (1,543,484)       | (1,258,892)   |
| Income tax                                                                                                      | 14    | (5,530,467)       | (3,402,112)   |
| Deferred tax credit                                                                                             | 14    | 402,734           | 290,048       |
| <b>PROFIT FOR THE YEAR</b>                                                                                      |       | <b>45,048,954</b> | 25,360,924    |
| <b>OTHER COMPREHENSIVE LOSS</b>                                                                                 |       |                   |               |
| <i>Other comprehensive loss that will not be reclassified to profit or loss (income) in subsequent periods:</i> |       |                   |               |
| Remeasurement loss on employees' defined benefit liabilities                                                    | 10    | (712,546)         | (80,199)      |
| Deferred tax effect on remeasurement loss on employees' defined benefit liabilities                             | 14    | 71,255            | 8,019         |
| <b>TOTAL OTHER COMPREHENSIVE LOSS</b>                                                                           |       | <b>(641,291)</b>  | (72,180)      |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                                                                  |       | <b>44,407,663</b> | 25,288,744    |

**EARNINGS PER SHARE:**

|                                                                                                               |    |          |          |
|---------------------------------------------------------------------------------------------------------------|----|----------|----------|
| Basic and diluted earnings per share (profit for the year) attributable to the partners of the Company        | 28 | 4,504.90 | 2,536.09 |
| Basic and diluted earnings per share (total comprehensive income) attributable to the partners of the Company | 28 | 4,440.77 | 2,528.87 |

The accompanying notes 1 to 31 form integral part of these consolidated financial statements.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES

(A MIXED LIMITED LIABILITY COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

|                                              | <i>Share<br/>capital<br/>SR</i> | <i>Additional<br/>capital<br/>contribution<br/>SR</i> | <i>Statutory<br/>reserve<br/>SR</i> | <i>Retained<br/>earnings<br/>SR</i> | <i>Total equity<br/>SR</i> |
|----------------------------------------------|---------------------------------|-------------------------------------------------------|-------------------------------------|-------------------------------------|----------------------------|
| Balance at 1 April 2022                      | 1,000,000                       | 41,766,539                                            | 300,000                             | 14,209,346                          | 57,275,885                 |
| Profit for the year                          | -                               | -                                                     | -                                   | 25,360,924                          | 25,360,924                 |
| Other comprehensive loss                     | -                               | -                                                     | -                                   | (72,180)                            | (72,180)                   |
| Total comprehensive income                   | -                               | -                                                     | -                                   | 25,288,744                          | 25,288,744                 |
| Dividends (note 26)                          | -                               | -                                                     | -                                   | (3,071,402)                         | (3,071,402)                |
| Balance at 31 March 2023                     | 1,000,000                       | 41,766,539                                            | 300,000                             | 36,426,688                          | 79,493,227                 |
| Profit for the year                          | -                               | -                                                     | -                                   | 45,048,954                          | 45,048,954                 |
| Other comprehensive loss                     | -                               | -                                                     | -                                   | (641,291)                           | (641,291)                  |
| Total comprehensive income                   | -                               | -                                                     | -                                   | 44,407,663                          | 44,407,663                 |
| Additional capital<br>contribution (note 23) | -                               | 12,673,000                                            | -                                   | -                                   | 12,673,000                 |
| Dividends (note 26)                          | -                               | -                                                     | -                                   | (21,839,676)                        | (21,839,676)               |
| <b>Balance at 31 March 2024</b>              | <b>1,000,000</b>                | <b>54,439,539</b>                                     | <b>300,000</b>                      | <b>58,994,675</b>                   | <b>114,734,214</b>         |

The accompanying notes 1 to 31 form integral part of these consolidated financial statements.



CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES

(A MIXED LIMITED LIABILITY COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

|                                                                                       | Notes  | 2024<br>SR          | 2023<br>SR          |
|---------------------------------------------------------------------------------------|--------|---------------------|---------------------|
| <b>OPERATING ACTIVITIES</b>                                                           |        |                     |                     |
| Profit before zakat and income tax                                                    |        | 51,720,171          | 29,731,880          |
| <i>Adjustments to reconcile profit before zakat and income tax to net cash flows:</i> |        |                     |                     |
| Depreciation of property and equipment                                                | 4      | 2,941,647           | 3,345,284           |
| Provision for employees' defined benefit liabilities                                  | 10     | 2,641,178           | 2,292,678           |
| Charge of expected credit losses of trade receivables                                 | 7      | 1,722,058           | 984,079             |
| Depreciation of right-of-use assets                                                   | 15     | 878,599             | 747,356             |
| Amortization of intangible assets                                                     | 5      | 223,684             | 163,293             |
| Interest on lease liabilities                                                         | 15     | 79,868              | 250,402             |
| Gains from disposal of property and equipment                                         |        | -                   | (13,042)            |
| Provision for slow moving inventories                                                 | 6      | -                   | 750,000             |
|                                                                                       |        | <b>60,207,205</b>   | <b>38,251,930</b>   |
| <i>Working capital adjustments:</i>                                                   |        |                     |                     |
| Inventories                                                                           |        | (21,161,507)        | (7,591,486)         |
| Trade receivables                                                                     |        | (46,246,813)        | (17,873,163)        |
| Amounts due from a related party                                                      |        | (252,479)           | 339,657             |
| Prepayments and other current assets                                                  |        | (12,051,434)        | (1,447,305)         |
| Trade payable                                                                         |        | 12,248,991          | 4,151,394           |
| Amounts due to related parties                                                        |        | (147,313)           | (13,248,858)        |
| Accrued expenses and other current liabilities                                        |        | 7,350,423           | (3,311,113)         |
| Contract liabilities                                                                  |        | 29,550,719          | 3,608,247           |
| Cash generated from operations                                                        |        | <b>29,497,792</b>   | <b>2,879,303</b>    |
| Zakat and income tax paid                                                             | 14     | (4,078,871)         | (6,740,040)         |
| Employees' defined benefit liabilities paid                                           | 10     | (1,908,170)         | (1,385,702)         |
| <b>Net cash generated from (used in) operating activities</b>                         |        | <b>23,510,751</b>   | <b>(5,246,439)</b>  |
| <b>INVESTING ACTIVITIES</b>                                                           |        |                     |                     |
| Purchase of property and equipment                                                    | 4      | (4,139,035)         | (6,452,508)         |
| Purchase of intangible assets                                                         | 5      | (527,368)           | (541,400)           |
| Proceeds from disposal of property and equipment                                      |        | -                   | 13,042              |
| <b>Net cash used in investing activities</b>                                          |        | <b>(4,666,403)</b>  | <b>(6,980,866)</b>  |
| <b>FINANCING ACTIVITIES</b>                                                           |        |                     |                     |
| Payment of lease liabilities                                                          |        | (845,984)           | (1,028,926)         |
| Dividends paid to equity holders                                                      | 26     | (21,839,676)        | (3,071,402)         |
| <b>Net cash used in financing activities</b>                                          |        | <b>(22,685,660)</b> | <b>(4,100,328)</b>  |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                                      |        | <b>(3,841,310)</b>  | <b>(16,327,633)</b> |
| Cash and cash equivalents at the beginning of the year                                |        | <b>22,593,948</b>   | <b>38,921,581</b>   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>                               |        | <b>18,752,638</b>   | <b>22,593,948</b>   |
| <b>Non-cash transactions:</b>                                                         |        |                     |                     |
| In kind contribution recognized under equity                                          | 4 & 23 | 12,673,000          | -                   |

The accompanying notes 1 to 31 form integral part of these consolidated financial statements.

# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES (A MIXED LIMITED LIABILITY COMPANY)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2024

### 1 CORPORATE INFORMATION AND ACTIVITIES

Consolidated Gruenfelder Saady Holding Company (the “Company” or the “Parent Company”) is a Mixed Limited Liability Company formed under the Regulations for Companies in the Kingdom of Saudi Arabia under commercial registration number 1010651887 on 18 Muharram 1442H (corresponding to 06 September 2020).

The principal activity of the Company is to own controlling interest in group of subsidiaries and corporations.

The Company's registered office is located at:  
P.O Box 358  
Riyadh 11383  
Kingdom of Saudi Arabia

These consolidated financial statements include the financial position and performance of the Company and its following subsidiaries (collectively referred to as “Group”):

| <i>Subsidiary</i>                      | <i>Country of incorporation</i> | <i>Effective holding</i> |             |
|----------------------------------------|---------------------------------|--------------------------|-------------|
|                                        |                                 | <i>2024</i>              | <i>2023</i> |
| Coldstores Group of Saudi Arabia       | Kingdom of Saudi Arabia         | <b>100%</b>              | 100%        |
| Consolidated Gruenfelder Saady Company | Kingdom of Saudi Arabia         | <b>100%</b>              | 100%        |

The subsidiaries are principally engaged in the manufacturing and sale of cooling containers for food transport vehicles, non-refrigerated bodies for the vehicles and unportable cold storage rooms as well as servicing and repairs of refrigeration bodies, cooling units and cold stores.

### 2 MATERIAL ACCOUNTING POLICY INFORMATION

#### 2.1 Basis of preparation

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

These consolidated financial statements have been prepared on a historical cost basis on the basis that it will continue to operate as a going concern, except as otherwise disclosed in the material accounting policy information under note 2.3 below.

These consolidated financial statements are presented in Saudi Riyals (“SR”) which is the functional and presentation currency of the Company. All amounts have been rounded to the nearest SR, unless otherwise indicate.

#### 2.2 Basis of consolidation

These consolidated financial statements comprise the assets, liabilities and the results of operations of the Company and its subsidiaries as at 31 March 2024 and for the year then ended. Subsidiaries are entities that are controlled by Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.2 Basis of consolidation (continued)**

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

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

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

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

Profit or loss and each component of other comprehensive income ("other comprehensive income") are attributed to the equity holders of the parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

***Changes in ownership interest in subsidiaries***

Changes in Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). In such circumstances the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the shareholder of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. Retained investment is recorded at fair value.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 Material accounting policy information**

The material accounting policies adopted by the Group in preparing these consolidated financial statements are applied consistently as following:

**Property and equipment**

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated profit or loss as incurred.

Capital work in progress represents all costs relating directly or indirectly to the projects in progress and will be accounted for under relevant category of property and equipment upon completion.

The cost less estimated residual value of other items of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets. Following is the estimated useful lives of class of assets.

|                               | <u>Years</u> |
|-------------------------------|--------------|
| Building                      | 10 – 20      |
| Heavy machinery and equipment | 8            |
| Tools and other equipment     | 4            |
| Computer equipment            | 4            |
| Furniture and fixtures        | 4 -10        |
| Motor vehicles                | 5            |

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively.

**Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognised in the consolidated statement of profit or loss in the period in which the expenditure is incurred.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the consolidated statement of profit or loss as incurred.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

**Software**

Computer software licenses purchased from third parties are initially recorded at cost. Costs directly associated with the production of internally developed software, where it is probable that the software will generate future economic benefits, are recognised as intangible assets. Computer software licenses are amortized over 3 to 4 years.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 Material accounting policy information (continued)**

**Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Group as a lessee*

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

*i) Right-of-use assets*

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

*ii) Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

*iii) Short-term leases and leases of low-value assets*

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

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At 31 March 2024

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 Material accounting policy information (continued)**

**Inventories**

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Allowance for obsolescence are maintained for any obsolete inventories.

**Cash and cash equivalents**

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consists of bank balances, cash on hand and short-term deposits that are readily convertible into known amounts of cash and have maturities of three months or less when purchased.

**Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

*Initial recognition and measurement*

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. At initial recognition, financial assets are measured at their fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. In the case of financial assets not at fair value through profit or loss, its fair value including transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability is the initial recognition amount.

*Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

*Financial assets at amortised cost (debt instruments)*

The Group measures financial asset at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables and amounts due from a related party.

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**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 Material accounting policy information (continued)**

**Financial instruments (continued)**

*Financial assets (continued)*

*Subsequent measurement (continued)*

*Financial assets at fair value through OCI (debt instruments)*

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. Currently, the Group does not have any financial instruments valued at fair value through OCI.

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

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

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss. The Group currently does not have any financial instruments designated at fair value under this category.

*Derecognition*

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

*Offsetting of financial instruments*

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

*Impairment*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The Group applies IFRS 9 simplified approach for measuring ECL, which uses a lifetime expected loss allowance.

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**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 Material accounting policy information (continued)**

**Financial instruments (continued)**

**Financial assets (continued)**

**Impairment (continued)**

The expected loss rates are based on the payment profiles of receivables at each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified Gross Domestic Product (“GDP”) of KSA (the country in which it sells goods and renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment (e.g., unemployment, GDP growth, inflation, profit rates and house prices) and economic forecasts obtained through internal and external sources.

For trade receivables and contract assets relating to government agencies and related parties, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the due balances are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the due balances.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD): the likelihood of a default over a particular time horizon
- Loss given default (LGD): This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.
- Exposure at default (EAD): This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Group considers default when, i) the customer 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 ii) the customer is more than 360 days past due on any material credit obligation to the Group, apart for the receivable from customers relates to Government of KSA or related parties where the probability of default considered insignificant.

**Write-off**

The gross 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.

**Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group’s financial liabilities include trade payables, lease liabilities, amounts due to related parties and other payables.



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**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 Material accounting policy information (continued)**

**Financial instruments (continued)**

***Financial liabilities (continued)***

***Subsequent measurement***

For purposes of subsequent measurement, financial liabilities are classified in two categories, i) Financial liabilities at fair value through profit or loss, ii) Financial liabilities at amortised cost (loans and borrowings).

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Group has not designated any financial liability as at fair value through profit or loss.

After initial recognition, interest-bearing loans and borrowings (if any) are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

***Derecognition***

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

**Business combination and goodwill**

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the consolidated statement of profit or loss.

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

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**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 Material accounting policy information (continued)**

**Business combination and goodwill (continued)**

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, from the acquisition date is allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained. When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognised in the consolidated statement of profit or loss.

**Impairment of non-financial assets**

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

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

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

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

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

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

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

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**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 Material accounting policy information (continued)**

**Statutory reserve**

In accordance with the Parent Company's articles of association, the Company must set aside 10% of its income after zakat and tax in each year until it has built up a reserve equal to 30% of its capital. The reserve is not available for distribution.

The New Companies Law entered into effect on 19 January 2023 corresponding to 26 Jumada Al-Alkhirah 1444H removed the minimum statutory reserve requirement and the Parent Company has an option to create such a reserve.

**Dividends**

The Group recognises a liability to pay a dividend to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per provisions of Companies' Law, a distribution is authorised when it is approved by the partners. A corresponding amount is recognised directly in consolidated statement of changes in equity.

**Employee benefits liabilities**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, child education allowance that are expected to be settled wholly within twelve months after the end of the period 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 amounts expected to be paid when the liabilities are settled.

*Defined benefit plan*

The Group operates a defined benefit plan driven by the labour laws of the Kingdom of Saudi Arabia. The defined benefit plan is not funded. Valuation of the obligation under such scheme is carried out by an independent actuary based on the projected unit credit method. The costs relating to such scheme 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 recognised immediately in profit or loss as "employee costs" while unwinding of the liability at discount rates used are recorded as finance cost. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit liability resulting from scheme amendments or curtailments are recognised immediately in profit or loss as past service costs.

*Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation. The contributions are recognised as employees' benefits expense in the profit or loss when they are due.

The Group contributes a specific portion of salary of employees towards General Organization of Social Insurance ("GOSI") fund, which is a Kingdom's agency concerned with social insurance of employees in the Kingdom. During the year, the Group contributed SR 1.8 million (2023: SR 1.6 million) towards the fund.

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**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 Material accounting policy information (continued)**

**Provisions**

*General*

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

*Onerous contracts*

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

*Warranty provisions*

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognised when the product is sold or the service is provided to the customer. The Group does not provide any extended warranties or maintenance contracts to its customers. Initial recognition is based on historical experience. The warranty provision is reviewed periodically and adjusted to reflect current estimates of the future costs of fulfilling warranty obligations.

**Trade payable**

Trade payables represent amounts owed by the Group for goods or services purchased from suppliers in the ordinary course of business. These are obligations to pay for goods or services that have been acquired from suppliers in the normal operating cycle. Trade payables are initially recognized when the Group enters into a contract or purchase order with a supplier for the acquisition of goods or services and are measured at the original invoice amount when the goods have been received or services rendered. Following initial recognition, trade payables are subsequently measured at amortized cost using the effective interest method. Given that trade payables are usually paid within a short period, their amortized cost typically approximates their nominal amount.

**Contingent liabilities**

A contingent liability is a possible obligation which may arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. If the amount of the obligation cannot be measured with sufficient reliability, then the Group does not recognise the contingent liability but discloses it in the financial statements.

**Financial guarantee contracts**

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value adjusted for transaction costs that are directly attributable to the issuance of the guarantee. The fair value of financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation.

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At 31 March 2024

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 Material accounting policy information (continued)**

**Direct and indirect taxes and zakat**

*Zakat*

Zakat is provided for in accordance with Saudi Arabian fiscal regulations by the respective group entities and charged to the consolidated statement of profit or loss. Additional amounts, if any, that may become due on finalisation of an assessment are accounted for in the year in which assessment is finalised.

*Current income tax*

Current income tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax is recognised in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part, of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax is recognised in consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income.

*Withholding tax*

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia, as required under Saudi Arabian Income Tax Law and settle to the Zakat, Tax and Customs Authority (ZATCA).

*Value added tax*

Sales, expenses and assets are recognised net of the amount of value added tax, except when the value added tax incurred on purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of value added tax receivable from, or payable to, the taxation authority is included as part of receivable or payables in the consolidated statement of financial position.

**Current versus non-current classification**

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

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

All other assets are classified as non-current.

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**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 Material accounting policy information (continued)**

**Current versus non-current classification (continued)**

A liability is current when:

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

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**Revenue from contract with customers**

The Group assembles and sells a range of cold storages and chiller units and provide related repair & maintenance services. In addition, the Group also constructs unmovable cold storage rooms. The Group uses five step model from *IFRS 15: Revenue from Contract with Customers*, for recognition of revenue, as listed below:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

**a) Sale of goods**

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

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

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

**b) Rendering of services**

The Group provides repair and maintenance services to its customer. These services can be obtained from other providers and do not significantly customise or modify the equipment. The Group recognises revenue from these services at a point in time, generally upon completion of the service or delivery of the equipment.

**c) Revenue from long-term contracts**

For lump sum fixed-price contracts for unmovable cold storage rooms construction, the Group measures progress and recognises revenue using the full cost method, based on the actual cost of work performed at end of the reporting period as a percentage of total contract costs at completion once the outcome of a contract can be estimated reliably. When the outcome of a contract cannot be estimated reliably, contract revenues are recognised only to the extent of costs incurred that are expected to be recoverable. The services provided under the contract are satisfied over time rather than at a point in time since the customer simultaneously receives and consumes the benefits provided by the Group and the Group has the enforceable rights to receive the consideration.

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At 31 March 2024

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 Material accounting policy information (continued)**

***c) Revenue from long-term contracts (continued)***

At contract inception, the Group considers the following factors to determine whether the contract contains a single performance obligation or multiple performance obligations:

- it provides a significant service of integrating the goods or services with other goods or services promised in the contract into a bundle of goods or services that represent the combined output or outputs for which the customer has contracted.
- one or more of the goods or services significantly modifies or customises, or are significantly modified or customised by, one or more of the other goods or services promised in the contract.
- the goods or services are highly interdependent or highly interrelated.

Contract modifications, e.g., variation orders, are accounted for as part of the existing contract, with a cumulative catch up adjustment to revenue. For material contract modifications a separate contract may be recognised, based on management's assessment of the following factors:

- the scope of the contract increases because of the addition of promised goods or services that are distinct; and
- the price of the contract increases by an amount of consideration that reflects the Group's stand-alone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract.

Variable consideration (e.g., variation orders) are assessed/re-assessed using the expected value approach, as appropriate, at each reporting date where it is considered highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. In performing the assessment, the Group considers the likelihood of such settlement being made by reference to the contract, customer communications and other forms of documentary evidence.

An onerous contract provision is recognised for all losses expected to arise on completion of contracts entered into at the reporting date, whether or not work has commenced on these contracts.

Advance payments received from customers for fixed-price contracts are structured primarily for reasons other than the provision of finance to the Group, (e.g., procurement costs), and they do not provide customers with an alternative to pay in arrears. In addition, the length of time between when the customer settles amounts to which the Group has an unconditional right to payment and the Group transfers goods and services to the customer is generally relatively short. Therefore, the Group has concluded that there is not a significant financing component within such contracts.

Currently, the Group does not have any contracts where payments by a customer are over several years after the Group has transferred goods and services to the customer; if such cases arise in future the transaction price for such contracts will be determined by discounting the amount of promised consideration using an appropriate discount rate.

***Contract balances***

***Contract assets***

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs its obligations to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance, classified as "contract assets".

***Trade receivables***

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due) (refer trade receivable policy).

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At 31 March 2024

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 Material accounting policy information (continued)**

***Contract balances (continued)***

***Contract liabilities***

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group satisfies the performance obligation, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

Contract liabilities are recognised as revenue when the Group performs its obligations under the contract. Where the amount billed to the customer exceeds the amount of revenue recognised, this gives rise to a contract liability which is classified as "billings in excess of value of work executed".

**Foreign currencies transactions and balances**

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

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in consolidated statement of profit or loss).

**Cost and expenses**

***Cost of revenue***

Cost of revenue represents the cost incurred during the period relates to the revenue activities by the Group and contain principally direct labor, direct material, allocated cost that directly relates to the sale of goods or contract activities, the cost that are explicitly chargeable to the customer under the contract and other cost that are incurred by the Group only because the entity entered into the respective contract and recognize on accrued basis.

***General and administration expenses/selling and distribution expenses***

Selling and distribution expenses are those that specifically relate to salesmen, sales department, advertising and promotion, etc. All other operating expenses which are not directly related to the contract executed or goods sold are recognized under general and administration expenses. These also include allocations of general overheads which are not specifically attributed to cost of revenue.

The allocation of overheads between cost of revenue, general & administration expenses and selling & distribution expenses, where required, is made on the factors determined by the management and applied on a consistent basis.

**Other income**

The Group recognizes other income when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably. Other income is measured at the fair value of the consideration received or receivable and recognized on accrual basis in accordance with the terms of the agreements. Other income that is incidental to the Group's business model is recognised as income as it is earned or accrued.



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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.3 Material accounting policy information (continued)**

**Earnings per share**

Basic and diluted earnings per share is calculated by dividing the profit or loss attributable to partners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the year.

**Fair value measurement**

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 most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is 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; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the 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. The Group determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.4 New and amended standards and interpretations**

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 April 2023 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

***IFRS 17 Insurance Contracts***

IFRS 17 Insurance Contracts is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation, and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance, and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of IFRS 17 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The new standard had no impact on the Group's financial statements.

***Definition of Accounting Estimates - Amendments to IAS 8***

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

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

***Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2***

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition, or presentation of any items in the Group's financial statements.

***Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12***

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.4 New and amended standards and interpretations (continued)**

***International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12***

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

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

**2.5 Standards issued but not yet effective**

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

***Amendments to IFRS 16: Lease Liability in a Sale and Leaseback***

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16. Earlier application is permitted, and that fact must be disclosed.

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

***Amendment to IAS 1: Classification of Liabilities as Current or Non-current***

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

**2 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.5 Standards issued but not yet effective (continued)**

***Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7***

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed. The amendments are not expected to have a material impact on the Group's financial statements.

**3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS**

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

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

|                                                                   |                 |
|-------------------------------------------------------------------|-----------------|
| Capital management                                                | Note 27         |
| Financial instruments and risk management objectives and policies | Note 24         |
| Sensitivity analyses disclosures                                  | Notes 24 and 10 |

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

***Satisfaction of performance obligations***

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the agreements entered with the customers and the provisions of relevant laws and regulations, where contracts are entered into to undertake long term contracts with the customers (for the construction of unmovable cold storage rooms), the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. Further, the services provided under these contracts are satisfied over time rather than at a point in time since the customer simultaneously receives and consumes the benefits provided by the Group. Based on this, the Group recognises revenue over time.

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At 31 March 2024

**3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (CONTINUED)**

**Estimates and assumptions (continued)**

***Satisfaction of performance obligations (continued)***

For the revenue on sale of goods and maintenance services, the Group has assessed that based on the delivery arrangements entered into with the customer and the provisions of relevant laws and regulations, the Group creates an asset with an alternative use to the Group and usually does not have an enforceable right to payment for performance completed to date. Based on this, the Group recognises revenue at point in time i.e. on the delivery of goods or services to customer.

***Cost to complete the contracts***

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include, amongst other items, the manpower costs, material and parts, other overhead, variation orders and the cost of meeting other contractual obligations to the customers. Such estimates are reviewed at regular intervals. Any subsequent changes in the estimated cost to complete may affect the results of the subsequent periods.

***Provision for expected credit losses***

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

***Defined benefit plans***

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers Saudi Government bond/sukuk yield. Future salary increases are based on expected future inflation rates and historical data.

***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 to sell and its value in use. The fair value less costs to sell 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 for disposing of the asset. The value in use calculation is based on a discounted cash flow 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 asset's performance of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

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**3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (CONTINUED)**

**Estimates and assumptions (continued)**

***Leases - Estimating the incremental borrowing rate***

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

***Taxes***

Deferred tax assets are recognised for temporary differences to the extent that it is probable that taxable profit will be available in the future against which the assets can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

***Useful lives of property and equipment***

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

***Impairment of inventories***

Inventory is stated at the lower of cost and net realizable value. When inventory becomes old or obsolete, an estimate is made for the net realizable value. For individually significant amounts, this estimate is made 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 aging, obsolescence, physical deterioration and change in demand and goods pricing.

***Provisions***

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

***Judgements***

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

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

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has certain lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 31 March 2024

**4 PROPERTY AND EQUIPMENT**

| <i>Cost</i>                     | <i>Land</i><br>SR | <i>Buildings</i><br>SR | <i>Heavy<br/>machinery<br/>and<br/>equipment</i><br>SR | <i>Tools and<br/>other<br/>equipment</i><br>SR | <i>Furniture<br/>and fixtures</i><br>SR | <i>Motor<br/>Vehicles</i><br>SR | <i>Computer<br/>equipment</i><br>SR | <i>Work-in-<br/>progress*</i><br>SR | <i>Total</i><br>SR |
|---------------------------------|-------------------|------------------------|--------------------------------------------------------|------------------------------------------------|-----------------------------------------|---------------------------------|-------------------------------------|-------------------------------------|--------------------|
| At 1 April 2022                 | -                 | 37,879,213             | 38,247,412                                             | 2,072,003                                      | 5,041,148                               | 5,558,213                       | 4,975,157                           | 2,322,304                           | 96,095,450         |
| Additions                       | -                 | 514,394                | 435,316                                                | 152,165                                        | 215,886                                 | 126,600                         | 166,852                             | 4,841,295                           | 6,452,508          |
| Disposal                        | -                 | -                      | -                                                      | -                                              | -                                       | (87,400)                        | -                                   | -                                   | (87,400)           |
| Write-off                       | -                 | (694,525)              | (1,869,910)                                            | (124,932)                                      | (36,386)                                | -                               | (1,671,271)                         | -                                   | (4,397,024)        |
| Transfer                        | -                 | -                      | 1,250,000                                              | -                                              | -                                       | -                               | -                                   | (1,250,000)                         | -                  |
| At 31 March 2023                | -                 | 37,699,082             | 38,062,818                                             | 2,099,236                                      | 5,220,648                               | 5,597,413                       | 3,470,738                           | 5,913,599                           | 98,063,534         |
| Additions                       | 12,673,000        | 427,917                | 877,222                                                | 236,313                                        | 422,433                                 | 245,000                         | 237,010                             | 1,693,140                           | 16,812,035         |
| Write-off                       | -                 | (45,000)               | (2,979,793)                                            | (29,108)                                       | (77,863)                                | (94,001)                        | -                                   | -                                   | (3,225,765)        |
| Transfer                        | -                 | 2,349,063              | 2,786,895                                              | -                                              | 1,464,276                               | -                               | -                                   | (6,600,234)                         | -                  |
| At 31 March 2024                | 12,673,000        | 40,431,062             | 38,747,142                                             | 2,306,441                                      | 7,029,494                               | 5,748,412                       | 3,707,748                           | 1,006,505                           | 111,649,804        |
| <i>Accumulated depreciation</i> |                   |                        |                                                        |                                                |                                         |                                 |                                     |                                     |                    |
| At 1 April 2022                 | -                 | 25,037,894             | 34,961,950                                             | 1,921,233                                      | 3,807,056                               | 5,024,560                       | 4,103,560                           | -                                   | 74,856,253         |
| Charge for the year             | -                 | 1,064,502              | 1,123,332                                              | 77,260                                         | 549,264                                 | 161,622                         | 369,304                             | -                                   | 3,345,284          |
| Disposal                        | -                 | -                      | -                                                      | -                                              | -                                       | (87,400)                        | -                                   | -                                   | (87,400)           |
| Write-off                       | -                 | (694,525)              | (1,869,910)                                            | (124,932)                                      | (36,386)                                | -                               | (1,671,271)                         | -                                   | (4,397,024)        |
| At 31 March 2023                | -                 | 25,407,871             | 34,215,372                                             | 1,873,561                                      | 4,319,934                               | 5,098,782                       | 2,801,593                           | -                                   | 73,717,113         |
| Charge for the year             | -                 | 1,053,525              | 895,615                                                | 89,144                                         | 385,944                                 | 188,800                         | 328,619                             | -                                   | 2,941,647          |
| Write-off                       | -                 | (45,000)               | (2,979,793)                                            | (29,108)                                       | (77,863)                                | (94,000)                        | -                                   | -                                   | (3,225,764)        |
| At 31 March 2024                | -                 | 26,416,396             | 32,131,194                                             | 1,933,597                                      | 4,628,015                               | 5,193,582                       | 3,130,212                           | -                                   | 73,432,996         |
| <i>Net book value</i>           |                   |                        |                                                        |                                                |                                         |                                 |                                     |                                     |                    |
| 31 March 2024                   | 12,673,000        | 14,014,666             | 6,615,948                                              | 372,844                                        | 2,401,479                               | 554,830                         | 577,536                             | 1,006,505                           | 38,216,808         |
| 31 March 2023                   | -                 | 12,291,211             | 3,847,446                                              | 225,675                                        | 900,714                                 | 498,631                         | 669,145                             | 5,913,599                           | 24,346,421         |

\* Work-in-progress represents improvement costs on production facilities and machineries under installations.

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**4 PROPERTY AND EQUIPMENT (continued)**

The depreciation charge for the year has been allocated as follows:

|                                     | Notes | 2024<br>SR       | 2023<br>SR       |
|-------------------------------------|-------|------------------|------------------|
| Cost of revenue                     | 17    | 2,093,090        | 2,601,858        |
| General and administration expenses | 18    | 712,753          | 614,894          |
| Selling and distribution expenses   | 19    | 135,804          | 128,532          |
|                                     |       | <u>2,941,647</u> | <u>3,345,284</u> |

**5 INTANGIBLE ASSETS**

|                                      | 2024<br>SR       | 2023<br>SR       |
|--------------------------------------|------------------|------------------|
| <b>Software</b>                      |                  |                  |
| <b>Cost</b>                          |                  |                  |
| Balance at the beginning of the year | 2,263,649        | 1,722,249        |
| Additions                            | 527,368          | 541,400          |
| Balance at the end of year           | <u>2,791,017</u> | <u>2,263,649</u> |
| <b>Accumulated amortization</b>      |                  |                  |
| Balance at the beginning of the year | 1,642,940        | 1,479,647        |
| Charge for the year                  | 223,684          | 163,293          |
| Balance at the end of year           | <u>1,866,624</u> | <u>1,642,940</u> |
| <b>Net book value</b>                | <u>924,393</u>   | <u>620,709</u>   |

**6 INVENTORIES**

|                                       | 2024<br>SR          | 2023<br>SR          |
|---------------------------------------|---------------------|---------------------|
| Goods held for sale                   | 43,452,609          | 23,437,660          |
| Raw materials                         | 28,747,885          | 27,880,515          |
| Spare parts and consumables           | 12,098,944          | 13,394,814          |
| Work in progress                      | 7,082,803           | 6,450,158           |
| Goods in transit                      | 633,592             | 6,771               |
|                                       | <u>92,015,833</u>   | <u>71,169,918</u>   |
| Less: provision for slow moving items | <u>(11,016,494)</u> | <u>(11,332,086)</u> |
|                                       | <u>80,999,339</u>   | <u>59,837,832</u>   |

The summary of movement in provision for slow moving inventories are as follows:

|                              | 2024<br>SR        | 2023<br>SR        |
|------------------------------|-------------------|-------------------|
| At the beginning of the year | 11,332,086        | 10,942,280        |
| Charge during the year       | -                 | 750,000           |
| Written off during the year  | (315,592)         | (360,194)         |
| At the end of the year       | <u>11,016,494</u> | <u>11,332,086</u> |



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**7 TRADE RECEIVABLES**

|                                            | 2024<br>SR         | 2023<br>SR         |
|--------------------------------------------|--------------------|--------------------|
| Trade receivables                          | 115,053,284        | 68,897,090         |
| Less: allowance for expected credit losses | <u>(9,433,329)</u> | <u>(7,801,890)</u> |
|                                            | <u>105,619,955</u> | <u>61,095,200</u>  |

The movement in the allowance for expected credit losses is as follows:

|                              | 2024<br>SR       | 2023<br>SR       |
|------------------------------|------------------|------------------|
| At the beginning of the year | 7,801,890        | 6,819,911        |
| Charge for the year          | 1,722,058        | 984,079          |
| Written off during the year  | <u>(90,619)</u>  | <u>(2,100)</u>   |
| At the end of the year       | <u>9,433,329</u> | <u>7,801,890</u> |

Trade receivables are interest free and the normal credit terms of the Group is 30 to 90 days.

Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and vast majority are, therefore, unsecured.

Note 24 (a) includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

**8 PREPAYMENTS AND OTHER CURRENT ASSETS**

|                           | 2024<br>SR        | 2023<br>SR        |
|---------------------------|-------------------|-------------------|
| Advances to suppliers     | 14,804,350        | 2,890,621         |
| Refundable deposits       | 2,574,230         | 2,766,868         |
| Advances to employees     | 2,325,701         | 1,724,471         |
| Margin deposits with bank | 1,468,052         | 1,987,600         |
| Prepaid expenses          | 1,000,111         | 749,892           |
| Others                    | <u>651</u>        | <u>2,209</u>      |
|                           | <u>22,173,095</u> | <u>10,121,661</u> |

**9 CASH AND CASH EQUIVALENTS**

|               | 2024<br>SR        | 2023<br>SR        |
|---------------|-------------------|-------------------|
| Cash at banks | 18,574,220        | 22,408,964        |
| Cash in hand  | <u>178,418</u>    | <u>184,984</u>    |
|               | <u>18,752,638</u> | <u>22,593,948</u> |

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#### 9 CASH AND CASH EQUIVALENTS (continued)

Reconciliation of liabilities arising from financing activities:

|                            | <i>At 1 April<br/>2023</i> | <i>Cashflows</i>    | <i>Others</i>     | <i>At 31 March<br/>2024</i> |
|----------------------------|----------------------------|---------------------|-------------------|-----------------------------|
|                            | <i>SR</i>                  | <i>SR</i>           | <i>SR</i>         | <i>SR</i>                   |
| Lease liabilities          | 1,634,406                  | (845,984)           | 352,780           | 1,141,202                   |
| Dividends payable          | -                          | (21,839,676)        | 21,839,676        | -                           |
| Total financing activities | <u>1,634,406</u>           | <u>(22,685,660)</u> | <u>22,192,456</u> | <u>1,141,202</u>            |

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|                            | <i>At 1 April<br/>2022</i> | <i>Cashflows</i>   | <i>Others</i>    | <i>At 31 March<br/>2023</i> |
|----------------------------|----------------------------|--------------------|------------------|-----------------------------|
|                            | <i>SR</i>                  | <i>SR</i>          | <i>SR</i>        | <i>SR</i>                   |
| Lease liabilities          | 2,412,930                  | (1,028,926)        | 250,402          | 1,634,406                   |
| Dividends payable          | -                          | (3,071,402)        | 3,071,402        | -                           |
| Total financing activities | <u>2,412,930</u>           | <u>(4,100,328)</u> | <u>3,321,804</u> | <u>1,634,406</u>            |

#### 10 EMPLOYEES' DEFINED BENEFIT LIABILITIES

The Group operates a non-funded employees' terminal benefit plan, which is classified as defined benefit liabilities under IAS 19 'Employee Benefits'. The benefit is mandatory for all Saudi Arabian based employees under the Saudi Arabian labour law and also under the Group's policies applicable to employees' accumulated period of service and payable upon termination, resignation or retirement. The Group's net obligation in respect of employees' defined benefits is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior years. This amount is then discounted using an appropriate discount rate to determine the present value of the Group's net obligation.

##### 10.1 Changes in the present value of defined benefit liability

|                                                                                                                | <i>2024</i>        | <i>2023</i>        |
|----------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                                                | <i>SR</i>          | <i>SR</i>          |
| Balance as at beginning of the year                                                                            | 16,185,491         | 15,198,316         |
| <i>Charges recognised in the consolidated statement of income and other comprehensive income for the year:</i> |                    |                    |
| Interest cost                                                                                                  | 599,589            | 478,680            |
| Current service cost                                                                                           | 2,041,589          | 1,813,998          |
| <i>Actuarial changes arising due to:</i>                                                                       |                    |                    |
| Financial assumptions                                                                                          | (98,324)           | 175,985            |
| Experience assumptions                                                                                         | 810,870            | (95,786)           |
| Benefits paid during the year                                                                                  | <u>(1,908,170)</u> | <u>(1,385,702)</u> |
| Balance as at end of the year                                                                                  | <u>17,631,045</u>  | <u>16,185,491</u>  |

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**10 EMPLOYEES' DEFINED BENEFIT LIABILITIES (continued)**

**10.1 Changes in the present value of defined benefit liability (continued)**

**a. Sensitivity analysis**

The principal assumptions used in determining the post-employment defined benefit liability includes the following:

|                                  | 2024           | 2023           |
|----------------------------------|----------------|----------------|
| Discount rate                    | 4.99% to 5.01% | 3.90% to 4.11% |
| Expected rate of salary increase | 4.00%          | 3.00%          |
| Rates of employee turnover       | 15%            | 15%            |
| Mortality rates                  | A1949-52       | A1949-52       |
| Retirement assumption            | 60             | 60             |

A quantitative sensitivity analysis for significant assumptions as at 31 March 2023 and 31 March 2024 are shown below:

|                                | 2024<br>SR | 2023<br>SR |
|--------------------------------|------------|------------|
| <i>Discount rate:</i>          |            |            |
| 1% increase                    | (737,104)  | (671,763)  |
| 1% decrease                    | 810,924    | 740,184    |
| <i>Future salary increases</i> |            |            |
| 1% increase                    | 744,969    | 679,787    |
| 1% decrease                    | (689,600)  | (628,445)  |

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

The following payments are expected against the defined benefit liability in future years:

|                           | 2024<br>SR        | 2023<br>SR        |
|---------------------------|-------------------|-------------------|
| Within the next 12 months | 4,084,265         | 4,027,195         |
| Between 2 and 5 years     | 11,062,221        | 9,652,875         |
| Beyond 5 years            | 27,719,060        | 20,732,498        |
|                           | <u>42,865,546</u> | <u>34,412,568</u> |

The average duration of the defined benefit plan liability at the end of the reporting period is 4.3 to 4.8 years (31 March 2023: 4.3 to 4.9 years).

**11 RELATED PARTIES BALANCES AND TRANSACTIONS**

Related parties represent partners, directors and key management personnel and entities controlled or significantly influenced by such parties.

