

شركة إتحاد مصانع الأسلاك  
United Wire Factories Company

# Annual Report 2023 AD

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

**The annual report of the Board of Directors of the United Wire  
Factories Company to its valued shareholders**

**For contact and more information, you can visit the website**

<https://unitedwires.com.sa>

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## **Chapter 1**

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

## 1.1 The Board Chairman's Speech

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

Peace, mercy and blessings of Allah be upon you,

Dear Sirs/ Shareholders of United Wire Factories Company

May the peace, blessings, and mercy of God be upon you ,,,

On behalf of the members of the Board of Directors and 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 company's management, and thanks go to all the company's employees for their efforts and dedication in performing their work as required, which enabled the company to achieve its goals for the year 2023 AD.

The company's business was affected during the year 2023 AD as a result of the recession in the construction sector, weak demand for the company's products for this sector, and a significant decline in its sales, as well as sales margins as a result of price competition between manufacturers. The decline in raw material prices of iron rolls and rebar since the beginning of the year also contributed to additional pressure on sales margins due to the high cost of inventory for previous periods.

Despite this, the company has worked to mitigate the impact of these factors as much as possible and spare the company from large losses, like companies operating in the sector, by rationing the process of purchasing raw materials, focusing on other products, and managing inventory in a balanced manner during the year. Revenues and net profit amounted to (793) million riyals and (20.4) million riyals, respectively.

During the year, the company worked to modernize and develop its manufacturing facilities and increase the production capacities of some products, as well as starting to establish a new factory for the company in Al-Kharj Industrial City on an area of (15) thousand square meters dedicated to quality products that serve large construction projects. The company also began operating the "Enterprise Resource Planning ERP" system after the project was launched with the specialized consulting company during the previous year, as part of the company's endeavor to govern and automate its operational work.

In accordance with the company's strategy to diversify sources of income by investing in other activities that are complementary and compatible with the company's vision, during the year the process of acquiring a stake in A-One Fence Arabian Industrial Company was completed, as well as the signing of an initial agreement to acquire a stake in Al-Raeda Industrial Investment Company.

The year 2023 AD also witnessed the approval of the Extraordinary General Assembly on August 2, 2023, to reduce the company's capital by 20% to become (28,080,000) shares in order to increase it from need. Shareholders were compensated in cash at the nominal value of the share. This decision had no impact on the company continuing to implement its expansion plans and its search for investment opportunities.

In line with the Board of Directors' policy of distributing profits, cash dividends were distributed to shareholders during the fiscal year 2023 at the rate of 10% of the capital, equivalent to one riyal per share, as the total dividends distributed amounted to (28,080,000) million riyals as dividends for the second half of the year 2022 and for The period until the end of the third quarter of 2023 AD.

In keeping with the development in industrial activity, the company has begun working on the requirements for applying Fourth Industrial Revolution technologies through the Future Factories Programme, which is one of the initiatives presented by the Ministry of Industry and Mining in support of the national industry through the Future Factories Programme. The company also obtained the "IKTVAA" certificate from Aramco, as well as maintaining the local content certificate, quality certificates, and registration in vision projects, confirming the excellence of the company's work and the quality of its products.

In conclusion, I pray to God that the year 2024 AD will be an effective financial year that fulfills the hopes and aspirations that satisfy the company's shareholders and employees.

And God bless you,,,

**Khaled Saad Al-Kanhal**  
**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.

## 2023 AD

### Capital reduction

2023 AD: The Twelfth Extraordinary General Assembly agreed to reduce the capital to (280,800,000) 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 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 in 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. Investing in various fields to maximize the company's profitability.
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.

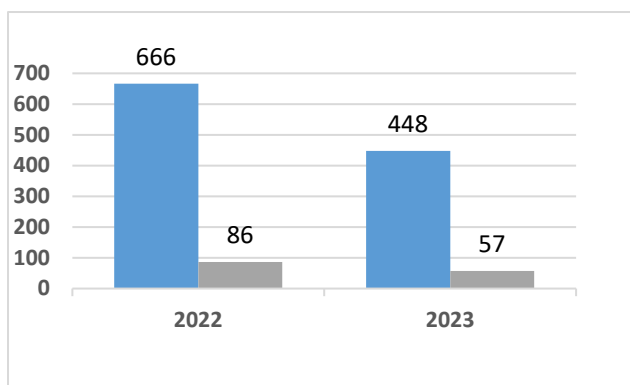
## 2.2 Revenue and gross profit

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

Item	Industrial sector		Commercial sector		Total	
	2023	2022	2023	2022	2023	2022
<b>Sales</b>	448	666	345	360	793	1,026
<b>Sales cost</b>	(391)	(580)	(338)	(339)	(729)	(919)
<b>Gross profit</b>	<b>57</b>	<b>86</b>	<b>7</b>	<b>21</b>	<b>64</b>	<b>107</b>

**To the nearest million riyals**

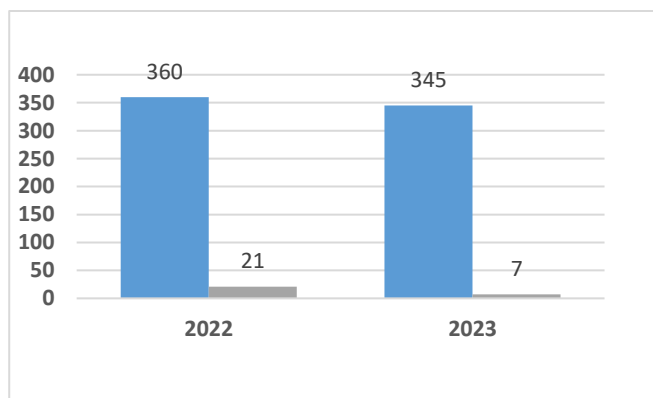
Table 1: Sales, cost of sales, and gross profit for each segment



Gross profit  Sales 

Diagram 1: Sales and gross profit of the Industrial sector

For the years 2022 and 2023 AD



Gross profit  Sales 

Diagram 2: Sales and gross profit of the Commercial sector

For the years 2022 and 2023 AD

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

Regions	2023	2022	2021	2020	2019
Central Region	454	553	428	396	368
Western Region	113	184	221	148	148
Eastern Region	79	78	71	41	26
Southern Region	54	73	86	96	87
Northern Region	93	138	115	96	95
<b>Total</b>	<b>793</b>	<b>1,026</b>	<b>921</b>	<b>778</b>	<b>724</b>

