



2022 AD

Annual Report

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

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## Chapter 1

The Board Chairman's Speech, the Company Formation Stages, Activities and Objectives



## Board report

For the fiscal year 2022 AD

**Dear Sirs / Respected shareholders of United Wire Factories Company**

Peace, mercy and blessings of Allah be upon you,

On behalf of the members of the Board of Directors and the executive management, I extend my sincere thanks and appreciation to all the shareholders of the United Wire Factories Company for their continued confidence in the management of the company, and thanks extend to all employees of the company for their efforts and dedication in performing their work as required, which enabled the company to achieve its goals for the year 2022 AD.

The year 2022 AD witnessed a number of challenges as a result of global events that affected several sectors, including the construction and building sector in Saudi Arabia. However, the company, with the help of God, succeeded in exceeding the financial goals for the year as well as the results of the previous year by a large percentage, as the company achieved during the year 2022 AD an increase in Profits for the year 2021 increased by 23%, as profits for this year amounted to approximately 57 million riyals, compared to profits for the previous year amounting to 46 million riyals.

In accordance with the objectives of the strategic plan, the company has started launching the "Corporate Resource Planning ERP" project after appointing a specialized consulting company to evaluate the available systems and work with the company's management to choose the most appropriate system and the executing company. During the first quarter of the year 2023 AD.

In accordance with the policy of the Board of Directors in distributing profits, cash dividends were distributed to shareholders during the fiscal year 2022 AD at a rate of 14.5% of the capital, equivalent to SR 1.45 per share, as the total dividends distributed amounted to 50.9 million riyals as profits for the second half of the year 2021 and the first half of 2022.

It is also worth noting the recommendation of the Board of Directors on 11/02/2022 AD to reduce the company's capital due to its excess than needed, provided that the method of reduction is to cancel 20% of the number of the company's shares while compensating the shareholders for that by financing the reduction process by using the surplus cash balances for the company. Note that the reduction decision will not affect the company's business and expansion plans and will lead to improving the financial performance indicators.

In continuation of the company's efforts to search for investment opportunities that contribute to the diversification and development of sources of income, the year 2022 AD witnessed the signing of an agreement to acquire 30% of the capital of A One Fence Arabia Company for Industry (a foreign limited company), which is engaged in the manufacture of protection products and security fencing. Work is underway to complete the necessary legal procedures before announcing the completion of the acquisition.

The company was also keen to have its products approved by many government and private agencies, such as the Ministry of Defense and the Ministry of Transport and Logistics Services, as well as vision projects, including NEOM and the Red Sea, in addition to many other agencies such as the National Water Company and the Saudi Railways Company. The company also participated

## Annual Report

in many trade missions and local and international business forums, as well as specialized exhibitions locally and regionally, including the Big 5 exhibition in Dubai.

The company was also added as one of the strategic partners of the Saudi Export Development Authority to become one of (56) strategic partners only with the authority under the umbrella of the Ministry of Industry and Mineral Resources and to participate in the activities of the authority on an ongoing basis. In addition, the company has obtained a local content certificate from the Local Content and Governmental Procurement Authority, in addition to the continued validity of the quality mark certificate from the Saudi Standards, Metrology and Quality Organization.

In conclusion, I ask God that the year 2023 AD be an active financial year full of achievements and successes in a way that achieves the hopes and aspirations of the company's shareholders and employees.

Khalid Saad Abdul-rahman AlKanhil

The Board Chairman

## 1.2 The stages of the company formation and the development of its capital

### 1990 AD - 2007 AD

#### Genesis and expansion

1990 AD: The establishment of the Gulf Tying Wire Company Ltd. - a limited liability company with a capital of (3,000,000) Saudi riyals, and the production of flannel wires as a main product, with a production capacity of (6000) tons annually.

1996AD: Adding galvanizing wire production lines with galvanizing wires to reach the production capacity of (12,000) tons annually.

2006AD: The merger of (Riyadh Factory for Tying Wire Co., Ltd., the Saudi Factory for Galvanized and Barbed Wire, Fence Mesh and Nails and its branches) with (Gulf Wire for Tying Co. Ltd.) and changing the name of the company to (United Wire Factories Company).

2007AD: Acquisition of (Al-Saghir Garment Hangers) and (Al-Saghir Wire Drawing) factories owned by Al-Saghir Trading and Contracting Company by granting it in-kind shares, and increasing the capital to (206,500,000) Saudi riyals.

### 2008 AD - 2011 AD

#### Transformation and insertion

2008 AD: The partners' decision to convert from a limited liability company to a closed joint stock company, and to add a production line of reinforcing steel and floor nets, with a production capacity of (300,000) tons annually.

2011 AD: The Capital Market Authority approved the offering of 30% of the company's shares for public subscription, and then the offering and trading of the company's shares within the construction sector with the symbol (1301).

### 2011 AD - 2014 AD

#### Capital increase

2011 AD: The approval of the first extraordinary general assembly to raise the capital to (325,000,000) Saudi riyals.

2013 AD: The approval of the Fourth Extraordinary General Assembly to raise the capital to (390,000,000) Saudi riyals.

2014 AD: The approval of the Fifth Extraordinary General Assembly to raise the capital to (438,750,000) Saudi riyals.



## 2020 AD

### Capital reduction

2020 AD: The Twelfth Extraordinary General Assembly agreed to reduce the capital to (351,000,000) Saudi riyals because there is no need, by canceling the shares in a corresponding manner, without this having any impact on the financial and regulatory obligations and operational performance.

## 1.3 The main activities of the company

- Producing and marketing of reinforcing steel bars, wire coils, sheets, rebar mesh, and block ladder, in addition to bending, forming, straightening, cutting rebar, melting and rolling iron, and all materials related to building materials industries and their supplies.
- Producing and marketing of bonding wires, drain bonding wires and metal bonding wires for concrete.
- Bending, forming, straightening and cutting rebar, iron smelting and rolling, and all materials related to the building materials industries and their accessories.
- Producing and drawing of steel wires, galvanizing of wires, fencing nets, bed nets, barbed wire, clothes hangers, wood nails, screws, steel, corners, straighteners, iron hinges, epoxy steel reinforcement, straightening and cutting various sheet rolls.
- Import, export, trading and marketing of similar products, complementary products to the nature of work, and all construction materials.
- Buying real estate and land and using them for company purposes or to construct buildings on them and investing them by selling or renting for the company.
- Import, export, trading in wood and all kinds of commercial iron, commercial services, commercial agencies, distribution agencies, third-party marketing services, shipping and transportation services.

## 1.4 Company vision

**Leadership:** in the field of manufacturing high quality metal products for commercial, construction and industrial uses.

**Presence:** In the local and foreign markets, serving a well-established group of local and international clients.

**Sustainability:** by designing products that have better specifications in terms of quality, durability and safe use.

**Continuous Improvement:** To manage our operations responsibly as one of the major producers of metal wire in the Kingdom.

## 1.5 Company message

**Principle:** Maintaining a professional culture and creating a work environment characterized by trust and participation, while adhering to the highest standards of governance, professional competence and responsibility towards the environment.

**Product:** Building a diversified portfolio of constantly evolving products and striving to meet customer expectations in terms of quality, value and service.

**Stakeholders:** Seek to protect the interests of all our partners, including shareholders, employees, business partners and regulators.

**Work procedures:** Achieving comprehensive growth through raising efficiency, improving productivity, and continuous development by utilizing modern systems in the operational and administrative fields.

## 1.6 Company values

**Integrity:** By upholding the highest standards of integrity and ethics in our professional practice

**Transparency:** in our dealings and decisions and taking responsibility towards regulators, investors and financial institutions

**Respect:** to all our customers and employees, listening to them and meeting their requests and needs.

**Cooperation:** with our suppliers to advance, expand and grow together.



## Chapter 2

### Business results

## **2.1 Significant company plans, decisions, and future expectations of the company**

### **2.1.1 Future plans**

1. Expansion in the local market.
2. Presence in foreign markets.
3. Acquisition or merger to increase the company's profitability and diversify its activities.
4. Raise the sales of civil products with a high profit margin.
5. Apply the concepts of total quality and efficient manufacturing.
6. Improving operating efficiency and work environment.
7. Enhancing the role of middle management in the organizational structure.
8. Apply the safety and environmental standards.
9. Community participation.

### **2.1.2 Risks**

1. Raw materials: The Company mainly deals with iron ore rolls, which represents one of the basic components of most of its products. Therefore, changes in iron ore prices may expose the company to risks of fluctuations in the prices of raw materials, and then the company monitors these changes by monitoring stock levels in line with price fluctuations of raw materials.
2. Credit risk: it is the disability of one party to fulfill its obligations, which leads to the other party incurring a financial loss. The financial assets that are likely to be exposed to concentration of credit risk mainly consist of cash with banks and customers, due from related parties and cash and the like that the company owns are in reputable banks, therefore credit risk is limited. The credit risk related to customers is also limited because the total customers are distributed among a number of clients with strong financial positions. Clients' balances are also shown in the financial statements according to their collectible balances. The company's management also monitors clients' balances to reduce any credit risk on them and takes any necessary procedures regarding them to preserve the company's rights.
3. Currency rate risk: It is the risk of change in the value of financial instruments due to changes in foreign exchange rates. The management monitors the risk of fluctuations in exchange rates closely, and based on management experience, it believes that the company is not exposed to a significant risk of change in exchange rates.



4. Liquidity risk: It represents the risk that the company faces in providing funds to meet obligations related to financial instruments. Liquidity risk occurs when it is not possible to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring it regularly to ensure that sufficient liquidity is available to meet any future liabilities.
5. Commission rate risk: is the change in commission rates on the company's debt to banks, which is represented in credit facilities. To reduce these risks, the company's management is working to obtain the best available conditions in the market for credit facilities which represented mainly in letters of guarantee and documentary credits. It also reviews the prices of Commissions prevailing in the banking market periodically, and taking the necessary procedures to reduce any risks that may arise from changing commission rates.
6. Forward integration of major suppliers: It's represented in any forward integration steps by primary suppliers that may lead to a company diminishing its market share. And the large size of suppliers makes this factor even more dangerous.
7. Intense internal and external competition for the company's products: The trade crisis between major countries and the imposition of customs duties on steel imports from China led to dump the Chinese steel products to other countries. This may result in lower cost alternatives to the company's products in the market.
8. Geopolitical tensions in the region: The geopolitical tensions in the Middle East affected on the decline in the price of Brent oil. As the company operates in an economy depends on oil prices, these geopolitical tensions may lower demand for its products.
9. Changes in industry regulation laws: Changes in industry regulation sector have a direct impact on the company's operational operations.
10. Outdated production facilities and equipment: Because the company has been in the industry for nearly three decades till now, production facilities and equipment need a higher maintenance cost which can be greatly reduced by replacing some old equipment and facilities.



