

الكابلات السعودية  
Saudi Cable



# ANNUAL REPORT 2022

50

Years  
عاماً  
of Trust من الثقة



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

إِنَّ اللَّهَ أَكْبَرُ





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Saudi Cable



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الكابلات السعودية  
Saudi Cable



# 1. About Us





# ABOUT US

HEADQUARTER

الكابلات السعودية  
Saudi Cable



## Saudi Cable Company

SCC is a leading manufacturer of power cables, telecommunications cables, and fiber optic cables in Saudi Arabia. The company was founded in 1975 and is headquartered in Jeddah, Saudi Arabia.

The Saudi Cable Company's product portfolio includes a wide range of cables, such as high and low voltage power cables, instrumentation cables, control cables, and optical fiber cables. The company's products are used in various industries, including energy, infrastructure, telecommunications, and transportation.

The company has a strong presence in the Middle East and North Africa region and exports its products to more than 40 countries worldwide. SCC is committed to delivering high-quality products and services to its customers and has obtained various certifications, such as ISO 9001, ISO 14001, and OHSAS 18001. In addition to its manufacturing capabilities, SCC also provides engineering and project management services to its customers. The company has a team of experienced engineers and project managers who work closely with customers to design and implement customized cable solutions.

SCC is also committed to sustainability and has implemented various initiatives to reduce its environmental impact. These initiatives include reducing energy consumption, minimizing waste, and promoting eco-friendly practices across the organization.

Overall, SCC is a well-established and reputable company in Saudi Arabia and the wider region, known for its high-quality products, engineering expertise, and commitment to sustainability.

## Subsidiaries

### Elimsan

- Established in 1980
- Product line includes Metal Clad enclosed switchgear, CT, VT
- In 2009, SCC acquired 79% of the group's equity (Currently 94%)

### Midal Cables

- Established in 1977
- SCC became an 50% shareholder in 1984
- Products includes aluminum and aluminum alloys rods, wires and conductors.
- 300,000 MT per year ISO 9001 Certified

### SCC KSA

- Established in 1975
- Product line includes power (LV, MV, HV) and telecommunication cables (Fiber and instrumentation)
- 60,000 MT per year capacity
- ISO 9001 & 45001 certified

### Mass Projects KSA

- Established in 1995
- Engineering, Construction and Turnkey projects

The group is currently in the process of winding down operations and liquidating in Turkey using the local equivalent of the FRP process





## Abdulrahman I. Alkhayal

Dear Investors,

As we come to the end of another year, I am pleased to share with you Saudi Cable Company's performance and accomplishments over the past twelve months.

Despite the challenges and uncertainties brought about by the ongoing pandemic and the global economic landscape, I am pleased to report that SCC has continued to make significant strides towards achieving its strategic objectives and has emerged from this year with strong financial results and operational performance.

Our success is due to the hard work and dedication of our employees, who have shown remarkable resilience and adaptability in the face of adversity. I am proud of their commitment to our customers, and their unwavering focus on delivering quality products and services that meet and exceed expectations.

Over the course of the year, we have continued to invest in new technologies, systems and processes, and to expand our operations into new markets and geographies. We have also made great strides in developing new products and services that are tailored to the evolving needs of our customers and that offer unique solutions to the challenges they face.

Our commitment to corporate governance and ethical business practices remains at the forefront of everything we do. We believe that our long-term success is built upon maintaining the trust and confidence of our stakeholders, and we will continue to prioritize this as we move forward.

As we look towards the future, we remain optimistic about the opportunities and potential that lie ahead. We are confident that the strength of our business, combined with our commitment to excellence and our focus on innovation, will enable us to continue to deliver value and growth to our investors.

I would like to take this opportunity to express my sincere appreciation to all our stakeholders, including our investors, customers, suppliers, and employees, for their ongoing support and commitment to our success. We could not have achieved what we have this year without your unwavering support, and we look forward to continuing to work together towards a brighter future.

Wishing you all the best for the coming year.

Sincerely,





## Nael S. Fayez

Dear investors,

At the end of a challenging year, I am pleased to share with you that Saudi Cable Company is preparing to enter into a financial restructuring procedure, and will emerge from it with a stronger and more sustainable financial position.

The company has faced many challenges over the past year at the global and local levels, and the company's financial position has been affected. However, the company is making efforts to support its continuity in partnership with all concerned parties.

The financial restructuring measures aim to significantly reduce debt levels, streamline operations, dispose of non-performing assets, reduce expenses and costs, and restructure the company's balance sheet to better reflect the value of assets and investments. Looking to the future, we are optimistic about the opportunities that lie ahead in the local and regional market, as we continue to develop the technologies, products and services we offer our customers, and expand our operations into new markets and geographies. Our primary focus remains providing high quality products and services to our customers and creating sustainable value for our shareholders.

I would like to take this opportunity to thank all investors for their continued support and confidence in our company. We are committed to meeting our obligations and ensuring that shareholders receive the returns they deserve on their investments.

In conclusion, we look forward to a bright and continuous future of working together and the continuity of the company to achieve the best returns for you. Thank you for your precious trust and continued support.

Sincerely,





## MISSION STATEMENT

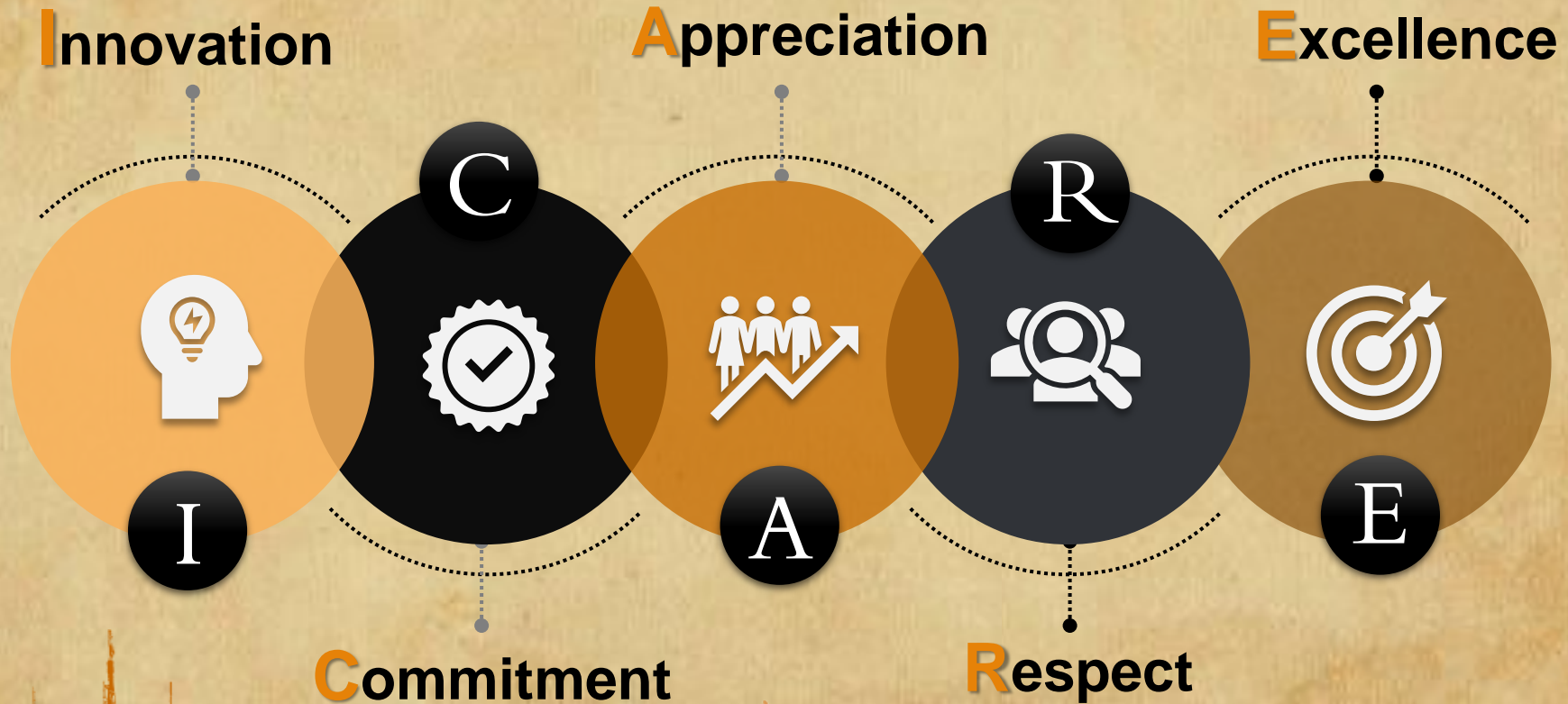
To provide exceptional quality power cable solutions that meet the needs of our customers in Saudi Arabia and beyond. We are committed to using the latest technology and best practices to design, manufacture, and deliver our products to the highest standards of quality, reliability, and safety. We strive to build long-term relationships with our customers based on trust, transparency, and mutual respect. Our goal is to be a responsible corporate citizen that contributes to the economic, social, and environmental well-being of the communities we serve.

## VISION STATEMENT

To become a leading provider of innovative and high-quality power cable solutions in Saudi Arabia and the global market. We aim to leverage our expertise, technology, and commitment to customer satisfaction to become the partner of choice for customers seeking reliable and efficient power cable solutions.



# VALUES



الكابلات السعودية  
Saudi Cable



## 2. Governance





# 1. IMPLEMENTATION



SCC adheres to all the provisions of the Corporate Governance Regulations issued by the Capital Market Authority





2. Procedures taken by the Board and Non-Executive Directors taking the shareholders' suggestions and remarks in consideration, on the Company and its performance.



In accordance with the procedures applied in the company, shareholders will give their opinions and suggestions at the General Assembly Meetings of Shareholders. Which will discuss with the attendees of the Board of Directors at the General Assembly Meetings and, in case of any new proposals, shall be present to first meeting of the Board of Directors following the General Assembly Meeting.