To the nearest million riyals

Table 2: Sales are distributed according to geographical regions

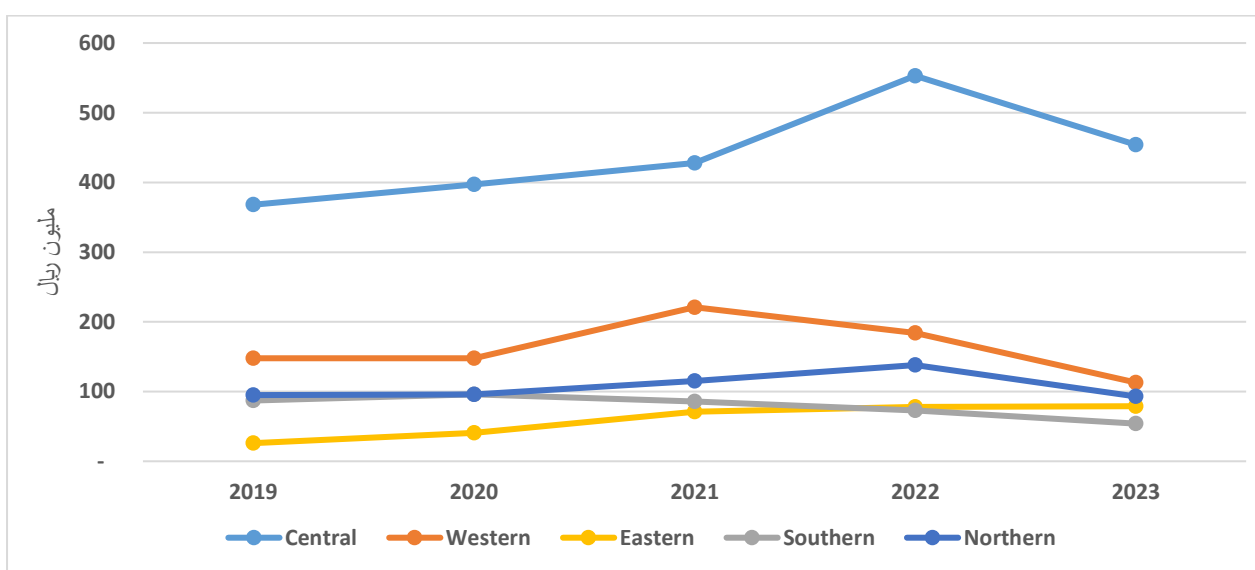


Diagram 3: Sales development according to geographical regions

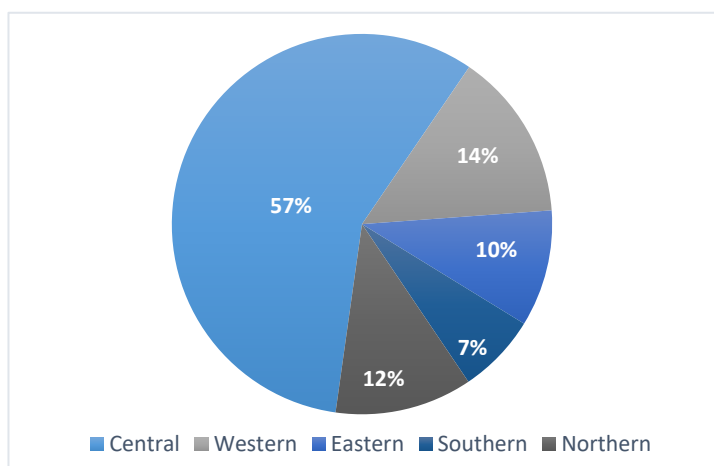


Diagram 4: Geographical sales distribution 2023AD

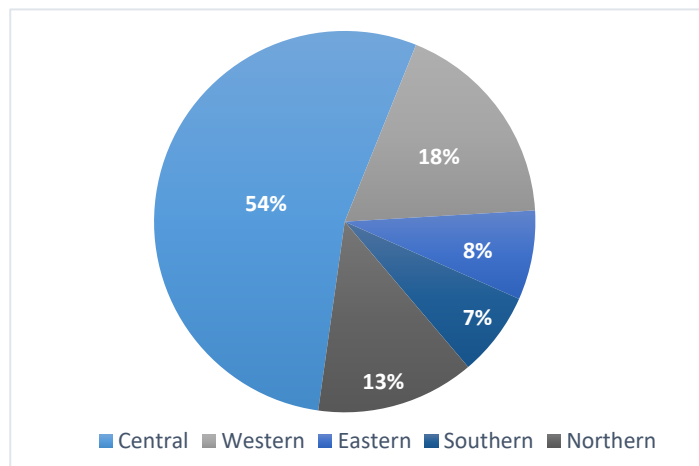


Diagram 5: Geographical sales distribution 2022AD

## 2.3 Assets, liabilities and shareholders' equity

Item	2023	2022	2021	2020	2019
Current assets (other than stock)	180	280	291	289	388
Inventory	165	192	103	111	92
<b>Total Current assets</b>	<b>345</b>	<b>472</b>	<b>394</b>	<b>400</b>	<b>480</b>
Fixed assets (in net)	110	103	106	113	123
<b>Total assets</b>	<b>455</b>	<b>575</b>	<b>500</b>	<b>513</b>	<b>603</b>
Current liabilities	73	114	46	44	74
Non current liabilities	11	11	11	11	10
<b>Total liabilities</b>	<b>84</b>	<b>125</b>	<b>57</b>	<b>55</b>	<b>84</b>
Total shareholders' equity	372	450	443	458	519
<b>Total liabilities and shareholders' equity</b>	<b>455</b>	<b>575</b>	<b>500</b>	<b>513</b>	<b>603</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

