



**شركة الشرق الأوسط للكابلات المتخصصة**  
**MIDDLE EAST SPECIALIZED CABLES COMPANY**

**ANNUAL REPORT 2023**

## Chairman's Message

Dear shareholders of Middle East Specialized Cables Company "MESC",

Peace, mercy and blessings of God be upon you,

I have the honor, on my own behalf and on behalf of the members of the Board of Directors, to present to you the annual report and financial statements ending on December 31, 2023 for the Middle East Specialized Cables Company " MESC ", where the company witnessed during this year a qualitative renaissance in its march and financial position, and this was achieved with the grace of God and from him to us, and then with the concerted efforts of its employees. Revenues reached SAR 926.9 million, an increase of 13.8% over the previous year. While the total profit reached SAR 152.0 million, an increase of 102.9% over the previous year and the net profit of SAR 48.9 million. As a result, accumulated losses decreased to SAR 54.1 million by the end of 2023.

During the year 2023, the company was able to end the Zakat situation for the years from 2015 to 2018 and obtained the approval of the Zakat, Tax and Customs Authority to pay the Zakat difference amount in installments over 3 years, which is expected to enhance the company's cash flows and help it achieve its future goals of growth and prosperity.

According to the results presented and by reading the historical march of the company, the results achieved are a fundamental turning point in the company's march and we will work hard, God willing, for more success and progress for the company

## **Description of MESC's Activities**

The Middle East Specialized Cables Company is established on 10/05/1413 (4/11/1992), and it's approved to convert the company into a Saudi joint stock company on 21/07/1428 (4/8/2007), with a capital is 40 million riyals, divided into 10 million shares, with a nominal value of 10 riyals per share.

The company's main activity is the production and sale of specialized (industrial) cables, flexible electric cables, coaxial cables, rubber cables, nylon-coated electrical cables, telephone cables for internal installations, computer cables, fire-resistant cables, control and information transmission cables, low voltage cables, building cables, and reinforcing cables.

### **1) MESC Products and its Subsidiaries**

A wide variety of cables with various specifications, as the number of subcategories of products at the present time exceed five thousand varieties, and these products can generally be classified into four main groups, which are as follows:

#### **1. Industrial Specialized Cables**

Petrochemical Cables, oil and gas, energy, and heavy industries projects. This is the largest category of cables produced by the manufacturer in its factories in Saudi Arabia and the UAE.

#### **2. Low Current Cables**

Used in transmission of audio and video signals, surveillance and alarm, and applications of these cables include their use in fire alarms, local networks and telephone devices; they are therefore widely used in commercial centers, hotels, hospitals, markets and commercial buildings and are manufactured in the company's factories in Saudi Arabia.

#### **3. Low Voltage Cables**

Electric power transmission in most commercial and industrial enterprises and are manufactured in the company's factories in both Saudi Arabia and the Emirates.

#### **4. Flexible Cables & Building Wires**

Mainly in residential buildings and are manufactured in the company's factories in both Saudi Arabia and the Emirates.

#### **5. Renewable Energy Cable Set**

These cables are used in renewable energy projects such as Solar Energy Cables.

It is produced in the company's factories in both Saudi Arabia and the Emirates.

## 2) **Local and Regional Presence of MESC**

MESC has been able to establish a significant status in the local and regional market through various expansions in its industrial facilities over the past years, besides, owing the largest specialized cable base in the Middle East becoming one of the leaders of a wide variety specialized cables industries.

Also, MESC's long experience in market enabled it to make a strong reputation for as it accredited by the largest project contractors and companies that implement mega projects in Saudi Arabia and GCC Countries around the world.

MESC has a strong-willed to become ready for any future competition to increase its sales of specialized cables to the countries of the Gulf Cooperation Council, the Middle East and North Africa, and to continue its regional sales of low-voltage cables which encouraged MESC to enter developing and neighboring markets, while it intends to continue this strategy towards further expansion in order to increase its sales volume in all markets, in the field of specialized cables.

## 3) **Company Departments**

### 1. **Operations Department**

It includes the following departments:

Production management - maintenance management - and quality control management in Saudi Arabia and the UAE in addition to the management of the (PVC) factory:

#### - **Production Section**

It's the largest section of the company in terms of manpower, where it's concerned with managing and implementing productive processes through specialized engineers and supervisors, machine operators, and planning and logistical Sections within the factory, throughout the day by three shifts.

The production process takes place in several phases, namely, heavy drawing - multiple drawing - stranding - insulation - assembly - reinforcement - final insulation - with full adherence to the standard specifications required for each manufacturing process.

#### - **Maintenance Section**

Ensuring and Managing the manufacturing processes continuity through regular mechanical and electrical maintenance of machines, repairing faults, and carrying out maintenance for manufacturing support services such as refrigeration and forklifts.

#### - **Quality Control Section**

Ensuring the enforcement and guarantee of quality standards of the required specifications by inspecting the incoming raw materials (before manufacturing, then checking during the manufacturing process (quality control), and then final product inspection (after manufacturing).

#### - **Management of MESC for Plastic Pellets (PVC)**

Middle East Specialized Cables Company (MESC), the leading manufacturer of all measuring and control cables in the Middle East, has a distinguished polyvinyl chloride (PVC) factory in Riyadh, Saudi Arabia, equipped with the latest new technologies for the production of polyvinyl chloride compounds with a production capacity of 36,000 metric tons per year. The factory produces polyvinyl chloride compounds of high specifications and quality for the manufacture of various types of cables and our composite range is available for many applications for electrical cables, monitoring cables and devices, winding wires for

submersible pump motor, three basic flat cables, hardware wires, etc. Our polyvinyl chloride compounds are used for both internal insulation and external insulation of cables and wires. These vehicles are also used for home wiring, communication cables, automotive cables... All our polyvinyl chloride products and compounds meet ISO standards. Our vehicles are also manufactured from high quality raw materials. One of our most important strengths lies in our ability to formulate vehicles according to the specifications required by our customers. Our factory has laboratories equipped with full and latest equipment and highly experienced competencies that made MESC have the tools and knowledge to focus on customer needs - their specific applications and operating conditions.

## **2. Technical Management**

The technical department is responsible for reviewing the technical specifications of customer requests, issuing cable designs and calculating the quantities of materials according to international specifications in the light of which the cables are manufactured, while following up with the relevant international agencies in order to issue certificates and approve international specifications.

## **3. Supply Chain Management**

Operates under three Sections:

- 1. Planning and Control Section:** In charge of managing delivery dates for customers starting from the pricing stage until the completion of production operations and ordering the necessary raw materials, in addition to issuing the monthly plan for production operations in accordance with the delivery dates for customers according to the operating orders received from the sales department based on the production capacity of the factories and after coordination with the procurement and materials management departments to ensure the availability of the necessary raw materials.
- 2. Procurement Department:** In charge of managing and purchasing the company's needs of consumables and raw materials necessary for manufacturing and production, as well as spare parts and services based on the requests of the departments, whether they are secured by direct purchase or contracting with local suppliers or from abroad.
- 3. Materials Management Department:** In charge of managing warehouses, transporting manufactured materials, supervising inventory management, in addition to requesting and managing consumables and spare parts necessary for manufacturing and production processes.

## **4. Marketing and Sales Management**

The Company's Marketing and Sales Department is an important and efficient department as it is the interface between the company and its clients and aims to increase the effectiveness and efficiency of all operations related to the company's clients from major project contractors, government, companies and institutions. The company has several marketing and sales offices, including local ones such as (the central region - the eastern region - the western region) and a regional office in the Emirates to cover the Arab Gulf region and North Africa, also agents and representatives for it in each of: (Korea - Japan - GCC countries - Egypt). It includes the Following Departments:

- 1- Sales Department in Saudi Arabia
- 2- Sales Department in UAE
- 3- Marketing Department

## **5. The Financial Department**

The Human Resources Department is an essential partner with other departments of the company in order to take care of human capital by providing the required workforce with a focus on attracting and developing qualified elements and talent management. Developing strategies and frameworks for organizing and managing employees and creating an appropriate work environment. Review and update human resources infrastructure in line with visions and aspirations. Managing employee compensation, remuneration and leave, medical insurance, occupational health and safety, social insurance, law compliance and business ethics.