### 3- Board of Directors, Committees and Executive Management



## 4- Board Members



Abdulrahman I. Alkhayal  
Independent



Nael S. Fayez  
Executive



Abdulhadi A. Abulkhair  
Non-Executive



Meyassar A. Nowailati  
Non-Executive



Khalid M. Bawazeer  
Independent



Azhar M. Kenji  
Independent



Saleh A. Al Shathry  
Independent



Ali M. Al Attas  
Independent



Noha A. Sulaimani  
Executive





## 5- Board of Directors Members Experiences

| Name                                  | Current Position  | Previous Position   | Qualifications   | Experience   |
|---------------------------------------|---|---|--|--|
| Abdulrahman I. Al Khayal              | Chairman of Board of Directors,<br>Member of Nomination &<br>Remuneration Committee | Chairman of Board of Directors,<br>Member of Nomination &<br>Remuneration Committee   | Master's degree in<br>business administration                        | Experience in Business Administration and Membership of<br>many Boards of Directors and its Committees                               |
| Nael S. Fayez                         | Board Member & Managing<br>Director   | Board Member & Audit<br>Committee Member  | Executive master's in business<br>administration                     | Executive and Administration Experience  |
| Abdulhadi A. Abulkhair <sup>(1)</sup> | Board Member  | Board Member & CEO  | Bachelor's Degree of Science in<br>Applied Chemical Engineering      | Industrial and Corporate Management  |
| Saleh A. Al Shathri                   | Board Member, Chairman of<br>Nomination and Remuneration<br>Committee               | Board Member, Chairman of<br>Nomination and Remuneration<br>Committee                 | Bachelor's degree<br>in administrative science                       | Corporate Laws and Executive Management  |
| Meyassar A. Nowailati                 | Board Member, Member of<br>Nomination and Remuneration<br>Committee                 | Chairman of Board of Directors,<br>Member of Nomination and<br>Remuneration Committee | Bachelor's degree in scienc<br>e in Finance                          | Corporate Banking & Financial analysi<br>s and Public Administration   |
| Ali M. Al Attas                       | Board Member, Member of<br>Nomination and Remuneration<br>Committee                 | Board Member, Member of<br>Nomination and Remuneration<br>Committee                   | Master's degree in business<br>administration                        | Industrial and Commercial Marketing and<br>Corporate Management  |
| Azhar M. Kenji                        | Board Member & Member of<br>Audit Committee   | Board Member & Member of<br>Audit Committee   | Bachelor's Degree of Science in<br>Industrial Engineering            | Executive experience in the field of Public Administration<br>and Membership of Board of Directors and its Committees                |
| Khalid M. Bawazeer <sup>(2)</sup>     | Board Member  | --  | Bachelor's degree in industrial<br>engineering                       | Executive and Administration Experience  |
| Noha A. Sulaimani <sup>(3)</sup>      | Vice Chairman of Board of<br>Directors & Managing Director                          | Member of Board of Directors<br>and Chairman of Audit<br>Committee                    | Master's Degree of Administrative<br>Science - Finance & Investment. | Corporate Banking, Investment Analysis and Management of<br>Conformity, Commitment, Anti-money Laundering and<br>Terrorist Financing |

(1) Mr. Abdulhadi A. Abulkhair contract end by 31 June 2022

(2) Mr. Khaled M. Bawazeer started as a member of the Board of Directors on 22/05/2022

(3) Mrs. Noha A. Soleimani submitted her resignation from her membership in the Board of Directors of SCC and all related tasks on 22/07/2022

## 6- Board of Directors Meetings

| Name                            | Title               | 1 <sup>st</sup><br>Meeting<br>Dated<br>27/02/2<br>022 | 2 <sup>nd</sup><br>Meeting<br>Dated<br>29/03/2<br>022 | 3 <sup>rd</sup><br>Meeting<br>Dated<br>14/04/2<br>022 | 4 <sup>th</sup><br>Meeting<br>Dated<br>28/04/2<br>022 | 5 <sup>th</sup><br>Meeting<br>Dated<br>14/05/2<br>022 | 6 <sup>th</sup><br>Meeting<br>Dated<br>22/05/2<br>022 | 7 <sup>th</sup><br>Meeting<br>Dated<br>02/06/2<br>022 | 8 <sup>th</sup><br>Meeting<br>Dated<br>06/07/2<br>022 | 9 <sup>th</sup><br>Meeting<br>Dated<br>27/07/2<br>022 | 10 <sup>th</sup><br>Meeting<br>Dated<br>18/09/2<br>022 | 11 <sup>th</sup><br>Meeting<br>Dated<br>11/10/2<br>022 | 12 <sup>th</sup><br>Meeting<br>Dated<br>19/10/2<br>022 | 13 <sup>th</sup><br>Meeting<br>Dated<br>01/11/2<br>021 | 14 <sup>th</sup><br>Meeting<br>Dated<br>07/12/2<br>021 |
|---------------------------------|---------------------|---|---|---|---|---|---|---|---|---|--|--|--|--|--|
| Abdulrahman I. Al Khayal        | Chairman            | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓  | ✓  | ✓  | ✓  | ✓  |
| Noha A. Sulaimani <sup>1</sup>  | V. Chairman<br>& MD | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | X   | X  | X  | X  | X  | X  |
| Saleh A. Alshathry              | Member              | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓  | ✓  | ✓  | ✓  | ✓  |
| Abdulhadi A. Abulkhair          | Member              | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓  | ✓  | ✓  | ✓  | ✓  |
| Meyassar A. Nowailati           | Member              | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓  | X  | ✓  | ✓  | ✓  |
| Ali A. Al Attas                 | Member              | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | X   | ✓   | ✓   | ✓  | ✓  | ✓  | ✓  | ✓  |
| Azhar M. Kenji                  | Member              | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓  | ✓  | ✓  | ✓  | ✓  |
| Nael S. Fayez                   | Member              | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓   | ✓  | ✓  | ✓  | ✓  | ✓  |
| Khalid M. Bawazeer <sup>2</sup> | Member              | X   | X   | X   | X   | X   | X   | X   | X   | ✓   | ✓  | ✓  | ✓  | X  | X  |

(1) Mrs. Noha A. Hamza Soleimani submitted her resignation from her membership in the Board of Directors of SCC and all related tasks on 27/07/2022

(2) Mr. Khaled M. Bawazeer started as a member of the Board of Directors on 22/05/202



## 7- Remunerations of Members of the Board of Directors

(In SAR Thousands)

| Name                            | Fixed remunerations |  |  |                  |   |  |       |                           |                        | Variable remunerations     |                           |                                   |       | End-of-service award | Aggregate Amount | Expenses Allowance |
|---------------------------------|---------------------|--|--|------------------|---|--|-------|---------------------------|------------------------|----------------------------|---------------------------|-----------------------------------|-------|----------------------|------------------|--------------------|
|                                 | Specific amount     | Allowance for attending Board meetings | Total Allowance for attending committee meetings | In-kind benefits | Remunerations for technical, managerial and consultative work | Remunerations of the chairman, Managing Director or Secretary, if a Member | Total | Percentage of the profits | Periodic remunerations | Short-term incentive plans | Long-term incentive plans | Granted shares (insert the value) | Total |                      |                  |                    |
| First: Independent Directors    |                     |  |  |                  |   |  |       |                           |                        |                            |                           |                                   |       |                      |                  |                    |
| Abdulrahman I. Alkhayal         |                     | 84                                     | 9  |                  |   |  | 93    |                           |                        |                            |                           |                                   |       |                      | 93               | 10                 |
| Saleh A. Al Shathry             |                     | 84                                     | 9  |                  |   |  | 93    |                           |                        |                            |                           |                                   |       |                      | 93               |                    |
| Azhar M. Kenji                  |                     | 84                                     | 12   |                  |   |  | 96    |                           |                        |                            |                           |                                   |       |                      | 96               |                    |
| Ali M. Al Attas                 |                     | 78                                     | 9  |                  |   |  | 87    |                           |                        |                            |                           |                                   |       |                      | 87               |                    |
| Khalid Bawazeer(1)              |                     | 24                                     | 0  |                  |   |  | 24    |                           |                        |                            |                           |                                   |       |                      | 24               |                    |
| Total                           |                     | 354                                    | 39   |                  |   |  | 393   |                           |                        |                            |                           |                                   |       |                      | 393              | 10                 |
| Second: Non-Executive Directors |                     |  |  |                  |   |  |       |                           |                        |                            |                           |                                   |       |                      |                  |                    |
| Abdulhadi A. Abulkhair          |                     | 84                                     | 0  |                  |   | 945  | 1029  |                           |                        |                            |                           |                                   |       |                      | 1029             |                    |
| Meyassar A. Nowailati           |                     | 78                                     | 6  |                  |   |  | 84    |                           |                        |                            |                           |                                   |       |                      | 84               |                    |
| Total                           |                     | 162                                    | 6  |                  |   | 945  | 1113  |                           |                        |                            |                           |                                   |       |                      | 1113             |                    |
| Third: Executive Directors      |                     |  |  |                  |   |  |       |                           |                        |                            |                           |                                   |       |                      |                  |                    |
| Nael S. Fayez                   |                     | 84                                     | 12   |                  |   | 506  | 602   |                           |                        |                            |                           |                                   |       |                      | 602              | 6                  |
| Noha A. Sulaimani               |                     | 48                                     | 3  |                  |   | 350  | 401   |                           |                        |                            |                           |                                   |       |                      | 401              | 135                |
| Total                           |                     | 132                                    | 15   |                  |   | 856  | 1003  |                           |                        |                            |                           |                                   |       |                      | 1003             | 141                |

## 8- Waiver of Remunerations for Members of the Board of Directors

**A description of any arrangement or agreement under which a director or a Senior Executive of the company has waived all remuneration**

- No remuneration was paid to the members of the Board of Directors and members of all committees for their membership.
- Place all attendance allowance hold for all board and committee's members for the last quarter of 2022.



## 9- Audit Committee Members

Ghaith R .



**Chairman of Audit Committee**

Azhar M. Kenji



**Committee member**

Omar H. Bahathiq



**Committee member**

### Committee Tasks

The Audit Committee is responsible for monitoring the company's work. Verifying the integrity, integrity of reports, internal audits and internal control systems. Examining and making technical opinions about them, examining any important or unusual issues, verifying accounting estimates and examining accounting policies in the company. Studying and reviewing the company's internal control and risk management systems. Recommend appointment of external auditors, segregation, neutralize their fees and check their independence, reviewing the results of the company's auditing and auditing regulations and supervision of relevant regulations, policies and relevant instructions.



# Audit Committee

## Audit Committee Members

At the beginning of 2022, the audit committee consisted of four members. Subsequently, two members resigned in March 2022 for personal reasons. In June 2022, two new members from outside the Board of Directors were appointed to join the Committee. By the end of the year, one member had resigned because of his appointment as the company's managing director. The number of members of the Committee is thus three. Five meetings were held during the year, where the periodic financial reports and the reports of the External Auditor and the Internal Auditor were reviewed. This review was carried out based on the financial statements and information provided by the executive management, and work was done to improve and strengthen the internal control system in the company.