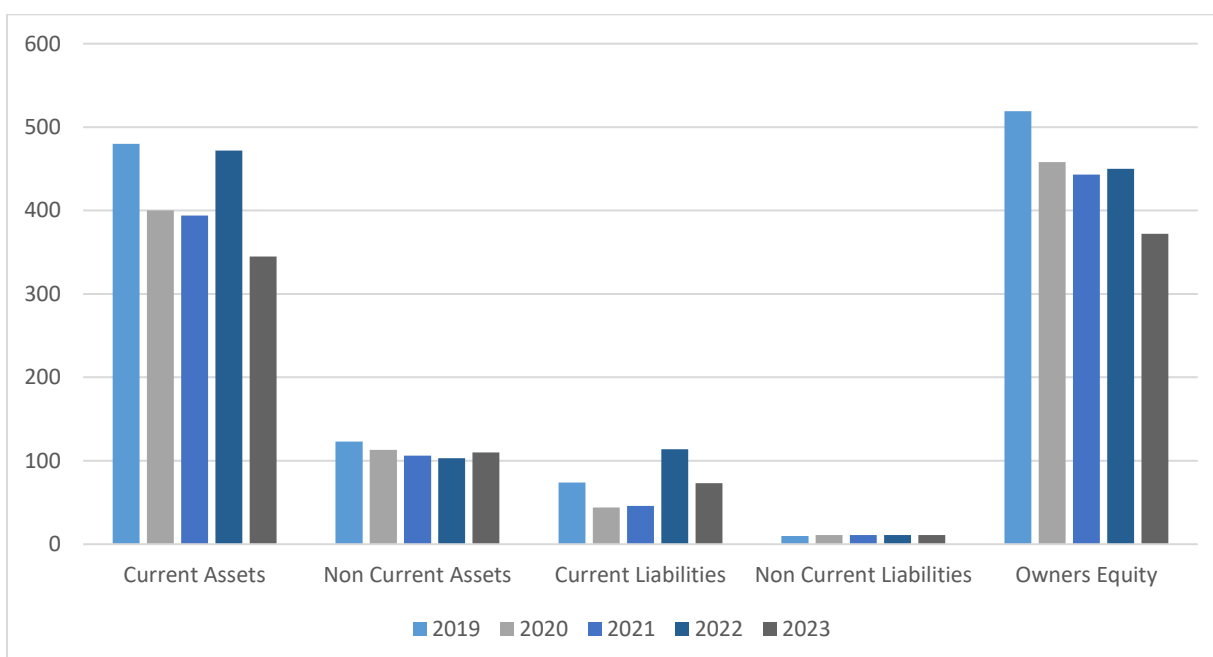


Diagram 6: Items of assets and liabilities for the last five years (million riyals)



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

### 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	2023	2022	2021	2020	2019
Net sales	793	1026	921	777	724
Cost of sales	-729	-919	-836	-664	-662
<b>Gross profit</b>	<b>64</b>	<b>107</b>	<b>85</b>	<b>113</b>	<b>62</b>
Selling and distribution expenses	-22	-21	-19	-19	-17
General and administrative expenses	-17	-18	-16	-16	-14
Reverse (decreasing) in the value of debit trade receivables	-0	-1	0	0	1
Add (deduct) other revenues (expenses)	0	0	6	-6	0
The company's share of investment in joint venture	1	0	0	0	0
Reversal of trade receivables and inventories (COVID-19)	0	0	0	0	0
<b>Net profit before zakat and tax</b>	<b>26</b>	<b>67</b>	<b>56</b>	<b>72</b>	<b>33</b>
Zakat and tax	-6	-10	-10	-10	-11
<b>Net profit after zakat and tax</b>	<b>20</b>	<b>57</b>	<b>46</b>	<b>62</b>	<b>22</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