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**11 RELATED PARTIES BALANCES AND TRANSACTIONS (continued)**

(a) Significant transactions with related parties during the year and significant year-end balances are as follows:

| <i>Related parties</i>                  | <i>Relationship</i> | <i>Nature of transactions</i> | <i>2024<br/>SR</i> | <i>2023<br/>SR</i> |
|-----------------------------------------|---------------------|-------------------------------|--------------------|--------------------|
| Al Saadi Refrigeration Air Conditioning | Fellow subsidiary   | Sales                         | 3,773,333          | 2,886,310          |
|                                         |                     | Purchases                     | 73,949             | 518,850            |
|                                         |                     | Expenses paid on behalf       | 410,984            | 230,506            |
| Key management personnel                |                     | Salaries and other benefits   | 8,569,017          | 6,919,092          |
|                                         |                     | Terminal benefits             | 634,817            | 224,116            |

In addition to above, as mentioned in the note 23, a partner of the Company has transferred two plots of land at free of cost to the Group during the year (see note 23). The same has been recognized by the Company at fair value as additional contribution by the partners. Further, the Company incurred certain expenses on behalf of the partners as well as the partners incurred certain expenses on behalf of the Company and charge back at cost.

(b) The breakdown of amounts disclosed in the consolidated statement of financial position is as follows:

*Amounts due from a related party presented under current assets:*

|                                         | <i>2024<br/>SR</i> | <i>2023<br/>SR</i> |
|-----------------------------------------|--------------------|--------------------|
| Al Saadi Refrigeration Air Conditioning | 906,142            | 653,663            |

*Amounts due to related parties presented under current liabilities:*

|                                      | <i>2024<br/>SR</i> | <i>2023<br/>SR</i> |
|--------------------------------------|--------------------|--------------------|
| GK Gruenfelder International AG      | 341,911            | 384,263            |
| Darat Esmat Al Saady Holding Company | 119,993            | 224,954            |
|                                      | 461,904            | 609,217            |

*Terms and conditions of transactions with related parties*

Pricing policies and terms of payment for the transactions with the related parties are approved by the Group's management. There have been no guarantees provided or received for any related party receivables or payables and the outstanding balances are interest free. As of 31 March 2024, the Group has not recorded any impairment loss relating to amounts owed by related parties (31 March 2023: same). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

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**12 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

|                                                  | 2024<br>SR        | 2023<br>SR        |
|--------------------------------------------------|-------------------|-------------------|
| Employees related accruals                       | 9,195,944         | 7,150,835         |
| VAT payable                                      | 5,289,985         | 1,323,212         |
| Accrued expenses                                 | 2,527,717         | 2,053,647         |
| Sales commission payable                         | 2,472,993         | 2,491,278         |
| Provision for warranties                         | 1,980,174         | 1,478,420         |
| Payables against goods received but not invoiced | 467,236           | 120,457           |
| Interest accrual on lease liability              | -                 | 62,260            |
| Others                                           | 196,051           | 99,568            |
|                                                  | <u>22,130,100</u> | <u>14,779,677</u> |

**13 CONTRACT LIABILITIES**

|                                              | 2024<br>SR        | 2023<br>SR        |
|----------------------------------------------|-------------------|-------------------|
| Advance from the customers                   | 34,672,808        | 7,543,774         |
| Billings in excess of value of work executed | 20,476,043        | 18,054,358        |
|                                              | <u>55,148,851</u> | <u>25,598,132</u> |

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

|                                                   | 2024<br>SR        | 2023<br>SR        |
|---------------------------------------------------|-------------------|-------------------|
| Progress billings received and receivable to date | 78,852,928        | 50,795,481        |
| Less: value of work executed to date              | (58,376,885)      | (32,741,123)      |
|                                                   | <u>20,476,043</u> | <u>18,054,358</u> |

**14 ZAKAT AND INCOME TAX**

**14.1. Status of assessments of zakat and income tax**

The Group files Zakat and Income Tax return of the Company and its subsidiaries on a standalone basis. The zakat and income tax charge represents the consolidated sum of zakat and income tax charge accrued by the Company and its subsidiaries at standalone financial statements level.

**Consolidated Gruenfelder Saady Holding Company:** The Company has filed its tax/zakat returns till year ended 31 March 2023 with the Zakat, Tax and Customs Authority ("ZATCA"). However, the assessments have not yet been raised.

**Coldstores Group of Saudi Arabia:** Zakat and income tax assessment declarations up to and including the year ended 31 March 2023 have been submitted to the ZATCA. The ZATCA has issued assessment up to 2017 and the Company settled and finalised the assessment. The assessments for the years ended 31 March 2018 to 2023 are awaited.

**Consolidated Gruenfelder Saady Company:** Zakat and income tax assessment declarations up to the year ended 31 March 2023 have been submitted to the ZATCA. The ZATCA has issued assessment up to 2015 and the Company settled and finalised. No assessments issued by ZATCA for remaining years.

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**14 ZAKAT AND INCOME TAX (continued)**

**14.1 Status of assessments of zakat and income tax (continued)**

Zakat and income tax have been computed based on the Group's understanding and interpretation of zakat and income tax regulations enforced in the Kingdom of Saudi Arabia for respective entities. The ZATCA continues to issue circulars to clarify certain zakat and tax regulations which are usually enforced on all open years. The zakatable and taxable income and zakat/tax liability as computed by the Group could be different from zakatable/taxable income and zakat/tax liability as assessed by the ZATCA for years for which assessments have not yet been raised by the ZATCA.

**14.2 Zakat**

**Charge for the year**

Zakat for the year is payable at 2.5% of the approximate zakat base and adjusted net income attributable to Saudi partners. The zakat charge relating to the ultimate Saudi partner consists of:

|                                    | 2024<br>SR       | 2023<br>SR       |
|------------------------------------|------------------|------------------|
| Provision for the year             | 1,571,634        | 1,240,875        |
| Adjustment relating to prior years | (28,150)         | 18,017           |
| Charge for the year                | <u>1,543,484</u> | <u>1,258,892</u> |

**14.3 Income tax**

**Charge for the year**

|                                    | 2024<br>SR       | 2023<br>SR       |
|------------------------------------|------------------|------------------|
| Provision for the year             | 5,534,979        | 3,397,881        |
| Adjustment relating to prior years | (4,512)          | 4,231            |
| Charge for the year                | <u>5,530,467</u> | <u>3,402,112</u> |

Reconciliation of tax expense and the accounting profit is presented below:

|                                                                            | 2024<br>SR        | 2023<br>SR        |
|----------------------------------------------------------------------------|-------------------|-------------------|
| Profit before zakat and income tax                                         | 51,720,171        | 29,731,880        |
| Adjustment for:                                                            |                   |                   |
| Add:                                                                       |                   |                   |
| Accounting depreciation                                                    | 3,165,331         | 3,508,577         |
| Allowance for expected credit losses                                       | 1,722,058         | 984,079           |
| Provision for slow moving inventories                                      | -                 | 750,000           |
| Employee defined benefits liabilities                                      | 2,641,178         | 2,292,678         |
| Provision for warranties                                                   | 602,494           | 533,776           |
| Others                                                                     | 2,549,176         | 1,819,009         |
| Less:                                                                      |                   |                   |
| Tax depreciation                                                           | (4,736,290)       | (3,884,259)       |
| Write-off of inventories                                                   | (315,591)         | (360,194)         |
| Payment of employees' defined benefit liabilities                          | (1,908,170)       | (1,385,702)       |
| Write-off of trade receivables                                             | (90,619)          | -                 |
| Others                                                                     | -                 | (11,032)          |
| Adjusted profit for tax calculation                                        | <u>55,349,792</u> | <u>33,978,812</u> |
| Adjusted profit relating to foreign shareholding for tax computation (50%) | <u>27,674,896</u> | <u>16,989,406</u> |
| Income tax charge for the year @ 20% (2023: 20%)                           | <u>5,534,979</u>  | <u>3,397,881</u>  |

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**14 ZAKAT AND INCOME TAX (continued)**

**14.4 Effective income tax reconciliation is as follows:**

|                                                                                                               | 2024<br>SR        | 2024<br>%  | 2023<br>SR        | 2023<br>%  |
|---------------------------------------------------------------------------------------------------------------|-------------------|------------|-------------------|------------|
| Accounting profit before zakat and income tax                                                                 | <u>51,720,171</u> |            | <u>29,731,880</u> |            |
| Profit subject to income tax as per foreign shareholding @50%                                                 | <u>25,860,086</u> |            | <u>14,865,940</u> |            |
| Tax at applicable rates                                                                                       | <u>5,172,017</u>  | <u>20%</u> | <u>2,973,188</u>  | <u>20%</u> |
| Tax effect on taxable expenses to the accounting profit and non-deductible claims from accounting profit, net | 358,450           |            | 428,924           |            |
| Relating to origination and reversal of temporary differences                                                 | <u>(402,734)</u>  |            | <u>(290,048)</u>  |            |
| Tax charged during the year                                                                                   | <u>5,127,733</u>  | <u>20%</u> | <u>3,112,064</u>  | <u>21%</u> |

**14.5 Movement in zakat and income tax provision is as follows:**

|                              | 2024<br>SR  |               |             | 2023<br>SR  |               |             |
|------------------------------|-------------|---------------|-------------|-------------|---------------|-------------|
|                              | Zakat       | Income<br>tax | Total       | Zakat       | Income<br>tax | Total       |
| At the beginning of the year | 996,153     | 96,022        | 1,092,175   | 804,371     | 2,366,840     | 3,171,211   |
| Charge for the year          | 1,543,484   | 5,530,467     | 7,073,951   | 1,258,892   | 3,402,112     | 4,661,004   |
| Advance income tax paid      | -           | (1,581,672)   | (1,581,672) | -           | (2,149,685)   | (2,149,685) |
| Payments during the year     | (1,212,725) | (1,284,473)   | (2,497,198) | (1,067,110) | (3,523,245)   | (4,590,355) |
| At the end of the year       | 1,326,912   | 2,760,344     | 4,087,256   | 996,153     | 96,022        | 1,092,175   |

**14.6 Deferred taxation**

Deferred income taxes are calculated on all temporary differences under liability method using the effective tax rate. Deferred tax assets of the Group are attributable to the following:

|                                       | 2024<br>SR       | 2023<br>SR       |
|---------------------------------------|------------------|------------------|
| Provision for expected credit losses  | 943,334          | 670,189          |
| Provision for slow moving inventories | 1,101,650        | 1,133,209        |
| Property and equipment                | 673,548          | 664,288          |
| Provision for warranties              | 198,018          | 147,842          |
| Employees' defined benefit liability  | 1,763,105        | 1,618,549        |
| Others                                | <u>12,731</u>    | <u>(15,680)</u>  |
|                                       | <u>4,692,386</u> | <u>4,218,397</u> |

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**14 ZAKAT AND INCOME TAX (continued)**

**14.6 Deferred taxation (continued)**

Movement in deferred tax balances is as follows;

|                                        | 2024<br>SR       | 2023<br>SR       |
|----------------------------------------|------------------|------------------|
| At the beginning of the year           | 4,218,397        | 3,920,330        |
| Reversal in profit or loss             | 402,734          | 290,048          |
| Reversal in other comprehensive income | 71,255           | 8,019            |
| At the end of the year                 | <u>4,692,386</u> | <u>4,218,397</u> |

**15 RIGHT OF USE ASSETS AND LEASE LIABILITIES**

The Group leases land, buildings and staff accommodation facilities. The leases typically run for a period of 5 to 20 years, with an option to renew the lease after that date.

**a. Right-of-use assets**

The carrying amount of the right-of-use assets and movement during the year is as follows:

|                                 | <i>Land and<br/>buildings<br/>SR</i> |
|---------------------------------|--------------------------------------|
| <b>Cost</b>                     |                                      |
| As at 1 April 2022 and 2023     | 5,457,994                            |
| Modification during the year    | 272,912                              |
| <b>As at 31 March 2024</b>      | <u><b>5,730,906</b></u>              |
| <b>Accumulated depreciation</b> |                                      |
| As at 31 March 2022             | 2,770,237                            |
| Depreciation charge             | 747,357                              |
| As at 31 March 2023             | 3,517,594                            |
| Depreciation charge             | 878,599                              |
| <b>As at 31 March 2024</b>      | <u><b>4,396,193</b></u>              |
| <b>Net book value</b>           |                                      |
| <b>As at 31 March 2024</b>      | <u><b>1,334,713</b></u>              |
| As at 31 March 2023             | <u>1,940,400</u>                     |

The depreciation charge has been allocated as follows:

|                                               | 2024<br>SR            | 2023<br>SR     |
|-----------------------------------------------|-----------------------|----------------|
| Cost of revenue (note 17)                     | 867,073               | 736,145        |
| General and administration expenses (note 18) | 5,763                 | 5,606          |
| Selling and distribution expenses (note 19)   | 5,763                 | 5,606          |
|                                               | <u><b>878,599</b></u> | <u>747,357</u> |



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At 31 March 2024

**15 RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)**

**b. Lease liabilities**

|                              | 2024<br>SR       | 2023<br>SR       |
|------------------------------|------------------|------------------|
| As at 1 April                | 1,634,406        | 2,412,930        |
| Modification during the year | 272,912          | -                |
| Accretion of interest        | 79,868           | 250,402          |
| Payments during the year     | (845,984)        | (1,028,926)      |
| Balance at 31 March          | <u>1,141,202</u> | <u>1,634,406</u> |

Lease liabilities are presented in the financial position as follows:

|             | 2024<br>SR       | 2023<br>SR       |
|-------------|------------------|------------------|
| Current     | 100,758          | 580,184          |
| Non-current | <u>1,040,444</u> | <u>1,054,222</u> |
|             | <u>1,141,202</u> | <u>1,634,406</u> |

Lease liabilities are payable as follows:

**31 March 2024**

|                            | Future minimum<br>lease payments<br>SR | Interest<br>SR | Present value<br>of minimum<br>lease payments<br>SR |
|----------------------------|----------------------------------------|----------------|-----------------------------------------------------|
| Less than one year         | 158,122                                | 57,364         | 100,758                                             |
| Between one and five years | 652,348                                | 173,729        | 478,619                                             |
| More than five years       | <u>702,809</u>                         | <u>140,984</u> | <u>561,825</u>                                      |
|                            | <u>1,513,279</u>                       | <u>372,077</u> | <u>1,141,202</u>                                    |

**31 March 2023**

|                            | Future minimum<br>lease payments<br>SR | Interest<br>SR | Present value<br>of minimum<br>lease payments<br>SR |
|----------------------------|----------------------------------------|----------------|-----------------------------------------------------|
| Less than one year         | 654,371                                | 74,187         | 580,184                                             |
| Between one and five years | 632,488                                | 180,297        | 452,191                                             |
| More than five years       | <u>880,792</u>                         | <u>278,761</u> | <u>602,031</u>                                      |
|                            | <u>2,167,651</u>                       | <u>533,245</u> | <u>1,634,406</u>                                    |

**c. Amounts recognised in profit or loss**

|                                             | 2024<br>SR       | 2023<br>SR       |
|---------------------------------------------|------------------|------------------|
| Depreciation expense of right-of-use assets | 878,599          | 747,357          |
| Interest expense on lease liabilities       | 79,868           | 250,402          |
| Expenses related to short term leases       | <u>623,324</u>   | <u>370,495</u>   |
|                                             | <u>1,581,791</u> | <u>1,368,254</u> |

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**15 RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)**

**d. Amounts recognised in the statement of cash flows**

The Group had total cash outflows for leases of SR 845,984 (2023: SR 1,028,926).

**16 REVENUE FROM CONTRACT WITH CUSTOMERS**

|                                                                    | 2024<br>SR         | 2023<br>SR         |
|--------------------------------------------------------------------|--------------------|--------------------|
| <b>Type of goods or services</b>                                   |                    |                    |
| Sales of refrigeration/non-refrigeration bodies with cooling units | 239,451,645        | 159,758,143        |
| Installation and commissioning of cold stores                      | 69,513,293         | 60,571,131         |
| Servicing and repairs                                              | 40,182,312         | 36,515,987         |
| <b>Total revenue</b>                                               | <b>349,147,250</b> | <b>256,845,261</b> |
|                                                                    | 2024<br>SR         | 2023<br>SR         |
| <b>Timing of revenue recognition</b>                               |                    |                    |
| Revenue recognised at a point in time                              | 279,633,957        | 196,274,130        |
| Revenue recognised over time                                       | 69,513,293         | 60,571,131         |
|                                                                    | <b>349,147,250</b> | <b>256,845,261</b> |
|                                                                    | 2024<br>SR         | 2023<br>SR         |
| <b>Customer wise revenue recognition</b>                           |                    |                    |
| External customers                                                 | 345,373,917        | 253,958,951        |
| Related parties                                                    | 3,773,333          | 2,886,310          |
|                                                                    | <b>349,147,250</b> | <b>256,845,261</b> |
|                                                                    | 2024<br>SR         | 2023<br>SR         |
| <b>Geographical markets</b>                                        |                    |                    |
| Kingdom of Saudi Arabia                                            | 345,080,978        | 253,958,951        |
| Out of Kingdom of Saudi Arabia                                     | 4,066,272          | 2,886,310          |
|                                                                    | <b>349,147,250</b> | <b>256,845,261</b> |
| <b>Contract balances</b>                                           | 2024<br>SR         | 2023<br>SR         |
| Trade receivables (note 7)                                         | 105,619,955        | 61,095,200         |
| Contract liabilities (note 13)                                     | 55,148,851         | 25,598,132         |

Contract liabilities represent billing in excess of value of work executed for ongoing cold storage projects and advances received from customers with respect of the sale of goods. Revenue recognised during the year that was included in the contract liability balance at the beginning of the period amounting to SR 23.68 million (2023: SR 24.11 million).

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

At 31 March 2024

**17 COST OF REVENUE**

|                                                                | <i>2024</i>        | <i>2023</i> |
|----------------------------------------------------------------|--------------------|-------------|
|                                                                | <i>SR</i>          | <i>SR</i>   |
| Raw materials, consumables, change in finished goods and other | <b>220,408,981</b> | 163,470,398 |
| Employees' related costs                                       | <b>32,987,216</b>  | 26,328,596  |
| Utilities                                                      | <b>2,516,708</b>   | 1,782,629   |
| Repairs and maintenance                                        | <b>2,199,070</b>   | 2,233,905   |
| Depreciation of property and equipment (note 4)                | <b>2,093,090</b>   | 2,601,858   |
| Depreciation of right-of-use assets (note 15)                  | <b>867,073</b>     | 736,145     |
| Rent                                                           | <b>834,357</b>     | 587,887     |
| Warranty expense                                               | <b>435,652</b>     | 347,281     |
| Amortization                                                   | <b>76,321</b>      | 25,188      |
| Charge of provision for slow moving inventories (note 6)       | <b>-</b>           | 750,000     |
| Others                                                         | <b>2,892,498</b>   | 2,142,031   |
|                                                                | <b>265,310,966</b> | 201,005,918 |

**18 GENERAL AND ADMINISTRATION EXPENSES**

|                                                 | <i>2024</i>       | <i>2023</i> |
|-------------------------------------------------|-------------------|-------------|
|                                                 | <i>SR</i>         | <i>SR</i>   |
| Employees' related costs                        | <b>14,831,177</b> | 12,958,571  |
| Utilities                                       | <b>1,805,031</b>  | 1,801,962   |
| Allowance against refundable deposits           | <b>1,800,000</b>  | -           |
| Legal, professional and consultancy fees        | <b>1,491,235</b>  | 1,749,018   |
| Depreciation of property and equipment (note 4) | <b>712,753</b>    | 614,894     |
| Bank charges                                    | <b>459,058</b>    | 430,415     |
| Amortization                                    | <b>147,363</b>    | 135,816     |
| Repairs and maintenance                         | <b>137,759</b>    | 251,748     |
| Government fees and subscriptions               | <b>85,165</b>     | -           |
| Rent                                            | <b>51,249</b>     | 5,796       |
| Depreciation of right-of-use assets (note 15)   | <b>5,763</b>      | 5,606       |
| Others                                          | <b>2,262,564</b>  | 1,199,517   |
|                                                 | <b>23,789,117</b> | 19,153,343  |

**19 SELLING AND DISTRIBUTION EXPENSES**

|                                                 | <i>2024</i>      | <i>2023</i> |
|-------------------------------------------------|------------------|-------------|
|                                                 | <i>SR</i>        | <i>SR</i>   |
| Employees' related costs                        | <b>5,734,349</b> | 4,692,634   |
| Sales commission                                | <b>2,399,742</b> | 2,326,420   |
| Advertisement and promotion                     | <b>630,790</b>   | 552,068     |
| Depreciation of property and equipment (note 4) | <b>135,804</b>   | 128,532     |
| Utilities                                       | <b>135,329</b>   | 79,116      |
| Depreciation of right-of-use assets (note 15)   | <b>5,763</b>     | 5,606       |
| Rent                                            | <b>-</b>         | 11,667      |
| Amortization                                    | <b>-</b>         | 2,289       |
| Others                                          | <b>346,742</b>   | 154,210     |
|                                                 | <b>9,388,519</b> | 7,952,542   |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

**20 OTHER INCOME**

|                                                    | 2024<br>SR       | 2023<br>SR       |
|----------------------------------------------------|------------------|------------------|
| Disbursements from human resource development fund | 1,268,568        | 496,393          |
| Exchange gain on financial transactions            | 740,232          | 329,161          |
| Gains on sale of scrap materials                   | 640,432          | 969,416          |
| Claim received                                     | 527,964          | -                |
| Other miscellaneous income                         | 285,842          | 431,107          |
| Gains from disposal of property and equipment      | -                | 13,042           |
| Reversal of liability no longer payable            | -                | 472,464          |
|                                                    | <u>3,463,038</u> | <u>2,711,583</u> |

**21 FINANCE COST**

|                                                                      | 2024<br>SR     | 2023<br>SR     |
|----------------------------------------------------------------------|----------------|----------------|
| Accretion of finance costs on employees' defined benefit liabilities | 599,589        | 478,680        |
| Accretion of finance costs on lease liabilities                      | 79,868         | 250,402        |
|                                                                      | <u>679,457</u> | <u>729,082</u> |

**22 SHARE CAPITAL**

The share capital is divided into authorized, issued and fully paid 10,000 shares of SR 100 each as follows:

| Name of the owner                                       | No. of<br>shares | Percentage  | 31 March<br>2024 | 31 March<br>2023 |
|---------------------------------------------------------|------------------|-------------|------------------|------------------|
| GK Gruenfelder International AG                         | 5,000            | 50%         | 500,000          | 500,000          |
| Darat Esmat Bin Abdul-Samad Al Saady<br>Holding Company | 5,000            | 50%         | 500,000          | 500,000          |
|                                                         | <u>10,000</u>    | <u>100%</u> | <u>1,000,000</u> | <u>1,000,000</u> |

**23 ADDITIONAL CAPITAL CONTRIBUTION**

On 17 March 2021, the Parent Company acquired 100% shareholding of Coldstores Group of Saudi Arabia against purchase consideration of SR 30 million, through a share transfer agreement among the joint owners of the two entities. The acquisition was treated as transaction under common control since the Company and Coldstores Group of Saudi Arabia are ultimately controlled by the same partners.

On 20 December 2021, the Parent Company acquired 100% shareholding of Consolidated Gruenfelder Saady Company against purchase consideration of SR 11.7 million, through a share transfer agreement among the joint owners of the two entities. The acquisition is treated as transaction under common control since the Company and Consolidated Gruenfelder Saady Company are ultimately controlled by the same partners.

Post-acquisition, the shareholders have waived their right to claim the principal and further waived their right to charge any interest on the principal amount. The waivers were in the capacity of shareholder and approved by the Company's shareholders. Accordingly, the waivers were recognized directly in the consolidated statement of changes in equity as additional capital contribution by the shareholders.

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### (A MIXED LIMITED LIABILITY COMPANY)

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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#### 23 ADDITIONAL CAPITAL CONTRIBUTION (continued)

During the year, a partner of the Company has transferred two plots of freehold land to Coldstores Group of Saudi Arabia (a subsidiary) with no consideration. Further, the parent Company resolved to increase the capital of the subsidiary equivalent to the fair value of the land transferred. The fair value of the land has been arrived on the basis of a valuation exercise carried out by MFAZ Arabia Professional Consultancies, an independent valuer not related to the Group, holding license number 1210000011 and registered with Tajeem (Saudi Authority for Accredited Valuers). The fair value has been determined based on the market comparative approach that reflects recent transaction prices for similar properties. Accordingly, the same has been recognized as addition to the freehold land and as additional equity contribution by the partners. The legal formalities with respect of the transfer of ownership of the land were completed during the year.

#### 24 RISK MANAGEMENT

The Group may expose to certain risks from its use of financial instruments. The Group's management reviews and agrees policies for managing each of these risks which are summarised below;

- a) Credit risk
- b) Market risk, and
- c) Liquidity risk

The Group's management oversees the management of these risks. The Group's management regularly review the policies and procedures to ensure that all the financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The Group'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 react to changes in market conditions and the Group's activities.

##### *a) Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. At the reporting date, no significant concentrations of credit risk were identified by the management. With respect to credit risk arising from financial assets of the Group, including cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Key areas where the Group is exposed to credit risk are:

- Cash and cash equivalents
- Trade receivables
- Due from related parties

##### *Cash and cash equivalents*

The Group's bank balances are placed with reputable local banks having sound credit ratings. The Group believes that it would be able to realise its balances from these banks without any loss to the Group.

##### *Trade receivables*

The Group's exposure to credit risk is mainly affected by the individual characteristics of each individual customers. Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

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**24 RISK MANAGEMENT (continued)**

**a) Credit risk (continued)**

**Trade receivables (continued)**

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

Exposure within each credit risk grade are segmented by industry classification and an ECL rate is calculated based on delinquency status and actual credit loss experience over the past years. These rates are multiplied by scalar factors to reflect difference between economic conditions during the period over which historical data has been collected, current conditions and the Group views of economic conditions over the expected lives of the receivables.

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

| <b>31 March 2024</b> | <i>Credit<br/>loss rate</i><br>% | <i>Gross carrying<br/>amount</i><br>SR | <i>Loss<br/>allowance</i><br>SR | <i>Net trade<br/>receivables</i><br>SR |
|----------------------|----------------------------------|----------------------------------------|---------------------------------|----------------------------------------|
| Not due              | <b>0.40%</b>                     | <b>72,486,866</b>                      | <b>(287,791)</b>                | <b>72,199,075</b>                      |
| 0-90 days            | <b>0.92%</b>                     | <b>23,176,100</b>                      | <b>(213,001)</b>                | <b>22,963,099</b>                      |
| 90-180 days          | <b>4.01%</b>                     | <b>3,622,880</b>                       | <b>(145,411)</b>                | <b>3,477,470</b>                       |
| 180-270 days         | <b>4.01%</b>                     | <b>703,047</b>                         | <b>(28,193)</b>                 | <b>674,854</b>                         |
| 270-360 days         | <b>17.79%</b>                    | <b>2,556,742</b>                       | <b>(454,829)</b>                | <b>2,101,913</b>                       |
| More than 360 days   | <b>66.39%</b>                    | <b>12,507,649</b>                      | <b>(8,304,104)</b>              | <b>4,203,545</b>                       |
|                      |                                  | <b>115,053,284</b>                     | <b>(9,433,329)</b>              | <b>105,619,955</b>                     |
|                      |                                  |                                        |                                 |                                        |
| <b>31 March 2023</b> | <i>Credit<br/>loss rate</i><br>% | <i>Gross carrying<br/>amount</i><br>SR | <i>Loss<br/>allowance</i><br>SR | <i>Net trade<br/>receivables</i><br>SR |
| Not due              | 0.32%                            | 31,563,721                             | (102,251)                       | 31,461,470                             |
| 0-90 days            | 0.92%                            | 19,223,152                             | (176,052)                       | 19,047,100                             |
| 90-180 days          | 2.89%                            | 6,592,120                              | (190,769)                       | 6,401,351                              |
| 180-270 days         | 8.42%                            | 3,847,856                              | (323,988)                       | 3,523,868                              |
| 270-360 days         | 26.72%                           | 38,100                                 | (10,183)                        | 27,917                                 |
| More than 360 days   | 91.70%                           | 7,632,141                              | (6,998,647)                     | 633,494                                |
|                      |                                  | <b>68,897,090</b>                      | <b>(7,801,890)</b>              | <b>61,095,200</b>                      |

**Due from related parties**

The Group's substantial sales are made to external customers and certain revenue transactions are carried out with related parties. The Group manages its credit risk with respect to balances due from related parties and the outstanding balances are reviewed by the Group's Board of Directors on regular basis to minimise the concentration of risks and therefore mitigate financial loss through a related party's potential failure to make payments. Based on the management assessment, the related party balances are expecting to be realized without any loss to the Group.

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At 31 March 2024

**24 RISK MANAGEMENT (continued)**

**b) Market risk**

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates, will affect the Group's profit or loss. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

**Interest rate risk**

Interest rate risk arises from the possibility that the changes in interest rates will affect either the fair values or the future cash flows of the financial instruments. In the absence of any material interest carrying assets or liabilities, the Management believes that the interest rate risk to the Group is not significant.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency). The Group is subject to fluctuations in foreign exchange rates for GBP and EUR.

The risk of fluctuation in the USD is low as historically USD does not fluctuate against Saudi Riyal significantly. The currency risk is monitored at the Group level. As the amounts of transactions and outstanding balances relates to Euro and GBP are very minimal, there is no significant currency risk exposure to the Group in relation to the balances and transactions in these currencies.

At the period end, the Group has exposure to the following foreign currencies:

| <i>Foreign currencies</i>  | <b>2024</b><br><b>SR</b> | <b>2023</b><br><b>SR</b> |
|----------------------------|--------------------------|--------------------------|
| United States Dollar (USD) | <b>(34,076,964)</b>      | (28,908,977)             |
| Euro                       | <b>1,378,292</b>         | 156,949                  |

**Sensitivity Analysis:**

A reasonably possible strengthening / weakening of the SAR against US dollar and Euro at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and profit or loss by the amounts shown below.

| <i>Foreign currencies</i>  | <b>2024</b>        |                    | <b>2023</b>        |                    |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
|                            | <b>1% increase</b> | <b>1% decrease</b> | <b>1% increase</b> | <b>1% decrease</b> |
| United States Dollar (USD) | <b>(340,971)</b>   | <b>340,971</b>     | (289,090)          | 289,090            |
| Euro                       | <b>13,783</b>      | <b>(13,783)</b>    | 15,695             | (15,695)           |

**c) 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 is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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**24 RISK MANAGEMENT (continued)**

**c) Liquidity risk (continued)**

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

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

The table below summarises the maturity profile of the Group's financial liabilities (other than lease liabilities) based on contractual undiscounted payments. Trade payables are non-interest bearing and are normally settled on 30 to 90 days terms. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For the maturity profile on the lease liabilities, please refer to note 15.

*As at 31 March 2024*

|                        | <i>Up to 3<br/>months<br/>SR</i> | <i>More than 3<br/>months to 1<br/>year<br/>SR</i> | <i>Total<br/>SR</i> |
|------------------------|----------------------------------|----------------------------------------------------|---------------------|
| Trade payables         | 57,295,428                       | 989,469                                            | 58,284,897          |
| Other payables         | 5,474,986                        | 9,384,955                                          | 14,859,941          |
| Due to related parties | 77,580                           | 384,324                                            | 461,904             |
|                        | <u>62,847,994</u>                | <u>10,758,748</u>                                  | <u>73,606,742</u>   |

*As at 31 March 2023*

|                        | <i>Up to 3<br/>months<br/>SR</i> | <i>More than 3<br/>months to 1<br/>year<br/>SR</i> | <i>Total<br/>SR</i> |
|------------------------|----------------------------------|----------------------------------------------------|---------------------|
| Trade payables         | 43,923,277                       | 2,112,629                                          | 46,035,906          |
| Other payables         | 1,261,141                        | 10,716,904                                         | 11,978,045          |
| Due to related parties | 223,727                          | 385,490                                            | 609,217             |
|                        | <u>45,408,145</u>                | <u>13,215,023</u>                                  | <u>58,623,168</u>   |

**25 FAIR VALUES OF FINANCIAL INSTRUMENTS**

The Group's financial assets consist of cash and cash equivalents, due from related parties, trade and other receivables. Its financial liabilities consist of due to related parties, payables, lease liabilities, and other liabilities. The fair values of financial assets and liabilities which are valued at original transaction value, are not expected to be materially different from their carrying values.

Financial assets and liabilities are offset and net amounts reported in the financial statements, when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and liability simultaneously.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities by category of financial instruments. It does not include fair value information for financial assets and financial liabilities since the carrying amount of financial assets and liabilities held by the Group approximates fair value.



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25 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Financial assets and liabilities

|                                           | Notes | 2024<br>SR         | 2023<br>SR        |
|-------------------------------------------|-------|--------------------|-------------------|
| <i>Financial assets</i>                   |       |                    |                   |
| <i>Financial assets at amortized cost</i> |       |                    |                   |
| Trade receivables                         | 7     | 105,619,955        | 61,095,200        |
| Amounts due from a related party          | 11    | 906,142            | 653,663           |
| Cash and cash equivalents                 | 9     | 18,752,638         | 22,593,948        |
|                                           |       | <u>125,278,735</u> | <u>84,342,811</u> |
| <i>Financial liabilities</i>              |       |                    |                   |
| Trade payable                             |       | 58,284,897         | 46,035,906        |
| Amounts due to related parties            | 11    | 461,904            | 609,217           |
| Accruals and other payables               | 12    | 14,859,941         | 11,978,045        |
| Lease liabilities                         | 15    | 1,141,202          | 1,634,406         |
|                                           |       | <u>74,747,944</u>  | <u>60,257,574</u> |

26 DIVIDENDS DISTRIBUTION

During the year, the partners of the Company resolved to distribute cash dividends of SR 2,000 per share totaling to SR 20,000,000 and SR 367.93 per share totaling to SR 1,839,676 for the partners of the Company (2023: the partners resolved to distribute dividends of SR 614.28 per share totaling to SR 3,071,402). The dividends were fully settled during the year.

27 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes capital, addition equity contribution, statutory reserve and retained earnings attributable to the partners of the Group. The primary objective of the Group's capital management is to maximise the shareholders' value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the owner. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2024 and 2023. The Group's debt to adjusted capital ratio at the end of the reporting year as follows:

|                                          | 2024<br>SR          | 2023<br>SR          |
|------------------------------------------|---------------------|---------------------|
| Total liabilities                        | 158,885,255         | 105,935,004         |
| Less: cash and cash equivalents          | <u>(18,752,638)</u> | <u>(22,593,948)</u> |
| Net debt                                 | <u>140,132,617</u>  | <u>83,341,056</u>   |
| Total equity                             | <u>114,734,214</u>  | <u>79,493,227</u>   |
| Net debt to capital ratio as of 31 March | <u>1.22</u>         | <u>1.05</u>         |

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES

(A MIXED LIMITED LIABILITY COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2024

**28 EARNINGS PER SHARE**

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to the partners of the Company by the weighted average number of outstanding shares during the year as follows:

|                                                                                  | <b>2024</b>       | <b>2023</b> |
|----------------------------------------------------------------------------------|-------------------|-------------|
|                                                                                  | <b>SR</b>         | <b>SR</b>   |
| Profit for the year attributable to the partners of the Company                  | <b>45,048,954</b> | 25,360,924  |
| Number of outstanding shares during the year                                     | <b>10,000</b>     | 10,000      |
| Basic and diluted earnings per share attributable to the partners of the Company | <b>4,504.90</b>   | 2,536.09    |

**29 COMPARATIVE FIGURES**

Certain of comparative figures have been reclassified to conform with the classification and presentation used for current year. However, such reclassifications have not resulted in any impact on equity or profit reported for the year ended 31 March 2023. Summary of significant items reclassified in the statement of financial position as follows:

|                                     | <b>As reported<br/>2023</b> | <b>Reclassification</b> | <b>As reclassified<br/>2023</b> |
|-------------------------------------|-----------------------------|-------------------------|---------------------------------|
|                                     | <b>SR</b>                   | <b>SR</b>               | <b>SR</b>                       |
| Trade receivables                   | 54,219,017                  | 6,876,183               | 61,095,200                      |
| Contract liabilities                | (18,721,949)                | (6,876,183)             | (25,598,132)                    |
| General and administrative expenses | 19,211,544                  | (58,201)                | 19,153,343                      |
| Finance cost                        | 670,881                     | 58,201                  | 729,082                         |

**30 SUBSEQUENT EVENTS**

No matter has occurred up to and including the date of the approval of the consolidated financial statements by the Board of Directors of the Group which could materially affect the consolidated financial statements and the related disclosures for the year ended 31 March 2024.

**31 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements have been approved by the Board of Directors on 14 Rabi Al-Awwal 1446H, corresponding to 17 September 2024.

**CONSOLIDATED GRUENENFELDER  
SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES  
(A CLOSED JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE NINE-MONTH AND THREE-MONTH PERIODS ENDED  
31 DECEMBER 2024**

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY  
AND ITS SUBSIDIARIES  
(A CLOSED JOINT STOCK COMPANY)  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED) AND INDEPENDENT AUDITOR'S REVIEW REPORT  
For the nine-month and three-month periods ended 31 December 2024

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Ernst & Young Professional Services (Professional LLC)  
Paid-Up Capital (SR 5,500,000 - Five Million Five Hundred Thousand Saudi Riyal)  
Adeer Tower, 15<sup>th</sup> Floor  
Prince Turki Bin Abdulaziz Street, Al Khobar Corniche  
P.O. Box 3795, Al Khobar 31952  
Kingdom of Saudi Arabia  
Head Office - Riyadh

C.R. No. 2051058792  
Tel: +966 13 840 4600  
Fax: +966 13 882 0087  
[eyksa@sa.ey.com](mailto:eyksa@sa.ey.com)  
[ey.com](http://ey.com)

**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES (A CLOSED JOINT STOCK COMPANY)**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Consolidated Gruenfelder Saady Holding Company (a Closed Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 31 December 2024, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine month periods ended 31 December 2024 and the related interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended and explanatory notes. The management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Marwan S. AlAfaliq  
Certified Public Accountant  
License No. 422



Al Khobar: 27 Ramadhan 1446H  
27 March 2025

**CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A CLOSED JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2024

|                                                | <i>Notes</i> | <b>31 December<br/>2024<br/>SR<br/>(Unaudited)</b> | <b>31 March<br/>2024<br/>SR<br/>(Audited)</b> |
|------------------------------------------------|--------------|----------------------------------------------------|-----------------------------------------------|
| <b>ASSETS</b>                                  |              |                                                    |                                               |
| <b>NON-CURRENT ASSETS</b>                      |              |                                                    |                                               |
| Property and equipment                         | 4            | <b>47,484,917</b>                                  | 38,216,808                                    |
| Intangible assets                              |              | <b>825,146</b>                                     | 924,393                                       |
| Right-of-use assets                            |              | <b>9,545,075</b>                                   | 1,334,713                                     |
| Deferred tax assets                            | 6            | <b>5,188,172</b>                                   | 4,692,386                                     |
| <b>TOTAL NON-CURRENT ASSETS</b>                |              | <b>63,043,310</b>                                  | 45,168,300                                    |
| <b>CURRENT ASSETS</b>                          |              |                                                    |                                               |
| Inventories                                    |              | <b>103,202,935</b>                                 | 80,999,339                                    |
| Trade receivables                              |              | <b>97,643,541</b>                                  | 105,619,955                                   |
| Amounts due from related parties               | 5            | -                                                  | 906,142                                       |
| Prepayments and other current assets           |              | <b>29,155,325</b>                                  | 22,173,095                                    |
| Cash and cash equivalents                      |              | <b>40,384,022</b>                                  | 18,752,638                                    |
| <b>TOTAL CURRENT ASSETS</b>                    |              | <b>270,385,823</b>                                 | 228,451,169                                   |
| <b>TOTAL ASSETS</b>                            |              | <b>333,429,133</b>                                 | 273,619,469                                   |
| <b>EQUITY AND LIABILITIES</b>                  |              |                                                    |                                               |
| <b>EQUITY</b>                                  |              |                                                    |                                               |
| Share capital                                  | 8            | <b>100,000,000</b>                                 | 1,000,000                                     |
| Additional capital contribution                | 9            | -                                                  | 54,439,539                                    |
| Statutory reserve                              |              | <b>300,000</b>                                     | 300,000                                       |
| Retained earnings                              |              | <b>55,233,563</b>                                  | 58,994,675                                    |
| <b>TOTAL EQUITY</b>                            |              | <b>155,533,563</b>                                 | 114,734,214                                   |
| <b>LIABILITIES</b>                             |              |                                                    |                                               |
| <b>NON-CURRENT LIABILITIES</b>                 |              |                                                    |                                               |
| Employees' defined benefit liabilities         |              | <b>19,090,587</b>                                  | 17,631,045                                    |
| Lease liabilities                              |              | <b>7,553,539</b>                                   | 1,040,444                                     |
| <b>TOTAL NON-CURRENT LIABILITIES</b>           |              | <b>26,644,126</b>                                  | 18,671,489                                    |
| <b>CURRENT LIABILITIES</b>                     |              |                                                    |                                               |
| Trade payable                                  |              | <b>63,738,582</b>                                  | 58,284,897                                    |
| Amounts due to related parties                 | 5            | <b>227,813</b>                                     | 461,904                                       |
| Accrued expenses and other current liabilities |              | <b>22,866,635</b>                                  | 22,130,100                                    |
| Contract liabilities                           |              | <b>59,025,458</b>                                  | 55,148,851                                    |
| Current portion of lease liabilities           |              | <b>1,374,550</b>                                   | 100,758                                       |
| Provision for zakat and income tax             | 6            | <b>4,018,406</b>                                   | 4,087,256                                     |
| <b>TOTAL CURRENT LIABILITIES</b>               |              | <b>151,251,444</b>                                 | 140,213,766                                   |
| <b>TOTAL LIABILITIES</b>                       |              | <b>177,895,570</b>                                 | 158,885,255                                   |
| <b>TOTAL EQUITY AND LIABILITIES</b>            |              | <b>333,429,133</b>                                 | 273,619,469                                   |

The accompanying notes 1 to 16 form integral part of these interim condensed consolidated financial statements.

**CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES**  
**(A CLOSED JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**  
For the nine-month and three-month periods ended 31 December 2024

|                                                   |             | <b>For the<br/>three-month<br/>period ended<br/>31 December<br/>2024</b> | For the<br>three-month<br>period ended<br>31 December<br>2023 | <b>For the<br/>nine-month<br/>period ended<br/>31 December<br/>2024</b> | For the<br>nine-month<br>period ended<br>31 December<br>2023 |
|---------------------------------------------------|-------------|--------------------------------------------------------------------------|---------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------|
|                                                   | <i>Note</i> | <i>(Unaudited)</i>                                                       | <i>(Unaudited)</i>                                            | <i>(Unaudited)</i>                                                      | <i>(Unaudited)</i>                                           |
| Revenue                                           | 7           | 147,559,065                                                              | 92,484,391                                                    | 364,016,141                                                             | 244,402,095                                                  |
| Cost of sales                                     |             | <u>(114,651,346)</u>                                                     | <u>(69,036,049)</u>                                           | <u>(277,785,324)</u>                                                    | <u>(187,581,135)</u>                                         |
| <b>GROSS PROFIT</b>                               |             | <b>32,907,719</b>                                                        | 23,448,342                                                    | <b>86,230,817</b>                                                       | 56,820,960                                                   |
| General and administration expenses               |             | (8,671,031)                                                              | (6,265,502)                                                   | (23,543,788)                                                            | (17,170,154)                                                 |
| Selling and distribution expenses                 |             | (2,725,664)                                                              | (2,744,100)                                                   | (9,311,416)                                                             | (7,195,882)                                                  |
| Reversal/(charge) of expected credit losses, net  |             | <u>(72,896)</u>                                                          | <u>(300,000)</u>                                              | <u>675,254</u>                                                          | <u>(600,000)</u>                                             |
| <b>OPERATING PROFIT</b>                           |             | <b>21,438,128</b>                                                        | 14,138,740                                                    | <b>54,050,867</b>                                                       | 31,854,924                                                   |
| Finance costs                                     |             | (116,641)                                                                | (18,733)                                                      | (169,512)                                                               | (48,441)                                                     |
| Other income                                      |             | <u>762,542</u>                                                           | <u>1,230,719</u>                                              | <u>2,436,564</u>                                                        | <u>2,254,197</u>                                             |
| <b>PROFIT BEFORE ZAKAT AND INCOME TAX</b>         |             | <b>22,084,029</b>                                                        | 15,350,726                                                    | <b>56,317,919</b>                                                       | 34,060,680                                                   |
| Zakat expense                                     | 6           | (40,062)                                                                 | (361,366)                                                     | (1,789,395)                                                             | (1,058,537)                                                  |
| Income tax                                        | 6           | (2,406,306)                                                              | (1,278,289)                                                   | (5,818,460)                                                             | (3,718,354)                                                  |
| Deferred tax credit                               | 6           | <u>223,641</u>                                                           | <u>68,261</u>                                                 | <u>495,786</u>                                                          | <u>270,804</u>                                               |
| <b>NET PROFIT FOR THE PERIOD</b>                  |             | <b>19,861,302</b>                                                        | 13,779,332                                                    | <b>49,205,850</b>                                                       | 29,554,593                                                   |
| Other comprehensive income for the period         |             | <u>-</u>                                                                 | <u>-</u>                                                      | <u>-</u>                                                                | <u>-</u>                                                     |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>  |             | <b><u>19,861,302</u></b>                                                 | <b><u>13,779,332</u></b>                                      | <b><u>49,205,850</u></b>                                                | <b><u>29,554,593</u></b>                                     |
| <b>Earnings per share</b>                         |             |                                                                          |                                                               |                                                                         |                                                              |
| - Basic and diluted earnings per share (restated) | 12          | <u>0.20</u>                                                              | <u>0.14</u>                                                   | <u>0.49</u>                                                             | <u>0.30</u>                                                  |

The accompanying notes 1 to 16 form integral part of these interim condensed consolidated financial statements.

**CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES**  
**(A CLOSED JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
For the nine-month and three-month periods ended 31 December 2024

|                                                  | <i>Share<br/>capital<br/>SR</i> | <i>Additional<br/>capital<br/>contribution<br/>SR</i> | <i>Statutory<br/>reserve<br/>SR</i> | <i>Retained<br/>earnings<br/>SR</i> | <i>Total equity<br/>SR</i> |
|--------------------------------------------------|---------------------------------|-------------------------------------------------------|-------------------------------------|-------------------------------------|----------------------------|
| Balance at 1 April 2023                          | 1,000,000                       | 41,766,539                                            | 300,000                             | 36,426,688                          | 79,493,227                 |
| Profit for the period                            | -                               | -                                                     | -                                   | 29,554,593                          | 29,554,593                 |
| Other comprehensive income                       | -                               | -                                                     | -                                   | -                                   | -                          |
| Total comprehensive income                       | -                               | -                                                     | -                                   | 29,554,593                          | 29,554,593                 |
| Additional capital contribution (note 9)         | -                               | 12,673,000                                            | -                                   | -                                   | 12,673,000                 |
| Dividends (note 11)                              | -                               | -                                                     | -                                   | (11,839,676)                        | (11,839,676)               |
| <b>Balance at 31 December 2023 (Unaudited)</b>   | <b>1,000,000</b>                | <b>54,439,539</b>                                     | <b>300,000</b>                      | <b>54,141,605</b>                   | <b>109,881,144</b>         |
| Balance at 1 April 2024                          | 1,000,000                       | 54,439,539                                            | 300,000                             | 58,994,675                          | 114,734,214                |
| Profit for the period                            | -                               | -                                                     | -                                   | 49,205,850                          | 49,205,850                 |
| Other comprehensive income                       | -                               | -                                                     | -                                   | -                                   | -                          |
| Total comprehensive income                       | -                               | -                                                     | -                                   | 49,205,850                          | 49,205,850                 |
| Additional capital contribution (notes 9 and 10) | -                               | 9,754,719                                             | -                                   | -                                   | 9,754,719                  |
| Dividends (note 11)                              | -                               | -                                                     | -                                   | (18,161,220)                        | (18,161,220)               |
| Increase in share capital (note 8)               | 99,000,000                      | (64,194,258)                                          | -                                   | (34,805,742)                        | -                          |
| <b>Balance at 31 December 2024 (Unaudited)</b>   | <b>100,000,000</b>              | <b>-</b>                                              | <b>300,000</b>                      | <b>55,233,563</b>                   | <b>155,533,563</b>         |

The accompanying notes 1 to 16 form integral part of these interim condensed consolidated financial statements.



# CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

(A CLOSED JOINT STOCK COMPANY)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine-month period ended 31 December 2024

|                                                                                       |              | <i>For the<br/>nine-month<br/>period ended<br/>31 December<br/>2024<br/>SR<br/>(Unaudited)</i> | <i>For the<br/>nine-month<br/>period ended<br/>31 December<br/>2023<br/>SR<br/>(Unaudited)</i> |
|---------------------------------------------------------------------------------------|--------------|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| <b>OPERATING ACTIVITIES</b>                                                           | <i>Notes</i> |                                                                                                |                                                                                                |
| Profit before zakat and income tax                                                    |              | <b>56,317,919</b>                                                                              | 34,060,680                                                                                     |
| <i>Adjustments to reconcile profit before zakat and income tax to net cash flows:</i> |              |                                                                                                |                                                                                                |
| Depreciation of property and equipment                                                | 4            | <b>2,949,932</b>                                                                               | 2,083,115                                                                                      |
| Provision for employees' defined benefit liabilities                                  |              | <b>2,526,484</b>                                                                               | 2,439,918                                                                                      |
| (Reversal)/charge of expected credit losses, net                                      |              | <b>(675,254)</b>                                                                               | 600,000                                                                                        |
| Depreciation of right-of-use assets                                                   |              | <b>879,426</b>                                                                                 | 794,154                                                                                        |
| Amortization of intangible assets                                                     |              | <b>225,801</b>                                                                                 | 148,676                                                                                        |
| Interest on lease liabilities                                                         |              | <b>169,513</b>                                                                                 | 48,441                                                                                         |
| Provision for slow moving inventories                                                 |              | <b>1,153,329</b>                                                                               | -                                                                                              |
|                                                                                       |              | <b>63,547,150</b>                                                                              | 40,174,984                                                                                     |
| <i>Working capital adjustments:</i>                                                   |              |                                                                                                |                                                                                                |
| Inventories                                                                           |              | <b>(20,560,165)</b>                                                                            | (22,770,712)                                                                                   |
| Trade receivables                                                                     |              | <b>10,074,888</b>                                                                              | (31,026,588)                                                                                   |
| Amounts due from related parties                                                      |              | <b>959,112</b>                                                                                 | (1,017,305)                                                                                    |
| Prepayments and other current assets                                                  |              | <b>(6,837,780)</b>                                                                             | (7,600,008)                                                                                    |
| Trade payable                                                                         |              | <b>5,340,885</b>                                                                               | 20,555,967                                                                                     |
| Amounts due to related parties                                                        |              | <b>(1,177,121)</b>                                                                             | (83,889)                                                                                       |
| Accrued expenses and other current liabilities                                        |              | <b>88,655</b>                                                                                  | 4,341,914                                                                                      |
| Contract liabilities                                                                  |              | <b>3,553,937</b>                                                                               | 7,243,713                                                                                      |
| Cash generated from operations                                                        |              | <b>54,989,561</b>                                                                              | 9,818,076                                                                                      |
| Zakat and income tax paid                                                             |              | <b>(7,676,705)</b>                                                                             | (3,551,647)                                                                                    |
| Employees' defined benefit liabilities paid                                           |              | <b>(1,554,712)</b>                                                                             | (1,451,100)                                                                                    |
| <b>Net cash generated from operating activities</b>                                   |              | <b>45,758,144</b>                                                                              | 4,815,329                                                                                      |
| <b>INVESTING ACTIVITIES</b>                                                           |              |                                                                                                |                                                                                                |
| Purchase of property and equipment                                                    | 4            | <b>(6,457,981)</b>                                                                             | (2,280,781)                                                                                    |
| Purchase of intangible assets                                                         |              | <b>(126,554)</b>                                                                               | (457,957)                                                                                      |
| <b>Net cash used in investing activities</b>                                          |              | <b>(6,584,535)</b>                                                                             | (2,738,738)                                                                                    |
| <b>FINANCING ACTIVITIES</b>                                                           |              |                                                                                                |                                                                                                |
| Payment of lease liabilities                                                          |              | <b>(1,472,415)</b>                                                                             | (908,657)                                                                                      |
| Dividends paid to equity holders                                                      | 11           | <b>(18,161,220)</b>                                                                            | (11,839,676)                                                                                   |
| <b>Net cash used in financing activities</b>                                          |              | <b>(19,633,635)</b>                                                                            | (12,748,333)                                                                                   |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>                           |              | <b>19,539,974</b>                                                                              | (10,671,742)                                                                                   |
| Cash and cash equivalents at the beginning of the period                              |              | <b>18,752,638</b>                                                                              | 22,593,948                                                                                     |
| Cash and cash equivalents of an entity acquired                                       | 10           | <b>2,091,410</b>                                                                               | -                                                                                              |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>                             |              | <b>40,384,022</b>                                                                              | 11,922,206                                                                                     |

The accompanying notes 1 to 16 form integral part of these interim condensed consolidated financial statements.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES  
(A CLOSED JOINT STOCK COMPANY)  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)  
For the nine-month period ended 31 December 2024

**Non-cash transactions:**

|                                                            |   | <i>For the<br/>nine-month<br/>period ended<br/>31 December<br/>2024<br/>SR<br/>(Unaudited)</i> | <i>For the<br/>nine-month<br/>period ended<br/>31 December<br/>2023<br/>SR<br/>(Unaudited)</i> |
|------------------------------------------------------------|---|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| Plot of land contributed and recognized under equity       | 9 | 4,288,000                                                                                      | 12,673,000                                                                                     |
| Additions to the right-of-use assets and lease liabilities |   | 9,089,789                                                                                      | 272,912                                                                                        |

In addition to above, the assets and liabilities of the new subsidiary acquired by the Company during the period were excluded from the above cashflow. Please refer note 10 for the details of the asset and liabilities of the subsidiary on the date of acquisition and the net books value of SR 5,466,719 recognized as additional equity contribution by the shareholders.

The accompanying notes 1 to 16 form integral part of these interim condensed consolidated financial statements.

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**1 CORPORATE INFORMATION AND ACTIVITIES**

Consolidated Gruenfelder Saady Holding Company (the “Company” or the “Parent Company”) was a Mixed Limited Liability Company formed under the Regulations for Companies in the Kingdom of Saudi Arabia under commercial registration number 1010651887 on 18 Muharram 1442H (corresponding to 06 September 2020). During the period, the shareholders of the Company resolved to convert the Company to a Closed Joint Stock Company and accordingly, pursuant to Ministerial Resolution No. 100068249 dated 07 Jumada al-Thani 1446H (09 December 2024), the Company’s legal status changed to a Closed Joint Stock Company.

The principal activity of the Company is to own controlling interest in group of subsidiaries and corporations.

The Company’s registered office is located at, P.O Box 358, Riyadh 11383, Kingdom of Saudi Arabia.

These interim condensed consolidated financial statements include the financial position and performance of the Company and its following subsidiaries (collectively referred to as “Group”):

| <i>Subsidiary</i>                                 | <i>Country of incorporation</i> | <i>Effective holding</i> |             |
|---------------------------------------------------|---------------------------------|--------------------------|-------------|
|                                                   |                                 | <i>2024</i>              | <i>2023</i> |
| Coldstores Group of Saudi Arabia                  | Kingdom of Saudi Arabia         | <b>100%</b>              | 100%        |
| Consolidated Gruenfelder Saady Company            | Kingdom of Saudi Arabia         | <b>100%</b>              | 100%        |
| Al Saadi Refrigeration Air Conditioning (note 10) | Kingdom of Bahrain              | <b>100%</b>              | Nil         |

The subsidiaries are principally engaged in the manufacturing and sale of cooling containers for food transport vehicles, non- refrigerated bodies for the vehicles and unportable cold storage rooms as well as servicing and repairs of refrigeration bodies, cooling units and cold stores.

The Company has commenced the process for the initial public offering of its shares in the primary market of Saudi Exchange (Tadawul).

**2 BASIS OF PREPARATION AND CHANGES TO GROUP’S MATERIAL ACCOUNTING POLICY INFORMATION**

**2.1 Basis of preparation**

The interim condensed consolidated financial statements of the Group for the nine-month and three-month periods ended 31 December 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting, as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

These interim condensed consolidated financial statements are presented in Saudi Riyals (SAR), which is also the functional currency of the Group.

The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The management considers that there are no material uncertainties that may cast doubt over this assumption. The management have formed a judgment that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2024.

An interim period is considered an integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full-year operations.

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**2 BASIS OF PREPARATION AND CHANGES TO GROUP'S MATERIAL ACCOUNTING POLICY  
INFORMATION (continued)**

**2.2 New standards, interpretations and amendments adopted by the Group**

The material accounting policies applied in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2024, except for the adoption of new amendments effective as of 1 April 2024, as disclosed below. In addition, the Group adopted new policies, as a result of business combinations involving entities under common control and as a result of commencing the process for the initial public offering of its shares in the primary market of Saudi Exchange (Tadawul).

***Business combinations and goodwill***

Business combinations, excluding business combination involving entities under common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administration 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, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the consolidated statement of profit or loss.

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

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.

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, from the acquisition date is 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.

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**2 BASIS OF PREPARATION AND CHANGES TO GROUP'S MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.2 New standards, interpretations and amendments adopted by the Group (continued)**

***Business combinations and goodwill (continued)***

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained. When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognised in the consolidated statement of profit or loss.

For business combinations involving entities under common control, the assets and liabilities of the combining entities are reflected at their carrying amounts. Adjustments are made to the carrying amounts in order to incorporate any differences arising due to differences in accounting policies used by the combining entities. No goodwill or gain is recognised as a result of the combination and any difference between the consideration paid/transferred and the equity acquired is reflected within the equity of the Group. The consolidated statement of profit or loss and other comprehensive income reflects the results of the combining entities from the date when the combination took place.

***Segment reporting***

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM).

The board of directors of the Group has appointed a Group Chief Executive Officer, who assesses the financial performance and position of the Group, and makes strategic decisions. Group Chief Executive Officer has been identified as being the Group CODM.

A operating segment is group of assets, operations or entity:

- engaged in revenue producing activities;
- results of operations of which are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- financial information is separately available.

***Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7***

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim condensed consolidated financial statements.

***Amendments to IFRS 16: Lease Liability in a Sale and Leaseback***

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

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

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

In January 2020 and October 2022, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

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

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**2 BASIS OF PREPARATION AND CHANGES TO GROUP'S MATERIAL ACCOUNTING POLICY  
INFORMATION (continued)**

**2.2 New standards, interpretations and amendments adopted by the Group (continued)**

*Amendments to IAS 1: Classification of Liabilities as Current or Non-current (continued)*

In addition, a requirement has been introduced whereby an entity must disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments had no impact on the Group's interim condensed consolidated financial information.

Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial information of the Group.

**2.3 Accounting standards amendments issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's interim condensed consolidated financial statements are disclosed below. The group intends to adopt these standards, if applicable, when they become effective and are not expected to have a significant impact on the Group's interim condensed consolidated financial statements.

- Lack of exchangeability – Amendments to IAS 21, effective for annual periods beginning on or after 1 January 2025.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28), effective date yet to be determined.
- IFRS 18 – Presentation and Disclosure in Financial Statement, effective for annual periods beginning on or after 1 January 2027

In addition to above, following are the new IFRS sustainability disclosure standards effective for the annual periods beginning on or after 1 January 2024 subject to endorsement of the standards by SOCPA:

- IFRS S1 General requirements for disclosure of sustainability-related financial information - This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- IFRS S2 Climate-related disclosures - This is the first thematic standard issued that set out requirements for entities to disclose information about climate related risks and opportunities.

**3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The significant judgments exercised in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual consolidated financial statements for the year ended 31 March 2024.

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**4 PROPERTY AND EQUIPMENT**

| <i>Cost</i>                                        | <i>Land</i><br>SR | <i>Buildings</i><br>SR | <i>Heavy<br/>machinery<br/>and<br/>equipment</i><br>SR | <i>Tools and<br/>other<br/>equipment</i><br>SR | <i>Furniture<br/>and fixtures</i><br>SR | <i>Motor<br/>vehicles</i><br>SR | <i>Computer<br/>equipment</i><br>SR | <i>Work-in-<br/>progress**</i><br>SR | <i>Total</i><br>SR |
|----------------------------------------------------|-------------------|------------------------|--------------------------------------------------------|------------------------------------------------|-----------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|--------------------|
| At 1 April 2023                                    | -                 | 37,699,082             | 38,062,818                                             | 2,099,236                                      | 5,220,648                               | 5,597,413                       | 3,470,738                           | 5,913,599                            | 98,063,534         |
| Additions                                          | 12,673,000        | 427,917                | 877,222                                                | 236,313                                        | 422,433                                 | 245,000                         | 237,010                             | 1,693,140                            | 16,812,035         |
| Write-off                                          | -                 | (45,000)               | (2,979,793)                                            | (29,108)                                       | (77,863)                                | (94,001)                        | -                                   | -                                    | (3,225,765)        |
| Transfer                                           | -                 | 2,349,063              | 2,786,895                                              | -                                              | 1,464,276                               | -                               | -                                   | (6,600,234)                          | -                  |
| At 31 March 2024                                   | 12,673,000        | 40,431,062             | 38,747,142                                             | 2,306,441                                      | 7,029,494                               | 5,748,412                       | 3,707,748                           | 1,006,505                            | 111,649,804        |
| Relating to acquisition of a<br>business (note 10) | -                 | 2,662,650              | 82,100                                                 | 87,140                                         | 66,160                                  | 186,420                         | 106,791                             | -                                    | 3,191,261          |
| Additions **                                       | 4,288,000         | 1,486,570              | 2,651,185                                              | 260,217                                        | 745,587                                 | 456,591                         | 857,831                             | -                                    | 10,745,981         |
| At 31 December 2024<br>(Unaudited)                 | 16,961,000        | 44,580,282             | 41,480,427                                             | 2,653,798                                      | 7,841,241                               | 6,391,423                       | 4,672,370                           | 1,006,505                            | 125,587,046        |
| <i>Accumulated depreciation</i>                    |                   |                        |                                                        |                                                |                                         |                                 |                                     |                                      |                    |
| At 1 April 2023                                    | -                 | 25,407,871             | 34,215,372                                             | 1,873,561                                      | 4,319,934                               | 5,098,782                       | 2,801,593                           | -                                    | 73,717,113         |
| Charge for the year                                | -                 | 1,053,525              | 895,615                                                | 89,144                                         | 385,944                                 | 188,800                         | 328,619                             | -                                    | 2,941,647          |
| Write-off                                          | -                 | (45,000)               | (2,979,793)                                            | (29,108)                                       | (77,863)                                | (94,000)                        | -                                   | -                                    | (3,225,764)        |
| At 31 March 2024                                   | -                 | 26,416,396             | 32,131,194                                             | 1,933,597                                      | 4,628,015                               | 5,193,582                       | 3,130,212                           | -                                    | 73,432,996         |
| Relating to acquisition of<br>business (note 10)   | -                 | 1,203,730              | 82,100                                                 | 86,050                                         | 63,150                                  | 186,420                         | 97,751                              | -                                    | 1,719,201          |
| Charge for the period                              | -                 | 994,447                | 878,059                                                | 94,425                                         | 513,937                                 | 182,075                         | 286,989                             | -                                    | 2,949,932          |
| At 31 December 2024<br>(Unaudited)                 | -                 | 28,614,573             | 33,091,353                                             | 2,114,072                                      | 5,205,102                               | 5,562,077                       | 3,514,952                           | -                                    | 78,102,129         |
| <i>Net book value</i>                              |                   |                        |                                                        |                                                |                                         |                                 |                                     |                                      |                    |
| 31 December 2024<br>(Unaudited)                    | 16,961,000        | 15,965,709             | 8,389,074                                              | 539,726                                        | 2,636,139                               | 829,346                         | 1,157,418                           | 1,006,505                            | 47,484,917         |
| 31 March 2024                                      | 12,673,000        | 14,014,666             | 6,615,948                                              | 372,844                                        | 2,401,479                               | 554,830                         | 577,536                             | 1,006,505                            | 38,216,808         |

\* Work-in-progress represents improvement costs on production facilities and machineries under installations.

\*\* Addition for the period include a plot of freehold land transferred by a shareholder to a group company with no consideration (refer note 9).

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**5 RELATED PARTIES BALANCES AND TRANSACTIONS**

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

(a) Significant transactions with related parties during the period and significant period-end balances are as follows:

| <i>Related parties</i>                      | <i>Relationship</i> | <i>Nature of transactions</i>                    | <i>For the<br/>nine-month<br/>period ended<br/>31 December<br/>2024<br/>SR<br/>(Unaudited)</i> | <i>For the<br/>nine-month<br/>period ended<br/>31<br/>December<br/>2023<br/>SR<br/>(Unaudited)</i> |
|---------------------------------------------|---------------------|--------------------------------------------------|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| Al Saadi Refrigeration Air Conditioning WLL | Fellow subsidiary   | Sales<br>Purchases                               | -<br>-                                                                                         | 2,781,122<br>43,191                                                                                |
| Key management personnel                    |                     | Salaries and other benefits<br>Terminal benefits | 9,215,128<br>390,326                                                                           | 6,381,761<br>531,767                                                                               |

In addition to above, as mentioned in the note 9, a shareholder of the Company has transferred a plot of land at free of cost to the Group during the period. The same has been recognized by the Company at fair value as additional contribution by the shareholders. Further, the Company incurred certain expenses on behalf of the shareholders as well as the shareholders incurred certain expenses on behalf of the Company and charge back at cost.

(b) The breakdown of amounts disclosed in the interim condensed consolidated statement of financial position is as follows:

*Amounts due from related parties presented under current assets:*

|                                         | <i>31 December<br/>2024<br/>SR<br/>(Unaudited)</i> | <i>31 March<br/>2024<br/>SR<br/>(Audited)</i> |
|-----------------------------------------|----------------------------------------------------|-----------------------------------------------|
| Al Saadi Refrigeration Air Conditioning | -                                                  | 906,142                                       |
|                                         | <u>-</u>                                           | <u>906,142</u>                                |

*Amounts due to related parties presented under current liabilities:*

|                                                    | <i>31 December<br/>2024<br/>SR<br/>(Unaudited)</i> | <i>31 March<br/>2024<br/>SR<br/>(Audited)</i> |
|----------------------------------------------------|----------------------------------------------------|-----------------------------------------------|
| GK Gruenfelder International AG (shareholder)      | 8,257                                              | 341,911                                       |
| Darat Esmat Al Saady Holding Company (shareholder) | 219,556                                            | 119,993                                       |
|                                                    | <u>227,813</u>                                     | <u>461,904</u>                                |



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**5 RELATED PARTIES BALANCES AND TRANSACTIONS (continued)**

Terms and conditions of transactions with related parties

Pricing policies and terms of payment for the transactions with the related parties are approved by the Group's management. There have been no guarantees provided or received for any related party receivables or payables and the outstanding balances are interest free. As of 31 December 2024, the Group has not recorded any impairment loss relating to amounts owed by related parties (31 March 2024: same). This assessment is undertaken each financial period by examining the financial position of the related party and the market in which the related party operates.

**6 ZAKAT AND INCOME TAX**

**6.1 Movement in zakat and income tax provision is as follows:**

|                                | <b>31 December 2024</b> |                   |              | <b>31 December 2023</b> |                   |              |
|--------------------------------|-------------------------|-------------------|--------------|-------------------------|-------------------|--------------|
|                                | <b>SR (Unaudited)</b>   |                   |              | <b>SR (Unaudited)</b>   |                   |              |
|                                | <i>Zakat</i>            | <i>Income tax</i> | <i>Total</i> | <i>Zakat</i>            | <i>Income Tax</i> | <i>Total</i> |
| At the beginning of the period | 1,326,912               | 2,760,344         | 4,087,256    | 996,153                 | 96,022            | 1,092,175    |
| Charge for the period          | 1,789,395               | 5,818,460         | 7,607,855    | 1,058,537               | 3,718,354         | 4,776,891    |
| Advance income tax paid        | -                       | (2,151,764)       | (2,151,764)  | -                       | (1,054,448)       | (1,054,448)  |
| Payments during the period     | (1,571,634)             | (3,953,307)       | (5,524,941)  | (1,212,726)             | (1,284,473)       | (2,497,199)  |
| At the end of the period       | 1,544,673               | 2,473,734         | 4,018,406    | 841,964                 | 1,475,455         | 2,317,419    |

**6.2 Deferred taxation**

Deferred income taxes are calculated on all temporary differences under liability method using the effective tax rate. Deferred tax assets of the Group are attributable to the following:

|                        | <b>31 December 2024</b> | <b>31 March 2024</b> |
|------------------------|-------------------------|----------------------|
|                        | <b>SR</b>               | <b>SR</b>            |
|                        | <b>(Unaudited)</b>      | <b>(Audited)</b>     |
| Provisions             | 4,205,279               | 4,006,107            |
| Property and equipment | 942,943                 | 673,548              |
| Others                 | 39,950                  | 12,731               |
|                        | <b>5,188,172</b>        | <b>4,692,386</b>     |

**6.3 Status of assessments of zakat and income tax**

The Group files Zakat and Income Tax return of the Company and its subsidiaries on a standalone basis. The zakat and income tax charge represents the consolidated sum of zakat and income tax charge accrued by the Company and its subsidiaries at standalone financial statements level.

**Consolidated Gruenfelder Saady Holding Company:** The Company has filed its tax/zakat returns till year ended 31 March 2024 with the Zakat, Tax and Customs Authority ("ZATCA"). However, no assessments have been raised since the inception of the Company.

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**6 ZAKAT AND INCOME TAX (continued)**

**6.3 Status of assessments of zakat and income tax (continued)**

**Coldstores Group of Saudi Arabia:** Zakat and income tax declarations up to and including the year ended 31 March 2024 have been submitted to the ZATCA. The ZATCA has issued assessments up to 2017 and the Company settled and finalised the assessments. The assessments for the years ended 31 March 2018 to 2024 are awaited.

**Consolidated Gruenfelder Saady Company:** Zakat and income tax assessment declarations up to the year ended 31 March 2024 have been submitted to the ZATCA. The ZATCA has issued assessments up to 2015 and the Company settled and finalised them. No assessments issued by ZATCA for remaining years.

Zakat and income tax have been computed based on the Group's understanding and interpretation of zakat and income tax regulations enforced in the Kingdom of Saudi Arabia for respective entities. The ZATCA continues to issue circulars to clarify certain zakat and tax regulations which are usually enforced on all open years. The zakatable and taxable income and zakat/tax liability as computed by the Group could be different from zakatable/taxable income and zakat/tax liability as assessed by the ZATCA for years for which assessments have not yet been raised by the ZATCA.

**7 REVENUE FROM CONTRACT WITH CUSTOMERS**

|                                                                    | <i>For the<br/>nine-month<br/>period ended<br/>31 December<br/>2024<br/>SR<br/>(Unaudited)</i> | <i>For the<br/>nine-month<br/>period ended<br/>30 December<br/>2023<br/>SR<br/>(Unaudited)</i> |
|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| <b>Type of goods or services</b>                                   |                                                                                                |                                                                                                |
| Sales of refrigeration/non-refrigeration bodies with cooling units | 251,622,643                                                                                    | 173,698,591                                                                                    |
| Installation and commissioning of cold stores                      | 77,906,203                                                                                     | 40,286,721                                                                                     |
| Servicing and repairs                                              | 34,487,295                                                                                     | 30,416,783                                                                                     |
| <b>Total revenue</b>                                               | <b>364,016,141</b>                                                                             | <b>244,402,095</b>                                                                             |
| <br><b>Timing of revenue recognition</b>                           |                                                                                                |                                                                                                |
| Revenue recognised at a point in time                              | 286,109,938                                                                                    | 204,115,374                                                                                    |
| Revenue recognised over time                                       | 77,906,203                                                                                     | 40,286,721                                                                                     |
|                                                                    | <b>364,016,141</b>                                                                             | <b>244,402,095</b>                                                                             |
| <br><b>Geographical markets</b>                                    |                                                                                                |                                                                                                |
| Kingdom of Saudi Arabia                                            | 358,501,835                                                                                    | 239,361,454                                                                                    |
| Out of Kingdom of Saudi Arabia                                     | 5,514,306                                                                                      | 5,040,641                                                                                      |
|                                                                    | <b>364,016,141</b>                                                                             | <b>244,402,095</b>                                                                             |

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**8 SHARE CAPITAL**

The share capital is divided into authorized, issued and fully paid 100 million shares (31 March 2024: 10,000 shares) of SR 1 each (31 March 2024: SR 100 each) as follows:

| <i>Name of the owner</i>                                | <i>Percentage</i> | <i>31<br/>December<br/>2024<br/>(Unaudited)<br/>SR</i> | <i>31 March<br/>2024<br/>(Audited)<br/>SR</i> |
|---------------------------------------------------------|-------------------|--------------------------------------------------------|-----------------------------------------------|
| GK Gruenfelder International AG                         | 50%               | 50,000,000                                             | 500,000                                       |
| Darat Esmat Bin Abdul-Samad Al Saady<br>Holding Company | 50%               | 50,000,000                                             | 500,000                                       |
|                                                         | 100%              | 100,000,000                                            | 1,000,000                                     |

During the period, the shareholders of the Company resolved to increase the Company's capital from SR 1 million to SR 100 million by utilizing SR 34.8 million of retained earnings and SR 64.2 million of additional equity contribution of the Company. The legal formalities in this respect were completed.

**9 ADDITIONAL CAPITAL CONTRIBUTION**

On 17 March 2021, the Parent Company acquired 100% shareholding of Coldstores Group of Saudi Arabia against purchase consideration of SR 30 million, through a share transfer agreement among the joint owners of the two entities. The acquisition was treated as transaction under common control since the Company and Coldstores Group of Saudi Arabia are ultimately controlled by the same shareholders.

On 20 December 2021, the Parent Company acquired 100% shareholding of Consolidated Gruenfelder Saady Company against purchase consideration of SR 11.7 million, through a share transfer agreement among the joint owners of the two entities. The acquisition was treated as transaction under common control since the Company and Consolidated Gruenfelder Saady Company are ultimately controlled by the same shareholders. Post-acquisitions, the shareholders waived their right to claim the principal and further waived their right to charge any interest on the principal amount. The waivers were in the capacity as shareholder and approved by the Company's shareholders. Accordingly, the waivers amounting to SR 41.7 million was recognized directly in the consolidated statement of changes in equity as additional capital contribution by the shareholders.

During 2023, a shareholder of the Company transferred two plots of freehold land with a fair value of SR 12.7 million to Coldstores Group of Saudi Arabia (a subsidiary) for no consideration. The transfer was in the capacity of shareholder and approved by the shareholders. Accordingly, the same was recognized as addition to the freehold land and as additional equity contribution by the shareholders. Further, the shareholders resolved to increase the capital of the subsidiary equivalent to the fair value of the land transferred amounting to SR 12.7 million. The fair value of the land was based on a valuation exercise carried out by MFAZ Arabia Professional Consultancies, an independent valuer not related to the Group, holding license number 1210000011 and registered with Taqueem (Saudi Authority for Accredited Valuers). The fair value was determined based on the market comparative approach that reflects recent transaction prices for similar properties.

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A CLOSED JOINT STOCK COMPANY)

#### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 December 2024

#### 9 ADDITIONAL CAPITAL CONTRIBUTION (continued)

During the period, the Parent Company (acquirer) acquired 100% shareholding of Al Saadi Refrigeration Air Conditioning W.L.L (acquiree) with net assets of SR 5.5 million (see note 10) effective from 1 April 2024 for no consideration, through a resolution made on the capacity of the shareholders of the acquirer and the acquiree. The acquisition of the subsidiary is considered as a business combination between entities under common control as both the acquirer and the acquiree are ultimately controlled by similar shareholders. The acquisition was in the capacity as shareholder and approved by the shareholder. Accordingly, the same was recognized as addition additional equity contribution by the shareholders.

During the period, a shareholder of the Company transferred a plot of freehold land with a fair value of SR 4.3 million to Coldstores Group of Saudi Arabia (a subsidiary) for no consideration. The transfer was in the capacity of shareholder and approved by the shareholders. Accordingly, the same was recognized as addition to the freehold land and as additional equity contribution by the shareholders. Further, the shareholders resolved to increase the capital of the subsidiary equivalent to the fair value of the land transferred amounting to SR 4.3 million. The fair value of the land was based on a valuation exercise carried out by MFAZ Arabia Professional Consultancies, an independent valuer not related to the Group, holding license number 1210000011 and registered with Taqueem (Saudi Authority for Accredited Valuers). The fair value was determined based on the market comparative approach that reflects recent transaction prices for similar properties.

During the period the additional capital contribution totaling to SR 64,194,259 was utilized to increase the share capital of the Parent Company (refer note 8).

#### 10 ACQUISITIONS OF A SUBSIDIARY

Effective 1 April 2024, the Company (acquirer) acquired 100% of the shares and voting interest in Al Saadi Refrigeration Air Conditioning W.L.L ("the acquiree") at the net book value of the acquiree for no consideration (see note 9). Prior to acquisition, the acquiree was owned by following shareholders who also have controlling interest in the parent Company.

- Darat Esmat Bin Abdul-Samad Al Saady Holding Company
- GK Gruenenfelder International AG

The management has opted to apply predecessor method accounting to account for this transaction in these interim condensed consolidated financial statements. Under this method, consolidated net assets of the acquiree are included in the interim condensed consolidated financial statements at the same carrying values at which they were recorded in acquiree own financial statements at the effective date of acquisition on 1 April 2024. The acquisition has resulted in a group restructuring with an aim to bring cost efficiencies. The consolidated results and consolidated statement of financial position of acquiree are consolidated prospectively from the date of acquisition.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES

(A CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS (continued)

At 31 December 2024

**10 ACQUISITIONS OF A SUBSIDIARY (continued)**

*Identifiable assets acquired and liabilities assumed*

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

|                                                | SR                      |
|------------------------------------------------|-------------------------|
| Property, plant and equipment                  | 1,472,060               |
| Trade receivables                              | 1,423,220               |
| Inventories                                    | 2,796,760               |
| Amounts due from related parties               | 52,969                  |
| Prepayments and other current assets           | 144,450                 |
| Cash and cash equivalents                      | 2,091,410               |
| Employees' defined benefit liabilities         | (487,770)               |
| Trade payable                                  | (112,800)               |
| Accrued expenses and other current liabilities | (647,880)               |
| Contract liabilities                           | (322,670)               |
| Amounts due to related parties                 | (943,030)               |
| Carrying value of the net assets               | <u><b>5,466,719</b></u> |

**11 DIVIDENDS DISTRIBUTION**

During the period, the shareholders of the Company resolved to distribute cash dividends of SR 0.18 per share amounting to SR 18,161,220 (2023: the shareholders resolved to distribute dividends of SR 1,183.97 per share totaling to SR 11,839,676). The dividends were fully settled during the period.

**12 EARNINGS PER SHARE**

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of outstanding shares during the period as follows:

|                                                                                      | <i>For the<br/>nine-month<br/>period ended<br/>31 December<br/>2024<br/>(Unaudited)<br/>SR</i> | <i>For the<br/>nine-month<br/>period ended<br/>31 December<br/>2023<br/>(Unaudited)<br/>SR<br/>(restated)</i> |
|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Profit for the period attributable to the shareholders of the Company                | <b>49,205,849</b>                                                                              | 29,554,593                                                                                                    |
| Number of outstanding shares during the period                                       | <b>100,000,000</b>                                                                             | 100,000,000                                                                                                   |
| Basic and diluted earnings per share attributable to the shareholders of the Company | <b>0.49</b>                                                                                    | 0.30                                                                                                          |

The earnings per share for the comparative period has been adjusted retrospectively to reflect the treatment of effect of increase in share capital as required by the relevant accounting standard (refer note 8).

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES

(A CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS (continued)

At 31 December 2024

**13 SEGMENT INFORMATION**

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

- Sales of refrigeration/non-refrigeration bodies with cooling units relates to the automotive and special products segment (sale of goods).
- Installation and commissioning of temperature control storage units and facilities (contract activities).
- Servicing and repairs and maintenance related work (service activities).

Based on a management decision and in line with management reporting, the income and expenses relating to the Corporate segment, have been allocated to the segments using activity-based costing. The Assets and liabilities are not included in the measures used by the CODM, hence segment assets and liabilities are not reported in the below segment disclosure. All operating assets of the Group are located in the Kingdom of Saudi Arabia apart for SR 10.46 million assts of a subsidiary registered in the Kingdom of Bahrain.