## 10- Audit Committee Members Experiences

| Name                       | Current Position                              | Previous Position         | Qualifications  | Experience   |
|----------------------------|---|---------------------------|---|--|
| <b>Bassem T. Hijaz 1</b>   | Chairman of Audit Committee                   | Member of Audit Committee | Master's degree in business administration                                      | Audit, Risk Management & Compliance  |
| <b>Mazen K. Al-Zayer 2</b> | Member of Audit Committee                     | Member of Audit Committee | Associate degree in accounting major  | Internal Audit & Finance   |
| <b>Nael S. Fayeze 3</b>    | Member of Audit Committee & Managing Director | Member of Audit Committee | Executive master's in business administration                                   | Executive and Administration Experience  |
| <b>Ghaith R. 4</b>         | Chairman of Audit Committee                   | --                        | Master's and bachelor's degrees in business administration                      | Executive experience in auditing.  |
| <b>Azhar M. Kenji</b>      | Member of Audit Committee                     | Member of Audit Committee | Bachelor's Degree of Science in Industrial Engineering                          | Executive experience in the field of Public Administration and Membership of Board of Directors and its Committees |
| <b>Omar H. Bahathiq 5</b>  | Member of Audit Committee                     | --                        | Master's degree in business administration and bachelor's degree in accountant. | experience in auditing.  |

(1) Mr. Bassem T. Hijaz resigned from the Audit Committee on 03/28/2022

(2) Mr. Mazen K. Al-Zayer resigned from the Audit Committee on 03/28/2022.

(3) Mr. Nael S. Fayeze resigned from the Audit Committee on 07/27/2022 and was appointed as Managing Director.

(4) Mr. Ghaith R. Fayeze started as a member of the Audit Committee on 06/22/2022.

(5) Mr. Omar H. Bahathiq started as a member of the Audit Committee on 06/22/2022

# 11- Audit Committee members's Meetings

## Audit Committee Mmembers's Meetings

| Meetings Details and Attendance for 2022 |      |  |                                 |                         |   |                          |                               |
|--|------|--|---------------------------------|-------------------------|---|--------------------------|-------------------------------|
| Number and date of the meeting           | Name | Bassem T. Hijaz<br>Chairman of t<br>he Committee | Mazen K. Al-<br>Zayer<br>Member | Nael S. Fayez<br>Member | Ghaith R. Fayez<br>Chairman of the<br>Committee | Azhar M. Kenji<br>Member | Omar<br>H. Bahathiq<br>Member |
| (01)<br>02/02//2022                      |      | ✓  | ✓                               | ✓                       | X   | ✓                        | X                             |
| (02)<br>23/06/2022                       |      | X  | X                               | ✓                       | ✓   | ✓                        | ✓                             |
| (03)<br>30/06/2022                       |      | X  | X                               | ✓                       | ✓   | X                        | ✓                             |
| (04)<br>21/08/2022<br>22/08/2022         |      | X  | X                               | X                       | ✓   | ✓                        | ✓                             |
| (05)<br>18/10/2022<br>03/11/2022         |      | X  | X                               | X                       | ✓   | ✓                        | ✓                             |
| Total                                    |      | 1  | 1                               | 3                       | 4   | 4                        | 4                             |



## 12- Audit Committee members's Remuneration

Remunerations of Audit Committee Members: (in SAR thousands)

|   | Name              | Fixed remunerations (except for the allowance for attending sessions) | Allowance for attending sessions | Total |
|---|-------------------|---|----------------------------------|-------|
| 1 | Bassem T. Hijaz   | N/A   | 3                                | 3     |
| 2 | Mazen K. Al-Zayer | N/A   | 3                                | 3     |
| 3 | Nael S. Fayez     | N/A   | 9                                | 9     |
| 4 | Ghaith R. Fayez   | N/A   | 12                               | 12    |
| 5 | Azhar M. Kenji    | N/A   | 12                               | 12    |
| 6 | Omar H. Bahathiq  | N/A   | 12                               | 12    |
|   | Total             |   | 42                               | 42    |

## 13- Executive Committee Members

Ali AlAttas



**Chairman of the Executive Committee**

Abdulrahman Alkhayal



**Committee member**

Saleh Alshathry



**Committee member**

### Committee Tasks

The Executive Committee is responsible for supervising the preparation and implementation of the Company's strategic plans, updating and reviewing them periodically, and authorizing the Board of Directors to set periodic reports from the Executive Management Including implementation and completion reports for major projects and expansion works in the company, setting its session, reviewing it, evaluating performance, reviewing investment plans for the company's liquidity, and make recommendations to the Board in finance operations, offerings, raising capital, mergers, alliances and acquisitions, the Company's purchase for its shares, etc. Direct supervision of the CEO and Senior Management team and provide recommendations and final approvals for changes in delegations levels (including the CEO), as defined under the delegation of authority approved by the Board. Supervisee and follow-up the mechanism of disbursing the facilities and loans granted to the Company as approved by the Board of Directors, and ensure that the Company's administrative committees work effectively and carry out any other tasks assigned by the Board of Directors to the Committee.





## 14- Executive Committee Members Experiences

| Name                 | Current Position  | Previous Position                                     | Qualifications                              | Experience  |
|----------------------|---|---|---|---|
| Ali Alattas          | Member of the Nominations and Remunerations Committee and Chairman of the Executive Committee | Member of the Nominations and Remunerations Committee | Master's degree in business administration  | Industrial and Commercial Marketing and Corporate Management  |
| Abdulrahman Alkhayal | Member of the Nominations and Remunerations Committee and Member of the Executive Committee   | Member of the Nominations and Remunerations Committee | Master's degree in business administration  | Experience in Business Administration and Membership of many Boards of Directors and its Committees |
| Saleh Alshathry      | Chairman of the Nominations and Remunerations Committee and Member of the Executive Committee | Member of the Nominations and Remunerations Committee | Bachelor's degree in administrative science | Corporate Laws and Executive Management   |

# 15- Executive Committee's Meetings and Remuneration

## Executive Committee's Meetings

| Meetings Details and Attendance for 2022 |      |  |                                |                           |
|--|------|--|--------------------------------|---------------------------|
| Number and date of the meeting           | Name | Ali Alattas<br>Chairman of the Committee | Abdulrahman Alkhayal<br>Member | Saleh Alshathry<br>Member |
| (001)<br>03/01/2022                      |      | ✓  | ✓                              | ✓                         |

## Remunerations of Executive Committee members: (in SAR thousands)

|   | Name                 | Fixed remunerations<br>(except for the<br>allowance for<br>attending sessions) | Allowance for<br>attending sessions | Total |
|---|----------------------|--|-------------------------------------|-------|
| 1 | Ali Alattas          | N/A  | 3                                   | 3     |
| 2 | Abdulrahman Alkhayal | N/A  | 3                                   | 3     |
| 3 | Saleh Alshathry      | N/A  | 3                                   | 3     |
|   | Total                | 0  | 9                                   | 9     |



## 16- Nominations & Remunerations Committee Members

Saleh Alshathry



**Chairman of the Nominations and Remunerations Committee**

Abdulrahman Alkhayal



**Committee member**

Meyassar Nowailati



**Committee member**

Ali AlAttas



**Committee member**

### Committee Tasks

The tasks of the Nominations and Remuneration Committee are to determine the general policies and criteria for the nomination to the Board of Directors with periodic review of the needs of the capabilities and skills required in the Board membership. Examine the strengths and weaknesses of the Board and propose appropriate procedures to ensure the independence of independent Board members and conflicts of interest in members of other corporate Boards, as well as to study or propose compensation policies and remuneration of Board members and senior executives.



## 17-Nominations & Remunerations Committee Members Experiences

| Name                 | Current Position  | PreviousPosition                                      | Qualifications                              | Experience  |
|----------------------|---|---|---|---|
| Saleh Alshathry      | Chairman of the Nominations and Remunerations Committee and Member of the Executive Committee | Member of the Nominations and Remunerations Committee | Bachelor's degree in administrative science | Corporate Laws and Executive Management   |
| Abdulrahman Alkhayal | Member of the Nominations and Remunerations Committee and Member of the Executive Committee   | Member of the Nominations and Remunerations Committee | Master's degree in business administration  | Experience in Business Administration and Membership of many Boards of Directors and its Committees |
| Meyassar Nowailati   | Member of Nomination and Remuneration Committee   | Member of Nomination and Remuneration Committee       | Bachelor's degree in science in Finance     | Corporate Banking & Financial analysis and Public Administration                                    |
| Ali Alattas          | Member of the Nominations and Remunerations Committee and Chairman of the Executive Committee | Member of the Nominations and Remunerations Committee | Master's degree in business administration  | Industrial and Commercial Marketing and Corporate Management  |



## 18- Nominations & Remunerations Committee members's Meetings and Remuneration

### Nominations & Remunerations Committee Members's Meetings

| Meetings details and attendance for 2022 |      |  |                                |                       |                              |
|--|------|--|--------------------------------|-----------------------|------------------------------|
| Number and date of the meeting           | Name | Saleh Alshathry<br>Chairman of the Committee | Abdulrahman Alkhayal<br>Member | Ali Alattas<br>Member | Meyassar Nowailati<br>Member |
| (001)<br>10/05/2022                      |      | ✓  | ✓                              | ✓                     | ✓                            |
| (002)<br>26/07/2022                      |      | ✓  | ✓                              | ✓                     | ✓                            |
| Total                                    |      | 2  | 2                              | 2                     | 2                            |

### Remunerations of Executive Committee Members: (in SAR thousands)

|       | Name                 | Fixed remunerations (except for the allowance for attending sessions) | Allowance for attending sessions | Total |
|-------|----------------------|---|----------------------------------|-------|
| 1     | Saleh Alshathry      | N/A   | 6                                | 6     |
| 2     | Abdulrahman Alkhayal | N/A   | 6                                | 6     |
| 3     | Ali Alattas          | N/A   | 6                                | 6     |
| 4     | Meyassar Nowailati   | N/A   | 6                                | 6     |
| Total |                      | 0   | 24                               | 24    |

## 19-Names of the Companies Inside and Outside the Kingdom in Which a Board Member is a Member of their Current or Previous Board or Manager

| Name                     | Names of the Companies in Which a Board Member is a Member of their Current Board or Manager | Inside / Outside the Kingdom | Legal Entity (listed/ Unlisted/Limited Liability) | Names of the Companies in Which a Board Member is a Member of Their Previous Board or Manager | Inside / Outside the Kingdom | Legal Entity (Listed/ Unlisted/ Limited Liability) |
|--------------------------|--|------------------------------|---|---|------------------------------|--|
| Abdulrahman I. Al Khayal | Fast Form Manufacturing Industry   | Inside the Kingdom.          | Individual Institution                            | Chemical Industries Association   | Inside the Kingdom.          | Cooperative Association                            |
|                          | Association of Construction Technologies and Real Estate Development                         | Inside the Kingdom.          | Cooperative Association                           |   |                              |  |
|                          | Midal Cables Company   | Outside the Kingdom.         | Closed Joint Stock                                |   |                              |  |
|                          | Qarar Financial Technology Company   | Inside the Kingdom.          | Closed Joint Stock                                |   |                              |  |
| Nael S. Fayez            | Strategic Sustainability Solutions   | Inside the Kingdom           | Limited liability                                 |   |                              |  |
|                          | INJAZ – Saudi Arabia   | Inside the Kingdom           | A national not-for-profit initiative              |   |                              |  |
| Azhar M. Kenji           | New Marina Company   | Inside the Kingdom.          | Closed Joint Stock                                | Takween Company for Advanced Industries   | Inside the Kingdom.          | Closed Joint Stock                                 |
|                          | Ahmed Saleh Baeshen Company  | Inside the Kingdom.          | Closed Joint Stock                                | Takween Company for Plastic Industries  | Inside the Kingdom.          | Closed Joint Stock                                 |
|                          |  |                              |   | Al Salam Company  | Inside the Kingdom.          | Closed Joint Stock                                 |
|                          |  |                              |   | Takween Company   | Inside the Kingdom.          | Public Joint Stock                                 |