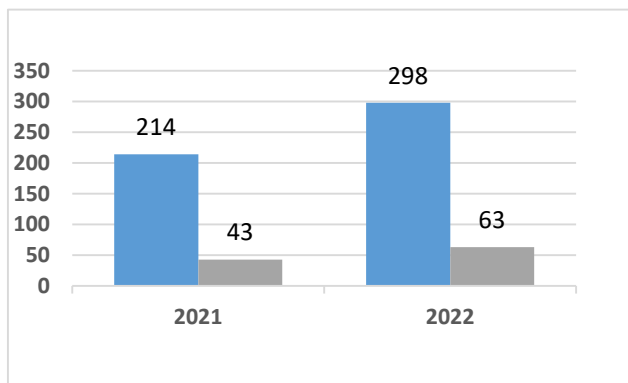
## 2.2 Revenue and gross profit

### 2.2.1 Revenue and gross profit are distributed according to the company's sectors

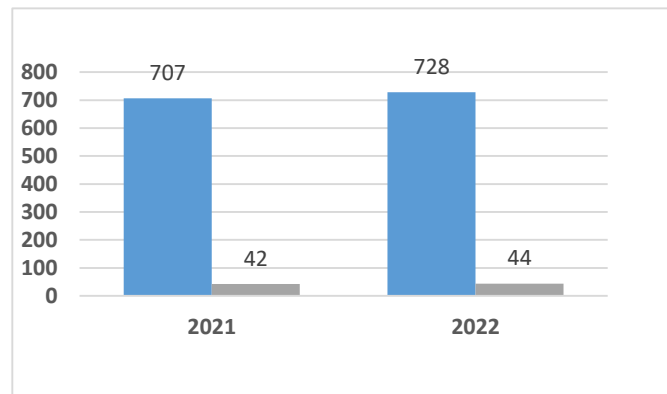
Item	The constructional sector and building materials		The civil sector		Total	
	2022	2021	2022	2021	2022	2021
Sales	728	707	298	214	1,026	921
Sales cost	(684)	(665)	(235)	(171)	(919)	(836)
Gross profit	44	42	63	43	107	85

To the nearest million riyals

Table 1: Sales, cost of sales, and gross profit for each segment



Gross profit Sales



Gross profit Sales

Diagram 1: Sales and gross profit of the civil sector

For the years 2021 and 2022 AD

Diagram 2: Sales and gross profit of the constructional sector

For the years 2021 and 2022 AD

## 2.2.2 Geographical analysis of the company's total revenue

Regions	2022	2021	2020	2019	2018
Central Region	691	543	494	463	321
Western region	257	307	324	235	187
Eastern Region	78	71	41	26	27
<b>Total</b>	<b>1,026</b>	<b>921</b>	<b>778</b>	<b>724</b>	<b>535</b>

To the nearest million riyals

Table 2: Sales are distributed according to geographical regions

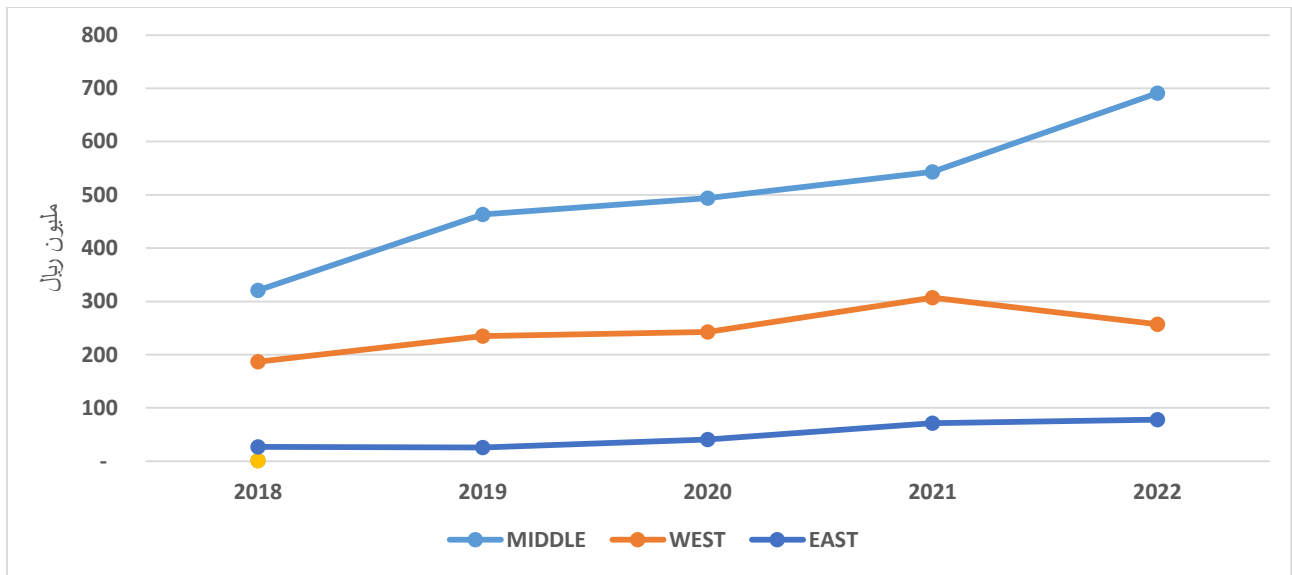


Diagram 3: Sales development according to geographical regions

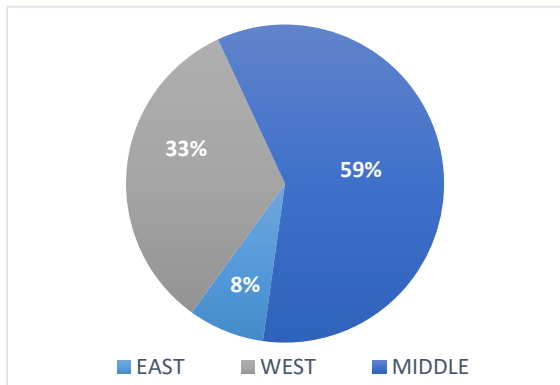


Diagram 4: Geographical sales distribution 2021AD.

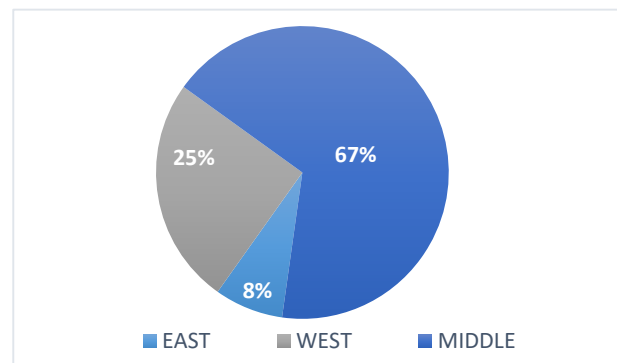


Diagram 5: Geographical sales distribution 2022AD.

11.

## 2.3 Assets, liabilities and shareholders' equity

Item	2022	2021	2020	2019	2018
Current assets (other than stock)	280	291	289	388	311
Inventory	192	103	111	92	121
<b>Total Current assets</b>	<b>472</b>	<b>394</b>	<b>400</b>	<b>480</b>	<b>432</b>
Fixed assets (in net)	103	106	113	123	131
<b>Total assets</b>	<b>575</b>	<b>500</b>	<b>513</b>	<b>603</b>	<b>563</b>
Current liabilities	114	46	44	74	48
Non current liabilities	11	11	11	10	8
<b>Total liabilities</b>	<b>125</b>	<b>57</b>	<b>55</b>	<b>84</b>	<b>56</b>
Total shareholders' equity	450	443	458	519	507
<b>Total liabilities and shareholders' equity</b>	<b>575</b>	<b>500</b>	<b>513</b>	<b>603</b>	<b>563</b>

**To the nearest million riyals**

Prepared according to international accounting standards approved in the Kingdom of Saudi Arabia

Table 3: Summary of assets, liabilities and shareholders' equity for the last five years

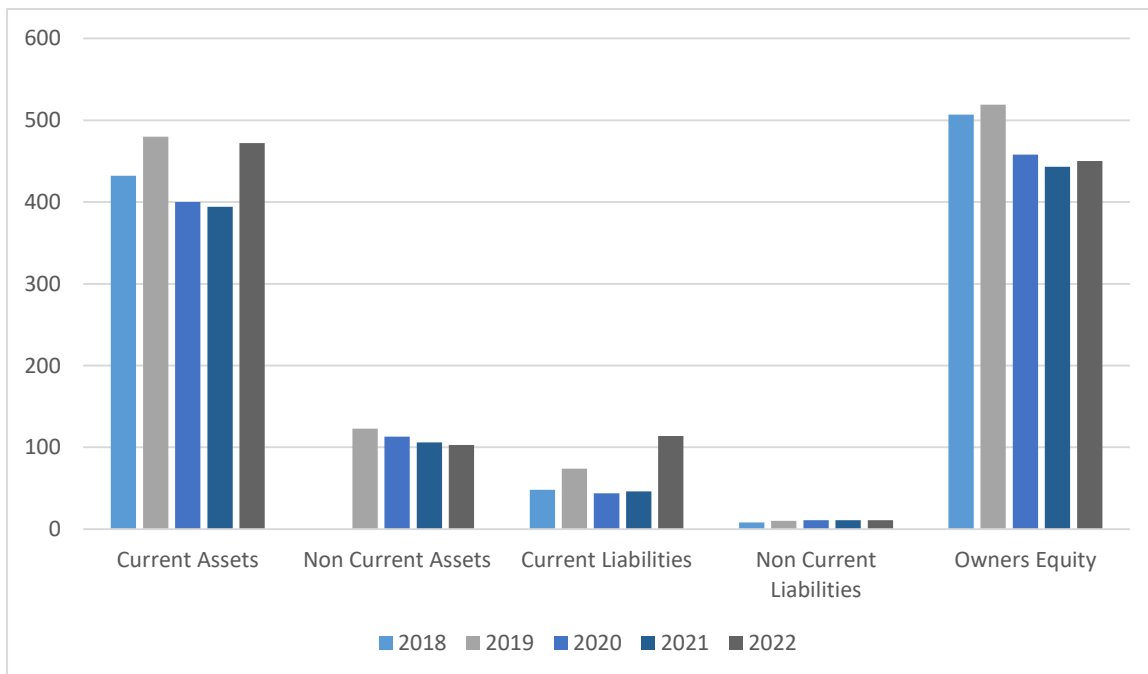


Diagram 6: Items of assets and liabilities for the last five years (million riyals)