## **6. Human Resources Department (HR)**

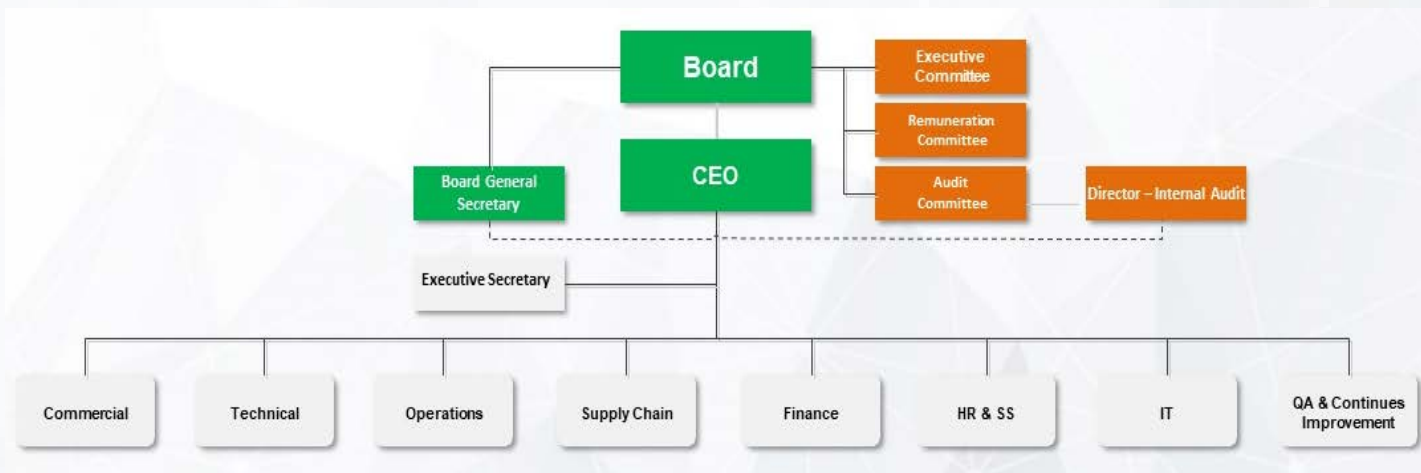
Human Resources Management is a key partner with other corporate departments for human capital within the company, by providing the required manpower with a focus on qualified national elements.

The qualifying and training of employees is also carried out in cooperation with the Ministry of Human Resources, as well as the fulfilment of the requirements for maintaining Saudization's ratios, keeping pace with developments, with a program of capacity, the calculation of Saudi Saudization's ratios by declared professions and the achievement of a ratio of high green scale.

## **7. Information Technology Department (IT)**

The Department of Information Systems is one of the vital departments in the company, as it implemented in 2023 many programs, including: Internet upgrade in both the management office and the factory The level of protection and control has also been raised, the infrastructure has been developed, servers, devices and operating systems, and work has been done to develop the Oracle program to include some of the tasks that were done manually in some departments by the employee to become through the system to save time and effort for employees and Obtaining accurate information and controlling actions through the system, we have also educated and sensitized users to maintain and protect devices and data.

4) **The Organizational Chart of MESC**



5) **The Applied and non-Applied provisions of the Corporate Governance Regulations, and the reasons of non-applied.**

The company applies all the provisions contained in the Corporate Governance Regulations issued by the Financial Market Authority, with the exception of the guiding provisions listed below:

| Article / paragraph number | Article / paragraph Text                       | Reasons for not applying  |
|----------------------------|--|---------------------------|
| 84                         | Social responsibility policy                   | The Article is indicative |
| 92                         | Formation of a corporate governance committee. | The Article is indicative |
| 67                         | Formation of a risk management committee.      | The Article is indicative |
|                            |  |                           |

**6) Names of the members of the Board, their current and previous positions, qualifications and experiences:**

| No | Names                            | Current pos.  | Previous pos.  | Qualification, Experiences   |
|----|----------------------------------|---|--|--|
| 1  | Yahiya bin Ibrahim Al- Qunaibit  | Businessman   | -  | Bachelor of Economics 16 years of experience in the cable industry and 13 years in the field of banking and investment   |
| 2  | Saad bi Saleh Al-Zwari           | Businessman   | Managing Director of Middle East Specialized Cables Company  | Master of Business Administration 36 years of experience in industrial, operations, printing and cable industry.   |
| 3  | Suliman bin Mohammed Al-Namlah   | Businessman   | -  | Bachelor of Civil Engineering, Master of Business Administration 21 years of experience in the cable industry 21 years in the industrial field   |
| 4  | Mohammed bin Abdulaziz Al-Namlah | Managing Director of Abdul Aziz Mohammed Al-Namlah Holding Group Company  | Director of the Development Department of the Mohammed Abdul-Aziz Al-Namlah Holding Group Company  | Bachelor of Mechanical Engineering, with 22 years of experience in the industrial, administrative and financial field  |
| 5  | Ali bin Abdul Razzaq Al-Ghamdi   | Businessman   | CEO of Takween   | Bachelor of Chemical Engineering with 31 years of experience in the field of industrial and operations   |
| 6  | Mousa bin Abdullah Al-Ruwaili    | Director of the board – Blue Ocean Holding Co.<br>Founding partner and member of the board of Directors of blue sky aviation education company from 2021 to date<br>Member of the Advisory Board of the master's program at the Faculty of engineering, Prince Sultan University from 2023 to date  | Managing director and CEO of the Saudi advanced industries company from 5-2022 to 1-2023<br>Member of the board of Directors, member of the executive committee and chairman of the nomination and Remuneration Committee of the Arab pipe company from 5-2021 to 5-2023   | Master of Business Administration, 19 years of experience in the financial & investment field  |
| 7  | Majed Ahmed Al-Suwaigh           | Financial and economic consultant.<br>- Media spokesman for local and international satellite channels in the financial and economic field. - Member of the Board of Directors / Member of the Nomination and Remuneration Committee / Member of the Audit Committee / Tabuk Agricultural Company. - Member of the Audit Committee, Afaq Food Company (closed joint-stock company).<br>Entrepreneur, founder and owner of (Modern Vision Foundation for Information Systems Technology) - trainer accredited by the Technical and Vocational Training Corporation in the financial, administrative, social and self-development fields. - International trainer certified by Oxford International College. - Certified Global Trainer and Training Consultant from Harvard Vocational University. - Certified international trainer for financial banking, treasury and Islamic | From 2017 – 2021 CEO of Tala'a Al Reyada Consulting and Training Company - Specialists in the financial and economic field - From 2016 – 2017 Senior Manager and Head of Treasury Sales at Al Rajhi<br>From 2015 – 2016 -Bank Director of Financial Institutions and VIP Clients Unit at Riyadh Capital -<br>From 1997 – 2015 Director of Corporate Sales in the Kingdom at the Treasury and Investment Department Riyadh Bank | More than 25 years of experience in the financial, economic and administrative field in banks, investment financial companies, entrepreneurship, and in the field of consulting, management, strategic planning for companies, training and technical and financial analysis<br>Master of Islamic Finance 2018 from the General Council for Banks and Financial Institutions<br>- Bachelor of Japanese Language 2000 King Saud University - Masterclass in Building Organizational Leadership that Drives Change and Strategy Implementation from INSEAD Career University - College of Business Administration. |



|   |                            |  |   |   |
|---|----------------------------|--|---|---|
|   |                            | products from the American Institute for Professional Studies. |   |   |
| 8 | Mohammed bin Ali Al-Ajmi   | Executive Director of Yadak Medical Corporation                | Evaluation Management and School Complex Management | Master of Law Experience in more than 14 legal and administrative fields Financial consulting and strategic planning                          |
| 9 | Hathal bin Safar Al-Otaibi | CEO– Strategic Management Office                               | Regional Manager in Saudi Arabia – Sofercom         | Master of Business Administration / Communication Systems 17 years of experience in industrial, operations, strategic planning and investment |

## 7) Current and previous executive management positions, qualifications and experiences:

| Senior Executives            | Current Position                    | Previous Position  | Qualifications & Experience   |
|------------------------------|-------------------------------------|--|---|
| Fadel Bin Fawzan Alsaadi     | CEO                                 | Chief Executive Officer (Saudi Arabian Packaging Materials Manufacturing Company "SAPN") | Bachelor of Chemical Engineering and holds an industrial diploma from Germany, 22 years of experience in operational and strategic business management.               |
| Mohammed Bin Badr Al- Otaibi | Vice President of Operations        | Director of Al- Gawda Cables Company   | Bachelor of Economics, with 27 years of experience in the industrial field, operations, and cable industry.   |
| Nawaf Bin Dahy Al- Anazi     | Secretary of the Board of Directors | Director of Shareholder Affairs.   | Bachelor of Business Administration, 20 years of experience in investor relations, corporate governance, and the Secretariat of the Board of Directors.               |
| Attiah Mozzl Al-Shelhoub     | HR Manager                          | Human Resources Manager (Tania Bottled Drinking Water Company)                           | Bachelor of Business Administration More than 20 years of experience in human resource leadership Providing human capital management and strategic planning solutions |
| Magdi Abdul hamid Yasin*     | Chief Financial Officer             | Financial Manager (Packaging Products Company)   | Bachelor of Accounting, Certified Financial Advisor CFC United States, Member of IMA USA, Member of IIA Saudi Arabia Experience 24 years                              |

\*Mr. Magdi Yassin resigned from his position on 01/03/2023

## 8) Names of companies within or outside the Kingdom of which a member of the company's board of directors is a member of its Current and Previous boards of directors or one of its directors.