## Names of the companies inside and outside the Kingdom in which a Board member is a member of their current or previous Board member or manager

| Name                   | Names of the Companies in Which a Board Member is a Member of their Current Board or Manager | Inside / Outside the Kingdom | Legal Entity (listed/ Unlisted/Limited Liability) | Names of the Companies in Which a Board Member is a Member of Their Previous Board or Manager | Inside / Outside the Kingdom | Legal Entity (Listed/ Unlisted/ Limited Liability) |
|------------------------|--|------------------------------|---|---|------------------------------|--|
| Saleh A. Al Shathry    | Midal Cables Company   | Outside the Kingdom.         | Closed Joint Stock                                | -   | -                            | -  |
| Abdulhadi A. Abulkhair | -  | -                            | -   | Midal Cables Company  | Outside the Kingdom.         | Closed Joint Stock                                 |
| Meyassar A. Nowailati  | Tunisian Saudi Bank  | Outside the Kingdom          | Closed Joint Stock                                | Mazar International   | Inside the Kingdom.          | Limited Liability                                  |
|                        | Saudi-Moroccan Investment of Development Company   | Outside the Kingdom          | Closed Joint Stock                                | Fursan Industrial Company   | Inside the Kingdom.          | Limited Liability                                  |
|                        | Dar Aletiman Al Saudi  | Inside the Kingdom.          | Closed Joint Stock                                |   |                              |  |
| Ali M. Al Attas        | -  | -                            | -   | -   | -                            | -  |

## Names of the companies inside and outside the Kingdom in which a Board member is a member of their current or previous Board member or manager

| Name               | Names of the Companies in Which a Board Member is a Member of their Current Board or Manager | Inside / Outside the Kingdom | Legal Entity (listed/ Unlisted/Limited Liability) | Names of the Companies in Which a Board Member is a Member of Their Previous Board or Manager | Inside / Outside the Kingdom | Legal Entity (Listed/ Unlisted/ Limited Liability) |
|--------------------|--|------------------------------|---|---|------------------------------|--|
| Khalid M. Bawazeer | Al Manara Business   | Businessmen Forum            |   |   | Inside the Kingdom.          |  |
|                    | NIF Group  |                              |   |   | Outside the Kingdom          |  |
|                    | Saudi Turkish Business Council   |                              |   |   | Inside the Kingdom.          |  |
|                    | Saudi Indian Business Council  |                              |   |   | Inside the Kingdom.          |  |
|                    | Jeddah Chamber   |                              |   |   | Inside the Kingdom.          |  |
|                    | Gulf Marketing Association   | Association                  |   |   | Inside the Kingdom.          |  |
|                    | Friends of the Society   | Charity                      |   |   | Inside the Kingdom.          |  |
|                    | Al-Wedad Charitable Society  | Charity                      |   |   | Inside the Kingdom.          |  |
| Noha A. Sulaimani  | -  | -                            | -   | -   | -                            | -  |



## 20- Executive management

Nael S. Fayez



Managing Director

Noha A. Sulaimani



Managing Director

Abdulhadi A. Abulkhair



CEO

Ahmed H. Shetaiwi



Director, Corporate  
Finance

Hussam F. Alelshi



Director of Internal Audit

Mohammed Misbahuddin



Director of Internal Audit  
Material Management

Assim M. Qari



Operations Director

## 21- Executive management experiences

| Name                                  | Current Position                              | Previous Position           | Qualifications                                    | Experience |
|---------------------------------------|---|-----------------------------|---|------------|
| NOHA A. SULAIMANI <sup>(1)</sup>      | V. CHAIRMAN & MANAGING DIRECTOR               | Audit Committee Chairman    | Master's in Business Administration               | 15 YEARS   |
| ABDULHADI A. ABULKHAIR <sup>(2)</sup> | BOARD MEMBER & CEO                            | BOARD MEMBER & CEO          | Bachelor's degree in Applied Chemical Engineering | 22 YEARS   |
| Nael S. Fayeze <sup>(3)</sup>         | Member of Audit Committee & Managing Director | Member of Audit Committee   | Executive Master's in Business Administration     | 20 YEARS   |
| Ahmed H. Shetaiwi <sup>(4)</sup>      | DIRECTOR, CORPORATE FINANCE                   | DIRECTOR, CORPORATE FINANCE | Bachelor's Degree in Finance                      | 16 YEARS   |
| Mohammed Misbahuddin                  | DIRECTOR MATERIAL MANAGEMENT                  | BUSINESS CONSULTANT         | Master's in Business Administration (Marketing)   | 30 YEARS   |
| Hussam F. Alelshi <sup>(5)</sup>      | Director of Internal Audit                    | Director of Internal Audit  | Master's in Business Administration               | 24 YEARS   |
| Assim M. Qari                         | Operations Director                           | DIRECTOR, MANUFACTURING     | Bachelor's Degree in Mechanical Engineering       | 16 YEARS   |

(1) Mrs. Noha Suleiman, Managing Director, resigned on 07/27/2022.

(2) The contract of Mr. Abdul Hadi Abu Al-Khair as CEO expired on 07/31/2022.

(3) Mr. Nael Fayeze has been appointed Managing Director on 01/08/2022.

(4) Mr. Ahmed Shetaiwi resigned on 06/27/2022.

(5) Mr. Hossam Al Elshi resigned on 09/29/2022.



## 22- Executive Management Remuneration

(In SAR Thousands)

| Position                                 | Fixed Remunerations |            |                  |       | Total Salary (Yearly) | Variable Remunerations |         |                            |                           |                                   |       | End-of- service award (accrued 2021 only) | End-of- service award as of Dec. 2021 | Total Executive remuneration for the Board, if any | Aggregate Amount |
|--|---------------------|------------|------------------|-------|-----------------------|------------------------|---------|----------------------------|---------------------------|-----------------------------------|-------|---|---------------------------------------|--|------------------|
|  | Salaries            | Allowances | In-kind benefits | Total |                       | Periodic remunerations | Profits | Short-term incentive plans | Long-term incentive plans | Granted shares (insert the value) | Total |   |                                       |  |                  |
| CEO <sup>1</sup>                         | 700                 | 245        |                  | 945   |                       |                        |         |                            |                           |                                   |       |   | 281                                   |  | 1226             |
| Managing Director <sup>2</sup>           | 350                 |            |                  | 350   |                       |                        |         |                            |                           |                                   |       |   |                                       |  | 350              |
| Managing Director <sup>3</sup>           | 375                 | 131        |                  | 506   |                       |                        |         |                            |                           |                                   |       |   | 21                                    |  | 527              |
| DIRECTOR, CORPORATE FINANCE <sup>4</sup> | 177                 | 62         |                  | 239   |                       |                        |         |                            |                           |                                   |       |   | 72                                    |  | 311              |
| DIRECTOR MATERIAL Management             | 259                 | 91         |                  | 350   |                       |                        |         |                            |                           |                                   |       |   |                                       |  | 350              |
| Operations Director                      | 444                 | 155        |                  | 599   |                       |                        |         |                            |                           |                                   |       |   |                                       |  | 599              |
| Director of Internal Audit <sup>5</sup>  | 278                 | 97         |                  | 375   |                       |                        |         |                            |                           |                                   |       |   | 78                                    |  | 453              |
| Total                                    | 2583                | 781        |                  | 3364  |                       |                        |         |                            |                           |                                   |       |   | 452                                   |  | 3816             |

(1) The contract CEO expired on 07/31/2022.

(2) Resigned on 07/27/2022.

(3) Appointed Managing Director on 01/08/2022.

(4) Resigned on 06/27/2022.

(5) Resigned on 09/29/2022.



## 23- Board Members Remunerations Policies



The annual remunerations of the Board Members for the services they perform shall be determined in accordance with the provision of Article (43/5) of the Bylaws: (Subject to the provision of Article (19) of the Bylaws and Article (76) of Companies Law to preserve. Not more than (10%) of the remainder shall be distributed to Board members, provided that, the entitlement of such remunerations must be in accordance with the relevant regulations in this concern).







## 24- Evaluation of the Board of Directors 'Performance



**Where applicable, the means used by the Board to assess its performance, the performance of its committees and members and the external body which conducted the assessment and its relation with the Company, if any**

*Not applicable.*



## 25- Penalties and Fines

Any Punishment, penalty, precautionary procedure or preventive measure imposed on the Company by the Capital Market Authority or any other supervisory, regulatory or judiciary authority.

| The Punishment/Penalty/Precautionary Procedure/Preventive Measure  | Reasons for the Non-Compliance   | Authority Imposing the Penalty | Measures Taken to Remedy and Avoid Such Incompliance in the Future   |
|--|--|--------------------------------|--|
| Suspension of trading Saudi Cable Company's shares in the market for one day trading session on Sunday, 02/09/1443H corresponding to 03/04/2022.                                   | Due to the Company incompliance to announce its annual financial statements for the year nihtiw ,2021 eht ni detaluptis doirep deficeps eht dna setiiruceS fo reffO eht no seluR .snotiagilbO gniuntinoC     | Saudi Stock Exchange (Tadawul) | The Company has taken all the necessary measures and controls to avoid recurrence and prevent imposition of such penalties.            |
| Re-suspend trading of the shares starting from Monday 08/10/1443H corresponding to 09/05/2022 AD until the announcement of the financial statements.                               | Due to the Company incompliance to announce its annual financial statements for the year fiiceps eht nihtiw ,2021 ht no seluR eht ni detaluptis doirep de O gniuntinoC dna setiiruceS fo reffO e .snotiagilb | Saudi Stock Exchange (Tadawul) | The Company has taken all the necessary measures and controls to avoid recurrence and prevent imposition of such penalties.            |
| Continued suspension of share trading from Monday 10/16/1443 AH corresponding to 05/17/2022 AD until the company announces the treatment of abstention from expressing an opinion. | The report of the company's auditors refrained from expressing an opinion on the financial statements  | Saudi Stock Exchange (Tadawul) | The company has taken all possible measures and provided the necessary documents to address the abstention from expressing an opinion. |