## 2.4 Business results and the volume of change in results for five years

### 2.4.1 Company's business results for the last five years

#### 2.4.1.1 Income statement (operational performance) for the last five years

Item	2022	2021	2020	2019	2018
Net sales	1026	921	778	724	535
Cost of sales	-919	-836	-664	-662	-489
<b>Gross profit</b>	<b>107</b>	<b>85</b>	<b>114</b>	<b>62</b>	<b>46</b>
Selling and distribution expenses	-21	-19	-20	-17	-15
General and administrative expenses	-18	-16	-16	-14	-16
Reverse (decreasing) in the value of debit trade receivables	-1	0	0	1	1
Add (deduct) other revenues (expenses)	0	0	0	0	0
Reversal of trade receivables and inventories (COVID-19)	0	6	-6	0	0
<b>Net profit before zakat and tax</b>	<b>67</b>	<b>56</b>	<b>72</b>	<b>33</b>	<b>17</b>
Zakat and tax	-10	-10	-10	-11	-10
<b>Net profit after zakat and tax</b>	<b>57</b>	<b>46</b>	<b>62</b>	<b>22</b>	<b>7</b>

**To the nearest million riyals**

\*Prepared according to IFRS approved in the Kingdom of Saudi Arabia

Table 4: Income statement for the last five years

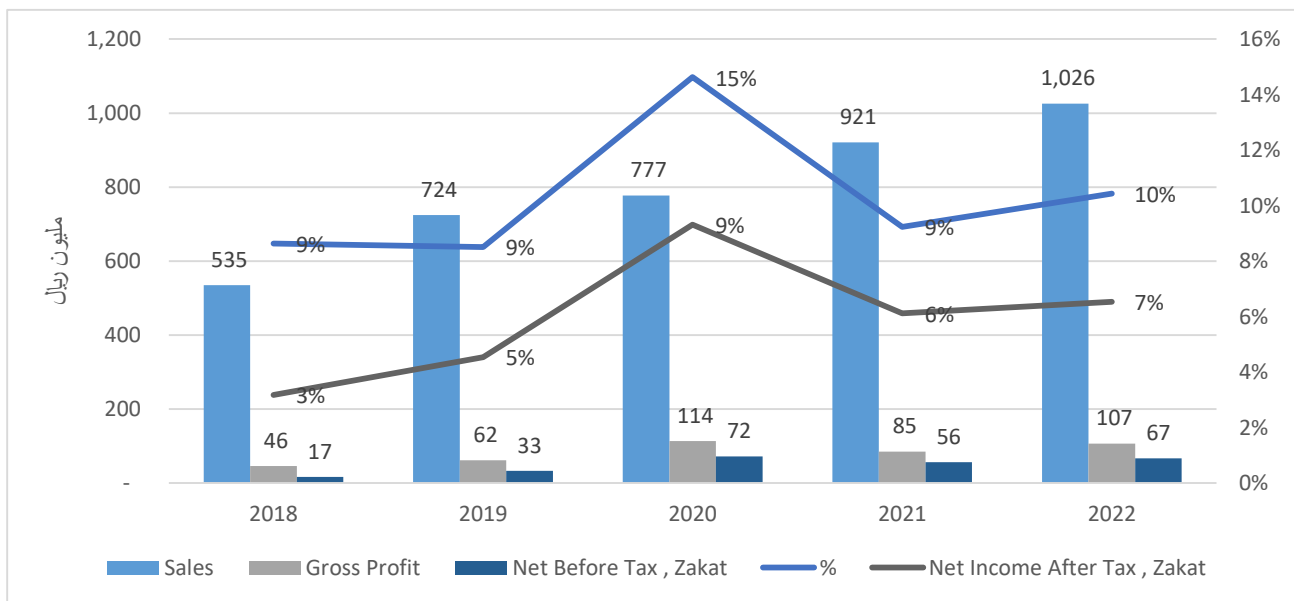


Diagram 7: Sales, gross and net income before and after zakat for five years

#### 2.4.1.2 The Main differences in the operational results between the two years 2021 and 2022 AD

Item	م2022	م2021	Diff.	%
Net sales	<b>1,026</b>	<b>921</b>	<b>+105</b>	<b>11%</b>
Cost Of Sales	-919	-836	-83	10%
<b>Gross profit</b>	<b>107</b>	<b>85</b>	<b>+22</b>	<b>%26</b>
Selling and distribution expenses	-21	-19	+2	%10
General and administrative expenses	-18	-16	+2	12%
Reverse (decreasing) in the value of debit trade receivables	-1	0	-1	-
Add (deduct) other revenues (expenses)	0	-	-	-
Reversal of trade receivables and inventories (COVID-19)	-	6	-6	-
<b>Net profit of principal operations</b>	<b>67</b>	<b>56</b>	<b>+11</b>	<b>20%</b>
Islamic Zakat	-10	-10	-	-
<b>Net profit after Zakat</b>	<b>57</b>	<b>46</b>	<b>+11</b>	<b>24%</b>
Other comprehensive income	1	0	-	-
<b>Net profit and other comprehensive income for the year</b>	<b>58</b>	<b>46</b>	<b>+12</b>	<b>26%</b>
<b>To the nearest million riyals</b>				
*Prepared according to IFRS approved in the Kingdom of Saudi Arabia				

Table 5: The principal differences in the operational results between years 2021 and 2022.



### 2.4.1.3 The financial position for the last five years

Item	2022	2021	2020	2019	2018
Net working capital	358	348	356	406	384
Net fixed assets	99	102	109	119	130
Right of Use (Lease Rent IFRS 16)	4	4	4	4	-
<b>Net working assets</b>	<b>461</b>	<b>454</b>	<b>469</b>	<b>529</b>	<b>514</b>
Commitment of defined benefits to employees (End of service indemnity)	8	8	8	7	8
Rental commitment (non-circulated standard 16)	3	3	3	3	-
Shareholders' equity	450	443	458	519	506
<b>Total financial of net working assets</b>	<b>461</b>	<b>454</b>	<b>469</b>	<b>529</b>	<b>514</b>

To the nearest million riyals

\*Prepared according to international accounting standards approved in the Kingdom of Saudi Arabia

Table 6: The financial position of the last five years

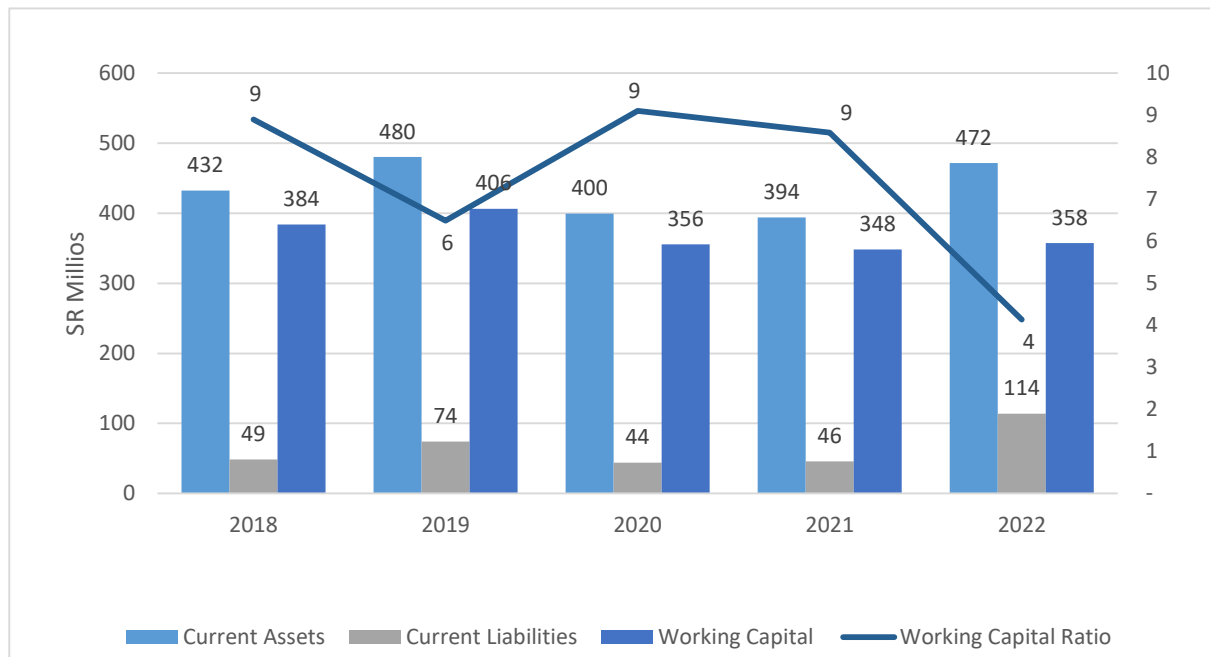


Diagram 8: The circulated assets and liabilities and working capital for the last five years

#### 2.4.1.4 The profitability indicators for the last five years

Indicator	2022	2021	2020	2019	2018
Return on sales	%6	%5	%8	%3	%1
Return on shareholders' equity	%13	%10	%13	%4	%1
Current Ratio	4	9	9	6	9
EPS (As a percentage of the net profit for the period of its realization before Zakat)	1.91	1.61	1.75	0.75	0.39
Dividends Distributed %	%69	%99.7	%100	%100	%100
*Prepared according to international accounting standards approved in the Kingdom of Saudi Arabia					