| Names                          | Names of companies in which a member of the board of directors is a member of their Previous boards of directors or one of their directors |              | Legal entity           | Names of companies in which a member of the board of directors is a member of their Previous boards of directors or one of their directors             |              | Legal entity  |
|--------------------------------|--|--------------|------------------------|--|--------------|---|
|                                | Inside\outside Kingdom   | Legal entity |                        | Inside\outside Kingdom   | Legal entity |   |
| Yahiya bin Ibrahim Al- Qunaib  |  |              |                        | None   |              |   |
| Ali bin Abdul Razzaq Al-Ghamdi |  | None         |                        | 1) Falcon Industries<br>2) WAHA Fiberglass Company<br>3) Almajdouie Industries co.<br>4) AlSharaa Petrochemicals co.<br>5) AlKhair Chemical industries | Saudi Arabia | 1) Limited<br>2) Locked<br>3) Limited<br>4) Listed<br>5) Locked |
| Saad bin Saleh Al-Azwari       | 1) The Saudi Company for Advanced Industries   | Saudi Arabia | 1) Listed<br>2) Locked | 1) The Saudi Company for Printing and Packaging  |              | 1) Listed<br>2) Locked  |

|                                  |   |   |   |   |                                |  |
|----------------------------------|---|---|---|---|--------------------------------|--|
|                                  | 2) Al-Salam Aircraft Maintenance Company<br>3) Advanced Industrial Projects Company<br>4) Obeikan Glass Company<br>5) Al-Rajhi Steel Company  |   | 3) Locked<br>4) Locked<br>5) Locked d   | 2) Obeikan Group Company<br>3) Obeikan MDF Company<br>4) Future Investment Company<br>5) Future Plastic Company<br>6) Emirates National Plastic Group Company<br>7) Golden Building Block Company | Saudi Arabia                   | 3) Locked<br>4) Locked<br>5) Locked<br>6) Locked<br>7) Limited |
| Suliman bin Al-Namlah            |   |   | None  |   |                                |  |
| Mousa bin Abdullah Al-Ruwaili    | 1) Blue Ocean Holding Company<br>2) Blue Sky Aviation Company<br>3) Shares Financial Company  | Saudi Arabia  | 1) Limited<br>2) Limited<br>3) Limited  | 1) Triple Summit Real Estate Co.<br>2) Value House Investment Co.   | Saudi Arabia                   | 1) Limited<br>2) Locked  |
| Mohammed bin Abdulaziz Al-Namlah | Gulf Insulation Group Company<br>2) Emirates Pipe Insulation Company<br>3) Abdulaziz Mohammed Al-Namla Holding Group Company<br>4) Natural Gas Distribution Company<br>5) TRUKKIN<br>6) Mishkati Trading Company<br>7) Al-Hadbaniyah Trading Company<br>8) Business Contractors Trading Company<br>9) Aman Company for the manufacture of construction chemicals<br>10) Modern Insulation Industries Company<br>11) Middle East Fiber Optic Cable Manufacturing Company | 1) Saudi Arabia<br>2) Saudi Arabia<br>3) Saudi Arabia<br>4) Saudi Arabia<br>5) Saudi Arabia<br>6) Saudi Arabia<br>7) Saudi Arabia<br>8) Saudi Arabia<br>9) Saudi Arabia<br>10) Saudi Arabia<br>11) Saudi Arabia | 1) Locked<br>2) Locked<br>3) Locked<br>4) Locked<br>5) Limited<br>6) Limited<br>7) Limited<br>8) Limited<br>9) Locked<br>10) Limited<br>11) Limited | 1) Malath Insurance and Reinsurance Company<br>2) Iskan Development and Investment Company  | 1) Saudi Arabia<br>2) Emirates | 1) Listed<br>2) Locked   |
| Majed bin Ahmed Al-Suwaigh       | Tabuk Agricultural Development Company  | Saudi Arabia  | Listed  |   |                                |  |
| Mohammed bin Ali Al-Ajmi         | Eqtdar Company  | Saudi Arabia  | Limited   |   |                                |  |
| Hathal bin Safar Al-Otaibi       | 1) Fibco Company<br>2) Alnaqlon Logistics   | Saudi Arabia  | 1) Listed<br>2) Limited   |   |                                |  |

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## 6.9) The organizational chart of the members of the Board of Directors and its committees

| No | Name                              | Job description | Classification | Executive Committee | Remuneration and Nomination Committee | Audit Committee |
|----|-----------------------------------|-----------------|----------------|---------------------|---------------------------------------|-----------------|
| 1  | Yahya bin Ibrahim Al-Qunaibit     | Chairman        | Non-executive  | Member              | -                                     | -               |
| 2  | Mousa bin Abdullah Al-Ruwaili     | Vice Chairman   | Independent    | -                   | Member                                | -               |
| 3  | Ali bin Abdul Razzaq Al-Ghamdi    | Member          | Independent    | Chairman            | -                                     | -               |
| 4  | Suliman bin Mohammed al-Namlah    | Member          | Non-executive  | -                   | -                                     | Member          |
| 5  | Saad bin Saleh Al-Azwari          | Member          | Non-executive  | -                   | -                                     | Member          |
| 6  | Mohammed bin Abdul Aziz Al-Namlah | Member          | Non-executive  | Member              | -                                     | -               |
| 7  | Majed bin Ahmed Al-Suwaigh        | Member          | Independent    | -                   | Chairman                              | -               |
| 8  | Mohammed bin Ali Al-Ajmi          | Member          | Independent    | -                   | Member                                | -               |
| 9  | Hathal bin Safar Al-Otaibi*       | Member          | Independent    | -                   | -                                     | Chairman        |

### 10) Actions taken by the Board of Directors to inform its members – especially non-executives - of shareholder proposals - and their observations on the company and its performance.

The Chairman of the Board shall, through meetings, inform all members of the Board of Directors, in particular non-executives, of the shareholders' proposals and observations about the company and its performance, which shall reach the Company by meeting with the shareholders of the Executive Department or the public shareholders' associations or by e-mail the Company's investor relations: [IR@mesccables.com](mailto:IR@mesccables.com) which is one of communication means.

### 11) A Brief description of The Committee's terms of reference and tasks.

The Executive Committee: The Executive Committee consists of three members: Engineer Ali Abdul Razzaq Al-Ghamdi (Chairman of the Committee), Engineer Mohammed Abdulaziz Al-Namlah and Mr. Yahya Ibrahim Al-Quniabit

The committee performs the following tasks: -

- Reviewing plans and strategies prepared by the executive management of the company and its subsidiaries, and submitting appropriate recommendations to the Board of Directors.
- Ensuring the strategic plans of the company have been translated into actual actions aimed to achieve the company goals.
- Discussing and reviewing the reports submitted by the executive management.

The Executive Committee held (6) meetings during 2023.

The table below shows the attendance of members at these meetings.

| Meetings                              | Names                                    |  |                                       |
|---------------------------------------|--|--|---------------------------------------|
|                                       | Ali Abdul Razzaq Al-Ghamdi<br>(Chairman) | Mohammed Abdulaziz Al-Namlah<br>(Member) | Yahya Ibrahim Al-Qunaibit<br>(Member) |
| 1 <sup>st</sup> Meeting<br>09/03/2023 | ✓  | -  | ✓                                     |
| 2 <sup>nd</sup> Meeting<br>10/05/2023 | ✓  | ✓  | ✓                                     |
| 3 <sup>rd</sup> Meeting<br>15/06/2023 | ✓  | ✓  | ✓                                     |
| 4 <sup>th</sup> Meeting<br>10/09/2023 | ✓  | ✓  | ✓                                     |
| 5 <sup>th</sup> Meeting<br>23/11/2023 | ✓  | ✓  | ✓                                     |
| 6 <sup>th</sup> Meeting<br>14/12/2023 | ✓  | ✓  | ✓                                     |

● **Audit Committee:**

The audit committee consists of three members, they are Eng. Hathal bin Safar Al-Otaibi, Eng. Sulaiman bin Mohammed Al-Namla and Eng. Saad bin Saleh Al-Azwari, The committee performs the following tasks:

- Supervision of the internal audit department of the company; In order to verify its efficiency in carrying out the work and tasks assigned to it by the Board of Directors.
- Study the internal control system and prepare a written report on its opinion and recommendations.
- Study of internal audit reports and follow-up on the implementation of corrective actions for the notes and observations contained therein.
- Recommend to the Board of Directors that chartered accountants to be appointed, determine their fees, and that their independence be ensured in the recommendation of the appointment.
- Follow-up of the work of chartered accountants and the accreditation of any work outside the scope of their audit work.
- Study the audit plan with the chartered accountant and make observations on it.
- Study the chartered accountant's observations on the financial statements and follow up on what has been done.
- Study the preliminary and annual financial statements before they are submitted to the Board of Directors and to express an opinion and recommendation thereon.
- Study the accounting policies used and give opinion and recommendation to the Board of Directors in this regard.