# Penalties and Fines

Any Punishment, penalty, precautionary procedure or preventive measure imposed on the Company by the Capital Market Authority or any other supervisory, regulatory or judiciary authority.

| The Punishment/Penalty/Precautionary Procedure/Preventive Measure   | Reasons for the Non-Compliance  | Authority Imposing the Penalty           | Measures Taken to Remedy and Avoid Such Incompliance in the Future  |
|---|---|--|---|
| Continued suspension of share trading based on the Capital Market Law issued by Royal Decree No. (M/02/06/1424) dated 30AH, and subparagraph (a) of Article 13 of the Regulations | The company submits a request to open a financial restructuring procedure.    | Capital Market Authority (CMA)           | The company has provided the statutory requirements for approving the opening of the financial restructuring procedure. |
| Imposing financial fines  | Not acquiring an active operating License                                     | Industrial Cities "MODON"                | Renewing the operating license  |
| Imposing financial fines  | Non-payment of workers' wages and entitlements on the specified due dates     | Labor Office                             | No delay in salaries for more than one month  |
| Imposing financial fines  | Penalty for late non-payment of the monthly subscription                      | GOSI                                     | Pay the fees on time  |
| Imposing financial fines  | Fine for non-renewal of residence permits                                     | Jawazat (Passport Department)            | Pay the renewal fees before expiration  |
| Imposing financial fines  | Late Payment penalty and Pre-assessed Zakat outstanding from ZATCA Authority. | Zakat, Tax and Customs Authority (ZATCA) | File monthly VAT & WHT return within time limit and no delay any outstandings VAT/WHT & Custom Duty.                    |



## 26- Audit Committee's Results



**Results of the annual review of the effectiveness of the internal control procedures of the Company and the opinion of the audit committee with respect to the adequacy of the Company's internal control system.**

The Audit Committee was not able to function as intended, due to the absence of certain capabilities in the Finance, Internal Audit, & Compliance functions. The company faces difficult financial situations, therefore, they are not able to attract talents that can perform certain duties that are related to supervision of the Audit Committee.







## 27- Audit Committee's Results



The audit committee's recommendation on the need for appointing an internal auditor for the Company, if there is no internal auditor.

There is a need to support Finance, Internal Audit and Compliance Departments with competencies that will help perform mandated tasks and improve the Group's governance.





## 28- Audit Committee's Results



The audit committee's recommendation with conflict with Board resolution or those which the Board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an external auditor, as well as justifications for those recommendations and reasons for disregarding them

Not Applicable.







## 29- Sustainability and Social Responsibility



SCC seeks to keep pace with the current development and with the vision of the Kingdom of Saudi Arabia 2030 at all levels.

The management was concerned in allow Saudi women because of the dynamic role they play in the professional community, and in line with the Kingdom's Vision 2030, several women were employed and trained in various strategic departments during year 2022 AD, such as financial, legal, internal auditing, governance and compliance, investor relations, corporate communication, and other major departments of the company.



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## 3. SHAREHOLDERS' EQUITY





## 30- General Assemblies's Held in 2022

Extraordinary General Assembly Meeting, held on Sunday, 19/07/1443H, corresponding to 20/02/2022 AD

| Names Of The Board Members | Attendance Details |
|----------------------------|--------------------|
| Abdulrahman I. Alkhayal    | Attended           |
| Nael S. Fayez              | Absent             |
| Noha A. Sulaimani          | Attended           |
| Saleh A. Al Shathry        | Attended           |
| Azhar M. Kenji             | Attended           |
| Meyassar A. Nowailati      | Attended           |
| Abdulhadi Abulkhair        | Attended           |
| Ali M. Al Attas            | Attended           |
| Khalid M. Bawazeer         | Attended           |

# General Assemblies's Held in 2022

Ordinary General Assembly Meeting, held on Wednesday, 23/11/1443H, corresponding to 22/06/2022 AD

| Names Of The Board Members | Attendance Details |
|----------------------------|--------------------|
| Abdulrahman I. Alkhayal    | Attended           |
| Nael S. Fayez              | Attended           |
| Noha A. Sulaimani          | Attended           |
| Saleh A. Al Shathry        | Attended           |
| Azhar M. Kenji             | Attended           |
| Meyassar A. Nowailati      | Attended           |
| Abdulahdi Abulkhair        | Attended           |
| Ali M. Al Attas            | Attended           |
| Khalid M. Bawazeer         | Attended           |



# General Assemblies's Held in 2022

Extraordinary General Assembly Meeting, held on Monday, 26/12/1443H, corresponding to 25/07/2022 AD

| Names Of The Board Members | Attendance Details |
|----------------------------|--------------------|
| Abdulrahman I. Alkhayal    | Attended           |
| Nael S. Fayez              | Attended           |
| Noha A. Sulaimani          | Attended           |
| Saleh A. Al Shathry        | Attended           |
| Azhar M. Kenji             | Attended           |
| Meyassar A. Nowailati      | Absent             |
| Abdulahadi Abulkhair       | Attended           |
| Ali M. Al Attas            | Attended           |
| Khalid M. Bawazeer         | Attended           |

## 31- Shareholders Records Requests

The company requested shareholders records by (11) requests on different dates, for the purposes of holding general assembly, and for other purposes such as limiting the power of attorney, and providing financial services through the shareholders' affairs relations.

| No. | Date Of Request | Reason                 |
|-----|-----------------|------------------------|
| 1   | 17/01/2022      | For Company Procedures |
| 2   | 03/02/2022      | Other                  |
| 3   | 06/02/2022      | Other                  |
| 4   | 09/02/2022      | For General Assembly   |
| 5   | 20/02/2022      | For General Assembly   |
| 6   | 19/05/2022      | Other                  |
| 7   | 22/06/2022      | For General Assembly   |
| 8   | 17/07/2022      | Other                  |
| 9   | 20/07/2022      | For General Assembly   |
| 10  | 25/07/2022      | For General Assembly   |
| 11  | 28/08/2022      | Other                  |



## 32 - Dividends Distribution Policy

- A sum of (10%) of the net profits shall be set aside to form the Company's Statutory Reserve. The Ordinary General Assembly may stop such saving when the said reserve equals (30%) of the Company's paid-up Capital.
- The Ordinary General Assembly upon recommendation passed by the Board of Directors may set aside (10%) of the net profits to form an agreed reserve that shall be allocated for a certain purpose(s).
- The Ordinary General Assembly may decide to form other reserves, to the extent that shall realize the Company's interests or guarantees distribution of fixed profits as much as possible, for the shareholders.
- Then the remaining amount shall be distributed to the Shareholders representing (5%) at least of the Company's paid-up Capital.

Subject to the provisions set in Article (19) of the Company's Bylaws and Article (76) of the Companies' Law, after the aforesaid, no more than (10%) of the remaining shall be allocated as remuneration for the Board of Directors, and the entitlement for this remuneration shall be in accordance with the applicable regulations in this respect.



## Any Interest in a Class of Voting Shares Shareholders 'Waiver of Profits



33- A description of any interest in a class of voting shares held by persons (other than the company's directors, Senior Executives and their relatives) who have notified the company of their holdings pursuant to Article 68 of the Rules on the Offer of Securities and Continuing Obligations, together with any change to such interests during the last fiscal year

The company didn't receive notification of any interest held by persons (other than the company's directors, Senior Executives and their relatives) in a class of voting shares, or a change in those rights during the year 2022 AD.

34- A description of any arrangement or agreement under which a shareholder of the Company has waived any rights to dividends.

None of the company's shareholders waived any rights to dividends





## Shares of Board Members Treasury Shares

35- A description of any interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on shares or debt instruments of the company or its affiliates, and any change

| Name                  | Position                      | Period Start |                  | Period End |                  | Net Change | Change % |
|-----------------------|-------------------------------|--------------|------------------|------------|------------------|------------|----------|
|                       |                               | Stocks       | Debt Instruments | Stocks     | Debt Instruments |            |          |
| Ali M. Al Attas       | Board member<br>- Independent | 500          | -                | 92         | -                | 408        | 81.6%    |
| Saleh A. Al Shathry   | Board member<br>- Independent | 100          | -                | 18         | -                | 82         | 82%      |
| Abdulhadi Abulkhair   | Board Member<br>- Executive   | 10           | -                | 1          | -                | 9          | 90%      |
| Meyassar A. Nowailati | Board member                  | 10           | -                | 1          | -                | 9          | 90%      |

36- Describe the Treasury shares held by the Company and details of the uses of such shares

There are no treasury shares held by the company




## 37- Communication with Shareholders



The Shareholders Affairs Department is concerned with permanently improving and developing the relationship between the company and its shareholders through a specific strategy commensurate with the creation of distinguished relations with the company's shareholders and ensuring their rights in accordance with the laws and regulations issued in this regard and related to the listed companies. While ensuring commitment to transparency, credibility and balance in all its dealings in a way that achieves the best interest of the company and its shareholders without differentiation or bias towards one group over the other .

The company is committed to the level that satisfies its shareholders. In this regard, the company's shareholder affairs department has allocated a special telephone line and e-mail to receive and respond to all shareholders' inquiries .

 Telephone: 0126087500  
 E-mail : [Investor.Relations@saudicable.com](mailto:Investor.Relations@saudicable.com)



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## 4. OPERATING PERFORMANCE



## 38- Investment and Subsidiary Companies

| Subsidiaries/Associate                                       | Principal Field of Activities                               | Country of Incorporation | % of Capital Held Directly or Indirectly | Capital as Per Nominal Share Value in SR Million |
|--|---|--------------------------|--|--|
| Domestic   |   |                          |  |  |
| SCC for Marketing Limited                                    | Purchase and sale of electrical cables and related products | Saudi Arabia             | 100%                                     | 10   |
| Mass Projects for Power and Telecommunications Limited       | Turnkey power and telecommunication projects                | Saudi Arabia             | 100%                                     | 10   |
| Mass Centers for Distribution of Electrical Products Limited | Electrical & telecommunication distribution services        | Saudi Arabia             | 100%                                     | 44.5   |





# Investment and Subsidiary Companies



| Subsidiaries/Associate   | Principal Field of Activities | Country of Incorporation | % of Capital held Directly or Indirectly | Capital as per Nominal Share Value in SR Million |
|--|-------------------------------|--------------------------|--|--|
| International  |                               |                          |  |  |
| Mass Kablo Yatirim Ve Ticaret Anonim Sirketi<br>(Previously Mass Holding Anonim Sirketi) | Holding Company               | Turkey                   | 100%                                     | 477  |
| Mass International Trading Company Limited (dormant)                                     | International trade           | Ireland                  | 100%                                     | .06  |
| Fairhaven Holdings Ltd.  | Holding Company               | Seychelles               | 100%                                     | 0.19   |
| Kablat Holding Limited   | Holding Company               | Malta                    | 100%                                     | 0.01   |
| Gozo Gayrimenkul Anonim  | Holding Company               | Turkey                   | 100%                                     | 0.03   |

# Investment and Subsidiary Companies

| Subsidiaries/Associate             | Principal Field of Activities                                      | Country of Incorporation | % of Capital held Directly or Indirectly | Capital as per Nominal Share Value in SR Million |
|------------------------------------|--|--------------------------|--|--|
| International                      |  |                          |  |  |
| Valleta Gayrimenkul Anonim Sirketi | Holding Company  | Turkey                   | 100%                                     | 0.03   |
| SCC(U.A.E) L.L.C.                  | Sale of cables and related products                                | United Arab Emirates     | 100%                                     | 1  |
| Elimsan Group of Companies         | Manufacturer of Switch Gears, Transformers and related accessories | Turkey                   | 94%                                      | 204  |
| Midal Cables W.L.L.(Associate)     | Conductors, Rods & related products                                | Bahrain                  | 50%                                      | 124  |





## 39- The Main Scope of Businesses



A description of the main scope of business of the company and its affiliates. If there are two or more, a statement showing each activity and how it affects the company businesses and results shall be attached.