Table 7: The profitability indicators for the last five years

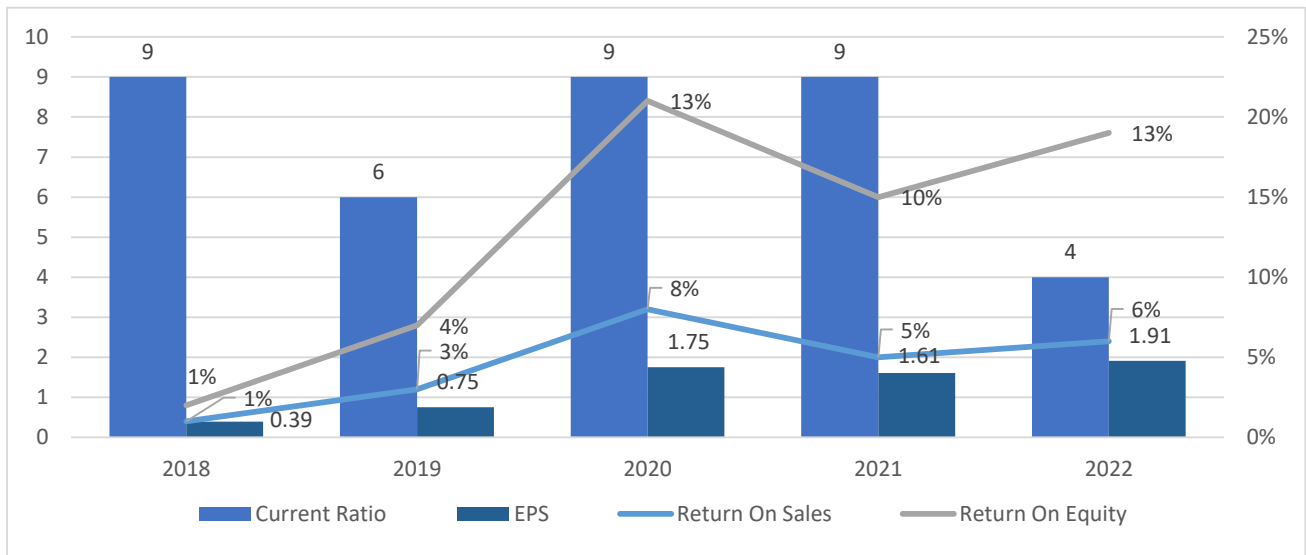


Diagram 9: The profitability Ratios for the last five years

## 2.4.2 Cash flows

### 2.4.2.1 Summary of cash flows

Net cash flow:	2022	2021	2020	2019	2018
Received from operating activities	81	32	5	70	46
Used in investing activities	(8)	(5)	(3)	(3)	(7)
Used in financing activities	(51)	(61)	(123)	(11)	(22)
Increasing / decreasing in cash	22	(35)	(121)	56	17
The cash balance at the beginning of the year	128	163	283	227	210
The cash balance at the end of the year	150	128	163	283	227

Million riyal \*Prepared according to IFRS approved in the Kingdom of Saudi Arabia

### 2.4.2.2 Cash flows from the operating activities

Item	2022	2021	2020	2019	2018
Net profit before Zakat and tax	67	56	73	33	17
Depreciations and amortizations	11	12	13	14	15
End of service expense	1	1	(1)	1	1
Working capital net changes	2	(37)	(80)	22	13
<b>Net Cash from operating activities</b>	<b>81</b>	<b>32</b>	<b>5</b>	<b>70</b>	<b>46</b>

Million riyal \*Prepared according to international accounting standards approved in the Kingdom of Saudi Arabia

### 2.4.2.3 Cash flows from the investing activities

Item	2022	2021	2020	2019	2018
Property and equipment additions	(8)	(5)	(3)	(3)	(7)
Proceeds from the properties' exclusion	0	0	0	0	0
<b>Net cash to investing activities</b>	<b>(8)</b>	<b>(5)</b>	<b>(3)</b>	<b>(3)</b>	<b>(7)</b>

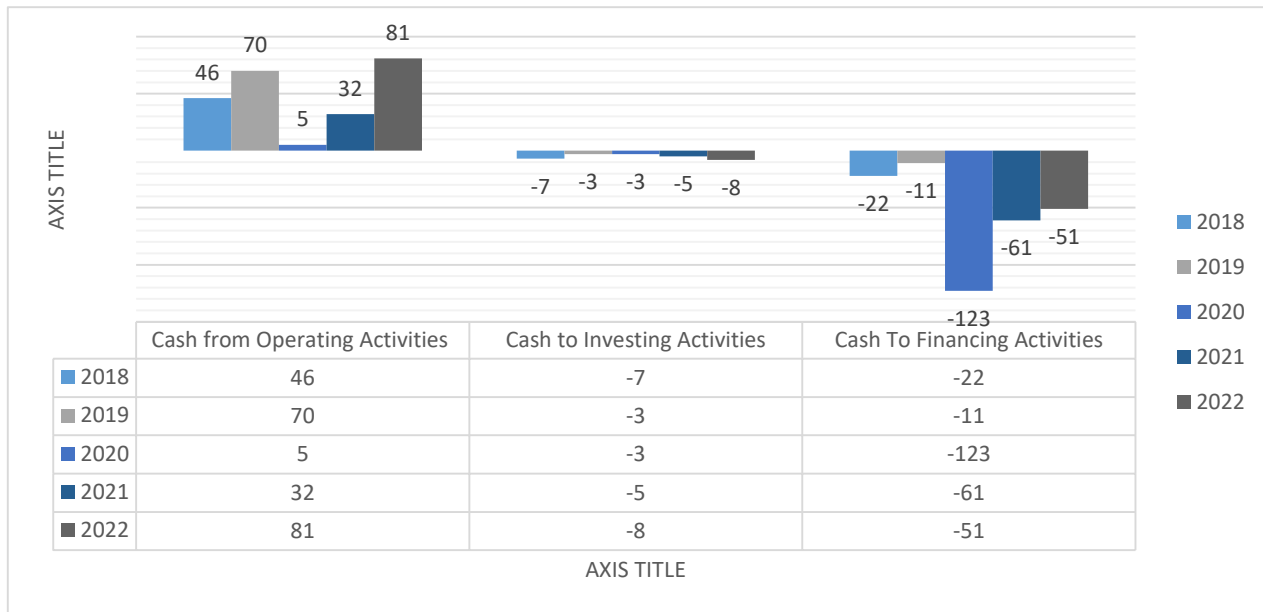
Million riyal \*Prepared according to IFRS approved in the Kingdom of Saudi Arabia

### 2.4.2.4 Cash flows from financing activities

Item	2022	2021	2020	2019	2018
Capital Reduction	-	-	(88)	-	-
Dividends	(51)	(61)	(35)	(11)	(22)
<b>Net Cash to Financing Activities</b>	<b>(51)</b>	<b>(61)</b>	<b>(123)</b>	<b>(11)</b>	<b>(22)</b>

Million riyal \*Prepared according to IFRS approved in the Kingdom of Saudi Arabia

**Table 8: Cash flows Activities**



**Diagram 10: The change in the main elements of the cash flow statement**

### 2.4.3 Net profit

The net profit after zakat amounted to about 57 million riyals for the year 2022 AD, exceeding the expected targets for the year 2022 AD although Higher than the year 2021 SR 46 M .

### 2.4.4 Applying the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA)

The financial statements for the fiscal year ending on December 31, 2022 have been prepared in accordance with the IFRS recognized in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants without any difference.

### 2.4.5 Clarification about the subsidiary companies of the United Wire Factories Company

United Wire Factories Company has no subsidiaries inside or outside the Kingdom of Saudi Arabia.

### 2.4.6 Details of shares and debt instruments issued for each subsidiary company

There is no shares or debt instruments issued for any subsidiary company.





## Chapter 3

### Distributing profits

### 3.1 Profit distribution policy

The company distributes profits to shareholders (according to the article 47 of the company's principal regulation) after deducting all general expenses and other costs and creating the necessary reserves as follows:

1. The required sums to pay Zakat, which are assessed on the shareholders, are calculated and the company pays them to the competent authorities.
2. 10% of the net profits shall be set aside to form a statutory reserve, and the Ordinary General Assembly may stop this retainer when this reserve reaches 30% of the capital.
3. After that, an initial payment equal to 5% of the capital shall be distributed to the shareholders from the rest profit.
4. After the aforementioned, a percentage not exceeding 5% of the remainder shall be allocated to remunerate the Board if the remuneration is a certain percentage of the company's profits, provided that the entitlement of this bonus is proportional to the number of sessions which were attended by the member.

### 3.2 Distributed Profit during the year 2022AD.

- During the first quarter of 2022, based on the decision of the Board of Directors held on 31/01/2022, the company distributed interim cash dividends in the amount of (15,795,000) Saudi riyals ( SR 0.45 ) per share and was distributed on 21/02/2022.
- During the third quarter of 2022, based on the decision of the Board of Directors held on 31/07/ 2022, the company distributed interim cash dividends in the amount of (35,100,000) Saudi riyals ( SR 1 One Saudi Riyal ) per share which was distributed on 18/08/2022.



## Chapter 4

Board and General Assembly Meetings, Interests and rights of Board Members and Senior Executives in the Company

## 4.1 Interests and rights of Board Members and Senior Executives in the company

### 4.1.1 Interests and rights

There is no interest for any persons from the shares category with eligibility to vote for persons (except for board members, senior executives and their relatives) who informed the company of these rights and any change in those rights during the fiscal year.

### 4.1.2 Change in ownerships

The change in the ownerships of the board members and senior executives in the company shares from 31/12/2021AD till 31/12/2022AD were as the following:

Serial	Name	Shares number on 2021 /12 /31	Shares number on 2022 /12 /31	Change percentage between the beginning and end of the year
<b>Members of the Board of Directors current Round (5th)</b>				
1	Khaled Saad Alkanhal	2,457,000	2,457,000	0%
2	Abdullah Saad Aldossary	178,541	178,541	0%
3	Rasheed Rashed Bin Oween	160,000	160,000	0%
4	Khaled Muhammad Al-Khowaiter	0	76,714	%100
5	Youssef Abdullah Almutlaq	0	0	0%
6	Turky Mohammad Alquriny	0	0	0%
7	Faisal Musaed Abdul Mohsen Al Hokair	0	647	%100
<b>Former Board Members Previous Round (4th session)</b>				
1	Muhammad Rasheed Muhammad Al-Rasheed	4,297,968	4,297,968	0%
2	Saleh Rasheed Muhammad Al-Rasheed	1,339,744	1,339,744	0%
<b>Executive management</b>				
1	Nabil Hassan Al-Amir	0	0	0%
2	Bader Eid Al-Mohammadi	0	0	0%
3	Abdulhameed Hosny Ibrahim	0	0	0%
4	Rana Salim Ahmed	0	0	0%
5	Ibrahim Abdullal salam	0	0	0%

Table 9: Change in shares ownership of board members and senior executives

#### 4.1.3 Loans and banking facilities

Based on the policies and instructions of the Board of Directors, there is no dealing with any loans in 2022 AD. The company also has banking facilities in compliance with the provisions of Islamic Sharia from local banks with a total amount of one hundred and fifty million Saudi riyals in the form of credits by sight and letters of guarantee of payment that do not entail any loans or Benefits.

#### 4.1.4 Loans instruments

There are no categories and numbers of any transferable debt instruments, any contractual securities, subscription right notes, or any similar rights issued or granted by the company (the source) during the fiscal year 2022AD, and there is no compensation that the company (the source) obtained for that.

In addition, there are no transfer or subscription rights under convertible debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company (the source).