The Audit Committee held (8) meetings during 2023

The table below shows the attendance of members at these meetings:

| Meetings                              | Names                               |                                       |  |                                   |
|---------------------------------------|-------------------------------------|---------------------------------------|--|-----------------------------------|
|                                       | Majed Ahmed AlSuwaigh<br>(Chairman) | Hathal Safar Al-Otaibi<br>(Chairman)* | Suliman Mohammed Al-Namlah<br>(Member) | Saad Saleh Al-Azwari<br>( Member) |
| 1 <sup>st</sup> Meeting<br>06/02/2023 | ✓                                   | -                                     | ✓                                      | ✓                                 |
| 2 <sup>nd</sup> Meeting<br>20/02/2023 | ✓                                   | -                                     | ✓                                      | ✓                                 |
| 3 <sup>rd</sup> Meeting<br>30/03/2023 | ✓                                   | -                                     | ✓                                      | ✓                                 |
| 4 <sup>th</sup> Meeting<br>08/05/2023 | ✓                                   | -                                     | ✓                                      | ✓                                 |
| 5 <sup>th</sup> Meeting<br>25/06/2023 | ✓                                   | ✓                                     | ✓                                      | ✓                                 |
| 6 <sup>th</sup> Meeting<br>02/08/2023 | -                                   | ✓                                     | ✓                                      | ✓                                 |
| 7 <sup>th</sup> Meeting<br>19/09/2023 | -                                   | ✓                                     | ✓                                      | ✓                                 |
| 8 <sup>th</sup> Meeting<br>30/10/2023 | -                                   | ✓                                     | ✓                                      | ✓                                 |

\* Eng. Hathal Al-Otaibi was appointed Chairman of the Audit Committee on 25/06/2023

#### • **Nomination and Remuneration Committee**

The Nomination and Remuneration Committee consists of three members: Mr. Majed Ahmed Al-Suwaigh (Chairman of the Committee), Mr. Mousa Abdullah Al-Ruwaili, and Mr. Mohammed Ali Al-Aajmi. The committee performs the following tasks:

- Recommend to the Board of Directors to nominate a member of the Board in accordance with the policies and criteria adopted, bearing in mind that no person who has previously been convicted of a crime against honour and honesty shall be nominated.
- An annual review of the appropriate skill requirements for membership of Board of Directors and the preparation of a description of the capabilities and qualifications required for membership of Board, including the determination of the time that a member needs to devote to the work of the Board of Directors.
- Review The Organizational Chart and make recommendations on possible changes.
- Determine the strengths and weaknesses of the board of directors, and propose suitable solutions.
- Ensure, on an annual basis, the independence of the independent members, and the absence of any conflict of interest if the member holds the board of directors of another company.
- Establishing clear compensation and remuneration policies for members of the Board of Directors and senior executives, taking into account when developing these policies, the use of performance-related criteria.

Remuneration and Nomination Committee held (3) meetings during 2023. The table below

shows the attendance of members at these meetings:

| Meetings |                           |                      |                                       |  |  |
|----------|---------------------------|----------------------|---------------------------------------|--|--|
| No       | Names                     | Nature of Membership | 1 <sup>st</sup> Meeting<br>21/02/2023 | 2 <sup>nd</sup> Meetings<br>21/09/2023 | 3 <sup>rd</sup> Meetings<br>12/12/2023 |
| 1        | Majed Ahmed Al-Suwaigh    | Chairman*            | ✓                                     | ✓                                      | ✓                                      |
| 2        | Mousa Abdullah Al-Ruwaili | Member               | ✓                                     | ✓                                      | ✓                                      |
| 3        | Mohammed Ali Al-Ajmi      | Member               | ✓                                     | ✓                                      | ✓                                      |
| 4        | Yahya Ibrahim Al-Qunaibit | Member               | ✓                                     |  |  |

\* Mr. Majed Al-Suwaigh was appointed Chairman of the Nomination and Remuneration Committee on 25/06/2023.

## 12) The Assessment Tools adopted by the Board of Directors

There is an assessment and evaluation periodically by the Remuneration and Nominations Committee through special tools and forms that clarify their strengths and weaknesses and also ensure their independence.

## 13) Statement of the remuneration of members of the Board and the executive management in accordance with what is stipulated in Article 90 of the Corporate Governance Regulations.

- The Board of Directors is committed to the following:
  1. Statement of the remuneration policy and how to determine the remuneration of board members and the executive management in the company.
  2. Accurate, transparent and detailed statement in the report of the board about the remunerations granted, directly or indirectly, without concealment or misleading, whether they are sums, benefits or advantages, regardless of their nature and name, and if the advantages are shares in the company, So the input value of the shares is the market value on the due date.
  3. Clarify the relationship between the remuneration and its policy, and indicate any substantial deviation from this policy.
  4. Statement of the necessary details regarding the remuneration and compensation paid for each of the following separately:
    - Board of Directors.
    - Members of the committees.
    - Five senior executives who received the highest remuneration from the company, including the CEO and CFO.
  5. Statement of what board member have received as employees or administrators, or what they have received in return for technical or administrative work or consultation. Statement of remuneration in the report shall be according to the following tables:

## 9. 14) Remunerations of Board Members (in Riyals).

|                               | Fixed Rewards  |  |  |  |                  |  |   | Variable Rewards |                       |                  |                            |                           |                                      |       | Severance pay | Total sum | Expense |
|-------------------------------|----------------|--|--|--|------------------|--|---|------------------|-----------------------|------------------|----------------------------|---------------------------|--------------------------------------|-------|---------------|-----------|---------|
|                               | Certain amount | Allowance for attending broad sessions | Total allowance for attending committee sessions | Total allowance for attending meetings of the General Assembly | Benefits in kind | Statement of what board members have received as employees or administrators, or what they have received in return for technical or administrative work or consultations | Remuneration for the Chairman of the Board, the Managing Director or the Secretary, if he is a member | Total            | percentage of profits | Periodic bonuses | Short-term incentive plans | Long-term incentive plans | Shares awarded (value to be entered) | Total |               |           |         |
| First: Independent Members    |                |  |  |  |                  |  |   |                  |                       |                  |                            |                           |                                      |       |               |           |         |
| Ali Abdul Razzaq Al-Ghamdi    | -              | 25,000                                 | 31,000   | 6,000  | -                | -  | 62,000  | -                | 280,000               | -                | -                          | -                         | 280,000                              | -     | 342,000       | -         |         |
| Musa Abdullah Al-Ruwaili      | -              | 15,000                                 | 9,000  | -  | -                | -  | 24,000  | -                | 280,000               | -                | -                          | -                         | 280,000                              | -     | 304,000       | -         |         |
| Majed Ahmed Al-Suwaigh        | -              | 25,000                                 | 34,000   | 6,000  | -                | -  | 65,000  | -                | 215,000               | -                | -                          | -                         | 215,000                              | -     | 280,000       | -         |         |
| Mohammed Ali Al-Ajmi          | -              | 25,000                                 | 19,000   | 6,000  | -                | -  | 50,000  | -                | 140,000               | -                | -                          | -                         | 140,000                              | -     | 190,000       | -         |         |
| Hathal Safar Al-Otaibi        | -              | 13,000                                 | 16,000   | 6,000  | -                | -  | 35,000  | -                | -                     | -                | -                          | -                         | -                                    | -     | 35,000        | -         |         |
| Saad Amash Al-Shammary        | -              | 9,000                                  | 12,000   | -  | -                | -  | 21,000  | -                | 280,000               | -                | -                          | -                         | 280,000                              | -     | 301,000       | -         |         |
| <b>Total</b>                  | -              | 112,000                                | 121,000  | 24,000   | -                | -  | 257,000   | -                | 1,195,000             | -                | -                          | -                         | 1,195,000                            | -     | 1,452,000     | -         |         |
| Second: Non-Executive Members |                |  |  |  |                  |  |   |                  |                       |                  |                            |                           |                                      |       |               |           |         |
| Yahya Ibrahim Al-Qunaibit     | -              | 25,000                                 | 45,000   | 6,000  | -                | -  | 76,000  | -                | 445,000               | -                | -                          | -                         | 445,000                              | -     | 521,000       | -         |         |
| Suliman Mohammad al-Namlah    | -              | 25,000                                 | 45,000   | 3,000  | -                | -  | 73,000  | -                | 330,000               | -                | -                          | -                         | 330,000                              | -     | 403,000       | -         |         |
| Saad Saleh Al-Azwari          | -              | 25,000                                 | 40,000   | 6,000  | -                | -  | 71,000  | -                | 280,000               | -                | -                          | -                         | 280,000                              | -     | 351,000       | -         |         |
| Mohammad Abdul Aziz Al-Namlah | -              | 25,000                                 | 28,000   | 6,000  | -                | -  | 59,000  | -                | 280,000               | -                | -                          | -                         | 280,000                              | -     | 339,000       | -         |         |
| <b>Total</b>                  | -              | 100,000                                | 158,000  | 21,000   | -                | -  | 279,000   | -                | 1,335,000             | -                | -                          | -                         | 1,335,000                            | -     | 1,614,000     | -         |         |

\* Eng. Saad Al-Shammary resigned from the membership of the Board of Directors and the Audit Committee on 01/01/2023