### 1. Saudi Cable Company:

SCC owns industrial companies in both the Kingdom of Saudi Arabia and Turkey, and all of these companies work in the field of manufacturing electric cables made of Copper, Aluminum and Steel, starting with cables of over-high, medium and low voltage, building wires, communication cables, instrumentation cables, specialized cables, control cables and fibers Optical cables, electrical substations, switches, electrical supplies, transformers, reels of wood and plastics in their primary forms, electrical connections and wire extension channels made of plastics.

### 2. MASS Company for Energy and Communications Projects:

Supplies all types of cables and related electrical products from its various warehouses. It also supports its customers with integrated solutions for the supply, installation, testing, operation and maintenance of electrical systems, communications and solar energy with the latest digital systems and information technology. Beside preparing sites for excavation and leveling.



# The Main Scope of Businesses



A description of the main scope of business of the company and its affiliates. If there are two or more, a statement showing each activity and how it affects the company businesses and results shall be attached.

## **3. The Saudi Cable Marketing Company (Single-owner company):**

Wholesale of wires, switches and wiring equipment. Beside retail sale of electrical tools and their extensions and the sale of electrical and communication cables.

## **4. MASS Centers Company for Distributing Electrical Tools:**

Management and leasing of owned or leased real estate (residential and non-residential). Installation of industrial devices in industrial facilities. Retail sale of electrical tools and extensions, as well as retail sale to commission agents without shops.





# The Main Scope of Businesses



The effect of these main activities on the volume of the Company's business, and their contribution on the results, as shown below:

| Activity                               | Activity's Revenues In SR'000 | Percentage % |
|--|-------------------------------|--------------|
| Activity (1) Cables & Wires            | 49,271                        | 67.56%       |
| Activity (2) Contracts                 | 23,657                        | 32.43%       |
| Activity (3) Switchgears & Accessories | -                             |              |
| Total                                  | 72,928                        |              |





# The Main Scope of Businesses



## Main activities of a Subsidiary company (1): Mass Projects for Power & Telecom

Activity (1): Supply of cables & accessories

Activity (2): Installation of Joints & Terminations

Activity (3): Testing & Commissioning

The effect of these main activities on the volume of the Subsidiary's business, and its contribution on the results, as shown:

| Activity          | Activity's Revenues In SR'000 | Percentage % |
|-------------------|-------------------------------|--------------|
| Contract revenue  | 23,644                        | 99.95%       |
| Sale of materials | 12                            | 0.05%        |
| Total             | 23,656                        |              |





# The Main Scope of Businesses



## Main activities of a Subsidiary company (2): Elimsan

Activity (1): Manufacturing of cable accessories.

The effect of these main activities on the volume of the Subsidiary's business, and its contribution on the results, as shown:

| Activity | Activity's Revenues | Percentage % |
|----------|---------------------|--------------|
| Sales    | 4,558               | 100%         |
| Total    | 4,558               |              |



## 40- Future Plans

**A description of the company's significant plans and decisions (including changes to the structure, expanding the company's operations or halting them) and the future expectations.**

1. Reducing the capital and then increasing it by issuing priority rights shares, the capital before the reduction is (360,614,060) riyals, the capital after the reduction is (262,311,060) Saudi riyals. The capital before the increase is (262,311,060) riyals, the capital after the increase is (762,311,060) riyals.
2. Reducing the capital, the capital before the reduction is (262,311,060) riyals, the capital after the reduction is (66,729,060) riyals.
3. Board approval of the plan submitted by the executive management to save the company, which includes:
  - a. Increasing the capital by issuing priority rights shares, the capital before the increase: (66,729,060) riyals, the capital after the increase: (346,729,060) riyals.
  - b. capitalization of some indebtedness
  - c. Rescheduling debts and loans
4. The Board of Directors' decision to submit a request to the court to open financial reorganization procedures.





## 41- Contracts



**A description of any transaction between the company and any Related Party.**

Not Applicable.



## 42- Board Operations

Mention the operations during the last fiscal year and all factors affecting the company's business.

- Covid-19
- Liquidity Crunch
- Foreign Exchange value in Turkish Lira





## 43- Related Party Transaction



Information relating to any business or contract to which the company is a party and in which a director of the company, a Senior Executive or any person related to any of them is or was interested, including the names of persons in relation, the nature, conditions, durations and the amount of the business or contract. If there are no such businesses or contracts, the company must submit a statement thereof

“Not Applicable”



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## 5. RISKS AND FUTURE OUTLOOK





## 44- Risks

The Group's Enterprise Risk Management program focuses on the unpredictability of markets and seeks to minimize potential adverse effects on the Group's overall performance.

A Risk Register is plotted based on severity and likelihood (probability). Risks that have a medium to high score in terms of financial impact and recurrence.

The Group has established controls on counter-party risks and uses derivative instruments to Hedge its major Risk Exposures. Perils for Property, Business Interruption, Public/Product Liability, Land Transit, Employee Personal Accident, Money & Fidelity and Vehicles are covered through appropriate Insurance Policies.

Risk management is carried out by senior management under policies approved by the Board of Directors. The most important types of risks are:

- Commodity Price Risk
- Credit Risk
- Foreign Currency Risk
- Interest Rate Risks and
- Liquidity Risk



# Risks

## •Commodity price risk:

The Group purchases metals on an ongoing basis for its operating activities. To safeguard itself from the frequent variations of the metal prices, the group enters into commodity forward contracts, hedging the price with LME Brokers in accordance with the Hedging Policy of the Group.

## •Credit risk:

Credit risk is the risk that one party to financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. To reduce exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Group has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history.

## •Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals, UAE Dirham, Bahraini Dinar, United States Dollar or Turkish Lira. Transactions and balances in other currencies are not material. For the currencies which have fixed parity with USD, the Group's management believes that their exposure to currency risk is limited. However, the functional currency of the Group's operations in Turkey is USD. It is exposed to currency risk due to its exposure to Turkish Lira. Currency risk is managed on a regular basis by each entity of the Group separately and fluctuation in the exchange rates are monitored on a continuous basis.

## •Interest rate risk

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. Majority of the Group's borrowings are at floating rate of interest and are subject to re-pricing on a regular basis except for Saudi Industrial Development Fund which is, instead of interest or profit, charge the Group a biannually fee. These changes exposes the Group to cash flow risks but it regularly monitors the changes in interest rates.

## •Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments and discharge liabilities as they fall due. Liquidity risk may result from the inability to generate cash promptly or sell a financial asset at its fair value. The Group manages the Risk with continuous control on fixed expenses.



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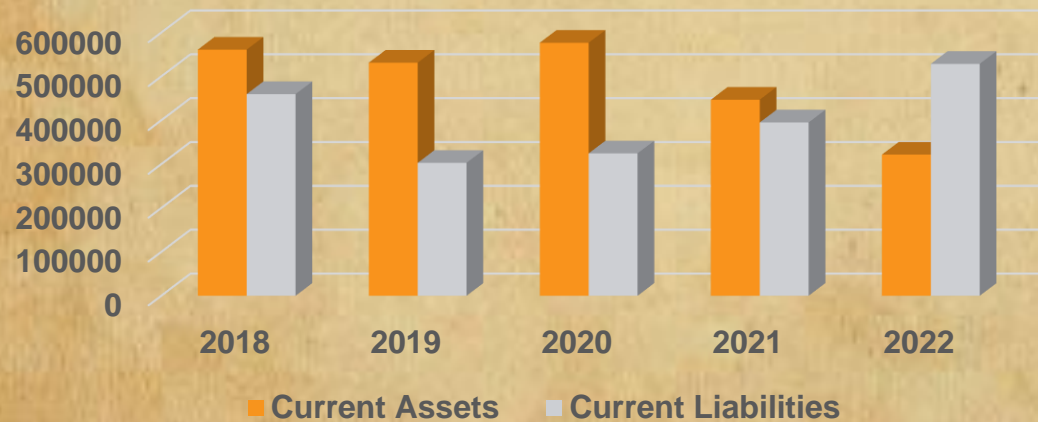
## 6. FINANCIAL PERFORMANCE



# Financial Report

45- A summary in a form of table or graph showing the company's assets, liabilities and results of the last five fiscal year or since the incorporation date, whichever is shorter.