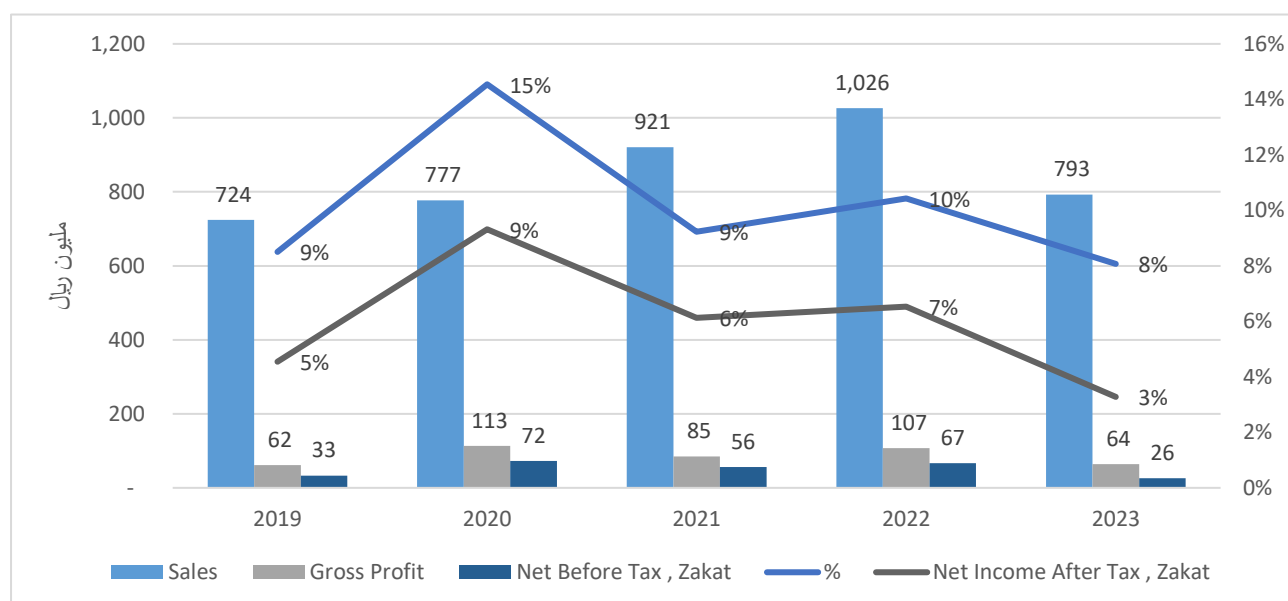


Diagram 7: Sales, gross and net income before and after zakat for five years

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

Item	2023	2022	Diff.	%
Net sales	<b>793</b>	<b>1,026</b>	<b>-233</b>	<b>-23%</b>
Cost Of Sales	-729	-919	-190	-21%
<b>Gross profit</b>	<b>64</b>	<b>107</b>	<b>-43</b>	<b>-40%</b>
Selling and distribution expenses	-22	-21	+1	0%
General and administrative expenses	-17	-18	-1	-1%
Reverse (decreasing) in the value of debit trade receivables	-0	-1	-1	-
Reversal of trade receivables and inventories (COVID-19)	0	0	-	-
The company's share of investment in joint venture	1	-	1	100%
Other income	-	-	-	-
<b>Net profit of principal operations</b>	<b>26</b>	<b>67</b>	<b>-41</b>	<b>-61%</b>
Islamic Zakat	-6	-10	-4	-40%
<b>Net profit after Zakat</b>	<b>20</b>	<b>57</b>	<b>-37</b>	<b>-65%</b>
Other comprehensive income	0	1	-1	-100%
<b>Net profit and other comprehensive income for the year</b>	<b>20</b>	<b>58</b>	<b>-38</b>	<b>-65%</b>

To the nearest million riyals

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

Table 5: The principal differences in the operational results between the years 2022 AD and 2023 AD

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

Item	2023	2022	2021	2020	2019
Net working capital	272	358	348	356	406
Net fixed assets	105	99	102	109	119
Right of Use (Lease Rent IFRS 16)	3	4	4	4	4
Investing in an associate company	<b>2</b>	-	-	-	-
<b>Net working assets</b>	<b>382</b>	<b>461</b>	<b>454</b>	<b>469</b>	<b>529</b>
Commitment of defined benefits to employees (End of service indemnity)	8	8	8	8	7
Rental commitment (non-circulated standard 16)	2	3	3	3	3
Shareholders' equity	372	450	443	458	519
<b>Total financial of net working assets</b>	<b>382</b>	<b>461</b>	<b>454</b>	<b>469</b>	<b>529</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

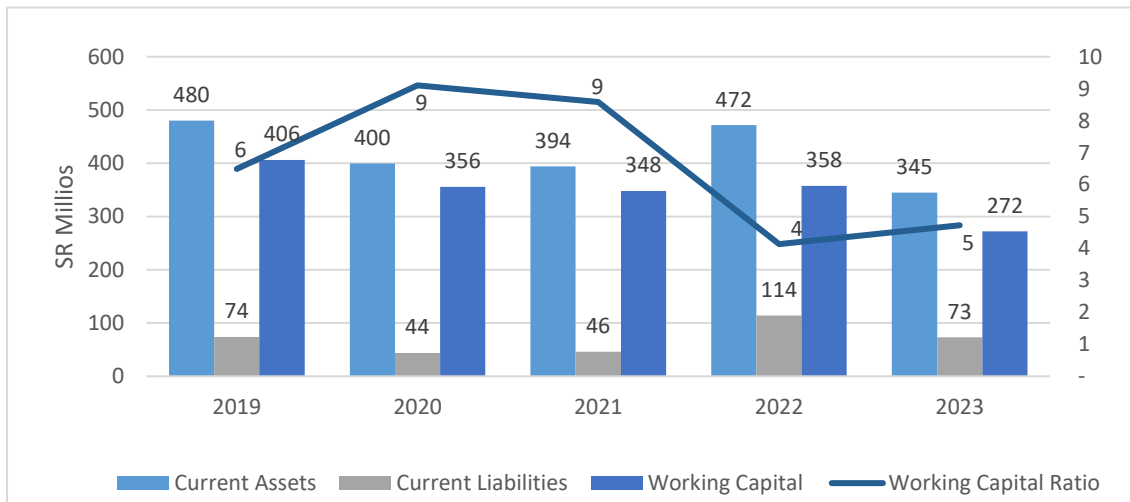


Diagram 8: The circulated assets and liabilities and working capital for the last five years

2.4.1.4 The profitability indicators for the last five years

Indicator	2023	2022	2021	2020	2019
Return on sales	%3	%6	%5	%8	%3
Return on shareholders' equity	%5	%13	%10	%13	%4
Current Ratio	5	4	9	9	6
EPS (As a percentage of the net profit for the period of its realization before Zakat)	0.81	1.91	1.61	1.75	0.75
Dividends Distributed %	%63	%100	%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

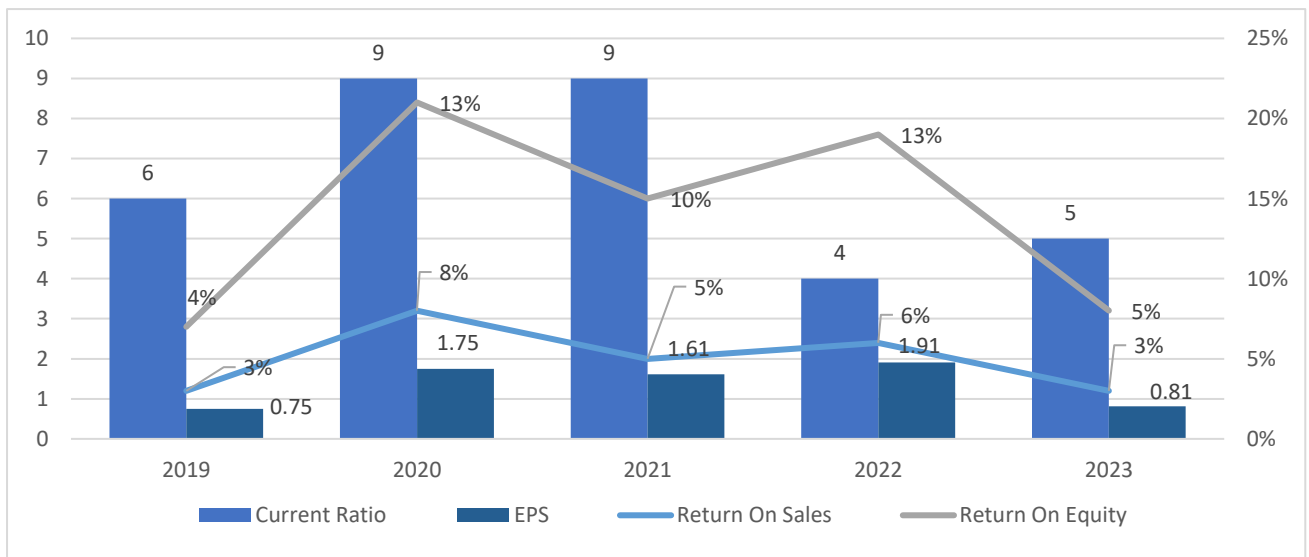


Diagram 9: The profitability Ratios for the last five years

## 2.4.2 Cash flows

## 2.4.2.1 Summary of cash flows

Net cash flow:	2023	2022	2021	2020	2019
Received from operating activities	4	81	32	5	70
Used in investing activities	(18)	(8)	(5)	(3)	(3)
Used in financing activities	(98)	(51)	(61)	(123)	(11)
Increasing / decreasing in cash	(112)	22	(35)	(121)	56
The cash balance at the beginning of the year	150	128	163	283	227
The cash balance at the end of the year	38	150	128	163	283