In addition, there is no refund, purchase or cancellation by the company of any refundable debt instruments and the value of the remaining securities, with a distinction between the listed securities purchased by the companies and those which were purchased by their subsidiaries.



## 4.2 Board and general assemblies' meetings

### 4.2.1 Board meetings

The Board held four meetings during the fiscal year 2021 as following:

1. First meeting: 31/01/2022 AD.
2. Second meeting: 05/04/2022 AD.
3. Third meeting: 11/04/2022 AD.
4. Fourth meeting: 22/05/2022 AD.
5. Fifth meeting: 31/07/2022 AD.
6. Sixth meeting: 02/11/2022 AD.
7. Seventh meeting: 21/12/2022

The following table shows the attendance record of the Board members for the meetings .

S	Member names	Position	category	Meetings' attendance								%
Members of the Board of Directors current Round (5 <sup>th</sup> )												
1	Khaled Saad Alkunjul	Chairman	Non-Executive	√	√	√	√	√	√	√	100%	
2	Rasheed Rashed Bin Oween	Vice Chairman	Non-executive	√	√	√	√	√	√	√	100%	
3	Torky Mohammad Ahkuriny	member	Independent	√	√	√	√	√	√	√	100%	
4	Khaled Mohammed Al-Khowiter*	member	Independent	-	-	√	√	√	√	√	100%	
5	Faisal Musaied Al Hokair *	member	Independent	-	-	√	√	√	√	√	100%	
6	Youssef Abdullah Almutlaq	member	Independent	√	√	√	√	√	√	√	100%	
7	Abdullah Saad Aldossary	member	Executive	√	√	√	√	√	√	√	100%	
Former Board Members (4 <sup>th</sup> Round)												
1	Muhammad Rasheed Muhammad Al-Rasheed	Vice Chairman	Not executive	√	√	-	-	-	-	-	The last two meetings of the fourth round	
2	Saleh Rasheed Muhammad Al-Rasheed	member	Not executive	√	√	-	-	-	-	-		

Table 10: Members' attendance record of the Board meetings 2022

The Board of Directors held six meetings after the date of the last general assembly, in the presence of all members, and the Board took one resolutions by passing during this year.

\* Within a year 2022, the fourth round of the previous board ended on 4/9/2022 AD, and the fifth round began on 4/10/2022. The previous board of directors held two meetings until the end of the fourth round, in the presence of all members. The current board of directors also held five meetings in the presence of all members.

#### 4.2.2 Record of Shareholders' requests

The following table shows the number of the company's requests for shareholders' record during the year, the dates of those requests, and their reasons.

Serial	Date of request	Reasons of request
1	02/01/2022	Company procedures
2	10/02/2022	Earnings file
3	01/03/2022	General Assembly
4	01/08/2022	Earnings file

Table11: Record of shareholders' requests

#### 4.2.3 General assembly meetings

During the year 2022 AD, The 14<sup>th</sup> Ordinary General Assembly was held (the first meeting), at exactly 08:00 pm on Tuesday 28/07/1443 AH corresponding to 01/03/2022 AD, when the meeting quorum is completed with an attendance rate of 53,16%.

The assembly was held remotely through modern technology means, based on the circular issued by the Capital Market Authority dated on 16/03/2020AD, which includes the sufficiency of holding general assemblies through modern technology means that enable shareholders to participate in its deliberations and vote on its agenda remotely. This is within the framework of supporting the preventive efforts and precautionary procedures of the competent and relevant authorities to face the emerging corona virus.

The following table shows the attendance of the Board members for this Assembly.

S	Member names	Position	Attendance
1	Khaled Saad Alkanhal	Chairman of the Board	√
2	Muhammad Rasheed Muhammad Al-Rasheed	Vice Chairman of the Board	√
3	Abdullah Saad Aldossary	member of the Board	√
4	Rasheed Rashed Bin Owein	member of the Board	√
5	Saleh Rasheed Muhammad Al-Rasheed	member of the Board	√
6	Youssef Abdullah Almutlaq	member of the Board	√
7	Turky Mohammad Alquriny	member of the Board	√

Table 12: Attendance record of Board Members for the 14<sup>th</sup> General Assembly meeting

### 4.3 Data details of the Board members and executive management

#### 4.3.1 Board members

The Board of Directors was formed for the current (fifth) session pursuant to the decision of the Fourteenth Ordinary General Assembly on 28/07/1443 AH corresponding to 01/03/2022 AD, and the Chairman of the Board was chosen by a decision of the members 10/09/1443 AH corresponding to 11/04/2022 AD. The table below represents their membership details.

S	Member names for the fourth session	Position	category
1	Khaled Saad Alkanhal	Chairman of the Board	Non- executive
2	Rasheed Rashed Bin Owein	Vice Chairman of the Board	Non- executive
3	Turky Mohammad Alquriny	member of the Board	Independent
4	Khaled Mohammed Al-Khuwaiter	member of the Board	Independent
5	Faisal Musaed Al Hokair	member of the Board	Independent
6	Youssef Abdullah Almutlaq	member of the Board	Independent
7	Abdullah Saad Aldossary	member of the Board	executive

Table 13: Board members for the fourth session

#### 4.3.2 Curriculum Vitae of the Board members

##### **Khaled Saad Abdul-Rahman Al-Kanhal**

##### **The Chairman of the Board**

Mr. Khaled Al-Kanhal holds the position of Chairman of the Company's Board of Directors for the fourth term, in addition to being the Chairman of the Executive Committee and a member of the Remuneration and Nominations Committee. He also has the following experiences:

- Member of the Board of Directors of the Petroleum Products Company for more than ten years.

He rose in several positions in the Arab National Bank until he became a branch manager with an experience of eight years.

- Mainly contributed to the process of merging a group of factories under the name (Union Wire Factories Company).
- General Manager of the company during the period 2006 AD to 2008 AD.

**Rasheed Rashed Bin Owein****The Vice Chairman of the Board**

Dr. Rasheed bin Owein is a member of the company's Board of Directors for the fourth term, in addition to being the Chairman of the Nominations and Remunerations Committee. He also holds a Ph.D. in Nuclear Engineering from the University of Arizona, a Master's degree in Nuclear Engineering from King Saud University, as well as a Bachelor's degree in Electrical Engineering from King Saud University, in addition to the following experiences:

- Member of the Board of Directors of Al-Jouf Agricultural Company for more than ten years, and currently a member of the Executive Committee.
- Member of the Board of Directors of the National Petrochemical Company for more than two years, and currently the Chairman of the Remuneration and Nominations Committee.
- Member of the company's board of directors since 2013.

**Turki Mohammed Fahid Al-Quraini****Board Member**

Mr. Turki Al-Qurini is a member of the company's board of directors for the fourth term, in addition to being a member of the Nomination and Remuneration Committee. He also holds a Master's degree in Finance from the University of Technology Sydney and a Bachelor's degree in Accounting from King Saud University, and has the following experiences:

- Director of Compliance with Corporate Governance Rules and Director of Corporate Governance Standards at the Capital Market Authority.
- General Manager of Governance and Secretary of the Board of Directors of Jabal Omar Development Company.
- General Manager of the Governance, Risks and Compliance Department of the National Housing Company.
- General Manager of the Governance, Risks and Compliance Department of the Human Resources Development Fund (Hadaf).
- Director of the Corporate Governance Department at the National Water Company.
- Head of the Audit Committee in the Value Partners Company.
- Chairman of the Audit Committee at Zawaya Real Estate Company.
- Member of the Audit Committee at Etihad Al-Rajhi Company.

## **Khaled Muhammad AL Khwaiter**

### **Board Member**

Mr. Khaled Al-Khwaiter holds the position of Chairman of the Audit Committee and board member in the company. He holds a Bachelor's degree in Accounting from King Saud University and holds a Fellowship (CPA) from the American Institute of Certified Accountants. He also has extensive experience in several fields as follows:

- Chief Financial Officer of the Advanced Electronics Company.
- Member of the committees of the Saudi Organization for Certified Public Accountants to prepare standards and supervise the quality of application.
- Work in the financial department of the Hotels and Tourist Zones Company.
- Member of the Board of Directors of Jadwa Investment Company.
- Member of the Audit Committee of the Industrial Group Company.
- Member of the Audit Committee at Aldrees Company.
- Member of the Audit Committee at Mawten Company.

## **Faisal Musaed Abdul Mohsen Al Hokair**

### **Board Member**

Mr. Faisal Al-Hokair is a member of the Company's Board of Directors for the fifth term, in addition to a membership in the Nominations and Remuneration Committee. He also holds a Master's degree in Business Administration from the London Business School and a Bachelor's degree in Industrial Science and Systems Engineering from King Fahd University of Petroleum and Minerals. He has the following experiences:

- Chief Executive Officer and Board Member of Al Hokair Holding Company.
- Leader of the credit teams and the petrochemicals and building materials team in the Saudi Industrial Development Fund.
- Analyst at Charles International Consulting.
- Member of the Board of Directors of Cosmo plast Riyadh.
- Member of the Board of Directors of the Saudi Supply and Technical Services Company.

## Youssef Abdullah Ibrahim Al-Mutlaq

### Board Member

Mr. Youssef Al-Mutlaq is a member of the company's Board of Directors for the fourth term, in addition to being a member of the Audit Committee. He also holds a master's degree in business administration from King Saud University, a bachelor's degree in mechanical engineering from the same university, and a diploma in industrial management, and has the following experiences:

- CEO and co-founder of Qudra Energy Company.
- CEO of Rezayat Group.
- CEO of Al-Essa Industries Company.
- Chairman of the Board of Directors of Hunter Arabia Company.
- President of the Company (CMC).
- Member of the Board of Directors of Al-Jazirah Electrical Appliances Company.
- Managing Director of Tamkeen Company.
- Member of the Board of Directors of ACWA Power.

## Abdullah Saad Abdullah Al-Dossary

### Board Member and General Manager Sales

Mr. Abdullah Al-Dosari holds the position of a member of the company's board of directors for the fourth session, in addition to being a member of the Executive Committee and General Manager of Sales and Marketing. He also has the following experiences:

- Worked in the Riyadh factory for tying wires and grading from the sales and production department until he became the deputy general manager of the factory, and in 1997 he was transferred to a company and served as its general manager for a period of nine years.
- Member of the company's board of directors since 2007.