The following tables present revenue and profit information for the Group's operating segments for the nine-month and three-month periods ended 31 December 2024 and 2023, respectively.

**Business segments**

*For the nine-month period ended 31 December 2024 (unaudited)*

|                                            | <i>Sale of goods</i> | <i>Contract activities</i> | <i>Service activities</i> | <i>Total</i> |
|--------------------------------------------|----------------------|----------------------------|---------------------------|--------------|
|                                            | <i>SR</i>            | <i>SR</i>                  | <i>SR</i>                 | <i>SR</i>    |
| Revenue                                    | 251,622,643          | 77,906,203                 | 34,487,295                | 364,016,141  |
| Segment profit before zakat and income tax | 40,746,955           | 5,037,869                  | 10,533,094                | 56,317,918   |

*For the nine-month period ended 31 December 2023 (unaudited)*

|                                            | <i>Sale of goods</i> | <i>Contract activities</i> | <i>Service activities</i> | <i>Total</i> |
|--------------------------------------------|----------------------|----------------------------|---------------------------|--------------|
|                                            | <i>SR</i>            | <i>SR</i>                  | <i>SR</i>                 | <i>SR</i>    |
| Revenue                                    | 173,698,591          | 40,286,721                 | 30,416,783                | 244,402,094  |
| Segment profit before zakat and income tax | 23,354,488           | 3,233,550                  | 7,472,642                 | 34,060,680   |

*For the three-month period ended 31 December 2024 (unaudited)*

|                                            | <i>Sale of goods</i> | <i>Contract activities</i> | <i>Service activities</i> | <i>Total</i> |
|--------------------------------------------|----------------------|----------------------------|---------------------------|--------------|
|                                            | <i>SR</i>            | <i>SR</i>                  | <i>SR</i>                 | <i>SR</i>    |
| Revenue                                    | 111,064,291          | 26,897,495                 | 9,597,279                 | 147,559,065  |
| Segment profit before zakat and income tax | 18,687,250           | 1,211,241                  | 2,185,537                 | 22,084,028   |

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES

(A CLOSED JOINT STOCK COMPANY)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS (continued)

At 31 December 2024

**13 SEGMENTAL INFORMATION (continued)**

**Business segments (continued)**

*For the three-month period ended 31 December 2023 (unaudited)*

|                                            | <i>Sale of goods</i> | <i>Contract activities</i> | <i>Service activities</i> | <i>Total</i> |
|--------------------------------------------|----------------------|----------------------------|---------------------------|--------------|
|                                            | <i>SR</i>            | <i>SR</i>                  | <i>SR</i>                 | <i>SR</i>    |
| Revenue                                    | 64,005,575           | 19,075,963                 | 9,402,853                 | 92,484,391   |
| Segment profit before zakat and income tax | 10,749,210           | 1,760,212                  | 2,841,304                 | 15,350,726   |

*For the nine-month period ended 31 December 2024 (unaudited)*

|                                                   | <i>Saudi Arabia</i> | <i>Bahrain</i> | <i>Total</i> |
|---------------------------------------------------|---------------------|----------------|--------------|
|                                                   | <i>SR</i>           | <i>SR</i>      | <i>SR</i>    |
| Revenue                                           | 363,346,336         | 5,094,416      | 368,440,752  |
| Intersegment revenue elimination                  | (4,424,611)         | -              | (4,424,611)  |
| Revenue from the external customers               | 358,921,725         | 5,094,416      | 364,016,141  |
| Segment profit/(loss) before zakat and income tax | 56,575,785          | (257,866)      | 56,317,919   |

*For the nine-month period ended 31 December 2023 (unaudited)*

|                                            | <i>Saudi Arabia</i> | <i>Bahrain</i> | <i>Total</i> |
|--------------------------------------------|---------------------|----------------|--------------|
|                                            | <i>SR</i>           | <i>SR</i>      | <i>SR</i>    |
| Revenue                                    | 244,402,095         | -              | 244,402,095  |
| Segment profit before zakat and income tax | 34,060,680          | -              | 34,060,680   |

*For the Three-month period ended 31 December 2024 (unaudited)*

|                                                   | <i>Saudi Arabia</i> | <i>Bahrain</i> | <i>Total</i> |
|---------------------------------------------------|---------------------|----------------|--------------|
|                                                   | <i>SR</i>           | <i>SR</i>      | <i>SR</i>    |
| Revenue                                           | 147,281,964         | 2,447,859      | 149,729,823  |
| Intersegment revenue elimination                  | (2,170,758)         | -              | (2,170,758)  |
| Revenue from the external customers               | 145,111,206         | 2,447,859      | 147,559,065  |
| Segment profit/(loss) before zakat and income tax | 21,989,476          | 94,553         | 22,084,029   |

*For the Three-month period ended 31 December 2023 (unaudited)*

|                                            | <i>Saudi Arabia</i> | <i>Bahrain</i> | <i>Total</i> |
|--------------------------------------------|---------------------|----------------|--------------|
|                                            | <i>SR</i>           | <i>SR</i>      | <i>SR</i>    |
| Revenue                                    | 92,484,391          | -              | 92,484,391   |
| Segment profit before zakat and income tax | 15,350,726          | -              | 15,350,726   |

**CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES**

**(A CLOSED JOINT STOCK COMPANY)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS (continued)**

At 31 December 2024

**14 CONTINGENT LIABILITIES**

The Company's bankers have issued letters of guarantee and letter of credit, on behalf of the Group entities, relating to contract performance amounting to SR 9.6 million (31 March 2024: SR 16.1 million) and SR 8 million (31 March 2024: SR 3.4 million) respectively, against which the Group has provided margin deposit of SR 1.5 million (31 March 2024: SR 1.1 million)

**15 SUBSEQUENT EVENTS**

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

**16 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements have been approved by the Board of Directors on 20 Ramadhan 1446H, corresponding to 20 March 2025.



**CONSOLIDATED GRUENENFELDER  
SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES  
(A CLOSED JOINT STOCK COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED 31 MARCH 2025**

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY  
AND ITS SUBSIDIARIES  
(A CLOSED JOINT STOCK COMPANY)  
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT  
AUDITOR'S REPORT  
As at 31 March 2025

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**Ernst & Young Professional Services (Professional LLC)**  
**Paid-up capital (SR 5,500,000 – Five million five hundred thousand Saudi Riyal)**  
 Adeer Tower, 15<sup>th</sup> Floor  
 Prince Turki Bin Abdulaziz Street, Al Khobar Corniche  
 P.O. Box 3795  
 Al Khobar 31952  
 Kingdom of Saudi Arabia  
 Head Office – Riyadh

C.R. No. 2051058792  
 Tel: +966 13 840 4600  
 Fax: +966 13 882 0087

[ey.ksa@sa.ey.com](mailto:ey.ksa@sa.ey.com)  
[ey.com](http://ey.com)

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**INDEPENDENT AUDITOR'S REPORT  
 TO THE SHAREHOLDERS OF CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY  
 AND ITS SUBSIDIARIES  
 (A CLOSED JOINT STOCK COMPANY)**

**Opinion**

We have audited the consolidated financial statements of Consolidated Gruenfelder Saady Holding Company ("the Company") (a Closed Joint Stock Company) and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2025, and its consolidated financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants.

**Basis for Opinion**

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

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

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

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

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.



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**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY  
AND ITS SUBSIDIARIES  
(A CLOSED JOINT STOCK COMPANY) (continued)**

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

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY  
AND ITS SUBSIDIARIES  
(A CLOSED JOINT STOCK COMPANY) (continued)**

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

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

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

for Ernst & Young Professional Services

**Marwan S. AlAfaliq**  
Certified Public Accountant  
Registration No. (422)



Al Khobar: 3 Safar 1447H  
28 July 2025

**CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A CLOSED JOINT STOCK COMPANY)**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 March 2025

|                                                | <i>Notes</i> | <b>2025<br/>SR</b> | <b>2024<br/>SR</b> |
|------------------------------------------------|--------------|--------------------|--------------------|
| <b>ASSETS</b>                                  |              |                    |                    |
| <b>NON-CURRENT ASSETS</b>                      |              |                    |                    |
| Property and equipment                         | 5            | <b>50,866,093</b>  | 38,216,808         |
| Intangible assets                              | 6            | <b>745,135</b>     | 924,393            |
| Right-of-use assets                            | 16           | <b>8,776,091</b>   | 1,334,713          |
| Deferred tax assets                            | 15           | <b>5,210,244</b>   | 4,692,386          |
| <b>TOTAL NON-CURRENT ASSETS</b>                |              | <b>65,597,563</b>  | 45,168,300         |
| <b>CURRENT ASSETS</b>                          |              |                    |                    |
| Inventories                                    | 7            | <b>78,202,532</b>  | 80,999,339         |
| Trade receivables                              | 8            | <b>64,531,438</b>  | 105,619,955        |
| Amounts due from a related parties             | 12           | <b>5,342,016</b>   | 906,142            |
| Prepayments and other current assets           | 9            | <b>16,250,546</b>  | 22,173,095         |
| Cash and cash equivalents                      | 10           | <b>68,585,359</b>  | 18,752,638         |
| <b>TOTAL CURRENT ASSETS</b>                    |              | <b>232,911,891</b> | 228,451,169        |
| <b>TOTAL ASSETS</b>                            |              | <b>298,509,454</b> | 273,619,469        |
| <b>EQUITY AND LIABILITIES</b>                  |              |                    |                    |
| <b>EQUITY</b>                                  |              |                    |                    |
| Share capital                                  | 23           | <b>100,000,000</b> | 1,000,000          |
| Additional capital contribution                | 24           | -                  | 54,439,539         |
| Statutory reserve                              |              | <b>300,000</b>     | 300,000            |
| Retained earnings                              |              | <b>62,414,125</b>  | 58,994,675         |
| <b>TOTAL EQUITY</b>                            |              | <b>162,714,125</b> | 114,734,214        |
| <b>LIABILITIES</b>                             |              |                    |                    |
| <b>NON-CURRENT LIABILITIES</b>                 |              |                    |                    |
| Employees' defined benefit liabilities         | 11           | <b>19,135,611</b>  | 17,631,045         |
| Lease liabilities                              | 16           | <b>7,023,911</b>   | 1,040,444          |
| <b>TOTAL NON-CURRENT LIABILITIES</b>           |              | <b>26,159,522</b>  | 18,671,489         |
| <b>CURRENT LIABILITIES</b>                     |              |                    |                    |
| Trade payable                                  |              | <b>31,694,274</b>  | 58,284,897         |
| Amounts due to related parties                 | 12           | -                  | 461,904            |
| Accrued expenses and other current liabilities | 13           | <b>26,406,817</b>  | 22,130,100         |
| Contract liabilities                           | 14           | <b>45,432,633</b>  | 55,148,851         |
| Current portion of lease liabilities           | 16           | <b>1,281,706</b>   | 100,758            |
| Provision for zakat and income tax             | 15           | <b>4,820,377</b>   | 4,087,256          |
| <b>TOTAL CURRENT LIABILITIES</b>               |              | <b>109,635,807</b> | 140,213,766        |
| <b>TOTAL LIABILITIES</b>                       |              | <b>135,795,329</b> | 158,885,255        |
| <b>TOTAL EQUITY AND LIABILITIES</b>            |              | <b>298,509,454</b> | 273,619,469        |

The accompanying notes 1 to 35 form integral part of these consolidated financial statements.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A CLOSED JOINT STOCK COMPANY)  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
For the year ended 31 March 2025

|                                                                                                                              | <i>Notes</i> | <b>2025<br/>SR</b>   | <b>2024<br/>SR</b> |
|------------------------------------------------------------------------------------------------------------------------------|--------------|----------------------|--------------------|
| Revenue                                                                                                                      | 17           | <b>504,337,619</b>   | 349,147,250        |
| Cost of revenue                                                                                                              | 18           | <b>(387,887,457)</b> | (265,310,966)      |
| <b>GROSS PROFIT</b>                                                                                                          |              | <b>116,450,162</b>   | 83,836,284         |
| General and administration expenses                                                                                          | 19           | <b>(32,274,947)</b>  | (23,789,117)       |
| Selling and distribution expenses                                                                                            | 20           | <b>(12,344,231)</b>  | (9,388,519)        |
| Charge of expected credit losses of trade receivables                                                                        | 8            | <b>(253,666)</b>     | (1,722,058)        |
| <b>OPERATING PROFIT</b>                                                                                                      |              | <b>71,577,318</b>    | 48,936,590         |
| Other income                                                                                                                 | 21           | <b>4,845,280</b>     | 3,463,038          |
| Finance cost                                                                                                                 | 22           | <b>(1,260,872)</b>   | (679,457)          |
| <b>PROFIT BEFORE ZAKAT AND INCOME TAX</b>                                                                                    |              | <b>75,161,726</b>    | 51,720,171         |
| Zakat                                                                                                                        | 15           | <b>(1,684,804)</b>   | (1,543,484)        |
| Income tax                                                                                                                   | 15           | <b>(7,794,023)</b>   | (5,530,467)        |
| Deferred tax credit                                                                                                          | 15           | <b>536,424</b>       | 402,734            |
| <b>PROFIT FOR THE YEAR</b>                                                                                                   |              | <b>66,219,323</b>    | 45,048,954         |
| <b>OTHER COMPREHENSIVE INCOME (LOSS)</b>                                                                                     |              |                      |                    |
| <i>Other comprehensive income (loss) that will not be reclassified to profit or loss (income) in subsequent periods:</i>     |              |                      |                    |
| Remeasurement gain/ (loss) on employees' defined benefit liabilities                                                         | 11           | <b>185,655</b>       | (712,546)          |
| Deferred tax effect on remeasurement gain (loss) on employees' defined benefit liabilities                                   | 15           | <b>(18,566)</b>      | 71,255             |
| <b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS)</b>                                                                               |              | <b>167,089</b>       | (641,291)          |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                                                                               |              | <b>66,386,412</b>    | 44,407,663         |
| <b>EARNINGS PER SHARE:</b>                                                                                                   |              |                      |                    |
| Basic and diluted earnings per share (profit for the year) attributable to the shareholders of the Company (restated)        | 29           | <b>0.66</b>          | 0.45               |
| Basic and diluted earnings per share (total comprehensive income) attributable to the shareholders of the Company (restated) | 29           | <b>0.66</b>          | 0.44               |

The accompanying notes 1 to 35 form integral part of these consolidated financial statements.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES

(A CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

|                                                | <i>Share<br/>capital<br/>SR</i> | <i>Additional<br/>capital<br/>contribution<br/>SR</i> | <i>Statutory<br/>reserve<br/>SR</i> | <i>Retained<br/>earnings<br/>SR</i> | <i>Total equity<br/>SR</i> |
|------------------------------------------------|---------------------------------|-------------------------------------------------------|-------------------------------------|-------------------------------------|----------------------------|
| Balance at 1 April 2023                        | 1,000,000                       | 41,766,539                                            | 300,000                             | 36,426,688                          | 79,493,227                 |
| Profit for the year                            | -                               | -                                                     | -                                   | 45,048,954                          | 45,048,954                 |
| Other comprehensive loss                       | -                               | -                                                     | -                                   | (641,291)                           | (641,291)                  |
| Total comprehensive income                     | -                               | -                                                     | -                                   | 44,407,663                          | 44,407,663                 |
| Additional capital<br>contribution (note 24)   | -                               | 12,673,000                                            | -                                   | -                                   | 12,673,000                 |
| Dividends (note 27)                            | -                               | -                                                     | -                                   | (21,839,676)                        | (21,839,676)               |
| Balance at 31 March 2024                       | 1,000,000                       | 54,439,539                                            | 300,000                             | 58,994,675                          | 114,734,214                |
| Profit for the year                            | -                               | -                                                     | -                                   | 66,219,323                          | 66,219,323                 |
| Other comprehensive income                     | -                               | -                                                     | -                                   | 167,089                             | 167,089                    |
| Total comprehensive income                     | -                               | -                                                     | -                                   | 66,386,412                          | 66,386,412                 |
| Additional capital<br>contribution (note 24)   | -                               | 9,754,719                                             | -                                   | -                                   | 9,754,719                  |
| Dividends (note 27)                            | -                               | -                                                     | -                                   | (28,161,220)                        | (28,161,220)               |
| Increase in share capital<br>(notes 23 and 24) | 99,000,000                      | (64,194,258)                                          | -                                   | (34,805,742)                        | -                          |
| <b>Balance at 31 March 2025</b>                | <b>100,000,000</b>              | <b>-</b>                                              | <b>300,000</b>                      | <b>62,414,125</b>                   | <b>162,714,125</b>         |

The accompanying notes 1 to 35 form integral part of these consolidated financial statements.



CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS  
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(A CLOSED JOINT STOCK COMPANY)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2025

|                                                                                       | Notes  | 2025<br>SR          | 2024<br>SR          |
|---------------------------------------------------------------------------------------|--------|---------------------|---------------------|
| <b>OPERATING ACTIVITIES</b>                                                           |        |                     |                     |
| Profit before zakat and income tax                                                    |        | 75,161,726          | 51,720,171          |
| <i>Adjustments to reconcile profit before zakat and income tax to net cash flows:</i> |        |                     |                     |
| Depreciation of property and equipment                                                | 5      | 4,199,257           | 2,941,647           |
| Provision for employees' defined benefit liabilities                                  | 11     | 3,215,351           | 2,641,178           |
| Charge of expected credit losses of trade receivables                                 | 8      | 253,666             | 1,722,058           |
| Depreciation of right-of-use assets                                                   | 16     | 1,144,007           | 878,599             |
| Amortization of intangible assets                                                     | 6      | 305,812             | 223,684             |
| Interest on lease liabilities                                                         | 16     | 423,435             | 79,868              |
| Provision for slow moving inventories                                                 | 7      | 1,295,582           | -                   |
|                                                                                       |        | 85,998,836          | 60,207,205          |
| <i>Working capital adjustments:</i>                                                   |        |                     |                     |
| Inventories                                                                           |        | 4,297,985           | (21,161,507)        |
| Trade receivables                                                                     |        | 42,258,071          | (46,246,813)        |
| Amounts due from a related parties                                                    |        | (4,382,905)         | (252,479)           |
| Prepayments and other current assets                                                  |        | 6,066,999           | (12,051,434)        |
| Trade payable                                                                         |        | (26,703,423)        | 12,248,991          |
| Amounts due to related parties                                                        |        | (1,404,934)         | (147,313)           |
| Accrued expenses and other current liabilities                                        |        | 3,628,837           | 7,350,423           |
| Contract liabilities                                                                  |        | (10,038,888)        | 29,550,719          |
| Cash generated from operations                                                        |        | 99,720,578          | 29,497,792          |
| Zakat and income tax paid                                                             | 15     | (8,745,706)         | (4,078,871)         |
| Finance cost paid                                                                     |        | (423,435)           | (79,868)            |
| Employees' defined benefit liabilities paid                                           | 11     | (2,012,900)         | (1,908,170)         |
| <b>Net cash generated from operating activities</b>                                   |        | <b>88,538,537</b>   | <b>23,430,883</b>   |
| <b>INVESTING ACTIVITIES</b>                                                           |        |                     |                     |
| Purchase of property and equipment                                                    | 5      | (11,088,482)        | (4,139,035)         |
| Purchase of intangible assets                                                         | 6      | (126,554)           | (527,368)           |
| <b>Net cash used in investing activities</b>                                          |        | <b>(11,215,036)</b> | <b>(4,666,403)</b>  |
| <b>FINANCING ACTIVITIES</b>                                                           |        |                     |                     |
| Payment of lease liabilities                                                          | 16     | (1,420,970)         | (766,116)           |
| Dividends paid to equity holders of the Company                                       | 27     | (28,161,220)        | (21,839,676)        |
| <b>Net cash used in financing activities</b>                                          |        | <b>(29,582,190)</b> | <b>(22,605,792)</b> |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                           |        | <b>47,741,311</b>   | <b>(3,841,310)</b>  |
| Cash and cash equivalents at the beginning of the year                                |        | 18,752,638          | 22,593,948          |
| Cash and cash equivalent of an entity acquired                                        | 30     | 2,091,410           | -                   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>                               |        | <b>68,585,359</b>   | <b>18,752,638</b>   |
| <b>Non-cash transactions:</b>                                                         |        |                     |                     |
| In kind contribution recognized under equity                                          | 5 & 24 | 4,288,000           | 12,673,000          |
| Additions to the right-of-use assets and lease liabilities                            | 16     | 8,585,385           | 272,912             |

In addition to above, the assets and liabilities of the new subsidiary acquired by the Company during the period were excluded from the above cashflows. Please refer note 30 for the details of the asset and liabilities of the subsidiary on the date of acquisition and the net books value of SR 5,466,719 recognized as additional equity contribution by the shareholders.

The accompanying notes 1 to 35 form integral part of these consolidated financial statements.

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES (A CLOSED JOINT STOCK COMPANY)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2025

#### 1 CORPORATE INFORMATION AND ACTIVITIES

Consolidated Gruenfelder Saady Holding Company (the “Company” or the “Parent Company”) was a Mixed Limited Liability Company formed under the Regulations for Companies in the Kingdom of Saudi Arabia with the commercial registration number 1010651887 (Unified number 7017850822) on 18 Muharram 1442H (corresponding to 06 September 2020). During the year, the shareholders of the Company resolved to convert the Company to a Closed Joint Stock Company and accordingly, pursuant to Ministerial Resolution No. 100068249 dated 07 Jumada al-Thani 1446H (09 December 2024), the Company’s legal status changed to a Closed Joint Stock Company.

The principal activity of the Company is to own controlling interest in group of subsidiaries and corporations.

The Company’s registered office is located at, P.O Box 358, Riyadh 11383, Kingdom of Saudi Arabia.

These consolidated financial statements include the financial position and performance of the Company and its following subsidiaries (collectively referred to as “Group”):

| <i>Subsidiary</i>                                 | <i>Country of incorporation</i> | <i>Effective holding</i> |             |
|---------------------------------------------------|---------------------------------|--------------------------|-------------|
|                                                   |                                 | <i>2025</i>              | <i>2024</i> |
| Coldstores Group of Saudi Arabia                  | Kingdom of Saudi Arabia         | <b>100%</b>              | 100%        |
| Consolidated Gruenfelder Saady Company            | Kingdom of Saudi Arabia         | <b>100%</b>              | 100%        |
| Al Saadi Refrigeration Air Conditioning (note 30) | Kingdom of Bahrain              | <b>100%</b>              | Nil         |

The subsidiaries are principally engaged in the manufacturing and sale of cooling containers for food transport vehicles, non- refrigerated bodies for the vehicles and unportable cold storage rooms as well as servicing and repairs of refrigeration bodies, cooling units and cold stores.

The Company has commenced the process for the Initial Public Offering (IPO) of its shares in the primary market of Saudi Exchange (Tadawul). Subsequently, on 25 June 2025, corresponding to 29 Thul-Hijjah 1446H, the Capital Market Authority has approved the Company’s application for IPO.

#### 2 BASIS OF PREPERATION

##### 2.1 Basis of preparation

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

These consolidated financial statements have been prepared on a historical cost basis on the basis that it will continue to operate as a going concern, except as otherwise disclosed in the material accounting policy information under note 3 below.

These consolidated financial statements are presented in Saudi Riyals (“SR”) which is the functional and presentation currency of the Company. All amounts have been rounded to the nearest SR, unless otherwise indicate.

##### 2.2 Basis of consolidation

These consolidated financial statements comprise the assets, liabilities and the results of operations of the Company and its subsidiaries as at 31 March 2025 and for the year then ended. Subsidiaries are entities that are controlled by Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
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(A CLOSED JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2025

**2 BASIS OF PREPERATION (continued)**

**2.2 Basis of consolidation (continued)**

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

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

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

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

Profit or loss and each component of other comprehensive income ("other comprehensive income") are attributed to the equity holders of the parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

***Changes in ownership interest in subsidiaries***

Changes in Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). In such circumstances the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the shareholder of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. Retained investment is recorded at fair value.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2025

**3 MATERIAL ACCOUNTING POLICY INFORMATION**

**3.1 Material accounting policy information**

The material accounting policies adopted by the Group in preparing these consolidated financial statements are applied consistently as following:

**Property and equipment**

Property and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property and equipment if the recognition criteria are met. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated profit or loss as incurred.

Capital work in progress represents all costs relating directly or indirectly to the projects in progress and will be accounted for under relevant category of property and equipment upon completion.

The cost less estimated residual value of other items of property and equipment is depreciated on a straight-line basis over the estimated useful lives of the assets. Following is the estimated useful lives of class of assets.

|                               | <u>Years</u> |
|-------------------------------|--------------|
| Building                      | 10 – 20      |
| Heavy machinery and equipment | 8            |
| Tools and other equipment     | 4            |
| Computer equipment            | 4            |
| Furniture and fixtures        | 4 -10        |
| Motor vehicles                | 5            |

An item of property and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively.

**Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is recognised in the consolidated statement of profit or loss in the period in which the expenditure is incurred.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in the consolidated statement of profit or loss as incurred.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

**Software**

Computer software licenses purchased from third parties are initially recorded at cost. Costs directly associated with the production of internally developed software, where it is probable that the software will generate future economic benefits, are recognised as intangible assets. Computer software licenses are amortized over 3 to 4 years.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2025

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**3.1 Material accounting policy information (continued)**

**Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Group as a lessee*

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

*i) Right-of-use assets*

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

*ii) Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

*iii) Short-term leases and leases of low-value assets*

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2025

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**3.1 Material accounting policy information (continued)**

**Inventories**

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Allowance for obsolescence are maintained for any obsolete inventories.

**Cash and cash equivalents**

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consists of bank balances, cash on hand and short-term deposits that are readily convertible into known amounts of cash and have maturities of three months or less when purchased.

**Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

*Initial recognition and measurement*

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. At initial recognition, financial assets are measured at their fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. In the case of financial assets not at fair value through profit or loss, its fair value including transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability is the initial recognition amount.

*Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

*Financial assets at amortised cost (debt instruments)*

The Group measures financial asset at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables cash and cash equivalents and amounts due from a related parties.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2025

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**3.1 Material accounting policy information (continued)**

**Financial instruments (continued)**

**Financial assets (continued)**

*Subsequent measurement (continued)*

*Financial assets at fair value through OCI (debt instruments)*

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss. Currently, the Group does not have any financial instruments valued at fair value through OCI.

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

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

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss. The Group currently does not have any financial instruments designated at fair value under this category.

*Derecognition*

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

*Offsetting of financial instruments*

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

*Impairment*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The Group applies IFRS 9 simplified approach for measuring ECL, which uses a lifetime expected loss allowance.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2025

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**3.1 Material accounting policy information (continued)**

**Financial instruments (continued)**

**Financial assets (continued)**

*Impairment (continued)*

The expected loss rates are based on the payment profiles of receivables at each reported period and corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified Gross Domestic Product ("GDP") of KSA (the country in which it sells goods and renders the services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment (e.g., unemployment, GDP growth, inflation, profit rates and house prices) and economic forecasts obtained through internal and external sources.

For trade receivables and contract assets relating to government agencies and related parties, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the due balances are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the due balances.

The key inputs into the measurement of ECL are the term structure of the following variables:

- Probability of default (PD): the likelihood of a default over a particular time horizon
- Loss given default (LGD): This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD.
- Exposure at default (EAD): This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Group considers default when, i) the customer 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 ii) the customer is more than 360 days past due on any material credit obligation to the Group, apart for the receivable from customers relates to Government of KSA or related parties where the probability of default considered insignificant.

*Write-off*

The gross 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.

**Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade payables, lease liabilities, amounts due to related parties and other payables.



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**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**3.1 Material accounting policy information (continued)**

**Financial instruments (continued)**

***Financial liabilities (continued)***

***Subsequent measurement***

For purposes of subsequent measurement, financial liabilities are classified in two categories, i) Financial liabilities at fair value through profit or loss, ii) Financial liabilities at amortised cost (loans and borrowings).

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Group has not designated any financial liability as at fair value through profit or loss.

After initial recognition, interest-bearing loans and borrowings (if any) are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

***Derecognition***

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

**Business combination and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administration 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, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the consolidated statement of profit or loss.

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

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**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**3.1 Material accounting policy information (continued)**

**Business combination and goodwill (continued)**

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.

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, from the acquisition date is allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained. When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognised in the consolidated statement of profit or loss.

For business combinations involving entities under common control, the assets and liabilities of the combining entities are reflected at their carrying amounts. Adjustments are made to the carrying amounts in order to incorporate any differences arising due to differences in accounting policies used by the combining entities. No goodwill or gain is recognised as a result of the combination and any difference between the consideration paid/transferred and the equity acquired is reflected within the equity of the Group. The consolidated statement of profit or loss and other comprehensive income reflects the results of the combining entities from the date when the combination took place.

**Impairment of non-financial assets**

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

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

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

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

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

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**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**3.1 Material accounting policy information (continued)**

**Impairment of non-financial assets (continued)**

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

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

**Statutory reserve**

In accordance with previous article of association of the Company, 10% of the profit for the year is required to be transferred to the statutory reserve until the balance in the reserve equals 50% of the capital. The New Companies Law entered into effect on 19 January 2023 corresponding to 26 Jumada Al-Alkhirah 1444H which removed the minimum statutory reserve requirement and the Company has option to create reserve.

**Dividends**

The Group recognises a liability to pay a dividend to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per provisions of Companies' Law, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in consolidated statement of changes in equity.

**Employee benefits liabilities**

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits and accumulating leaves, air fare, child education allowance that are expected to be settled wholly within twelve months after the end of the period 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 amounts expected to be paid when the liabilities are settled.

*Defined benefit plan*

The Group operates a defined benefit plan driven by the labour laws of the Kingdom of Saudi Arabia. The defined benefit plan is not funded. Valuation of the obligation under such scheme is carried out by an independent actuary based on the projected unit credit method. The costs relating to such scheme 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 recognised immediately in profit or loss as "employee costs" while unwinding of the liability at discount rates used are recorded as finance cost. Any changes in net liability due to actuarial valuations and changes in assumptions are taken as re-measurement in other comprehensive income.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods. Changes in the present value of the defined benefit liability resulting from scheme amendments or curtailments are recognised immediately in profit or loss as past service costs.

*Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation. The contributions are recognised as employees' benefits expense in the profit or loss when they are due.

The Group contributes a specific portion of salary of employees towards General Organization of Social Insurance ("GOSI") fund, which is a Kingdom's agency concerned with social insurance of employees in the Kingdom. During the year, the Group contributed SR 1.6 million (2024: SR 1.8 million) towards the fund.

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**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**3.1 Material accounting policy information (continued)**

**Provisions**

*General*

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

*Onerous contracts*

If the Group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognises any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

*Warranty provisions*

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognised when the product is sold or the service is provided to the customer. The Group does not provide any extended warranties or maintenance contracts to its customers. Initial recognition is based on historical experience. The warranty provision is reviewed periodically and adjusted to reflect current estimates of the future costs of fulfilling warranty obligations.

**Trade payable**

Trade payables represent amounts owed by the Group for goods or services purchased from suppliers in the ordinary course of business. These are obligations to pay for goods or services that have been acquired from suppliers in the normal operating cycle. Trade payables are initially recognized when the Group enters into a contract or purchase order with a supplier for the acquisition of goods or services and are measured at the original invoice amount when the goods have been received or services rendered. Following initial recognition, trade payables are subsequently measured at amortized cost using the effective interest method. Given that trade payables are usually paid within a short period, their amortized cost typically approximates their nominal amount.

**Contingent liabilities**

A contingent liability is a possible obligation which may arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group, or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. If the amount of the obligation cannot be measured with sufficient reliability, then the Group does not recognise the contingent liability but discloses it in the financial statements.

**Financial guarantee contracts**

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value adjusted for transaction costs that are directly attributable to the issuance of the guarantee. The fair value of financial guarantee is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligation.

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**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**3.1 Material accounting policy information (continued)**

**Direct and indirect taxes and zakat**

*Zakat*

Zakat is provided for in accordance with Saudi Arabian fiscal regulations by the respective group entities and charged to the consolidated statement of profit or loss. Additional amounts, if any, that may become due on finalisation of an assessment are accounted for in the year in which assessment is finalised.

*Current income tax*

Current income tax assets and liabilities for current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax is recognised in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part, of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax is recognised in consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income.

*Withholding tax*

The Group withholds taxes on certain transactions with non-resident parties in the Kingdom of Saudi Arabia, as required under Saudi Arabian Income Tax Law and settle to the Zakat, Tax and Customs Authority (ZATCA).

*Value added tax*

Sales, expenses and assets are recognised net of the amount of value added tax, except when the value added tax incurred on purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of value added tax receivable from, or payable to, the taxation authority is included as part of receivable or payables in the consolidated statement of financial position.

**Current versus non-current classification**

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

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

All other assets are classified as non-current.

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**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**3.1 Material accounting policy information (continued)**

**Current versus non-current classification (continued)**

A liability is current when:

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

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**Revenue from contract with customers**

The Group assembles and sells a range of cold storages and chiller units and provide related repair & maintenance services. In addition, the Group also constructs unmovable cold storage rooms. The Group uses five step model from *IFRS 15: Revenue from Contract with Customers*, for recognition of revenue, as listed below:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

**a) Sale of goods**

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

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

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

**b) Rendering of services**

The Group provides repair and maintenance services to its customer. These services can be obtained from other providers and do not significantly customise or modify the equipment. The Group recognises revenue from these services at a point in time, generally upon completion of the service or delivery of the equipment.

**c) Revenue from long-term contracts (installation and commission of cold stores)**

For lump sum fixed-price contracts for unmovable cold storage rooms construction, the Group measures progress and recognises revenue using the full cost method, based on the actual cost of work performed at end of the reporting period as a percentage of total contract costs at completion once the outcome of a contract can be estimated reliably. When the outcome of a contract cannot be estimated reliably, contract revenues are recognised only to the extent of costs incurred that are expected to be recoverable. The services provided under the contract are satisfied over time rather than at a point in time since the customer simultaneously receives and consumes the benefits provided by the Group and the Group has the enforceable rights to receive the consideration.

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**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**3.1 Material accounting policy information (continued)**

***c) Revenue from long-term contracts (continued)***

At contract inception, the Group considers the following factors to determine whether the contract contains a single performance obligation or multiple performance obligations:

- it provides a significant service of integrating the goods or services with other goods or services promised in the contract into a bundle of goods or services that represent the combined output or outputs for which the customer has contracted.
- one or more of the goods or services significantly modifies or customises, or are significantly modified or customised by, one or more of the other goods or services promised in the contract.
- the goods or services are highly interdependent or highly interrelated.

Contract modifications, e.g., variation orders, are accounted for as part of the existing contract, with a cumulative catch up adjustment to revenue. For material contract modifications a separate contract may be recognised, based on management's assessment of the following factors:

- the scope of the contract increases because of the addition of promised goods or services that are distinct; and
- the price of the contract increases by an amount of consideration that reflects the Group's stand-alone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract.

Variable consideration (e.g., variation orders) are assessed/re-assessed using the expected value approach, as appropriate, at each reporting date where it is considered highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. In performing the assessment, the Group considers the likelihood of such settlement being made by reference to the contract, customer communications and other forms of documentary evidence.

An onerous contract provision is recognised for all losses expected to arise on completion of contracts entered into at the reporting date, whether or not work has commenced on these contracts.

Advance payments received from customers for fixed-price contracts are structured primarily for reasons other than the provision of finance to the Group, (e.g., procurement costs), and they do not provide customers with an alternative to pay in arrears. In addition, the length of time between when the customer settles amounts to which the Group has an unconditional right to payment and the Group transfers goods and services to the customer is generally relatively short. Therefore, the Group has concluded that there is not a significant financing component within such contracts.

Currently, the Group does not have any contracts where payments by a customer are over several years after the Group has transferred goods and services to the customer; if such cases arise in future the transaction price for such contracts will be determined by discounting the amount of promised consideration using an appropriate discount rate.

***Contract balances***

***Contract assets***

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs its obligations to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

When the Group satisfies a performance obligation by delivering the promised goods or services, it creates a contract asset based on the amount of consideration earned by the performance, classified as "contract assets".

***Trade receivables***

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due) (refer trade receivable policy).

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**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**3.1 Material accounting policy information (continued)**

***Contract balances (continued)***

***Contract liabilities***

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group satisfies the performance obligation, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

Contract liabilities are recognised as revenue when the Group performs its obligations under the contract. Where the amount billed to the customer exceeds the amount of revenue recognised, this gives rise to a contract liability which is classified as "billings in excess of value of work executed".

***Foreign currencies transactions and balances***

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

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in consolidated statement of profit or loss).

***Cost and expenses***

***Cost of revenue***

Cost of revenue represents the cost incurred during the period relates to the revenue activities by the Group and contain principally direct labor, direct material, allocated cost that directly relates to the sale of goods or contract activities, the cost that are explicitly chargeable to the customer under the contract and other cost that are incurred by the Group only because the entity entered into the respective contract and recognize on accrued basis.

***General and administration expenses/selling and distribution expenses***

Selling and distribution expenses are those that specifically relate to salesmen, sales department, advertising and promotion, etc. All other operating expenses which are not directly related to the contract executed or goods sold are recognized under general and administration expenses. These also include allocations of general overheads which are not specifically attributed to cost of revenue.

The allocation of overheads between cost of revenue, general & administration expenses and selling & distribution expenses, where required, is made on the factors determined by the management and applied on a consistent basis.

***Other income***

The Group recognizes other income when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably. Other income is measured at the fair value of the consideration received or receivable and recognized on accrual basis in accordance with the terms of the agreements. Other income that is incidental to the Group's business model is recognised as income as it is earned or accrued.



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**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**3.1 Material accounting policy information (continued)**

**Earnings per share**

Basic and diluted earnings per share is calculated by dividing the profit or loss attributable to shareholders of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the year.

**Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM).

The board of directors of the Group has appointed a Group Chief Executive Officer, who assesses the financial performance and position of the Group, and makes strategic decisions. Group Chief Executive Officer has been identified as being the Group CODM.

A operating segment is group of assets, operations or entity:

- engaged in revenue producing activities;
- results of operations of which are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- financial information is separately available.

**Fair value measurement**

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 most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits from the asset's highest and best use or by selling it to another market participant that would utilize the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. This is 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; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the 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. The Group determines the policies and procedures for both recurring fair value measurement, and for non-recurring measurement.

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At 31 March 2025

**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**3.1 Material accounting policy information (continued)**

**Fair value measurement (continued)**

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. 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.

**3.2 New and amended standards and interpretations**

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

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

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

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

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

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

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

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

The amendments have not resulted in additional disclosures and have not had an impact on the classification of the Group's liabilities.

**Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7**

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments had no impact on the Group's consolidated financial statements.

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**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**3.3 Standards issued but not yet effective**

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

**Lack of exchangeability - Amendments to IAS 21**

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

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

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

**IFRS 18 Presentation and Disclosure in Financial Statements**

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

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

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

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

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

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**3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**3.3 Standards issued but not yet effective (continued)**

**IFRS 19 Subsidiaries without Public Accountability: Disclosure**

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

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

The amendments are not expecting to have an impact on the Group consolidated financial statement.

**4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS**

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

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

|                                                                   |                 |
|-------------------------------------------------------------------|-----------------|
| Capital management                                                | Note 28         |
| Financial instruments and risk management objectives and policies | Note 26         |
| Sensitivity analyses disclosures                                  | Notes 26 and 11 |

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

***Satisfaction of performance obligations***

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method of recognising revenue. The Group has assessed that based on the agreements entered with the customers and the provisions of relevant laws and regulations, where contracts are entered into to undertake long term contracts with the customers (for the installation and commissioning of cold stores), the Group does not create an asset with an alternative use to the Group and usually has an enforceable right to payment for performance completed to date. Further, the services provided under these contracts are satisfied over time rather than at a point in time since the customer simultaneously receives and consumes the benefits provided by the Group. Based on this, the Group recognises revenue over time.

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At 31 March 2025

4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (CONTINUED)

**Estimates and assumptions (continued)**

***Satisfaction of performance obligations (continued)***

For the revenue on sale of goods (sale of refrigeration/non-refrigeration bodies) and maintenance and repair services, the Group has assessed that based on the delivery arrangements entered into with the customer and the provisions of relevant laws and regulations, the Group creates an asset with an alternative use to the Group and usually does not have an enforceable right to payment for performance completed to date. Based on this, the Group recognises revenue at point in time i.e. on the delivery of goods or services to customer.