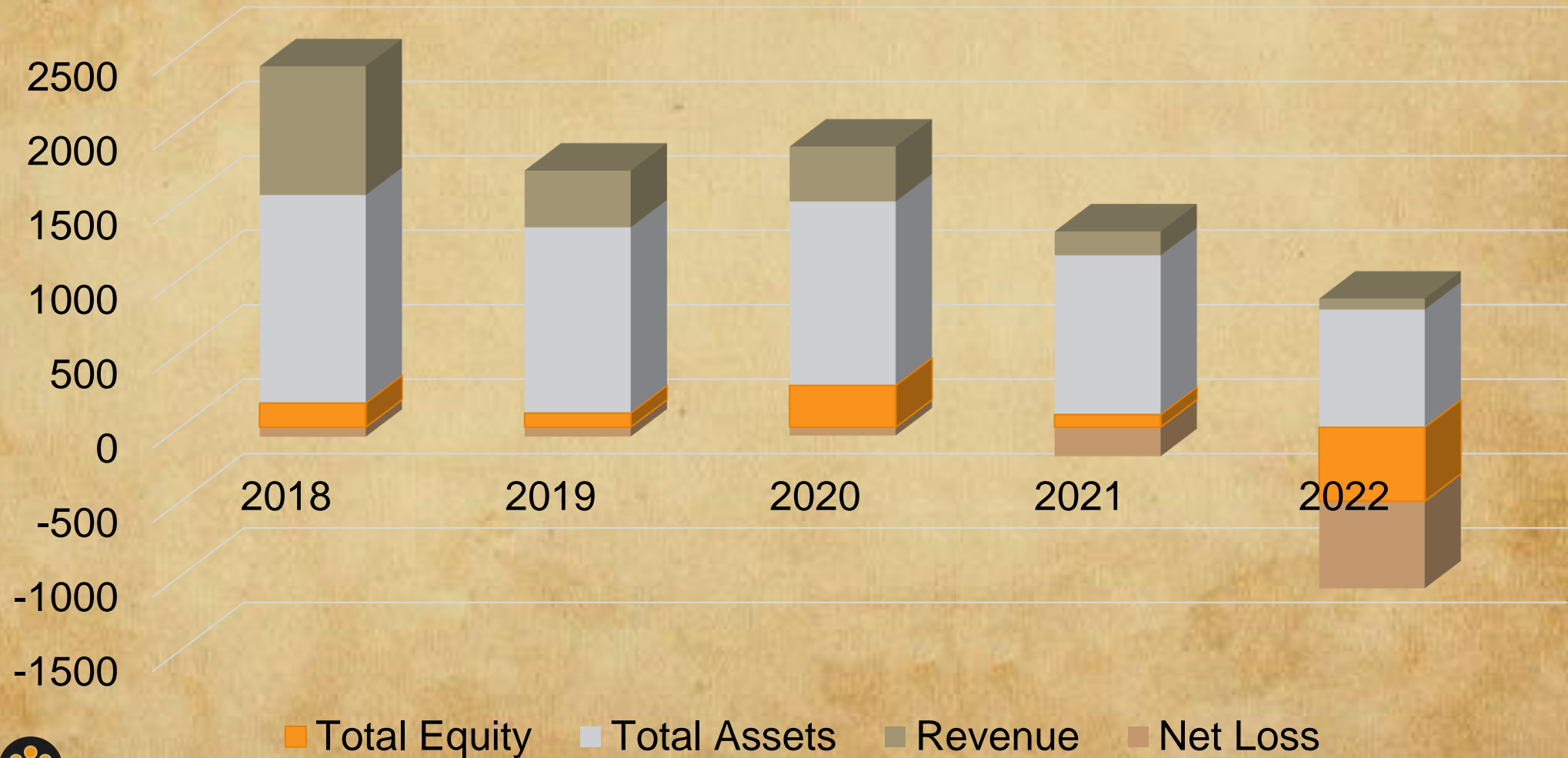
## Financial Report



| Amounts in SR '000  | FY 2018<br>(audited) | FY 2019<br>(audited) | FY 2020<br>(audited) | FY 2021<br>(audited) | FY 2022<br>(audited) |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Current Assets</b>   |                      |                      |                      |                      |                      |
| Accounts receivable, net  | 72,790               | 62,168               | 69,843               | 13,922               | 2,820                |
| Retention receivable, net                                       | 35,109               | 41,190               | 45,300               | 22,063               | 6,557                |
| Total accounts and retention receivable                         | 107,899              | 103,358              | 115,143              | 35,985               | 9,377                |
| Inventories   | 71,958               | 70,703               | 76,301               | 47,047               | 10,128               |
| Total prepaid expenses and other debit balances                 | 50,909               | 56,682               | 75,567               | 67,229               | 29,381               |
| Dues from related parties                                       | 330,326              | 300,662              | 309,851              | 296,648              | 272,907              |
| Total Current Assets  | 561,092              | 531,405              | 576,862              | 446,909              | 321,793              |
| <b>Current Liabilities</b>                                      |                      |                      |                      |                      |                      |
| Total dues to related parties                                   | 67,339               | 95,300               | 102,668              | 103,295              | 49,827               |
| <b>Accounts payable, accrued expenses and other liabilities</b> |                      |                      |                      |                      |                      |
| Accounts payable  | 198,937              | 48,783               | 45,665               | 65,438               | 100,020              |
| Investment transferred to accruals                              | 126,881              | 117,657              | 128,533              | 137,351              | 259,738              |
| Accrued finance cost  | 25,595               | 6,652                | 6,924                | 17,257               | 27,539               |
| Accrued expenses  | 7,453                | 6,454                | 10,969               | 15,527               | 53,474               |
| Advances from customers   | 20,092               | 8,272                | 13,463               | 35,987               | 13,673               |
| LC discounting  | 3,141                | 16,076               | 700                  | -                    | -                    |
| Adjustments in reclassifications, net                           | -                    | -                    | 7,581                | 5,107                | -                    |
| Others  | 10,277               | 3,740                | 8,048                | 14,190               | 24,416               |
| Total accounts payable, accruals and other liabilities          | 392,376              | 207,634              | 221,883              | 291,857              | 478,860              |
| Total Current Liabilities                                       | 459,715              | 302,934              | 324,551              | 395,149              | 528,727              |



## Financial Performance



46- Any material differences in the operational results compared to the preceding year's results, along with any expectations announced by the company.

There is no any material differences occurred.





# Financial Report



## 47- Geographical analysis of the company's and its affiliates' revenues

The Group's operations are conducted in Kingdom of Saudi Arabia, Turkey and others. Selected financial information summarized by geographic area are in thousands of SAR:

| 2022                | Saudi Arabia | Turkey   | Other   | Total     |
|---------------------|--------------|----------|---------|-----------|
| Assets              | 549,641      | 237,661  | 2,296   | 789,598   |
| Liabilities         | 1,150,875    | 140,513  | 1,875   | 1,293,263 |
| Net revenue         | 68,368       | 4,560    | -       | 72,928    |
| Net (loss) / profit | (510,344)    | (73,331) | 3,199   | (580,476) |
| 2021                | Saudi Arabia | Turkey   | Other   | Total     |
| Assets              | 674,275      | 326,207  | 69,543  | 1,070,025 |
| Liabilities         | 749,952      | 198,696  | 40,271  | 988,919   |
| Net revenue         | 151,082      | 8,845    | 626     | 160,553   |
| Net (loss) / profit | (166,409)    | (24,481) | (3,419) | (194,309) |



## 48- Financial Standards

Any Inconsistency with the standards approved by the Saudi Organizations for Certified Public Accountant

No Inconsistency.



## 49- Loans

Information on any loans (payable upon request or not), a statement of the total indebtedness of the company and its affiliates, any amounts paid by the company in repayments of loans during the year, the amount of the principal debts, the creditor name, the loan term and remaining amount. In case there is no debts, a declaration thereof shall be presented.

| Borrowing Company     | Lender                   | Loan Tender (Years) | Principle Loan | Balance on December 31, 2021 ( SAR'000) | New loans / additions / Capitalization | Repayment | Balance on December 31, 2022 |
|-----------------------|--------------------------|---------------------|----------------|---|--|-----------|------------------------------|
| <b>Loans</b>          |                          |                     |                |   |  |           |                              |
| Saudi Cable Company   | Al-Rajhi Bank            |                     |                | 219,980                                 |  |           | 218,690                      |
|                       | S.I.D.F                  |                     |                | 104,290                                 | -                                      | -         | 104,290                      |
|                       | Noble                    |                     |                | 99,828                                  | -                                      | -         | 99,264                       |
|                       | Non-Current Portion Loan |                     |                | (9,966)                                 |  |           | (3,878)                      |
| Total Saudi Cable Co. |                          |                     |                | 414,132                                 |  |           | 418,366                      |
| ELIMSAN               | Foreign Bank             |                     |                | 37,874                                  | -                                      | -         | 42,147                       |
| Total Elimsan         |                          |                     |                | 37,874                                  | -                                      | -         | 42,147                       |
| Total Loans           |                          |                     |                | 452,006                                 |  |           | 460,513                      |
|                       |                          |                     |                |   |  |           |                              |



# Convertible Debt Instruments



50- A description of the class and number of any convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the company during the fiscal year, as well as stating any compensation obtained by the company in this regard

Not Applicable.

51- A description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the company

Not Applicable.

52- A description of any redemption, purchase or cancellation by the company of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the company and those purchased by its affiliates.

Not Applicable.



## The Value Of Government Payments

**53- A statement of the value of any paid and outstanding statutory payment on account of any zakat, taxes, fees or any other charges that have not been paid until the end of the annual financial period with a brief description and the reasons therefor**

| Government Authorities | Payable SAR '000 | Paid SAR '000 | Due SAR '000 |
|------------------------|------------------|---------------|--------------|
| VAT                    | 26,817           | -             | 26,817       |
| GOSI                   | 2,751            | 25            | 2,726        |
| ZAKAT                  | 334,578          | 1,087         | 333,491      |

**54- A statement as to the value of any investments made or any reserves set up for the benefit of the employees of the company**

Not Applicable.

## 55- External Auditor's Reservation

If the external auditor's report contains reservations on the annual financial statements, the Board report shall highlight this mentioning the reasons and any relevant information

### Emphasis of Matter

Draw the attention to the consolidated financial statements where it shows that the Group has a court in Turkey issued a verdict in favor of Mass Kablo Yatırım ve Tic. A.Ş for a case filed by the minority shareholders of its subsidiary. An appeal against the verdict has been presented by said minority shareholders. However, based on a legal opinion obtained from an independent counsel which is of view that the decision of Court of Appeal will not be different from the original decision issued by court of first instance. In addition, the Group assessed and recorded a contingent liability amounting to SAR 52.5 million. Further the group has taken full provision on net assets of Mass Kablo Yatırım ve Tic. A.Ş. Our opinion is not modified in respect of this matter.





## Change The External Auditor



56- If the Board recommended replacing the external auditor before the end of its term, the report shall indicate this mentioning the reasons for the replacement recommendation

Not Applicable.

**57- information relating to any competing business with the Company or any of its activities that any member of the Board is engaging in or was engaging in such competing businesses, including the names of persons in relation, the nature, conditions of such competing businesses. If there are no such competing businesses, the Company must submit a statement thereof.**

Not Applicable.



## 58- Shares And Debt Instruments



Details of shares and debt instruments issued for each affiliate company

Not Applicable.





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## 7. Board of Directors Declaration & External Auditor's Report





## 59- The Board Of Directors Declaring

### The Board of Directors declares the following:

- Proper books of account have been maintained.
- The system of internal control is sound in design and has been effectively implemented.
- There are significant doubts concerning the company's ability to continue its activity, but the company plan to enroll the FRP plan
- The company's financial statements are prepared in accordance with generally accepted accounting rules in Saudi Arabia and these accounting rules are consistently applied.
- The company has not issued any securities such as options shares or rights that can be converted into shares.
- There are no major contracts awarded to relevant entities other than those disclosed in the advanced section of this report and included in the financial statements.
- There are no existing loans or loans to Board members during the year.
- The company has not entered any transaction relating to its shares.
- Bank loans and their movements were disclosed in this report and in the financial statements.
- There were no transactions in the company's shares with any member of the Board of Directors or any member of their families.
- The Company has not received any waiver of rights from any shareholder.