**15) Remuneration of senior executives (five) including CEO and Chief Financial Officer (in riyals)**

| Senior Executive Jobs        | Fixed Benefits   |                  |                  |                  | Variable Benefits |           |                            |                           |                         |                | EOS           | Total executive remuneration for the board, if any | Grand Total      |
|------------------------------|------------------|------------------|------------------|------------------|-------------------|-----------|----------------------------|---------------------------|-------------------------|----------------|---------------|--|------------------|
|                              | Salaries         | Allowances       | In-kind benefits | Total            | Regular rewards   | Dividends | short term incentive plans | long term incentive plans | Granted Shared (Values) | Total          |               |  |                  |
| CEO                          | 1,440,000        | 516,000          | -                | 1,956,000        | 480,000           | -         | -                          | -                         | -                       | 480,000        | -             | -  | 2,436,000        |
| CFO                          | 83,200           | 26,800           | -                | 110,000          | 34,876            | -         | -                          | -                         | -                       | 34,876         | 93,905        | -  | 238,781          |
| COO                          | 613,440          | 201,360          | -                | 814,800          | 98,720            | -         | -                          | -                         | -                       | 98,720         | -             | -  | 913,520          |
| GM HR                        | 445,000          | 147,250          | -                | 592,250          | -                 | -         | -                          | -                         | -                       | -              | -             | -  | 592,250          |
| General Secretary of the BOD | 449,820          | 148,450          | -                | 598,270          | 182,950           | -         | -                          | -                         | -                       | 182,950        | -             | -  | 781,220          |
| <b>Total</b>                 | <b>3,031,460</b> | <b>1,039,860</b> | <b>-</b>         | <b>4,071,320</b> | <b>796,546</b>    | <b>-</b>  | <b>-</b>                   | <b>-</b>                  | <b>-</b>                | <b>796,546</b> | <b>93,905</b> | <b>-</b>   | <b>4,961,771</b> |



## 16) Remunerations of committee members (in Riyals).

| Name   | Fixed Remunerations<br>(except the allowance<br>for attending sessions) | Allowance for<br>attending sessions | Total          |
|--|---|-------------------------------------|----------------|
| <b>Audit Committee Members</b>                       |   |                                     |                |
| Hathal Safar Al-Otaibi *                             | -   | 16,000                              | 16,000         |
| Suliman Mohammad Al-Namlah                           | 80,000  | 40,000                              | 120,000        |
| Saad Saleh Al-Azwari                                 | 80,000  | 40,000                              | 120,000        |
| Majed Ahmed Al-Suwaigh                               | 75,000  | 15,000                              | 90,000         |
| Saad Ammash Al-Shamary                               | 80,000  | 12,000                              | 92,000         |
| <b>Total</b>   | <b>315,000</b>  | <b>123,000</b>                      | <b>438,000</b> |
| <b>Remuneration and Nomination Committee Members</b> |   |                                     |                |
| Majed Ahmed Al-Suwaigh**                             | 40,000  | 19,000                              | 59,000         |
| Musa Abdullah Al-Ruwaili                             | 80,000  | 9,000                               | 89,000         |
| Mohammed Ali Al-Ajmi                                 | 40,000  | 19,000                              | 59,000         |
| Yahya Ibrahim Al-Qunaibit ***                        | 155,000   | 9,000                               | 164,000        |
| <b>Total</b>   | <b>315,000</b>  | <b>56,000</b>                       | <b>371,000</b> |
| <b>Executive Committee Members</b>                   |   |                                     |                |
| Ali Abdul Razzaq Al-Ghamdi                           | 80,000  | 31,000                              | 111,000        |
| Yahya Ibrahim Al-Qunaibit                            | 40,000  | 31,000                              | 71,000         |
| Mohammad Abdul Aziz Al-Namlah                        | 80,000  | 28,000                              | 108,000        |
| <b>Total</b>   | <b>200,000</b>  | <b>90,000</b>                       | <b>290,000</b> |
| <b>Jordan Team Members</b>                           |   |                                     |                |
| Suliman Mohammad Al-Namlah                           | 50,000  | 5,000                               | 55,000         |
| Yahya Ibrahim Al-Qunaibit                            | 50,000  | 5,000                               | 55,000         |
| <b>Total</b>   | <b>100,000</b>  | <b>10,000</b>                       | <b>110,000</b> |

\* Eng. Hathal Safar Al-Otaibi was selected as Chairman of the Audit Committee on 25/06/2023.

\*\* Selection of Mr. Majid bin Ahmed Al-Suwaigh as Chairman of the Nomination and Remuneration Committee on 25/06/2023 and the termination of his member in the Audit Committee on the same date.

\*\*\* The expiration of the membership of Mr. Yahya bin Ibrahim Al-Qunaibit in the Nomination and Remuneration Committee on 25/06/2023.

### **17 ) Remunerations Policy:**

- Without prejudice to the provisions of the Companies Law, the capital market law and their implementing regulations, the remuneration policy shall consider the following: Its consistency with the company's strategy and objectives.
- Rewards are presented in order to motivate the members of the Board of Directors and the executive management for the success and development of the company in the long term, such as linking the variable part of the remuneration with performance in the long term.
- Remuneration is determined based on position, the tasks and responsibilities of the occupant, academic qualifications, work experience, skills, and level of performance.
- Its consistency with the size, nature and degree of risks of the company.
- Taking into account the practices of other companies in determining rewards, while avoiding the unjustified increase in rewards and compensation that may result from that.
- Aiming to attract, maintain and motivate professional competencies, while not exaggerating them.
- These remunerations shall be clarified, in coordination with the Remuneration and Nominations Committee, for new appointments.
- Clarifying the cases of stopping the payment of a bonus or refunding it, if it appears that the bonus was decided based on inaccurate information provided by a member of the board of directors or the executive management; this is to prevent the employment situation being exploited for undue rewards.
- Organizing the award of shares of the company to members of the Board of Directors and the executive management, whether they are shares or purchased by the company.

### **Remuneration Regulations:**

- The company's basic system defines the method of remuneration for the members of the board of directors. This reward may be a specific amount of money, attendance allowance for sessions, benefits in kind, or a certain percentage of net profits, and it is permissible to combine two or more of these benefits.
- The company provides an annual bonus to the members of the Board of Directors at a rate not exceeding (10%) of the net profits, after deducting the reserves decided by the General Assembly, and after distributing a profit to the shareholders of not less than (5%) of the paid capital, provided that the entitlement of this bonus is Proportional to the number of sessions a member attends.
- The remuneration shall be fair and proportional to the member's competencies, work, and responsibilities that he, and the members of the board of director's bear. In addition

to the goals set by the Board of Directors to be achieved during the fiscal year.

- Remuneration shall be based on the recommendation of the Nomination and Remuneration Committee.
- Remuneration shall be in proportion to the company's activity and the skill needed to manage it.
- Taking into consideration the sector in which the company operates, its size, and the experience of the members of the Board of Directors.
- Remuneration shall be reasonably sufficient to attract, motivate and retain board members of appropriate competence and experience.
- Board members shall not have the right to vote on the board members remuneration at the general assembly meeting.
- Any member of the Board of Directors may obtain a remuneration in return for his membership in the audit committee formed by the General Assembly, or for any additional business, executive, technical, administrative or advisory positions, under a professional license, assigned to him in the company. In addition to the bonus that can be obtained as a member of the Board of Directors and in the committees formed by the Board of Directors, in accordance with the Companies Law and the Company's Articles of Association.
- The remuneration of the members of the Board of Directors may be of varying magnitude according to the member's experience, competencies, tasks entrusted to him and his independence, the number of sessions he attends, and other considerations.
- The remuneration of independent members of the board of directors should not be a percentage of the profits achieved by the company or be based, directly or indirectly, on the profitability of the company

#### **Remuneration and compensation:**

- The Board of Directors shall determine, by a decision issued by it, the amount of remuneration of the members of the Board of Directors, within the limits of what is stipulated in the Companies Law and its regulations.  
Any member of the Board of Directors is granted an annual remuneration of (300,000) Saudi riyals or more annually, provided that his attendance shall not be less than 75% of the number of meetings, and if it is less, the remuneration will be calculated according to the percentage of his attendance.
- Any member of the committees emanating from the board of directors is granted an annual bonus of 100,000 Saudi riyals or more annually, provided that his attendance is not less than 20% of the number of meetings, and if it is less, the remuneration is calculated according to the percentage of his attendance.
- Each member from outside the board of directors is granted a fixed annual bonus of

(150,000) Saudi riyals annually, provided that his attendance shall not be less than 75% of the number of meetings. If it is less, the remuneration is calculated according to his attendance rate.

- The company provides each member with an amount of (5000 riyals) as an attendance allowance for every meeting of the board of directors and the committees emanating from the board he attends.
- The company provides accommodation for each member of the board of directors or the committees emanating from the council in the city in which the session is held, whether inside or outside the Kingdom. If the member is from outside the city in which the meeting is held, then the stay is in an executive room in five-star hotels contracted with. If it is not possible to provide these hotels, an alternative is provided through the travel and tourism agent who is approved according to the agreement concluded with him, and the company also provides business class tickets for each member of the board of directors and committees of the council if the member's headquarters are outside the city in which the meeting is held.
- If the meeting or the general assembly takes place outside the city in which the member resides, and the company does not provide accommodation and transportation, or if the member prefers to make reservations according to his knowledge, then an amount of (1,500 riyals) for domestic trips and (3,000 riyals) for foreign trips will be disbursed as residence allowances, transfers and subsistence with a passenger order being disbursed.
- The session allowances and other allowances are paid to each member on a semi-annual basis.
- If a member of the board is assigned exceptional work, his remuneration shall be presented to the board of directors and the general assembly for approval.