***Cost to complete the contracts***

The Group estimates the cost to complete the projects in order to determine the cost attributable to revenue being recognised. These estimates include, amongst other items, the manpower costs, material and parts, other overhead, variation orders and the cost of meeting other contractual obligations to the customers. Such estimates are reviewed at regular intervals. Any subsequent changes in the estimated cost to complete may affect the results of the subsequent periods.

***Provision for expected credit losses***

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

***Defined benefit plans***

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

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers Saudi Government bond/sukuk yield. Future salary increases are based on expected future inflation rates and historical data.

***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 to sell and its value in use. The fair value less costs to sell 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 for disposing of the asset. The value in use calculation is based on a discounted cash flow 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 asset's performance of the cash-generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

***Warranty provision***

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. The warranty provision recognition is based on historical experience expected expenses of warranties with relates to sales made. As such, dependent upon estimates and assessments by the management.

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4 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (CONTINUED)

**Estimates and assumptions (continued)**

***Leases - Estimating the incremental borrowing rate***

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

***Deferred taxes***

Deferred tax assets are recognised for temporary differences to the extent that it is probable that taxable profit will be available in the future against which the assets can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

***Useful lives and residual value of property and equipment***

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

***Impairment of inventories***

Inventory is stated at the lower of cost and net realizable value. When inventory becomes old or obsolete, an estimate is made for the net realizable value. For individually significant amounts, this estimate is made 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, obsolescence, physical deterioration and change in demand and goods pricing.

***Provisions***

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

***Judgements***

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

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

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has certain lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

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**5 PROPERTY AND EQUIPMENT**

| <i>Cost</i>                               | <i>Land</i><br>SR | <i>Buildings</i><br>SR | <i>Heavy<br/>machinery<br/>and<br/>equipment</i><br>SR | <i>Tools and<br/>other<br/>equipment</i><br>SR | <i>Furniture<br/>and fixtures</i><br>SR | <i>Motor<br/>vehicles</i><br>SR | <i>Computer<br/>equipment</i><br>SR | <i>Work-in-<br/>progress*</i><br>SR | <i>Total</i><br>SR |
|-------------------------------------------|-------------------|------------------------|--------------------------------------------------------|------------------------------------------------|-----------------------------------------|---------------------------------|-------------------------------------|-------------------------------------|--------------------|
| At 1 April 2023                           | -                 | 37,699,082             | 38,062,818                                             | 2,099,236                                      | 5,220,648                               | 5,597,413                       | 3,470,738                           | 5,913,599                           | 98,063,534         |
| Additions                                 | 12,673,000        | 427,917                | 877,222                                                | 236,313                                        | 422,433                                 | 245,000                         | 237,010                             | 1,693,140                           | 16,812,035         |
| Write-off                                 | -                 | (45,000)               | (2,979,793)                                            | (29,108)                                       | (77,863)                                | (94,001)                        | -                                   | -                                   | (3,225,765)        |
| Transfer                                  | -                 | 2,349,063              | 2,786,895                                              | -                                              | 1,464,276                               | -                               | -                                   | (6,600,234)                         | -                  |
| At 31 March 2024                          | 12,673,000        | 40,431,062             | 38,747,142                                             | 2,306,441                                      | 7,029,494                               | 5,748,412                       | 3,707,748                           | 1,006,505                           | 111,649,804        |
| Relating to acquired subsidiary (note 30) | -                 | 2,662,650              | 82,100                                                 | 87,140                                         | 66,160                                  | 186,420                         | 106,791                             | -                                   | 3,191,261          |
| Additions                                 | 4,288,000         | 1,729,272              | 5,759,988                                              | 338,494                                        | 1,042,213                               | 949,650                         | 971,297                             | 297,568                             | 15,376,482         |
| Transfer                                  | -                 | 1,304,073              | -                                                      | -                                              | -                                       | -                               | -                                   | (1,304,073)                         | -                  |
| At 31 March 2025                          | 16,961,000        | 46,127,057             | 44,589,230                                             | 2,732,075                                      | 8,137,867                               | 6,884,482                       | 4,785,836                           | -                                   | 130,217,547        |
| <i>Accumulated depreciation</i>           |                   |                        |                                                        |                                                |                                         |                                 |                                     |                                     |                    |
| At 1 April 2023                           | -                 | 25,407,871             | 34,215,372                                             | 1,873,561                                      | 4,319,934                               | 5,098,782                       | 2,801,593                           | -                                   | 73,717,113         |
| Charge for the year                       | -                 | 1,053,525              | 895,615                                                | 89,144                                         | 385,944                                 | 188,800                         | 328,619                             | -                                   | 2,941,647          |
| Write-off                                 | -                 | (45,000)               | (2,979,793)                                            | (29,108)                                       | (77,863)                                | (94,000)                        | -                                   | -                                   | (3,225,764)        |
| At 31 March 2024                          | -                 | 26,416,396             | 32,131,194                                             | 1,933,597                                      | 4,628,015                               | 5,193,582                       | 3,130,212                           | -                                   | 73,432,996         |
| Relating to acquired subsidiary (note 30) | -                 | 1,203,730              | 82,100                                                 | 86,050                                         | 63,150                                  | 186,420                         | 97,751                              | -                                   | 1,719,201          |
| Charge for the year                       | -                 | 1,360,234              | 1,258,452                                              | 137,381                                        | 765,994                                 | 264,447                         | 412,749                             | -                                   | 4,199,257          |
| At 31 March 2025                          | -                 | 28,980,360             | 33,471,746                                             | 2,157,028                                      | 5,457,159                               | 5,644,449                       | 3,640,712                           | -                                   | 79,351,454         |
| <i>Net book value</i>                     |                   |                        |                                                        |                                                |                                         |                                 |                                     |                                     |                    |
| 31 March 2025                             | 16,961,000        | 17,146,697             | 11,117,484                                             | 575,047                                        | 2,680,708                               | 1,240,033                       | 1,145,124                           | -                                   | 50,866,093         |
| 31 March 2024                             | 12,673,000        | 14,014,666             | 6,615,948                                              | 372,844                                        | 2,401,479                               | 554,830                         | 577,536                             | 1,006,505                           | 38,216,808         |

\* Work-in-progress represents improvement costs on production facilities and machineries under installations.

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**5 PROPERTY AND EQUIPMENT (continued)**

The depreciation charge for the year has been allocated as follows:

|                                     | Notes | 2025<br>SR       | 2024<br>SR       |
|-------------------------------------|-------|------------------|------------------|
| Cost of revenue                     | 18    | 2,684,220        | 2,093,090        |
| General and administration expenses | 19    | 1,269,621        | 712,753          |
| Selling and distribution expenses   | 20    | 245,416          | 135,804          |
|                                     |       | <u>4,199,257</u> | <u>2,941,647</u> |

**6 INTANGIBLE ASSETS**

|                                      | 2025<br>SR       | 2024<br>SR       |
|--------------------------------------|------------------|------------------|
| <b>Software</b>                      |                  |                  |
| <b>Cost</b>                          |                  |                  |
| Balance at the beginning of the year | 2,791,017        | 2,263,649        |
| Additions                            | 126,554          | 527,368          |
| Balance at the end of year           | <u>2,917,571</u> | <u>2,791,017</u> |
| <b>Accumulated amortization</b>      |                  |                  |
| Balance at the beginning of the year | 1,866,624        | 1,642,940        |
| Charge for the year                  | 305,812          | 223,684          |
| Balance at the end of year           | <u>2,172,436</u> | <u>1,866,624</u> |
| <b>Net book value</b>                | <u>745,135</u>   | <u>924,393</u>   |

**7 INVENTORIES**

|                                       | 2025<br>SR          | 2024<br>SR          |
|---------------------------------------|---------------------|---------------------|
| Goods held for sale                   | 22,674,169          | 43,452,609          |
| Raw materials                         | 27,946,057          | 28,747,885          |
| Spare parts and consumables           | 23,507,854          | 12,098,944          |
| Work in progress                      | 17,071,150          | 7,082,803           |
| Goods in transit                      | 58,374              | 633,592             |
|                                       | <u>91,257,604</u>   | <u>92,015,833</u>   |
| Less: provision for slow moving items | <u>(13,055,072)</u> | <u>(11,016,494)</u> |
|                                       | <u>78,202,532</u>   | <u>80,999,339</u>   |

The summary of movement in provision for slow moving inventories are as follows:

|                                          | 2025<br>SR        | 2024<br>SR        |
|------------------------------------------|-------------------|-------------------|
| At the beginning of the year             | 11,016,494        | 11,332,086        |
| Related to acquired subsidiary (note 30) | 962,750           | -                 |
| Charge during the year                   | 1,295,582         | -                 |
| Written off during the year              | (219,754)         | (315,592)         |
| At the end of the year                   | <u>13,055,072</u> | <u>11,016,494</u> |



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**8 TRADE RECEIVABLES**

|                                            | 2025<br>SR        | 2024<br>SR         |
|--------------------------------------------|-------------------|--------------------|
| Trade receivables                          | 72,392,071        | 115,053,284        |
| Less: allowance for expected credit losses | (7,860,633)       | (9,433,329)        |
|                                            | <u>64,531,438</u> | <u>105,619,955</u> |

The movement in the allowance for expected credit losses is as follows:

|                                          | 2025<br>SR       | 2024<br>SR       |
|------------------------------------------|------------------|------------------|
| At the beginning of the year             | 9,433,329        | 7,801,890        |
| Related to acquired subsidiary (note 30) | 753,980          | -                |
| Charge for the year                      | 253,666          | 1,722,058        |
| Written off during the year              | (2,580,342)      | (90,619)         |
| At the end of the year                   | <u>7,860,633</u> | <u>9,433,329</u> |

Trade receivables are interest free and the normal credit terms of the Group is 30 to 90 days.

Unimpaired trade receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and vast majority are, therefore, unsecured.

Note 25 (a) includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

**9 PREPAYMENTS AND OTHER CURRENT ASSETS**

|                           | 2025<br>SR        | 2024<br>SR        |
|---------------------------|-------------------|-------------------|
| Advances to suppliers     | 8,481,692         | 14,804,350        |
| Prepaid expenses          | 2,873,392         | 1,000,111         |
| Advances to employees     | 2,313,413         | 2,325,701         |
| Refundable deposits       | 1,506,359         | 2,574,230         |
| Margin deposits with bank | 1,075,363         | 1,468,052         |
| Others                    | 327               | 651               |
|                           | <u>16,250,546</u> | <u>22,173,095</u> |

The refundable deposits are netted with the accumulated allowance of SR 3 million (2024: SR 1.8 million). The allowance made on the refundable deposits during the year are disclose in the note 19.

**10 CASH AND CASH EQUIVALENTS**

|                     | 2025<br>SR        | 2024<br>SR        |
|---------------------|-------------------|-------------------|
| Cash at banks       | 48,350,626        | 18,574,220        |
| Short-term deposits | 20,000,000        | -                 |
| Cash in hand        | 234,733           | 178,418           |
|                     | <u>68,585,359</u> | <u>18,752,638</u> |

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**10 CASH AND CASH EQUIVALENTS (continued)**

Short-term deposits represent Murabaha deposits placed with a local commercial bank having maturity period of three months or less from the date of placement and yield profit at the market rates between 4.6% to 4.7%.

Reconciliation of liabilities arising from financing activities:

| <i>31 March 2025</i>       | <i>At 1 April<br/>2024<br/>SR</i> | <i>Cash flows<br/>SR</i> | <i>Others<br/>SR</i> | <i>At 31 March<br/>2025<br/>SR</i> |
|----------------------------|-----------------------------------|--------------------------|----------------------|------------------------------------|
| Lease liabilities          | 1,141,202                         | (1,844,405)              | 9,008,820            | 8,305,617                          |
| Dividends payable          | -                                 | (28,161,220)             | 28,161,220           | -                                  |
| Total financing activities | 1,141,202                         | (30,005,625)             | 37,170,040           | 8,305,617                          |

| <i>31 March 2024</i>       | <i>At 1 April<br/>2023<br/>SR</i> | <i>Cash flows<br/>SR</i> | <i>Others<br/>SR</i> | <i>At 31 March<br/>2024<br/>SR</i> |
|----------------------------|-----------------------------------|--------------------------|----------------------|------------------------------------|
| Lease liabilities          | 1,634,406                         | (845,984)                | 352,780              | 1,141,202                          |
| Dividends payable          | -                                 | (21,839,676)             | 21,839,676           | -                                  |
| Total financing activities | 1,634,406                         | (22,685,660)             | 22,192,456           | 1,141,202                          |

**11 EMPLOYEES' DEFINED BENEFIT LIABILITIES**

The Group operates a non-funded employees' terminal benefit plan, which is classified as defined benefit liabilities under IAS 19 'Employee Benefits'. The benefit is mandatory for all Saudi Arabian based employees under the Saudi Arabian labour law and also under the Group's policies applicable to employees' accumulated period of service and payable upon termination, resignation or retirement. The Group's net obligation in respect of employees' defined benefits is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior years. This amount is then discounted using an appropriate discount rate to determine the present value of the Group's net obligation.

**11.1 Changes in the present value of defined benefit liability**

|                                                                                                                | <i>2025<br/>SR</i> | <i>2024<br/>SR</i> |
|----------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Balance as at beginning of the year                                                                            | 17,631,045         | 16,185,491         |
| Related to acquired subsidiary (note 30)                                                                       | 487,770            | -                  |
| <i>Charges recognised in the consolidated statement of income and other comprehensive income for the year:</i> |                    |                    |
| Interest cost                                                                                                  | 837,437            | 599,589            |
| Past service cost                                                                                              | (1,079)            | -                  |
| Current service cost                                                                                           | 2,378,993          | 2,041,589          |
|                                                                                                                | 3,215,351          | 2,641,178          |
| <i>Actuarial changes arising due to:</i>                                                                       |                    |                    |
| Financial assumptions                                                                                          | (258,634)          | (98,324)           |
| Demographic assumptions                                                                                        | 176,268            | -                  |
| Experience assumptions                                                                                         | (103,289)          | 810,870            |
|                                                                                                                | (185,655)          | 712,546            |
| Benefits paid during the year                                                                                  | (2,012,900)        | (1,908,170)        |
| Balance as at end of the year                                                                                  | 19,135,611         | 17,631,045         |

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**11 EMPLOYEES' DEFINED BENEFIT LIABILITIES (continued)**

**11.1 Changes in the present value of defined benefit liability (continued)**

**a. Sensitivity analysis**

The principal assumptions used in determining the post-employment defined benefit liability includes the following:

|                                  | 2025        | 2024           |
|----------------------------------|-------------|----------------|
| Discount rate                    | 4.61% to 8% | 4.99% to 5.01% |
| Expected rate of salary increase | 3.5%        | 4.00%          |
| Rates of employee turnover       | 10% to 15%  | 15%            |
| Mortality rates                  | A1949-52    | A1949-52       |
| Retirement assumption            | 60-65       | 60             |

A quantitative sensitivity analysis for significant assumptions as at 31 March 2024 and 31 March 2025 are shown below:

|                                | 2025<br>SR | 2024<br>SR |
|--------------------------------|------------|------------|
| <i>Discount rate:</i>          |            |            |
| 1% increase                    | (954,721)  | (737,104)  |
| 1% decrease                    | 1,070,932  | 810,924    |
| <i>Future salary increases</i> |            |            |
| 1% increase                    | 1,009,979  | 744,969    |
| 1% decrease                    | (916,587)  | (689,600)  |

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

The following payments are expected against the defined benefit liability in future years:

|                           | 2025<br>SR        | 2024<br>SR        |
|---------------------------|-------------------|-------------------|
| Within the next 12 months | 4,173,493         | 4,084,265         |
| Between 2 and 5 years     | 9,699,329         | 11,062,221        |
| Beyond 5 years            | 42,747,198        | 27,719,060        |
|                           | <u>56,620,020</u> | <u>42,865,546</u> |

The average duration of the defined benefit plan liability at the end of the reporting period is 5 to 6 years (31 March 2024: 4 to 5 years).

**12 RELATED PARTIES BALANCES AND TRANSACTIONS**

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

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**12 RELATED PARTIES BALANCES AND TRANSACTIONS (continued)**

(a) Significant transactions with related parties during the year and significant year-end balances are as follows:

| <i>Related parties</i>                               | <i>Relationship</i>   | <i>Nature of transactions</i>            | <i>2025<br/>SR</i> | <i>2024<br/>SR</i> |
|------------------------------------------------------|-----------------------|------------------------------------------|--------------------|--------------------|
| Al Saadi Refrigeration Air Conditioning              | Air Fellow subsidiary | Sales                                    | -                  | 3,773,333          |
|                                                      |                       | Purchases                                | -                  | 73,949             |
|                                                      |                       | Expenses paid on behalf                  | -                  | 410,984            |
| Key management personnel                             |                       | Salaries and other benefits – short-term | 10,880,128         | 8,569,017          |
|                                                      |                       | Terminal benefits – long-term            | 534,607            | 634,817            |
|                                                      |                       | BOD remuneration                         | 412,500            | -                  |
| GK Gruenfelder International AG                      | Shareholder           | Expenses paid on behalf                  | 2,662,158          | -                  |
| Darat Esmat Bin Abdul-Samad Al Saady Holding Company | Shareholder           | Expenses paid on behalf                  | 2,662,158          | -                  |

In addition to above, as mentioned in the note 24, shareholders have transferred a plot of land (2024: two plots of land) at free of cost to the Group during the year. The same has been recognized by the Company at fair value as additional contribution by the shareholders. Further, as discussed in note 24 and 30, the shareholders of the Company have waived the consideration payable with respect of the net book value of the assets and liabilities of the Subsidiary acquired by the Company during the year. In addition, the expenses relates to the initial public offering of the Company has been paid and charged to the shareholders.

(b) The breakdown of amounts disclosed in the consolidated statement of financial position is as follows:

*Amounts due from related parties presented under current assets:*

|                                         | <i>2025<br/>SR</i> | <i>2024<br/>SR</i> |
|-----------------------------------------|--------------------|--------------------|
| Al Saadi Refrigeration Air Conditioning | -                  | 906,142            |
| Darat Esmat Al Saady Holding Company    | 6,500              | -                  |
| GK Gruenfelder International AG         | 2,667,158          | -                  |
| Esmat Abdalsamad Bin Najib Alsaady      | 2,668,358          | -                  |
|                                         | <u>5,342,016</u>   | <u>906,142</u>     |

*Amounts due to related parties presented under current liabilities:*

|                                      | <i>2025<br/>SR</i> | <i>2024<br/>SR</i> |
|--------------------------------------|--------------------|--------------------|
| GK Gruenfelder International AG      | -                  | 341,911            |
| Darat Esmat Al Saady Holding Company | -                  | 119,993            |
|                                      | <u>-</u>           | <u>461,904</u>     |

Terms and conditions of transactions with related parties

Pricing policies and terms of payment for the transactions with the related parties are approved by the Group's management. There have been no guarantees provided or received for any related party receivables or payables and the outstanding balances are interest free. As of 31 March 2025, the Group has not recorded any impairment loss relating to amounts owed by related parties (31 March 2024: same). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

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**13 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

|                                                  | 2025<br>SR        | 2024<br>SR        |
|--------------------------------------------------|-------------------|-------------------|
| Employees related accruals                       | 10,232,977        | 9,195,944         |
| Sales commission payable                         | 3,628,742         | 2,472,993         |
| VAT payable                                      | 3,544,909         | 5,289,985         |
| Provision for warranties (note 13.1)             | 2,972,181         | 1,980,174         |
| Payables against goods received but not invoiced | 2,880,246         | 467,236           |
| Accrued expenses                                 | 2,516,391         | 2,527,717         |
| Others                                           | 631,371           | 196,051           |
|                                                  | <u>26,406,817</u> | <u>22,130,100</u> |

**13.1 Provision for warranties**

Movement in provision for warranties balances is as follows;

|                              | 2025<br>SR       | 2024<br>SR       |
|------------------------------|------------------|------------------|
| At the beginning of the year | 1,980,174        | 1,478,420        |
| Charge for the year          | 1,642,135        | 856,760          |
| Utilisation during the year  | (650,128)        | (355,006)        |
| At the end of the year       | <u>2,972,181</u> | <u>1,980,174</u> |

**14 CONTRACT LIABILITIES**

|                                              | 2025<br>SR        | 2024<br>SR        |
|----------------------------------------------|-------------------|-------------------|
| Advance from the customers                   | 28,200,556        | 34,672,808        |
| Billings in excess of value of work executed | <u>17,232,077</u> | <u>20,476,043</u> |
|                                              | <u>45,432,633</u> | <u>55,148,851</u> |

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

|                                                   | 2025<br>SR           | 2024<br>SR          |
|---------------------------------------------------|----------------------|---------------------|
| Progress billings received and receivable to date | 142,361,260          | 78,852,928          |
| Less: value of work executed to date              | <u>(125,129,183)</u> | <u>(58,376,885)</u> |
|                                                   | <u>17,232,077</u>    | <u>20,476,043</u>   |

**15 ZAKAT AND INCOME TAX**

**15.1 Status of assessments of zakat and income tax**

The Group files Zakat and Income Tax return of the Company and its subsidiaries on a standalone basis. The zakat and income tax charge represents the consolidated sum of zakat and income tax charge accrued by the Company and its subsidiaries at standalone financial statements level.

**Consolidated Gruenfelder Saady Holding Company:** The Company has filed its tax/zakat returns till year ended 31 March 2024 with the Zakat, Tax and Customs Authority ("ZATCA"). However, the assessments from the inception of the Company have not yet been raised.

**Coldstores Group of Saudi Arabia:** Zakat and income tax assessment declarations up to and including the year ended 31 March 2024 have been submitted to the ZATCA. The ZATCA has issued assessment up to 2017 and the Company settled and finalised the assessment. The assessments for the years ended 31 March 2018 to 2024 are awaited.

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**15 ZAKAT AND INCOME TAX (continued)**

**15.1 Status of assessments of zakat and income tax (continued)**

**Consolidated Gruenfelder Saady Company:** Zakat and income tax assessment declarations up to the year ended 31 March 2024 have been submitted to the ZATCA. The ZATCA has issued assessment up to 2015 and the Company settled and finalised. No assessments issued by ZATCA for remaining years.

**Al Saadi Refrigeration Air Conditioning W.L.L:** The company is registered in the Kingdom of Bahrain and not subject to Zakat and income tax.

Zakat and income tax have been computed based on the Group's understanding and interpretation of zakat and income tax regulations enforced in the Kingdom of Saudi Arabia for respective entities. The ZATCA continues to issue circulars to clarify certain zakat and tax regulations which are usually enforced on all open years. The zakatable and taxable income and zakat/tax liability as computed by the Group could be different from zakatable/taxable income and zakat/tax liability as assessed by the ZATCA for years for which assessments have not yet been raised by the ZATCA.

**15.2 Zakat**

**Charge for the year**

Zakat for the year is payable at 2.5% of the approximate zakat base and adjusted net income attributable to Saudi shareholders. The zakat charge relating to the ultimate Saudi partner consists of:

|                                    | 2025<br>SR       | 2024<br>SR       |
|------------------------------------|------------------|------------------|
| Provision for the year             | 1,684,804        | 1,571,634        |
| Adjustment relating to prior years | -                | (28,150)         |
| Charge for the year                | <u>1,684,804</u> | <u>1,543,484</u> |

**15.3 Income tax**

**Charge for the year**

|                                    | 2025<br>SR       | 2024<br>SR       |
|------------------------------------|------------------|------------------|
| Provision for the year             | 7,794,023        | 5,534,979        |
| Adjustment relating to prior years | -                | (4,512)          |
| Charge for the year                | <u>7,794,023</u> | <u>5,530,467</u> |

Reconciliation of tax expense and the accounting profit is presented below:

|                                       | 2025<br>SR | 2024<br>SR |
|---------------------------------------|------------|------------|
| Profit before zakat and income tax    | 75,161,726 | 51,720,171 |
| Adjustment for:                       |            |            |
| Add:                                  |            |            |
| Accounting depreciation               | 4,371,861  | 3,165,331  |
| Allowance for expected credit losses  | 2,028,818  | 1,722,058  |
| Provision for slow moving inventories | 1,375,822  | -          |
| Employee defined benefits liabilities | 3,141,092  | 2,641,178  |
| Provision for warranties              | 1,642,136  | 602,494    |
| Others                                | 2,601,207  | 2,549,176  |

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**15 ZAKAT AND INCOME TAX (continued)**

**15.3 Income tax (continued)**

|                                                                            | 2025<br>SR  | 2024<br>SR  |
|----------------------------------------------------------------------------|-------------|-------------|
| <i>Less:</i>                                                               |             |             |
| Tax depreciation                                                           | (6,283,132) | (4,736,290) |
| Write-off of inventories                                                   | (162,805)   | (315,591)   |
| Payment of employees' defined benefit liabilities                          | (1,722,130) | (1,908,170) |
| Write-off of trade receivables                                             | (650,128)   | (90,619)    |
| Others                                                                     | (4,177,344) | -           |
| Adjusted profit for tax calculation                                        | 77,327,123  | 55,349,792  |
| Adjusted profit relating to foreign shareholding for tax computation (50%) | 38,611,131  | 27,674,896  |
| Income tax charge for the year @ 20% (2024: 20%)                           | 7,794,023   | 5,534,979   |

**15.4 Effective income tax reconciliation is as follows:**

|                                                                                                               | 2025<br>SR | 2025<br>% | 2024<br>SR | 2024<br>% |
|---------------------------------------------------------------------------------------------------------------|------------|-----------|------------|-----------|
| Accounting profit before zakat and income tax                                                                 | 75,161,726 |           | 51,720,171 |           |
| Profit subject to income tax as per foreign shareholding @50%                                                 | 37,580,863 |           | 25,860,086 |           |
| Tax at applicable rates                                                                                       | 7,516,173  | 20%       | 5,172,017  | 20%       |
| Tax effect on taxable expenses to the accounting profit and non-deductible claims from accounting profit, net | 277,851    |           | 358,450    |           |
| Relating to origination and reversal of temporary differences                                                 |            |           | (402,734)  |           |
| Tax charged during the year                                                                                   | 7,794,023  | 21%       | 5,127,733  | 20%       |

**15.5 Movement in zakat and income tax provision is as follows:**

|                              | 2025<br>SR  |             |             | 2024<br>SR  |             |             |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                              | Zakat       | Income tax  | Total       | Zakat       | Income tax  | Total       |
| At the beginning of the year | 1,326,912   | 2,760,344   | 4,087,256   | 996,153     | 96,022      | 1,092,175   |
| Charge for the year          | 1,684,804   | 7,794,023   | 9,478,827   | 1,543,484   | 5,530,467   | 7,073,951   |
| Advance income tax paid      | -           | (3,220,764) | (3,220,764) | -           | (1,581,672) | (1,581,672) |
| Payments during the year     | (1,571,635) | (3,953,307) | (5,524,942) | (1,212,725) | (1,284,473) | (2,497,198) |
| At the end of the year       | 1,440,081   | 3,380,296   | 4,820,377   | 1,326,912   | 2,760,344   | 4,087,256   |

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**15 ZAKAT AND INCOME TAX (continued)**

**15.6 Deferred taxation**

Deferred income taxes are calculated on all temporary differences under liability method using the effective tax rate. Deferred tax assets of the Group are attributable to the following:

|                                       | 2025             | 2024             |
|---------------------------------------|------------------|------------------|
|                                       | SR               | SR               |
| Provision for expected credit losses  | 728,481          | 943,334          |
| Provision for slow moving inventories | 1,222,951        | 1,101,650        |
| Property and equipment differential   | 642,537          | 673,548          |
| Provision for warranties              | 297,218          | 198,018          |
| Employees' defined benefit liability  | 1,886,434        | 1,763,105        |
| Others                                | 432,623          | 12,731           |
|                                       | <u>5,210,244</u> | <u>4,692,386</u> |

Movement in deferred tax balances is as follows;

|                                                 | 2025             | 2024             |
|-------------------------------------------------|------------------|------------------|
|                                                 | SR               | SR               |
| At the beginning of the year                    | 4,692,386        | 4,218,397        |
| Reversal in profit or loss                      | 536,424          | 402,734          |
| (Charge) reversal in other comprehensive income | (18,566)         | 71,255           |
| At the end of the year                          | <u>5,210,244</u> | <u>4,692,386</u> |

**16 RIGHT OF USE ASSETS AND LEASE LIABILITIES**

The Group leases land, buildings and staff accommodation facilities. The leases typically run for a period of 5 to 20 years, with an option to renew the lease after that date.

**a. Right-of-use assets**

The carrying amount of the right-of-use assets and movement during the year is as follows:

|                                 | Land and<br>buildings<br>SR |
|---------------------------------|-----------------------------|
| <b>Cost</b>                     |                             |
| As at 1 April 2023              | 5,457,994                   |
| Modification during the year    | <u>272,912</u>              |
| As at 1 March 2024              | 5,730,906                   |
| Addition during the year        | <u>8,585,385</u>            |
| <b>As at 31 March 2025</b>      | <b><u>14,316,291</u></b>    |
| <b>Accumulated depreciation</b> |                             |
| As at 31 April 2023             | 3,517,594                   |
| Depreciation charge             | <u>878,599</u>              |
| As at 31 March 2024             | 4,396,193                   |
| Depreciation charge             | <u>1,144,007</u>            |
| <b>As at 31 March 2025</b>      | <b><u>5,540,200</u></b>     |
| <b>Net book value</b>           |                             |
| <b>As at 31 March 2025</b>      | <b><u>8,776,091</u></b>     |
| As at 31 March 2024             | 1,334,713                   |



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**16 RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)**

**a. Right-of-use assets (continued)**

The depreciation charge has been allocated as follows:

|                                               | 2025<br>SR       | 2024<br>SR     |
|-----------------------------------------------|------------------|----------------|
| Cost of revenue (note 18)                     | 883,813          | 867,073        |
| General and administration expenses (note 19) | 255,082          | 5,763          |
| Selling and distribution expenses (note 20)   | 5,112            | 5,763          |
|                                               | <u>1,144,007</u> | <u>878,599</u> |

**b. Lease liabilities**

|                                 | 2025<br>SR         | 2024<br>SR       |
|---------------------------------|--------------------|------------------|
| As at 1 April                   | 1,141,202          | 1,634,406        |
| Additions during the year       | 8,585,385          | 272,912          |
| Accretion of interest (note 22) | 423,435            | 79,868           |
| Payments during the year        | <u>(1,844,405)</u> | <u>(845,984)</u> |
| Balance at 31 March             | <u>8,305,617</u>   | <u>1,141,202</u> |

Lease liabilities are presented in the financial position as follows:

|             | 2025<br>SR       | 2024<br>SR       |
|-------------|------------------|------------------|
| Current     | 1,281,706        | 100,758          |
| Non-current | <u>7,023,911</u> | <u>1,040,444</u> |
|             | <u>8,305,617</u> | <u>1,141,202</u> |

Lease liabilities are payable as follows:

**31 March 2025**

|                            | Future minimum<br>lease payments<br>SR | Interest<br>SR   | Present value<br>of minimum<br>lease payments<br>SR |
|----------------------------|----------------------------------------|------------------|-----------------------------------------------------|
| Less than one year         | 1,867,080                              | 585,373          | 1,281,707                                           |
| Between one and five years | 6,949,923                              | 1,707,642        | 5,242,281                                           |
| More than five years       | <u>2,584,745</u>                       | <u>803,116</u>   | <u>1,781,629</u>                                    |
|                            | <u>11,401,748</u>                      | <u>3,096,131</u> | <u>8,305,617</u>                                    |

**31 March 2024**

|                            | Future minimum<br>lease payments<br>SR | Interest<br>SR | Present value<br>of minimum<br>lease payments<br>SR |
|----------------------------|----------------------------------------|----------------|-----------------------------------------------------|
| Less than one year         | 158,122                                | 57,364         | 100,758                                             |
| Between one and five years | 652,348                                | 173,729        | 478,619                                             |
| More than five years       | <u>702,809</u>                         | <u>140,984</u> | <u>561,825</u>                                      |
|                            | <u>1,513,279</u>                       | <u>372,077</u> | <u>1,141,202</u>                                    |

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**16 RIGHT OF USE ASSETS AND LEASE LIABILITIES (continued)**

**c. Amounts recognised in profit or loss**

|                                             | 2025<br>SR       | 2024<br>SR       |
|---------------------------------------------|------------------|------------------|
| Depreciation expense of right-of-use assets | 1,144,007        | 878,599          |
| Interest expense on lease liabilities       | 423,435          | 79,868           |
| Expenses related to short term leases       | 869,148          | 623,324          |
|                                             | <u>2,436,590</u> | <u>1,581,791</u> |

**d. Amounts recognised in the statement of cash flows**

The Group had total cash outflows for leases of SR 1,844,405 (2024: SR 845,984).

**17 REVENUE FROM CONTRACT WITH CUSTOMERS**

|                                                                    | 2025<br>SR         | 2024<br>SR         |
|--------------------------------------------------------------------|--------------------|--------------------|
| <b>Type of goods or services</b>                                   |                    |                    |
| Sales of refrigeration/non-refrigeration bodies with cooling units | 362,704,172        | 239,172,083        |
| Installation and commissioning of cold stores                      | 99,672,873         | 65,109,537         |
| Servicing and repairs                                              | 41,960,574         | 44,865,630         |
| <b>Total revenue</b>                                               | <u>504,337,619</u> | <u>349,147,250</u> |
|                                                                    | 2025<br>SR         | 2024<br>SR         |
| <b>Timing of revenue recognition</b>                               |                    |                    |
| Revenue recognised at a point in time                              | 404,664,746        | 279,633,957        |
| Revenue recognised over time                                       | 99,672,873         | 69,513,293         |
|                                                                    | <u>504,337,619</u> | <u>349,147,250</u> |
|                                                                    | 2025<br>SR         | 2024<br>SR         |
| <b>Customer wise revenue recognition</b>                           |                    |                    |
| External customers                                                 | 504,337,619        | 345,373,917        |
| Related parties                                                    | -                  | 3,773,333          |
|                                                                    | <u>504,337,619</u> | <u>349,147,250</u> |
|                                                                    | 2025<br>SR         | 2024<br>SR         |
| <b>Geographical markets</b>                                        |                    |                    |
| Kingdom of Saudi Arabia                                            | 490,037,431        | 345,080,978        |
| Out of Kingdom of Saudi Arabia                                     | 14,300,188         | 4,066,272          |
|                                                                    | <u>504,337,619</u> | <u>349,147,250</u> |

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**17 REVENUE FROM CONTRACT WITH CUSTOMERS (continued)**

**Contract balances**

|                                | 2025<br>SR | 2024<br>SR  |
|--------------------------------|------------|-------------|
| Trade receivables (note 8)     | 64,531,438 | 105,619,955 |
| Contract liabilities (note 14) | 45,432,633 | 55,148,851  |

Contract liabilities represent billing in excess of value of work executed for ongoing cold storage projects and advances received from customers with respect of the sale of goods. Revenue recognised during the year that was included in the contract liability balance at the beginning of the period amounting to SR 51.78 million (2024: SR 23.68 million).

**18 COST OF REVENUE**

|                                                                | 2025<br>SR         | 2024<br>SR         |
|----------------------------------------------------------------|--------------------|--------------------|
| Raw materials, consumables, change in finished goods and other | 336,615,089        | 220,408,981        |
| Employees' related costs                                       | 35,954,722         | 32,987,216         |
| Depreciation of property and equipment (note 5)                | 2,684,220          | 2,093,090          |
| Utilities                                                      | 2,362,893          | 2,516,708          |
| Repairs and maintenance                                        | 2,297,778          | 2,199,070          |
| Warranty expense                                               | 1,642,135          | 856,760            |
| Charge of provision for slow moving inventories (note 7)       | 1,295,582          | -                  |
| Depreciation of right-of-use assets (note 16)                  | 883,813            | 867,073            |
| Rent                                                           | 795,374            | 834,357            |
| Amortization of intangible assets (note 6)                     | 115,856            | 76,321             |
| Others                                                         | 3,239,995          | 2,471,390          |
|                                                                | <u>387,887,457</u> | <u>265,310,966</u> |

**19 GENERAL AND ADMINISTRATION EXPENSES**

|                                                 | 2025<br>SR        | 2024<br>SR        |
|-------------------------------------------------|-------------------|-------------------|
| Employees' related costs                        | 19,956,647        | 14,831,177        |
| Legal, professional and consultancy fees        | 3,895,515         | 1,491,235         |
| Utilities                                       | 2,496,968         | 1,805,031         |
| Depreciation of property and equipment (note 5) | 1,269,621         | 712,753           |
| Allowance against refundable deposits (note 9)  | 1,240,000         | 1,800,000         |
| Bank charges                                    | 664,587           | 459,058           |
| Depreciation of right-of-use assets (note 16)   | 255,082           | 5,763             |
| Repairs and maintenance                         | 210,651           | 137,759           |
| Amortization of intangible assets (note 6)      | 189,956           | 147,363           |
| Rent                                            | 73,774            | 51,249            |
| Others                                          | 2,022,146         | 2,347,729         |
|                                                 | <u>32,274,947</u> | <u>23,789,117</u> |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2025

**20 SELLING AND DISTRIBUTION EXPENSES**

|                                                 | 2025<br>SR        | 2024<br>SR       |
|-------------------------------------------------|-------------------|------------------|
| Employees' related costs                        | 6,847,690         | 5,734,349        |
| Sales commission                                | 4,260,492         | 2,399,742        |
| Depreciation of property and equipment (note 5) | 245,416           | 135,804          |
| Utilities                                       | 228,148           | 135,329          |
| Advertisement and promotion                     | 122,564           | 630,790          |
| Depreciation of right-of-use assets (note 16)   | 5,112             | 5,763            |
| Others                                          | 634,809           | 346,742          |
|                                                 | <u>12,344,231</u> | <u>9,388,519</u> |

**21 OTHER INCOME**

|                                                    | 2025<br>SR       | 2024<br>SR       |
|----------------------------------------------------|------------------|------------------|
| Exchange gain on financial transactions            | 1,571,707        | 740,232          |
| Disbursements from human resource development fund | 1,128,799        | 1,268,568        |
| Gains on sale of scrap materials                   | 948,137          | 640,432          |
| Claim received                                     | -                | 527,964          |
| Other miscellaneous income                         | 1,196,637        | 285,842          |
|                                                    | <u>4,845,280</u> | <u>3,463,038</u> |

**22 FINANCE COST**

|                                                                                | 2025<br>SR       | 2024<br>SR     |
|--------------------------------------------------------------------------------|------------------|----------------|
| Accretion of finance costs on employees' defined benefit liabilities (note 11) | 837,437          | 599,589        |
| Accretion of finance costs on lease liabilities (note 16)                      | 423,435          | 79,868         |
|                                                                                | <u>1,260,872</u> | <u>679,457</u> |

**23 SHARE CAPITAL**

The share capital is divided into authorized, issued and fully paid 100 million shares (31 March 2024: 10,000 shares) of SR 1 each (31 March 2024: SR 100 each) as follows:

| Name of the owner                                       | Percentage | 31 March<br>2025 | 31 March<br>2024 |
|---------------------------------------------------------|------------|------------------|------------------|
| GK Gruenfelder International AG                         | 50%        | 50,000,000       | 500,000          |
| Darat Esmat Bin Abdul-Samad Al Saady<br>Holding Company | 50%        | 50,000,000       | 500,000          |
|                                                         | 100%       | 100,000,000      | 1,000,000        |

During the year, the shareholders of the Company resolved to increase the company's share capital from SR 1 million to SR 100 million by utilizing SR 34.8 million of retained earnings and SR 64.2 million of additional capital contribution (note 24) of the Company. Further, value per share has been reduced from SR 10,000 to SR 1 each. The legal formalities in this respect were completed.

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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#### 24 ADDITIONAL CAPITAL CONTRIBUTION

On 17 March 2021, the Parent Company acquired 100% shareholding of Coldstores Group of Saudi Arabia against purchase consideration of SR 30 million, through a share transfer agreement among the joint owners of the two entities. The acquisition was treated as transaction under common control since the Company and Coldstores Group of Saudi Arabia are ultimately controlled by the same shareholders.