### 4.3.3 Curriculum Vitae of the Senior Executives

#### **Nabil Hassan Muhammad Al-Amir**

##### **The Executive Manager**

Mr. Nabil Al-Amir has been the CEO of the company since 2018. He holds a Bachelor's degree in Marketing from King Fahd University of Petroleum and Minerals with honors, and has various experiences in several fields as follows:

- CEO of Akl for Trade and Industry.
- Executive Vice President of Central Services in the National Company for Industry.
- Head of the National Factory for Food Products - Al-Waha (for the National Company for Industry).
- Director of the Logistics and Supply Department at Al-Munajim Refrigerators Company.
- Assistant General Manager at Gulf Catering Company (Al-Munajim Group).
- Head of the trade and marketing sector in Jazan Agricultural Development Company.
- Director of Marketing at Reza Food Services Company (McDonald's).
- Petroleum products marketing specialist in the Saudi Refining and Marketing Company (SAMARC).

#### **Bader Eid Al-Muhammady**

##### **Executive Vice President for shared services and supply**

Eng. Bader Al-Muhammady has been the Executive Vice President of Shared Services and Logistics for the company since 2020. He holds a master's degree in business administration - specializing in organizational management from Cambridge International, UK, a bachelor's degree in mechanical engineering from Riyadh Technical College with distinction with first class honors, and advanced postgraduate studies in computer engineering from Jeddah International Center higher training in addition to passing various professional programs and professional licenses in project management, operations, quality, safety, occupational health and the environment from the University of Texas (A&M) in the United States of America. He also has a variety of experiences in several fields, as follows:

- Chief Executive Officer of the Shared Services Sector of Dar Al-Arkan Real Estate Development Company.
- General Manager of the Saudi Company for the Production of Building Materials (SBM).
- General Manager of the Support Services Sector in the Kingdom of Saudi Arabia for Saudi Post.
- Executive Director of the Joint Support Services Group for Riyadh Cement and Saudi White Cement.



- Member of the committees concerned with restructuring the strategy, digital transformation programs and business development for Dar Al-Arkan Real Estate Development Company, Riyadh Cement Company, Saudi White Cement and Arabian Cement.
- Participation in a group of national committees of the Council of Saudi Chambers.
- Experience in supporting commercial and industrial businesses for more than twenty years.

### **Abdullah Saad Abdullah Al-Dossary**

#### **General Manager Sales and Marketing**

Mr. Abdullah Al-Dosari holds the position of a member of the company's board of directors for the fourth session, in addition to being a member of the Executive Committee and General Manager of Sales and Marketing. He also has the following experiences:

- Worked in the Riyadh factory for tying wires and grading from the sales and production department until he became the deputy general manager of the factory, and in 1997 he was transferred to a company and served as its general manager for a period of nine years.
- Member of the company's board of directors since 2007.

### **Abdel Hamid Hosni Abdel Hamid Ibrahim**

#### **The Financial Director**

Mr. Abdel Hamid Ibrahim has held the position of Financial Director of the United Wire Factories Company since January 1, 2019AD. He obtained a Bachelor of Commerce in 1991AD and a Postgraduate Diploma in Accounting and Auditing in 1996AD from the Faculty of Commerce - Cairo University. He also passed the (CMA) Certified Management Accountant Fellowship from the (IMA) Institute for Management Accountants in the United States of America in December 2017AD. He has also completed many courses and professional forums in internal control, risk study, analysis and financial planning and has various scientific and practical experiences in many Industrial and service sectors. Through his practical experience which exceeds 28 years, he held various positions in financial and internal auditing management, then as a financial manager in many of the major companies affiliated with Amer Group and Moamen Group in Egypt and Al Manjem Group in the Kingdom of Saudi Arabia

## **Rana Salim Ahmed Muhammad**

### **The Production Manger**

Engineer Rana Salim Ahmed has been the production manager for United Wire Factories Company since September 2013 and a responsible of all operations and production plans for all products that are manufactured in the company's factories in the Kingdom in its construction and civil sectors. He obtained a Bachelor of Science from the University of Karachi in 1977AD in addition to the training for two years at the Minerals Training Center (Pakistani steel factories) and held many positions in the limited Steel Products Company- SEPCO in the Kingdom of Saudi Arabia for more than 31 years, and their last one was as a factory manager.

## **Ibrahim Abdel-Aal, Mr. Salam**

### **Technical Service Manager**

Engineer Ibrahim Salam has held the position of Technical Services Manager for the company since 2020. He holds a bachelor's degree in mechanical engineering in addition to a number of certificates in the fields of management and operation of power plant systems, firefighting systems, and the application of the quality control system and internal control over it. A number of from courses in Italy, Germany, Denmark, China and Turkey for wire drawing machines

#### **4.3.4 Actions taken by the Board of Directors to inform its members of shareholders 'proposals and comments about the company and its performance.**

Shareholders have the full right to direct their inquiries and request information in a manner that does not conflict with the interests of the company in accordance with the disclosure policies and procedures approved by the laws and regulations, and in the event of any proposals or observations towards the company, the Chairman of the Board informs the members of them in the first meeting, specifically the non-executive members.

The Board of Directors' work regulations also stipulate that the member must attend the general assembly meeting in order to receive inquiries and suggestions from the shareholders who are guaranteed by the regulations the right to participate in the deliberations and discussions of the assembly.

#### 4.3.5 Memberships of board members in the boards of directors and their managerial positions in other companies inside and outside the Kingdom

S	Member name	Company name	Inside/outside Kingdome	القانوني الكيان
1	Khaled Saad Abdul-Rahman Al-Kanhal	There is no one		
2	Rasheed Rashid Saad Bin Owien	Al-Jouf Agricultural Development Company	Inside Kingdome	Unlisted shareholding company
3	Turki Muhammad Feheed Al-Kurani	Hail Municipality Company	Inside Kingdome	Unlisted shareholding company
4	Khaled Mohammed Abdullah Al-Khowiter	Jadwa Investment Company	inside Kingdom	Unlisted shareholding company
		Anwar Al Tareeq Car Rental Company	inside Kingdom	A limited liability company
		Jaf Time Company	inside Kingdom	A limited liability company
5	Faisal Musaed Abdul Mohsen Al-Hokair	Cosmoplast Riyadh	Inside Kingdome	A limited liability company
		Saudi Technical Supply and Services Company	Inside Kingdome	A limited liability company
6	Youssef Abdullah Ibrahim Al-Mutlaq	Asni company for advanced technology	Inside Kingdome	A limited liability company
		Ridayat industrial commercial company	Inside Kingdome	A limited liability company
		Kudra investment company	Inside Kingdome	A limited liability company
		Rima investment company	Inside Kingdome	A limited liability company
		Own investment company	Inside Kingdome	A limited liability company
7	Abdullah Saad Abdullah Al-Dossary	There is no one		

Table14: Memberships of board members in the boards of directors and their managerial positions in other companies inside and outside the Kingdom



## Chapter five

### Board Committees

## 5.1 Auditing Committee

### 5.1.1 Committee Formation

The Auditing Committee was formed in accordance with the decision of the fourth Ordinary General Assembly held on 01/03/2022AD for the fifth session of the Board, which started on 10/4/2022AD. The Auditing Committee is responsible for supervising the internal audit of the company in order to verify its effectiveness in implementing the work and tasks set by the board and study the internal monitoring system, and put a written report of its opinion and recommendations regarding it. And studying the internal monitoring reports and following-up the implementation of corrective measures for the notes contained therein and recommend to the Board the appointment of legal accountants and their dismissal and determine their fees, taking into account the assurance of their independence and following up the work of the legal accountants and approving any work outside the scope of the auditing work which they are assigned to while carrying out the auditing work and studying the auditing plan with the legal accountant and make their observations on it and study the notes of the legal accountant on the financial statements, and following up what has been done about them, also studying the preliminary and annual financial statements before submitting them to the Board, giving opinions and recommendations about them, studying the accounting policies followed, and giving opinion and recommendation to the Board regarding them. The company's internal auditor submitted his reports to the auditing committee on the effectiveness of the company's internal control.

The Auditing Committee held five meetings during the year 2022 AD as following:

- 1- The first meeting: 30/01/2022 AD.
- 2- The second meeting: 08/05/2022 AD.
- 3- The third meeting: 27/07/2022 AD.
- 4- The fourth meeting: 01/11/2022 AD.
- 5- The fifth meeting: 10/11/2022 AD.

The following table includes a statement of the members of the auditing committee and their attendance of the meetings held during the year 2021 AD:

S	Member names	Position	Meeting attendance					%
			1	2	3	4	5	
1	Khaled Muhammad Al-Khowaiter	Leader	√	√	√	√	√	100%
3	Youssef Abdullah Al-Mutlaq	Member	√	√	√	√	√	100%
4	Abdullah Saud Al-Orefi	Member	√	√	√	√	√	100%

Table 15: A statement of the auditing committee members and their attendance at the meetings held during the year 2022 AD.



### 5.1.2 Internal monitoring

The company's Board acknowledges that the accounts' records have been prepared in the correct manner, and there is no doubt about the company's ability to continue its activity. And the Board acknowledges that the internal controlling system has been prepared on right bases and its procedures have been implemented effectively and works effectively and appropriately. The Auditing Committee emanating from the Board supervises the internal auditing work, which periodically checks the adequacy and effectiveness of the internal controlling system in order to provide a continuous evaluation of the internal controlling system and its effectiveness.

This comes within the objectives of the Board to obtain reasonable conviction about the soundness of the design and the effectiveness of the performance of the company internal controlling system, as the auditing committee in this way and during the fiscal year held five meetings and discussed issues related to the work of the committee, including, for example, auditing financial statements and business units in the company, in the presence of the officials in the internal auditing sector and related sectors of the company, in addition to other issues related to the company workflow from all aspects.

### 5.1.3 Internal auditing

Internal audit is an objective and independent assurance and advisory activity for the purpose of adding value and improving the company's operations. The internal audit assists the company in achieving its objectives by providing a regular entry point to improve the effectiveness of risk management, controlling, and processes involved in the supervisory performance of the company. The internal audit carried out many periodic and special reviewing processes, focusing on activities and jobs with high risks to work on rising the effectiveness, efficiency and profitability of the company's operations, which included, for example, reviewing policies and procedures that related to procurement, information technology and business units in addition to the financial sector. The necessary procedures to follow up on most of the observations contained in the audit reports in order to verify that the necessary corrective actions have been taken. In addition to contributing in auditing of the initial and final financial statements. There are no important observations on the internal controlling system based on the audit committee's report. The audit committee also considers the adequacy of the company's internal controlling system.