## **18) Results of the annual review of the effectiveness of the company's internal control procedures, in addition to the audit committee's opinion on the adequacy of the company's internal control system**

The audit committee supervises the internal audit work as the annual plan for the risk-based internal audit department is approved and followed up on a regular basis, in order to verify the adequacy and effectiveness of the internal control system and procedures and to validate the financial statements.

During 2023, the Audit Committee examined the periodic reports prepared by the company's Internal Audit Department, discussed the observations reached, and met with the Department to follow up the work of the External Auditor, and to ensure the independence of the external auditor, it was discussed about the financial performance of the company, including the annual and quarterly financial statements and the accompanying clarifications, before submitting them to the Board of Directors.

Accordingly, bearing in mind that any internal control system provides reasonable and not absolute safeguards, the results of these audits did not show any fundamental or affecting defect on the efficiency of the company's internal control system and procedures.

The Audit Committee affirms that there is no conflict between the Committee and the Board, and none of its recommendations were rejected by the Board during the year 2023 in regard to the assignment of the Audit firm, his firing or his fees and evaluation as well as appointing the internal auditor.

## **2. 19) Details of the company's social contributions**

Based on the company's role in participating in the initiatives presented to the community, the company has provided support to some charities for the year 2023, namely:

- Children with Disabilities Association
- Charity Orphans Care Foundation

**20) A statement of the dates of the general assemblies of shareholders held during the last fiscal year and the names of the members of the board of directors present for these associations**

| Board members attend |                              | Ordinary General Assembly | Extraordinary General Assembly |
|----------------------|------------------------------|---------------------------|--------------------------------|
|                      |                              | 23/05/2023                | 18/09/2023                     |
| 1                    | Yahya Ibrahim Al-Gunaibit    | ✓                         | ✓                              |
| 2                    | Mousa Abdullah Al-Ruwaili    | ✓                         | ✓                              |
| 3                    | Suliman Mohammed Al-Namlah   | -                         | ✓                              |
| 4                    | Saad Saleh Al-Azwari         | ✓                         | ✓                              |
| 5                    | Ali Abdul Razzag Al-Ghamdi   | ✓                         | ✓                              |
| 6                    | Mohammad Abdulaziz Al-Namlah | ✓                         | ✓                              |
| 7                    | Majed Ahmed Al-Suwaigh       | ✓                         | ✓                              |
| 8                    | Mohammed Ali Al-Ajmi         | ✓                         | ✓                              |
| 9                    | Hathal Safar Al-Otaibi       | ✓                         | ✓                              |

**21) Description of the company's significant plans and decisions (including Organizational Chart changes, expansions, or suspend) and future expectations of the company's business.**

The company works to improve performance in all aspects of profitability, sales growth, financial performance, product development and creating opportunities in the local and foreign markets within several steps as follows:

- Completing the performance enhancement program for the fourth year, as set up earlier since the year 2014, which gives the company flexibility and dynamism of performance, which serves the local market and the markets concerned with export.
- Activate involvement of the specialized cable industry in other industries, such as the military, aviation industry, and it is among the outputs of the National Transformation Program 2020 and the 2030 Vision.
- The Participation in the National Transformation Program 2020 and Vision 2030 due to their significant impact on the local content of national industries.
- Continue to expand sales in the Middle East and Africa, creating greater export opportunities for the company's products.
- MESOC continues to attract national talents and work to develop them and create growth opportunities within the company.
- MESOC applies a resource planning system to improve performance efficiency and rationalize expenses.

## **22) Information related to any risks faced by the company (whether operational, financial, or market-related risks) and the policy for managing and monitoring these risks.**

The company makes every effort to identify the significant risks it faces, and to achieve this, the company holds meetings with the people responsible for identifying risks, in addition to using assessments made by experts from outside the company, as well as the results of internal and external auditors, and any other method to identify risks.

The company identifies the risks related to the company's operational activities and records them in a record called the risk register, and that the recording of those risks is limited to describing the nature of the risk and the technical opinion related to the importance of this risk to the company's operations, and this record is modified periodically according to the internal and external changes and conditions facing the company's operations.

### Analysis, evaluation and classification of risks

- For each of the significant risks, the company assesses the expected losses if it occurs and the expected impact of each risk on the shareholders' interest.
- Based on the previous assessment and the distribution of risks according to their type to the company's administrative functions, the risks will be classified in the form of a risk map and a risk matrix.
- The company uses measurable indicators that allow assessment of the probability of occurrence of events related to significant risks.
- For each risk indicator, the company sets the critical limit for it based on the acceptable risk limit and the suitability of the company's objectives.
- After the initial assessment of the identified risks, the company will review the risk register in light of the company's preferences and needs. As a result, a risk that is rated high or low will have another rating and treatment.

### Persons responsible for the risk management system

- Heads of departments and units within the company are responsible for identifying the risks they face within their departments and units.
- The CEO is responsible for implementing the company's overall risk management policy.
- Supervision of the risk management system is the responsibility of the Board of Directors through the Audit Committee.

The company's management undertakes a clear methodology for facing risks on an ongoing basis that aims to identify the various risks it may face, the impact of these risks on its operations and the likelihood of their realization, whether these risks are related to the company's operations or to the market. Through the above, the risks are ranked according to their importance in order to determine the priorities for dealing with them and the means to be followed in order to reach an acceptable level of risks. The main risks of the company are summarized in:

- Fluctuations in raw material prices.
- Equipment risks, operational costs and business downtime.
- Fiduciary risks.
- Relying on the main clients.
- Funding risks.
- Relying on the main suppliers.
- Risks related to licenses and permits.
- Relying on main raw materials.
- The state of the global economy, which may affect the decrease in the demand for the company's products.
- Risks related to anti-dumping laws in the company's foreign markets.

**23) A summary in the form of a table or a chart of the company's assets, liabilities, and results of its operations in the last five financial years. Comparison of business results and company liabilities in the form of a chart:**

Comparison of business results and liabilities of the company in the form of a chart:

- Comparison of business results in tabular form (in millions of riyals)

| Statement     | 2023   | 2022   | 2021   | 2020  | 2019   |
|---------------|--------|--------|--------|-------|--------|
| Revenue       | 926.9  | 814.4  | 516.5  | 525.6 | 468.2  |
| Revenue costs | -774.9 | -739.5 | -464.2 | -445  | -414.8 |
| Gross profit  | 152    | 74.9   | 52.3   | 80.6  | 53.4   |
| Net profit    | 48.9   | -11.8  | -22.7  | 2.1   | -24.6  |



- Comparison of business results in tabular form (in millions of riyals)

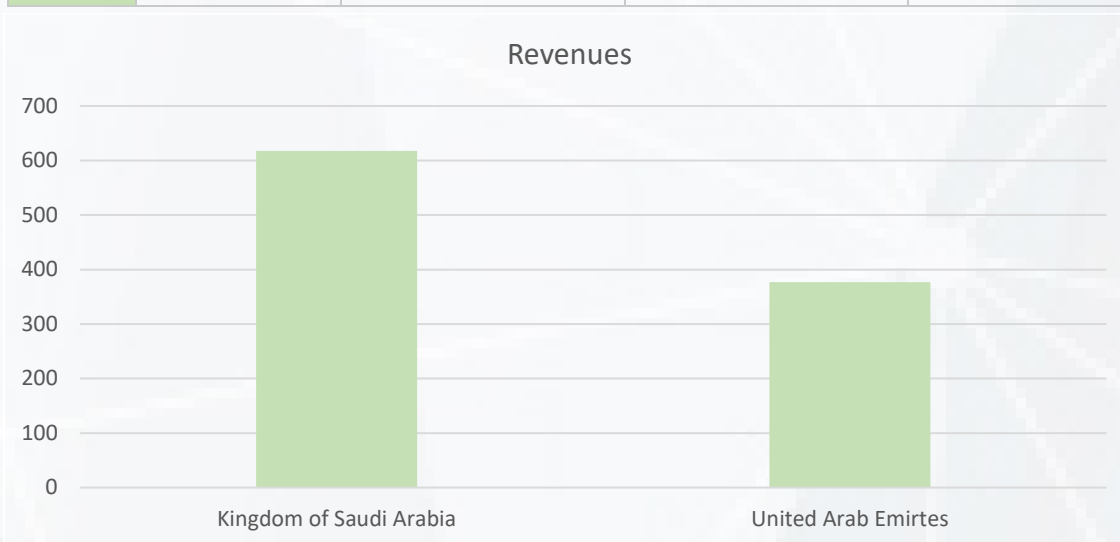
| Statement               | 2023  | 2022  | 2021  | 2020  | 2019  |
|-------------------------|-------|-------|-------|-------|-------|
| Current Assets          | 620.9 | 596.9 | 485.6 | 482.9 | 451.7 |
| Non-current assets      | 150.2 | 171.2 | 180.6 | 190.8 | 222.6 |
| Total assets            | 771.1 | 768.1 | 666.2 | 673.8 | 674.3 |
| Current Liabilities     | 343.1 | 410.9 | 261.2 | 208.4 | 192.7 |
| Non-current liabilities | 50.4  | 28.9  | 66.6  | 104.3 | 122   |
| Total liabilities       | 393.5 | 439.8 | 327.8 | 312.7 | 314.7 |





**24 ) Geographical analysis of the total revenues of the company and its subsidiaries.**

| Geographical analysis |               |                         |                      |            |
|-----------------------|---------------|-------------------------|----------------------|------------|
| Year                  | Total revenue | Kingdom of Saudi Arabia | United Arab Emirates | Exclusions |
| 2023                  | 926.9         | 617.5                   | 376.9                | -67.5      |



**25) Statement of any differences in the operating results compared to the results of the previous year or any expectations announced by the company.**

| Statement                  | 2023   | 2022   | Changes +\- | Percentage change |
|----------------------------|--------|--------|-------------|-------------------|
| Sales / revenue            | 926.9  | 814.4  | 112.5       | 14%               |
| Cost of sales / revenue    | -774.9 | -739.5 | -35.4       | 5%                |
| Gross profit               | 152    | 74.9   | 77.1        | 103%              |
| Other Operating expenses * | -74.9  | -49.2  | -25.7       | 52%               |
| Operating profit (loss)    | 77.1   | 25.7   | 51.4        | 200%              |

\* The reason for achieving a net profit during the current year compared to a net loss during the previous year is due to the increase in sales volume and profit margins during the current year.