On 20 December 2021, the Parent Company acquired 100% shareholding of Consolidated Gruenfelder Saady Company against purchase consideration of SR 11.7 million, through a share transfer agreement among the joint owners of the two entities. The acquisition was treated as transaction under common control since the Company and Consolidated Gruenfelder Saady Company are ultimately controlled by the same shareholders. Post-acquisitions, the shareholders waived their right to claim the principal and further waived their right to charge any interest on the principal amount. The waivers were in the capacity as shareholder and approved by the Company's shareholders. Accordingly, the waivers amounting to SR 41.7 million was recognized directly in the consolidated statement of changes in equity as additional capital contribution by the shareholders.

During 2023, a shareholder of the Company transferred two plots of freehold land with a fair value of SR 12.7 million for no consideration. The transfer was in the capacity of shareholder and approved by the shareholders. Accordingly, the same was recognized as addition to the freehold land and as additional capital contribution by the shareholders. Further, the shareholders resolved to increase the capital of the Company equivalent to the fair value of the land transferred amounting to SR 12.7 million. The fair value of the land was based on a valuation exercise carried out by MFAZ Arabia Professional Consultancies, an independent valuer not related to the Group, holding license number 1210000011 and registered with Taqueem (Saudi Authority for Accredited Valuers). The fair value was determined based on the market comparative approach that reflects recent transaction prices for similar properties.

During the year, the Parent Company (acquirer) acquired 100% shareholding of Al Saadi Refrigeration Air Conditioning W.L.L (acquiree) with net assets of SR 5.5 million (see note 30) effective from 1 April 2024 for no consideration, through a resolution made on the capacity of the shareholders of the acquirer and the acquiree. The acquisition of the subsidiary is considered as a business combination between entities under common control as both the acquirer and the acquiree are ultimately controlled by same shareholders. The acquisition was in the capacity as shareholder and approved by the shareholder. Accordingly, the same was recognized as additional capital contribution by the shareholders.

During the year, a shareholder of the Company transferred a plot of freehold land with a fair value of SR 4.3 million for no consideration. The transfer was in the capacity of shareholder and approved by the shareholders. Accordingly, the same was recognized as addition to the freehold land and as additional capital contribution by the shareholders. Further, the shareholders resolved to increase the capital of the Company equivalent to the fair value of the land transferred amounting to SR 4.3 million. The fair value of the land was based on a valuation exercise carried out by MFAZ Arabia Professional Consultancies, an independent valuer not related to the Group, holding license number 1210000011 and registered with Taqueem (Saudi Authority for Accredited Valuers). The fair value was determined based on the market comparative approach that reflects recent transaction prices for similar properties.

During the year the additional capital contribution totalling to SR 64,194,258 was utilized to increase the share capital of the Company (refer note 23).

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#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2025

#### 25 RISK MANAGEMENT

The Group may expose to certain risks from its use of financial instruments. The Group's management reviews and agrees policies for managing each of these risks which are summarised below.

- a) Credit risk
- b) Market risk, and
- c) Liquidity risk

The Group's board of directors oversees the management of these risks. The Group's management regularly review the policies and procedures to ensure that all the financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.

The Group'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 react to changes in market conditions and the Group's activities.

##### *a) Credit risk*

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and will cause the other party to incur a financial loss. The Group seeks to manage its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables. At the reporting date, no significant concentrations of credit risk were identified by the management. With respect to credit risk arising from financial assets of the Group, including cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Key areas where the Group is exposed to credit risk are:

- Cash and cash equivalents
- Trade receivables
- Due from related parties

##### *Cash and cash equivalents*

The Group's bank balances and short-term deposits are placed with reputable local banks having sound credit ratings. The Group believes that it would be able to realise its balances from these banks without any loss to the Group.

##### *Trade receivables*

The Group's exposure to credit risk is mainly affected by the individual characteristics of each individual customers. Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2025

**25 RISK MANAGEMENT (continued)**

**a) Credit risk (continued)**

**Trade receivables (continued)**

Exposure within each credit risk grade are segmented by industry classification and an ECL rate is calculated based on delinquency status and actual credit loss experience over the past years. These rates are multiplied by scalar factors to reflect difference between economic conditions during the period over which historical data has been collected, current conditions and the Group views of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables for customers as at 31 March 2025 and 31 March 2024:

| <b>31 March 2025</b> | <i>Credit<br/>loss rate</i> | <i>Gross carrying<br/>amount</i> | <i>Loss<br/>allowance</i> | <i>Net trade<br/>receivables</i> |
|----------------------|-----------------------------|----------------------------------|---------------------------|----------------------------------|
|                      | <i>%</i>                    | <i>SR</i>                        | <i>SR</i>                 | <i>SR</i>                        |
| Not due              | 0.96%                       | 50,092,139                       | (479,144)                 | 49,612,995                       |
| 0-90 days            | 3.32%                       | 9,406,388                        | (311,935)                 | 9,094,453                        |
| 90-180 days          | 11.96%                      | 4,127,778                        | (493,515)                 | 3,634,263                        |
| 180-270 days         | 38.64%                      | 1,537,606                        | (594,121)                 | 943,485                          |
| 270-360 days         | 50.65%                      | 894,253                          | (452,951)                 | 441,302                          |
| More than 360 days   | 87.29%                      | 6,333,907                        | (5,528,967)               | 804,940                          |
|                      |                             | <u>72,392,071</u>                | <u>(7,860,633)</u>        | <u>64,531,438</u>                |
| <b>31 March 2024</b> | <i>Credit<br/>loss rate</i> | <i>Gross carrying<br/>amount</i> | <i>Loss<br/>allowance</i> | <i>Net trade<br/>receivables</i> |
|                      | <i>%</i>                    | <i>SR</i>                        | <i>SR</i>                 | <i>SR</i>                        |
| Not due              | 0.40%                       | 72,486,866                       | (287,791)                 | 72,199,075                       |
| 0-90 days            | 0.92%                       | 23,176,100                       | (213,001)                 | 22,963,099                       |
| 90-180 days          | 4.01%                       | 3,622,880                        | (145,411)                 | 3,477,470                        |
| 180-270 days         | 4.01%                       | 703,047                          | (28,193)                  | 674,854                          |
| 270-360 days         | 17.79%                      | 2,556,742                        | (454,829)                 | 2,101,913                        |
| More than 360 days   | 66.39%                      | 12,507,649                       | (8,304,104)               | 4,203,545                        |
|                      |                             | <u>115,053,284</u>               | <u>(9,433,329)</u>        | <u>105,619,955</u>               |

**Due from related parties**

The Group's substantial sales are made to external customers and certain revenue transactions are carried out with related parties. The Group also incurred certain expense on behalf of the related parties and charge back to them. The Group manages its credit risk with respect to balances due from related parties and the outstanding balances are reviewed by the Group's Board of Directors on regular basis to minimise the concentration of risks and therefore mitigate financial loss through a related party's potential failure to make payments. Based on the management assessment, the related party balances are expecting to be realized without any loss to the Group.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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**25 RISK MANAGEMENT (continued)**

**b) Market risk**

Market risk is the risk that changes in the market prices, such as foreign exchange rates and interest rates, will affect the Group's profit or loss. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return.

**Interest rate risk**

Interest rate risk arises from the possibility that the changes in interest rates will affect either the fair values or the future cash flows of the financial instruments. The Company's exposure to the interest rate risk is limited to the Murabaha short-term deposits placed with the local commercial bank and the profit margin on those deposits are fixed. The interest cost relates to the lease liabilities are also fixed through lease instalment. Accordingly, the Group is not exposed to significant interest rate risk.

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency). The Group is subject to fluctuations in foreign exchange rates for USD, GBP and EUR.

The risk of fluctuation in the USD is low as historically USD does not fluctuate against Saudi Riyal significantly. The currency risk is monitored at the Group level. As the amounts of transactions and outstanding balances relates to Euro and GBP are very minimal, there is no significant currency risk exposure to the Group in relation to the balances and transactions in these currencies.

At the year end, the Group has exposure to the following foreign currencies:

| <i>Foreign currencies</i>  | <i>2025<br/>SR</i> | <i>2024<br/>SR</i> |
|----------------------------|--------------------|--------------------|
| United States Dollar (USD) | (14,887,817)       | (34,076,964)       |
| Euro                       | (1,062,280)        | 1,378,292          |

**Sensitivity Analysis:**

A reasonably possible strengthening / weakening of the SAR against US dollar and Euro at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and profit or loss by the amounts shown below.

| <i>Foreign currencies</i>  | <i>2025</i>        |                    | <i>2024</i>        |                    |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
|                            | <i>1% increase</i> | <i>1% decrease</i> | <i>1% increase</i> | <i>1% decrease</i> |
| United States Dollar (USD) | (148,878)          | 148,878            | (340,971)          | 340,971            |
| Euro                       | (10,623)           | 10,623             | 13,783             | (13,783)           |

**c) 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 is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.



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**25 RISK MANAGEMENT (continued)**

**c) Liquidity risk (continued)**

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

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

The table below summarises the maturity profile of the Group's financial liabilities (other than lease liabilities) based on contractual undiscounted payments. Trade payables are non-interest bearing and are normally settled on 30 to 90 days terms. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For the maturity profile on the lease liabilities, please refer to note 16.

*As at 31 March 2025*

|                        | <i>Up to 3<br/>months<br/>SR</i> | <i>More than 3<br/>months to 1<br/>year<br/>SR</i> | <i>Total<br/>SR</i> |
|------------------------|----------------------------------|----------------------------------------------------|---------------------|
| Trade payables         | 31,694,277                       | -                                                  | 31,694,277          |
| Other payables         | 19,889,724                       | -                                                  | 19,889,724          |
| Due to related parties | -                                | -                                                  | -                   |
|                        | <u>51,584,001</u>                | <u>-</u>                                           | <u>51,584,001</u>   |

*As at 31 March 2024*

|                        | <i>Up to 3<br/>months<br/>SR</i> | <i>More than 3<br/>months to 1<br/>year<br/>SR</i> | <i>Total<br/>SR</i> |
|------------------------|----------------------------------|----------------------------------------------------|---------------------|
| Trade payables         | 57,295,428                       | 989,469                                            | 58,284,897          |
| Other payables         | 5,474,986                        | 9,384,955                                          | 14,859,941          |
| Due to related parties | 77,580                           | 384,324                                            | 461,904             |
|                        | <u>62,847,994</u>                | <u>10,758,748</u>                                  | <u>73,606,742</u>   |

**26 FAIR VALUES OF FINANCIAL INSTRUMENTS**

The Group's financial assets consist of cash and cash equivalents, due from related parties, trade and other receivables. Its financial liabilities consist of due to related parties, payables, lease liabilities, and other liabilities. The fair values of financial assets and liabilities which are valued at original transaction value, are not expected to be materially different from their carrying values.

Financial assets and liabilities are offset and net amounts reported in the financial statements, when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and liability simultaneously.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities by category of financial instruments. It does not include fair value information for financial assets and financial liabilities since the carrying amount of financial assets and liabilities held by the Group approximates fair value.

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At 31 March 2025

26 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Financial assets and liabilities

|                                           | Notes | 2025<br>SR         | 2024<br>SR         |
|-------------------------------------------|-------|--------------------|--------------------|
| <i>Financial assets</i>                   |       |                    |                    |
| <i>Financial assets at amortized cost</i> |       |                    |                    |
| Trade receivables                         | 8     | 64,531,438         | 105,619,955        |
| Amounts due from a related parties        | 12    | 5,342,016          | 906,142            |
| Cash and cash equivalents                 | 10    | 68,585,359         | 18,752,638         |
|                                           |       | <u>138,458,813</u> | <u>125,278,735</u> |
| <i>Financial liabilities</i>              |       |                    |                    |
| Trade payable                             |       | 31,694,274         | 58,284,897         |
| Amounts due to related parties            | 12    | -                  | 461,904            |
| Accruals and other payables               | 13    | 19,889,727         | 14,859,941         |
| Lease liabilities                         | 16    | 8,305,617          | 1,141,202          |
|                                           |       | <u>59,889,618</u>  | <u>74,747,944</u>  |

27 DIVIDENDS DISTRIBUTION

During the year, the shareholders of the Company resolved to distribute cash dividends of SR 0.28 per share amounting to SR 28,161,220 (2024: the shareholders resolved to distribute dividends of SR 0.22 per share (restated, refer note 23) totaling to SR 21,839,676). The dividends were fully settled during the year.

28 CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes capital, addition equity contribution, statutory reserve and retained earnings attributable to the shareholders of the Group. The primary objective of the Group's capital management is to maximise the shareholders' value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to the owner. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2025 and 2024. The Group's debt to adjusted capital ratio at the end of the reporting year as follows:

|                                          | 2025<br>SR         | 2024<br>SR         |
|------------------------------------------|--------------------|--------------------|
| Total liabilities                        | 135,795,329        | 158,885,255        |
| Less: cash and cash equivalents          | (68,585,359)       | (18,752,638)       |
| Net debt                                 | <u>67,209,970</u>  | <u>140,132,617</u> |
| Total equity                             | <u>162,714,125</u> | <u>114,734,214</u> |
| Net debt to capital ratio as of 31 March | <u>0.41</u>        | <u>1.22</u>        |

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A CLOSED JOINT STOCK COMPANY)

#### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2025

#### 29 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the year attributable to the shareholders of the Company by the weighted average number of outstanding shares during the year as follows:

|                                                                                                 | 2025<br>SR  | 2024<br>SR  |
|-------------------------------------------------------------------------------------------------|-------------|-------------|
| Profit for the year attributable to the shareholders of the Company                             | 66,219,323  | 45,048,954  |
| Total other comprehensive income for the year attributable to the shareholders of the Company   | 66,386,412  | 44,407,663  |
| Number of outstanding shares during the year                                                    | 100,000,000 | 100,000,000 |
| Basic and diluted earnings per share attributable to the shareholders of the Company (restated) | 0.66        | 0.45        |
| Basic and diluted earnings per share attributable to the shareholders of the Company (restated) | 0.66        | 0.44        |

The earning per share for the comparative period has been adjusted retrospectively to reflect the treatment of effect of increase of share capital by capitalising elements of equity in accordance with the relevant accounting standard (refer 23).

#### 30 ACQUISITIONS OF A SUBSIDIARY

Effective 1 April 2024, the Company (acquirer) acquired 100% of the shares and voting interest in Al Saadi Refrigeration Air Conditioning W.L.L ("the acquiree") at the net book value of the acquiree for no consideration (see note 24). Prior to acquisition, the acquiree was owned by following shareholders who also have controlling interest in the parent Company.

- Darat Esmat Bin Abdul-Samad Al Saady Holding Company
- GK Gruenenfelder International AG

The management has opted to apply predecessor method accounting to account for this transaction in these consolidated financial statements. this method, consolidated net assets of the acquiree are included in the consolidated financial statements at the same carrying values at which they were recorded in acquiree own financial statements at the effective date of acquisition on 1 April 2024. The acquisition has resulted in a group restructuring with an aim to bring cost efficiencies. The consolidated results and consolidated statement of financial position of acquiree are consolidated prospectively from the date of acquisition.

#### *Identifiable assets acquired and liabilities assumed*

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

|                                                    | SR        |
|----------------------------------------------------|-----------|
| Property, plant and equipment (note 5)             | 1,472,060 |
| Trade receivables, net                             | 1,423,220 |
| Inventories, net                                   | 2,796,760 |
| Amounts due from related parties                   | 52,969    |
| Prepayments and other current assets               | 144,450   |
| Cash and cash equivalents                          | 2,091,410 |
| Employees' defined benefit liabilities (note 11.1) | (487,770) |

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**30 ACQUISITIONS OF A SUBSIDIARY (continued)**

SR

|                                                |                         |
|------------------------------------------------|-------------------------|
| Trade payable                                  | (112,800)               |
| Accrued expenses and other current liabilities | (647,880)               |
| Contract liabilities                           | (322,670)               |
| Amounts due to related parties                 | (943,030)               |
| Carrying value of the net assets               | <u><u>5,466,719</u></u> |

**31 SEGMENT INFORMATION**

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

- Sales of refrigeration/non-refrigeration bodies with cooling units relates to the automotive and special products segment (sale of goods).
- Installation and commissioning of temperature control storage units and facilities (contract activities).
- Servicing and repairs and maintenance related work (service activities).

Based on a management decision and in line with management reporting, the income and expenses relating to the Corporate segment, have been allocated to the segments using activity-based costing. The Assets and liabilities are not included in the measures used by the CODM, hence segment assets and liabilities are not reported in the below segment disclosure. All operating assets of the Group are located in the Kingdom of Saudi Arabia apart for SR 11.73 million assets of a subsidiary registered in the Kingdom of Bahrain.

The following tables present revenue and profit information for the Group's operating segments for the year ended 31 March 2025 and 2024, respectively.

**Business segments**

*For the year ended 31 March 2025*

|                                            | <i>Sale of goods</i> | <i>Contract activities</i> | <i>Service activities</i> | <i>Total</i> |
|--------------------------------------------|----------------------|----------------------------|---------------------------|--------------|
|                                            | <i>SR</i>            | <i>SR</i>                  | <i>SR</i>                 | <i>SR</i>    |
| Revenue                                    | 362,704,172          | 99,672,873                 | 41,960,574                | 504,337,619  |
| Segment profit before zakat and income tax | 55,875,926           | 6,286,228                  | 12,999,572                | 75,161,726   |

*For the year ended 31 March 2024*

|                                            | <i>Sale of goods</i> | <i>Contract activities</i> | <i>Service activities</i> | <i>Total</i> |
|--------------------------------------------|----------------------|----------------------------|---------------------------|--------------|
|                                            | <i>SR</i>            | <i>SR</i>                  | <i>SR</i>                 | <i>SR</i>    |
| Revenue                                    | 239,172,083          | 65,109,537                 | 44,865,630                | 349,147,250  |
| Segment profit before zakat and income tax | 34,529,909           | 5,564,492                  | 11,625,770                | 51,720,171   |

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES

(A CLOSED JOINT STOCK COMPANY)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2025

**31 SEGMENT INFORMATION (continued)**

**Business segments (continued)**

*For the year ended 31 March 2025*

|                                                   | <i>Saudi<br/>Arabia</i> | <i>Bahrain</i> | <i>Total</i> |
|---------------------------------------------------|-------------------------|----------------|--------------|
|                                                   | <i>SR</i>               | <i>SR</i>      | <i>SR</i>    |
| Revenue                                           | 504,588,450             | 9,784,160      | 514,372,610  |
| Inter segment revenue elimination                 | (10,034,991)            | -              | (10,034,991) |
| Revenue from the external customers               | 494,553,459             | 9,784,160      | 504,337,619  |
| Segment profit/(loss) before zakat and income tax | 75,056,866              | 104,860        | 75,161,726   |

*For the year ended 31 March 2024*

|                                            | <i>Saudi<br/>Arabia</i> | <i>Bahrain</i> | <i>Total</i> |
|--------------------------------------------|-------------------------|----------------|--------------|
|                                            | <i>SR</i>               | <i>SR</i>      | <i>SR</i>    |
| Revenue                                    | 349,147,250             | -              | 349,147,250  |
| Segment profit before zakat and income tax | 51,720,171              | -              | 51,720,171   |

**32 COMPARATIVE AMOUNTS**

Certain of the prior period items have been reclassified to conform with the classification and presentation in the current year. However, such reclassification have not resulted in any impact on equity or profit for the prior period. The key reclassifications were as follows:

| <b>Particulars</b>                   | <b>Reclassification from</b>                                       | <b>Reclassification to</b> | <b>Amount</b> |
|--------------------------------------|--------------------------------------------------------------------|----------------------------|---------------|
| Revenue from contract with customers | Sales of refrigeration/non-refrigeration bodies with cooling units | Servicing and repairs      | 279,562       |
| Revenue from contract with customers | Installation and commissioning of cold stores                      | Servicing and repairs      | 4,403,756     |

**33 CONTINGENT LIABILITIES**

As at 31 March 2025, the Company's bankers have issued letters of guarantee and letter of credit, on behalf of the Group entities, relating to contract performance amounting to SR 8.9 million (31 March 2024: SR 16.1 million) and SR 2.9 million (31 March 2024: SR 3.4 million) respectively, against which the Group has provided margin deposit of SR 1.1 million (31 March 2024: SR 1.1 million)

**34 SUBSEQUENT EVENTS**

Apart for the approval of the Company's application for IPO from the Capital Market Authority as explained in the note 1 to the consolidated financial statements, no further matter has occurred up to and including the date of the approval of the consolidated financial statements by the Board of Directors of the Group which could materially affect the consolidated financial statements and the related disclosures for the year ended 31 March 2025.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES

(A CLOSED JOINT STOCK COMPANY)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

At 31 March 2025

**35 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements have been approved by the Board of Directors on 27 Muharram 1447H, corresponding to 22 July 2025.

v

**CONSOLIDATED GRUENENFELDER  
SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES  
(A CLOSED JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)  
AND  
INDEPENDENT AUDITOR'S REVIEW REPORT FOR THE THREE-  
MONTH PERIOD ENDED 30 JUNE 2025**

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY  
AND ITS SUBSIDIARIES  
(A CLOSED JOINT STOCK COMPANY)

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INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED) AND INDEPENDENT AUDITOR'S REVIEW REPORT  
For the three-month period ended 30 June 2025

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ERNST & YOUNG PROFESSIONAL SERVICES (PROFESSIONAL LLC)  
Paid-Up Capital: ﷲ 5,500,000 (Five Million Five Hundred Thousand Saudi Riyals)

Head Office  
Financial Boulevard 3126, Al Aqeeq Dist. 6717, Riyadh 13519  
KAFD 1.11 B, South Tower, 8<sup>th</sup> Floor  
P.O. Box 2732, Riyadh 11461  
Kingdom of Saudi Arabia

C.R. No. 1010383821  
Unified No. 7000117205

Tel: +966 11 215 9898  
+966 11 273 4740  
Fax: +966 11 273 4730  
[ey.ksa@sa.ey.com](mailto:ey.ksa@sa.ey.com)  
[ey.com](http://ey.com)

**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF CONSOLIDATED GRUENENFELDER  
SAADY HOLDING COMPANY AND ITS SUBSIDIARIES  
(A CLOSED JOINT STOCK COMPANY)**

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Consolidated Gruenfelder Saady Holding Company - A Closed Joint Stock Company ("the Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2025, and the related interim condensed consolidated statement of profit or loss and other comprehensive income, statements of changes in equity and cash flows for the three-month period then ended, and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

**Other Matter**

We were not engaged to audit or review the financial statements of the group as at and for the period ended 30 June 2024. Accordingly, the comparative numbers as at and for the period ended 30 June 2024 are unaudited and unreviewed and are presented for comparison purposes only.

for Ernst & Young Professional Services

Marwan S. AlAfaliq  
Certified Public Accountant  
License No. 422



Riyadh: 16 Rabi Al-Thani 1447H  
8 October 2025

**CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A CLOSED JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
As at 30 June 2025

|                                                | <i>Notes</i> | <b>30 June<br/>2025<br/>SR<br/>(Unaudited)</b> | <b>31 March<br/>2025<br/>SR<br/>(Audited)</b> |
|------------------------------------------------|--------------|------------------------------------------------|-----------------------------------------------|
| <b>ASSETS</b>                                  |              |                                                |                                               |
| <b>NON-CURRENT ASSETS</b>                      |              |                                                |                                               |
| Property and equipment                         | 4            | <b>49,620,540</b>                              | 50,866,093                                    |
| Intangible assets                              |              | <b>665,125</b>                                 | 745,135                                       |
| Right-of-use assets                            |              | <b>8,439,143</b>                               | 8,776,091                                     |
| Deferred tax assets                            | 6            | <b>5,306,452</b>                               | 5,210,244                                     |
| <b>TOTAL NON-CURRENT ASSETS</b>                |              | <b>64,031,260</b>                              | 65,597,563                                    |
| <b>CURRENT ASSETS</b>                          |              |                                                |                                               |
| Inventories                                    |              | <b>108,088,022</b>                             | 78,202,532                                    |
| Trade receivables                              |              | <b>63,995,713</b>                              | 64,531,438                                    |
| Amounts due from related parties               | 5            | <b>6,872,008</b>                               | 5,342,016                                     |
| Prepayments and other current assets           |              | <b>19,404,488</b>                              | 16,250,546                                    |
| Cash and cash equivalents                      |              | <b>54,517,741</b>                              | 68,585,359                                    |
| <b>TOTAL CURRENT ASSETS</b>                    |              | <b>252,877,972</b>                             | 232,911,891                                   |
| <b>TOTAL ASSETS</b>                            |              | <b>316,909,232</b>                             | 298,509,454                                   |
| <b>EQUITY AND LIABILITIES</b>                  |              |                                                |                                               |
| <b>EQUITY</b>                                  |              |                                                |                                               |
| Share capital                                  | 8            | <b>100,000,000</b>                             | 100,000,000                                   |
| Statutory reserve                              | 10           | <b>300,000</b>                                 | 300,000                                       |
| Retained earnings                              |              | <b>61,640,930</b>                              | 62,414,125                                    |
| <b>TOTAL EQUITY</b>                            |              | <b>161,940,930</b>                             | 162,714,125                                   |
| <b>LIABILITIES</b>                             |              |                                                |                                               |
| <b>NON-CURRENT LIABILITIES</b>                 |              |                                                |                                               |
| Employees defined benefit liabilities          |              | <b>19,832,139</b>                              | 19,135,611                                    |
| Lease liabilities                              |              | <b>7,029,166</b>                               | 7,023,911                                     |
| <b>TOTAL NON-CURRENT LIABILITIES</b>           |              | <b>26,861,305</b>                              | 26,159,522                                    |
| <b>CURRENT LIABILITIES</b>                     |              |                                                |                                               |
| Trade payables                                 |              | <b>54,629,906</b>                              | 31,694,274                                    |
| Accrued expenses and other current liabilities |              | <b>23,595,693</b>                              | 26,406,817                                    |
| Contract liabilities                           |              | <b>42,139,000</b>                              | 45,432,633                                    |
| Current portion of lease liabilities           |              | <b>1,249,974</b>                               | 1,281,706                                     |
| Provision for zakat and income tax             | 6            | <b>6,492,424</b>                               | 4,820,377                                     |
| <b>TOTAL CURRENT LIABILITIES</b>               |              | <b>128,106,997</b>                             | 109,635,807                                   |
| <b>TOTAL LIABILITIES</b>                       |              | <b>154,968,302</b>                             | 135,795,329                                   |
| <b>TOTAL EQUITY AND LIABILITIES</b>            |              | <b>316,909,232</b>                             | 298,509,454                                   |

The accompanying notes 1 to 16 form integral part of these interim condensed consolidated financial statements.

**CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES**  
**(A CLOSED JOINT STOCK COMPANY)**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
 For the three-month period ended 30 June 2025

|                                                  |             | For the<br>three-month period<br>ended<br>30 June<br>2025<br>SR<br>(Unaudited) | For the<br>three-month period<br>ended<br>30 June<br>2024<br>SR<br>(Unaudited) |
|--------------------------------------------------|-------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
|                                                  | <i>Note</i> |                                                                                |                                                                                |
| Revenue from contracts with customers            | 7           | 88,240,593                                                                     | 103,469,091                                                                    |
| Cost of sales                                    |             | (66,654,015)                                                                   | (76,855,346)                                                                   |
| <b>GROSS PROFIT</b>                              |             | <b>21,586,578</b>                                                              | <b>26,613,745</b>                                                              |
| General and administration expenses              |             | (9,217,716)                                                                    | (7,995,986)                                                                    |
| Selling and distribution expenses                |             | (1,812,854)                                                                    | (1,935,293)                                                                    |
| Charge of expected credit losses                 |             | (564,565)                                                                      | -                                                                              |
| <b>OPERATING PROFIT</b>                          |             | <b>9,991,443</b>                                                               | <b>16,682,466</b>                                                              |
| Finance costs                                    |             | (133,172)                                                                      | (6,399)                                                                        |
| Other income, net                                |             | 944,374                                                                        | 626,739                                                                        |
| <b>PROFIT BEFORE ZAKAT AND INCOME TAX</b>        |             | <b>10,802,645</b>                                                              | <b>17,302,806</b>                                                              |
| Zakat expense                                    | 6           | (417,689)                                                                      | (494,710)                                                                      |
| Income tax                                       | 6           | (1,254,358)                                                                    | (1,775,086)                                                                    |
| Deferred tax credit                              |             | 96,207                                                                         | 80,801                                                                         |
| <b>NET PROFIT FOR THE PERIOD</b>                 |             | <b>9,226,805</b>                                                               | <b>15,113,811</b>                                                              |
| Other comprehensive income for the period        |             | -                                                                              | -                                                                              |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b> |             | <b>9,226,805</b>                                                               | <b>15,113,811</b>                                                              |
| <b>Earnings per share</b>                        |             |                                                                                |                                                                                |
| Basic and diluted earnings per share (restated)  | 12          | 0.09                                                                           | 0.15                                                                           |

The accompanying notes 1 to 16 form integral part of these interim condensed consolidated financial statements.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES

(A CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 30 June 2025

|                                                | <i>Share<br/>capital<br/>SR</i> | <i>Additional<br/>capital<br/>contribution<br/>SR</i> | <i>Statutory<br/>reserve<br/>SR</i> | <i>Retained<br/>earnings<br/>SR</i> | <i>Total equity<br/>SR</i> |
|------------------------------------------------|---------------------------------|-------------------------------------------------------|-------------------------------------|-------------------------------------|----------------------------|
| Balance at 1 April 2024                        | 1,000,000                       | 54,439,539                                            | 300,000                             | 58,994,675                          | 114,734,214                |
| Profit for the period                          | -                               | -                                                     | -                                   | 15,113,811                          | 15,113,811                 |
| Other comprehensive income                     | -                               | -                                                     | -                                   | -                                   | -                          |
| Total comprehensive income                     | -                               | -                                                     | -                                   | 15,113,811                          | 15,113,811                 |
| Additional capital contribution<br>(note 9)    | -                               | 5,466,719                                             | -                                   | -                                   | 5,466,719                  |
| Balance at 30 June 2024<br>(Unaudited)         | <u>1,000,000</u>                | <u>59,906,258</u>                                     | <u>300,000</u>                      | <u>74,108,486</u>                   | <u>135,314,744</u>         |
| Balance at 1 April 2025                        | 100,000,000                     | -                                                     | 300,000                             | 62,414,125                          | 162,714,125                |
| Profit for the period                          | -                               | -                                                     | -                                   | 9,226,805                           | 9,226,805                  |
| Other comprehensive income                     | -                               | -                                                     | -                                   | -                                   | -                          |
| Total comprehensive income                     | -                               | -                                                     | -                                   | 9,226,805                           | 9,226,805                  |
| Dividends (note 11)                            | -                               | -                                                     | -                                   | (10,000,000)                        | (10,000,000)               |
| <b>Balance at 30 June 2025<br/>(Unaudited)</b> | <b><u>100,000,000</u></b>       | <b><u>-</u></b>                                       | <b><u>300,000</u></b>               | <b><u>61,640,930</u></b>            | <b><u>161,940,930</u></b>  |

The accompanying notes 1 to 16 form integral part of these interim condensed consolidated financial statements.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES  
(A CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three-month period ended 30 June 2025

|                                                                                       |              | <i>For the<br/>three-month<br/>period ended<br/>30 June<br/>2025<br/>SR<br/>(Unaudited)</i> | <i>For the<br/>three-month<br/>period ended<br/>30 June<br/>2024<br/>SR<br/>(Unaudited)</i> |
|---------------------------------------------------------------------------------------|--------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| <b>OPERATING ACTIVITIES</b>                                                           | <i>Notes</i> |                                                                                             |                                                                                             |
| Profit before zakat and income tax                                                    |              | 10,802,645                                                                                  | 17,302,806                                                                                  |
| <i>Adjustments to reconcile profit before zakat and income tax to net cash flows:</i> |              |                                                                                             |                                                                                             |
| Depreciation of property and equipment                                                | 4            | 1,264,001                                                                                   | 948,694                                                                                     |
| Provision for employees defined benefit liabilities                                   |              | 721,850                                                                                     | 695,633                                                                                     |
| Charge of expected credit losses                                                      |              | 564,565                                                                                     | -                                                                                           |
| Depreciation of right-of-use assets                                                   |              | 336,947                                                                                     | 215,008                                                                                     |
| Amortization of intangible assets                                                     |              | 80,012                                                                                      | 76,324                                                                                      |
| Interest on lease liabilities                                                         |              | 133,172                                                                                     | -                                                                                           |
|                                                                                       |              | <u>13,903,192</u>                                                                           | <u>19,238,465</u>                                                                           |
| <i>Working capital adjustments:</i>                                                   |              |                                                                                             |                                                                                             |
| Inventories                                                                           |              | (29,885,490)                                                                                | 80,707                                                                                      |
| Trade receivables                                                                     |              | (28,840)                                                                                    | 16,709,542                                                                                  |
| Amounts due from related parties                                                      |              | (1,529,992)                                                                                 | 729,950                                                                                     |
| Prepayments and other current assets                                                  |              | (3,153,943)                                                                                 | (3,792,324)                                                                                 |
| Trade payable                                                                         |              | 22,935,632                                                                                  | (14,824,619)                                                                                |
| Amounts due to related parties                                                        |              | -                                                                                           | (948,352)                                                                                   |
| Accrued expenses and other current liabilities                                        |              | (2,811,127)                                                                                 | 5,656,468                                                                                   |
| Contract liabilities                                                                  |              | (3,293,633)                                                                                 | (6,991,651)                                                                                 |
|                                                                                       |              | <u>(3,864,201)</u>                                                                          | <u>15,858,186</u>                                                                           |
| Cash (used in) from operating activities                                              |              |                                                                                             |                                                                                             |
| Employees defined benefit liabilities paid                                            |              | (25,322)                                                                                    | (609,736)                                                                                   |
| <b>Net cash (used in) from operating activities</b>                                   |              | <u>(3,889,523)</u>                                                                          | <u>15,248,450</u>                                                                           |
| <b>INVESTING ACTIVITIES</b>                                                           |              |                                                                                             |                                                                                             |
| Purchase of property and equipment                                                    | 4            | (18,448)                                                                                    | (74,340)                                                                                    |
| <b>Net cash used in investing activities</b>                                          |              | <u>(18,448)</u>                                                                             | <u>(74,340)</u>                                                                             |
| <b>FINANCING ACTIVITIES</b>                                                           |              |                                                                                             |                                                                                             |
| Payment of lease liabilities                                                          |              | (159,647)                                                                                   | -                                                                                           |
| Dividends paid                                                                        | 11           | (10,000,000)                                                                                | -                                                                                           |
| <b>Net cash used in financing activities</b>                                          |              | <u>(10,159,647)</u>                                                                         | <u>-</u>                                                                                    |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>                           |              | <u>(14,067,618)</u>                                                                         | <u>15,174,110</u>                                                                           |
| Cash and cash equivalents at the beginning of the period                              |              | 68,585,359                                                                                  | 18,752,638                                                                                  |
| Cash and cash equivalents of an entity acquired (*)                                   |              | -                                                                                           | 2,091,410                                                                                   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>                             |              | <u><u>54,517,741</u></u>                                                                    | <u><u>36,018,158</u></u>                                                                    |
| <b>Non-cash transactions:</b>                                                         |              |                                                                                             |                                                                                             |
| In kind contribution recognized under equity (note 9)                                 |              | -                                                                                           | 5,466,719                                                                                   |

(\*) Effective 1 April 2024, the Company (acquirer) acquired 100% of the shares and voting interest in Al Saadi Refrigeration Air Conditioning W.L.L ("the acquiree"), Cash and cash equivalents assumed at the date of acquisition was SR 2,091,410.

The accompanying notes 1 to 16 form integral part of these interim condensed consolidated financial statements.

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES (A CLOSED JOINT STOCK COMPANY)

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2025

#### 1 CORPORATE INFORMATION AND ACTIVITIES

Consolidated Gruenfelder Saady Holding Company (the “Company” or the “Parent Company”) was a Mixed Limited Liability Company formed under the Regulations for Companies in the Kingdom of Saudi Arabia under commercial registration number 1010651887 and unified identification numbered 7017850822, dated 18 Muharram 1442H (corresponding to 06 September 2020). On 9 December 2024 (07 Jumada al-Thani 1446H), the shareholders of the Company resolved to convert the Company to a Closed Joint Stock Company and accordingly, pursuant to Ministerial Resolution No. 100068249 the Company’s legal status changed to a Closed Joint Stock Company.

The principal activity of the Company is to own controlling interest in group of subsidiaries and corporations.

The Company's registered office is located at, P.O Box 358, Riyadh 11383, Kingdom of Saudi Arabia.

These interim condensed consolidated financial statements include the financial position and performance of the Company and its following subsidiaries (collectively referred to as “Group”):

| <i>Subsidiary</i>                                | <i>Country of incorporation</i> | <i>Effective holding</i> |                     |
|--------------------------------------------------|---------------------------------|--------------------------|---------------------|
|                                                  |                                 | <i>30 June 2025</i>      | <i>30 June 2024</i> |
| Coldstores Group of Saudi Arabia                 | Kingdom of Saudi Arabia         | <b>100%</b>              | 100%                |
| Consolidated Gruenfelder Saady Company           | Kingdom of Saudi Arabia         | <b>100%</b>              | 100%                |
| Al Saadi Refrigeration Air Conditioning (note 9) | Kingdom of Bahrain              | <b>100%</b>              | 100%                |

The subsidiaries are principally engaged in the manufacturing and sale of cooling containers for food transport vehicles, non-refrigerated bodies for the vehicles and unportable cold storage rooms as well as servicing and repairs of refrigeration bodies, cooling units and cold stores.

The Company has commenced the process for the initial public offering of its shares in the primary market of Saudi Exchange (Tadawul). On 25 June 2025, corresponding to 29 Thul-Hijjah 1446H, the Capital Market Authority has approved the Company’s application for IPO.

#### 2 BASIS OF PREPARATION AND CHANGES TO GROUP’S MATERIAL ACCOUNTING POLICY INFORMATION

##### 2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the three-month period ended 30 June 2025 have been prepared in accordance with IAS 34 Interim Financial Reporting, as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

These interim condensed consolidated financial statements are presented in Saudi Riyals (SAR), which is also the functional currency of the Company.

The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The management considers that there are no material uncertainties that may cast doubt over this assumption. The management have formed a judgment that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2025.

An interim period is considered an integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full-year operations.

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(continued)

At 30 June 2025

**2 BASIS OF PREPARATION AND CHANGES TO GROUP'S MATERIAL ACCOUNTING POLICY  
INFORMATION (continued)**

**2.2 New standards, interpretations and amendments adopted by the Group**

The material accounting policies applied in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2025, except for the adoption of new amendments effective as of 1 April 2025, as disclosed below.

***Business combinations and goodwill***

Business combinations, excluding business combination involving entities under common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administration 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, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the consolidated statement of profit or loss.

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

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.

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, from the acquisition date is 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.

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**2 BASIS OF PREPARATION AND CHANGES TO GROUP'S MATERIAL ACCOUNTING POLICY  
INFORMATION (continued)**

**2.2 New standards, interpretations and amendments adopted by the Group (continued)**

***Business combinations and goodwill (continued)***

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained. When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognised in the consolidated statement of profit or loss.

For business combinations involving entities under common control, the assets and liabilities of the combining entities are reflected at their carrying amounts. Adjustments are made to the carrying amounts in order to incorporate any differences arising due to differences in accounting policies used by the combining entities. No goodwill or gain is recognised as a result of the combination and any difference between the consideration paid/transferred and the equity acquired is reflected within the equity of the Group. The consolidated statement of profit or loss and other comprehensive income reflects the results of the combining entities from the date when the combination took place.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. One amendment (Amendment to IAS 21: Lack of exchangeability) applies for the first time in 2025 but does not have a significant impact on the interim condensed consolidated financial statements of the Group.

The standards and amendments that are issued, but not yet effective, as of 30 June 2025 are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

|                                                                        |                                                                                                                                                                                                                                               |
|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 January 2026                                                         | Classification and Measurement of Financial Instrument – Amendments to IFRS 9 and IFRS 7<br>Contract Referencing Nature-dependent Electricity- Amendments to IFRS 9 and IFRS 7<br>Annual Improvements to IFRS Accounting Standards- Volume 11 |
| 1 January 2027                                                         | IFRS 18 Presentation and Disclosure in Financial Statements<br>IFRS 19 Subsidiaries without Public Accountability Disclosure                                                                                                                  |
| Available for optional adoption / effective date deferred indefinitely | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture –<br>Amendments to IFRS 10 and IAS 28                                                                                                                   |

The new and amended standards mentioned above are not expected to have a significant impact on the Group's interim-condensed consolidated financial statements, except for IFRS 18 which may result in certain changes to presentation of the financial statements.