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

## 2.4.2.2 Cash flows from the operating activities

Item	2023	2022	2021	2020	2019
Net profit before Zakat and tax	26	67	56	73	33
Depreciations and amortizations	10	11	12	13	14
End of service expense	2	1	1	(1)	1
Working capital net changes	(70)	2	(37)	(80)	22
<b>Net Cash from operating activities</b>	<b>4</b>	<b>81</b>	<b>32</b>	<b>5</b>	<b>70</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	2023	2022	2021	2020	2019
Property and equipment additions	(16)	(8)	(5)	(3)	(3)
Proceeds from the properties' exclusion	0	0	0	0	0
Investing in an associate company	(2)	0	0	0	0
<b>Net cash to investing activities</b>	<b>(18)</b>	<b>(8)</b>	<b>(5)</b>	<b>(3)</b>	<b>(3)</b>

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

## 2.4.2.4 Cash flows from financing activities

Item	2023	2022	2021	2020	2019
Capital Reduction	(70)	-	-	(88)	-
Dividends	(28)	(51)	(61)	(35)	(11)
<b>Net Cash to Financing Activities</b>	<b>(98)</b>	<b>(51)</b>	<b>(61)</b>	<b>(123)</b>	<b>(11)</b>

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

Table 8: Cash flows Activities

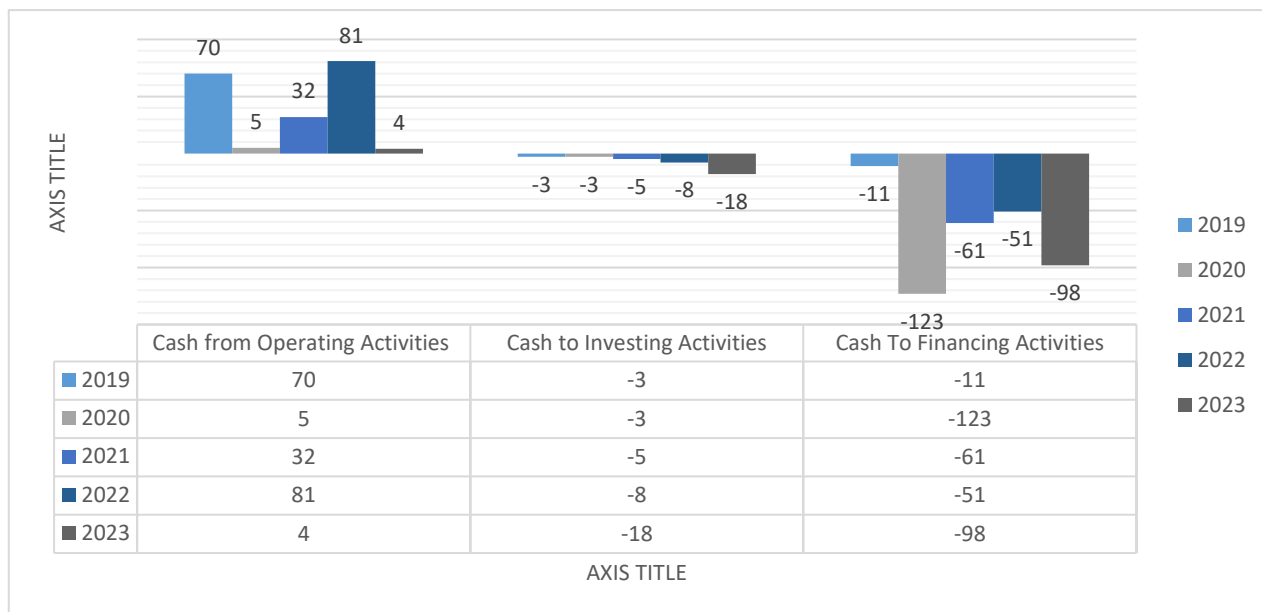


Diagram 10: The change in the main elements of the cash flow statement

#### 2.4.3 Net profit

The net profit after zakat amounted to about (20.4) million riyals for the year 2023 AD, Approximate to the expected targets for the year 2023 AD This compares to (57) million Saudi riyals for the year 2022.

#### 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, 2023 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

Union Wire Factories Company has no subsidiaries inside or outside the Kingdom of Saudi Arabia. During the year 2023, the United Wire Factories Company acquired 30% of the capital of A1 Fence Arabian Industrial Company (an associated company).

#### 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 Articles of Association after deducting all general expenses and other costs and creating the necessary reserves as follows:

1. The Ordinary General Assembly determines the percentage that must be distributed to shareholders from the net profits after deducting reserves, if any.
2. The company may distribute interim dividends to its shareholders on a semi-annual or quarterly basis after fulfilling the controls set by the competent authority.

Note that the amounts necessary to pay the zakat imposed on shareholders are calculated, and the company pays the amounts to the competent authorities.

### **3.2 Distributed Profit during the year 2023AD**

During the third quarter of 2023, and based on the decision of the Board of Directors held on 18 Rabi' al-Thani 1445 AH corresponding to 02 November 2023 AD, the company approved the distribution of interim cash dividends in the amount of (28,080,000) Saudi riyals at (1) Saudi riyal per share (for the second half of the year 2022 AD and for The period until the end of the third quarter 2023 AD) and the distribution was made on November 26, 2023 AD.