# Independent Auditor's Report

- The external auditor has expressed his opinion on the financial statements:

## Opinion

We have audited the consolidated financial statements of SCC- A Saudi Joint Stock Company (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the professional code of ethics that are endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the Group Consolidated Financial Statements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





# Independent Auditor's Report

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements which indicates that the Group incurred a net loss of SAR 585 million for the year ended December 31, 2022 (2021: SAR 193.7 million), and the Group's accumulated losses have reached SAR 543.3 million (As at December 31, 2021: SAR 256.7 million), representing 814.2% (2021: 71.2%) of the Group's share capital. Further, the Group current liabilities exceeded its current assets by SAR 974.5 million as at December 31, 2022 (2021: SAR 476.4 million). Furthermore, on May 11, 2022, The Saudi Stock Exchange "Tadawul" announced to continue suspension of trading of SCCshare in the market as per the rules on the offer of Securities until the Company announces that the matters included in the independent auditor's report on the consolidated financial statements for the year ended December 31, 2021, are remediated. These conditions, along with other matters, cast a significant doubt about the Group's ability to continue as a going concern and its ability to meet its obligations when it becomes due.

In this respect the management has prepared five years forecast which exhibits net profit from year 2025, the plan includes certain assumptions in respect of cash injection via rights issue, revenue growth based on pipeline orders and quotations, creditors voting due in January 2024 to convert part of debt to equity in the process of Financial Restructuring Procedure (FRP). These elements are future events

## Emphasis of Matter

We draw your attention to Note 30 (b) to the consolidated financial statements where it shows that the Group has a court in Turkey issued a verdict in favor of Mass Kablo Yatırım ve Tic. A.Ş for a case filed by the minority shareholders of its subsidiary. An appeal against the verdict has been presented by said minority shareholders. However, based on a legal opinion obtained from an independent counsel which is of view that the decision of Court of Appeal will not be different from the original decision issued by court of first instance. In addition, the Group assessed and recorded a contingent liability amounting to SAR 52.5 million. Further the group has taken full provision on net assets of Mass Kablo Yatırım ve Tic. A.Ş. Our opinion is not modified in respect of this matter.





# Independent Auditor's Report

## Key Audit Matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the material uncertainty related to going concern and emphasis of matter section, we have determined the matter described below to be the key audit matter to be communicated in our report.

### *Revenue recognition*

During the year ended 31 December 2022, the Group's revenue approximately amounted to SAR 72.9 million (2021: SAR 160.6 million).

The group continues to be under pressure to meet goals and expectations which may lead to misstatement in revenue.

Revenue Recognition is a key audit matter because there

is a risk that management may override controls to misrepresent revenue transactions.

*Refer to note No. 3 for accounting policies on the accompanying consolidated financial statements.*

We have performed the following procedures regarding revenue recognition:

- Evaluating the appropriateness of the accounting policies related to the revenue recognition of the Group by taking into consideration the requirements of IFRS 15 as endorsed in the Kingdom of Saudi Arabia "Revenue from Contracts with Customers".
- Evaluating the design and effectiveness of internal control procedures, including the control procedures to prevent fraud when recognizing revenue in accordance with Group's policy.
- Testing sales transactions, on a sample basis, and performing cut-off tests of revenue made at the beginning and end of the year to assess whether the revenue has been recognized in the correct period.
- Testing revenue transactions, on sample basis and verifying supporting documents, which included receipts signed by the customers, to ensure the accuracy and validity of revenue recognition.





# Independent Auditor's Report

## *Impairment assessment of property, plant, and equipment*

As of 31 December 2022, the carrying value of the Group's property, plant and equipment including capital work in progress, amounted to SAR 252.9 million (2021: SAR 276.3 million). The Group's property, plant and equipment are primarily parcels of land, buildings, machinery, equipment, and vehicles.

The Group's property, plant and equipment are subject to impairment assessment where there are internal or external indicators of impairment. The Group reviews the carrying amount of these nonfinancial assets to determine whether the carrying amount exceeds the recoverable amounts, which is higher of value in use or their fair value less cost to sell. For the purpose of the Group's impairment assessment, management used value in use model to determine the recoverable amount, under which the future cash flows relating to each cash generating unit (CGU) were discounted and compared to their respective carrying amount.

In order to evaluate management's assessment of impairment estimate of the CGU, we performed, among other audit procedures, the following:

- Discussed with the management the overall process and key inputs of the impairment estimation.
- Evaluated and obtained reasonableness of the assumptions, methodologies, CGU determination, the discount rates and other data used by the Group. We also evaluated the sensitivity of key assumptions used by management in assessing recoverable amounts.
- Evaluated the financial forecast, the methodology of the financial forecast preparation process and the reasonability of the forecasts at the level of individual entities as well as at the Group level.
- Evaluated management's outlook in the explicit period as well as the long-term growth rate, in particular around forecasted revenues, earnings and capital expenditures.







# Independent Auditor's Report



## Impairment assessment of property, plant, and equipment (continued)

The Group's assessment of the recoverable amount of CGU involves the use of modelling techniques and requires a significant amount of judgement and estimation. It also requires estimates of future cash flows and associated discount and growth rates based on management's view of future business prospects at the time of assessment.

We considered impairment assessment of property, plant and equipment as a key audit matter due to involvement of significant judgements and estimation uncertainty.

*Refer to note 3 for the accounting policy relating to property, plant and equipment, significant judgements in 2 and related disclosure in note 6.*

## ***Zakat and Income tax expense / provision***

Zakat and income tax expense / provisions is considered a key audit matter due to the history of the open assessments of the group where Zakat, Tax and Customs Authority (ZATCA), claiming additional Zakat liabilities of SAR 276.2 million in respect of the assessment for prior periods against which the Group has filed appeals.

Refer to note 3 for the accounting policy relating to Zakat, significant judgements in 2 and related disclosure in note 18.

- Assessed whether the CGU structure is aligned with the organizational structure.
- We also assessed the appropriateness of the related disclosures in the consolidated financial statements.

We have performed the following procedures regarding valuation of Zakat:

- Requested management to provide tax expert / advisor assessment on the open claims of ZATCA.
- Ensured that appropriate expense / provision has been booked in the consolidated financial statements with regards to those claims as per tax expert / advisor assessment.



# Independent Auditor's Report

## *Expected credit loss on accounts and retentions receivables and unbilled contract assets*

The gross balance of accounts and retentions receivables and unbilled contract asset as at 31 December 2022 amounted to SAR 299.76 million and SAR 9.86 million, respectively (as at 31 December 2021: SAR 350.73 million and SAR 23.60 million, respectively), against which an allowance for impairment of SAR 206.24 million and 7.11 million respectively (2021: SAR 169.70 million and SAR 7.93 million) was maintained.

The Group has applied significant judgment in the determination of Expected Credit Loss (ECL). The Group's management has applied a simplified ECL model to determine the allowance for impairment of accounts receivable. The ECL model involves the use of various assumptions covering macro-economic factors and study of historical trends.

We considered this as a key audit matter given the judgements and assumptions regarding the ECL impairment against trade receivables and the potential impact on the Group's consolidated financial statements.

*Refer to note 3 for the accounting policy, note 2 for the critical accounting estimates and judgements and note 11 and 14 which details the disclosure of impairment against trade receivables and unbilled contract asset.*

We assessed the appropriateness of significant judgements, estimates and assumptions made by the management.

We obtained and updated our understanding of management's assessment of ECL against trade receivables. We compared the Group's accounting policy for ECL allowance and the ECL methodology with the requirements of IFRS 9.

We reviewed methodology implemented by the Group in relation to the requirements of IFRS (9). Particularly, we assessed the Group's approach regarding assessment of the probability of default and incorporation of forward-looking information in the calculation of ECL, as well as the changes in loss given default parameter.

We reviewed the appropriateness of the Group's criteria and judgement for the determination of individually impaired receivable.

We tested the completeness and accuracy of data, on a sample basis, supporting the ECL calculations.

We also assessed the reasonableness and adequacy of disclosures in the consolidated financial statements as required by IFRS 9 and IFRS 7 Financial instruments: Disclosure.





# Independent Auditor's Report

## *Expected credit loss on investment in an associate*

As of 31 December 2022, the carrying value of the Group's investment in an associate amounted to SAR 274.1 million (2021: SAR 299.2 million). The Group's investment in an associate primarily consists of 50% share in Midal Cable B.S.C.© (non-controlling).

We considered this as a key audit matter given the modification of last year audit opinion with regards to Expected credit loss required on long outstanding account balances of an investment in an associate.

*Refer to note 3 for the accounting policy relating to investment in an associate, significant judgements in 2 and related disclosure in note 10.*

- We assessed the appropriateness of significant judgements, estimates and assumptions made by the management.
- We obtained and updated our understanding of management's assessment of ECL against trade receivables of associate. We compared the Group's accounting policy for ECL allowance and the ECL methodology with the requirements of IFRS 9.
- We reviewed the appropriateness of the Group's criteria and judgement for the determination of individually impaired receivable.
- We also assessed the reasonableness and adequacy of disclosures in the consolidated financial statements as required by IFRS 9 and IFRS 7 Financial instruments: Disclosure.





# Independent Auditor's Report

## Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2021, were audited by another auditor who expressed a disclaimer of opinion on those consolidated financial statements on May 15, 2022, for a reason of scope limitation due to insufficient evidence related to the ability of the Group to continue its operations in the future, Zakat provision, recoverable amount of property, plant, and equipment, and the allowance of expected credit losses for trade receivables balances related to associate company.

## Other Information

Other information consists of the information included in the Group's 2022 annual report, other than the consolidated financial statements and the auditor's report thereon. Management is responsible for the other information in its annual report.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are endorsed by the Saudi Organization for Chartered and Professional Accountants and the provisions of Companies' Law and Company's Bylaws, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, i.e., Board of Directors, are responsible for overseeing the Group's financial reporting process.



# Independent Auditor's Report

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

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

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.





# Independent Auditor's Report

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

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

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



# Independent Auditor's Report

## Report on other legal and regulatory requirements

Article (20) of the Companies law states that the auditor shall include in his report what might come to his attention with respect to non-compliance of the terms of the Companies Law or the terms of the Company's Bylaw. During the course of our current audit of the consolidated financial statements, we have noted the following non-compliance of the Companies Law, having no material impact on the consolidated financial statements.

- The Group doesn't deposit consolidated financial statements within six months from the date on which fiscal year ends, as required by article (17) of Companies Law which state that, "A company's financial statements shall be prepared by the end of each fiscal year in accordance with accounting standards approved in the Kingdom, and said statements shall be deposited as provided for in the Regulations within six months from the date on which the fiscal year ends, in accordance with the provisions of this Law".

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# ANNUAL REPORT 2022

Thank You

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Years  
من الثقة  
of Trust