**26) The name of each subsidiary company, its capital, percentage of the company’s ownership in it, its main activity, in addition to the state, the principal place of its operations, and the country of incorporation**

| The name of the subsidiary company             | Its capital        | The percentage of ownership of the company | Main activity  | The state of principal operations | State of incorporation |
|--|--------------------|--|--|-----------------------------------|------------------------|
| Middle East Specialized Cables- Ras Al Khaimah | 50 million dirhams | 100%                                       | Production of low-voltage power, control, data transmission and power cables | United Arab Emirates              | United Arab Emirates   |

**27) Details of shares and debt instruments issued for each subsidiary are as follows:**

- a. The capital of MESC-Ras Al Khaimah Company: 50 million UAE dirhams (equivalent to 51 million Saudi riyals).

**1. 28) Description of the company policy in distributing dividends:**

When the company achieves profits, the distribution of dividends is based on a recommendation from the company’s board of directors to the general assembly according to the profits made during the year, in addition to studying the status of cash flows and future commitments to achieve the company's goals and the aspirations of its shareholders.

Article (41) of the company's articles of association states that the profits shall be distributed as follows:

- The Ordinary General Assembly, based on the proposal of the Board of Directors, may set aside (5%) of the net profits to form a consensual reserve to be allocated.
- The Ordinary General Assembly may decide to create other reserves, to the extent that it serves the interest of the company or guarantees the distribution of fixed profits as possible to the shareholders.  
The aforementioned association may also deduct amounts from the net profits to establish social institutions for the company's employees or to assist what may be existing of those institutions.
- After that, a percentage representing (5%) of the company's paid-up capital is distributed to the shareholders, taking into account the provisions stipulated in Article (20) of this Law, and Article 76 of the Companies law. After the aforementioned, a percentage (5%) of the remainder shall be allocated to the remuneration of the Board of Directors, provided that the entitlement of this remuneration is proportional to the number of sessions attended by the member.

29) A description of any interest in the voting-eligible shares category actually belongs to persons (other than members of the company's board of directors and senior executives and their relatives) who informed the company of those rights according to Article (45) of the Registration and Listing Rules, and any change in those rights during the last fiscal year.

| N. | The name of the person who has the interest | The number of shares at the beginning of the year | The number of shares at the end of the year | Net change | Percentage change |
|----|---|---|---|------------|-------------------|
| ١  | Mansour bin Abdul Aziz Kaki                 | 2,562,500   | 2,562,500                                   | -          | -                 |

30) A description of any interest, contractual securities and subscription rights of the members of the company's board of directors, senior executives and their relatives in the shares or debt instruments of the company or any of its subsidiaries, in addition to any change in interests or those rights during the last fiscal year.

| N | The name of person who has the interest, contractual papers, or subscription rights | Beginning of the year |                  | End of the year  |                  | Net change | Percentage change |
|---|---|-----------------------|------------------|------------------|------------------|------------|-------------------|
|   |   | Number of Shares      | Debt instruments | Number of Shares | Debt instruments |            |                   |
| ١ | Yahyan Ibrahim Al-Qunaibit  | 1,252                 | -                | 1,252            | -                | -          | -                 |
| ٢ | Suliman Mohammed Al-Namlah  | 380,000               | -                | 380,000          | -                | -          | -                 |
| ٣ | Ali Abdulrazag Al-Ghamdi  | 500                   | -                | 500              | -                | -          | -                 |
| ٤ | Saad Saleh Al-Azwari  | 733                   | -                | 733              | -                | -          | -                 |
| ٥ | Muosa Abdullah Al-Ruwaili   | 274                   | -                | 74               | -                | 200        | -73%              |
| ٦ | Mohammed Abdulaziz Al-Namlah  | 1,109,920             | -                | 1,109,920        | -                | -          | -                 |
| ٧ | Mohammed Ali Al-Ajmi  | 2,000                 | -                | 2,000            | -                | -          | -                 |
| ٨ | Majed Ahmed Al-Suwaigh  | -                     | -                | -                | -                | -          | -                 |
| ٩ | Hathal Safar Al-Otaibi  | 95,000                | -                | -                | -                | 95,000     | 100%              |

31) A description of any interest, contractual securities and subscription rights of The members of the company's board of directors, senior executives and their relatives in the shares or debt instruments of the company

| Name                        | Beginning of the year |                  | End of the year  |                 | Net change | Percentage change |
|-----------------------------|-----------------------|------------------|------------------|-----------------|------------|-------------------|
|                             | Number of shares      | Debt instruments | Number of shares | Debt instrument |            |                   |
| Fadhiel Fawzan Al-Saadi     |                       |                  | None             |                 | -          | -                 |
| Mohammed bin Badr Al-Otaibi |                       |                  | None             |                 | -          | -                 |
| Nawaf bin Dahi Al-Anazi     |                       |                  | None             |                 | -          | -                 |

32) Information about any loans on the company (whether they are payable upon request or otherwise), a statement of the total debt of the company and its subsidiary companies, any amounts paid by the company in repayment of loans during the year, the principal amount of the loan, the name of the donor, its duration and the remaining amount, and in case there are no Loans to the company, a statement must be submitted.

- Long-term Loans to the Parent Company (Middle East Specialized Cables Company - Saudi MESC)

| No | Lender Name                          | The principal amount of the loan | Loan term | The amounts paid in repayment of the loan during the year | The remaining amount of the loan |
|----|--------------------------------------|----------------------------------|-----------|---|----------------------------------|
| 1  | Saudi British Bank – Syndicated Loan | 94,088,797                       | 4         | 37,635,519  | -                                |

(No long-term loans for subsidiaries)

- Short-term Loans ( Middle East Specialized Cables Company – Saudi MESC)

| No | Lender Name                         | The principal amount of the loan | Loan Beneficiary Company                                   | Loan repayments during the year | Remaining amount of the loan |
|----|-------------------------------------|----------------------------------|--|---------------------------------|------------------------------|
| 2  | Saudi British Bank –Syndicated Loan | 8,966,904                        | Middle East Specialized Cables Company – MESC Saudi Arabia | -                               | 8,966,904                    |

1. **33) The number of board meetings held during the last fiscal year, their dates, and the attendance record for each meeting indicating the names of the attendees.**

| Member's name                | Number of meetings (4) |                   |                   |                   | Total |
|------------------------------|------------------------|-------------------|-------------------|-------------------|-------|
|                              | 1st<br>21/02/2023      | 2nd<br>25/06/2023 | 3rd<br>02/11/2023 | 4th<br>19/12/2023 |       |
| Yahyan Ibrahim Al-Qunaibit   | ✓                      | ✓                 | ✓                 | ✓                 | 4/4   |
| Muosa Abdullah Al-Ruwaili    | ✓                      | ✓                 | ✓                 | ✓                 | 4/4   |
| Suliman Mohammed Al-Namlah   | ✓                      | ✓                 | ✓                 | ✓                 | 4/4   |
| Mohammed Abdulaziz Al-Namlah | ✓                      | ✓                 | ✓                 | ✓                 | 4/4   |
| Saad Saleh Al-Azwari         | ✓                      | ✓                 | ✓                 | ✓                 | 4/4   |
| Ali Abdulrazag Al-Ghamdi     | ✓                      | ✓                 | ✓                 | ✓                 | 4/4   |
| Majed Ahmed Al-Suwaigh       | ✓                      | ✓                 | ✓                 | ✓                 | 4/4   |
| Mohammed Ali Al-Ajmi         | ✓                      | ✓                 | ✓                 | ✓                 | 4/4   |
| Hathal Safar Al-Otaibi       | -                      | ✓                 | ✓                 | ✓                 | 3/3   |

- The date of the last meeting of the General Assembly: 18/09/2023

1. **34) The number of the company's requests for the shareholders' register, the dates and the reasons for those requests.**

| The number of the company's requests for the | The date of application | Reasons for the request |
|--|-------------------------|-------------------------|
| 1  | 30/03/2023              | Partnership procedures  |
| 2  | 21/05/2023              | General Assembly        |
| 3  | 02/08/2023              | Partnership procedures  |
| 4  | 07/08/2023              | General Assembly        |
| 5  | 03/09/2023              | Partnership procedures  |
| 6  | 17/09/2023              | General Assembly        |
| 7  | 06/12/2023              | Partnership procedures  |