## **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 31/12/2022AD till 31/12/2023AD were as the following:

Serial	Name	Shares number on 31/12/2022 AD	Shares number on 31/12/2023 AD	Change percentage between the beginning and end of the year*
<b>Members of the Board of Directors</b>				
1	Khaled Saad Al-Kanhal	2,457,000	1,965,600	(20%)
2	Abdullah Saad Al-Dossary	178,541	142,832	(20%)
3	Rasheed Rashed Bin Oween	160,000	128,000	(20%)
4	Khaled Muhammad Al-Khowaiter	76,714	61,371	(20%)
5	Faisal Musaed Al-Hokair	647	517	(20%)
6	Youssef Abdullah Al-Mutlaq	0	0	0%
7	Turki Muhammad Al-Qurini	0	0	0%
<b>Executive management</b>				
1	Nabeel Hassan Al-Ameer	0	0	0%
2	Abdulhameed Hosny Ibrahim	0	0	0%
3	Ibrahim Abdullal salam	0	0	0%

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

\* The change in ownership of members of the Board of Directors was a result of the process of reducing the company's capital by 20%, which took place during the year 2023 AD.

#### 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 2023 AD. The company also has banking facilities in compliance with the provisions of Islamic Sharia from local banks with a total amount of (105) 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 2023AD, 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 2023 as following:

1. First meeting: 01/03/2023 AD.
2. Second meeting: 07/06/2023 AD.
3. Third meeting: 11/09/2023 AD.
4. Fourth meeting: 24/12/2023 AD.

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

S	Member names	Position	category	Meetings' attendance				%
				1	2	3	4	
1	Khaled Saad Al-Kanhal	Chairman	Non-Executive	✓	✓	✓	✓	100%
2	Rasheed Rashed Bin Oween	Vice Chairman	Non-executive	✓	✓	✓	✓	100%
3	Khaled Mohammed Al-Khowiter	member	Independent	✓	✓	✓	✓	100%
4	Youssef Abdullah Al-Mutlaq	member	Independent	✓	✓	✓	✓	100%
5	Turki Muhammad Al-Qurini	member	Independent	✓	✓	✓	✓	100%
6	Faisal Musaed Al-Hokair	member	Independent	✓	✓	✓	✓	100%
7	Abdullah Saad Al-Dossary	member	Executive	✓	✓	✓	✓	100%

Table 10: Members' attendance record of the Board meetings 2023

Three of these meetings were held after the date of the last ordinary general assembly, and two of them were after the last extraordinary general assembly was held and in the presence of all members. The Council also took three decisions by circulation during this year.

### 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	01/01/2023	Company procedures
2	02/04/2023	General Assembly
3	05/04/2023	General Assembly
4	25/07/2023	General Assembly
5	05/11/2023	Earnings file

Table11: Record of shareholders' requests

### 4.2.3 General assembly meetings

#### 1-The fifteenth ordinary general assembly.

The fifteenth Ordinary General Assembly (first meeting) was held at 09:30 pm on Wednesday 09/14/1444 AH corresponding to 04/05/2023 AD, where the quorum for the meeting was completed with an attendance rate of (%47.98).

#### 2-The sixteenth extraordinary general assembly including capital reduction.

The sixteenth Extraordinary General Assembly (first meeting) was held at 07:30 pm on Wednesday 01/15/1445 AH corresponding to 08/02/2023 AD, where the quorum for the meeting was completed with an attendance rate of.(%52.8)

Both assemblies were held through modern technological means, based on the circular issued by the Capital Market Authority on 03/16/2020 AD, which stipulates that it is sufficient to hold general assemblies through modern technological means that enable shareholders to participate in its deliberations and vote on its agenda remotely, within the framework of supporting efforts. And preventive measures to combat the Corona virus. The table below shows the attendance of Council members for the fourth session of this Assembly.

S	Member names	Position	Attendance	
			The fifteenth ordinary general assembly	The sixteenth extraordinary general assembly
1	Khaled Saad Al-Kanhal	Chairman of the Board	√	√
2	Rasheed Rashed Bin Oween	Vice Chairman of the Board	√	√
3	Khaled Mohammed Al-Khowiter	member of the Board	√	√
4	Youssef Abdullah Al-Mutlaq	member of the Board	√	√
5	Turki Muhammad Al-Qurini	member of the Board	√	√
6	Faisal Musaed Al-Hokair	member of the Board	√	√
7	Abdullah Saad Al-Dossary	member of the Board	√	√

Table 12: Record of attendance of Council members for the General Assembly meetings during the year 2023

#### 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 Al-Kanhal	Chairman of the Board	Non- executive
2	Rasheed Rashed Bin Owein	Vice Chairman of the Board	Non- executive
3	Khaled Mohammed Al-Khowiter	member of the Board	Independent
4	Youssef Abdullah Al-Mutlaq	member of the Board	Independent
5	Turki Muhammad Al-Qurini	member of the Board	Independent
6	Faisal MUSAED Al-Hokair	member of the Board	Independent
7	Abdullah Saad Al-Dossary	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.
- Member of the Board of Directors of Al Munif Company for Trade, Industry, Agriculture and Contracting.

### **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 at Aldrees Company.
- Member of the Audit Committee at Mawten Company.
- Member of the Audit Committee of the Saudi Industrial Investment Group.
- Member of the Audit Committee at Care International.
- Member of the Audit Committee at Al Jazeera Takaful 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.

### **Turki Mohammed Fahid Al-Quraini**

#### **Board Member**

Mr. Turki Al-Quraini 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.
- Member of the Board of Directors of Shamail Development and Development Company.
- Deputy Secretary-General of the Board of Directors of the Royal Commission for the City of Riyadh.

### **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 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.
- Member of the Board of Directors of Aster Arabia Trading Company.
- Member of the Board of Directors of Ask Gypsum Factory Company Limited.