***Segment reporting***

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM), which is considered to be the board of directors. The Board assesses the financial performance and position of the Group and makes strategic decisions.

An operating segment is group of assets, operations or entity:

- engaged in revenue producing activities;
- results of operations of which are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- financial information is separately available.



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(continued)  
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**3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The significant judgments exercised in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual consolidated financial statements for the year ended 31 March 2025.

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**4 PROPERTY AND EQUIPMENT**

| <i>Cost</i>                              | <i>Land</i><br>SR | <i>Buildings</i><br>(*)<br>SR | <i>Heavy<br/>machinery<br/>and<br/>equipment</i><br>SR | <i>Tools and<br/>other<br/>equipment</i><br>SR | <i>Furniture<br/>and fixtures</i><br>SR | <i>Motor<br/>vehicles</i><br>SR | <i>Computer<br/>equipment</i><br>SR | <i>Work-in-<br/>progress</i><br>(**)<br>SR | <i>Total</i><br>SR |
|------------------------------------------|-------------------|-------------------------------|--------------------------------------------------------|------------------------------------------------|-----------------------------------------|---------------------------------|-------------------------------------|--------------------------------------------|--------------------|
| At 1 April 2024 (Audited)                | 12,673,000        | 40,431,062                    | 38,747,142                                             | 2,306,441                                      | 7,029,494                               | 5,748,412                       | 3,707,748                           | 1,006,505                                  | 111,649,804        |
| Relating to acquisition of<br>businesses | -                 | 2,662,650                     | 82,100                                                 | 87,140                                         | 66,160                                  | 186,420                         | 106,791                             | -                                          | 3,191,261          |
| Additions during the year                | 4,288,000         | 1,729,272                     | 5,759,988                                              | 338,494                                        | 1,042,213                               | 949,650                         | 971,297                             | 297,568                                    | 15,376,482         |
| Transfers                                | -                 | 1,304,073                     | -                                                      | -                                              | -                                       | -                               | -                                   | (1,304,073)                                | -                  |
| At 31 March 2025 (Audited)               | 16,961,000        | 46,127,057                    | 44,589,230                                             | 2,732,075                                      | 8,137,867                               | 6,884,482                       | 4,785,836                           | -                                          | 130,217,547        |
| Additions during the period              | -                 | -                             | -                                                      | 6,900                                          | 6,748                                   | -                               | 4,800                               | -                                          | 18,448             |
| At 30 June 2025                          | 16,961,000        | 46,127,057                    | 44,589,230                                             | 2,738,975                                      | 8,144,615                               | 6,884,482                       | 4,790,636                           | -                                          | 130,235,995        |
| <i>Accumulated depreciation</i>          |                   |                               |                                                        |                                                |                                         |                                 |                                     |                                            |                    |
| At 1 April 2024 (Audited)                | -                 | 26,416,396                    | 32,131,194                                             | 1,933,597                                      | 4,628,015                               | 5,193,582                       | 3,130,212                           | -                                          | 73,432,996         |
| Relating to acquisition of<br>business   | -                 | 1,203,730                     | 82,100                                                 | 86,050                                         | 63,150                                  | 186,420                         | 97,751                              | -                                          | 1,719,201          |
| Charge for the year                      | -                 | 1,360,234                     | 1,258,452                                              | 137,381                                        | 765,994                                 | 264,447                         | 412,749                             | -                                          | 4,199,257          |
| At 31 March 2025 (Audited)               | -                 | 28,980,360                    | 33,471,746                                             | 2,157,028                                      | 5,457,159                               | 5,644,449                       | 3,640,712                           | -                                          | 79,351,454         |
| Charge for the period                    | -                 | 359,492                       | 437,757                                                | 44,153                                         | 226,001                                 | 87,447                          | 109,151                             | -                                          | 1,264,001          |
| At 30 June 2025                          | -                 | 29,339,852                    | 33,909,503                                             | 2,201,181                                      | 5,683,160                               | 5,731,896                       | 3,749,863                           | -                                          | 80,615,455         |
| (Unaudited)                              |                   |                               |                                                        |                                                |                                         |                                 |                                     |                                            |                    |
| <i>Net book value</i>                    |                   |                               |                                                        |                                                |                                         |                                 |                                     |                                            |                    |
| 30 June 2025 (Unaudited)                 | 16,961,000        | 16,787,205                    | 10,679,727                                             | 537,794                                        | 2,461,455                               | 1,152,586                       | 1,040,773                           | -                                          | 49,620,540         |
| 31 March 2025                            | 16,961,000        | 17,146,697                    | 11,117,484                                             | 575,047                                        | 2,680,708                               | 1,240,033                       | 1,145,124                           | -                                          | 50,866,093         |

\*This includes factory of the Company which is constructed on land leased from the Saudi Authority for Industrial Cities and Technology Zones (Modon) for a period of 19 years, amounting to SR 34.4 million

\*\* Work-in-progress represents improvement costs on production facilities and machinery under installations.

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**4 PROPERTY AND EQUIPMENT (continued)**

| <i>Cost</i>                                 | <i>Land</i><br>SR | <i>Buildings</i><br>SR | <i>Heavy<br/>machinery<br/>and<br/>equipment</i><br>SR | <i>Tools and<br/>other<br/>equipment</i><br>SR | <i>Furniture<br/>and fixtures</i><br>SR | <i>Motor<br/>vehicles</i><br>SR | <i>Computer<br/>equipment</i><br>SR | <i>Work-in-<br/>progress*</i><br>SR | <i>Total</i><br>SR |
|---------------------------------------------|-------------------|------------------------|--------------------------------------------------------|------------------------------------------------|-----------------------------------------|---------------------------------|-------------------------------------|-------------------------------------|--------------------|
| At 1 April 2023                             | -                 | 37,699,082             | 38,062,818                                             | 2,099,236                                      | 5,220,648                               | 5,597,413                       | 3,470,738                           | 5,913,599                           | 98,063,534         |
| Additions                                   | 12,673,000        | 427,917                | 877,222                                                | 236,313                                        | 422,433                                 | 245,000                         | 237,010                             | 1,693,140                           | 16,812,035         |
| Write-off                                   | -                 | (45,000)               | (2,979,793)                                            | (29,108)                                       | (77,863)                                | (94,001)                        | -                                   | -                                   | (3,225,765)        |
| Transfer                                    | -                 | 2,349,063              | 2,786,895                                              | -                                              | 1,464,276                               | -                               | -                                   | (6,600,234)                         | -                  |
| At 31 March 2024                            | 12,673,000        | 40,431,062             | 38,747,142                                             | 2,306,441                                      | 7,029,494                               | 5,748,412                       | 3,707,748                           | 1,006,505                           | 111,649,804        |
| Relating to acquired<br>subsidiary (note 9) | -                 | 2,662,650              | 82,100                                                 | 87,140                                         | 66,160                                  | 186,420                         | 106,791                             | -                                   | 3,191,261          |
| Additions                                   | 4,288,000         | 1,729,272              | 5,759,988                                              | 338,494                                        | 1,042,213                               | 949,650                         | 971,297                             | 297,568                             | 15,376,482         |
| Transfer                                    | -                 | 1,304,073              | -                                                      | -                                              | -                                       | -                               | -                                   | (1,304,073)                         | -                  |
| At 31 March 2025                            | 16,961,000        | 46,127,057             | 44,589,230                                             | 2,732,075                                      | 8,137,867                               | 6,884,482                       | 4,785,836                           | -                                   | 130,217,547        |
| <i>Accumulated depreciation</i>             |                   |                        |                                                        |                                                |                                         |                                 |                                     |                                     |                    |
| At 1 April 2023                             | -                 | 25,407,871             | 34,215,372                                             | 1,873,561                                      | 4,319,934                               | 5,098,782                       | 2,801,593                           | -                                   | 73,717,113         |
| Charge for the year                         | -                 | 1,053,525              | 895,615                                                | 89,144                                         | 385,944                                 | 188,800                         | 328,619                             | -                                   | 2,941,647          |
| Write-off                                   | -                 | (45,000)               | (2,979,793)                                            | (29,108)                                       | (77,863)                                | (94,000)                        | -                                   | -                                   | (3,225,764)        |
| At 31 March 2024                            | -                 | 26,416,396             | 32,131,194                                             | 1,933,597                                      | 4,628,015                               | 5,193,582                       | 3,130,212                           | -                                   | 73,432,996         |
| Relating to acquired<br>subsidiary (note 9) | -                 | 1,203,730              | 82,100                                                 | 86,050                                         | 63,150                                  | 186,420                         | 97,751                              | -                                   | 1,719,201          |
| Charge for the year                         | -                 | 1,360,234              | 1,258,452                                              | 137,381                                        | 765,994                                 | 264,447                         | 412,749                             | -                                   | 4,199,257          |
| At 31 March 2025                            | -                 | 28,980,360             | 33,471,746                                             | 2,157,028                                      | 5,457,159                               | 5,644,449                       | 3,640,712                           | -                                   | 79,351,454         |
| <i>Net book value</i>                       |                   |                        |                                                        |                                                |                                         |                                 |                                     |                                     |                    |
| 31 March 2025                               | 16,961,000        | 17,146,697             | 11,117,484                                             | 575,047                                        | 2,680,708                               | 1,240,033                       | 1,145,124                           | -                                   | 50,866,093         |

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**5 RELATED PARTIES BALANCES AND TRANSACTIONS**

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

(a) Significant transactions with related parties during the period and significant period-end balances are as follows:

| <i>Related parties</i>                               | <i>Relationship</i> | <i>Nature of transactions</i>         | <i>For the<br/>three-month<br/>period ended<br/>30 June<br/>2025<br/>SR<br/>(Unaudited)</i> | <i>For the<br/>three-month<br/>period ended<br/>30 June<br/>2024<br/>SR<br/>(Unaudited)</i> |
|------------------------------------------------------|---------------------|---------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Key management personnel                             |                     | Salaries and other benefits           | <b>2,056,998</b>                                                                            | 2,232,683                                                                                   |
|                                                      |                     | Employees defined benefits obligation | <b>127,735</b>                                                                              | 101,206                                                                                     |
|                                                      |                     | Board members remuneration            | <b>454,249</b>                                                                              | -                                                                                           |
| GK Gruenfelder International AG                      | Shareholder         | Expenses paid on behalf (*)           | <b>764,996</b>                                                                              | 75,000                                                                                      |
| Darat Esmat Bin Abdul-Samad Al Saady Holding Company | Shareholder         | Expenses paid on behalf (*)           | <b>764,996</b>                                                                              | 75,000                                                                                      |

(\*) The expenses relates to the initial public offering of the Company which has been paid by the group and charged to the shareholders.

(b) The breakdown of amounts disclosed in the interim condensed consolidated statement of financial position is as follows:

***Amounts due from related parties presented under current assets:***

|                                                    | <i>30 June<br/>2025<br/>SR<br/>(Unaudited)</i> | <i>31 March<br/>2025<br/>SR<br/>(Audited)</i> |
|----------------------------------------------------|------------------------------------------------|-----------------------------------------------|
| GK Gruenfelder International AG (shareholder)      | <b>3,432,154</b>                               | 2,667,158                                     |
| Darat Esmat Al Saady Holding Company (shareholder) | <b>3,439,854</b>                               | 2,674,858                                     |
|                                                    | <b><u>6,872,008</u></b>                        | <b><u>5,342,016</u></b>                       |

***Terms and conditions of transactions with related parties***

Pricing policies and terms of payment for the transactions with the related parties are approved by the Group's management. There have been no guarantees provided or received for any related party receivables, and the balances are interest free. As of 30 June 2025, the Group has not recorded any impairment loss relating to amounts owed from related parties (31 March 2025: none). This assessment is undertaken each financial period by examining the financial position of the related party and the market in which the related party operates.

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**6 ZAKAT AND INCOME TAX**

**6.1 Movement in zakat and income tax provision is as follows:**

|                                       | 30 June 2025<br>SR (Unaudited) |            |           | 31 March 2025<br>SR (Audited) |             |             |
|---------------------------------------|--------------------------------|------------|-----------|-------------------------------|-------------|-------------|
|                                       | Zakat                          | Income tax | Total     | Zakat                         | Income Tax  | Total       |
| At the beginning of the period / year | 1,440,081                      | 3,380,296  | 4,820,377 | 1,326,912                     | 2,760,344   | 4,087,256   |
| Charge for the period / year          | 417,689                        | 1,254,358  | 1,672,047 | 1,684,804                     | 7,794,023   | 9,478,827   |
| Advance income tax paid               | -                              | -          | -         | -                             | (3,220,764) | (3,220,764) |
| Payments during the year              | -                              | -          | -         | (1,571,635)                   | (3,953,307) | (5,524,942) |
| At the end of the period / year       | 1,857,770                      | 4,634,654  | 6,492,424 | 1,440,081                     | 3,380,296   | 4,820,377   |

**6.2 Deferred taxation**

Deferred income taxes are calculated on all temporary differences under liability method using the effective tax rate. Deferred tax assets of the Group are attributable to the following:

|                        | 30 June<br>2025<br>SR<br>(Unaudited) | 31 March<br>2025<br>SR<br>(Audited) |
|------------------------|--------------------------------------|-------------------------------------|
| Provisions             | 2,318,585                            | 2,248,650                           |
| Property and equipment | 608,341                              | 642,537                             |
| Others                 | 2,379,526                            | 2,319,057                           |
|                        | <b>5,306,452</b>                     | <b>5,210,244</b>                    |

**6.3 Status of assessments of zakat and income tax**

The Group files Zakat and Income Tax return of the Company and its subsidiaries on a standalone basis. The zakat and income tax charge represents the consolidated sum of zakat and income tax charge accrued by the Company and its subsidiaries at standalone financial statements level.

**Consolidated Gruenfelder Saady Holding Company:** The Company has filed its tax/zakat returns till year ended 31 March 2025 with the Zakat, Tax and Customs Authority ("ZATCA"). However, no assessments have been raised since the inception of the Company.

**Coldstores Group of Saudi Arabia:** Zakat and income tax declarations up to and including the year ended 31 March 2025 have been submitted to the ZATCA. The ZATCA has issued assessments up to 2017 and the Company settled and finalised the assessments. The assessments for the years ended 31 March 2018 to 31 March 2024 are awaited.

**Consolidated Gruenfelder Saady Company:** Zakat and income tax assessment declarations up to the year ended 31 March 2025 have been submitted to the ZATCA. The ZATCA has issued assessments up to 2015 and the Company settled and finalised them. The assessments for the years ended 31 March 2016 to 31 March 2024 are awaited.

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**6 ZAKAT AND INCOME TAX (continued)**

**6.3 Status of assessments of zakat and income tax (continued)**

Zakat and income tax have been computed based on the Group's understanding and interpretation of zakat and income tax regulations enforced in the Kingdom of Saudi Arabia for respective entities. The ZATCA continues to issue circulars to clarify certain zakat and tax regulations which are usually enforced on all open years. The zakatable and taxable income and zakat/tax liability as computed by the Group could be different from zakatable/taxable income and zakat/tax liability as assessed by the ZATCA for years for which assessments have not yet been raised by the ZATCA.

**7 REVENUE FROM CONTRACTS WITH CUSTOMERS**

|                                                                    | <i>For the three-<br/>month period<br/>ended<br/>30 June<br/>2025<br/>SR<br/>(Unaudited)</i> | <i>For the three-<br/>month period<br/>ended<br/>30 June<br/>2024<br/>SR<br/>(Unaudited)</i> |
|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| <b>Type of goods or services</b>                                   |                                                                                              |                                                                                              |
| Sales of refrigeration/non-refrigeration bodies with cooling units | 60,281,618                                                                                   | 77,450,417                                                                                   |
| Installation and commissioning of cold stores                      | 18,308,088                                                                                   | 15,546,524                                                                                   |
| Servicing and repairs                                              | 9,650,887                                                                                    | 10,472,150                                                                                   |
| <b>Total revenue</b>                                               | <b>88,240,593</b>                                                                            | <b>103,469,091</b>                                                                           |
| <b>Timing of revenue recognition</b>                               |                                                                                              |                                                                                              |
| Revenue recognised at a point in time                              | 69,932,505                                                                                   | 87,922,567                                                                                   |
| Revenue recognised over time                                       | 18,308,088                                                                                   | 15,546,524                                                                                   |
|                                                                    | <b>88,240,593</b>                                                                            | <b>103,469,091</b>                                                                           |
| <b>Geographical markets</b>                                        |                                                                                              |                                                                                              |
| Kingdom of Saudi Arabia                                            | 86,489,568                                                                                   | 101,913,915                                                                                  |
| Outside of Kingdom of Saudi Arabia                                 | 1,751,025                                                                                    | 1,555,176                                                                                    |
|                                                                    | <b>88,240,593</b>                                                                            | <b>103,469,091</b>                                                                           |

**8 SHARE CAPITAL**

The share capital is divided into authorized, issued and fully paid 100 million shares of SR 1 each as follows:

| <i>Name of the owner</i>                             | <i>Percentage</i> | <i>30 June 2025<br/>(Unaudited)<br/>SR</i> | <i>31 March 2025<br/>(Audited)<br/>SR</i> |
|------------------------------------------------------|-------------------|--------------------------------------------|-------------------------------------------|
| GK Gruenenfelder International AG                    | 50%               | 50,000,000                                 | 50,000,000                                |
| Darat Esmat Bin Abdul-Samad Al Saady Holding Company | 50%               | 50,000,000                                 | 50,000,000                                |
|                                                      | 100%              | <b>100,000,000</b>                         | <b>100,000,000</b>                        |

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**9 ADDITIONAL CAPITAL CONTRIBUTION**

|                                                                                           | <b>30 June 2025</b> | 31 March 2025 |
|-------------------------------------------------------------------------------------------|---------------------|---------------|
| Against acquisition of 100% shareholding of Consolidated Gruenfelder Saady Company (2021) | <b>41,700,000</b>   | 41,700,000    |
| Against land transferred (2023)                                                           | <b>12,700,000</b>   | 12,700,000    |
| Against 100% shareholding of Al Saadi Refrigeration Air Conditioning W.L.L (note 9a)      | <b>5,466,719</b>    | 5,466,719     |
| Against Land of Coldstores Group of Saudi Arabia (note 9b)                                | <b>4,327,539</b>    | 4,327,539     |
| Transfer to share capital                                                                 | <b>(64,194,258)</b> | (64,194,258)  |
|                                                                                           | <b>-</b>            | <b>-</b>      |

a) During 2024, the Parent Company (acquirer) acquired 100% shareholding of Al Saadi Refrigeration Air Conditioning W.L.L (acquiree) with net assets of SR 5.5 million effective from 1 April 2024 for no consideration, through a resolution made on the capacity of the shareholders of the acquirer and the acquiree. The acquisition of the subsidiary is considered as a business combination between entities under common control as both the acquirer and the acquiree are ultimately controlled by same shareholders. The acquisition was in capacity as shareholder and approved by the shareholder. Accordingly, the same was recognized as an additional capital contribution by the shareholders.

b) During 2024, a shareholder of the Company transferred a plot of freehold land with a fair value of SR 4.3 million to Coldstores Group of Saudi Arabia (a subsidiary) for no consideration. The transfer was in the capacity of shareholder and approved by the shareholders. Accordingly, the same was recognized as addition to the freehold land and as additional capital contribution by the shareholders. Further, the shareholders resolved to increase the capital of the Company equivalent to the fair value of the land transferred amounting to SR 4.3 million. The fair value of the land was based on a valuation exercise carried out by MFAZ Arabia Professional Consultancies, an independent valuer not related to the Group, holding license number 1210000011 and registered with Taqeeem (Saudi Authority for Accredited Valuers). The fair value was determined based on the market comparative approach that reflects recent transaction prices for similar properties. During 2024, the additional capital contribution totaling to SR 64,194,258 was utilized to increase the share capital of the Parent Company.

**10 STATUTORY RESERVE**

In accordance with the prior Company's Articles of Association, the Company established a statutory reserve by appropriation of 10% of the annual net income until the reserve totals 30% of the share capital. This reserve is not available for distribution as dividends.

**11 DIVIDENDS DISTRIBUTION**

On 30<sup>th</sup> April 2025, the shareholders of the Company resolved to distribute cash dividends of SR 0.1 per share amounting to SR 10,000,000 (30 June 2024: NIL). The dividends were fully settled during the period.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS (continued)  
At 30 June 2025

**12 EARNINGS PER SHARE**

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of outstanding shares during the period as follows:

|                                                                                                 | <i>For the<br/>three-month<br/>period ended<br/>30 June<br/>2025<br/>(Unaudited)<br/>SR</i> | <i>For the<br/>three-month<br/>period ended<br/>30 June<br/>2024<br/>(Unaudited)<br/>SR</i> |
|-------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Profit for the period attributable to the shareholders of the Company                           | <b>9,226,805</b>                                                                            | 15,113,811                                                                                  |
| Number of outstanding shares during the period                                                  | <b>100,000,000</b>                                                                          | 100,000,000                                                                                 |
| Basic and diluted earnings per share attributable to the shareholders of the Company (restated) | <b>0.09</b>                                                                                 | 0.15                                                                                        |

The weighted average number of shares for the comparative period has been restated as a result of share split that happened on 13<sup>th</sup> November 2024.

**13 SEGMENT INFORMATION**

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

- Sales of refrigeration/non-refrigeration bodies with cooling units represent sales of goods comprising automotive solutions .
- Sales of refrigeration/non-refrigeration bodies with cooling units relates to the sales of goods comprising special products / customized solutions.
- Installation and commissioning of temperature control storage units and facilities (contract activities).
- Servicing and repairs and maintenance related work (service activities).

Based on a management decision and in line with management reporting, the income and expenses relating to the corporate segment, have been allocated to the segments using activity-based costing. The Assets and liabilities are not included in the measures used by the CODM, hence segment assets and liabilities are not reported in the below segment disclosure. All operating assets of the Group are located in the Kingdom of Saudi Arabia apart for SR 13.73 million assets of a subsidiary registered in the Kingdom of Bahrain.



CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS (continued)

At 30 June 2025

**13 SEGMENT INFORMATION (Continued)**

The following tables present revenue and profit information for the Group's operating segments for the three-month period ended 30 June 2025 and 2024, respectively.

| <i>For the three-month period ended 30 June 2025 (unaudited)</i> |                                                         |                                                         |                                |                               |                    |              |
|------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|--------------------------------|-------------------------------|--------------------|--------------|
|                                                                  | <i>Sale of<br/>goods<br/>(Automotive<br/>solutions)</i> | <i>Sale of<br/>goods<br/>(Customized<br/>solutions)</i> | <i>Contract<br/>activities</i> | <i>Service<br/>activities</i> | <i>Elimination</i> | <i>Total</i> |
|                                                                  | <i>SR</i>                                               | <i>SR</i>                                               | <i>SR</i>                      | <i>SR</i>                     | <i>SR</i>          | <i>SR</i>    |
| Revenue                                                          | 56,772,815                                              | 14,416,500                                              | 18,308,088                     | 16,214,164                    | (17,470,974)       | 88,240,593   |
| Profit before zakat and income tax                               | 9,244,447                                               | (1,530)                                                 | (587,574)                      | 2,147,302                     | -                  | 10,802,645   |
| <i>For the three-month period ended 30 June 2024 (unaudited)</i> |                                                         |                                                         |                                |                               |                    |              |
|                                                                  | <i>Sale of<br/>goods<br/>(Automotive<br/>solutions)</i> | <i>Sale of<br/>goods<br/>(Customized<br/>solutions)</i> | <i>Contract<br/>activities</i> | <i>Service<br/>activities</i> | <i>Elimination</i> | <i>Total</i> |
|                                                                  | <i>SR</i>                                               | <i>SR</i>                                               | <i>SR</i>                      | <i>SR</i>                     | <i>SR</i>          | <i>SR</i>    |
| Revenue                                                          | 75,882,347                                              | 16,427,066                                              | 15,546,524                     | 14,821,537                    | (19,208,383)       | 103,469,091  |
| Profit before zakat and income tax                               | 11,707,512                                              | 2,083,830                                               | 589,783                        | 2,921,681                     | -                  | 17,302,806   |
| <i>For the three-month period ended 30 June 2025 (unaudited)</i> |                                                         |                                                         |                                |                               |                    |              |
|                                                                  | <i>Saudi Arabia</i>                                     | <i>Bahrain</i>                                          | <i>Total</i>                   |                               |                    |              |
|                                                                  | <i>SR</i>                                               | <i>SR</i>                                               | <i>SR</i>                      |                               |                    |              |
| Revenue                                                          | 104,478,794                                             | 1,232,773                                               | 105,711,567                    |                               |                    |              |
| Intersegment revenue elimination                                 | (17,461,374)                                            | (9,600)                                                 | (17,470,974)                   |                               |                    |              |
| Revenue from the external customers                              | 87,017,420                                              | 1,223,173                                               | 88,240,593                     |                               |                    |              |
| Profit/(loss) before zakat and income tax                        | 10,836,970                                              | (34,325)                                                | 10,802,645                     |                               |                    |              |
| <i>For the three-month period ended 30 June 2024 (unaudited)</i> |                                                         |                                                         |                                |                               |                    |              |
|                                                                  | <i>Saudi Arabia</i>                                     | <i>Bahrain</i>                                          | <i>Total</i>                   |                               |                    |              |
|                                                                  | <i>SR</i>                                               | <i>SR</i>                                               | <i>SR</i>                      |                               |                    |              |
| Revenue                                                          | 121,209,104                                             | 1,468,370                                               | 122,677,474                    |                               |                    |              |
| Intersegment revenue elimination                                 | (19,207,984)                                            | (399)                                                   | (19,208,383)                   |                               |                    |              |
| Revenue from the external customers                              | 102,001,120                                             | 1,467,971                                               | 103,469,091                    |                               |                    |              |
| Profit/(loss) before zakat and income tax                        | 17,422,926                                              | (120,120)                                               | 17,302,806                     |                               |                    |              |

**14 CONTINGENT LIABILITIES**

As at 30 June 2025, the Company's bankers have issued letters of guarantee and letters of credit, on behalf of the Group entities, relating to contract performance amounting to SR 13.2 million (31 March 2025: SR 8.9 million) and SR 8.9 million (31 March 2025: SR 2.9 million) respectively, against which the Group has provided margin deposit of SR 2.08 million (31 March 2025: SR 1.1 million)

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
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(A CLOSED JOINT STOCK COMPANY)

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS (continued)  
At 30 June 2025

**15 SUBSEQUENT EVENTS**

In the opinion of management there have been no significant subsequent events since the period ended 30 June 2025 that would have a material impact on the financial position of the Group as reflected in these interim condensed consolidated financial statements.

**16 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements have been approved by the Board of Directors on 7 Rabi' al-Thani 1447H, corresponding to 29 September 2025.

**CONSOLIDATED GRUENENFELDER  
SAADY HOLDING COMPANY AND ITS  
SUBSIDIARIES  
(A CLOSED JOINT STOCK COMPANY)**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS (UNAUDITED)  
AND INDEPENDENT AUDITOR'S REVIEW REPORT**

**FOR THE THREE-MONTH AND SIX-MONTH PERIODS  
ENDED 30 SEPTEMBER 2025**

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A CLOSED JOINT STOCK COMPANY)  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED) AND INDEPENDENT AUDITOR'S REVIEW REPORT  
For the three-month and six-month periods ended 30 September 2025

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**ERNST & YOUNG PROFESSIONAL SERVICES (PROFESSIONAL LLC)**  
Paid-Up Capital: ﷲ5,500,000 (Five Million Five Hundred Thousand Saudi Riyals)

Head Office  
Financial Boulevard 3126, Al Aqeeq Dist. 6717, Riyadh 13519  
KAFD 1.11 B, South Tower, 8<sup>th</sup> Floor  
P.O. Box 2732, Riyadh 11461  
Kingdom of Saudi Arabia

C.R. No. 1010383821  
Unified No. 7000117205

Tel: +966 11 215 9898  
+966 11 273 4740  
Fax: +966 11 273 4730  
[ey.ksa@sa.ey.com](mailto:ey.ksa@sa.ey.com)  
[ey.com](http://ey.com)

## **INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES (A CLOSED JOINT STOCK COMPANY)**

### **Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Consolidated Gruenfelder Saady Holding Company (a Closed Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 September 2025, and the related interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. The management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 as endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young Professional Services

Marwan S. AlAfaliq  
Certified Public Accountant  
License No. 422

Riyadh: 21 Jumada al-Ula, 1447h  
(12 November 2025)



CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES

(A CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2025

(All amounts in  $\text{SAR}$  unless otherwise stated)

|                                                | Notes | 30 September 2025  | 31 March 2025      |
|------------------------------------------------|-------|--------------------|--------------------|
| <b>ASSETS</b>                                  |       | <b>(Unaudited)</b> | <b>(Audited)</b>   |
| <b>NON-CURRENT ASSETS</b>                      |       |                    |                    |
| Property and equipment                         | 4     | 49,367,954         | 50,866,093         |
| Intangible assets                              |       | 966,641            | 745,135            |
| Right-of-use assets                            |       | 8,912,967          | 8,776,091          |
| Deferred tax assets                            | 8     | 5,446,719          | 5,210,244          |
| <b>TOTAL NON-CURRENT ASSETS</b>                |       | <b>64,694,281</b>  | <b>65,597,563</b>  |
| <b>CURRENT ASSETS</b>                          |       |                    |                    |
| Inventories                                    | 5     | 125,565,768        | 78,202,532         |
| Trade receivables                              | 6     | 75,322,427         | 64,531,438         |
| Amounts due from related parties               | 7     | 8,537,908          | 5,342,016          |
| Prepayments and other current assets           |       | 20,908,982         | 16,250,546         |
| Cash and cash equivalents                      |       | 60,606,721         | 68,585,359         |
| <b>TOTAL CURRENT ASSETS</b>                    |       | <b>290,941,806</b> | <b>232,911,891</b> |
| <b>TOTAL ASSETS</b>                            |       | <b>355,636,087</b> | <b>298,509,454</b> |
| <b>EQUITY AND LIABILITIES</b>                  |       |                    |                    |
| <b>EQUITY</b>                                  |       |                    |                    |
| Share capital                                  |       | 100,000,000        | 100,000,000        |
| Statutory reserve                              |       | 300,000            | 300,000            |
| Retained earnings                              |       | 71,301,078         | 62,414,125         |
| <b>TOTAL EQUITY</b>                            |       | <b>171,601,078</b> | <b>162,714,125</b> |
| <b>LIABILITIES</b>                             |       |                    |                    |
| <b>NON-CURRENT LIABILITIES</b>                 |       |                    |                    |
| Employees' defined benefit liabilities         |       | 20,532,966         | 19,135,611         |
| Lease liabilities                              |       | 6,495,322          | 7,023,911          |
| <b>TOTAL NON-CURRENT LIABILITIES</b>           |       | <b>27,028,288</b>  | <b>26,159,522</b>  |
| <b>CURRENT LIABILITIES</b>                     |       |                    |                    |
| Trade payables                                 |       | 61,573,152         | 31,694,274         |
| Accrued expenses and other current liabilities |       | 26,507,047         | 26,406,817         |
| Contract liabilities                           |       | 66,061,768         | 45,432,633         |
| Current portion of lease liabilities           |       | 1,605,063          | 1,281,706          |
| Provision for zakat and income tax             | 8     | 1,259,691          | 4,820,377          |
| <b>TOTAL CURRENT LIABILITIES</b>               |       | <b>157,006,721</b> | <b>109,635,807</b> |
| <b>TOTAL LIABILITIES</b>                       |       | <b>184,035,009</b> | <b>135,795,329</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>            |       | <b>355,636,087</b> | <b>298,509,454</b> |

The accompanying notes 1 to 18 form integral part of these interim condensed consolidated financial statements.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES  
(A CLOSED JOINT STOCK COMPANY)  
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
For the three-month and six-month periods ended 30 September 2025  
(All amounts in  $\text{SAR}$  unless otherwise stated)

|                                                      | Notes | <i>For the<br/>three-month<br/>period ended<br/>30 September<br/>2025<br/>(Unaudited)</i> | <i>For the<br/>three-month<br/>period ended<br/>30 September<br/>2024<br/>(Unaudited)</i> | <i>For the<br/>six-month<br/>period ended<br/>30 September<br/>2025<br/>(Unaudited)</i> | <i>For the<br/>six-month<br/>period ended<br/>30 September<br/>2024<br/>(Unaudited)</i> |
|------------------------------------------------------|-------|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Revenue from contracts with customers                | 9     | 99,188,588                                                                                | 112,987,985                                                                               | 187,429,181                                                                             | 216,457,076                                                                             |
| Cost of revenue                                      |       | (75,864,240)                                                                              | (86,739,590)                                                                              | (142,518,255)                                                                           | (163,594,935)                                                                           |
| <b>GROSS PROFIT</b>                                  |       | <b>23,324,348</b>                                                                         | <b>26,248,395</b>                                                                         | <b>44,910,926</b>                                                                       | <b>52,862,141</b>                                                                       |
| General and administration expenses                  |       | (10,245,163)                                                                              | (9,096,947)                                                                               | (19,462,879)                                                                            | (17,092,933)                                                                            |
| Selling and distribution expenses                    |       | (1,412,743)                                                                               | (1,969,326)                                                                               | (3,225,597)                                                                             | (3,904,619)                                                                             |
| (Charge) / reversal of expected credit losses        |       | (237,028)                                                                                 | 748,150                                                                                   | (801,593)                                                                               | 748,150                                                                                 |
| <b>OPERATING PROFIT</b>                              |       | <b>11,429,414</b>                                                                         | <b>15,930,272</b>                                                                         | <b>21,420,857</b>                                                                       | <b>32,612,739</b>                                                                       |
| Other income (loss), net                             |       | (81,289)                                                                                  | 1,047,285                                                                                 | 863,085                                                                                 | 1,674,022                                                                               |
| Finance costs                                        |       | (162,746)                                                                                 | (46,473)                                                                                  | (295,918)                                                                               | (52,871)                                                                                |
| <b>PROFIT BEFORE ZAKAT AND<br/>INCOME TAX</b>        |       | <b>11,185,379</b>                                                                         | <b>16,931,084</b>                                                                         | <b>21,988,024</b>                                                                       | <b>34,233,890</b>                                                                       |
| Zakat expense                                        | 8     | (461,880)                                                                                 | (1,254,623)                                                                               | (879,569)                                                                               | (1,749,333)                                                                             |
| Income tax                                           | 8     | (1,203,619)                                                                               | (1,637,068)                                                                               | (2,457,977)                                                                             | (3,412,154)                                                                             |
| Deferred tax                                         |       | 140,268                                                                                   | 191,345                                                                                   | 236,475                                                                                 | 272,145                                                                                 |
| <b>NET PROFIT FOR THE PERIOD</b>                     |       | <b>9,660,148</b>                                                                          | <b>14,230,738</b>                                                                         | <b>18,886,953</b>                                                                       | <b>29,344,548</b>                                                                       |
| Other comprehensive income for the period            |       | -                                                                                         | -                                                                                         | -                                                                                       | -                                                                                       |
| <b>TOTAL COMPREHENSIVE<br/>INCOME FOR THE PERIOD</b> |       | <b>9,660,148</b>                                                                          | <b>14,230,738</b>                                                                         | <b>18,886,953</b>                                                                       | <b>29,344,548</b>                                                                       |
| <b>EARNINGS PER SHARE:</b>                           |       |                                                                                           |                                                                                           |                                                                                         |                                                                                         |
| Basic and diluted earnings per share (restated)      | 14    | 0.09                                                                                      | 0.14                                                                                      | 0.18                                                                                    | 0.29                                                                                    |

The accompanying notes 1 to 18 form integral part of these interim condensed consolidated financial statements.

CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
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(A CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 September 2025

(All amounts in  $\text{SAR}$  unless otherwise stated)

|                                                     | <i>Share<br/>capital</i>  | <i>Additional<br/>capital<br/>contribution</i> | <i>Statutory<br/>reserve</i> | <i>Retained<br/>earnings</i> | <i>Total equity</i>       |
|-----------------------------------------------------|---------------------------|------------------------------------------------|------------------------------|------------------------------|---------------------------|
| Balance at 1 April 2024                             | 1,000,000                 | 54,439,539                                     | 300,000                      | 58,994,675                   | 114,734,214               |
| Profit for the period                               | -                         | -                                              | -                            | 29,344,548                   | 29,344,548                |
| Other comprehensive income                          | -                         | -                                              | -                            | -                            | -                         |
| Total comprehensive income                          | -                         | -                                              | -                            | 29,344,548                   | 29,344,548                |
| Additional capital contribution                     | -                         | 9,754,719                                      | -                            | -                            | 9,754,719                 |
| Dividends (note 13)                                 | -                         | -                                              | -                            | (5,000,000)                  | (5,000,000)               |
| Balance at 30 September 2024<br>(Unaudited)         | <u>1,000,000</u>          | <u>64,194,258</u>                              | <u>300,000</u>               | <u>83,339,223</u>            | <u>148,833,481</u>        |
| Balance at 1 April 2025                             | 100,000,000               | -                                              | 300,000                      | 62,414,125                   | 162,714,125               |
| Profit for the period                               | -                         | -                                              | -                            | 18,886,953                   | 18,886,953                |
| Other comprehensive income                          | -                         | -                                              | -                            | -                            | -                         |
| Total comprehensive income                          | -                         | -                                              | -                            | 18,886,953                   | 18,886,953                |
| Dividends (note 13)                                 | -                         | -                                              | -                            | (10,000,000)                 | (10,000,000)              |
| <b>Balance at 30 September 2025<br/>(Unaudited)</b> | <b><u>100,000,000</u></b> | <b><u>-</u></b>                                | <b><u>300,000</u></b>        | <b><u>71,301,078</u></b>     | <b><u>171,601,078</u></b> |

The accompanying notes 1 to 18 form integral part of these interim condensed consolidated financial statements.



CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND  
ITS SUBSIDIARIES

(A CLOSED JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 September 2025

(All amounts in  $\text{SAR}$  unless otherwise stated)

|                                                                                           |              | <i>For the<br/>six-month period<br/>ended<br/>30 September 2025<br/>(Unaudited)</i> | <i>For the<br/>six-month period<br/>ended<br/>30 September 2024<br/>(Unaudited)</i> |
|-------------------------------------------------------------------------------------------|--------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| <b>OPERATING ACTIVITIES</b>                                                               | <i>Notes</i> |                                                                                     |                                                                                     |
| Profit before zakat and income tax                                                        |              | 21,988,024                                                                          | 34,233,890                                                                          |
| <i>Adjustments to reconcile profit before zakat and income tax to<br/>net cash flows:</i> |              |                                                                                     |                                                                                     |
| Depreciation of property and equipment                                                    | 4            | 2,512,606                                                                           | 1,904,922                                                                           |
| Provision for employees' defined benefit liabilities                                      |              | 1,516,875                                                                           | 1,730,661                                                                           |
| Impairment loss / (reversal) on trade receivables                                         |              | 801,593                                                                             | (748,150)                                                                           |
| Depreciation of right-of-use assets                                                       |              | 728,072                                                                             | 536,041                                                                             |
| Amortization of intangible assets                                                         |              | 185,459                                                                             | 148,425                                                                             |
| Interest on lease liabilities                                                             |              | 295,918                                                                             | 52,871                                                                              |
| Reversal of provision for slow moving inventories                                         |              | (2,656,243)                                                                         | (243,238)                                                                           |
|                                                                                           |              | <u>25,372,304</u>                                                                   | <u>37,615,422</u>                                                                   |
| <i>Working capital adjustments:</i>                                                       |              |                                                                                     |                                                                                     |
| Inventories                                                                               |              | (44,706,993)                                                                        | (27,412,629)                                                                        |
| Trade receivables                                                                         |              | (11,592,582)                                                                        | 3,186,144                                                                           |
| Amounts due from related parties                                                          |              | (3,195,892)                                                                         | 835,889                                                                             |
| Prepayments and other current assets                                                      |              | (4,658,436)                                                                         | (9,515,223)                                                                         |
| Trade payables                                                                            |              | 29,878,878                                                                          | 15,736,137                                                                          |
| Amounts due to related parties                                                            |              | -                                                                                   | (1,083,960)                                                                         |
| Accrued expenses and other current liabilities                                            |              | 100,229                                                                             | 8,445,187                                                                           |
| Contract liabilities                                                                      |              | 20,629,135                                                                          | (10,625,764)                                                                        |
| Cash generated from operations                                                            |              | <u>11,826,643</u>                                                                   | <u>17,181,203</u>                                                                   |
| Zakat and income tax paid                                                                 |              | (6,898,231)                                                                         | (6,607,703)                                                                         |
| Employees' defined benefit liabilities paid                                               |              | (119,520)                                                                           | (793,849)                                                                           |
| <b>Net cash generated from operating activities</b>                                       |              | <u>4,808,892</u>                                                                    | <u>9,779,651</u>                                                                    |
| <b>INVESTING ACTIVITIES</b>                                                               |              |                                                                                     |                                                                                     |
| Purchase of property and equipment                                                        | 4            | (1,014,467)                                                                         | (1,537,039)                                                                         |
| Purchase of intangible assets                                                             |              | (406,965)                                                                           | -                                                                                   |
| <b>Net cash used in investing activities</b>                                              |              | <u>(1,421,432)</u>                                                                  | <u>(1,537,039)</u>                                                                  |
| <b>FINANCING ACTIVITIES</b>                                                               |              |                                                                                     |                                                                                     |
| Payment of lease liabilities                                                              |              | (1,366,098)                                                                         | (1,415,456)                                                                         |
| Dividends paid                                                                            | 13           | (10,000,000)                                                                        | (5,000,000)                                                                         |
| <b>Net cash used in financing activities</b>                                              |              | <u>(11,366,098)</u>                                                                 | <u>(6,415,456)</u>                                                                  |
| <b>NET (DECREASE) / INCREASE IN CASH AND CASH<br/>EQUIVALENTS</b>                         |              | <u>(7,978,638)</u>                                                                  | <u>1,827,156</u>                                                                    |
| Cash and cash equivalents at the beginning of the period                                  |              | 68,585,359                                                                          | 18,752,638                                                                          |
| Cash and cash equivalents of an entity acquired                                           |              | -                                                                                   | 2,091,410                                                                           |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF<br/>THE PERIOD</b>                             |              | <u>60,606,721</u>                                                                   | <u>22,671,204</u>                                                                   |
| <b>Non-cash transactions:</b>                                                             |              |                                                                                     |                                                                                     |
| In kind contribution recognized under equity (note 9)                                     |              | -                                                                                   | 5,466,719                                                                           |
| Plot of land contributed recognized under equity                                          |              | -                                                                                   | 4,228,000                                                                           |
| Additions to the right-of-use assets and lease liabilities                                |              | 864,948                                                                             | 9,089,789                                                                           |

The accompanying notes 1 to 18 form integral part of these interim condensed consolidated financial statements.

## CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES

### (A CLOSED JOINT STOCK COMPANY)

#### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 September 2025

(All amounts in ﷲ unless otherwise stated)

#### 1 CORPORATE INFORMATION AND ACTIVITIES

Consolidated Gruenfelder Saady Holding Company (the “Company” or the “Parent Company”) was a Mixed Limited Liability Company formed under the Regulations for Companies in the Kingdom of Saudi Arabia under commercial registration number 1010651887 and unified identification numbered 7017850822, dated 18 Muharram 1442H (corresponding to 06 September 2020). On 9 December 2024 (07 Jumada al-Thani 1446H), the shareholders of the Company resolved to convert the Company to a Closed Joint Stock Company and accordingly, pursuant to Ministerial Resolution No. 100068249 the Company’s legal status changed to a Closed Joint Stock Company.

The principal activity of the Company is to own controlling interest in group of subsidiaries and corporations.

The Company's registered office is located at, P.O Box 358, Riyadh 11383, Kingdom of Saudi Arabia.

These interim condensed consolidated financial statements include the financial position and performance of the Company and its following subsidiaries (collectively referred to as “Group”):

| <i>Subsidiary</i>                                | <i>Country of incorporation</i> | <i>Effective holding</i> |                          |
|--------------------------------------------------|---------------------------------|--------------------------|--------------------------|
|                                                  |                                 | <i>30 September 2025</i> | <i>30 September 2024</i> |
| Coldstores Group of Saudi Arabia                 | Kingdom of Saudi Arabia         | <b>100%</b>              | 100%                     |
| Consolidated Gruenfelder Saady Company           | Kingdom of Saudi Arabia         | <b>100%</b>              | 100%                     |
| Al Saadi Refrigeration Air Conditioning (note 9) | Kingdom of Bahrain              | <b>100%</b>              | 100%                     |

The subsidiaries are principally engaged in the manufacturing and sale of cooling containers for food transport vehicles, non- refrigerated bodies for the vehicles and unportable cold storage rooms as well as servicing and repairs of refrigeration bodies, cooling units and cold stores.

The Company has commenced the process for the initial public offering (IPO) of its shares in the primary market of Saudi Exchange (Tadawul). On 25 June 2025, corresponding to 29 Thul-Hijjah 1446H, the Capital Market Authority has approved the Company’s application for IPO and the Company is in the process of completing the IPO by 31 December 2025.

#### 2 BASIS OF PREPARATION AND CHANGES TO GROUP’S MATERIAL ACCOUNTING POLICY INFORMATION

##### 2.1 Basis of preparation

The interim condensed consolidated financial statements of the Group for the six-month period ended 30 September 2025 have been prepared in accordance with IAS 34 Interim Financial Reporting, as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements endorsed by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

These interim condensed consolidated financial statements are presented in Saudi Riyals (“ﷲ”), which is also the functional currency of the Company.

The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The management considers that there are no material uncertainties that may cast doubt over this assumption. The management have formed a judgment that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and not less than 12 months from the end of the reporting period.

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**2 BASIS OF PREPARATION AND CHANGES TO GROUP'S MATERIAL ACCOUNTING  
POLICY INFORMATION (continued)**

**2.1 Basis of preparation (continued)**

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 March 2025.

An interim period is considered an integral part of the whole fiscal year, however, the results of operations for the interim periods may not be a fair indication of the results of the full-year operations.

**2.2 New standards, interpretations and amendments adopted by the Group**

The material accounting policies applied in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2025, except for the adoption of new amendments effective as of 1 April 2025, as disclosed below.

***Business combinations and goodwill***

Business combinations, excluding business combination involving entities under common control, are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in general and administration 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, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in the consolidated statement of profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in the consolidated statement of profit or loss.

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

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**2 BASIS OF PREPARATION AND CHANGES TO GROUP'S MATERIAL ACCOUNTING POLICY  
INFORMATION (continued)**

**2.2 New standards, interpretations and amendments adopted by the Group (continued)**

***Business combinations and goodwill (continued)***

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.

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, from the acquisition date is allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained. When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognised in the consolidated statement of profit or loss.

For business combinations involving entities under common control, the assets and liabilities of the combining entities are reflected at their carrying amounts. Adjustments are made to the carrying amounts in order to incorporate any differences arising due to differences in accounting policies used by the combining entities. No goodwill or gain is recognised as a result of the combination and any difference between the consideration paid/transferred and the equity acquired is reflected within the equity of the Group. The consolidated statement of profit or loss and other comprehensive income reflects the results of the combining entities from the date when the combination took place.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. One amendment (Amendment to IAS 21: Lack of exchangeability) applies for the first time in 2025 but does not have a significant impact on the interim condensed consolidated financial statements of the Group.

The standards and amendments that are issued, but not yet effective, as of 30 June 2025 are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

|                                                                        |                                                                                                                                                                                                                                               |
|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 January 2026                                                         | Classification and Measurement of Financial Instrument – Amendments to IFRS 9 and IFRS 7<br>Contract Referencing Nature-dependent Electricity- Amendments to IFRS 9 and IFRS 7<br>Annual Improvements to IFRS Accounting Standards- Volume 11 |
| 1 January 2027                                                         | IFRS 18 Presentation and Disclosure in Financial Statements<br>IFRS 19 Subsidiaries without Public Accountability Disclosure                                                                                                                  |
| Available for optional adoption / effective date deferred indefinitely | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28                                                                                                                      |

The new and amended standards mentioned above are not expected to have a significant impact on the Group's interim-condensed consolidated financial statements, except for IFRS 18 which may result in certain changes to presentation of the financial statements.

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**2 BASIS OF PREPARATION AND CHANGES TO GROUP'S MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**2.2 New standards, interpretations and amendments adopted by the Group (continued)**

***Segment reporting***

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"), which is considered to the board of directors. The Board assesses the financial performance and position of the Group and makes strategic decisions.

An operating segment is group of assets, operations or entity:

- engaged in revenue producing activities;
- results of operations of which are continuously analyzed by management in order to make decisions related to resource allocation and performance assessment; and
- financial information is separately available.

**3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's interim condensed consolidated financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and judgments concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The significant judgments exercised in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual consolidated financial statements for the year ended 31 March 2025.

**CONSOLIDATED GRUENENFELDER SAADY HOLDING COMPANY AND ITS SUBSIDIARIES  
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(continued)

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(All amounts in ~~£~~ unless otherwise stated)

**4 PROPERTY AND EQUIPMENT**

| <i>Cost</i>                                 | <i>Land</i>       | <i>Buildings<br/>(*)</i> | <i>Heavy<br/>machinery<br/>and<br/>equipment</i> | <i>Tools and<br/>other<br/>equipment</i> | <i>Furniture<br/>and fixtures</i> | <i>Motor<br/>vehicles</i> | <i>Computer<br/>equipment</i> | <i>Work-in-<br/>progress<br/>(**)</i> | <i>Total</i>       |
|---------------------------------------------|-------------------|--------------------------|--------------------------------------------------|------------------------------------------|-----------------------------------|---------------------------|-------------------------------|---------------------------------------|--------------------|
| At 1 April 2024 (Audited)                   | 12,673,000        | 40,431,062               | 38,747,142                                       | 2,306,441                                | 7,029,494                         | 5,748,412                 | 3,707,748                     | 1,006,505                             | 111,649,804        |
| Relating to acquisition of<br>businesses    | -                 | 2,662,650                | 82,100                                           | 87,140                                   | 66,160                            | 186,420                   | 106,791                       | -                                     | 3,191,261          |
| Additions during the year                   | 4,288,000         | 1,729,272                | 5,759,988                                        | 338,494                                  | 1,042,213                         | 949,650                   | 971,297                       | 297,568                               | 15,376,482         |
| Transfers                                   | -                 | 1,304,073                | -                                                | -                                        | -                                 | -                         | -                             | (1,304,073)                           | -                  |
| At 31 March 2025 (Audited)                  | 16,961,000        | 46,127,057               | 44,589,230                                       | 2,732,075                                | 8,137,867                         | 6,884,482                 | 4,785,836                     | -                                     | 130,217,547        |
| Additions during the period                 | -                 | 438,850                  | 14,724                                           | 169,200                                  | 121,418                           | -                         | 72,547                        | 197,728                               | 1,014,467          |
| <b>At 30 September 2025<br/>(Unaudited)</b> | <b>16,961,000</b> | <b>46,565,907</b>        | <b>44,603,954</b>                                | <b>2,901,275</b>                         | <b>8,259,285</b>                  | <b>6,884,482</b>          | <b>4,858,383</b>              | <b>197,728</b>                        | <b>131,232,014</b> |
| <i>Accumulated depreciation</i>             |                   |                          |                                                  |                                          |                                   |                           |                               |                                       |                    |
| At 1 April 2024 (Audited)                   | -                 | 26,416,396               | 32,131,194                                       | 1,933,597                                | 4,628,015                         | 5,193,582                 | 3,130,212                     | -                                     | 73,432,996         |
| Relating to acquisition of<br>business      | -                 | 1,203,730                | 82,100                                           | 86,050                                   | 63,150                            | 186,420                   | 97,751                        | -                                     | 1,719,201          |
| Charge for the year                         | -                 | 1,360,234                | 1,258,452                                        | 137,381                                  | 765,994                           | 264,447                   | 412,749                       | -                                     | 4,199,257          |
| At 31 March 2025 (Audited)                  | -                 | 28,980,360               | 33,471,746                                       | 2,157,028                                | 5,457,159                         | 5,644,449                 | 3,640,712                     | -                                     | 79,351,454         |
| Charge for the period                       | -                 | 707,020                  | 868,714                                          | 79,505                                   | 455,237                           | 173,824                   | 228,306                       | -                                     | 2,512,606          |
| <b>At 30 September 2025<br/>(Unaudited)</b> | <b>-</b>          | <b>29,687,380</b>        | <b>34,340,460</b>                                | <b>2,236,533</b>                         | <b>5,912,396</b>                  | <b>5,818,273</b>          | <b>3,869,018</b>              | <b>-</b>                              | <b>81,864,060</b>  |
| <i>Net book value</i>                       |                   |                          |                                                  |                                          |                                   |                           |                               |                                       |                    |
| <b>30 September 2025<br/>(Unaudited)</b>    | <b>16,961,000</b> | <b>16,878,527</b>        | <b>10,263,494</b>                                | <b>664,742</b>                           | <b>2,346,889</b>                  | <b>1,066,209</b>          | <b>989,365</b>                | <b>197,728</b>                        | <b>49,367,954</b>  |
| 31 March 2025                               | 16,961,000        | 17,146,697               | 11,117,484                                       | 575,047                                  | 2,680,708                         | 1,240,033                 | 1,145,124                     | -                                     | 50,866,093         |

\* This includes factories of the Company which is constructed on land leased from the Saudi Authority for Industrial Cities and Technology Zones (Modon) for a period of 19 years, amounting to 23.2 million.

\*\* Work-in-progress represents improvement costs on production facilities and machinery under installations.

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(All amounts in ~~£~~ unless otherwise stated)

**4 PROPERTY AND EQUIPMENT (continued)**

| <b>Cost</b>                     | <b>Land</b> | <b>Buildings</b> | <b>Heavy machinery and equipment</b> | <b>Tools and other equipment</b> | <b>Furniture and fixtures</b> | <b>Motor vehicles</b> | <b>Computer equipment</b> | <b>Work-in-progress</b> | <b>Total</b> |
|---------------------------------|-------------|------------------|--------------------------------------|----------------------------------|-------------------------------|-----------------------|---------------------------|-------------------------|--------------|
| At 1 April 2023                 | -           | 37,699,082       | 38,062,818                           | 2,099,236                        | 5,220,648                     | 5,597,413             | 3,470,738                 | 5,913,599               | 98,063,534   |
| Additions                       | 12,673,000  | 427,917          | 877,222                              | 236,313                          | 422,433                       | 245,000               | 237,010                   | 1,693,140               | 16,812,035   |
| Write-off                       | -           | (45,000)         | (2,979,793)                          | (29,108)                         | (77,863)                      | (94,001)              | -                         | -                       | (3,225,765)  |
| Transfer                        | -           | 2,349,063        | 2,786,895                            | -                                | 1,464,276                     | -                     | -                         | (6,600,234)             | -            |
| At 31 March 2024                | 12,673,000  | 40,431,062       | 38,747,142                           | 2,306,441                        | 7,029,494                     | 5,748,412             | 3,707,748                 | 1,006,505               | 111,649,804  |
| Relating to acquired subsidiary | -           | 2,662,650        | 82,100                               | 87,140                           | 66,160                        | 186,420               | 106,791                   | -                       | 3,191,261    |
| Additions                       | 4,288,000   | 1,729,272        | 5,759,988                            | 338,494                          | 1,042,213                     | 949,650               | 971,297                   | 297,568                 | 15,376,482   |
| Transfer                        | -           | 1,304,073        | -                                    | -                                | -                             | -                     | -                         | (1,304,073)             | -            |
| At 31 March 2025                | 16,961,000  | 46,127,057       | 44,589,230                           | 2,732,075                        | 8,137,867                     | 6,884,482             | 4,785,836                 | -                       | 130,217,547  |
| <b>Accumulated depreciation</b> |             |                  |                                      |                                  |                               |                       |                           |                         |              |
| At 1 April 2023                 | -           | 25,407,871       | 34,215,372                           | 1,873,561                        | 4,319,934                     | 5,098,782             | 2,801,593                 | -                       | 73,717,113   |
| Charge for the year             | -           | 1,053,525        | 895,615                              | 89,144                           | 385,944                       | 188,800               | 328,619                   | -                       | 2,941,647    |
| Write-off                       | -           | (45,000)         | (2,979,793)                          | (29,108)                         | (77,863)                      | (94,000)              | -                         | -                       | (3,225,764)  |
| At 31 March 2024                | -           | 26,416,396       | 32,131,194                           | 1,933,597                        | 4,628,015                     | 5,193,582             | 3,130,212                 | -                       | 73,432,996   |
| Relating to acquired subsidiary | -           | 1,203,730        | 82,100                               | 86,050                           | 63,150                        | 186,420               | 97,751                    | -                       | 1,719,201    |
| Charge for the year             | -           | 1,360,234        | 1,258,452                            | 137,381                          | 765,994                       | 264,447               | 412,749                   | -                       | 4,199,257    |
| At 31 March 2025                | -           | 28,980,360       | 33,471,746                           | 2,157,028                        | 5,457,159                     | 5,644,449             | 3,640,712                 | -                       | 79,351,454   |
| <b>Net book value</b>           |             |                  |                                      |                                  |                               |                       |                           |                         |              |
| 31 March 2025                   | 16,961,000  | 17,146,697       | 11,117,484                           | 575,047                          | 2,680,708                     | 1,240,033             | 1,145,124                 | -                       | 50,866,093   |

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(continued)

At 30 September 2025

(All amounts in  $\text{SAR}$  unless otherwise stated)

**5 INVENTORIES**

|                                       | <i>30 September<br/>2025<br/>(Unaudited)</i> | <i>31 March<br/>2025<br/>(Audited)</i> |
|---------------------------------------|----------------------------------------------|----------------------------------------|
| Goods held for sale                   | 46,479,067                                   | 22,674,169                             |
| Raw materials                         | 27,486,953                                   | 27,946,057                             |
| Spare parts and consumables           | 23,886,139                                   | 23,507,854                             |
| Work in progress                      | 36,102,570                                   | 17,071,150                             |
| Goods in transit                      | 2,009,864                                    | 58,374                                 |
|                                       | <b>135,964,593</b>                           | <b>91,257,604</b>                      |
| Less: provision for slow moving items | <b>(10,398,825)</b>                          | <b>(13,055,072)</b>                    |
|                                       | <b>125,565,768</b>                           | <b>78,202,532</b>                      |

The movement in the provision for slow moving inventories is as follows:

|                                              | <i>30 September<br/>2025<br/>(Unaudited)</i> | <i>31 March<br/>2025<br/>(Audited)</i> |
|----------------------------------------------|----------------------------------------------|----------------------------------------|
| At the beginning of the period / year        | 13,055,072                                   | 11,016,494                             |
| Related to acquired subsidiary               | -                                            | 962,750                                |
| (Reversal) / charge during the period / year | <b>(2,656,243)</b>                           | 1,295,582                              |
| Written off during the period / year         | -                                            | (219,754)                              |
| At the end of the period / year              | <b>10,398,829</b>                            | <b>13,055,072</b>                      |

**6 TRADE RECEIVABLES**

|                                            | <i>30 September<br/>2025<br/>(Unaudited)</i> | <i>31 March<br/>2025<br/>(Audited)</i> |
|--------------------------------------------|----------------------------------------------|----------------------------------------|
| Trade receivables                          | 83,984,656                                   | 72,392,071                             |
| Less: Allowance for expected credit losses | <b>(8,662,229)</b>                           | <b>(7,860,633)</b>                     |
|                                            | <b>75,322,427</b>                            | <b>64,531,438</b>                      |

The movement in the allowance for expected credit losses is as follows:

|                                       | <i>30 September<br/>2025<br/>(Unaudited)</i> | <i>31 March<br/>2025<br/>(Audited)</i> |
|---------------------------------------|----------------------------------------------|----------------------------------------|
| At the beginning of the period / year | 7,860,633                                    | 9,433,329                              |
| Related to acquired subsidiary        | -                                            | 753,980                                |
| Charge during the period / year       | 801,596                                      | 253,666                                |
| Written off during the period / year  | -                                            | (2,580,342)                            |
| At the end of the period / year       | <b>8,662,229</b>                             | <b>7,860,633</b>                       |



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**7 RELATED PARTIES BALANCES AND TRANSACTIONS**

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

(a) Significant transactions with related parties during the period and significant period-end balances are as follows:

| Related parties                                      | Relationship | Nature of transactions      | For the three month period |                   | Six Month period ended |                   |
|------------------------------------------------------|--------------|-----------------------------|----------------------------|-------------------|------------------------|-------------------|
|                                                      |              |                             | of 30 September 2025       | 30 September 2024 | 30 September 2025      | 30 September 2024 |
|                                                      |              |                             | (Unaudited)                | (Unaudited)       | (Unaudited)            | (Unaudited)       |
| Key management personnel                             |              | Salaries and other benefits | 6,676,910                  | 5,176,375         | 8,733,907              | 7,409,058         |
|                                                      |              | Terminal benefits           | 128,830                    | 98,977            | 256,565                | 200,183           |
|                                                      |              | Board members remuneration  | 447,498                    | -                 | 894,996                | -                 |
| GK Gruenfelder International AG                      | Shareholder  | Expenses paid on behalf (*) | 832,950                    | 157,979           | 1,597,946              | 232,979           |
| Darat Esmat Bin Abdul-Samad Al Saady Holding Company | Shareholder  | Expenses paid on behalf (*) | 832,950                    | 157,979           | 1,597,946              | 232,979           |

(\*) The expenses relates to the initial public offering of the Company which has been paid by the group and charged to the shareholders.

(b) The breakdown of amounts disclosed in the interim condensed consolidated statement of financial position is as follows:

*Amounts due from related parties presented under current assets:*

|                                                    | 30 September 2025 | 31 March 2025    |
|----------------------------------------------------|-------------------|------------------|
|                                                    | (Unaudited)       | (Audited)        |
| GK Gruenfelder International AG (shareholder)      | 4,272,804         | 2,667,158        |
| Darat Esmat Al Saady Holding Company (shareholder) | 4,265,104         | 2,674,858        |
|                                                    | <b>8,537,908</b>  | <b>5,342,016</b> |

Terms and conditions of transactions with related parties

Pricing policies and terms of payment for the transactions with the related parties are approved by the Group's management. There have been no guarantees provided or received for any related party receivables or payables and the outstanding balances are interest free. As of 30 September 2025, the Group has not recorded any impairment loss relating to amounts owed from related parties (31 March 2025: same). This assessment is undertaken each financial period by examining the financial position of the related party and the market in which the related party operates.

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**8 ZAKAT AND INCOME TAX**

**8.1 Movement in zakat and income tax provision is as follows:**

|                                               | 30 September 2025<br>(Unaudited) |               |             | 31 March 2025<br>(Audited) |               |             |
|-----------------------------------------------|----------------------------------|---------------|-------------|----------------------------|---------------|-------------|
|                                               | Zakat                            | Income<br>tax | Total       | Zakat                      | Income<br>tax | Total       |
| At the beginning of the period                | 1,440,081                        | 3,380,296     | 4,820,377   | 1,326,912                  | 2,760,344     | 4,087,256   |
| Charge for the period                         | 879,569                          | 2,457,977     | 3,337,546   | 1,684,804                  | 7,794,023     | 9,478,827   |
| Advance income tax paid                       | -                                | (1,616,888)   | (1,616,888) | -                          | (3,220,764)   | (3,220,764) |
| Settlement against advance<br>income tax paid | -                                | 976,484       | 976,484     | -                          | -             | -           |
| Payments during the period                    | (1,647,879)                      | (4,609,949)   | (6,257,828) | (1,571,635)                | (3,953,307)   | (5,524,942) |
| At the end of the period                      | 671,771                          | 587,920       | 1,259,691   | 1,440,081                  | 3,380,296     | 4,820,377   |

**8.2 Deferred taxation**

Deferred income taxes are calculated on all temporary differences under liability method using the effective tax rate. Deferred tax assets of the Group are attributable to the following:

|                        | 30 September<br>2025<br>(Unaudited) | 31 March<br>2025<br>(Audited) |
|------------------------|-------------------------------------|-------------------------------|
| Provisions             | 4,511,605                           | 4,135,084                     |
| Property and equipment | 716,248                             | 642,537                       |
| Others                 | 218,866                             | 432,623                       |
|                        | <u>5,446,719</u>                    | <u>5,210,244</u>              |

**8.3 Status of assessments of zakat and income tax**

The Group files Zakat and Income Tax return of the Company and its subsidiaries on a standalone basis. The zakat and income tax charge represents the consolidated sum of zakat and income tax charge accrued by the Company and its subsidiaries at standalone financial statements level.

**Consolidated Gruenfelder Saady Holding Company:** The Company has filed its tax/zakat returns till year ended 31 March 2025 with the Zakat, Tax and Customs Authority ("ZATCA"). However, no assessments have been raised since the inception of the Company.

**Coldstores Group of Saudi Arabia:** Zakat and income tax declarations up to and including the year ended 31 March 2025 have been submitted to the ZATCA. The ZATCA has issued assessments up to 2017 and the Company settled and finalised the assessments. The assessments for the years ended 31 March 2018 to 31 March 2024 are awaited.

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**8 ZAKAT AND INCOME TAX (continued)**

**8.3 Status of assessments of zakat and income tax (continued)**

**Consolidated Gruenfelder Saady Company:** Zakat and income tax assessment declarations up to the year ended 31 March 2025 have been submitted to the ZATCA. The ZATCA has issued assessments up to 2015 and the Company settled and finalised them. The assessments for the years ended 31 March 2016 to 31 March 2024 are awaited.

Zakat and income tax have been computed based on the Group's understanding and interpretation of zakat and income tax regulations enforced in the Kingdom of Saudi Arabia for respective entities. The ZATCA continues to issue circulars to clarify certain zakat and tax regulations which are usually enforced on all open years. The zakatable and taxable income and zakat/tax liability as computed by the Group could be different from zakatable/taxable income and zakat/tax liability as assessed by the ZATCA for years for which assessments have not yet been raised by the ZATCA.

**9 REVENUE FROM CONTRACTS WITH CUSTOMERS**

|                                                                       | <i>For the<br/>three-month<br/>period ended<br/>30 September<br/>2025<br/>(Unaudited)</i> | <i>For the<br/>three-month<br/>period ended<br/>30 September<br/>2024<br/>(Unaudited)</i> | <i>For the<br/>six-month<br/>period ended<br/>30 September<br/>2025<br/>(Unaudited)</i> | <i>For the<br/>six-month<br/>period ended<br/>30 September<br/>2024<br/>(Unaudited)</i> |
|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| <b>Type of goods or services</b>                                      |                                                                                           |                                                                                           |                                                                                         |                                                                                         |
| Sales of refrigeration/non-refrigeration<br>bodies with cooling units | 61,021,679                                                                                | 63,107,935                                                                                | 121,303,297                                                                             | 140,558,352                                                                             |
| Installation and commissioning of cold<br>stores                      | 27,941,243                                                                                | 35,462,184                                                                                | 46,249,331                                                                              | 51,008,708                                                                              |
| Servicing and repairs                                                 | 10,225,666                                                                                | 14,417,866                                                                                | 19,876,553                                                                              | 24,890,016                                                                              |
| <b>Total revenue</b>                                                  | <b>99,188,588</b>                                                                         | <b>112,987,985</b>                                                                        | <b>187,429,181</b>                                                                      | <b>216,457,076</b>                                                                      |
| <b>Timing of revenue recognition</b>                                  |                                                                                           |                                                                                           |                                                                                         |                                                                                         |
| Revenue recognised at a point in time                                 | 71,247,345                                                                                | 77,525,801                                                                                | 141,179,850                                                                             | 165,448,368                                                                             |
| Revenue recognised over time                                          | 27,941,243                                                                                | 35,462,184                                                                                | 46,249,331                                                                              | 51,008,708                                                                              |
|                                                                       | <b>99,188,588</b>                                                                         | <b>112,987,985</b>                                                                        | <b>187,429,181</b>                                                                      | <b>216,457,076</b>                                                                      |
| <b>Geographical markets</b>                                           |                                                                                           |                                                                                           |                                                                                         |                                                                                         |
| Kingdom of Saudi Arabia                                               | 97,584,980                                                                                | 111,421,914                                                                               | 184,074,548                                                                             | 213,335,829                                                                             |
| Out of Kingdom of Saudi Arabia                                        | 1,603,608                                                                                 | 1,566,071                                                                                 | 3,354,633                                                                               | 3,121,247                                                                               |
|                                                                       | <b>99,188,588</b>                                                                         | <b>112,987,985</b>                                                                        | <b>187,429,181</b>                                                                      | <b>216,457,076</b>                                                                      |

**10 SHARE CAPITAL**

The share capital is divided into authorized, issued and fully paid 100 million shares of 1 each as follows:

|                                                         | <i>No. of<br/>shares</i> | <i>Percentage</i> | <i>30 September<br/>2025<br/>(Unaudited)</i> | <i>31<br/>March 2025<br/>(Audited)</i> |
|---------------------------------------------------------|--------------------------|-------------------|----------------------------------------------|----------------------------------------|
| <i>Name of the owner</i>                                |                          |                   |                                              |                                        |
| GK Gruenfelder International AG                         | 50,000,000               | 50%               | 50,000,000                                   | 50,000,000                             |
| Darat Esmat Bin Abdul-Samad Al Saady<br>Holding Company | 50,000,000               | 50%               | 50,000,000                                   | 50,000,000                             |
|                                                         | <b>100,000,000</b>       | <b>100%</b>       | <b>100,000,000</b>                           | <b>100,000,000</b>                     |

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**11 ADDITIONAL CAPITAL CONTRIBUTION**

|                                                                                           | <i>30 September<br/>2025<br/>(Unaudited)</i> | <i>31 March<br/>2025<br/>(Audited)</i> |
|-------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------|
| Against acquisition of 100% shareholding of Consolidated Gruenfelder Saady Company (2021) | -                                            | 41,700,000                             |
| Against land transferred (2023)                                                           | -                                            | 12,700,000                             |
| Against 100% shareholding of Al Saadi Refrigeration Air Conditioning W.L.L (note 9a)      | -                                            | 5,466,719                              |
| Against Land of Coldstores Group of Saudi Arabia (note 9b)                                | -                                            | 4,327,539                              |
| Transfer to share capital                                                                 | -                                            | (64,194,258)                           |
|                                                                                           | <u>-</u>                                     | <u>-</u>                               |

a) During 2024, the Parent Company (acquirer) acquired 100% shareholding of Al Saadi Refrigeration Air Conditioning W.L.L (acquiree) with net assets of 5.5 million effective from 1 April 2024 for no consideration, through a resolution made on the capacity of the shareholders of the acquirer and the acquiree. The acquisition of the subsidiary is considered as a business combination between entities under common control as both the acquirer and the acquiree are ultimately controlled by same shareholders. The acquisition was in capacity as shareholder and approved by the shareholder. Accordingly, the same was recognized as an additional capital contribution by the shareholders.

b) During 2024, a shareholder of the Company transferred a plot of freehold land with a fair value of 4.3 million to Coldstores Group of Saudi Arabia (a subsidiary) for no consideration. The transfer was in the capacity of shareholder and approved by the shareholders. Accordingly, the same was recognized as addition to the freehold land and as additional capital contribution by the shareholders. Further, the shareholders resolved to increase the capital of the Company equivalent to the fair value of the land transferred amounting to 4.3 million. The fair value of the land was based on a valuation exercise carried out by MFAZ Arabia Professional Consultancies, an independent valuer not related to the Group, holding license number 1210000011 and registered with Taqueem (Saudi Authority for Accredited Valuers). The fair value was determined based on the market comparative approach that reflects recent transaction prices for similar properties. During 2024, the additional capital contribution totaling to 64,194,258 was utilized to increase the share capital of the Parent Company.

**12 STATUTORY RESERVE**

In accordance with the prior Company's Articles of Association, the Company has established a statutory reserve by appropriation of 10% of the annual net income until the reserve totals 30% of the share capital. This reserve is not available for distribution as dividends.

**13 DIVIDENDS DISTRIBUTION**

On 30<sup>th</sup> April 2025, the shareholders of the Company resolved to distribute cash dividends of 0.1 per share amounting to 10,000,000 (30 September 2024: 5,000,000). The dividends were fully settled during the period.

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#### 14 EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit for the period attributable to the shareholders of the Company by the weighted average number of outstanding shares during the period as follows:

|                                                           | <i>For the three-<br/>month period<br/>ended on<br/>30 September<br/>2025<br/>(Unaudited)</i> | <i>For the three-<br/>month period<br/>ended on<br/>30 September<br/>2024<br/>(Unaudited)</i> | <i>For the six-<br/>month period<br/>ended on<br/>30 September<br/>2025<br/>(Unaudited)</i> | <i>For the six-<br/>month period<br/>ended on<br/>30 September<br/>2024<br/>(Unaudited)</i> |
|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| Profit for the period                                     | 9,660,148                                                                                     | 14,230,738                                                                                    | 18,886,953                                                                                  | 29,344,548                                                                                  |
| Average number of shares<br>outstanding during the period | 100,000,000                                                                                   | 100,000,000                                                                                   | 100,000,000                                                                                 | 100,000,000                                                                                 |
| Earnings per share - Basic and<br>Diluted – (restated)    | 0.09                                                                                          | 0.14                                                                                          | 0.18                                                                                        | 0.29                                                                                        |

The weighted average number of shares for the comparative period has been restated as a result of share split that happened on 13th November 2024.

#### 15 SEGMENT INFORMATION

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

- Sales of refrigeration/non-refrigeration bodies with cooling units represent sales of goods comprising automotive solutions.
- Sales of refrigeration/non-refrigeration bodies with cooling units relates to the sales of goods comprising special products / customized solutions.
- Installation and commissioning of temperature control storage units and facilities (contract activities).
- Servicing, repairs and maintenance related work (service activities).

Based on a management decision and in line with management reporting, the income and expenses relating to the corporate segment, are allocated to the operating segments based on cost centre. The Assets and liabilities are not included in the measures used by the CODM, hence segment assets and liabilities are not reported in the below segment disclosure. All operating assets of the Group are located in the Kingdom of Saudi Arabia apart from 13.73 million assets of a subsidiary registered in the Kingdom of Bahrain.

The following tables present revenue and profit information for the Group's operating segments for the six-month and three-month periods ended 30 September 2025 and 2024, respectively.

##### *For the six-month period ended 30 September 2025 (unaudited)*

|                                              | <i>Sale of goods<br/>(Automotive<br/>solutions)</i> | <i>Sale of goods<br/>(Customized<br/>solutions)</i> | <i>Contract<br/>activities</i> | <i>Service<br/>activities</i> | <i>Total</i> |
|----------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|--------------------------------|-------------------------------|--------------|
| Revenue                                      | 104,124,402                                         | 17,178,895                                          | 46,249,331                     | 19,876,553                    | 187,429,181  |
| Profit (loss) before zakat and<br>income tax | 16,072,644                                          | 321,316                                             | (1,090,338)                    | 6,684,402                     | 21,988,024   |

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**15 SEGMENT INFORMATION (Continued)**

*For the six-month period ended 30 September 2024 (unaudited)*

|                                       | <i>Sale of goods<br/>(Automotive<br/>solutions)</i> | <i>Sale of goods<br/>(Customized<br/>solutions)</i> | <i>Contract<br/>activities</i> | <i>Service<br/>activities</i> | <i>Total</i> |
|---------------------------------------|-----------------------------------------------------|-----------------------------------------------------|--------------------------------|-------------------------------|--------------|
| Revenue                               | 123,884,046                                         | 16,561,065                                          | 51,754,304                     | 24,257,661                    | 216,457,076  |
| Profit before zakat and<br>income tax | 22,147,664                                          | 1,231,326                                           | 2,507,343                      | 8,347,557                     | 34,233,890   |

*For the three-month period ended 30 September 2025 (unaudited)*

|                                              | <i>Sale of goods<br/>(Automotive<br/>solutions)</i> | <i>Sale of goods<br/>(Customized<br/>solutions)</i> | <i>Contract<br/>activities</i> | <i>Service<br/>activities</i> | <i>Total</i> |
|----------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|--------------------------------|-------------------------------|--------------|
| Revenue                                      | 58,259,284                                          | 2,762,395                                           | 27,941,243                     | 10,225,666                    | 99,188,588   |
| Profit (loss) before zakat and<br>income tax | 6,828,197                                           | 322,846                                             | (502,764)                      | 4,537,099                     | 11,185,378   |

*For the three-month period ended 30 September 2024 (unaudited)*

|                                              | <i>Sale of goods<br/>(Automotive<br/>solutions)</i> | <i>Sale of goods<br/>(Customized<br/>solutions)</i> | <i>Contract<br/>activities</i> | <i>Service<br/>activities</i> | <i>Total</i> |
|----------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|--------------------------------|-------------------------------|--------------|
| Revenue                                      | 62,860,694                                          | 134,000                                             | 36,207,780                     | 13,785,511                    | 112,987,985  |
| Profit (loss) before zakat and<br>income tax | 10,440,152                                          | (852,504)                                           | 1,917,560                      | 5,425,876                     | 16,931,084   |

*For the six-month period ended 30 September 2025 (unaudited)*

|                                     | <i>Saudi Arabia</i> | <i>Bahrain</i> | <i>Total</i> |
|-------------------------------------|---------------------|----------------|--------------|
| Revenue                             | 226,661,723         | 4,548,448      | 231,210,171  |
| Intersegment revenue elimination    | (43,770,595)        | (10,395)       | (43,780,990) |
| Revenue from the external customers | 182,891,128         | 4,538,053      | 187,429,181  |
| Profit before zakat and income tax  | 21,246,923          | 741,101        | 21,988,024   |

*For the six-month period ended 30 September 2024 (unaudited)*

|                                           | <i>Saudi Arabia</i> | <i>Bahrain</i> | <i>Total</i> |
|-------------------------------------------|---------------------|----------------|--------------|
| Revenue                                   | 252,249,569         | 2,646,557      | 254,896,126  |
| Intersegment revenue elimination          | (38,436,850)        | (2,200)        | (38,439,050) |
| Revenue from the external customers       | 213,812,719         | 2,644,357      | 216,457,076  |
| Profit (loss) before zakat and income tax | 34,586,309          | (352,419)      | 34,233,890   |

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**15 SEGMENT INFORMATION (Continued)**

*For the three-month period ended 30 September 2025 (unaudited)*

|                                     | <i>Saudi Arabia</i> | <i>Bahrain</i> | <i>Total</i> |
|-------------------------------------|---------------------|----------------|--------------|
| Revenue                             | 122,172,534         | 3,326,070      | 125,498,604  |
| Intersegment revenue elimination    | (26,309,221)        | (795)          | (26,310,016) |
| Revenue from the external customers | 95,863,313          | 3,325,275      | 99,188,588   |
| Profit before zakat and income tax  | 10,409,953          | 775,426        | 11,185,379   |

*For the three-month period ended 30 September 2024 (unaudited)*

|                                     | <i>Saudi Arabia</i> | <i>Bahrain</i> | <i>Total</i> |
|-------------------------------------|---------------------|----------------|--------------|
| Revenue                             | 131,040,465         | 1,178,187      | 132,218,652  |
| Intersegment revenue elimination    | (19,228,866)        | (1,801)        | (19,230,667) |
| Revenue from the external customers | 111,811,599         | 1,176,386      | 112,987,985  |
| Profit before zakat and income tax  | 17,163,383          | (232,299)      | 16,931,084   |

**16 CONTINGENT LIABILITIES**

As at 30 September 2025, the Company's bankers have issued letters of guarantee and letters of credit, on behalf of the Group entities, relating to contract performance amounting to 14.8 million (31 March 2025: 8.9 million) and 6.02 million (31 March 2025: 2.9 million) respectively, against which the Group has provided margin deposit of 2.7 million (31 March 2025: 1.1 million)

**17 SUBSEQUENT EVENTS**

In the opinion of management there have been no significant subsequent events since the period ended 30 September 2025 that would have a material impact on the financial position of the Group as reflected in these interim condensed consolidated financial statements.

**18 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

These interim condensed consolidated financial statements have been approved by the Board of Directors on 19 Jumada al-Ula 1447H, corresponding to 10 November 2025.



Riyadh Saudi Arabia / Tel: +966 11 420 7600 / Email: [info@cgs.com.sa](mailto:info@cgs.com.sa)

[cgs.com.sa](http://cgs.com.sa)