#### 5.1.4 The current and previous positions, qualifications and experiences of the members of the audit committee

##### **Khaled Muhammad AL Khwaiter**

##### **Member of the Board of Directors and Head of the audit committee**

Mr. Khaled Al-Khwaiter holds the position of Chairman of the Audit Committee and board member in the company. He holds a Bachelor's degree in Accounting from King Saud University and holds a Fellowship (CPA) from the American Institute of Certified Accountants. He also has extensive experience in several fields as follows:

- Chief Financial Officer of the Advanced Electronics Company.
- Member of the committees of the Saudi Organization for Certified Public Accountants to prepare standards and supervise the quality of the application.
- Work in the financial department of the Hotels and Tourist Areas Company.
- Member of the Board of Directors of Jadwa Investment Company.
- Member of the Audit Committee of the Industrial Group Company.
- Member of the Audit Committee at Al-Drees Company.
- Member of the Audit Committee of Mawten Company.

##### **Youssef Abdullah Al-Mutlaq**

##### **Member of the Board of Directors and Member of the Audit Committee**

Mr. Youssef Al-Mutlaq is a member of the audit committee and board member. He holds a master's degree in business administration from King Saud University, a bachelor's degree in mechanical engineering from the same university, and a diploma in industrial management. He has the following experiences:

- CEO and co-founder of Qudra Energy Company.
- CEO of Rezayat Group.
- CEO of Al-Essa Industries Company.
- Chairman of the Board of Directors of Hunter Arabia Company.
- President of the Company (CMC).
- Member of the Board of Directors of Al-Jazirah Electrical Appliances Company.
- Managing Director of Tamkeen Company.
- Member of the Board of Directors of ACWA Power.



## **Abdullah Saud Al-Orifi**

### **The member of the Audit Committee**

Mr. Abdullah Al-Arifi is a member of the audit committee in the company. He holds a master's degree in business administration from King Saud University, and a bachelor's degree in industrial management from King Fahd University of Petroleum and Minerals. He has the following experiences:

- Member of the Audit Committee in the Human Resources Development Fund (target).
- Member of the Audit and Risk Committee in the International Water and Energy Works Company.
- Member of the Audit Committee in the Endowments of Abdulaziz Al-Rajhi Sons Charitable Endowment.
- Member of the Audit Committee at Mawten Real Estate Company.
- Vice Chairman of the Supervisory Board of the Financial Sustainability Fund.
- Department of Loan Coordination and Services at the Saudi Industrial Development Fund.
- Credit Department of the Saudi Industrial Development Fund.
- Project

## **5.2 Nomination and Remuneration Committee**

### **5.2.1 Formation of the committee**

The Nomination and Remuneration Committee for the fifth session was formed in accordance with the decision of the Board on 11/04/2022AD for the fifth session of the Council, which started on 10/04/2022 AD.

The Nominations and Remuneration Committee recommends nomination for membership of the Board in accordance with the approved policies and standards, taking into account not to nominate any person previously convicted in a crime involving breach of trust and honesty. The committee also reviews the annual needs of the required skills for the membership of the Board and prepares a description of the capabilities and qualifications required for membership of the Board, including the determination of The time that a member should allocate to the work of the Board, and the committee reviews the structure of the Board and makes recommendations regarding the changes that can be made.

The committee also identifies weaknesses and strengths in the Board and proposes remedying them in accordance with the interest of the company. The committee checks on an annual basis that the independent members are independent, and that there is no conflict of interest if the member is a member of the board of directors of another company. The committee's tasks also include setting clear policies to reward members of the Board and senior executives, and using performance-related criteria in determining such remuneration.

The Nomination and Remuneration Committee held meetings during the year 2022AD, as following:

- 1- The first meeting: 30/01/2022 AD.

The following table includes a statement of the members of the Nomination and Remuneration Committee and their attendance at the meetings held during the year 2021 AD:

S	Member names	Position	Meeting attendance	%
1	Rasheed Rashed Bin Owein	Chairman of the Committee	√	100%
2	Khaled Saad Al-Kanhal	Member of the Committee	√	100%
3	Turki Muhammad Al-Kurani	Member of the Committee	√	100%

Table 16: A statement of the members of the Nomination and Remuneration Committee and their attendance at the meetings held during the year 2022AD.

### 5.3 The Executive Committee

#### 5.3.1 Formation of the committee

The Executive Committee for the fifth session was formed in accordance with the decision of the Board on 11/04/2022AD, For the fourth session of the Council, which started on 10/04/2022 AD.

The committee is specialized in assisting the board of directors and the management of the company to take executive decisions according to the powers granted to it based on its regulations to ensure the flexibility of workflow and timely decision-making. It also participates in setting the strategy and the main objectives of the company and submitting recommendations thereof to the Board of Directors, reviews and follows up the implementation of all the company's projects and takes related decisions according to the powers delegated to it, and follows up the implementation and development of the company's organizational structures and decisions that ensure the speedy implementation and development of it.

It also reviews the administrative regulations with the management of the company and takes decisions that enable the management to put them into practice. It studies the proposals submitted by the company's management that are related to achieving the objectives of the company or its administrative, financial and operational work and takes the decision that enables the executive management to speed up implementation or submit it to the board if it deems Necessity of it. It reviews the strategic plans and expresses an opinion on them. It also works on all tasks referred to it by the Board or its Chairman, in addition to doing everything that advances the work and achieves the company's objectives within the limits of the rules, regulations and decisions issued by the Board.

The Executive Committee held eight meetings during the year 2021AD as following:

- 1- The first meeting: 26/01/2022 AD.
- 2- The second meeting: 03/04/2022 AD.

- 3- The third meeting: 27/04/2022 AD.
- 4- The fourth meeting: 24/07/2022 AD.
- 5- The fifth meeting: 14/08/2022 AD.
- 6- The sixth meeting: 11/09/2022 AD.
- 7- The seventh meeting: 25/10/2022 AD.
- 8- The Eighth meeting: 19/12/2022 AD.

The following table includes a statement of the members of the Executive Committee and their attendance at the meetings held during the year 2022 AD:

S	Member names	Position	Meeting attendance								%
			1	2	3	4	5	6	7	8	
	For The BOD 5 <sup>TH</sup> Round										
1	Khaled Saad Al-Kanhal	Chairman	√	√	√	√	√	√	√	√	100%
2	Yossif Abdullah Almutlaq	Member	-	-	√	√	√	√	√	√	100%
3	Abdullah Saad Al-Dossary	Member	√	√	√	√	√	√	√	√	100%
4	Nabil Hussien Al-Amir	Member	√	√	√	√	√	√	√	√	100%
	For The BOD 4 <sup>TH</sup> Round										
1	Muhammad Rasheed Al-Rasheed	Member	√	√	-	-	-	-	-	-	100%

Table 17: A statement of the members of the Executive Committee and their attendance at the meetings held during the year 2022AD.

## 5.4 Methods for evaluating the performance of the Board and the performance of its committees, members, and executive management

The Nomination and Remuneration Committee has put the means related to evaluating the performance of the Board Committees and the Executive Management, while the Board of Directors has not appointed an external body to evaluate the performance of its members, as the evaluation process is indicative.

## 5.5 Remuneration of Board Members, Senior Executives and Committee Members

### 5.5.1 Remuneration system for board members and senior executives

- The remuneration of the members of the Board of Directors shall be determined according to what is contained in the Saudi corporate law, the company's articles of association, the remuneration policy approved by the company's general assembly on 14/5/2018, and the rules and regulations of the Capital Market Authority, and as shown in Chapter Three, the first item of this report, and the value of the remuneration is approved. By the general assembly of the company before disbursement, and there is no material deviation from this policy.
- The Chief Executive Officer's remuneration shall be determined according to the concluded contract - shown in the table of what senior executives received.
- The financial director receives a remuneration in the event that it is disbursed to the company's employees - shown in the table of what the senior executives received.
- There are no arrangements or agreements under which one of the company's shareholders waived any rights to profits.
- Mr. Khaled Al-Kanhal, Mr. Abdullah Al-Dosari, and Mr. Nabil Al-Amir (current session) and Mr. Muhammad Rashid Al-Rasheed (previous session) waived allowances for attending Executive Committee meetings.

### 5.5.2 Remuneration for members of the Board of Directors 2022

name	Fixed bonus ( Thousands)									Variable bonus( Thousands)						End of service	Grand total	Expense allowance
	fixed amount	attendance remuneration BOD	TOTAL- attendance remuneration BOD	Committee membership remuneration	for committees attendance remunerations	Other	Technical & admin	Remuneration of the Chairman, Managing Director or Secretary	TOTAL	% Of profit	Other bonus	short term plans bonus	Long term plans bonus	Shares dividends	TOTAL			
1st: independent members																		
Mr.: Khaled Al-Khowiter	-	15	15	75	15	-	-	-	105	-	-	-	-	-	-	-	105	
Mr.: Youssef Al-Mutlaq	100	21	121	50	24	-	-	-	195	-	-	-	-	-	-	-	195	
Mr.: Turki Al-Quraini	100	21	121	-	3	-	-	-	124	-	-	-	-	-	-	-	124	
Mr: Faisal Al Hokair	-	15	15	-	-	-	-	-	15	-	-	-	-	-	-	-	15	
TOTAL	200	72	272	125	42	-	-	-	439	-	-	-	-	-	-	-	439	
2nd: Non-executive members																		
Mr.: Khaled Al-Kanhal	100	21	121	-	3	-	-	200	324	-	-	-	-	-	-	-	324	
Mr: Rashid bin Awain	100	21	121	-	3	-	-	-	124	-	-	-	-	-	-	-	124	
Mr.: Muhammad Al-Rasheed ** The previous session	100	6	106	-	-	-	-	-	106	-	-	-	-	-	-	-	106	
Mr.: Saleh Al-Rasheed *** The previous session	80	6	86	-	-	-	-	-	86	-	-	-	-	-	-	-	86	
TOTAL	380	54	434	-	6	-	-	200	640	-	-	-	-	-	-	-	640	
3rd: Executive members																		
Mr.: Abdullah Saad Al-Dossary	100	21	121	-	-	-	884	-	1,005	-	50	-	-	-	50	70	1,125	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL	100	21	121	-	-	-	884	-	1,005	-	50	-	-	-	50	70	1,125	
Grand total	680	147	827	125	48	-	884	200	2,084	-	50	-	-	-	50	70	2,204	

Table 18: Remuneration for members of the Board of Directors 2022

- Mr abdullah aldossari remunerations includes what received as a sales general manager (Executive member) for 2022.

- The remunerations for Mr. Youssif al multaq includes Audit Committee & BOD & Executive committee as per table -19
- The table includes what received by the previous BOD members Mr. Muhammed Alrasheed & Mr. Saleh al Rasheed for the 4<sup>th</sup> round of the BOD ENDED 9/4/2022.