### **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**

### **Nabeel Hassan Muhammad Al-Ameer**

#### **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).

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 32 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

## **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 Kingdom	Legal entity
1	Khaled Saad Al-Kanhal	There is no one		
2	Rasheed Rashid Bin Owien	Al-Jouf Agricultural Development Company	Inside Kingdom	listed shareholding company
		Al Munif Company for Trade, Industry, Agriculture and Contracting	Inside Kingdom	listed shareholding company
3	Khaled Mohammed 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
4	Youssef Abdullah Al-Mutlaq	Ridayat industrial commercial company	Inside Kingdom	A limited liability company
		Kudra investment company	Inside Kingdom	A limited liability company
		Rima investment company	Inside Kingdom	A limited liability company
		Own investment company	Inside Kingdom	A limited liability company
5	Turki Mohammed Al-Quraini	Shamael Development and Development Company	Inside Kingdom	Unlisted shareholding company
6	Faisal Mused Al-Hokair	Cosmoplast Riyadh	Inside Kingdom	A limited liability company
		Saudi Technical Supply and Services Company	Inside Kingdom	A limited liability company
		Aster Arabian Trading Company	Inside Kingdom	A limited liability company
		Ask Gypsum Factory Company Limited	Inside Kingdom	A limited liability company
7	Abdullah Saad 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: 28/02/2023 AD.
- 2- The second meeting: 10/05/2023 AD.
- 3- The third meeting: 09/08/2023 AD.
- 4- The fourth meeting: 01/11/2023 AD.

The following table includes a statement of the members of the auditing committee and their attendance of the meetings held during the year 2023 AD:

S	Member names	Position	Meeting attendance					%
			1	2	3	4	5	
1	Khaled Muhammad Al-Khowaiter	Leader	√	√	√	√	√	100%
2	Youssef Abdullah Al-Mutlaq	Member	√	√	√	√	√	100%
3	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 2023 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 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 at Aldrees Company.
- Member of the Audit Committee at Mawten Company.
- Member of the Audit Committee of the Saudi Industrial Investment Group.
- Member of the Audit Committee at Care International.
- Member of the Audit Committee at Al Jazeera Takaful Company.

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

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

Mr. Yusef 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 2023AD, as following:

1- The meeting: 01/03/2023 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 2023 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 2023AD.

## 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 2023AD as following:

- 1- The first meeting: 08/01/2023 AD.
- 2- The second meeting: 20/02/2023 AD.
- 3- The third meeting: 07/05/2023 AD.
- 4- The fourth meeting: 06/07/2023 AD.
- 5- The fifth meeting: 27/08/2023 AD.
- 6- The sixth meeting: 17/12/2023 AD.

The following table includes a statement of the members of the Executive Committee and their attendance at the meetings held during the year 2023 AD:

S	Member names	Position	Meeting attendance						%
			1	2	3	4	5	6	
1	Khaled Saad Al-Kanhal	Chairman	✓	✓	✓	✓	✓	✓	100%
2	Abdullah Saad Al-Dossary	Member	✓	✓	✓	✓	✓	✓	100%
3	Yossif Abdullah Almutlaq	Member	✓	✓	✓	✓	✓	✓	100%
4	Nabil Hussien Al-Amir	Member	✓	✓	✓	✓	✓	✓	100%

Table 17: A statement of the members of the Executive Committee and their attendance at the meetings held during the year 2023AD

#### 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 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 2023

Name	Fixed Bonus ( Thousands )									Variable Bonus ( Thousands )								
	Fixed amount	Attendances Remuneration BOD	Total - Attendances Remuneration BOD	Committee Membership Remuneration	For Committees Strendance Remunirations	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	End Of Service	Grand Total	Expense Allowance
<b>1st: Independent Members</b>																		
Khaled Muhammad AL Khwair	50	2	162	75	2	0	0	0	249	0	0	0	0	0	0	0	249	-
-Youssef Abdullah Al Mutlaq	50	2	162	50	2	0	0	0	224	0	0	0	0	0	0	0	224	-
-Turki Muhammad Al Kurani	50	2	162	0	3	0	0	0	165	0	0	0	0	0	0	0	165	-
Faisal Musaed Al-Hokair	50	2	162	0	0	0	0	0	162	0	0	0	0	0	0	0	162	-
<b>Total</b>	<b>600</b>	<b>48</b>	<b>648</b>	<b>125</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>800</b>	<b>-</b>
<b>2nd: Non-Executive Members</b>																		
Khaled Saad Al-Kanhal	100	2	112	0	3	0	0	200	315	0	0	0	0	0	0	0	315	-
Rasheed Rashid Bin Owien	50	2	162	0	3	0	0	0	165	0	0	0	0	0	0	0	165	-
<b>Total</b>	<b>250</b>	<b>24</b>	<b>274</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>200</b>	<b>480</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>480</b>	<b>-</b>
<b>3rd: Executive Members</b>																		
-Abdullah Saad Al Dossary	50	2	162	0	0	0	884	-	1,046	0	50	0	0	0	50	70	1,166	-
<b>Total</b>	<b>150</b>	<b>12</b>	<b>162</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>884</b>	<b>0</b>	<b>1,046</b>	<b>0</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>70</b>	<b>1,166</b>	<b>-</b>
<b>Grand Total</b>	<b>1000</b>	<b>84</b>	<b>1084</b>	<b>125</b>	<b>33</b>	<b>0</b>	<b>884</b>	<b>200</b>	<b>2,326</b>	<b>0</b>	<b>50</b>	<b>0</b>	<b>0</b>	<b>120</b>	<b>70</b>	<b>2,446</b>	<b>-</b>	

Table 18: Remuneration for members of the Board of Directors 2023

- Mr Abdullah Al-Dossary remunerations includes what received as a sales general manager (Executive member) for 2023.
- The remunerations for Mr. Youssif al multaq includes Audit Committee & BOD & Executive committee as per table -19

### 5.5.3 Remuneration of committees' members

Statement	Fixed remunerations (Except the allowance for attending the sessions)	Allowance for attending the sessions	Total
<b>The Auditing Committee</b>			
Khaled Muhammad Al-Khowaiter	75	12	87
Youssef Abdullah Al-Mutlaq**	50	12	62
Abdullah Saud Al-Orefi	50	12	62
<b>Total</b>	<b>175</b>	<b>36</b>	<b>211</b>
<b>The Nomination and Remuneration Committee</b>			
Rasheed Rashed Bin Owein	0	3	3
Khaled Saad Al-Kanhal	0	3	3
Turki Muhammad Al-Kurani	0	3	3
<b>Total</b>	<b>0</b>	<b>9</b>	<b>9</b>
<b>The Executive committee</b>			
Khaled Saad Al-Kanhal*	0	0	0
Youssef Abdullah Al-Mutlaq	0	0	0
Abdullah Saad Al-Dossary*	0	0	0
Nabil Hussien Al-Amir*	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Thousand riyals</b>			

**Table 19: the remuneration details of the committee members**

**\* The members of the Executive Committee waived the allowances for attending the Executive Committee meeting.**

**5.5.4 What senior executives earned for the year 2023AD.** 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 2023 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,	2,344	940	177	3,461	806	4,267	189	4,456
All numbers are in thousand Saudi riyals								

Table 20: remuneration details of the senior executives for the year 2023AD.