**35) Information related to any works or contracts to which the company is a party, in which there was an interest for a member of the company's board of directors, or for senior executives in it, or for any person related to any of them, including the names of those involved in the business or contracts, the nature of these works or contracts and their terms, duration and amount, if there are no such works or contracts, the company must submit a Statement of this.**

| No | Company's name                                    | Contract/<br>Work nature           | Work/<br>Contract<br>amount | Terms           | Name of the member / senior<br>executives or any person related<br>to any of them |
|----|---|------------------------------------|-----------------------------|-----------------|---|
| 1  | Middle East Fiber Optic<br>Cables Company<br>Ltd. | Providing<br>services and<br>works | 276,124                     | Purchase orders | Suliman Mohammad al-Namlah  |
| 2  | Middle East Fiber Optic<br>Cables Company<br>Ltd. | Buy goods                          | 1,626,577                   | Purchase orders | Suliman Mohammad al-Namlah  |
| 3  | Contractors Services<br>Company                   | Sell cables                        | 717,313                     | Purchase orders | Mohammad Abdul Aziz Al-Namlah   |

**36) Statement of the value of the regular payments paid and due for the payment of any zakat, taxes, fees, or any other dues that were not paid until the end of the annual financial period, with a brief description of them and a statement of their reasons.**

| Statement  | 2023       |   | A Brief.  | Reasons.                 |
|--|------------|---|---|--------------------------|
|  | Paid       | Due until the end of<br>the annual financial<br>period and has not<br>been paid |   |                          |
| Zakat  | 14,186,427 | 49,568,019  | Regular payments made and due in accordance with the provisions and rules of the Zakat duty and the instructions of the General Authority for Zakat and Income in the Kingdom | A regulatory requirement |
| Value added tax                                  | 74,397,585 | 4,773,292   | Regular payments made and due in accordance with the provisions, rules and instructions of the General Authority for Zakat and Income in the Kingdom                          | A regulatory requirement |
| The Public<br>Institution for<br>Social Security | 3,887,054  | 338,203   | Regular payments paid and due in accordance with the provisions and rules of the General Organization for Social Security in the Kingdom                                      | A regulatory requirement |
| Costs of visas and<br>passports                  | 917,846    | -   | Regular payments paid and due in accordance with the provisions and rules of the Ministry of Interior   | A regulatory requirement |

**37) Declarations of the following:**

- That the account records were prepared correctly.
- That the internal control system was prepared on a sound basis and was effectively implemented.
- That there is no little doubt about the company's ability to continue its activities

### 38 ) Company announcements on the Tadawul website during the year 2022 (company code 2370):

| N  | Date       | Details  |
|----|------------|--|
| 1  | 01/01/2023 | Middle East Specialized Cables Co. Announces Resignation and Appointment Audit Committee Member  |
| 2  | 01/01/2023 | Middle East Specialized Cables Co. Announces Resignation Vice-Chairman of the Board of Directors   |
| 3  | 21/02/2023 | Middle East Specialized Cables Co. (MESC) announces an update on letters Previously received from Zakat, Tax and Customs Authority amending the zakat returns for the years 2014 to 2018 and withholding tax for 2018 and claiming the payment of additional amounts |
| 4  | 30/03/2023 | Middle East Specialized Cables Co. announces its Annual Financial Results for the Period Ending on 31/12/2022  |
| 5  | 09/04/2023 | Middle East Specialized Cables Co. Announces Appointment of a Board Member   |
| 6  | 02/05/2023 | MIDDLE EAST SPECIALIZED CABLES Company invites its shareholders to attend the Ordinary General assembly meeting (First Meeting) through modern technology  |
| 7  | 08/05/2023 | Middle East Specialized Cables Co. announces its Interim Financial Results for the Period Ending on 31/03/2023( Three Months)  |
| 8  | 18/05/2023 | Middle East Specialized Cables Company (MESC) announces the start date of electronic voting for its shareholders on the items of the Ordinary General Assembly Meeting First Meeting   |
| 9  | 24/05/2023 | Middle East Specialized Cables Co. Announces the Results of the Ordinary General Assembly Meeting, ( Second Meeting)   |
| 10 | 02/07/2023 | Middle East Specialized Cables Co. (MESC) Announces Resignation and Appointment Audit Committee Member   |
| 11 | 17/07/2023 | MIDDLE EAST SPECIALIZED CABLES Company invites its shareholders to attend the Extraordinary General assembly meeting (first meeting) in person and through modern technology   |
| 12 | 02/08/2023 | Middle East Specialized Cables Co. announces its Interim Financial Results for the Period Ending on 30/06/2023 ( Six Months)   |
| 13 | 03/08/2023 | Middle East Specialized Cables Company (MESC) announces the start date of electronic voting for its shareholders on the items of the Extraordinary General Assembly Meeting First Meeting  |
| 14 | 03/05/2023 | Middle East Specialized Cables Co. Announces the Decrease of its Accumulated Losses to 19.55 % of the Capital  |
| 15 | 08/08/2023 | Middle East Specialized Cables Co. Announces the Non convenience of its ( Second Meeting ) Extraordinary General Assembly's Meeting Meeting  |
| 16 | 23/08/2023 | Middle East Specialized Cables Co. announces to Invites its Shareholders to Attend the (Third Meeting) Extraordinary General Assembly Meeting  |
| 17 | 13/09/2023 | Middle East Specialized Cables Company (MESC) announces the start date of electronic voting for its shareholders on the items of the Extraordinary General Assembly Meeting (Third Meeting)  |
| 18 | 19/09/2023 | Middle East Specialized Cables Co. Announces the Results of the Extraordinary General Assembly Meeting, (Third Meeting)  |
| 19 | 20/09/2023 | Correction announcement from Middle East Specialized Cables Co. in regards to Result of the Extraordinary General Assembly Meeting (Third Meeting)   |
| 20 | 30/10/2023 | Middle East Specialized Cables Co. announces its Interim Financial Results for the Period Ending on 30/09/2023( Nine Months )  |
| 21 | 13/12/2023 | Middle East Specialized Cables Company announces the extension of credit facilities agreement (in compliance with Islamic Sharia) provided by Saudi Alawwal Bank, Al Rajhi Investment Bank, Arab National Bank, Banque Saudi Fransi and Riyad Bank.                  |

### **39) Statements:**

1. There are no arrangements or agreements whereby a member of the company's board of directors or a senior executive waived any salary or compensation.
2. During the year 2023, the company did not report any change in the rights of shareholders except for members of the Board of Directors and senior executives.
3. There are no arrangements or agreements whereby any of the shareholders of the company waived his rights in the profits.
4. There are no other investments or reserves created for the benefit of the company's employees.
5. The Board of Directors did not recommend changing the auditor before the end of the period for which he was appointed.
6. There are no treasury shares held by the company
7. There is no explanation for any difference from the accounting standards approved by the Saudi Organization for Certified Public Accountants.
8. There is no penalty, sanction, precautionary measure or precautionary restriction imposed on the company by the Authority or any supervisory, regulatory or judicial authority.

### **40) Board recommendations:**

The Board of Directors of Middle East Specialized Cables Company (MESC) recommends to your esteemed association the following:

1. View the report of the Board of Directors for the fiscal year ending on 12/31/2023 and discussing it.
2. Voting on the financial statements for the fiscal year ending on 12/31/2022 after discussing it.
3. View the company's auditor's report for the fiscal year ending on 12/31/2022 and discussing it.
4. To vote on appointing the company's auditor from among the candidates based on the recommendation of the Audit Committee, in order to examine, review and audit the financial statements for the second, third and annual quarters of the fiscal year 2024 and the first quarter of the fiscal year 2025, and determine his fees.

### **41) Implementing Effective Governance:**

The Board of Directors sets corporate governance rules that do not conflict with the mandatory provisions of these regulations, and it must monitor their implementation, verify their effectiveness, and amend them when needed, and in order to do so, it must do the following:

1. Verify the company's commitment to these rules.
2. Review and update the rules in accordance with regulatory requirements and best practices.
3. Review and develop the rules of professional conduct that represent the company's values, and other internal policies and procedures to meet the needs of the company and conform to best practices.
4. Keep members of the Board of Directors informed of the developments in the field of corporate governance and best practices, or undermine it to the audit committee or any committee or other management.



## **Conclusion**

In conclusion, the Board of Directors of the Middle East Specialized Cables Company "MESC" extends its sincere thanks and gratitude to the Custodian of the Two Holy Mosques, his Crown Prince and our wise government for the continuous support enjoyed by the industrial sector in the Kingdom to raise the process of economic development and encourage national industries to achieve the Kingdom's Vision 2030, and the Board also thanks all employees of the Ministry of Commerce, the Capital Market Authority, Tadawul, Edaaa Center Company and all relevant authorities for their cooperation and efforts to serve companies.

May God grant success,

**Board of Directors**