### 5.5.3 Remuneration of committees' members

Statement	Fixed remunerations (Except the allowance for attending the sessions)	Allowance for attending the sessions	Total
The Auditing Committee			
Khaled Muhammad Al-Khowaiter	75	15	90
Youssef Abdullah Al-Mutlaq**	50	15	65
Abdullah Saud Al-Orefi	50	15	65
<b>Total</b>	<b>175</b>	<b>45</b>	<b>220</b>
The Nomination and Remuneration Committee			
Rasheed Rashed Bin Owein	-	3	3
Khaled Saad Al-Kanhal	-	3	3
Turki Muhammad Al-Kurani	-	3	3
<b>Total</b>	<b>-</b>	<b>9</b>	<b>9</b>
The Executive committee			
Khaled Saad Al-Kanhal*	-	-	-
Youssef Abdullah Al-Mutlaq	-	9	9
Abdullah Saad Al-Dossary*	-	-	-
Nabil Hussien Al-Amir*	-	-	-
Muhammad Rashid Al-Rasheed (previous session)*	-	-	-
<b>Total</b>	<b>-</b>	<b>30</b>	<b>30</b>
<b>Thousand riyals</b>			

Table 19: the remuneration details of the committee members

\*Mr. Khaled Al-Kanhal, Mr. Abdullah Al-Dosari and Mr. Nabil Al-Amir waived the allowances for attending the Executive Committee meeting for the current round, as well as Mr. Muhammad Rashid Al-Rasheed waived the fees for the previous round .

#### 5.5.4 What senior executives earned for the year 2022AD.

The following table shows what senior executives earned, including the Executive Chairman and the financial manager, from fixed or variable remuneration during the fiscal year 2022 AD.

Statement	Fixed remunerations				Variable remunerations		End service remuneration	Total
	Salaries	Allowances	Benefits in kind	Total	Annual remunerations	total		
what senior executives earned, including the Executive Chairman and the financial manager,	3,052	1,033	220	4,305	677	4,982	212	5,194
All numbers are in thousand Saudi riyals								

Table 20: remuneration details of the senior executives for the year 2022AD.

\* Remunerations of senior executives in the previous table include what was received by Mr. Abdullah Al-Dossary, a member of the Board of Directors (executive), where he included what he received for his executive work as General Manager of Sales among the remuneration of members of the Board of Directors (in Table No. 18).

\* The annual bonus represents the payment for the year 2021 through the year 2022 AD.



## Chapter Six

### Items to be disclosed under the Corporate Governance Regulations



## 6.1 Sanctions and penalties

Serial	The signatory of the violation	The violation value in riyal	The violation Reasons	Methods of treatment to avoid their occurrence in the future
1	Ministry of Municipal and Rural Affairs	45,000	Workers' housing - advertising boards - licensing	Comments have been processed and instructions are adhered to
2	Ministry of Interior - Traffic	17,600	Traffic violations	Comments have been processed and instructions are adhered to
3	The National Center for Environmental Compliance Control	47,000	Environment, security and safety violations	Comments have been processed and instructions are adhered to
4	The General Authority of Customs	11,500	fine pavers	

Table 21: Penalties and penalties during the year 2022 AD

## 6.2 Transactions between the company and related parties

There are no transactions between the company (the source) and a related party.

## 6.3 Business and contract between the company and related parties

During the year ending on 12/31/2022 AD, the company conducted sale transactions with related parties from among the company's shareholders and members of the Board from the previous (fourth) session, noting that the terms of dealing do not differ from transactions with commercial debtors, and there are no special or preferential advantages, as it The prior approval of this transaction was taken by the General Assembly, and there are no transactions with related parties among the members of the Board of Directors for the current (fifth) session.

### 6.3.1 The Board members

Name	Relationship type	Dealing type	Total deal value up to 31/12/2022 AD In riyal	Transaction ratio till 31/12/2022 compared to sales for the same period	Balance on 31/12/2022 In riyal
Rumooz Luxury Trading Company	A company in which Previous Members of :BOD ownership Mr. Muhammad Rashid Al-Rasheed Mr. Saleh Rashid Al- - Rasheed	Sales	13,350,330	%1.30	12,938

Table number 22: Business and contracts between the company and related parties during the year 2022 AD.

### 6.3.2 The Senior Executives

There is no contract to which the company was a party, and there is or was a substantial interest in it for senior executives, including the executive president, the executive vice president for shared services and logistics, the financial director, the director of production, or anyone related to any of them.

## 6.4 Due and paid statutory payments

### 6.4.1 Paid statutory payments during the year 2022AD.

S	Paid statutory payments to government agencies	Value in riyal
1	Zakat	10,009,412
2	Value added tax	25,067,359
3	Social insurance	2,170,562
4	Government fees, customs, residence and visas	12,321,251
Total paid statutory payments to government agencies		49,568,584
The amount of zakat and value-added tax includes what is related to the year 2021AD and was paid during the year 2022AD.		

Table No. 23: Regular payments made during the year 2022 AD

### 6.4.2 Due statutory payments during the year 2022AD.

S	Due statutory payments to government agencies	Value in riyal
1	Zakat	10,505,940
2	Value-added tax	3,644,912
3	Social insurance	154,385
Total Due statutory payments to government agencies		14,305,237
The amount of zakat, value-added tax and insurance belongs to the year 2022AD and will be paid during the year 2023AD, as the Zakat declaration is prepared after the completion of the annual financial statements and ratification by the company's external auditor. in addition, the value-added tax and social insurance represent the dues for the month of December 2022, which were paid in the month of January of 2023AD		

Table 24: The statutory payments during the year 2022 AD

## **6.5 Investments and reserves for the benefit of company employees**

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No investment or savings program has been created for the benefit of the company's employees so, their rights with the source are limited to the legally imposed end of service provision.

## **6.6 Acknowledgments**

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1. Correctly prepared account records.
2. The internal control system was prepared on a sound basis and was effectively implemented.
3. There is no doubt about the ability of the company to continue its activity

## **6.7 The auditor's reservations about the financial statements**

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The External Auditor report for the annual financial statements 2022 was Unmodified Opinion.

## **6.8 Recommendations of the Board regarding the auditor**

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There is no recommendation for the Board to replace the External Auditor before the end of the period for which he is appointed.

## **6.9 The social contributions of the company**

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In support of the Kingdom's strategy in activating the rights of persons with disabilities, and enabling them to obtain appropriate job opportunities with their wasted skills, abilities and energies, and in order to activate the Mowamah program launched by the Ministry of Human Resources and Social Development, the company has obtained a Mowaamah Certificate for the third year in a row from the Ministry.

This certificate comes as part of the company's efforts to develop its work environment and make it more inclusive and supportive of persons with disabilities by providing the best methods and practices to support them.

## **6.10 Information to be disclosed under the Corporate Governance Regulations**

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The company sets standards and controls to comply with the Corporate Governance Regulations, which cover the necessary requirements and practices, which focus in their entirety on the rights of shareholders, the General Assembly, and define roles and tasks at the level of shareholders, the Board of Directors, Executive Management and related parties. The company has amended the Corporate Governance Regulations to comply with the articles contained in the Corporate Governance Regulations issued by the Board of the Capital Market Authority in the Kingdom of Saudi Arabia under the decision No. (8-16-2017AD) dated on 16/5/1438AH corresponding with 13/2/2017. And the Board has approved in his session No.6 held on 8/4/1439AH corresponding to 26/12/2017 on this regulation.

The company has implemented the governance regulation, except for the following:

Article Paragraph	No./ Article text/ Paragraph	Reasons for not applying
<b>Article 39</b>	Establishing the necessary mechanisms for each member of the Board of Directors and executive management to obtain continuous training programs and courses in order to develop their skills and knowledge in areas related to the company's activities	The article is still indicative and its applying is being studied
<b>Article 41 A</b>	Based on the proposal of the Nomination Committee, the Board of Directors sets the necessary mechanisms to annually evaluate the performance of the Board, its members, committees, and executive management, through appropriate performance indicators related to the extent to which the strategic objectives of the company are achieved, the quality of risk management and the adequacy of internal control systems and others, provided that the strengths and weaknesses are identified and proposed to be addressed in accordance with The company's interest.	The article is indicative and the evaluation is done without setting performance indicators
<b>Article 41 H</b>	The Board makes the necessary arrangements to obtain an external evaluation Specialized to perform it every three years	The article is still a indicative and has not been implemented
<b>Article 70</b>	A committee called the (Risk Management Committee) shall be formed by a decision of the company's Board, and the chairman and the majority of its members shall be non-executive members of the Board, and it is required that its members have an appropriate level of knowledge of risk management and financial affairs.	That the company has specialists in risk management, and the company does not see a need to form this committee (and the article is still indicative).
<b>Article 76</b>	The internal audit unit or department consists of at least one internal auditor who recommends Appointing him to the Audit Committee and he is accountable to it.	The article is still indicative, knowing that the company uses one of the specialized audit offices to perform the internal audit
<b>Article 85-2</b>	Programs granting employees shares in the company or a share of the profits which achieves And retirement programs and the establishment of an independent fund to spend on these programs	The article is still a indicative and has not been implemented
<b>Article 85-3</b>	Establishing social institutions for company employees	The article is still a indicative and has not been implemented
<b>Article 87</b>	The Ordinary General Assembly, based on the proposal of the Board, sets a policy that ensures a balance between its objectives and the objectives that society aspires to achieve in order to develop the social and economic conditions of the society	The article is still a indicative and has not been implemented
<b>Article 88</b>	The Board sets the programs and defines the necessary means to present the company's initiatives in the field of social work.	The article is still a indicative and has not been implemented
<b>Article 95</b>	In the event that the Board of Directors forms a committee devoted to corporate governance, it must delegate to it the competencies established under Article 94 of these regulations, and this committee must follow up any issues regarding the implementation of governance and provide the Board of Directors at least annually with the reports and recommendations which they reached to.	The company has specialists in corporate governance, and the company does not see a current need to form this committee, and it has not been implemented

Table 25: Governance Regulations Not Applied Paragraphs with Reasons

### **6.11 Applying the standards of international accounting**

The transition from the accounting standards issued by the Saudi Organization for Certified Legal Accountants to the International Financial Reporting Standards was completed, as the resulting impact was calculated from the date of the transition January 1, 2016AD, when preparing the financial statements for the fiscal year ending on December 31, 2018AD, in accordance with the guidelines issued by the Saudi Organization for Certified Legal Accountants to apply the International Financial Reporting Standards, and the company has applied International Standard No. (9) related to debt instruments, and the company has also applied International Standard No. (16) for leases with effect from January 1, 2019AD.

### **6.12 Others**

- During the year 2021AD, the Board of Directors did not sell or mortgage the company's real estate.
- The Board has issued necessary authorizations to manage the company's various businesses, bearing in mind that these authorizations are of limited duration.

**End of report**