\* 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 2022 through the year 2023 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	2,000	Safety and Security	Comments have been processed and instructions are adhered to
2	Ministry of Interior - Traffic	18,500	Traffic violations	Comments have been processed and instructions are adhered to
3	The National Center for Environmental Compliance Control	1,735	Environment violations	Comments have been processed and instructions are adhered to

Table 21: Penalties and penalties during the year 2023 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 contracts between the company, members of the board of directors and senior executives

There are no business or contracts between the company and members of the board of directors, senior executives, or any person related to any of them. There is also no contract to which the company was a party, in which there is or was a fundamental interest for members of the Board of Directors or senior executives or for any person related to any of them.

## 6.4 Competition works

There is no business competing with the company or any of its branches of activity that any member of the Board of Directors is practicing or has been practicing.

## 6.5 Due and paid statutory payments

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

S	Paid statutory payments to government agencies	Value in riyal
1	Zakat	9,026,995
2	Value added tax	38,586,560
3	Social insurance	2,332,128
4	Government fees, customs, residence and visas	3,219,024
<b>Total paid statutory payments to government agencies</b>		<b>53,164,707</b>
The amount of zakat and value-added tax includes what is related to the year 2022AD and was paid during the year 2023AD.		

Table No. 23: Regular payments made during the year 2023 AD

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

S	Due statutory payments to government agencies	Value in riyal
1	Zakat	7,277,960
2	Value-added tax	414,035
3	Social insurance	187,324
<b>Total Due statutory payments to government agencies</b>		<b>7,879,319</b>
The amount of zakat, value-added tax and insurance belongs to the year 2023AD and will be paid during the year 2024AD, 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 2023, which were paid in the month of January of 2024AD		

Table 24: The statutory payments during the year 2023 AD

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## 6.6 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.

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## 6.7 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

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## 6.8 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.

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## 6.9 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.

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## 6.10 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 fourth 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.

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## 6.11 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 implemented the governance regulation, except for the following:

Article Paragraph	No./ Article text/ Paragraph	Reasons for not applying
Article 37	<p>“Developing the necessary mechanisms for each member of the Board of Directors and Executive Management to obtain training programs and courses on an ongoing basis for the purpose of developing their skills and knowledge in areas related to the company’s activities.”</p>	<p>The article is indicative during the year 2023 AD, and its implementation is being studied</p>
Article 39	<p>A) The Board of Directors, based on the proposal of the “Nominations Committee, shall establish the necessary mechanisms to evaluate the performance of the Board, its members, committees, and executive management annually, through appropriate performance measurement indicators linked to the extent of achieving the company’s strategic objectives, the quality of risk management, and the adequacy of internal control systems, etc., provided that the strengths and weaknesses are identified and a proposal is made to address them. In accordance with the company's interest.</p> <p>b) Performance evaluation procedures must be written, clear, and disclosed to members of the Board of Directors and persons concerned with the evaluation.</p> <p>C) The performance evaluation must include the skills and experience possessed by the Council, and identify its strengths and weaknesses, while working to address the weaknesses in possible ways, such as nominating professional competencies that can develop the Council’s performance. The performance evaluation must also include an evaluation of the Council’s work mechanisms in general.</p> <p>D) The individual evaluation of members of the Board of Directors takes into account the extent of the member’s effective participation and commitment to performing his duties and responsibilities, including attending the meetings of the Board and its committees and allocating the necessary time to them.</p> <p>e) The Board of Directors shall make the necessary arrangements to obtain an evaluation of its performance from a competent third party every three years.</p> <p>f) The non-executive members of the Board of Directors conduct a periodic evaluation of the performance of the Chairman of the Board after taking the views of the executive members - without the Chairman of the Board attending the discussion designated for this purpose - provided that the strengths and weaknesses are identified and a proposal to address them is consistent with the interest of the company.</p>	<p>The material is indicative and the evaluation is carried out without establishing performance measurement indicators</p>
Article 67	<p>“A committee shall be formed by a decision of the company’s Board of Directors called (Risk Management Committee), the Chairman of which and the majority of its members shall be non-executive members of the Board of Directors. Its members shall have an appropriate level of knowledge of risk management and financial affairs.”</p>	<p>The article is indicative, and the company has specialists in risk management, and there is no need to form this committee currently</p>

<b>Article 73</b>	“The internal audit unit or department shall consist of at least one internal auditor whose appointment shall be recommended by the Audit Committee and who shall be accountable to it.”	The company uses a specialized audit office to perform internal audit work, and its application is also being studied
<b>Article 85-2</b>	“Programs for granting employees shares in the company or a share of the profits it achieves, retirement programs, and establishing an independent fund to spend on these programs.”	The article is indicative and its application is being studied
<b>Article 85-3</b>	"Creating social institutions for company employees"	The article is indicative and its application is being studied
<b>Article 84</b>	“The Ordinary General Assembly - based on the proposal of the Board of Directors - shall establish a policy that ensures a balance between its objectives and the objectives that society aspires to achieve for the purpose of developing the social and economic conditions of society.”	The article is indicative and its application is being studied
<b>Article 85</b>	“The Board of Directors sets programs and determines the necessary means to launch the company’s initiatives in the field of social work.”	The article is indicative and its application is being studied
<b>Article 92</b>	“If the Board of Directors forms a committee specialized in corporate governance, it must delegate to it the powers stipulated in accordance with Article Ninety-Four of these regulations, and this committee must follow up on any issues related to the application of governance and provide the Board of Directors at least annually with the reports and recommendations it reaches.”	The article is indicative, and the company has specialists in governance, and there is no need to form this committee currently

Table 24: Governance Regulations Not Applied Paragraphs with Reasons

## 6.12 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.

## 6.13 Others

- During the year 2023AD, 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.